Risk Factors Comparison 2024-02-26 to 2023-02-27 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Risks Relating to Our Business and Structure • We are currently operating in a period of capital markets disruption and economic uncertainty. • Adverse developments in the credit markets may impair our ability to secure debt financing ~~. • Events outside of our control, including public health crises, could negatively affect our portfolio companies and our results of our operations~~ . • We may suffer credit losses. • There is uncertainty as to the value of our portfolio investments because most of our investments are, and may continue to be in private companies and recorded at fair value. In addition, the fair values of our investments are determined by our board of directors in accordance with our valuation policy. • Our ability to achieve our investment objective depends on key investment personnel of the Investment Adviser. If the Investment Adviser were to lose any of its key investment personnel, our ability to achieve our investment objective could be significantly harmed. • The 1940 Act and the Code impose numerous constraints on the operations of BDCs and RICs, which could adversely affect our business. • We operate in a highly competitive market for investment opportunities and may not be able to compete effectively. • Our business, results of operations and financial condition depend on our ability to manage future growth effectively. • The management fee and incentive fee may induce the Investment Adviser to make speculative investments. • We may be obligated to pay the Investment Adviser incentive compensation even if we incur a loss. • The incentive fee we pay to the Investment Adviser with respect to capital gains may be effectively greater than 20. 0 %. • We borrow money, which could magnify the potential for gain or loss on amounts invested in us and increase the risk of investing in us. • If we are unable to comply with the covenants or restrictions in our borrowings, our business could be materially adversely affected. • The terms of our credit facilities may contractually limit our ability to incur additional indebtedness. • If we are unable to obtain additional debt financing, or if our borrowing capacity is materially reduced, our business could be materially adversely affected. • A renewed disruption in the capital markets and the credit markets could adversely affect our business. • SBIC I and SBIC II are licensed by the SBA and are subject to SBA regulations. Risks Related to Our Operations • Because we intend to distribute substantially all of our income to our stockholders to maintain our status as a RIC, we will continue to need additional capital to finance our growth. If additional funds are unavailable or not available on favorable terms, our ability to grow may be impaired. • SBIC I and SBIC II may be unable to make distributions to us that will enable us to meet or maintain our RIC tax treatment. • Our ability to enter into transactions with our affiliates is restricted. • The Investment Adviser has significant potential conflicts of interest with us and, consequently, your interests as stockholders which could adversely impact our investment returns. • The valuation process for certain of our portfolio holdings creates a conflict of interest. • Conflicts of interest may exist related to other arrangements with the Investment Adviser or its affiliates. • The Investment Management Agreement with the Investment Adviser and the Administration Agreement with the Administrator were not negotiated on an arm' s length basis. • The Investment Adviser' s liability is limited under the Investment Management Agreement, and we have agreed to indemnify the Investment Adviser against certain liabilities, which may lead the Investment Adviser to act in a riskier manner than it would when acting for its own account. • If we fail to maintain our status as a BDC, our business and operating flexibility could be significantly reduced. • If we do not invest a sufficient portion of our assets in qualifying assets, we could be precluded from investing in certain assets or could be required to dispose of certain assets, which could have a material adverse effect on our business, financial condition and results of operations. • Regulations governing the operations of BDCs will affect our ability to raise additional equity capital as well as our ability to issue senior securities or borrow for investment purposes, any or all of which could have a negative effect on our investment objectives and strategies. • Our business model in the future may depend to an extent upon our referral relationships with private equity sponsors, and the inability of the investment professionals of the Investment Adviser to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business strategy. • Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse to your interests as stockholders. • We will be subject to U. S. federal income tax at corporate rates on all of our income if we are unable to maintain tax treatment as a RIC under Subchapter M of the Code, which would have a material adverse effect on our financial performance. • You may have current tax liabilities on distributions you reinvest in our common stock. • We may not be able to pay you distributions on our common stock, our distributions to you may not grow over time and a portion of our distributions to you may be a return of capital for U. S. federal income tax purposes. • We may have difficulty paying our required distributions if we recognize taxable income before or without receiving cash representing such income. • The Small Business Credit Availability Act allows us to incur additional leverage, which could increase the risk of investing in our securities. • Internal and external cyber threats, as well as other disasters, could impair our ability to conduct business effectively. Risks Relating to Our Investments • Our investments in portfolio companies may be risky, and we could lose all or part of any of our investments. • Our investment strategy, which is focused primarily on privately held companies, presents certain challenges, including the lack of available information about these companies. • Our investments in securities rated below investment grade are speculative in nature and are subject to additional risk factors such as increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates. • Our portfolio may be concentrated in a limited number of industries, which may subject us to a risk of significant loss if there is a downturn in a particular industry in which a number of our investments are concentrated. • Defaults by our portfolio companies may harm our operating results. • The lack of liquidity in our investments may adversely affect our business. • If we are unable to make follow- on investments in our portfolio companies, the value of our investment portfolio could be adversely affected. • Second priority liens on collateral securing loans that we make to our portfolio companies may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and us. • A number of our portfolio companies provide services to the U. S. government. Changes in the U. S. government' s priorities and spending, or significant delays or reductions in appropriations of the U. S. government' s funds, could have a material adverse effect on the financial position, results of operations and cash flows of such portfolio companies. • Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity. • We may not realize gains from our equity investments. • Our performance may differ from our historical performance as our current investment strategy includes significantly more primary originations in addition to secondary market purchases. • ~~Changes relating to the~~ **The alternative reference rates that have replaced** LIBOR ~~calculation process may adversely affect~~ **in our credit agreements and** ~~the~~ **other** ~~value of~~ **financial instruments may not yield the same** ~~our -~~ **or** ~~portfolio of~~ **similar economic results as** LIBOR **over the life of such transactions** ~~- indexed, floating- rate debt securities~~ . Risks Relating to Our Securities • Investing in our common stock may involve an above average degree of risk. • Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock. • Shares of our common stock have traded at a discount from net asset value and may do so in the future. • You may not receive distributions or our distributions may decline or may not grow over time. We are a closed- end, non- diversified management investment company that has elected to be regulated as a BDC under the 1940 Act. We are externally managed by our Investment Adviser and pay our Investment Adviser a fee for its services. The following summarizes our arrangements with the Investment Adviser pursuant to an investment advisory and management agreement (the" Investment Management Agreement"). Management Services The Investment Adviser is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the" Advisers Act"). The Investment Adviser serves **as our investment adviser** pursuant to the Investment Management Agreement in accordance with the 1940 Act. Subject to the overall supervision of our board of directors, the Investment Adviser manages our day- to- day operations and provides us with investment advisory and management services. Under the terms of the Investment Management Agreement, the Investment Adviser: • determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes; • determines the securities and other assets that we will purchase, retain or sell; • identifies, evaluates and negotiates the structure of our investments that we make; • executes, monitors and services the investments that we make; • performs due diligence on prospective portfolio companies; • votes, exercises consents and exercises all other rights appertaining to such securities and other assets on our behalf; and • provides us with such other investment advisory, research and related services as we may, from time to time, reasonably require. The Investment Adviser' s services under the Investment Management Agreement are not exclusive, and the Investment Adviser (so long as its services to us are not impaired) and / or other entities affiliated with New Mountain Capital are permitted to furnish similar services to other entities. The Investment Adviser also manages other funds that may have investment mandates that are similar, in whole or in part, to ours. Management Fees Pursuant to the Investment Management Agreement, we have agreed to pay the Investment Adviser a fee for investment advisory and management services consisting of two components — a base management fee and an incentive fee. The cost of both the base management fee payable to the Investment Adviser and any incentive fees paid in cash to the Investment Adviser are borne by us and, as a result, are indirectly borne by our common stockholders. Base Management Fees Pursuant to Amendment No. 1 to the Investment Management Agreement dated November 1, 2021 (" Amendment No. 1"), the base management fee is calculated at an annual rate of 1. 4 % of **our** ~~the Company' s~~ gross assets, which equals **our** ~~the Company' s~~ total assets on the Consolidated Statements of Assets and Liabilities, less cash and cash equivalents. Prior to Amendment No. 1, pursuant to the Investment Management Agreement, the base management fee was calculated at an annual rate of 1. 75 % of **our** ~~the Company' s~~ gross assets, which equaled **our** ~~the Company' s~~ total assets on the Consolidated Statements of Assets and Liabilities, less (i) the borrowings under the New Mountain Finance SPV Funding, L. L. C. Loan and Security Agreement, as amended and restated, dated October 27, 2010 (the" SLF Credit Facility") and (ii) cash and cash equivalents. The base management fee is payable quarterly in arrears, and is calculated based on the average value of **our** ~~the Company' s~~ gross assets, which equals **our** ~~the Company' s~~ total assets, as determined in accordance with GAAP, less cash and cash equivalents at the end of each of the two most recently completed calendar quarters, and appropriately adjusted on a pro rata basis for any equity capital raises or repurchases during the current calendar quarter. **We have** ~~The Company has~~ not invested, and currently ~~is~~ **are** not invested, in derivatives. To the extent **we** ~~the Company invests -~~ **invest** in derivatives in the future, **we** ~~the Company~~ will use the actual value of the derivatives, as reported on the Consolidated Statements of Assets and Liabilities, for purposes of calculating ~~its~~ **the** base management fee. Effective as of and for the quarter ended March 31, 2021 through the quarter ending December 31, ~~2023~~ **2024** , the Investment Adviser has entered into a fee waiver agreement (the" Fee Waiver Agreement") **, amended on August 7, 2023,** pursuant to which the Investment Adviser will waive base management fees in order to reach a target base management fee of 1. 25 % on gross assets (the " Reduced Base Management Fee ") **. The Fee Waiver Agreement was most recently extended for a period of one year through the quarter ending December 31, 2024 by the Investment Adviser on August 7, 2023** . The Investment Adviser cannot recoup management fees that the Investment Adviser has previously waived. For the year ended December 31, ~~2022~~ **2023** , total management fees waived ~~was~~ **were** approximately $ 4. ~~4~~ **1** million. Incentive Fees The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20. 0 % of our" Pre- Incentive Fee Net Investment Income" for the immediately preceding quarter, subject to a" preferred return", or" hurdle", and a" catch- up" feature." Pre- Incentive Fee Net Investment Income" means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, upfront, diligence and consulting fees or other fees that we receive from portfolio companies) accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable under the administration agreement, as amended and restated (the" Administration Agreement"), with the Administrator, and any interest expense and distributions paid on any issued and outstanding preferred stock (of which there is none as of December 31, ~~2022~~ 2023), but excluding the incentive fee). Pre- Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), accrued income that we have not yet received in cash. Pre- Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. Pre- Incentive Fee Net Investment Income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, will be compared to a" hurdle rate" of 2. 0 % per quarter (8. 0 % annualized), subject to a" catch- up" provision measured as of the end of each calendar quarter. The hurdle rate is appropriately pro- rated for any partial periods. The calculation of our incentive fee with respect to the Pre- Incentive Fee Net Investment Income for each quarter is as follows: • No incentive fee is payable to the Investment Adviser in any calendar quarter in which our Pre- Incentive Fee Net Investment Income does not exceed the hurdle rate of 2. 0 % (the" preferred return" or" hurdle"). • 100. 0 % of our Pre- Incentive Fee Net Investment Income with respect to that portion of such Pre- Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than or equal to 2. 5 % in any calendar quarter (10. 0 % annualized) is payable to the Investment Adviser. This portion of our Pre- Incentive Fee Net Investment Income (which exceeds the hurdle rate but is less than or equal to 2. 5 %) is referred to as the" catch- up". The catch- up provision is intended to provide the Investment Adviser with an incentive fee of 20. 0 % on all of our Pre- Incentive Fee Net Investment Income as if a hurdle rate did not apply when our Pre- Incentive Fee Net Investment Income exceeds 2. 5 % in any calendar quarter. • 20. 0 % of the amount of our Pre- Incentive Fee Net Investment Income, if any, that exceeds 2. 5 % in any calendar quarter (10. 0 % annualized) is payable to the Investment Adviser once the hurdle is reached and the catch- up is achieved. For the year ended December 31, ~~2022~~ 2023 , no incentive fees were waived. The Investment Adviser cannot recoup incentive fees that the Investment Adviser has previously waived. The second part of the incentive fee will be determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement) and will equal 20. 0 % of our realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fee. In accordance with GAAP, we accrue a hypothetical capital gains incentive fee based upon the cumulative net realized capital gains and realized capital losses and the cumulative net unrealized capital appreciation and unrealized capital depreciation on investments held at the end of each period. Actual amounts paid to the Investment Adviser are consistent with the Investment Management Agreement and are based only on actual realized capital gains computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis from inception through the end of each calendar year as if the entire portfolio was sold at fair value. Example 1: Income Related Portion of Incentive Fee for Each Calendar Quarter: Alternative 1 Assumptions Investment income (including interest, dividends, fees, etc.) = 1. 25 % Hurdle rate (1) = 2. 00 % Management fee (2) = 0. 35 % Other expenses (legal, accounting, safekeeping agent, transfer agent, etc.) (3) = 0. 20 % (investment income – (management fee other expenses)) = 0. 70 % Pre- Incentive Fee Net Investment Income does not exceed the hurdle rate, therefore there is no income related incentive fee. Alternative 2 Investment income (including interest, dividends, fees, etc.) = 2. 90 % (investment income – (management fee other expenses)) = 2. 35 % Incentive fee = 100. 00 % × Pre- Incentive Fee Net Investment Income (subject to" catch- up") (4) = 100. 00 % × (2. 35 % – 2. 00 %) Pre- Incentive Fee Net Investment Income exceeds the hurdle rate, but does not fully satisfy the" catch- up" provision, therefore the income related portion of the incentive fee is 0. 35 %. Alternative 3 Investment income (including interest, dividends, fees, etc.) = 3. 50 % (investment income – (management fee other expenses)) = 2. 95 % Incentive fee = 100. 00 % ×" catch- up" (20. 00 % × (Pre- Incentive Fee Net Investment Income 2. 50 %)) Catch- up = 2. 50 % – 2. 00 % = 0. 50 % Incentive fee = (100. 00 % × 0. 50 %) (20. 00 % × (2. 95 % – 2. 50 %)) = 0. 50 % (20. 00 % × 0. 45 %) = 0. 50 % 0. 09 % = 0. 59 % Pre- Incentive Fee Net Investment Income exceeds the hurdle rate, and fully satisfies the" catch- up" provision, therefore the income related portion of the incentive fee is 0. 59 % (1) Represents 8. 00 % annualized hurdle rate. (2) Assumes 1. 4 % annualized base management fee. (3) Excludes organizational and offering expenses. (4) The" catch- up" provision is intended to provide the Investment Adviser with an incentive fee of 20. 00 % on all Pre- Incentive Fee Net Investment Income as if a hurdle rate did not apply when our net investment income exceeds 2. 50 % in any calendar quarter. Example 2: Capital Gains Portion of Incentive Fee: Alternative 1: Year 1: $ 20. 0 million investment made in Company A (" Investment A"), and $ 30. 0 million investment made in Company B (" Investment B") Year 2: Investment A sold for $ 50. 0 million and fair market value (" FMV") of Investment B determined to be $ 32. 0 million Year 3: FMV of Investment B determined to be $ 25. 0 million Year 4: Investment B sold for $ 31. 0 million The capital gains portion of the incentive fee would be: Year 1: None Year 2: Capital gains incentive fee of $ 6. 0 million — ($ 30. 0 million realized capital gains on sale of Investment A multiplied by 20. 0 %) Year 3: None — $ 5. 0 million (20. 0 % multiplied by ($ 30. 0 million cumulative capital gains less $ 5. 0 million cumulative capital depreciation)) less $ 6. 0 million (previous capital gains fee paid in Year 2) Year 4: Capital gains incentive fee of $ 0. 2 million — $ 6. 2 million ($ 31. 0 million cumulative realized capital gains multiplied by 20. 0 %) less $ 6. 0 million (capital gains incentive fee taken in Year 2) Year 1: $ 20. 0 million investment made in Company A (" Investment A"), $ 30. 0 million investment made in Company B (" Investment B") and $ 25. 0 million investment made in Company C (" Investment C") Year 2: Investment A sold for $ 50. 0 million, FMV of Investment B determined to be $ 25. 0 million and FMV of Investment C determined to be $ 25. 0 million Year 3: FMV of Investment B determined to be $ 27. 0 million and Investment C sold for $ 30. 0 million Year 4: FMV of Investment B determined to be $ 35. 0 million Year 5: Investment B sold for $ 20. 0 million The capital gains incentive fee, if any, would be: Year 2: $ 5. 0 million capital gains incentive fee — 20. 0 % multiplied by $ 25. 0 million ($ 30. 0 million realized capital gains on Investment A less $ 5. 0 million unrealized capital depreciation on Investment B) Year 3: $ 1. 4 million capital gains incentive fee — $ 6. 4 million (20. 0 % multiplied by $ 32. 0 million ($ 35. 0 million cumulative realized capital gains less $ 3. 0 million unrealized capital depreciation)) less $ 5. 0 million capital gains incentive fee received in Year 2 Year 4: $ 0. 6 million capital gains incentive fee — $ 7. 0 million (20. 0 % multiplied by $ 35. 0 million cumulative realized capital gains) less cumulative $ 6. 4 million capital gains incentive fee received in Year 2 and Year 3 Year 5: None — $ 5. 0 million (20. 0 % multiplied by $ 25. 0 million (cumulative realized capital gains of $ 35. 0 million less realized capital losses of $ 10. 0 million)) less $ 7. 0 million cumulative capital gains incentive fee paid in Year 2, Year 3 and Year 4 (1) (1) As noted above, it is possible that the cumulative aggregate capital gains fee received by the Investment Adviser ($ 7. 0 million) is effectively greater than $ 5. 0 million (20. 0 % of cumulative aggregate realized capital gains less net realized capital losses or net unrealized depreciation ($ 25. 0 million)). Payment of Expenses Our primary operating expenses are interest payable on our debt, the payment of a base management fee and any incentive fees under the Investment Management Agreement and the allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us under the Administration Agreement. We bear all other expenses of our operations and transactions, including (without limitation) fees and expenses relating to: • organizational and offering expenses; • the investigation and monitoring of our investments; • the cost of calculating net asset value; • interest payable on debt, if any, to finance our investments; • the cost of effecting sales and repurchases of shares of our common stock and other securities; • management and incentive fees payable pursuant to the Investment Management Agreement; • fees payable to third parties relating to, or associated with, making investments and valuing investments (including third- party valuation firms); • transfer agent and custodial fees; • fees and expenses associated with marketing efforts (including attendance at investment conferences and similar events); • federal and state registration fees; • any exchange listing fees; • federal, state, local and foreign taxes; • independent directors' fees and expenses; • brokerage commissions; • costs of proxy statements, stockholders' reports and notices; • costs of preparing government filings, including periodic and current reports with the SEC; • fees and expenses associated with independent audits and outside legal costs; • costs associated with reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws; • fidelity bond, liability insurance and other insurance premiums; and • printing, mailing and all other direct expenses incurred by either the Investment Adviser or us in connection with administering our business, including payments under the Administration Agreement that are based upon our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us under the Administration Agreement, including the allocable portion of the compensation of our chief financial officer and chief compliance officer and their respective staffs. Board Consideration of the Investment Management Agreement Our board of directors initially approved our Investment Management Agreement between the Company and the Adviser on March 25, 2014. Thereafter, our stockholders approved the Investment Management Agreement on May 6, 2014. The Investment Management Agreement first became effective on May 8, 2014. Our board of directors determined at a virtual meeting held on November 1, 2021 to approve Amendment No. 1 to the Investment Management Agreement, the sole purpose of which was to reduce the base management fee. On January ~~24~~ **30** , ~~2023~~ **2024** , our board of directors held a board meeting to consider the re- approval of our Investment Management Agreement. In its consideration of the re- approval of the Investment Management Agreement, our board of directors focused on information they had received relating to, among other things: • the nature, extent and quality of advisory and other services provided by the Investment Adviser, including information about our investment performance relative to our stated objectives and in comparison to our performance peer group and relevant market indices, and concluded that such advisory and other services are satisfactory and our investment performance is reasonable; • the experience and qualifications of the personnel providing such advisory and other services, including information about the backgrounds of the investment personnel, the allocation of responsibilities among such personnel and the process by which investment decisions are made, and concluded that the investment personnel of the Investment Adviser have extensive experience and are well qualified to provide advisory and other services to us; • the current fee structure, the existence of any fee waivers, and our anticipated expense ratios in relation to those of other investment companies having comparable investment policies and limitations, and concluded that the current fee structure is reasonable; • the advisory fees charged to us by the Investment Adviser and comparative data regarding the advisory fees charged by other investment advisers to BDCs with similar investment objectives, and concluded that the advisory fees charged to us by the Investment Adviser are reasonable; • the direct and indirect costs, including for personnel and office facilities, that are incurred by the Investment Adviser and its affiliates in performing services for us and the basis of determining and allocating these costs, and concluded that the direct and indirect costs, including the allocation of such costs, are reasonable; • the total of all assets managed by the Adviser, as well as total number of investment companies and other clients serviced by the Adviser and possible economies of scale arising from our size and / or anticipated growth, and the extent to which such economies of scale are reflected in the advisory fees charged to us by the Investment Adviser, and concluded that some economies of scale may be possible in the future; • other possible benefits to the Investment Adviser and its affiliates arising from their relationships with us, and concluded that any such other benefits were not material to the Investment Adviser and its affiliates; and • possible alternative fee structures or bases for determining fees and the possibility of obtaining similar services from other third party service providers, and concluded that our current fee structure and bases for determining fees are satisfactory. Based on the information reviewed and the discussions detailed above, our board of directors, including a majority of the independent directors, concluded that the fees payable to the Investment Adviser pursuant to the Investment Management Agreement were reasonable, and comparable to the fees paid by other management investment companies with similar investment objectives, in relation to the services to be provided. As a result, our board of directors re- approved the Investment Management Agreement for a period of 12 months commencing on March 1, ~~2023~~ **2024** ~~,~~**.