Risk Factors Comparison 2024-03-28 to 2022-06-29 Form: 10-K

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Investing in our common stock involves a number of significant risks. In addition to the other information contained in this annual report on Form 10- K, you should consider carefully the following information before making an investment in our common stock. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. 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 NAV and the trading price of our common stock could decline, and you may lose part or all of your investment. The risk factors described below are the principal risk factors associated with an investment in our common stock, as well as those factors generally associated with an investment company with investment objectives, investment policies, capital structure or trading markets similar to ours. Summary Risk Factors The following is a summary of the principal risks that you should carefully consider before investing in our common stock and is followed by a more detailed discussion of the material risks related to us and an investment in our common stock. • Economic recessions or downturns may have a material adverse effect on our business, financial condition and results of operations, and could impair the ability of our portfolio companies to repay debt or pay interest. • Global economic, political and market conditions, including those caused by the current public health crisis, have (and in the future, could further) adversely affect our business, results of operations and financial condition and those of our portfolio companies. • We have limited operating history and our Adviser is a recently registered investment adviser under the Advisers Act, with limited history of managing BDCs and limited history of making credit investments in the nascent cannabis industry. • ~~Changes in interest rates, changes in the method for determining LIBOR and the potential replacement of LIBOR may affect our cost of capital and net investment income. •~~ A significant portion of our investment portfolio will be recorded at fair value as determined in good faith **in accordance with procedures established** by our Board of Directors and, as a result, there will be uncertainty as to the value of our portfolio investments. • Our ability to achieve our investment objective depends on our Adviser' s ability to support our investment process; if our Adviser were to lose key personnel or they were to resign, our ability to achieve our investment objective could be significantly harmed. • Our business model depends to a significant extent upon strong referral relationships, and the inability of the personnel associated with our Adviser to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business ~~. SILVER SPIKE INVESTMENT CORP~~ . • A failure on our part to maintain qualification as a BDC would significantly reduce our operating flexibility. • Regulations that will govern our operation as a BDC and RIC may affect our ability to raise, and the way in which we raise, additional capital or borrow for investment purposes, which may have a negative effect on our growth. • Changes in laws or regulations governing our operations, including laws and regulations governing cannabis, may adversely affect our business or cause us to alter our business strategy. • Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock. • We may be unable to invest a significant portion of the net proceeds from our initial public offering, or any follow- on offering of shares of our common stock, on acceptable terms within an attractive time frame. • Because we intend to distribute at least 90 % of our taxable income each taxable year to our stockholders in connection with our election to be treated as a RIC, we will continue to need additional capital to finance our growth. • We may not be able to pay you distributions, and if we are able to pay you distributions, our distributions may not grow over time and / or a portion of our distributions may be a return of capital. We have not established any limit on the extent to which we may use offering proceeds to fund distributions. • We will be subject to corporate- level U. S. federal income tax if we are unable to obtain and maintain qualification as a RIC under Subchapter M of the Code or do not satisfy the annual distribution requirement. • Our investments in portfolio companies may be risky, and we could lose all or part of our investments. • We intend to invest primarily in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as " junk, " have predominantly speculative characteristics with respect to the issuer' s capacity to pay interest and return principal. They may also be illiquid and difficult to value. • Some of the loans in which we may invest may be " covenant- lite " loans, which may have a greater risk of loss as compared to investments in or exposure to loans with a complete set of financial maintenance covenants. • The lack of liquidity in our investments may adversely affect our business. • Shares of closed- end investment companies, including BDCs, may trade at a discount to their net asset value (" NAV "). • The market price of our common stock may fluctuate significantly. • Cannabis, except for hemp, is currently illegal under U. S. federal law and in other jurisdictions, and strict enforcement of federal laws would likely result in our inability to execute our business plan. • Loans to relatively new and / or small companies and companies operating in the cannabis industry generally involve