** Our board of directors did not assign relative weights to the above factors or the other factors considered by it. Individual members of our board of directors may have given different weights to different factors. Qualifying Assets Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in Section 55 (a) of the 1940 Act, which are referred to as" qualifying assets", unless, at the time the acquisition is made, qualifying assets represent at least 70. 0 % of the BDC' s total assets. The principal categories of qualifying assets relevant to our business are any of the following: 1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an" eligible portfolio company", or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which: (a) is organized under the laws of, and has its principal place of business in, the United States; (b) is not an investment company (other than an SBIC wholly- owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and (c) satisfies any of the following: (i) does not have any class of securities that is traded on a national securities exchange; (ii) has a class of securities listed on a national securities exchange, but has an aggregate market value of outstanding voting and non- voting common equity of less than $ 250. 0 million; (iii) is controlled by a BDC or a group of companies including a BDC and the BDC has an affiliated person who is a director of the eligible portfolio company; or (iv) is a small and solvent company having total assets of not more than $ 4. 0 million and capital and surplus of not less than $ 2. 0 million. 2) Securities of any eligible portfolio company that the BDC controls. 3) Securities purchased in a private transaction from a U. S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements. 4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and the BDC already owns 60. 0 % of the outstanding equity of the eligible portfolio company. 5) Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities. 6) Cash, cash equivalents, U. S. government securities or high- quality debt securities maturing in one year or less from the time of investment. In addition, a BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in (1), (2) or (3) above. As of December 31, ~~2022~~ **2023** , ~~16~~ **14** . ~~7~~ **8** % of our total assets were non-qualifying assets. Significant Managerial Assistance to Portfolio Companies BDCs generally must offer to make available to the eligible issuers of its securities significant managerial assistance, except in circumstances where either (i) the BDC controls such issuer of securities or (ii) the BDC purchases such securities in conjunction with one or more other persons acting together and one of the other persons in the group makes available such managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company. The Administrator or its affiliate provides such managerial assistance on our behalf to portfolio companies that accept our offer of managerial assistance. Temporary Investments Pending investments in other types of qualifying assets, our investments may consist of cash, cash equivalents, U. S. government securities or high- quality debt securities maturing in one year or less from the time of investment (collectively, as " temporary investments "), so that 70. 0 % of our assets are qualifying assets. Typically, we will invest in U. S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U. S. government or its agencies. We had no temporary investments as of December 31, ~~2022~~ **2023** . Repurchase Agreements A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed- upon future date and at a price that is greater than the purchase price by an amount that reflects an agreed- upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25. 0 % of our total assets constitute repurchase agreements from a single counterparty, we would not meet the Diversification Tests in order to qualify as a RIC for U. S. federal income tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. The Investment Adviser will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions. We had no repurchase agreements as of December 31, ~~2022~~ **2023** . Senior Securities We are permitted, under specified conditions, to issue multiple classes of debt if our asset coverage, as defined in the 1940 Act, is at least equal to 150. 0 % immediately after each such issuance (which means we can borrow $ 2 for every $ 1 of our equity). If our asset ratio coverage is not at least 150. 0 %, we would be unable to issue additional senior securities, and certain provisions of our senior securities may preclude us from making distributions to our stockholders. However, at December 31, ~~2022~~ **2023** , none of our senior securities have provisions that may preclude us from making distributions to stockholders. We may also borrow amounts up to 5. 0 % of the value of our total assets for temporary or emergency purposes without regard to our asset coverage. We will include our assets and liabilities and all of our wholly- owned direct and indirect subsidiaries for purposes of calculating the asset coverage ratio. We received exemptive relief from the SEC on November 5, 2014, allowing us to modify the asset coverage requirement to exclude SBA- guaranteed debentures from this calculation. For a discussion of the risks associated with leverage, see Item 1A. — Risk Factors in this Annual Report on Form 10- K. Code of Ethics We have adopted a code of ethics pursuant to Rule 17j- 1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code' s requirements. The code of ethics is available on **our** ~~the SEC' s~~ website at http: / / www. ~~sec~~ **newmountainfinance** . ~~gov~~ **com** . Compliance Policies and Procedures We and the Investment Adviser have adopted and implemented written policies and procedures reasonably designed to prevent violation of the federal securities laws and we are required to review these compliance policies and procedures annually for the adequacy and the effectiveness of their implementation. Our chief compliance officer is responsible for administering these policies and procedures. Proxy Voting Policies and Procedures We have delegated our proxy voting responsibility to the Investment Adviser. The proxy voting policies and procedures of the Investment Adviser are set forth below. The guidelines will be reviewed periodically by the Investment Adviser and our independent directors, and, accordingly, are subject to change. Introduction As an investment adviser registered under the Advisers Act, the Investment Adviser has a fiduciary duty to act solely in the best interests of its clients. As part of this duty, it recognizes that it must vote proxies relating to our securities in a timely manner free of conflicts of interest and in our best interests. The policies and procedures for voting proxies for the investment advisory clients of the Investment Adviser are intended to comply with Section 206 of, and Rule 206 (4)- 6 under, the Advisers Act. Proxy policies The Investment Adviser will vote proxies relating to our securities in our best interest. It will review on a case- by- case basis each proposal submitted for a stockholder vote to determine its impact on the portfolio securities held by us. Although the Investment Adviser will generally vote against proposals that may have a negative impact on its clients' portfolio securities, it may vote for such a proposal if there exists compelling long- term reasons to do so. The proxy voting decisions of the Investment Adviser are made by the senior officers who are responsible for monitoring each of its clients' investments. To ensure that its vote is not the product of a conflict of interest, it will require that: (a) anyone involved in the decision making process disclose to its chief compliance officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (b) employees involved in the decision making process or vote administration are prohibited from revealing how the Investment Adviser intends to vote on a proposal in order to reduce any attempted influence from interested parties. Proxy voting records You may obtain, without charge, information regarding how we voted proxies with respect to our portfolio securities by making a written request for proxy voting information to: Chief Compliance Officer, 1633 Broadway, 48th Floor, New York, New York 10019. Staffing We do not have any employees. Our day- to- day investment operations are managed by the Investment Adviser. See " — Investment Management Agreement ". We reimburse the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to us under the Administration Agreement, including the compensation of our chief financial officer and chief compliance officer, and their respective staffs. For a more detailed discussion of the Administration Agreement, see Item 8. — Financial Statements and Supplementary Data — Note 5. Agreements in this Annual Report on Form 10- K. Sarbanes- Oxley Act of 2002 The Sarbanes- Oxley Act of 2002 imposes a variety of regulatory requirements on publicly- held companies and their insiders. Many of these requirements affect us. For example: • pursuant to Rule 13a- 14 of the Exchange Act, our ~~chief~~ **Chief** ~~executive~~ **Executive** ~~officer~~ **Officer** and ~~chief~~ **Chief** ~~financial~~ **Financial** ~~officer~~ **Officer** are required to certify the accuracy of the financial statements contained in our periodic reports; • pursuant to Item 307 of Regulation S- K, our periodic reports are required to disclose our conclusions about the effectiveness of our disclosure controls and procedures; • pursuant to Rule 13a- 15 of the Exchange Act, our management is required to prepare a report regarding their assessment of their internal control over financial reporting and is required to obtain an audit of the effectiveness of internal control over financial reporting performed by our independent registered public accounting firm; and • pursuant to Item 308 of Regulation S- K and Rule 13a- 15 of the Exchange Act, our periodic reports are required to disclose whether there were significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of the evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. The Sarbanes- Oxley Act of 2002 requires us to review our current policies and procedures to determine whether we comply with the Sarbanes- Oxley Act of 2002 and the regulations promulgated thereunder. We intend to monitor our compliance with all regulations that are adopted under the Sarbanes- Oxley Act of 2002 and will take actions necessary to ensure that we are in compliance therewith. Available Information We file or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information as required by the 1940 Act. The SEC maintains a website that contains reports, proxy and information statements and other information filed electronically by us with the SEC at http: / / www. sec. gov. We make available free of charge on our website, http: / / www. newmountainfinance. com, our reports, proxies and information statements and other information as soon as reasonably practicable after we electronically file such materials with, or furnish to, the SEC. Information contained on our website or on the SEC' s website about us is not incorporated into this annual report and should not be considered to be a part of this annual report. Privacy Notice Your privacy is very important to us. This Privacy Notice sets forth our policies with respect to non- public personal information about our stockholders and prospective and former stockholders. These policies apply to our stockholders and may be changed at any time, provided a notice of such change is given to you. This notice supersedes any other privacy notice you may have received from us. We will safeguard, according to strict standards of security and confidentiality, all information we receive about you. The only information we collect from you is your name, address, number of shares you hold and your social security number. This information is used only so that we can send you annual reports and other information about us, and send you proxy statements or other information required by law. We do not share this information with any non- affiliated third party except as described below. • Authorized Employees of our Investment Adviser. It is our policy that only authorized employees of our investment adviser who need to know your personal information will have access to it. • Service Providers. We may disclose your personal information to companies that provide services on our behalf, such as recordkeeping, processing your trades, and mailing you information. These companies are required to protect your information and use it solely for the purpose for which they received it. • Courts and Government Officials. If required by law, we may disclose your personal information in accordance with a court order or at the request of government regulators. Only that information required by law, subpoena, or court order will be disclosed. We seek to carefully safeguard your private information and, to that end, restrict access to non- public personal information about you to those employees and other persons who need to know the information to enable us to provide services to you. We maintain physical, electronic and procedural safeguards to protect your non- public personal information. If you have any questions regarding this policy or the treatment of your non- public personal information, please contact our ~~chief~~ **Chief** ~~compliance~~ **Compliance** ~~officer~~ **Officer** at (212) 655- 0291. Item 1A. Risk Factors You should carefully consider the significant risks described below, together with all of the other information included in this **Annual Report on** Form 10- K, including our consolidated financial statements and the related notes, before making an investment decision in us. The risks set forth below are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may materially affect our business, our structure, our financial condition, our investments and / or operating results. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline. There can be no assurance that we will achieve our investment objective and you may lose all or part of your investment. RISKS RELATED TO OUR BUSINESS AND STRUCTURE ~~The U. S. capital markets have experienced extreme volatility and disruption following the global outbreak of COVID- 19 that began in December 2019. The global impact of the COVID- 19 pandemic continues to rapidly evolve and has led to the re- introduction of certain public health restrictions (as described below). Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID- 19, have created significant disruptions in supply chains and economic activity. The impact of COVID- 19 has led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As the COVID- 19 pandemic persists, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.~~ Disruptions in the capital markets have increased the spread between the yields realized on risk- free and higher risk securities, resulting in illiquidity in parts of the capital markets. These and future market disruptions and / or illiquidity would be expected to have an adverse effect on our business, financial condition, results of operations and cash flows. Unfavorable economic conditions also would be expected to increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events have limited, and could continue to limit, our investment originations and / or our ability to grow, and they could have a material negative impact on our operating results and the fair values of our debt and equity investments. Further, current market conditions may make it difficult for us to obtain debt capital on favorable terms and any failure to do so could have a material adverse effect on our business. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than what we would otherwise expect, including being at a higher cost in rising rate environments. If we are unable to raise debt, then our equity investors may not benefit from the potential for increased returns on equity resulting from leverage and we may be limited in our ability to make or fund commitments to portfolio companies. An inability to obtain indebtedness could have a material adverse effect on our business, financial condition or results of operations. In past economic downturns, such as the financial crisis in the United States that began in mid- 2007 and during other times of extreme market volatility, many commercial banks and other financial institutions stopped lending or significantly curtailed their lending activity. In addition, in an effort to stem losses and reduce their exposure to segments of the economy deemed to be high risk, some financial institutions limited routine refinancing and loan modification transactions and even reviewed the terms of existing facilities to identify bases for accelerating the maturity of existing lending facilities. If these conditions recur, for example as a result of ~~the COVID- 19 pandemic,~~ rising interest rates or global conflict, it may be difficult for us to obtain desired financing to finance the growth of our investments on acceptable economic terms, or at all ~~. So far, the COVID- 19 pandemic has resulted in, and until fully resolved is likely to continue to result in, among other things, increased draws by borrowers on revolving lines of credit and increased requests by borrowers for amendments, modifications and waivers of their credit agreements to avoid default or change payment terms, increased defaults by such borrowers and / or increased difficulty in obtaining refinancing at the maturity dates of their loans. In addition, the duration and effectiveness of responsive measures implemented by governments and central banks cannot be predicted. The commencement, continuation, or cessation of government and central bank policies and economic stimulus programs, including changes in monetary policy involving interest rate adjustments or governmental policies, may contribute to the development of or result in an increase in market volatility, illiquidity and other adverse effects that could negatively impact the credit markets and the Company~~ . If we are unable to consummate credit facilities on commercially reasonable terms, our liquidity may be reduced significantly. If we are unable to repay amounts outstanding under our credit facilities or any facility we may enter into and are declared in default or are unable to renew or refinance any such facility, it would limit our ability to initiate significant originations or to operate our business in the normal course. These situations may arise due to circumstances that we may be unable to control, such as inaccessibility of the credit markets, a severe decline in the value of the U. S. dollar, a further economic downturn or an operational problem that affects third parties or us, and could materially damage our business. Moreover, we are unable to predict when economic and market conditions may become more favorable. Even if such conditions improve broadly and significantly over the long term, adverse conditions in particular sectors of the financial markets could adversely impact our business. Further downgrades of the U. S. credit rating, impending automatic spending cuts or another government shutdown could negatively impact our liquidity, financial condition and earnings. The U. S. debt ceiling and budget deficit concerns have increased the possibility of additional credit- rating downgrades and economic slowdowns, or a recession in the United States. ~~Although~~ U. S. lawmakers **have** passed legislation to raise the federal debt ceiling on multiple occasions, including ~~a suspension of~~ **, most recently, in June 2023, which suspended** the ~~federal~~ debt ceiling **through early** ~~in August 2019 and December 2021~~ **2025 , unless Congress takes legislative action to further extend or defer it. Despite taking action to suspend the debt ceiling** , ratings agencies have ~~lowered or~~ threatened to lower the long- term sovereign credit rating on the United States **, including Fitch downgrading** ~~. The December 2021 legislation suspends~~ the ~~debt ceiling through early~~ **U. S. government' s long- term rating from AAA to AA in August** 2023 ~~, unless Congress takes legislative action~~ **and Moody' s lowering the U. S. government' s credit rating outlook from " stable "** to ~~further extend or defer it~~ **" negative " in November 2023** . The impact of this or any further downgrades to the U. S. government' s sovereign credit rating or its perceived creditworthiness could adversely affect the U. S. and global financial markets and economic conditions. Absent further quantitative easing by the Federal Reserve, these developments could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms. In addition, disagreement over the federal budget has caused the U. S. federal government to shut down for periods of time **, and may lead to additional shutdowns in the future** . Continued adverse political and economic conditions could have a material adverse effect on our business, financial condition and results of operations. U. S. and worldwide economic, political, regulatory and financial market conditions may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability. We and our portfolio companies are subject to regulation by laws at the U. S. federal, state and local levels. These laws and regulations, as well as their interpretation, could change from time to time, including as the result of interpretive guidance or other directives from the U. S. President and others in the executive branch, and new laws, regulations and interpretations could also come into effect. Any such new or changed laws or regulations could have a material adverse effect on our business, and political uncertainty could increase regulatory uncertainty in the near term. The effects of legislative and regulatory proposals directed at the financial services industry or affecting taxation, could negatively impact the operations, cash flows or financial condition of us and our portfolio companies, impose additional costs on us or our portfolio companies, intensify the regulatory supervision of us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies. In addition, if we do not comply with applicable laws and regulations, we could lose any licenses that we then hold for the conduct of business and could be subject to civil fines and criminal penalties. Over the last several years, there also has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non- bank financial sector will be subject to new regulation. While it cannot be known at this time whether any regulation will be implemented or what form it will take, increased regulation of non- bank credit extension could negatively impact our operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business, financial condition and results of operations. ~~On May 24, 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act was signed into law, which increased from $ 50 billion to $ 250 billion the asset threshold for designation of " systemically important financial institutions " or " SIFIs " subject to enhanced prudential standards set by the Federal Reserve Board, staggering application of this change based on the size and risk of the covered bank holding company. On May 30, 2018, the Federal Reserve Board voted to consider changes to the Volcker Rule that would loosen compliance requirements for all banks. The effect of this change and any further rules or regulations are and could be complex and far-reaching, and the change and any future laws or regulations or changes thereto could negatively impact our operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business, financial condition and results of operations.~~ Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business, financial condition, operating results and cash flows. Until we know what policy changes are made and how those changes impact business and the business of our competitors over the long term, we will not know if, overall, it will benefit from them or be negatively affected by them. In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt, which created concerns about the ability of certain nations to continue to service their sovereign debt obligations. Risks resulting from such debt crisis, including any austerity measures taken in exchange for bailout of certain nations, and any future debt crisis in Europe or any similar crisis elsewhere could have a detrimental impact on the global economic recovery, sovereign and non- sovereign debt in certain countries and the financial condition of financial institutions generally. On January 31, 2020, the United Kingdom (the " UK ") ended its membership in the European Union (" Brexit "). Under the terms of the withdrawal agreement negotiated and agreed between the UK and the European Union, the UK' s departure from the European Union was followed by a transition period (the " Transition Period "), which ran until December 31, 2020 and during which the UK continued to apply European Union law and was treated for all material purposes as if it were still a member of the European Union. On December 24, 2020, the European Union and UK governments signed a trade deal that became provisionally effective on January 1, 2021 and that now governs the relationship between the UK and European Union (the " Trade Agreement "). The Trade Agreement implements significant regulation around trade, transport of goods and travel restrictions between the UK and the European Union. Notwithstanding the foregoing, the longer term economic, legal, political and social implications of Brexit are unclear at this stage and are likely to continue to lead to ongoing political and economic uncertainty and periods of increased volatility in both the UK and in wider European markets for some time. In particular, Brexit could lead to calls for similar referendums in other European jurisdictions, which could cause increased economic volatility in the European and global markets. This mid- to long- term uncertainty could have adverse effects on the economy generally and on our ability to earn attractive returns. In particular, currency volatility could mean that our returns are adversely affected by market movements and could make it more difficult, or more expensive, for us to execute prudent currency hedging policies. Potential decline in the value of the British Pound and / or the Euro against other currencies, along with the potential further downgrading of the UK' s sovereign credit rating, could also have an impact on the performance of certain investments made in the UK or Europe. Increased geopolitical unrest, terrorist attacks, or acts of war may affect any market for our common stock, impact the businesses in which we invest, and harm our business, operating results, and financial conditions. The continued threat of global terrorism and the impact of military and other action will likely continue to cause volatility in the economies of certain countries and various aspects thereof, including in prices of commodities, and could affect our financial results. Our portfolio investments may involve significant strategic assets having a national or regional profile. The nature of these assets could expose them to a greater risk of being the subject of a terrorist attack than other assets or businesses. Any terrorist attacks that occur at or near such assets would likely cause significant harm to employees, property and, potentially, the surrounding community, and may result in losses far in excess of available insurance coverage. As a result of global events and continued terrorism concerns, insurers significantly reduced the amount of insurance coverage available for liability to persons other than employees for claims resulting from acts of terrorism, war or similar events. As a result of a terrorist attack or terrorist activities in general, we may not be able to obtain insurance coverage and other endorsements at commercially reasonable prices or at all. In addition, various social and political circumstances in the United States and around the world (including wars and other forms of conflict, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics), may also contribute to increased market volatility and economic uncertainties. Such events, including rising trade tensions between the United States and China; other uncertainties regarding actual and potential shifts in U. S. and foreign, trade, economic and other policies with other countries; the ongoing conflict between Russia and Ukraine; and **ongoing conflict in** the **Middle East**

~~COVID- 19 pandemic, could adversely affect our business, financial condition or results of operations~~. In response to the conflict between Russia and Ukraine, the United States and other countries have imposed sanctions or other restrictive actions against Russia. Any of the above factors, including sanctions, export controls, tariffs, trade wars and other governmental actions, could have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our common stock to decline ~~. Periods of market volatility have occurred and could continue to occur in response to pandemics or other events outside of our control. These types of events have adversely affected and could continue to adversely affect operating results for us and for our portfolio companies. For example, the COVID- 19 pandemic has delivered a shock to the global economy. The COVID- 19 pandemic and new variants of COVID, such as the Delta and Omicron variants, has led to, and for an unknown period of time will continue to lead to, disruptions in local, regional, national and global markets and economies affected thereby, including a recession and a steep increase in unemployment in the United States. With respect to the U. S. credit markets (in particular for middle market loans), the COVID- 19 pandemic has resulted in, and until fully resolved is likely to continue to result in, the following among other things: (i) government imposition of various forms of business restrictions, resulting in significant disruption to the businesses of many middle- market loan borrowers including supply chain disruptions, significant reduction in demand of certain goods and services and practical aspects of their operations, labor difficulties and shortages, and commodity inflation, and, while these effects are hoped to be temporary, some effects could be persistent or even permanent; (ii) increased draws by borrowers on revolving lines of credit; (iii) increased requests by borrowers for amendments and waivers of their credit agreements to avoid default, increased defaults by such borrowers and / or increased difficulty in obtaining refinancing at the maturity dates of their loans; (iv) volatility and disruption of these markets including greater volatility in pricing and spreads and difficulty in valuing loans during periods of increased volatility, and liquidity issues; and (v) rapidly evolving proposals and / or actions by state and federal governments to address problems being experienced by the markets and by businesses and the economy in general which will not necessarily adequately address the problems facing the loan market and middle market businesses. Although the Federal Food and Drug Administration authorized vaccines for emergency use starting in December 2020, it remains unclear how quickly the vaccines will be distributed nationwide and globally or when " herd immunity " will be achieved and the restrictions that were imposed to slow the spread of the virus will be lifted entirely. The delay in distributing the vaccines and / or uptick in case numbers could lead people to continue to self- isolate and not participate in the economy at pre- pandemic levels for a prolonged period of time. Even after the COVID- 19 pandemic subsides, the U. S. economy and most other major global economies may continue to experience a recession, and we anticipate our business and operations could be materially adversely affected by a prolonged recession in the United States and other major markets. The COVID- 19 pandemic is having, and any future outbreaks of COVID- 19 could have, an adverse impact on the markets and the economy in general, which could have a material adverse impact on, among other things, the ability of lenders to originate loans, the volume and type of loans originated, and the volume and type of amendments and waivers granted to borrowers and remedial actions taken in the event of a borrower default, each of which could negatively impact the amount and quality of loans available for investment by us and returns to us, among other things. As of the date of this Annual Report on Form 10- K, it is impossible to determine the scope of the COVID- 19 pandemic, or any future outbreaks of COVID- 19, how long any such outbreak, market disruption or uncertainties may last, the effect any governmental actions will have or the full potential impact on us and our portfolio companies. Any potential impact to our results of operations will depend to a large extent on future developments and new information that could emerge regarding the duration and severity of the COVID- 19 pandemic and the actions taken by authorities and other entities to contain COVID- 19 or treat its impact, all of which are beyond our control. These potential impacts, while uncertain, could adversely affect our and our portfolio companies' operating results. If the economy is unable to substantially reopen, and high levels of unemployment continue for an extended period of time, loan delinquencies, loan non- accruals, problem assets, and bankruptcies may increase. In addition, collateral for our loans may decline in value, which could cause loan losses to increase and the net worth and liquidity of loan guarantors could decline, impairing their ability to honor commitments to us. An increase in loan delinquencies and non- accruals or a decrease in loan collateral and guarantor net worth could result in increased costs and reduced income which would have a material adverse effect on our business, financial condition or results of operations. Central banks and governments have responded with liquidity injections to ease the strain on financial systems and stimulus measures to buffer the shock to businesses and consumers. These measures have helped stabilize certain portions of the financial markets over the short term, but volatility will likely remain elevated until the health crisis itself is under control (via fewer new cases, lower infection rates and / or verified treatments). There are still many unknowns and new information is incoming daily, compounding the difficulty of modeling outcomes for epidemiologists and economists alike. We cannot be certain as to the duration or magnitude of the economic impact of the COVID- 19 pandemic on the markets in which we and our portfolio companies operate, including with respect to travel restrictions, business closures and restrictions, mitigation efforts (whether voluntary, suggested, or mandated by law) and corresponding declines in economic activity that may negatively impact the U. S. economy and the markets for the various types of goods and services provided by U. S. middle market companies. Depending on the duration, magnitude and severity of these conditions and their related economic and market impacts, certain portfolio companies may suffer declines in earnings and could experience financial distress, which could cause them to default on their financial obligations to us and their other lenders. We will also be negatively affected if our operations and effectiveness or the operations and effectiveness of a portfolio company (or any of the key personnel or service providers of the foregoing) is compromised or if necessary or beneficial systems and processes are disrupted. Any public health emergency, including the COVID- 19 pandemic or any outbreak of other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on us and the fair value of our investments. Our valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time and are often based on estimates, comparisons and qualitative evaluations of private information that~~

~~may not show the complete impact of the COVID- 19 pandemic and the resulting measures taken in response thereto. These potential impacts, while uncertain, could adversely affect our and our portfolio companies' operating results~~ . Inflation and rising commodity prices may adversely impact our portfolio companies. Inflation may affect our investments adversely in a number of ways. During periods of rising inflation, interest and distribution rates of any instruments we or entities related to portfolio investments may have issued could increase. Inflationary expectations or periods of rising inflation could also be accompanied by the rising prices of commodities which are critical to the operation of portfolio companies. Portfolio companies may have fixed income streams and, therefore, be unable to pay the interest amounts and other payments on our portfolio investments. The market value of such investments may decline in value in times of higher inflation rates. Some of our portfolio investments may have income linked to inflation through contractual rights or other means. However, as inflation may affect both income and expenses, any increase in income may not be sufficient to cover increases in expenses. There is uncertainty surrounding potential legal, regulatory and policy changes by new presidential administrations in the United States that may directly affect financial institutions and the global economy. Following the November 2022 elections in the United States, the Democratic Party controls the Presidency and the Senate, with the Republican Party controlling the House of Representatives. Despite political tensions and uncertainty, changes in federal policy, including tax policies, and at regulatory agencies are expected to occur over time through policy and personnel changes, which may lead to changes involving the level of oversight and focus on the financial services industry or the tax rates paid by corporate entities. The nature, timing and economic and political effects of potential changes to the current legal and regulatory framework affecting financial institutions remain highly uncertain. Uncertainty surrounding future changes may adversely affect our operating environment and therefore our business, financial condition, results of operations and growth prospects. **Our business is dependent on bank relationships and recent strain on the banking system may adversely impact us. The financial markets recently have encountered volatility associated with concerns about the balance sheets of banks, especially small and regional banks that may have significant losses associated with investments that make it difficult to fund demands to withdraw deposits and other liquidity needs. Although the federal government has announced measures to assist these banks and protect depositors, some banks have already been impacted and others may be materially and adversely impacted. Our business is dependent on bank relationships, and we are proactively monitoring the financial health of banks with which we (or our portfolio companies) do or may in the future do business. Continued strain on the banking system may adversely impact our business, financial condition and results of operations.** Investments in small and middle market businesses are highly speculative and involve a high degree of risk of credit loss. These risks are likely to increase during volatile economic periods, such as the United States and many other economies have recently been experiencing. Changes to U. S. tariff and import / export regulations may have a negative effect on our portfolio companies and, in turn, harm us. There has been on- going discussion and commentary regarding potential significant changes to U. S. trade policies, treaties and tariffs. ~~Various~~ **The current U. S.** presidential ~~administrations~~ **administration** , along with Congress, have created significant uncertainty about the future relationship between the **United States** ~~U. S.~~ and other countries with respect to the trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. Any of these factors could depress economic activity and restrict our portfolio companies' access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us. Some of our investments are and may be in the form of securities or loans that are not publicly traded **, and** ~~. The fair value of~~ these investments may not ~~be~~ **have a** readily ~~determinable~~ **available market quotation** . Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market ~~value~~ **quotation** , at fair value as determined in good faith by our board of directors, including reflection of significant events affecting the value of our securities. We value our investments for which we do not have readily available market quotations quarterly, or more frequently as circumstances require, at fair value as determined in good faith by our board of directors in accordance with our valuation policy, which is at all times consistent with GAAP **and the 1940 Act** . Our board of directors utilizes the services of one or more independent third- party valuation firms to aid it in determining the fair value with respect to our material unquoted assets in accordance with our valuation policy. The inputs into the determination of fair value of these investments may require significant management judgment or estimation. Even if observable market data is available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non- binding nature of consensus pricing and / or quotes accompanied by disclaimers materially reduces the reliability of such information. The types of factors that the board of directors takes into account in determining the fair value of our investments generally include, as appropriate: available market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company' s ability to make payments, its earnings and discounted cash flows and the markets in which it does business, comparisons of financial ratios of peer companies that are public, comparable merger and acquisition transactions and the principal market and enterprise values. Since these valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Due to this uncertainty, our fair value determinations may cause our net asset value, on any given date, to be materially understated or overstated. In addition, investors purchasing our common stock based on an overstated net asset value would pay a higher price than the realizable value that our investments might warrant. We may adjust quarterly the valuation of our portfolio to reflect our board of directors' determination of the fair value of each investment in our portfolio. Any changes in fair value are recorded in our statement of operations as net change in unrealized appreciation or depreciation. We depend on the investment judgment, skill and relationships of the investment professionals of the Investment Adviser, particularly Steven B. Klinsky, Robert A. Hamwee, John R. Kline and Laura C. Holson, as well as other key personnel to identify, evaluate, negotiate, structure, execute, monitor and service our investments. The Investment Adviser, as an affiliate of New Mountain Capital, is supported by New Mountain Capital' s team, which as of December 31, ~~2022~~ **2023** consisted of ~~over 215~~ **approximately 245** employees and senior advisors of New Mountain Capital and its affiliates to fulfill its obligations to us under the Investment Management Agreement. The Investment Adviser may also depend upon New Mountain Capital to obtain access to investment opportunities originated by the professionals of New Mountain Capital and its affiliates. Our future success depends to a significant extent on the continued service and coordination of the key investment personnel of the Investment Adviser. The departure of any of these individuals could have a material adverse effect on our ability to achieve our investment objective. The Investment Committee, which oversees our investment activities, is provided by the Investment Adviser. The Investment Committee currently consists of six members. The loss of any member of the Investment Committee or of other senior professionals of the Investment Adviser and its affiliates without suitable replacement could limit our ability to achieve our investment objective and operate as we anticipate. This could have a material adverse effect on our financial condition, results of operations and cash flows. To achieve our investment objective, the Investment Adviser may hire, train, supervise and manage new investment professionals to participate in its investment selection and monitoring process. If the Investment Adviser is unable to find investment professionals or do so in a timely manner, our business, financial condition and results of operations could be adversely affected. The 1940 Act and the Code impose numerous constraints on the operations of BDCs and RICs that do not apply to the other investment vehicles previously managed by the investment professionals of the Investment Adviser. For example, under the 1940 Act, BDCs are required to invest at least 70. 0 % of their total assets primarily in **"** ~~securities of~~ qualifying **" assets such as** U. S. private or thinly traded companies, cash, cash equivalents, U. S. government securities and other high quality debt investments that mature in one year or less. Moreover, qualification for taxation as a RIC under Subchapter M of the Code requires satisfaction of source- of- income, asset diversification and annual distribution requirements. The failure to comply with these provisions in a timely manner could prevent us from qualifying as a BDC or as a RIC and could force us to pay unexpected taxes and penalties, which would have a material adverse effect on our performance. If we fail to maintain our status as a BDC or tax treatment as a RIC, our operating flexibility could be significantly reduced. We compete for investments with other BDCs and investment funds (including private equity and hedge funds), as well as traditional financial services companies such as commercial banks and other sources of funding. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than us. Furthermore, many of our competitors have greater experience operating under, or are not subject to, the regulatory restrictions that the 1940 Act imposes on us as a BDC or the source- of- income, asset diversification and distribution requirements that we must satisfy to maintain our tax treatment as a RIC. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do. We may lose investment opportunities if our pricing, terms and structure do not match those of our competitors. With respect to the investments that we make, we do not seek to compete based primarily on the interest rates we may offer, and we believe that some of our competitors may make loans with interest rates that may be lower than the rates we offer. In the secondary market for acquiring existing loans, we expect to compete generally on the basis of pricing terms. If we match our competitors' pricing, terms and structure, we may experience decreased net interest income, lower yields and increased risk of credit loss. If we are forced to match our competitors' pricing, terms and structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. Part of our competitive advantage stems from the fact that we believe the market for middle market lending is underserved by traditional bank lenders and other financial sources. A significant increase in the number and / or the size of our competitors in this target market could force us to accept less attractive investment terms. We may also compete for investment opportunities with accounts managed by the Investment Adviser or its affiliates. Although the Investment Adviser allocates opportunities in accordance with its policies and procedures, allocations to such other accounts reduces the amount and frequency of opportunities available to us and may not be in our best interests and, consequently, our stockholders. Moreover, the performance of investment opportunities is not known at the time of allocation. If we are not able to compete effectively, our business, financial condition and results of operations may be adversely affected, thus affecting our business, financial condition and results of operations. Because of this competition, there can be no assurance that we will be able to identify and take advantage of attractive investment opportunities that we identify or that we will be able to fully invest our available capital. Our ability to achieve our investment objective and to grow depends on the Investment Adviser' s ability to identify, invest in and monitor companies that meet our investment criteria. Accomplishing this result on a cost- effective basis is largely a function of the Investment Adviser' s structuring of the investment process, its ability to provide competent, attentive and efficient services to us and its ability to access financing on acceptable terms. The Investment Adviser has substantial responsibilities under the Investment Management Agreement and may also be called upon to provide managerial assistance to our eligible portfolio companies. These demands on the time of the Investment Adviser and its investment professionals may distract them or slow our rate of investment. In order to grow, we and the Investment Adviser may need to retain, train, supervise and manage new investment professionals. However, these investment professionals may not be able to contribute effectively to the work of the Investment Adviser. If we are unable to manage our future growth effectively, our business, results of operations and financial condition could be materially adversely affected. The incentive fee payable to the Investment Adviser may create an incentive for the Investment Adviser to pursue investments that are risky or more speculative than would be the case in the absence of such compensation arrangement, which could result in higher investment losses, particularly during cyclical economic downturns. The incentive fee payable to the Investment Adviser is calculated based on a percentage of our return on investment capital. This may encourage the Investment Adviser to use leverage to increase the return on our investments. In addition, because the base management fee is payable based upon our gross assets, which includes any borrowings for investment purposes, but excludes cash and cash equivalents for investment purposes, the Investment Adviser may be further encouraged to use leverage to make additional investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would impair the value of our common stock. The incentive fee payable to the Investment Adviser also may create an incentive for the Investment Adviser to invest in instruments that have a deferred interest feature, even if such deferred payments would not provide the cash necessary to pay current distributions to our stockholders. Under these investments, we would accrue the interest over the life of the investment but would not receive the cash income from the investment until the end of the investment' s term, if at all. Our net investment income used to calculate the income portion of the incentive fee, however, includes accrued interest. Thus, a portion of the incentive fee would be based on income that we have not yet received in cash and may never receive in cash if the portfolio company is unable to satisfy such interest payment obligations. In addition, the" catch- up" portion of the incentive fee may encourage the Investment Adviser to accelerate or defer interest payable by portfolio companies from one calendar quarter to another, potentially resulting in fluctuations in timing and dividend amounts. The Investment Adviser is entitled to incentive compensation for each fiscal quarter in an amount equal to a percentage of the excess of our Pre- Incentive Fee Net Investment Income for that quarter (before deducting incentive compensation) above a performance threshold for that quarter. Accordingly, since the performance threshold is based on a percentage of our net asset value, decreases in our net asset value make it easier to achieve the performance threshold. Our Pre- Incentive Fee Net Investment Income for incentive compensation purposes excludes realized and unrealized capital losses or depreciation that it may incur in the fiscal quarter, even if such capital losses or depreciation result in a net loss on our statement of operations for that quarter. Thus, we may be required to pay the Investment Adviser incentive compensation for a fiscal quarter even if there is a decline in the value of our portfolio or we incur a net loss for that quarter. As a result of the operation of the cumulative method of calculating the capital gains portion of the incentive fee we pay to the Investment Adviser, the cumulative aggregate capital gains fee received by the Investment Adviser could be effectively greater than 20. 