significant risks. • Our investment opportunities are limited by the current illegality of cannabis under U. S. federal law, and change in the laws, regulations and guidelines that impact the cannabis industry may cause adverse effects on our ability to make investments. • Strict enforcement of U. S. federal laws regarding cannabis would likely result in our portfolio companies' inability to execute a business plan in the cannabis industry, and could result in the loss of all or part of any of our loans. • The nascent status of the medical and recreational cannabis industry involves unique circumstances and there can be no assurance that the industry will continue to exist or grow as currently anticipated. • Any potential growth in the cannabis industry continues to be subject to new and changing state and local laws and regulations. • Portfolio companies may have difficulty borrowing from or otherwise accessing the service of banks, which may make it difficult to sell products and services. • We, portfolio companies or the cannabis industry more generally may receive unfavorable publicity or become subject to negative consumer or investor perception. • Third- parties with whom we do business may perceive themselves as being exposed to reputational risk by virtue of their relationship with us and may ultimately elect not to do business with us. • Portfolio companies may be subject to regulatory, legal or reputational risk associated with potential misuse of their products by their customers. • There may be a lack of access to U. S. bankruptcy protections for portfolio companies. • U. S. federal courts may refuse to recognize the enforceability of contracts pertaining to any business operations that are deemed illegal under U. S. federal law, including cannabis companies operating legally under state law. **• Cybersecurity risks and cyber incidents may adversely affect our business or the business of our portfolio companies by causing a disruption to our operations or the operations of our portfolio companies, a compromise or corruption of our confidential information or the confidential information of our portfolio companies and / or damage to our business relationships or the business relationships of our portfolio companies, all of which could negatively impact the business, financial condition and operating results of us or our portfolio companies. • Sales of shares of our common stock after the completion of the Loan Portfolio Acquisition may cause the market price of our common stock to decline. • Our stockholders will experience a reduction in percentage ownership and voting power in the Company as a result of the Loan Portfolio Acquisition. • We may be unable to realize the benefits anticipated by the Loan Portfolio Acquisition, including estimated cost savings, or it may take longer than anticipated to achieve such benefits. • The opinion delivered to the Special Committee from its financial advisor will not reflect changes in circumstances between signing the Loan Portfolio Acquisition Agreement and completion of the Loan Portfolio Acquisition. • If the Loan Portfolio Acquisition does not close, we will not benefit from the expenses incurred in its pursuit. • The termination of the Loan Portfolio Acquisition Agreement could negatively impact the Company. • Under certain circumstances, we are obligated to pay CALP a termination fee upon termination of the Loan Portfolio Acquisition Agreement. • The Loan Portfolio Acquisition Agreement limits our ability to pursue alternatives to the Loan Portfolio Acquisition. • The Loan Portfolio Acquisition is subject to closing conditions, including stockholder approvals, that, if not satisfied or waived, will result in the Loan Portfolio Acquisition not being completed, which may result in material adverse consequences to our business and operations. • We will be subject to operational uncertainties and contractual restrictions while the Loan Portfolio Acquisition is pending. • We may waive one or more conditions to the Loan Portfolio Acquisition. • The market price of our common stock after the Loan Portfolio Acquisition may be affected by factors different from those affecting our common stock currently. • The Loan Portfolio may include instruments that result in income recognition before or without corresponding cash receipt.** Risks Relating to Economic Conditions Economic recessions or downturns may have a material adverse effect on our business, financial condition and results of operations, and could impair the ability of our portfolio companies to repay debt or pay interest. Economic recessions or downturns may result in a prolonged period of market illiquidity which could have a material adverse effect on our business, financial condition and results of operations. 