0 %, depending on the timing and extent of subsequent net realized capital losses or net unrealized depreciation. We cannot predict whether, or to what extent, this payment calculation would affect your investment in our common stock. We may face risks due to shared employees between our Investment Adviser and its affiliates and other activities of the personnel of our Investment Adviser. Our Investment Adviser expects to rely heavily on the extensive expertise and industry relationships developed by the employees and certain senior advisors of certain of its affiliates to identify and evaluate potential investment opportunities for us. Research from the Investment Adviser' s private equity strategy on our behalf will be used to benefit other strategies and clients of our Investment Adviser, its affiliates and affiliated funds. By reason of their responsibilities in connection with their other activities, certain personnel of our Investment Adviser (or employees and affiliates thereof) may acquire confidential or material non- public information or be restricted from initiating transactions in certain securities. In those instances, we will not be free to act upon any such information. Due to these restrictions, we may not be able to initiate a transaction that we otherwise might have initiated and may not be able to sell a portfolio investment that we otherwise might have sold. Conversely, we may not have access to material non- public information in the possession of our Investment Adviser and its affiliates which might be relevant to an investment decision to be made by us, and we may initiate a transaction or sell a portfolio investment which, if such information had been known to us, may not have been undertaken. See also" — The Investment Committee, the Investment Adviser or its affiliates may, from time to time, possess material non- public information, limiting our investment discretion." We may pay additional consulting fees to New Mountain Capital’ s Executive Advisory Council. The Investment Adviser may consult New Mountain Capital' s Executive Advisory Council from time to time concerning general industry trends, related matters and specific investment diligence. Members of the Executive Advisory Council may be paid by us for project - related consulting fees and reimbursed by us for their reasonable and documented out - of - pocket expenses in connection with specific diligence for a potential portfolio company. We borrow money as part of our business plan. Borrowings, also known as leverage, magnify the potential for gain or loss on invested equity capital and may, consequently, increase the risk of investing in us. We expect to continue to use leverage to finance our investments, through senior securities issued by banks and other lenders. Lenders of these senior securities have fixed dollar claims on our assets that are superior to claims of our common stockholders and we would expect such lenders to seek recovery against our assets in the event of default. If the value of our assets decreases, leveraging would cause our net asset value to decline more sharply than it otherwise would have had it not leveraged. Similarly, any decrease in our income would cause our net income to decline more sharply than it would have had it not borrowed. Such a decline could adversely affect our ability to make common stock distribution payments. In addition, because our investments may be illiquid, we may be unable to dispose of them or to do so at a favorable price in the event we need to do so if we are unable to refinance any indebtedness upon maturity and, as a result, we may suffer losses. Leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities. Our ability to service any debt that we incur depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. Moreover, as the Investment Adviser' s management fee is payable to the Investment Adviser based on gross assets, including those assets acquired through the use of leverage, the Investment Adviser may have a financial incentive to incur leverage which may not be consistent with our interests and the interests of our common stockholders. In addition, holders of our common stock will, indirectly, bear the burden of any increase in our expenses as a result of leverage, including any increase in the management fee payable to the Investment Adviser. As of December 31, ~~2022~~ **2023** , we had $ ~~619~~ **515. 1 million, $ 506. 5 million, $ 300** . 0 million, $ ~~40~~ **260. 0 million, $ 186** . 4 million, $ ~~186. 4 million, $ 316~~ - **36** . 8 million ~~,~~ **and** $ ~~531~~ **2** . **9** ~~5 million, $ 300. 0 million and $ 3. 8~~ million of indebtedness outstanding under the Holdings Credit Facility ~~, the NMFC Credit Facility, the DB Credit Facility, the 2018 Convertible Notes and 2022 Convertible Notes (the" Convertible Notes")~~ , the Unsecured Notes, the SBA- guaranteed debentures **, the 2022 Convertible Notes, the DB**

Credit Facility, the NMFC Credit Facility and the NMNLC Credit Facility II respectively **(each as defined below)**. The Holdings Credit Facility, the ~~NMFC Credit Facility, the DB Credit Facility, the~~ Unsecured Notes, the SBA- guaranteed debentures **, the DB Credit Facility, the NMFC Credit Facility** and the NMNLC Credit Facility II had weighted average interest rates of ~~3~~ **7. 0 %, 4** . 9 %, **2** ~~3. 5 %, 4~~ . 7 %, ~~4~~ **7** . ~~8~~ **9** %, **7. 1 % and 7.** 2 ~~. 7 % and 3. 5~~ % respectively, for the year ended December 31, ~~2022~~ **2023** . The interest ~~rates~~ - **rate** on the ~~2018 Convertible Notes and~~ 2022 Convertible Notes **is** ~~are 5. 75 % and~~ 7. 5 % ~~, respectively,~~ per annum. Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of interest expense and adjusted for unsettled securities purchased. The calculations in the table below are hypothetical. Actual returns may be higher or lower than those appearing below. The calculation assumes (i) $ 3, ~~354~~ **159** . ~~9~~ **2** million in total assets as of December 31, ~~2022~~ **2023** , (ii) a weighted average cost of borrowings of ~~4.~~ 5 **. 9** %, which assumes the weighted average interest rates as of December 31, ~~2022~~ **2023** for the Holdings Credit Facility, the **Unsecured Notes** ~~NMFC Credit Facility, the DB Credit Facility~~ , the SBA- guaranteed debentures, the ~~Unsecured Notes~~ **DB Credit Facility, the NMFC Credit Facility** and the NMNLC Credit Facility II and the interest rate as of December 31, **2023 for the** 2022 ~~for the~~ Convertible Notes, (iii) $ 1, ~~997~~ **807** . ~~9~~ **7** million in debt outstanding and (iv) $ 1, ~~314~~ **320** . ~~5~~ **0** million in net assets. Assumed Return on Our Portfolio (net of interest expense) (10. 0) % (5. 0) % 0. 0 % 5. 0 % 10. 0 % Corresponding return to stockholder (32. ~~3~~ **0**) % (~~19~~ **20** . ~~6~~ **0**) % (~~6.~~ 8 **. 0**) % ~~6~~ **3** . ~~0~~ **9** % ~~18~~ **15** . ~~7~~ **9** % The Holdings Credit Facility includes covenants that, subject to exceptions, restrict our ability to pay distributions, create liens on assets, make investments, make acquisitions and engage in mergers or consolidations. The Holdings Credit Facility also includes a change of control provision that accelerates the indebtedness under the facility in the event of certain change of control events. Complying with these restrictions may prevent us from taking actions that we believe would help us grow our business or are otherwise consistent with our investment objective. These restrictions could also limit our ability to plan for or react to market conditions or meet extraordinary capital needs or otherwise restrict corporate activities. In addition, the restrictions contained in the Holdings Credit Facility could limit our ability to make distributions to our stockholders in certain circumstances, which could result in us failing to qualify as a RIC and thus becoming subject to corporate- level U. S. federal income tax at corporate rates (and any applicable state and local taxes). ~~The NMFC Credit Facility includes customary~~ **Our Unsecured Notes are subject to certain** covenants, including ~~certain financial~~ covenants ~~related to~~ **such as information reporting, maintenance of our status as a BDC under the 1940 Act and a RIC under the Internal Revenue Code, minimum stockholders' equity, minimum** asset coverage **ratio,** and ~~liquidity and other maintenance covenants~~ **prohibitions on certain fundamental changes** , as well as customary events of default ~~,or an affiliate thereof,ceases to be our investment adviser or if certain change in control events occur with respect to the Investment Adviser.The 2022 Convertible Notes are subject to certain covenants,including covenants requiring us to~~ provide financial information to the holders of the Convertible Notes and the trustee if we cease to be subject to the reporting requirements of the Exchange Act.These covenants are subject to limitations and exceptions.In addition,if certain corporate events occur,holders of the ~~2022~~ Convertible Notes may require us to repurchase for cash all or part of their ~~2022~~ Convertible Notes at a repurchase price equal to 100.0 % of the principal amount of the ~~2022~~ Convertible Notes to be repurchased,plus accrued and unpaid interest through,but excluding,the **repurchase date.Our Unsecured Notes are subject to certain covenants,including covenants such as information reporting,maintenance of our status as a BDC under the 1940 Act and a RIC under the Internal Revenue Code,minimum stockholders' equity,minimum** . The DB Credit Facility contains certain customary affirmative and negative covenants and events of default. ~~Our Convertible Notes are subject to~~ **The NMFC Credit Facility includes customary covenants, including** certain **financial** covenants **related** ~~, including covenants requiring us~~ to provide financial information to the holders of......, minimum stockholders' equity, minimum asset coverage ~~ratio,~~ and ~~prohibitions on certain fundamental changes~~ **liquidity and other maintenance covenants** , as well as customary events of default ~~with customary cure and notice, including, without limitation, nonpayment, misrepresentation in a material respect, breach of covenant, cross- default under our other indebtedness or certain significant subsidiaries, certain judgments and orders, and certain events of bankruptcy. In addition, we are obligated to offer to prepay the Unsecured Notes at par if the Investment Adviser, or an affiliate thereof, ceases to be our investment adviser or if certain change in control events occur with respect to the Investment Adviser~~ . The breach of any of the covenants or restrictions, unless cured within the applicable grace period, would result in a default under the applicable credit facility that would permit the lenders thereunder to declare all amounts outstanding to be due and payable. In such an event, we may not have sufficient assets to repay such indebtedness. As a result, any default could have serious consequences to our financial condition. An event of default or an acceleration under the credit facilities could also cause a cross- default or cross- acceleration of another debt instrument or contractual obligation, which would adversely impact our liquidity. We may not be granted waivers or amendments to the credit facilities if for any reason we are unable to comply with it, and we may not be able to refinance the credit facilities on terms acceptable to us, or at all. We will need additional capital to fund new investments and grow our portfolio of investments. We intend to access the capital markets periodically to issue debt or equity securities or borrow from financial institutions in order to obtain such additional capital. We believe that having the flexibility to incur additional leverage could augment the returns to our stockholders and would be in the best interests of our stockholders. Even though our board of directors and our stockholders have approved a resolution permitting us to be subject to a 150. 0 % asset coverage ratio effective as of June 9, 2018, contractual leverage limitations under our existing credit facilities or future borrowings may limit our ability to incur additional indebtedness. Currently, our NMFC Credit Facility restricts our ability to incur additional indebtedness **,** if after incurring such additional debt, our ~~asset coverage~~ **debt to equity** ratio **exceeds 1** ~~would be below 165~~ . **65x** ~~0 %~~ . **The** ~~Also, the~~ NMFC Credit Facility requires that we not exceed a secured debt ratio of 0. 70 to 1. 00 at any time. We cannot assure you that we will be able to negotiate a change to our credit facilities to allow us to incur additional leverage or that any such an amendment will be available to us on favorable terms. An inability on our part to amend the contractual asset coverage limitation and access additional leverage could limit our ability to take advantage of the benefits described above related to our ability to incur additional leverage and could decrease our earnings, if any, which would have an adverse effect on our results of operations and the value of our shares of common stock. We may enter into reverse repurchase agreements, which are another form of leverage. We may enter into reverse repurchase agreements as part of our management of our investment portfolio. Under a reverse repurchase agreement, we will effectively pledge our assets as collateral to secure a short- term loan. Generally, the other party to the agreement makes the loan in an amount equal to a percentage of the fair value of the pledged collateral. At the maturity of the reverse repurchase agreement, the payor will be required to repay the loan and correspondingly receive back its collateral. While used as collateral, the assets continue to pay principal and interest which are for our benefit. Our use of reverse repurchase agreements, if any, involves many of the same risks involved in our use of leverage, as the proceeds from reverse repurchase agreements generally will be invested in additional securities. There is a risk that the market value of the securities acquired with the proceeds of a reverse repurchase agreement may decline below the price of the securities that we have sold but remain obligated to repurchase under the reverse repurchase agreement. In addition, there is a risk that the market value of the securities effectively pledged by us may decline. If a buyer of securities under a reverse repurchase agreement were to file for bankruptcy or experience insolvency, we may be adversely affected. Also, in entering into reverse repurchase agreements, we would bear the risk of loss to the extent that the proceeds of such agreements at settlement are more than the fair value of the underlying securities being pledged. In addition, due to the interest costs associated with reverse repurchase agreements transactions, our net asset value would decline, and, in some cases, we may be worse off than if such instruments had not been used. We may want to obtain additional debt financing, or need to do so upon maturity of our credit facilities, in order to obtain funds which may be made available for investments. The Holdings Credit Facility, the **2022 Convertible Notes, the DB Credit Facility, the** NMFC Credit Facility ~~, the DB Credit Facility, the 2018 Convertible Notes, the 2022 Convertible Notes~~ and the NMNLC Credit Facility II ~~mature on April 20, 2026, June 4, 2026, March 25, 2026, August 15, 2023, October 15, 2025 and November 1, 2024, respectively. Our $ 90. 0 million in 2018A Unsecured Notes matured on January 30, 2023, our $ 50. 0 million in 2018B Unsecured Notes~~ will mature on **October 26, 2028, October 15, 2025, March 25, 2027,** June ~~28~~ **4** , ~~2023~~ **2026 and November 1** , ~~our~~ **2024, respectively. Our** $ 116. 5 million in 2019A Unsecured Notes ~~will mature on~~ **had a maturity of** April 30 **, 2024 but were fully repaid on February 5** , 2024, our $ 200. 0 million in 2021A Unsecured Notes will mature on January 29, 2026 ~~and~~ **,** our $ 75. 0 million in 2022A Unsecured Notes will mature on June 15, 2027 **and our $ 115. 0 million in 8. 250 % Unsecured Notes will mature on November 15, 2028** . The SBA- guaranteed debentures have ten year maturities and will begin to mature on March 1, 2025. If we are unable to increase, renew or replace any such facilities and enter into new debt financing facilities or other debt financing on commercially reasonable terms, our liquidity may be reduced significantly. In addition, if we are unable to repay amounts outstanding under any such facilities and are declared in default or are unable to renew or refinance these facilities, we may not be able to make new investments or operate our business in the normal course. These situations may arise due to circumstances that we may be unable to control, such as lack of access to the credit markets, a severe decline in the value of the U. S. dollar, an economic downturn or an operational problem that affects us or third parties, and could materially damage our business operations, results of operations and financial condition. We may need to raise additional capital to grow. We may need additional capital to fund new investments and grow. We may access the capital markets periodically to issue equity securities. In addition, we may also issue debt securities or borrow from financial institutions in order to obtain such additional capital. Unfavorable economic conditions could increase our funding costs and limit our access to the capital markets or result in a decision by lenders not to extend credit to us. A reduction in the availability of new capital could limit our ability to grow. In addition, we are required to distribute at least 90. 0 % of our net ordinary income and net short- term capital gains in excess of net long- term capital losses, if any, to our stockholders to maintain our RIC status. As a result, these earnings will not be available to fund new investments. If we are unable to access the capital markets or if we are unable to borrow from financial institutions, we may be unable to grow our business and execute our business strategy fully, and our earnings, if any, could decrease, which could have an adverse effect on the value of our securities. As a BDC, we must maintain our ability to raise additional capital for investment purposes. If we are unable to access the capital markets or credit markets, we may be forced to curtail our business operations and may be unable to pursue new investment opportunities. The capital markets and the credit markets have experienced extreme volatility in recent periods, and, as a result, there have been and will likely continue to be uncertainty in the financial markets in general. Disruptions in the capital markets in recent years increased the spread between the yields realized on risk- free and higher risk securities, resulting in illiquidity in parts of the capital markets. In addition, a prolonged period of market illiquidity may cause us to reduce the volume of loans that we originate and / or fund and adversely affect the value of our portfolio investments. Unfavorable economic conditions could also increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could limit our investment originations, limit our ability to grow and negatively impact our operating results. Ongoing disruptive conditions in the financial industry and the impact of new legislation in response to those conditions could restrict our business operations and, consequently, could adversely impact our business, results of operations and financial condition. If the fair value of our assets declines substantially, we may fail to satisfy the asset coverage ratios imposed upon us by the 1940 Act and contained in the Holdings Credit Facility, **certain of the Unsecured Notes, the 2022 Convertible Notes, the DB Credit Facility,** the NMFC Credit Facility **and the** ~~, DB Credit Facility,~~ NMNLC Credit Facility II ~~, Unsecured Notes and the Convertible Notes~~ . Any such failure would result in a default under such indebtedness and otherwise affect our ability to issue senior securities, borrow under our credit facilities and pay distributions, which could materially impair our business operations. Our liquidity could be impaired further by our inability to access the capital or credit markets. For example, we cannot be certain that we will be able to renew our credit facilities as they mature or to consummate new borrowing facilities to provide capital for normal operations, including new originations, or reapply for SBIC licenses. In recent years, reflecting concern about the stability of the financial markets, many lenders and institutional investors have reduced or ceased providing funding to borrowers. This market turmoil and tightening of credit have led to increased market volatility and widespread reduction of business activity generally in recent years. In addition, adverse economic conditions due to these disruptive conditions could materially impact our ability to comply with the financial and other covenants in any existing or future credit facilities. If we are unable to comply with these covenants, this could materially adversely affect our business, results of operations and financial condition. Changes in interest rates may affect our cost of capital and net investment income. To the extent we borrow money to make investments, our net investment income depends, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, a significant change in market interest rates may have a material adverse effect on our net investment income in the event we use debt to finance our investments. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. These techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act. SBIC I and SBIC II are licensed by the SBA and are subject to SBA regulations. On August 1, 2014 and August 25, 2017, respectively, our wholly- owned direct and indirect subsidiaries, SBIC I and SBIC II, received licenses to operate as SBICs under the 1958 Act and are regulated by the SBA. The SBA places certain limitations on the financing terms of investments by SBICs in portfolio companies, regulates the types of financing **an SBIC can provide** , prohibits investing in small businesses with certain characteristics or in certain industries and requires capitalization thresholds that limit distributions to us. Compliance with ~~SBIC requirements~~ **SBA regulations** may cause SBIC I and SBIC II to invest at less competitive rates in order to find investments that qualify under ~~the~~ SBA regulations. The SBA regulations require, among other things, an annual periodic examination of a licensed SBIC by an SBA examiner to determine the SBIC' s compliance with the relevant SBA regulations, and the performance of a financial audit by an independent auditor. If SBIC I and SBIC II fail to comply with applicable regulations, the SBA could, depending on the severity of the violation, limit or prohibit SBIC I' s and SBIC II' s use of the debentures, declare outstanding debentures immediately due and payable, and / or limit SBIC I and SBIC II from making new investments. In addition, the SBA could revoke or suspend SBIC I' s or SBIC II' s licenses for willful or repeated violation of, or willful or repeated failure to observe, any provision of the 1958 Act or any rule or regulation promulgated thereunder. These actions by the SBA would, in turn, negatively affect us because SBIC I and SBIC II are our wholly- owned direct and indirect subsidiaries. SBA- guaranteed debentures are non- recourse to us, have a ten year maturity, and may be prepaid at any time without penalty. Pooling of issued SBA- guaranteed debentures occurs in March and September of each year. The interest rate of SBA- guaranteed debentures is fixed at the time of pooling at a market- driven spread over ten year U. S. Treasury Notes. ~~The interest rate on debentures issued prior to the next pooling date is LIBOR plus 30 basis points.~~ Leverage through SBA- guaranteed debentures is subject to required capitalization thresholds. ~~Recent legislation~~ **Legislation adopted in 2018** raised ~~the limit~~ the amount that any single SBIC may borrow to two tiers of leverage capped from $ 150. 0 million to $ 175. 0 million, subject to SBA approval, where each tier is equivalent to the SBIC' s regulatory capital, which generally equates to the amount of equity capital in the SBIC. Currently, SBIC I and SBIC II operate under the prior $ 150. 