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 limit our investment originations, limit our ability to grow and negatively impact our operating results. In addition, uncertainty with regard to economic recovery from recessions or downturns could also have a negative impact on our business, financial condition and results of operations. When recessionary conditions exist, the financial results of middle- market companies, like those in which we invest, typically experience deterioration, which could ultimately lead to difficulty in meeting debt service requirements and an increase in defaults. Additionally, there can be reduced demand for certain of our portfolio companies' products and services and / or other economic consequences, such as decreased margins or extended payment terms. Further, adverse economic conditions may decrease the value of collateral securing some of our loans and the value of our equity investments. Such conditions may require us to modify the payment terms of our investments, including changes in PIK interest provisions and / or cash interest rates. The performance of certain portfolio companies in the future may be negatively impacted by these economic or other conditions, which may result in our receipt of reduced interest income from our portfolio companies and / or realized and unrealized losses related to our investments, and, in turn, may adversely affect distributable income and have a material adverse effect on our results of operations. Global economic, political and market conditions, including downgrades of the U. S. credit rating, may adversely affect our business, results of operations and financial condition. The current global financial market situation, as well as various social and political tensions in the United States and around the world (including the current ~~conflict~~ **conflicts** in **Israel and** Ukraine), may contribute to increased market volatility, may have long- term effects on the United States and worldwide financial markets and may cause economic uncertainties or deterioration in the U. S. and worldwide. The impact of downgrades by rating agencies to the U. S. government' s sovereign credit rating or its perceived creditworthiness as well as potential government shutdowns and uncertainty surrounding transfers of power could adversely affect the U. S. and global financial markets and economic conditions. Since 2010, several European Union countries have faced budget issues, some of which may have negative long- term effects for the economies of those countries and other European Union countries. There is concern about national- level support for the Euro and the accompanying coordination of fiscal and wage policy among European Economic and Monetary Union member countries. In addition, the fiscal policy of foreign nations, such as Russia and China, may have a severe impact on the worldwide and U. S. financial markets. The United Kingdom' s decision to leave the EU (the so- called " Brexit ") led to volatility in global financial markets. On December 24, 2020, a trade agreement was concluded between the EU and the United Kingdom (the " TCA "), which applied provisionally after the end of the transition period ending on December 31, 2020 and which formally took effect on May 1, 2021 and now governs the relationship between the United Kingdom and the EU. There remains uncertainty as to the scope, nature and terms of the relationship between the United Kingdom and the EU and the effect and implications of the TCA, and the actual and potential consequences of Brexit. Additionally, trade wars and volatility in the U. S. repo market, the U. S. high- yield bond markets, the Chinese stock markets and global markets for commodities may affect other financial markets worldwide. In addition, while recent government stimulus measures worldwide have reduced volatility in the financial markets, volatility may return as such measures are phased out, and the long- term impacts of such stimulus on fiscal policy and inflation remain unknown. In addition, the current ~~conflict~~ **conflicts** between Russia and Ukraine **and between Israel and Hamas** , and resulting market volatility, could adversely affect our business, financial condition or results of operations. In response to the conflict between Russia and Ukraine, the U. S. 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 value of our common shares and / or debt securities to decline. We cannot predict the effects of these or similar events in the future on the U. S. and global economies and securities markets or on our investments. We monitor developments in economic, political and market conditions and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so **. The ongoing armed conflicts as a result of the Russian invasion of Ukraine and the war between Israel and Hamas may have a material adverse impact on us and our portfolio companies. The Russian invasion of Ukraine and the war between Israel and Hamas in the Middle East have led, are currently leading, and for an unknown period of time may continue to lead to disruptions in local, regional, national, and global markets and economies affected thereby. Furthermore, the aforementioned conflicts and the varying involvement of the United States and other NATO countries could preclude prediction as to their ultimate adverse impact on global economic and market conditions, and, as a result, presents material uncertainty and risk with respect to the performance of our investments, our operations, and our ability to achieve our investment objectives. In response to the Russian invasion of Ukraine, the United States, the United Kingdom, the European Union and many other nations announced a broad array of new or expanded economic sanctions, export controls and other measures against Russia, Russian entities and individuals. Because Russia is a major exporter of oil and natural gas, the invasion and related sanctions have reduced the supply, and increased the price, of energy, which is accelerating inflation and may exacerbate ongoing supply chain issues. There is also the risk of retaliatory actions by Russia against countries that have enacted sanctions, including cyberattacks against financial and governmental institutions, which could result in business disruptions and further economic turbulence. Although