0 million cap. The amount of SBA- guaranteed debentures that SBICs under common control can have outstanding is $ 350. 0 million, subject to SBA approval. RISKS RELATED TO OUR OPERATIONS In order for us to qualify for the tax benefits available to RICs and to avoid payment of excise taxes, we intend to distribute to our stockholders substantially all of our annual taxable income. As a result of these requirements, we may need to raise capital from other sources to grow our business. As a BDC, we are required to meet a coverage ratio of total assets, less liabilities and indebtedness not represented by senior securities and excluding SBA- guaranteed debentures as permitted by exemptive relief obtained from the SEC, to total senior securities, which includes all of our borrowings with the exception of SBA- guaranteed debentures, of at least 150. 0 % (which means we can borrow $ 2 for every $ 1 of our equity). This requirement limits the amount that we may borrow. Since we continue to need capital to grow our investment portfolio, these limitations may prevent us from incurring debt and require us to raise additional equity at a time when it may be disadvantageous to do so. While we expect that we will be able to borrow and to issue additional debt securities and expect that we will be able to issue additional equity securities, which would in turn increase the equity capital available to us, we cannot assure you that debt and equity financing will be available to us on favorable terms, or at all. In addition, as a BDC, we generally are not permitted to issue equity securities **at a** ~~priced~~ - **price** below **then- current** net asset value without stockholder approval. If additional funds are not available us, we may be forced to curtail or cease new investment activities, and our net asset value could decline. In order for us to continue to qualify for tax benefits available to RICs and to minimize corporate- level U. S. federal income tax, we must timely distribute to our stockholders, for each taxable year, at least 90. 0 % of our" investment company taxable income", which is generally our net ordinary income plus the excess of realized net short- term capital gains over realized net long- term capital losses, including investment company taxable income from SBIC I and SBIC II. We will be partially dependent on SBIC I and SBIC II for cash distributions to enable us to meet the RIC distribution requirements. SBIC I and SBIC II may be limited by SBA regulations governing SBICs from making certain distributions to us that may be necessary to maintain our tax treatment as a RIC. We may have to request a waiver of the SBA' s restrictions for SBIC I and SBIC II to make certain distributions to maintain our RIC tax treatment. We cannot assure you that the SBA will grant such waiver and if SBIC I and SBIC II are unable to obtain a waiver, compliance with the SBA regulations may result in corporate- level U. S. federal income tax. As a BDC, we are prohibited under the 1940 Act from participating in certain transactions with ~~cretain~~ - **certain** of our affiliates without the prior approval of a majority of our independent directors and, in some cases, **of** the SEC. Any person that owns, directly or indirectly, 5. 0 % or more of our outstanding voting securities is an affiliate of ours for purposes of the 1940 Act. We are generally prohibited from buying or selling any securities (other than our securities) from or to an affiliate. The 1940 Act also prohibits **us from participating in** certain" joint" transactions with ~~an~~ **certain of our** ~~affiliate~~ **affiliates , including New Mountain Guardian III BDC, L. L. C., New Mountain Guardian IV BDC, L. L. C., New Mountain Guardian IV Income Fund, L. L. C., NMF SLF I, Inc. and other funds and accounts that the Investment Adviser manages** , which could include investments in the same portfolio company (whether at the same or different times), without prior approval of independent directors and, in some cases, the SEC. If a person acquires more than 25.

0 % of our voting securities, we are prohibited from buying or selling any security (other than our securities) from or to such person or certain of that person' s affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates. As a result of these restrictions, we may be prohibited from buying or selling any security **(other than any security of which we are the issuer)** from or to any portfolio company of a fund managed by any affiliate of the Investment Adviser, or entering into joint arrangement, such as certain co- investments with these companies or funds, without the prior approval of the SEC, which may limit the scope of investment opportunities that would otherwise be available to us. We rely on exemptive relief granted to the Investment Adviser and certain of its affiliates by the SEC that allows us to engage in co - investment transactions with other affiliated funds of the Investment Adviser, subject to certain terms and conditions. However, while the terms of the exemptive relief require that the Investment Adviser will be given the opportunity to cause us to participate in certain transactions originated by affiliates of the Investment Adviser, the Investment Adviser may determine that we will not participate in those transactions and for certain other transactions (as set forth in guidelines approved by the Board) the Investment Adviser may not have the opportunity to cause us to participate. Our executive officers and directors, as well as the current or future investment professionals of the Investment Adviser, serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do or of investment funds managed by our affiliates. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in your interests as stockholders. The investment professionals of the Investment Adviser and / or New Mountain Capital employees that provide services pursuant to the Investment Management Agreement may manage other funds which may from time to time have overlapping investment objectives with our own and, accordingly, may invest in, whether principally or secondarily, asset classes similar to those targeted by us. If this occurs, the Investment Adviser may face conflicts of interest in allocating investment opportunities to us and such other funds. Although the investment professionals endeavor to allocate investment opportunities in a fair and equitable manner, it is possible that we may not be given the opportunity to participate in certain investments made by the Investment Adviser or persons affiliated with the Investment Adviser or that certain of these investment funds may be favored over us. When these investment professionals identify an investment, they may be forced to choose which investment fund should make the investment. While we may co- invest with investment entities managed by the Investment Adviser or its affiliates to the extent permitted by the 1940 Act and the rules and regulations thereunder, the 1940 Act imposes significant limits on co- investment. On October 8, 2019, the SEC issued the Exemptive Order, as amended by a subsequent order granted on August 30, 2022, which superseded a prior order issued on December 18, 2017, which permits us to co- invest in portfolio companies with certain funds or entities managed by the Investment Adviser or its affiliates in certain negotiated transactions where co- investing would otherwise be prohibited under the 1940 Act, subject to the conditions of the Exemptive Order. Pursuant to the Exemptive Order, we are permitted to co- invest with our affiliates if a “ required majority ” (as defined in Section 57 (o) of the 1940 Act) of our independent directors make certain conclusions in connection with a co- investment transaction, including, but not limited to, that (1) the terms of the potential co- investment transaction, including the consideration to be paid, are reasonable and fair to us and our stockholders and does not involve overreaching by us or our stockholders on the part of any person concerned, and (2) the potential co- investment transaction is consistent with the interests of our stockholders and is consistent with our then- current investment objectives and strategies. If the Investment Adviser ~~forms~~ **manages certain** other affiliates in the future, we may co- invest on a concurrent basis with such other affiliates, subject to compliance with applicable regulations and regulatory guidance or an exemptive order from the SEC and our allocation procedures. In addition, we pay management and incentive fees to the Investment Adviser and reimburse the Investment Adviser for certain expenses it incurs. As a result, investors in our common stock invest in us on a “ gross ” basis and receive distributions on a “ net ” basis after our expenses. Also, the incentive fee payable to the Investment Adviser may create an incentive for the Investment Adviser to pursue investments that are riskier or more speculative than would be the case in the absence of such compensation arrangements. Any potential conflict of interest arising as a result of the arrangements with the Investment Adviser could have a material adverse effect on our business, results of operations and financial condition. The Investment Adviser’ s investment professionals, Investment Committee or their respective affiliates may serve as directors of, or in a similar capacity with, companies in which we invest. In the event that material non- public information is obtained with respect to such companies, or we become subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations, we could be prohibited for a period of time from purchasing or selling the securities of such companies, and this prohibition may have an adverse effect on us and our stockholders. Some of our portfolio investments are made in the form of securities that are not publicly traded. As a result, our board of directors determines the fair value of these securities in good faith. In connection with this determination, investment professionals from the Investment Adviser may provide our board of directors with portfolio company valuations based upon the most recent portfolio company financial statements available and projected financial results of each portfolio company. In addition, Steven B. Klinsky, a member of our board of directors, has an indirect pecuniary interest in the Investment Adviser. The participation of the Investment Adviser’ s investment professionals in our valuation process, and the indirect pecuniary interest in the Investment Adviser by a member of our board of directors, could result in a conflict of interest as the Investment Adviser’ s management fee is based, in part, on our gross assets and incentive fees are based, in part, on unrealized gains and losses. We have entered into a royalty- free license agreement with New Mountain Capital under which New Mountain Capital has agreed to grant us a non- exclusive, royalty- free license to use the names" New Mountain" and" New Mountain Finance", as well as the NMF logo. In addition, we reimburse the Administrator for the allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us under the Administration Agreement, such as, but not limited to, the allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs. This could create conflicts of interest that our board of directors must monitor. The Investment Management Agreement and the Administration

Agreement were negotiated between related parties. In addition, we may choose not to enforce, **waive,** or to enforce less vigorously, our respective rights and remedies under these agreements because of our desire to maintain our ongoing relationship with the Investment Adviser, the Administrator and their respective affiliates. Any such decision, however, could cause us to breach our fiduciary obligations to our stockholders. Under the Investment Management Agreement, the Investment Adviser does not assume any responsibility other than to render the services called for under that agreement, and it is not responsible for any action of our board of directors in following or declining to follow the Investment Adviser' s advice or recommendations. Under the terms of the Investment Management Agreement, the Investment Adviser, its officers, members, personnel, any person controlling or controlled by the Investment Adviser are not liable for acts or omissions performed in accordance with and pursuant to the Investment Management Agreement, except those resulting from acts constituting gross negligence, willful misconduct, bad faith or reckless disregard of the Investment Adviser' s duties under the Investment Management Agreement. In addition, we have agreed to indemnify the Investment Adviser and each of its officers, directors, members, managers and employees from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted pursuant to authority granted by the Investment Management Agreement, except where attributable to gross negligence, willful misconduct, bad faith or reckless disregard of such person' s duties under the Investment Management Agreement. These protections may lead the Investment Adviser to act in a riskier manner than it would when acting for its own account. The Investment Adviser can resign upon 60 days' notice, and a suitable replacement may not be found within that time, resulting in disruptions in our operations that could adversely affect our business, results of operations and financial condition. Under the Investment Management Agreement, the Investment Adviser has the right to resign at any time upon 60 days' written notice, whether a replacement has been found or not. If the Investment Adviser resigns, we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If a replacement is not able to be found on a timely basis, our business, results of operations and financial condition and our ability to pay distributions are likely to be materially adversely affected and the market price of our common stock may decline. In addition, if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by the Investment Adviser and its affiliates, the coordination of its internal management and investment activities is likely to suffer. Even if we are able to retain comparable management, whether internal or external, their integration into our business and lack of familiarity with our investment objective may result in additional costs and time delays that may materially adversely affect our business, results of operations and financial condition. The Administrator can resign upon 60 days' notice from its role as Administrator under the Administration Agreement, and a suitable replacement may not be found, resulting in disruptions that could adversely affect our business, results of operations and financial condition. The Administrator has the right to resign under the Administration Agreement upon 60 days' written notice, whether a replacement has been found or not. If the Administrator resigns, it may be difficult to find a new administrator or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms, or at all. If a replacement is not found quickly, our business, results of operations and financial condition, as well as our ability to pay distributions, are likely to be adversely affected, and the market price of our common stock may decline. In addition, the coordination of our internal management and administrative activities is likely to suffer if we are unable to identify and reach an agreement with a service provider or individuals with the expertise possessed by the Administrator. Even if a comparable service provider or individuals to perform such services are retained, whether internal or external, their integration into our ~~business and lack of familiarity with our investment objective may result in additional costs and time delays that may materially adversely affect our business, results of operations and financial condition.~~ If we fail to operate as a BDC, our business and operating flexibility could be significantly reduced. We ~~qualify~~ **have elected to be regulated** as a BDC under the 1940 Act. The 1940 Act imposes numerous constraints on the operations of BDCs. For example, BDCs are required to invest at least 70. 0 % of their total assets in ~~specified types of securities, primarily in~~ **qualifying assets such as U. S.** private companies or thinly- traded U. S. public companies, cash, cash equivalents, U. S. government securities and other high quality debt investments that mature in one year or less. Failure to comply with the requirements imposed on BDCs by the 1940 Act could cause the SEC to bring an enforcement action against us and / or expose us to claims of private litigants. In addition, upon approval of a majority of our stockholders, we may elect to withdraw **our** ~~their respective~~ election as a BDC. If we decide to withdraw our election, or if we otherwise fail to operate as a BDC, we may be subject to the substantially greater regulation under the 1940 Act as a **registered** closed- end investment company. Compliance with these regulations would significantly decrease our operating flexibility and could significantly increase our cost of doing business. As a BDC, we are prohibited from acquiring any assets other than ~~"~~qualifying assets ~~"~~ unless, at the time of and after giving effect to such acquisition, at least 70. 0 % of our total assets are qualifying assets. We may acquire in the future other investments that are not ~~"~~qualifying assets ~~"~~ to the extent permitted by the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we would be prohibited from investing in additional assets, which could have a material adverse effect on our business, financial condition and results of operations. Similarly, these rules could prevent us from making follow ~~-~~ on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inopportune times in order to come into compliance with the 1940 Act. If we need to dispose of these investments quickly, it may be difficult to dispose of such investments on favorable terms. For example, we may have difficulty in finding a buyer and, even if a buyer is found, we may have to sell the investments at a substantial loss. Our ability to invest in public companies may be limited in certain circumstances. To maintain our status as a BDC, we are not permitted to acquire any assets other than ~~"~~qualifying assets ~~"~~ specified in the 1940 Act unless, at the time the acquisition is made, at least 70. 0 % of our total assets are qualifying assets (with certain limited exceptions). Subject to certain exceptions for follow- on investments and distressed companies, an investment in an issuer that has outstanding securities listed on a national securities exchange may be treated as qualifying assets only if such issuer has a common equity market capitalization that is less than $ 250. 0 million at the time of such investment. Our business requires a substantial amount of capital. We may acquire additional capital from the issuance of senior securities, including borrowing under a credit facility or other indebtedness. In addition, we may also issue additional equity capital, which would in turn increase the equity capital available to us. However, we may not be able to raise additional capital in the future on favorable terms or at all. We may issue debt securities, preferred stock, and we may borrow money from banks or other financial institutions, which we refer to collectively as" senior securities", up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150. 0 % after each issuance of senior securities (which means we can borrow $ 2 for every $ 1 of our equity). As a result of our SEC exemptive order, we are permitted to exclude the senior securities issued by SBIC I and SBIC II from the definition of senior securities in the 150. 0 % asset coverage ratio we are required to maintain under the 1940 Act. If our asset coverage ratio is not at least 150. 0 %, we would be unable to issue additional senior securities, and certain provisions of certain of our senior securities may preclude us from making distributions to our stockholders. For example, our ~~2018A Unsecured Notes, 2018B Unsecured Notes,~~ 2019A Unsecured Notes, 2021A Unsecured Notes and 2022A Unsecured Notes contain a covenant that prohibits us from declaring or paying a distribution to our stockholders unless we satisfy the asset coverage ratio immediately after the distribution **, and the 8. 250 % Unsecured Notes contain a covenant that would be triggered if we declare or pay a distribution to our stockholders resulting in an asset coverage ratio of less than 150. 0 % for more than six consecutive months** . If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous. The following table summarizes our indebtedness as of December 31, ~~2022~~ **2023** : BorrowingMaturity DatePermitted BorrowingTotal Outstanding (in millions) (in millions) Holdings Credit ~~FacilityApril 20~~ **FacilityOctober 26** , ~~2026~~ **2028** $ 730. 0 $ ~~619~~ **515. 1 2019A Unsecured NotesApril 30, 2024N / A116. 5 2021A Unsecured NotesJanuary 29, 2026N / A200. 0 2022A Unsecured NotesJune 15, 2027N / A75. 0 8. 250 % Unsecured NotesNovember 15, 2028N / A115. 0 SBA- guaranteed debenturesBeginning March 1, 2025N / A300. 0 2022 Convertible NotesOctober 15, 2025N / A260** . 0 DB Credit FacilityMarch 25, ~~2026280~~ **2027280** . 0 186. 4 NMFC Credit Facility (1) June 4, 2026198. 5 ~~40~~ **36** . **8** ~~4 Unsecured Management Company RevolverDecember 31, 202450. 0 —~~ NMNLC Credit Facility II (2) November 1, 202427. 5 ~~3~~ **2** . ~~8 2018 Convertible NotesAugust 15~~ **9 Unsecured Management Company RevolverDecember 31** , **2027100** ~~2023N / A116. 8 2022 Convertible NotesOctober 15, 2025N / A200~~ . 0 **—** ~~2018A Unsecured NotesJanuary 30, 2023N / A90. 0 2018B Unsecured NotesJune 28, 2023N / A50. 0 2019A Unsecured NotesApril 30, 2024N / A116. 5 2021A Unsecured NotesJanuary 29, 2026N / A200. 0 2022A Unsecured NotesJune 15, 2027N / A75. 0 SBA- guaranteed debenturesBeginning March 1, 2025N / A300. 0~~ $ 1, ~~997~~ **807** . ~~9~~ **7** (1) Under the NMFC Credit Facility, we may borrow in United States dollars or certain other permitted currencies. As of December 31, ~~2022~~ **2023** , we had borrowings denominated in British Pound Sterling (" GBP") of £ 22. 9 million and in Euro (" EUR") of € 0. 7 million that have been converted to U. S. dollars. (2) As of the November 1, 2022 amendment, NMNLC and NM CLFX LP are co- borrowers on the NMNLC Credit Facility II and the maximum amount of revolving borrowings available to all borrowers is $ 27. 5 million, of which $ ~~26~~ **25** . ~~3~~ **4** million is outstanding as of December 31, ~~2022~~ **2023** . N / A- not applicable We may also obtain capital through the issuance of additional equity capital. As a BDC, we generally are not able to issue or sell our common stock at a price below **then- current** net asset value per share. If our common stock trades at a discount to our net asset value per share, this restriction could adversely affect our ability to raise equity capital. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below our net asset value per share of the common stock if our board of directors and independent directors determine that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any underwriting commission or discount). If we raise additional funds by issuing more shares of our common stock, or if we issue senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders may decline and you may experience dilution. If the investment professionals of the Investment Adviser fail to maintain existing relationships or develop new relationships with other sponsors or sources of investment opportunities, we may not be able to grow our investment portfolio. In addition, individuals with whom the investment professionals of the Investment Adviser have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that any relationships they currently or may in the future have will generate investment opportunities for us. We may experience fluctuations in our annual and quarterly results due to the nature of our business. We could experience fluctuations in our annual and quarterly operating results due to a number of factors, some of which are beyond our control, including the ability or inability of us to make investments in companies that meet our investment criteria, the interest rate payable on the debt securities acquired and the default rate on such securities, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in the markets in which we operate and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods. Our board of directors has the authority, except as otherwise provided in the 1940 Act, to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval. As a result, our board of directors may be able to change our investment policies and objectives without any input from our stockholders. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election **to be regulated** as, a BDC. Under Delaware law, we also cannot be dissolved without prior stockholder approval. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and the market price of our common stock. Nevertheless, any such changes could adversely affect our business and impair our ability to make distributions to our stockholders. We will be subject to U. S. federal income tax at corporate rates on all of our income if we are unable to maintain tax treatment as a RIC under

Subchapter M of the Code, which would have a material adverse effect on our financial performance. Although we intend to continue to qualify annually as a RIC under Subchapter M of the Code, no assurance can be given that we will be able to maintain our RIC tax treatment. To maintain RIC tax treatment and be relieved of U. S. federal income taxes on income and gains distributed to our stockholders, we must meet the annual distribution, source- of- income and asset diversification requirements described below. • The Annual Distribution Requirement for a RIC will be satisfied if we distribute (or are deemed to distribute) to our stockholders on an annual basis at least 90. 0 % of our net ordinary income plus the excess of realized net short- term capital gains over realized net long- term capital losses, if any. Because we use debt financing, we are subject to an asset coverage ratio requirement under the 1940 Act, and we are subject to certain financial covenants contained in the Holdings Credit Facility and other debt financing agreements (as applicable). This asset coverage ratio requirement and these financial covenants could, under certain circumstances, restrict us from making distributions to our stockholders, which distributions are necessary for us to satisfy the Annual Distribution Requirement. If we are unable to obtain cash from other sources, and thus are unable to make sufficient distributions to our stockholders, we could fail to qualify for RIC tax treatment and thus become subject to U. S. federal income tax (and any applicable state and local taxes). • The source- of- income requirement will be satisfied if at least 90. 0 % of our allocable share of our gross income for each year is derived from dividends and interest payments with respect to loans of certain securities, gains from the sale of stock or other securities, net income from certain " qualified publicly traded partnerships " or other income derived with respect to our business of investing in such stock or securities. • The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50. 0 % of the value of our assets must consist of cash, cash equivalents, U. S. government securities, securities of other RICs, and other such securities if such other securities of any one issuer do not represent more than 5. 0 % of the value of our assets or more than 10. 0 % of the outstanding voting securities of the issuer; and no more than 25. 0 % of the value of our assets can be invested in the securities, other than U. S. government securities or securities of other RICs, of one issuer, the securities, other than securities of other RICs of two or more issuers that are controlled, as determined under applicable Code rules, by it and that are engaged in the same or similar or related trades or businesses or the securities of certain " qualified publicly traded partnerships ". Failure to meet these requirements may result in us having to dispose of certain investments quickly in order to prevent the loss of our RIC status. Because most of our investments are intended to be in private companies, and therefore may be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses. If we fail to maintain our tax treatment as a RIC for any reason, and we do not qualify for certain relief provisions under the Code, we would be subject to U. S. federal income tax at corporate rates (and any applicable state and local taxes). In this event, the resulting taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions, which would have a material adverse effect on our financial performance. Under the dividend reinvestment plan, if you own shares of our common stock registered in your own name, you will have all cash distributions automatically reinvested in additional shares of our common stock unless you opt out of the dividend reinvestment plan by delivering notice by phone, internet or in writing to the plan administrator at least three days prior to the payment date of the next dividend or distribution. If you have not " opted out " of the dividend reinvestment plan, you will be deemed to have received, and be required to include income for U. S. federal income tax purposes, the amount reinvested in our common stock to the extent the amount reinvested was not a tax-free return of capital. As a result, you may have to use funds from other sources to pay your U. S. federal income tax liability on the value of the common stock received. We intend to pay quarterly distributions to our stockholders out of assets legally available for distribution. We cannot assure you that we will continue to achieve investment results that will allow us to make a specified level of cash distributions or year- to- year increases in cash distributions. If we are unable to satisfy the asset coverage test applicable to us as a BDC, or if we violate certain covenants under the Holdings Credit Facility, the **Unsecured Notes, the DB Credit Facility, or the** NMFC Credit Facility ~~, the DB Credit Facility, or the Unsecured Notes~~ , our ability to pay distributions to our stockholders could be limited. All distributions are paid at the discretion of our board of directors and depend on our earnings, financial condition, maintenance of our RIC status, compliance with applicable BDC regulations, compliance with covenants under the Holdings Credit Facility, the NMFC Credit Facility, the DB Credit Facility and the Unsecured Notes, and such other factors as our board of directors may deem relevant from time to time. The distributions that we pay to our stockholders in a year may exceed our taxable income for that year and, accordingly, a portion of such distributions may constitute a return of capital for U. S. federal income tax purposes. For U. S. federal income tax purposes, we include in our taxable income our allocable share of certain amounts that we have not yet received in cash, such as original issue discount or accruals on a contingent payment debt instrument, which may occur if we receive warrants in connection with the origination of a loan or possibly in other circumstances or contracted PIK interest and dividends, which generally represents contractual interest added to the loan balance and due at the end of the loan term. Our allocable share of such original issue discount and PIK interest are included in our taxable income before we receive any corresponding cash payments. We also may be required to include in our taxable income our allocable share of certain other amounts that we will not receive in cash. Because in certain cases we may recognize taxable income before or without receiving cash representing such income, we may have difficulty making distributions to our stockholders that will be sufficient to enable us to meet the Annual Distribution Requirement necessary for us to qualify for tax treatment as a RIC. Accordingly, we may need to sell some of our assets at times and / or at prices that we would not consider advantageous. We may need to raise additional equity or debt capital, or we may need to forego new investment opportunities or otherwise take actions that are disadvantageous to our business (or be unable to take actions that are advantageous to our business) to enable us to make distributions to our stockholders that will be sufficient to enable us to meet the annual distribution requirement. If we are unable to obtain cash from other sources to enable us to meet the annual distribution requirement, we may fail to qualify for the U. S. federal income tax benefits allowable to RICs and, thus, become subject to a U. S. federal income tax at corporate rates (and any applicable state and local taxes). Special tax issues regarding below investment grade securities We expect to invest in debt securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Investments in these types of instruments may present special tax issues for us. U. S. federal income tax rules are not entirely clear about issues such as when we may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless instruments, how payments received on obligations in default should be allocated between principal and income and whether exchanges of debt obligations in a bankruptcy or workout context are taxable. These and other issues will be addressed by us, to the extent necessary, to preserve our status as a RIC and to distribute sufficient income to not become subject to U. S. federal income tax. Changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy. Changes in the laws or regulations or the interpretations of the laws and regulations that govern BDCs, RICs or non- depository commercial lenders could significantly affect our operations and our cost of doing business. Our portfolio companies are subject to U. S. federal, state and local laws and regulations. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, any of which could materially adversely affect our business, including with respect to the types of investments we are permitted to make, and your interests as stockholders potentially with retroactive effect. In addition, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter our investment strategy in order to make available to ourselves new or different opportunities. These changes could result in material changes to our strategies which may result in our investment focus shifting from the areas of expertise of the Investment Adviser to other types of investments in which the Investment Adviser may have less expertise or little or no experience. Any such changes, if they occur, could have a material adverse effect on our business, results of operations and financial condition and, consequently, the value of your investment in us. Over the last several years, there has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non- bank financial sector will be subject to new regulation. While it cannot be known at this time whether these regulations will be implemented or what form they will take, increased regulation of non- bank credit extension could negatively impact our operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business. We cannot predict how tax reform legislation will affect us, our investments, or our stockholders, and any such legislation could adversely affect our business. Legislative or other actions relating to taxes could have a negative effect on us. The rules dealing with U. S. federal income taxation are constantly under review by persons involved in the legislative process and by the ~~IRS~~ **Internal Revenue Service** and the U. S. Treasury Department. ~~We cannot predict with certainty how~~ **The Biden Administration has proposed significant changes to the existing U. S. tax rules, and there are a number of proposals in Congress that would similarly modify the existing U. S. tax rules. The likelihood of** any **such legislation being enacted is uncertain** ~~changes in the tax laws might affect us~~ , **but new** ~~our stockholders, or our portfolio investments. New~~ legislation and any U. S. Treasury regulations, administrative interpretations or court decisions interpreting such legislation could **have adverse consequences, including** significantly and negatively affect our ability to qualify for tax treatment as a RIC or **otherwise impact** the U. S. federal income tax consequences **applicable** to us and our stockholders of such qualification, or could have other adverse consequences. Stockholders are urged to consult with their tax advisor regarding tax legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in our securities. Our business and operations could be negatively affected if we become subject to any securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of investment strategy and impact our stock price. In the past, following periods of volatility in the market price of a company' s securities, securities class action litigation has often been brought against that company. Stockholder activism, which could take many forms or arise in a variety of situations, has been increasing in ~~the BDC space recently~~ -- **recent years** . While we are currently not subject to any securities litigation or stockholder activism, due to the potential volatility of our stock price and for a variety of other reasons, we may in the future become the target of securities litigation or shareholder activism. Securities litigation and stockholder activism, including potential proxy contests, could result in substantial costs and divert the attention of our management and board of directors and resources from our business. Additionally, such securities litigation and stockholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation or activist stockholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation or stockholder activism. The effect of global climate change may impact the operations **and valuation** of our portfolio companies. Climate change creates physical and financial risk and some of our portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increases in the cost of energy could adversely affect the cost of operations of our portfolio companies if the use of energy products or services is material to their business. A decrease in energy use due to weather changes may affect some of our portfolio companies' financial condition ~~,~~ through **, for example,** decreased revenues **, which may, in turn, impact the valuation of such portfolio companies** . Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions. In December 2015 the United Nations ~~, of which the United States is a member,~~ adopted a climate accord (the" Paris Agreement") **, which the United States rejoined in 2021,** with the long- term goal of limiting global warming and the short- term goal of significantly reducing greenhouse gas emissions ~~. On November 4, 2016, the past administration announced that the United States would cease participation in the Paris Agreement with the withdrawal taking effect on November 4, 2020. However, on January 20, 2021, President Joseph R. Biden signed an executive order to rejoin the Paris Agreement~~ . Additionally, the Inflation Reduction Act of 2022 included several measures designed to combat climate change, including restrictions on methane emissions. As a result, some of our portfolio companies may become subject to new or strengthened regulations or legislation, which could increase their operating costs and / or decrease their revenues **, which may, in turn, impact their ability to make payments on our investments. The Small Business Credit Availability Act (" SBCA") allows us to incur additional leverage, which could increase the risk of investing in our securities** . The SBCA amends the 1940 Act to permit a BDC to reduce the required minimum asset coverage ratio applicable to 150. 0 % (which means we can borrow $ 2 for every $ 1 of our equity), subject to certain requirements described therein. On April 12, 2018, our board of directors, including a" required majority" (as such term is defined in Section 57 (o) of the 1940 Act) approved the application of the modified asset coverage requirements set forth in Section 61 (a) of the 1940 Act, as amended by the SBCA, and recommended the submission of a proposal for stockholders to approve the application of the 150. 0 % minimum asset coverage ratio to us at a special meeting of stockholders, which was held on June 8, 2018. The stockholder proposal was approved by the required votes of our stockholders at such special meeting of stockholders, and thus we became subject to the 150. 0 % minimum asset coverage ratio on June 9, 2018. Changing the asset coverage ratio permits us to double our leverage, which results in increased leverage risk and increased expenses. Leverage magnifies the potential for loss on investments in our indebtedness and on invested equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the leverage, while any decrease in our income would cause net investment income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities. Leverage is generally considered a speculative investment technique. **Additionally, in June 2018, legislation amending the 1958 Act increased the individual leverage limit available to a single SBIC from $ 150. 0 million to $ 175. 0 million, subject to SBA approval. SBICs are generally eligible to borrow up to the individual leverage limit as long as the licensee has at least $ 85. 0 million in regulatory capital, has received a capital commitment from the SBA, and has been through an examination by the SBA subsequent to licensing. SBIC I and SBIC II operate under the prior $ 150. 0 million cap.** The maximum leverage available to a" family" of affiliated SBIC funds is $ 350. 0 million, subject to SBA approval. **We** ~~This new legislation~~ may ~~allow us to~~ issue additional SBIC debentures above the $ 225. 0 million of SBA- guaranteed debentures previously permitted **,** pending application for and receipt of additional SBIC licenses. If we incur this additional indebtedness in the future, your risk of an investment in our securities may increase ~~. The maximum amount of borrowings available under current SBA regulations for a single licensee is $ 150. 0 million as long as the licensee has at least $ 75. 0 million in regulatory capital, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing. In June 2018, the legislation amended the 1958 Act by increasing the individual leverage limit from $ 150. 0 million to $ 175. 0 million, subject to SBA approvals~~ . We incur significant costs as a result of being a publicly traded company. As a publicly traded company, we incur legal, accounting and other expenses, which are paid by us, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the Exchange Act, as well as additional corporate governance requirements, including requirements under the Sarbanes- Oxley Act of 2002, or the " Sarbanes- Oxley Act ", and other rules implemented by the SEC. Efforts to comply with Section 404 of the Sarbanes- Oxley Act involve significant expenditures, and non- compliance with Section 404 of the Sarbanes- Oxley Act may adversely affect us and the market price of our common stock. We are subject to the Sarbanes- Oxley Act, and the related rules and regulations promulgated by the SEC. Under current SEC rules, since our fiscal year ending December 31, 2012, our management has been required to report on our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act, and rules and regulations of the SEC thereunder. We are required to review on an annual basis our internal control over financial reporting, and on a quarterly and annual basis to evaluate and disclose changes in our internal control over financial reporting. As a result, we expect to continue to incur additional expenses, which may negatively impact our financial performance and our ability to make distributions to our stockholders. This process also may result in a diversion of management' s time and attention. We cannot be certain as to the timing of completion of any evaluation, testing and remediation actions or the impact of the same on our operations, and we are not able to ensure that the process is effective or that our internal control over financial reporting is or will continue to be effective in a timely manner. In the event that we are unable to maintain or achieve compliance with Section 404 of the Sarbanes- Oxley Act and related rules, we and, consequently, the market price of our common stock may be adversely affected. Our business is highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay distributions. Our business is highly dependent on the communications and information systems of the Investment Adviser and its affiliates. Any failure or interruption of such systems could cause delays or other problems in our activities. This, in turn, could have a material adverse effect on our operating results and, consequently, negatively affect the market price of our common stock and our ability to pay distributions to our stockholders. In addition, because many of our portfolio companies operate and rely on network infrastructure and enterprise applications and internal technology systems for development, marketing, operational, support and other business activities, a disruption or failure of any or all of these systems in the event of a major telecommunications failure, cyber- attack, fire, earthquake, severe weather conditions or other catastrophic event could cause system interruptions, delays in product development and loss of critical data and could otherwise disrupt their business operations. The **failure of cybersecurity protection systems, as well as the** occurrence of ~~a~~ **events unanticipated in our** disaster **recovery systems and management continuity planning** , ~~such as a~~ **could impair our ability to conduct business effectively. We, and others in our industry, are the targets of malicious cyber activity, which we work hard to prevent. A successful** cyber- attack **, whether perpetrated by criminal or state-**

sponsored actors, against us or ~~against a third~~ **our service providers, or an accidental disclosure of non** - **public information** ~~party that has access to our data or networks, a natural catastrophe, an industrial accident, disease pandemics, failure of our disaster recovery systems, or consequential employee error~~ , could have an adverse effect on our ability to communicate or conduct business, negatively impacting our operations and financial condition. This adverse effect can become particularly acute if those events affect our electronic data processing, transmission, storage, and retrieval systems, or impact the availability, integrity, or confidentiality of our data. We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems, networks, and data, like those of other companies, could be subject to ~~cyber- attacks and~~ unauthorized access **, acquisition** , use, alteration, or destruction, such as from **the insertion of malware (including ransomware).** physical and electronic break- ins or unauthorized tampering. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary **, personal** , and other information processed, stored in, and transmitted through our computer systems and networks. Such an attack could cause interruptions or malfunctions in our operations, which could result in financial losses, litigation, regulatory **enforcement action and** penalties, client dissatisfaction or loss, reputational damage, and increased costs associated with mitigation of damages and remediation. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information related to stockholders (and their beneficial owners) and material nonpublic information. The systems we have implemented to manage risks relating to these types of events could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing them from being addressed appropriately. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in our and our Investment Adviser' s operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to stockholders, material nonpublic information and other sensitive information in our possession. A disaster or a disruption in the infrastructure that supports our business, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or directly affecting our headquarters, could have a material adverse impact on our ability to continue to operate our business without interruption. Our disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all. Third parties with which we do business **are** ~~may also be~~ sources of cybersecurity or other technological risk. We outsource certain functions and these relationships allow for the storage and processing of our information, as well as client, counterparty, employee, and borrower information. While we engage in actions to reduce our exposure resulting from outsourcing, ongoing threats may result in unauthorized access, ~~loss~~ **acquisition** , ~~exposure~~ **use, alteration** , destruction, or other cybersecurity incident that affects our data, resulting in increased costs and other consequences as described above. In addition, cybersecurity has become a top priority for regulators around the world, and some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. If we fail to comply with the relevant laws and regulations, we could suffer financial losses, a disruption of our businesses, liability to investors, regulatory intervention or reputational damage ~~. We and our service providers are currently impacted by restrictions being enacted by governments and private entities in response to the global COVID- 19 pandemic, which are obstructing the regular functioning of business workforces (including an increase in the ability of employees to work from external locations and their homes). Policies of extended periods of remote working, whether by us or by our service providers, could strain technology resources, introduce operational risks and otherwise heighten the risks described above. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts. Accordingly, the risks described above are heightened under current conditions~~ . We, the Investment Adviser and our portfolio companies are subject to risks associated with " phishing " and other cyber- attacks. Our business and the business of our portfolio companies relies upon secure information technology systems for data processing, storage and reporting. Despite careful security and controls design, implementation and updating, ours and our portfolio companies' information technology systems could become subject to cyber- attacks. Cyber- attacks include, but are not limited to, gaining unauthorized access to digital systems (e. g., through " hacking ", malicious software coding, social engineering or " phishing " attempts) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber- attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial- of service attacks on websites (i. e., efforts to make network services unavailable to intended users). The Investment Adviser' s employees have been and expect to continue to be the target of fraudulent calls, emails and other forms of activities. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen information, misappropriation of assets, increased cybersecurity protection and insurance costs, litigation and damage to our business relationships, regulatory fines or penalties, or other adverse effects on our business, financial condition or results of operations. In addition, we may be required to expend significant additional resources to modify our protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks related to cyber- attacks. The Investment Adviser' s and other service providers' increased use of mobile and cloud technologies could heighten the risk of a cyber- attack as well as other operational risks, as certain aspects of the security of such technologies may be complex, unpredictable or beyond their control. The Investment Adviser' s and other service providers' reliance on mobile or cloud technology or any failure by mobile technology and cloud service providers to adequately safeguard their systems and prevent cyber- attacks could disrupt their operations and result in misappropriation, corruption or loss of personal, confidential or proprietary information. In addition, there is a risk that encryption and other protective measures against cyber- attacks may be circumvented, particularly to the extent that new computing technologies increase the speed and computing power available.