we have no direct exposure to Russia, Ukraine or Israel, the broader consequences of the conflicts may have a material adverse impact on our portfolio, our business and operations and the value of an investment in us. The Russian invasion of Ukraine and the war between Israel and Hamas are uncertain and evolving as of the filing date of this annual report on Form 10- K, and their full impact on our portfolio companies after the date hereof is unknown** . Capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations. From time- to- time, capital markets may experience periods of disruption and instability. During such periods of market disruption and instability, we and other companies in the financial services sector may have limited access, if available, to alternative markets for debt and equity capital. Equity capital may be difficult to raise because, subject to some limited exceptions which will apply to us as a BDC, we will generally not be able to issue additional shares of our common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. In addition, our ability to incur indebtedness (including by issuing preferred stock) is limited by applicable regulations such that our asset coverage, as defined in the 1940 Act, must equal at least 150 % immediately after each time we incur indebtedness. ~~We are currently targeting a debt- to- equity ratio of 0. 50x (i. e., we aim to have one dollar of equity for each $ 0. 50 of debt outstanding).~~ The debt capital that will be available, if at all, may be at a higher cost and on less favorable terms and conditions in the future. Any inability to raise capital could have a negative effect on our business, financial condition and results of operations. Given the extreme volatility and dislocation in the capital markets over the past several years, many BDCs have faced, and may in the future face, a challenging environment in which to raise or access capital. In addition, significant changes in the capital markets, including the extreme volatility and disruption over the past several years, has had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving these investments. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). As a result, volatility in the capital markets can adversely affect our investment valuations. Further, the illiquidity of our investments may make it difficult for us to sell such investments if required and to value such investments. Our use of leverage will amplify these risks, and we may be forced to liquidate our investments at inopportune times or prices to repay debt. Consequently, we may realize significantly less than the value at which we carry our investments. An inability to raise capital, and any required sale of our investments for liquidity purposes, could have a material adverse impact on our business, financial condition or results of operations. In addition, a prolonged period of market illiquidity may cause us to reduce the volume of loans and debt securities we originate and / or fund and adversely affect the value of our portfolio investments, which could have a material and adverse effect on our business, financial condition, results of operations and cash flows. We may be affected by force majeure events (e. g., acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, nationalization of industry and labor strikes). We may be affected by force majeure events (e. g., acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, nationalization of industry and labor strikes). Force majeure events could adversely affect the ability of the Company or a counterparty to perform its obligations. The liability and cost arising out of a failure to perform obligations as a result of a force majeure event could be considerable and could be borne by the Company. Certain force majeure events, such as war or an outbreak of an infectious disease, could have a broader negative impact on the global or local economy, thereby affecting the Company. **General** ~~Risks Relating to the COVID- 19 Pandemic Global~~ economic ~~, political~~ and market conditions **, including those** caused by **inflation** ~~the current public health crisis have (~~ and ~~in the future~~ **a rising interest**

rate environment , could **materially** ~~further) adversely~~ affect ~~our business, results of operations and financial condition and those~~ -- **the success** of ~~our portfolio companies. A novel strain of coronavirus initially appeared in late 2019 and rapidly spread globally, including to the United States. In an attempt to slow the spread of the coronavirus, governments around the world, including the United States, placed restrictions on travel, issued " stay at home " orders and ordered the temporary closure of certain businesses, such as factories and retail stores. Such restrictions and closures impacted supply chains, consumer demand and / or~~ **our activities** ~~the operations of many businesses. As jurisdictions around the United States~~ and **investments** ~~the world continue to experience surges in cases of COVID- 19 and governments consider pausing the lifting of or re- imposing restrictions, there is considerable uncertainty surrounding the full economic impact of the coronavirus pandemic and the long- term effects on the U. S. and global financial markets~~ . Any disruptions in the capital markets, as a result of ~~the COVID- 19 pandemic~~ **inflation and a rising interest environment** or otherwise, may increase the spread between the yields realized on risk- free and higher risk securities and can result in illiquidity