Additionally, remote working environments may be less secure and more susceptible to cyber- attacks, including phishing and social engineering attempts. Accordingly, the risks associated with cyber- attacks are heightened under current conditions. RISKS RELATING TO OUR INVESTMENTS Companies in which we invest could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or an economic downturn. As a result, companies which we expect to be stable may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress. In some cases, the success of our investment strategy will depend, in part, on the ability to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that any person (including us) will be able to successfully identify and implement such restructuring programs and improvements. Although the Investment Adviser' s investment strategy includes a focus on tight control of risk, there can be no assurance that the various risks of an investment will be successfully controlled or that losses can be avoided. Investments in small and middle market businesses are highly speculative and involve a high degree of risk of credit loss. These risks are likely to increase during volatile economic periods, such as the United States and many other economies have recently experienced. Among other things, these companies: • may have limited financial resources and may be unable to meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of any equity components of our investments; • may have shorter operating histories, narrower product lines, smaller market shares and / or more significant customer concentrations than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; • are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us; • may be targets of cybersecurity or other technological risks; • 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; • may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and • generally have less publicly available information about their businesses, operations and financial condition. In addition, in the course of providing significant managerial assistance to certain of our eligible portfolio companies, certain of our officers and directors may serve as directors on the boards of such companies. To the extent that litigation arises out of our investments in these companies, our officers and directors may be named as defendants in such litigation, which could result in an expenditure of funds (through our indemnification of such officers and directors) and the diversion of management time and resources. We invest primarily in privately held companies. There is generally little public information about these companies, and, as a result, we must rely on the ability of the Investment Adviser to obtain adequate information to evaluate the potential returns from, and risks related to, investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Also, privately held companies frequently have less diverse product lines and smaller market presence than larger competitors. They are, thus, generally more vulnerable to economic downturns and may experience substantial variations in operating results. These factors could adversely affect our investment returns. Our investments are almost entirely rated below investment grade or may be unrated, which are often referred to as " leveraged loans ", " high yield " or " junk " securities, and may be considered " high risk " compared to debt instruments that are rated investment grade. High yield securities are regarded as having predominantly speculative characteristics with respect to the issuer' s capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, high yield securities generally offer a higher current yield than that available from higher grade issues, but typically involve greater risk. These securities are especially sensitive to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuation in response to changes in interest rates. During periods of economic downturn or rising interest rates, issuers of below investment grade instruments may experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default. Our portfolio may be concentrated in a limited number of industries. For example, as of December 31, ~~2022~~ **2023** , our investments in the software and the business services industries represented approximately ~~27~~ **26** . 9 % and ~~18~~ **17** . ~~4~~ **9** %, respectively, of the fair value of our portfolio. A downturn in any particular industry in which we are invested could significantly impact the portfolio companies operating in that industry, and accordingly, the aggregate returns that we realize from our investment in such portfolio companies. Specifically, companies in the business services industry are subject to general economic downturns and business cycles, and will often suffer reduced revenues and rate pressures during periods of economic uncertainty. In addition, companies in the software industry often have narrow product lines and small market shares. Because of rapid technological change, the average selling prices of products and some services provided by software companies have historically decreased over their productive lives. As a result, the average selling prices of products and services offered by software companies in which we invest may decrease over time. If an industry in which we have significant investments suffers from adverse business or economic conditions, as these industries have to varying degrees, a material portion of our investment portfolio could be affected adversely, which, in turn, could adversely affect our financial position and results of operations. If we make unsecured investments, those investments might not generate sufficient cash flow to service their debt obligations to us. We may make unsecured investments. Unsecured investments may be subordinated to other obligations of the obligor. Unsecured investments often reflect a greater possibility that adverse changes in the financial condition of the obligor or general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. If we make an unsecured investment in a portfolio company, that portfolio company may be highly leveraged, and its relatively high debt- to- equity ratio may increase the risk that its operations might not generate sufficient cash to service its debt obligations. If we invest in the securities and obligations of distressed and bankrupt issuers, we might not receive interest or other payments. From time to time, we may invest in other types of investments which are not our primary focus, including investments in the securities and obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer of those obligations might not make any interest or other payments. A portfolio company' s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company' s ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company. In addition, lenders in certain cases can be subject to lender liability claims for actions taken by them when they become too involved in the borrower' s business or exercise control over a borrower. It is possible that we could become subject to a lender' s liability claim, including as a result of actions taken if we render significant managerial assistance to the borrower. Furthermore, if one of our portfolio companies were to file for bankruptcy protection, even though we may have structured our investment as senior secured debt, depending on the facts and circumstances, including the extent to which we provided managerial assistance to that portfolio company, a bankruptcy court might re- characterize our debt holding and subordinate all or a portion of our claim to claims of other creditors. We invest, and will continue to invest, in companies whose securities are not publicly traded and whose securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required or otherwise choose to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. Our investments are usually subject to contractual or legal restrictions on resale or are otherwise illiquid because there is usually no established trading market for such investments. Because most of our investments are illiquid, we may be unable to dispose of them in which case we could fail to qualify as a RIC and / or a BDC, or we may be unable to do so at a favorable price, and, as a result, we may suffer losses. Price declines and illiquidity in the corporate debt markets may adversely affect the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation. As a BDC, we are required to carry our investments at market value or, if no market ~~value~~ **quotation** is ~~ascertainable~~ **readily available** , at fair value as determined in good faith by our board of directors. As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments: • a comparison of the portfolio company' s securities to publicly traded securities; • the enterprise value of a portfolio company; • the nature and realizable value of any collateral; • the portfolio company' s ability to make payments and its earnings and discounted cash flow; • the markets in which the portfolio company does business; and • changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made in the future and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent sale occurs, we will use the pricing indicated by the external event to corroborate our valuation. We will record decreases in the market values or fair values of our investments as unrealized depreciation. Declines in prices and liquidity in the corporate debt markets may result in significant net unrealized depreciation in our portfolio. The effect of all of these factors on our portfolio may reduce our net asset value by increasing net unrealized depreciation in our portfolio. Depending on market conditions, we could incur substantial realized losses and may suffer additional unrealized losses in future periods, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may not have the funds or ability to make additional investments in our portfolio companies or to fund our unfunded debt commitments. We expect that certain of our investments will take the form of unfunded commitments that we will be contractually obligated to fund on the demand of a borrower or other counterparty. We will not be able to control when, or if, these unfunded debt commitments are funded. Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as " follow- on " investments, in order to, among other things, (i) increase or maintain in whole or in part our **position as a creditor or** equity ownership percentage **in a portfolio company** , (ii) exercise warrants, options or convertible securities that were acquired in the original or subsequent financing or (iii) ~~attempt to~~ preserve or enhance the value of our **initial and overall** investment. We may elect not to make follow- on investments or may otherwise lack sufficient funds to make these investments. We have the discretion to make follow- on investments, subject to the availability of capital resources **, and the limitations of the 1940 Act** . If we fail to make follow- on investments, the continued viability of a portfolio company and our **initial** investment **or** may, in some circumstances, **result in a** ~~be jeopardized, we could miss~~ **missed** ~~an~~ opportunity for us to increase our participation in a successful operation and our expected return on the investment may be reduced. Even if we have sufficient capital to make a desired follow- on investment, we may elect not to make a follow- on investment because of regulatory, tax, diversification or asset profiles or we may not want to increase our concentration of risk, either because we prefer other opportunities or because we are subject to BDC requirements that would prevent such follow- on investments or such follow- on investments would adversely impact our ability to qualify for or maintain our RIC status. Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies. Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies. We invest in portfolio companies at all levels of the capital structure. Our portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which we invest. By their terms, these debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invest. In addition, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution. After repaying the senior creditors, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt instruments in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. The disposition of our investments may result in contingent liabilities. Most of our investments will involve private securities. In connection with the disposition of an investment in private securities, we 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. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to certain potential liabilities. These arrangements may result in contingent liabilities that ultimately yield funding obligations that must be satisfied through our return of certain distributions previously made to us. There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims. Even though we may have structured certain of our investments as senior loans, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, including the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy court might re- characterize our debt investment and subordinate all or a portion of our claim to that of other creditors. We may also be subject to lender liability claims for actions taken by us with respect to a borrower' s business or instances where we exercise control over the borrower. It is possible that we could become subject to a lender' s liability claim, including as a result of actions taken in rendering significant managerial assistance. Certain loans to portfolio companies will be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company' s obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by the first priority liens on the collateral will generally control the liquidation of and be entitled to receive proceeds from any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds are not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company' s remaining assets, if any. The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements entered into with the holders of first priority senior debt. Under an intercreditor agreement, at any time obligations which have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens: the ability to cause the commencement of enforcement proceedings against the collateral, the ability to control the conduct of such proceedings, the approval of amendments to collateral documents; releases of liens on the collateral and waivers of past defaults under collateral documents. We may not have the ability to control or direct these actions, even if our rights are adversely affected. **In addition, a bankruptcy court may choose not to enforce an intercreditor agreement or other agreement with creditors. Covenant- lite loans may offer us fewer protections than traditional investments. Some of our debt investments may have less restrictive covenant terms that provide us with fewer protections, called" covenant- lite" loans, that generally provide for fewer financial covenants on the borrower. In particular, borrowers under such covenant- lite loans may have greater flexibility in how they manage their financial condition. As a result, we may face challenges in recovering on such covenant- lite loans, to the extent they go into distress, and may lack options that would normally be available to us as a lender under more traditional debt structures.** We generally do not control our portfolio companies. Although we have taken and may in the future take controlling equity positions in our portfolio companies from time to time, we generally do not control most of our portfolio companies, even though we may have board representation or board observation rights, and our debt agreements may contain certain restrictive covenants that limit the business and operations of our portfolio companies. As a result, we are subject to the risk that a portfolio company may make business decisions with which we disagree and the management of such company may take risks or otherwise act in ways that do not serve our interests as debt investors. Due to the lack of liquidity of the investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event that we disagree with the actions of a portfolio company as readily as we would otherwise like to or at favorable prices which could decrease the value of our investments. We do not have influence over the day- to- day management of portfolio companies or their retention of effective personnel. Each portfolio company' s day - to - day operations are the responsibility of such portfolio company' s management team. Although the Investment Adviser is responsible for monitoring the performance of each portfolio investment, there can be no assurance that the existing management team, or any successor thereto, will be able to successfully operate the portfolio company in accordance with our plans and objectives. The success of each portfolio company depends in substantial part upon the skill and expertise of each portfolio company' s management team. Additionally, portfolio companies will need to attract, retain and develop executives and members of their management teams. The market for executive talent is, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, such investment and we may be adversely affected thereby. Economic recessions, downturns or government spending cuts could impair our portfolio companies and harm our operating results. Many of our portfolio companies may be susceptible to economic slowdowns or recessions, ~~including those resulting from the COVID- 19 pandemic,~~ and may be unable to repay its debt investments during these periods. Therefore, our non- performing assets are likely to increase, and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions also may decrease the value of collateral securing some of our debt investments and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results. A number of our portfolio companies derive a substantial portion of their revenue from the U. S. government. Levels of the U. S. government' s spending in future periods are very difficult to predict and subject to significant risks. In addition, significant budgetary constraints may result in further reductions to projected spending levels. In particular, U. S. government expenditures are subject to the potential for automatic reductions, generally referred to as " sequestration. " Sequestration occurred during 2013, and may occur again in the future, resulting in significant additional reductions to spending by the U. S. government on both existing and new contracts as well as disruption of ongoing programs. Even if sequestration does not occur again in the future, we expect that budgetary constraints and ongoing concerns regarding the U. S. national debt will continue to place downward pressure on U. S. government spending levels. Due to these and other factors, overall U. S. government spending could decline, which could result in significant reductions to the revenues, cash flow and profits of our portfolio companies that provide services to the U. S. government. We are subject to the risk that the investments we make in our portfolio companies may be repaid prior to maturity. When this occurs, subject to qualification for or maintenance of our RIC status, we will generally reinvest these proceeds in temporary investments, pending our future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being prepaid and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our common stock. **We may not realize gains from our equity- related investments.** When we invest in portfolio companies, we may acquire warrants or other equity **- related** securities of portfolio companies as well. We may also invest in equity **- related** securities directly. To the extent we hold equity investments, we will attempt to dispose of them and realize gains upon our disposition of them. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. As a result, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests. Risks Relating to Due Diligence of and Conduct at Portfolio Companies Before making portfolio investments, the Investment Adviser typically conducts due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each portfolio investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental, social, governance and legal issues. When conducting due diligence and making an assessment regarding an investment, the Investment Adviser relies on the resources available to it, including information provided by the target of the investment and, in some circumstances, third - party investigations. The due diligence investigation that the Investment Adviser carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the portfolio investment being successful. There can be no assurance that attempts to provide downside protection with respect to portfolio investments will achieve their desired effect and potential investors should regard an investment in us as being speculative and having a high degree of risk. There can be no assurance that we will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during our efforts to monitor the portfolio investment on an ongoing basis or that any risk management procedures implemented by us will be adequate. In the event of fraud by any portfolio company or any of its affiliates, we may suffer a partial or total loss of capital invested in that portfolio company. An additional concern is the possibility of material misrepresentation or omission on the part of the portfolio company or the seller. Such inaccuracy or incompleteness may adversely affect the value of our securities and / or instruments in such portfolio company. We rely upon the accuracy and completeness of representations made by portfolio companies and / or their former owners in the due diligence process to the extent reasonable when it makes our investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to us may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Consultants, legal advisors, appraisers, accountants, investment banks and other third parties may be involved in the due diligence process and / or the ongoing operation of our portfolio companies to varying degrees depending on the type of investment. For example, certain asset management, finance, administrative and other similar functions may be outsourced to a third - party service provider whose fees and expenses will be borne by such portfolio company or us and will not offset the management fee. Such involvement of third - party advisors or consultants may present a number of risks primarily relating to the Investment Adviser' s reduced control of the functions that are outsourced. In addition, if the Investment Adviser is unable to timely engage third - party providers, their ability to evaluate and acquire more complex targets could be adversely affected. Historically, our investment strategy consisted primarily of secondary market purchases in debt securities. We adjusted that investment strategy to also include significantly more primary originations. While loans that we originate and loans we purchase in the secondary market face many of the same risks associated with the financing of leveraged companies, we may be exposed to different risks depending on specific business considerations for secondary market purchases or origination of loans. Primary originations require substantially more time and resources for sourcing, diligencing and monitoring investments, which may consume a significant portion of our resources. Further, the valuation process for primary originations may be more cumbersome and uncertain due to the lack of comparable market quotes for the investment and would likely require more frequent review by a third- party valuation firm. This may result in greater costs for us and fluctuations in the quarterly valuations of investments that are primary originations. As a result, this strategy may result in different returns from these investments than the types of returns historically experienced from secondary market purchases of debt securities. We may be subject to additional risks if we invest in foreign securities and / or engage in hedging transactions. The 1940 Act generally requires that 70. 0 % of our investments be in issuers each of whom is **, among other things,** organized under the laws of, and has its principal place of business in ~~, any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands or any other possession of~~ the United States. Our investment strategy does not presently contemplate significant investments in securities of non- U. S. companies. However, we may desire to make such investments in the future, to the extent that such transactions and investments are permitted under the 1940 Act **and any other applicable laws** . We expect that these investments would focus on the same types of investments that we make in U. S. middle market companies and accordingly would be complementary to our overall strategy and enhance the diversity of our holdings. Investing in foreign companies could expose us to additional risks not typically associated with investing in U. S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U. S., higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Investments denominated in foreign currencies would be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. 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. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk, or that if we do, such strategies will be effective. Engaging in hedging transactions would also, indirectly, entail additional risks to our stockholders. Although it is not currently anticipated that we would engage in hedging transactions as a principal investment strategy, if we determined to engage in hedging transactions, we generally would seek to hedge against fluctuations of the relative values of our portfolio positions from changes in market interest rates or currency exchange rates. Hedging against a decline in the values of our portfolio positions would not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of the positions declined. However, such hedging could establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. These hedging transactions could also limit the opportunity for gain if the values of the underlying portfolio positions increased. Moreover, it might not be possible to hedge against an exchange rate or interest rate fluctuation that was so generally anticipated that we would not be able to enter into a hedging transaction at an acceptable price. If we choose to engage in hedging transactions, there can be no assurances that we will achieve the intended benefits of such transactions and, depending on the degree of exposure such transactions could create, such transactions may expose us to risk of loss. While we may enter into these types of transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates could result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged could vary. Moreover, for a variety of reasons, we might not seek to establish a perfect correlation between the hedging instruments and the portfolio holdings being hedged. Any imperfect correlation could prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it might not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non- U. S. currencies because the value of those securities would likely fluctuate as a result of factors not related to currency fluctuations. Our ability to enter into transactions involving derivatives and unfunded commitment transactions may be limited. In ~~November~~ 2020, the SEC adopted Rule 18f- 4 under the 1940 Act, which relates to the use of derivatives and other transactions that create future payment or delivery obligations by BDCs (and other funds that are registered investment companies). Under Rule 18f- 4, for which compliance was required beginning in August 2022, BDCs that use derivatives **are** ~~would be~~ subject to a value- at- risk leverage limit, certain ~~other~~ derivatives risk management program and testing requirements and requirements related to board reporting. These new requirements ~~would~~ apply unless the BDC ~~qualified~~ **qualifies** as a " limited derivatives user, " as defined in Rule 18f- 4. A BDC that enters into ~~reverse repurchase agreements or similar financing transactions would need to aggregate the amount of indebtedness associated with the~~ reverse repurchase agreements or similar financing transactions could either (i) comply with the asset coverage requirements of ~~the~~ Section 18 **, as modified by Section 61** of the 1940 Act **,** when engaging in reverse repurchase agreements or (ii) choose to treat such agreements as ~~derivative~~ **derivatives** transactions under Rule 18f- 4. In addition, under Rule 18f- 4, a BDC may enter into an unfunded commitment agreement that is not a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. If the BDC cannot meet this ~~test~~ **requirement** , it is required to treat **the** unfunded ~~commitments~~ - **commitment** as a derivatives transaction subject to the **aforementioned** requirements of ~~the rule~~ **Rule 18f- 4** . Collectively, these requirements may limit our ability to use derivatives and / or enter into certain other financial contracts. **We qualify as a " limited derivatives user, " and as a result the requirements applicable to us under Rule 18f- 4 may limit our ability to use derivatives and enter into certain other financial contracts. However, if we fail to qualify as a limited derivatives user and become subject to the additional requirements under Rule 18f- 4, compliance with such requirements may increase cost of doing business, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows. The alternative reference rates that have replaced LIBOR in our credit arrangements and other financial instruments may not yield the**

same or similar economic results as LIBOR over the life of such transactions. LIBOR, the London Interbank Offered Rate, is an index rate that historically **was** ~~has been~~ widely used in lending transactions and ~~remains~~ **was** a common reference rate for setting the floating interest rate on private loans. LIBOR **was** typically ~~has been~~ the reference rate used in floating- rate loans extended to our portfolio companies ~~and, to some degree,~~ **. The ICE Benchmark Administration (“ IBA ”) (the entity that** is ~~expected to continue to be used as a reference rate until such time that private markets have fully transitioned to~~ **responsible for calculating LIBOR) ceased providing overnight, one, three, six and twelve months USD LIBOR tenors on June 30, 2023. In addition, the United Kingdom’ s Financial Conduct Authority (“ FCA ”), which oversees the IBA, now prohibits entities supervised by the FCA from** using **LIBORs, including USD LIBOR, except in very limited circumstances. In the United States,** the Secured Overnight Financing Rate (“ SOFR ”) ~~, or other alternative reference rates recommended by applicable market regulators. Uncertainty relating to the LIBOR calculation process, the valuation of LIBOR alternatives, and other economic consequences from the phasing out of LIBOR may adversely affect our results of operations, financial condition and liquidity. On March 5, 2021, the United Kingdom' s Financial Conduct Authority (the" FCA"), which regulates LIBOR, announced that the ICE Benchmark Administration (" IBA") (the entity regulated by the FCA that~~ is ~~responsible for calculating LIBOR) had notified the FCA of its intent, among other~~ -- **the** ~~things, to cease providing overnight 1, 3, 6 and 12 months USD LIBOR tenors after June 30, 2023 and all other tenors after December 31, 2021. On November 16, 2021, the FCA issued a statement confirming that starting January 1, 2022, entities supervised by the FCA will be prohibited from using LIBORs, including USD LIBOR, that will be discontinued as of December 31, 2021 as well as, except in very limited circumstances, those tenors of USD LIBOR that will be discontinued or declared non- representative after June 30, 2023. While LIBOR will cease to exist or be declared non- representative, there continues to be uncertainty regarding the nature of potential changes to specific USD LIBOR tenors, the development and acceptance of alternative reference rates and other reforms. Central banks and regulators in a number of major jurisdictions (for example, United States, United Kingdom, European Union, Switzerland and Japan) have convened working groups to find, and implement the transition to, suitable replacements for LIBORs and other interbank offered rates (" IBORs"). To identify a successor rate for USD LIBOR, the Alternative Reference Rates Committee (“ ARRC ”), U. S.- based group convened by the U. S. Federal Reserve Board and the Federal Reserve Bank of New York, was formed. The ARRC has identified the Secured Overnight Financing Rate (“ SOFR ”) as its~~ preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U. S. Treasury securities, and is based on directly observable U. S. Treasury- backed repurchase transactions. ~~On July 29, 2021, the ARRC formally recommended~~ SOFR ~~as its~~ **is** ~~preferred alternative replacement rate for LIBOR. On July 29, 2021, the ARRC also recommended a forward- looking term rate based on SOFR~~ published by ~~CME Group. Although SOFR appears to be~~ the ~~preferred replacement rate~~ **Federal Reserve Bank of New York each U. S. Government Securities Business Day,** for **transactions made on** ~~U. S. dollar LIBOR, at this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or other~~ -- **the immediately preceding US. Government Securities Business Day** ~~reforms to LIBOR that may be enacted in the United States, United Kingdom or elsewhere~~. Alternative reference rates that ~~may~~ **have** ~~replace~~ **replaced** LIBOR, including SOFR for USD transactions, may not yield the same or similar economic results as LIBOR over the lives of such transactions. ~~There~~ **Substantially all of our loans that referenced LIBOR have been amended to reference the forward- looking term rate published by CME Group Benchmark Administration Limited based on the secured overnight financing rate (“ CME Term SOFR ”). CME Term SOFR rates are forward- looking rates that are derived by compounding projected overnight SOFR rates over one, three, and six months taking into account the values of multiple consecutive, executed, one- month and three- month CME Group traded SOFR futures contracts and, in some cases, over- the- counter SOFR Overnight Indexed Swaps as** ~~can~~ - **an indicator of CME Term SOFR reference rate values. CME Term SOFR and the inputs on which it is based are derived from SOFR. Since CME Term SOFR is a relatively new market rate, there will likely** be no ~~guarantee that~~ **established trading market for credit agreements or other financial instruments when they are issued, and an established market may never develop or may not be liquid. Market terms for instruments referencing CME Term** SOFR **rates may be lower** ~~will become the dominant alternative to USD LIBOR or that~~ **than those of later- issued CME Term** SOFR ~~will~~ **indexed instruments. Similarly, if CME Term SOFR does not prove to** be widely used ~~and~~ **,** ~~other~~ -- **the** ~~alternatives~~ **trading price of instruments referencing CME Term SOFR** may ~~or may not~~ be **lower than those of** ~~developed and adopted with additional consequences. New York and several other states have passed laws intended to apply to U. S. dollar LIBOR- based contracts, securities, and~~ instruments **indexed** ~~governed by those states’ laws. These laws established fallbacks for LIBOR when there is no or insufficient fallback rates in these contracts. The federal Adjustable Interst Rate (LIBOR) Act (the “ LIBOR Act ”) was signed into law on March 15, 2022. The federal legislation provides a statutory fallback mechanism on a nation- wide basis~~ to **indices** ~~replace US dollar LIBOR with a benchmark rate, selected by the Federal Reserve Board and based on SOFR, for certain contracts~~ that **are more widely** ~~reference US dollar LIBOR and contain no or insufficient fallback provisions. The New York and other state laws were superseded by the LIBOR Act. On December 16, 2022, the Federal Reserve Board adopted a final rule implementing certain provisions of the LIBOR Act (“ Regulation ZZ ”). Regulation ZZ specifies that on the LIBOR replacement date, which is the first London banking day after June 30, 2023, the Federal Reserve Board- selected benchmark replacement, based on SOFR and including any tenor spread adjustment as provided by Regulation ZZ, will replace references to overnight, 1, 3, 6, and 12- month LIBOR in certain contracts that do not mature before the LIBOR replacement date and that do not contain adequate fallback language. Regulation ZZ could apply to certain of our investments that reference LIBOR to the extent that they do not have fallback provisions or adequate fallback provisions. The elimination of LIBOR or any other changes or reforms to the determination or supervision of LIBOR could have an adverse impact on the market value of and / or transferability of any LIBOR- linked securities, loans, and other financial obligations or extensions of credit held by or due to us, valuation measurements~~ used ~~by us that include LIBOR as an input, our operational processes or our overall financial condition or results of operations. For instance, if the LIBOR reference rate of our LIBOR-~~

~~linked securities, loans, and other financial obligations is higher than an alternative reference rate, such as SOFR, on our alternative reference rate- linked portfolio investments, the difference between the total interest income earned on interest earning assets and the total interest expense incurred on interest bearing liabilities may be compressed, reducing our net interest income and potentially adversely affecting our operating results. In addition, while the majority of our LIBOR- linked loans contemplate that LIBOR may cease to exist and allow for amendment to a new base rate without the approval of 100 % of the lenders, if LIBOR ceases to exist, we could be required, in certain situations, to negotiate modifications to credit agreements governing such instruments, in order to replace LIBOR with such alternative reference rate and to incorporate any conforming changes to applicable credit spreads or margins. Following the replacement of LIBOR, some or all of these credit agreements may bear interest at a lower interest rate, which could have an adverse impact on the value and liquidity of our investment in these portfolio companies and, as a result, on our results of operations. Such adverse impacts and the uncertainty of the transition could result in disputes and litigation with counterparties and borrowers regarding the implementation of alternative reference rates~~ . RISKS RELATING TO OUR SECURITIES The market price of our common stock may fluctuate significantly. The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include: • price and volume fluctuations in the overall stock market or in the market for BDCs from time to time; • investor demand for shares of our common stock; • significant volatility in the market price and trading volume of securities of registered closed- end management investment companies, BDCs or other financial services companies, which is not necessarily related to the operating performance of these companies; • the inability to raise equity capital; • our inability to borrow money or deploy or invest our capital; • fluctuations in interest rates; • any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts; • operating performance of companies comparable to us; • changes in regulatory policies or tax guidelines with respect to RICs or BDCs; • our loss of status as or ability to operate as a BDC; • our failure to qualify as a RIC, loss of RIC status or ability to operate as a RIC; • actual or anticipated changes in our earnings or fluctuations in our operating results; • changes in the value of our portfolio of investments; • general economic conditions, trends and other external factors; • departures of key personnel; or • loss of a major source of funding. In addition, we are required to continue to meet certain listing standards in order for our common stock to remain listed on the NASDAQ Global Select Market (" NASDAQ"). If we were to be delisted by ~~the~~ NASDAQ, the liquidity of our common stock would be materially impaired. The investments we may make may result in a higher amount of risk, volatility or loss of principal than alternative investment options. These investments in portfolio companies may be highly speculative and aggressive, and therefore, an investment in our common stock may not be suitable for investors with lower risk tolerance. Sales of substantial amounts of our common stock could materially adversely affect the prevailing market prices for our common stock. If substantial amounts of our common stock were sold, this could impair our ability to raise additional capital through the sale of securities should we desire to do so. Certain provisions of our certificate of incorporation and bylaws, as well as aspects of the Delaware General Corporation Law **,** could deter takeover attempts and have an adverse impact on the price of our common stock. Our certificate of incorporation and bylaws as well as the Delaware General Corporation Law contain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. Among other things, our certificate of incorporation and bylaws: • provide for a classified board of directors, which may delay the ability of our stockholders to change the membership of a majority of our board of directors; • authorize the issuance of" blank check" preferred stock that could be issued by our board of directors to thwart a takeover attempt; • do not provide for cumulative voting; • provide that vacancies on the board of directors, including newly created directorships, may be filled only by a majority vote of directors then in office; • provide that our directors may be removed only for cause; • require supermajority voting to effect certain amendments to our certificate of incorporation and bylaws; and • require stockholders to provide advance notice of new business proposals and director nominations under specific procedures. These anti- takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. **Certain of the Holdings Credit Facility, the Unsecured Notes, the DB Credit Facility, the NMFC Credit Facility and the NMNLC Credit Facility II also include covenants that, among other things, restrict our ability to dispose of assets, incur additional indebtedness, make restricted payments, create liens on assets, make investments, make acquisitions and engage in mergers or consolidations.** The Holdings Credit Facility, the **Unsecured Notes (excluding the 8. 250 % Unsecured Notes), the DB Credit Facility and the** NMFC Credit Facility ~~, NMNLC Credit Facility II, the DB Credit Facility and the Unsecured Notes also include covenants that, among other things, restrict our ability to dispose of assets, incur additional indebtedness, make restricted payments, create liens on assets, make investments, make acquisitions and engage in mergers or consolidations. The Holdings Credit Facility, the NMFC Credit Facility, the DB Credit Facility and the Unsecured Notes~~ also include change of control provisions that accelerate the indebtedness (or require prepayment of such indebtedness) under these agreements in the event of certain change of control events. Shares of BDCs have frequently traded at a market price that is less than the net asset value that is attributable to those shares ~~. For example, as a result of the COVID- 19 pandemic, the stocks of BDCs as an industry, including shares of our common stock, have traded below net asset value, at or near historic lows as a result of concerns over liquidity, leverage restrictions and distribution requirements~~ . In part as a result of adverse economic conditions and increasing pressure within the financial sector of which we are a part, our common stock has at times traded below our net asset value per share since our IPO on May 19, 2011. Our shares could once again trade at a discount to net asset value. The possibility that our shares of common stock may trade at a discount from net asset value over the long term is separate and distinct from the risk that our net asset value will decrease. We cannot predict whether shares of our common stock will trade above, at or below our net asset value. If our common stock trades below our net asset value, we will generally not be able to issue additional shares of our common stock without first obtaining the approval for such issuance from our stockholders and our independent directors. If additional funds are not available to us, we could be forced to curtail or cease our new lending and investment activities, and our net asset value could decrease and our level of distributions could be impacted. None of us, the Investment Adviser or their respective affiliates can provide any assurance whatsoever that we will be successful in choosing, making and realizing investments in any particular portfolio company or portfolio companies. There is no assurance that we will be able to generate returns for our investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. While we expect to make regular distributions of income, there can be no assurance that any stockholder will receive any distribution from us. Partial or complete sales, transfers or other dispositions of portfolio investments which may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. Accordingly, an investment in us should only be considered by persons for whom a speculative, illiquid and long - term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. Past performance of investment entities associated with New Mountain Capital and its affiliates is not necessarily indicative of future results. There can be no assurance that we will achieve comparable results or that our performance objectives will be achieved. In particular, we do not expect to replicate the historical performance of New Mountain Capital' s investments, or those of ~~our~~ **certain** affiliates **that have also elected to be regulated as a BDC** , including ~~NMF SLF Inc.,~~ New Mountain Guardian III BDC, L. L. C. ~~and~~ **,** New Mountain Guardian IV BDC, L. L. C **., New Mountain Guardian IV Income Fund, L. L. C., and NMF SLF Inc** . In addition, our investment strategies may differ from those of New Mountain Capital or its affiliates. We, as a BDC and as a RIC, are subject to certain regulatory restrictions that do not apply to New Mountain Capital or certain of its affiliates. We are generally not permitted to invest in any portfolio company in which New Mountain Capital or any of its affiliates currently have an investment or to make any co - investments with New Mountain Capital or its affiliates, except to the extent permitted by the 1940 Act, or pursuant to previously obtained exemptive orders. This may adversely affect the pace at which we make investments. We will have broad discretion over the use of proceeds of any offering made pursuant to our prospectus. We will have significant flexibility in applying the proceeds of any offering made pursuant to our prospectus. We will also pay operating expenses, and may pay other expenses such as due diligence expenses of potential new investments, from net proceeds. Our ability to achieve our investment objective may be limited to the extent that the net proceeds of the offering, pending full investment, are used to pay operating expenses. In addition, we can provide you no assurance that any offering will be successful, or that by increasing the size of our available equity capital, our aggregate expenses, and correspondingly, our expense ratio, will be lowered. Your interest in NMFC may be diluted if you do not fully exercise your subscription rights in any rights offering. In the event we issue subscription rights to purchase shares of our common stock, stockholders who do not fully exercise their rights should expect that they will, at the completion of the offer, own a smaller proportional interest in NMFC than would otherwise be the case if they fully exercised their rights. We cannot state precisely the amount of any such dilution in share ownership because we do not know at this time what proportion of the shares will be purchased as a result of the offer. If we issue preferred stock, the net asset value and market value of our common stock will likely become more volatile. We do not currently have any plans to issue preferred stock. However, to the extent that we do issue preferred stock in the future, we cannot assure you that the issuance of preferred stock would result in a higher yield or return to the holders of our common stock. The issuance of preferred stock would likely cause the net asset value and market ~~value~~ **price** of the common stock to become more volatile. If the dividend rate on the preferred stock were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of the common stock would be reduced. If the dividend rate on the preferred stock were to exceed the net rate of return on our portfolio, the leverage would result in a lower rate of return to the holders of common stock than if we had not issued preferred stock. Any decline in the net asset value of our investments would be borne entirely by the holders of common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in net asset value to the holders of common stock than if we were not leveraged through the issuance of preferred stock. This greater net asset value decrease would also tend to cause a greater decline in the market price for the common stock. We might be in danger of failing to maintain the required asset coverage of the preferred stock or of losing our ratings, if any, on the preferred stock or, in an extreme case, our current investment income might not be sufficient to meet the dividend requirements on the preferred stock. In order to counteract such an event, we might need to liquidate investments in order to fund a redemption of some or all of the preferred stock. In addition, we would pay (and the holders of common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, including higher advisory fees if our total return exceeds the dividend rate on the preferred stock. Holders of preferred stock may have different interests **and rights** than holders of common stock and may at times have disproportionate influence over our affairs. Holders of any preferred stock we might issue would have the right to elect members of our board of directors and class voting rights on certain matters. **In accordance with the 1940 Act,** ~~Holders~~ **holders** of any preferred stock we might issue, voting separately as a single class, would have the right to elect two members of our board of directors at all times and in the event dividends become two full years in arrears would have the right to elect a majority of the directors until such arrearage is completely eliminated. In addition, preferred stockholders have class voting rights on certain matters, including changes in fundamental investment restrictions and conversion to open- end status, and accordingly can veto any such changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies, if any, or the terms of our credit facilities, if any, might impair our ability to maintain our tax treatment as a RIC for U. S. federal income tax purposes. While we would intend to redeem our preferred stock to the extent necessary to enable us to distribute our income as required to maintain our tax treatment as a RIC, there can be no assurance that such actions could be effected in time to meet the tax requirements.