in parts of the capital markets, significant write- offs in the financial sector and re- pricing of credit risk in the broadly syndicated market. These and any other unfavorable economic conditions 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. In addition, **market conditions (including inflation** ~~our success depends in substantial part on the management~~ , ~~skill~~ **supply chain issues** and **decreased consumer demand) have** ~~acumen of our Adviser, whose operations may be~~ adversely impacted, ~~including through quarantine measures~~ and **could** ~~travel restrictions imposed on its investment professionals or service providers, or any related health issues of such investment professionals or service providers. In addition, the restrictions and closures and related market conditions resulted in, and if re- imposed~~ in the future ~~, could~~ further ~~result in~~ **impact, the operations of** certain **of our** portfolio companies ~~halting or significantly curtailing operations and negative impacts to the supply chains of certain of our portfolio companies~~ . ~~The~~ **If the** financial results of middle- market companies, like those in which we invest, ~~experienced~~ - **experience** deterioration, ~~which~~ **it** could ultimately lead to difficulty in meeting debt service requirements and an increase in defaults, and further deterioration **in market conditions** will further depress the outlook for those companies. Further, adverse economic conditions may in the future decrease the value of collateral securing some of our loans and the value of our equity investments. Such conditions may in the future require us to modify the payment terms of our investments, including changes in PIK interest provisions and / or cash interest rates. The performance of certain of our portfolio companies in the future may be negatively impacted by these economic or other conditions, which can result in our receipt of reduced interest income from our portfolio companies and / or realized and unrealized losses related to our investments, and, in turn, may adversely affect distributable income and have a material adverse effect on our results of operations. ~~In addition~~ **Any public health emergency** , **or the threat thereof** ~~as governments ease COVID- 19 related restrictions~~ , **and the resulting financial and economic market** ~~certain~~ **uncertainty could have a significant adverse impact on us and the fair value** of **our investments and** our portfolio companies ~~may experience increased~~ **. The extent of the impact of any public** health **emergency** ~~and safety expenses~~ , **such as** ~~payroll costs and other~~ -- **the** ~~operating expenses. As the potential impact of the coronavirus remains difficult to predict, the extent to which the coronavirus could negatively affect our and our portfolio companies' operating results or the duration or reoccurrence of any potential business or supply- chain disruption is uncertain. Any potential impact to our results of operations will depend to a large extent on future developments regarding the duration and severity of the coronavirus and the actions taken by governments (including stimulus measures or the lack thereof) and their citizens to contain the coronavirus or treat its impact, all of which are beyond our control. The~~ COVID- 19 pandemic **, on** ~~has caused severe disruptions in the global economy and has disrupted financial activity in the areas in which we or~~ **our and** our portfolio companies **' operational** ~~operate. The COVID- 19 pandemic has resulted in widespread outbreaks of illness~~ and ~~numerous deaths~~ **financial performance will depend on many factors** , ~~adversely~~ **including the duration and scope of such public health emergency, the actions taken by governmental authorities to contain its financial and economic** ~~impacted~~ -- **impact, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important** global **, regional** and **local supply chains** ~~U. S. commercial activity~~ and **economic** ~~contributed to significant volatility in certain equity and debt~~ markets ~~. The global impact of the outbreak is rapidly evolving~~ , **all of** ~~and many countries and localities, including the U. S. and states in~~ which **are highly uncertain and cannot be predicted. In addition, our and** our portfolio companies ~~operate~~ **' operations may be significantly impacted** , ~~have reacted by instituting~~ **or even temporarily or permanently halted, as a result of government** ~~quarantines~~ - **quarantine measures** , ~~prohibitions~~ **voluntary and precautionary restrictions** on travel **or meetings** ~~and the closure of offices, businesses, schools, retail stores~~ and other **factors related to a** public **health emergency** ~~venues. Businesses are also implementing similar precautionary measures. Such measures~~ , **including its potential** ~~as well as the general uncertainty surrounding the dangers and impact of the COVID- 19 pandemic, have created significant disruption in supply chains and economic activity and are having a particularly~~ adverse impact on ~~transportation, hospitality, tourism, entertainment and other~~ -- **the health** ~~industries, including industries in which certain~~ of **any of our or** our portfolio companies ~~operate~~ **' personnel** . **This could create widespread business continuity issues for us and our portfolio companies.** ~~The~~ **These** ~~impact of~~ **factors may also cause** the **valuation of our investments** ~~COVID- 19 pandemic has led~~ to **differ materially from** ~~significant volatility and declines in~~ the ~~global public equity markets~~ **values that we may ultimately realize. Our valuations,** and ~~it is~~ **particularly valuations of private investments and private companies, are inherently** uncertain ~~how long this volatility will continue. As the COVID- 19 pandemic continues to spread~~ , **may fluctuate over short periods of time and** ~~the potential impacts, including a global, regional or other economic recession,~~ are ~~increasingly uncertain~~ **often based on estimates, comparisons** and ~~difficult to assess~~ **qualitative evaluations of private information** . **Any** ~~While countries have relaxed their~~ public health ~~restrictions relative to those imposed during~~ **emergency, pandemic or any outbreak of** ~~the~~ **other** ~~spring and summer of 2020~~ **existing or new epidemic diseases** , **or** ~~they~~ - **the threat thereof, and the resulting financial and economic market uncertainty could**

have **a significant adverse impact** ~~been forced to re- introduce such restrictions and business shutdowns at various points in time due to surges in the reported number of cases, hospitalizations and deaths related to the COVID- 19 pandemic. Health advisors warn that recurring COVID- 19 outbreaks will continue if reopening is pursued too soon or in the wrong manner, which may lead to the re- introduction or continuation of certain public health restrictions (such as instituting quarantines, prohibitions~~ on ~~travel and the closure of offices, businesses, schools, retail stores and other public venues). In addition, although the Federal Food and Drug Administration authorized vaccines produced by Pfizer- BioNTech, Moderna, and Johnson & Johnson for emergency use~~ - **us** ~~starting in December 2020,~~ and ~~over 75 % of U. S. adults have been fully vaccinated as of June 2022, it remains unclear how quickly~~ the **fair value of** ~~vaccines will be distributed globally or~~ **our investments** ~~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 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 **portfolio companies** ~~business and operations could be materially adversely affected by a prolonged recession in the United States and other major markets~~. Risks Relating to Our Business and Structure We have limited operating history and our Adviser is a recently registered investment adviser under the Advisers Act, with limited history of managing BDCs and limited history of making credit investments in the nascent cannabis industry. We were formed in January 2021 and commenced operations in February 2022. As a result of limited operating history, we are subject to many of the business risks and uncertainties associated with recently formed businesses, including the risk that we will not achieve our investment objective and that the value of your investment could decline substantially. Our team also has limited history working together in making credit investments. Additionally, our Adviser is a recently registered investment adviser under the Advisers Act, with limited history of managing BDCs. The 1940 Act imposes numerous constraints on the operations of BDCs that do not apply to other types of investment vehicles. For example, under the 1940 Act, BDCs are generally required to invest at least 70 % of their total assets primarily in securities of qualifying U. S. private or thinly traded companies. The failure to comply with these provisions in a timely manner could prevent us from qualifying as a BDC, which could be material. The Adviser' s limited experience in managing a portfolio of assets under such constraints may hinder our ability to take advantage of attractive investment opportunities and, as a result, achieve our investment objective. ~~Changes in interest rates, changes in the method for determining LIBOR and the potential replacement of LIBOR may affect our cost of capital and net investment income. General interest rate fluctuations and changes in credit spreads on floating rate loans may have a substantial negative impact on our investments and investment opportunities and, accordingly, may have a material adverse effect on our rate of return on invested capital, our net investment income, our NAV and the market price of our common stock. A substantial portion of our debt investments will have variable interest rates that reset periodically based on benchmarks such as LIBOR (or successors thereto) and the prime rate. An increase in interest rates may make it more difficult for our portfolio companies to service their obligations under the debt investments that we will hold and increase defaults even where our investment income increases. Rising interest rates could also cause borrowers to shift cash from other productive uses to the payment of interest, which may have a material adverse effect on their business and operations and could, over time, lead to increased defaults. Additionally, as interest rates increase and the corresponding risk of a default by borrowers increases, the liquidity of higher interest rate loans may decrease as fewer investors may be willing to purchase such loans in the secondary market in light of the increased risk of a default by the borrower and the heightened risk of a loss of an investment in such loans. Decreases in credit spreads on debt that pays a floating rate of return would have an impact on the income generation of our floating rate assets. Trading prices for debt that pays a fixed rate of return tend to fall as interest rates rise. Trading prices tend to fluctuate more for fixed rate securities that have longer maturities. Conversely, if interest rates decline, borrowers may refinance their loans at lower interest rates, which could shorten the average life of the loans and reduce the associated returns on the investment, as well as require our Adviser and the investment professionals to incur management time and expense to re- deploy such proceeds, including on terms that may not be as favorable as our existing loans. In addition, because we may borrow to fund our investments, a portion of our net investment income is dependent upon the difference between the interest rate at which we borrow funds and the interest rate at which we invest these funds. Portions of our investment portfolio and our borrowings may have floating rate components. As a result, a significant change in market interest rates could have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds could increase, which would reduce our net investment income. We may hedge against interest rate fluctuations by using standard hedging instruments such as interest rate swap agreements, futures, options and forward contracts, subject to applicable legal requirements, including all necessary registrations (or exemptions from registration) with the Commodity Futures Trading Commission (" CFTC "). These activities may limit our ability to participate in the benefits of lower interest rates with respect to the hedged borrowings. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition and results of operations. As a result of concerns about the accuracy of the calculation of LIBOR, a number of British Bankers' Association, or BBA, member banks entered into settlements with certain regulators and law enforcement agencies with respect to the alleged manipulation of LIBOR. Actions by the BBA, regulators or law enforcement agencies as a result of these or future events, may result in changes to the manner in which LIBOR is determined or the establishment of alternative reference rates. Potential changes, or uncertainty related to such potential changes may adversely affect the market for LIBOR- based securities, including investments in any LIBOR- indexed, floating- rate debt securities and our borrowings. In July 2017, the head of the United Kingdom Financial Conduct Authority (the " FCA ") announced the desire to phase out the use of LIBOR by the end of 2021. On March 5, 2021, the FCA announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative (a) immediately after December 31, 2021, in the case of the 1- week and 2- month U. S. dollar settings, and (b) immediately after June 30, 2023, in the case of the remaining U. S. dollar settings. Further, on March 15, 2022, the Consolidated Appropriations Act of 2022, which includes the Adjustable Interest Rate~~

~~(LIBOR) Act, was signed into law in the U. S. This legislation establishes a uniform benchmark replacement process for financial contracts that mature after June 30, 2023 that do not contain clearly defined or practicable fallback provisions. The legislation also creates a safe harbor that shields lenders from litigation if they choose to utilize a replacement rate recommended by the Board of Governors of the Federal Reserve. The U. S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U. S. financial institutions, has identified the Secured Overnight Financing Rate (" SOFR "), a new index calculated using short- term repurchase agreements, backed by Treasury securities, as its preferred alternative rate for U. S. Dollar denominated LIBOR. Additionally market participants have started to transition to the Sterling Overnight Index Average, (" SONIA "), in line with guidance from the U. K. regulators. At this time, it is not possible to predict how markets will respond to SOFR, SONIA, or other alternative reference rates as the transition away from the LIBOR benchmarks proceeds. Any transition away from LIBOR to alternative reference rates is complex and could have a material adverse effect on our business, financial condition and results of operations, including as a result of any changes in the pricing of our investments, changes to the documentation for certain of our investments and the pace of such changes, disputes and other actions regarding the interpretation of current and prospective loan documentation or modifications to processes and systems.~~ A general increase in interest rates will likely have the effect of increasing our net investment income, which would make it easier for our Adviser to receive Incentive Fees on Income. Any general increase in interest rates would likely have the effect of increasing the interest rate that we receive on many of our debt investments. Accordingly, a general increase in interest rates may make it easier for our Adviser to meet the quarterly hurdle rate for payment of Incentive Fees on Income under the Investment Advisory Agreement and may result in a substantial increase in the amount of the Incentive Fees on Income payable to our Adviser. A significant portion of our investment portfolio will be recorded at fair value as determined in good faith **in accordance with procedures established** by our Board of Directors and, as a result, there will be uncertainty as to the value of our portfolio investments. Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined in good faith **in accordance with procedures established** by our Board of Directors. Typically, there is not a public market for the securities of the privately held companies in which we will invest. As a result, we value these securities quarterly at fair value as determined in good faith **in accordance with procedures established** by our Board of Directors. The fair value of such securities may change, potentially materially, between the date of the fair value determination ~~by our Board of Directors~~ and the release of the financial results for the corresponding period or the next date at which fair value is determined. Certain factors that may be considered in determining the fair value of our investments include the nature and realizable value of any collateral, the portfolio company' s earnings and its ability to make payments on its indebtedness, the markets in which the portfolio company does business, comparison to comparable publicly traded companies, discounted cash flow and other relevant factors. Because such 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. In addition, any investments that include OID or PIK interest may have unreliable valuations because their continuing accruals require ongoing judgments about the collectability of their deferred payments and the value of their underlying collateral. Due to these uncertainties, our fair value determinations may cause our NAV on a given date to materially understate or overstate the value that we may ultimately realize upon the sale of one or more of our investments. As a result, investors purchasing our common stock based on an overstated NAV would pay a higher price than the realizable value of our investments might warrant. In addition, the participation of the investment professionals in the valuation process, and the indirect pecuniary interest of Scott Gordon, our Chief Executive Officer and an interested member of our Board of Directors, **Umesh Mahajan** ~~and Gregory Gentile~~, our Chief Financial Officer ~~and Chief Compliance Officer~~, **William Healy and Dino Colonna** in the Adviser could result in a conflict of interest as the management fee payable to our Adviser is based on our gross assets and the Incentive Fees on Capital Gains payable to the Adviser will be based, in part, on unrealized losses **. The failure of major financial institutions, namely banks, or sustained financial market illiquidity, could adversely affect our and / or our portfolio companies' businesses and results of operations. The failure of certain financial institutions, namely banks, may increase the possibility of a sustained deterioration of financial market liquidity, or illiquidity at clearing, cash management and / or custodial financial institutions. The failure of a bank (or banks) with which we and / or our portfolio companies have a commercial relationship could adversely affect, among other things, our and / or our portfolio companies' ability to pursue key strategic initiatives, including by affecting our or our portfolio companies' ability to access deposits or borrow from financial institutions on favorable terms. In the event a portfolio company, or potential portfolio company, has a commercial relationship with a bank that has failed or is otherwise distressed, such portfolio company may experience delays or other issues in meeting certain obligations or consummating transactions. Additionally, if a portfolio company or its sponsor has a commercial relationship with a bank that has failed or is otherwise distressed, the portfolio company may experience issues receiving financial support from a sponsor to support its operations or consummate transactions, to the detriment of their business, financial condition and / or results of operations. In addition, such bank failure (s) could affect, in certain circumstances, the ability of both affiliated and unaffiliated co- lenders, including syndicate banks or other fund vehicles, to undertake and / or execute co- investment transactions with us, which in turn may result in fewer co- investment opportunities being made available to us or impact our ability to provide additional follow- on support to portfolio companies. Our and our portfolio companies' ability to spread banking relationships among multiple institutions may be limited by certain contractual arrangements, including liens placed on their respective assets as a result of a bank agreeing to provide financing** . Our ability to achieve our investment objective will depend on our Adviser' s ability to support our investment process; if our Adviser were to lose key personnel or they were to resign, our ability to achieve our investment objective could be significantly harmed. We depend on the investment expertise, skill and network of business contacts of the senior personnel of our Adviser. Our Adviser evaluates, negotiates, structures, executes, monitors and services our investments. Key personnel of our Adviser have departed in the past and current key personnel could depart at any time. Our Adviser' s capabilities in structuring the investment process, providing competent, attentive and efficient services to us, and facilitating access to financing on acceptable terms depend on the employment of investment professionals in adequate number and of adequate sophistication to match the corresponding flow of transactions. The departure of key personnel or of a significant number of the investment professionals or partners of our Adviser could have a material adverse effect on our ability to achieve our investment objective. Our Adviser may need to hire, train, supervise and manage new investment professionals to participate in our investment selection and monitoring process and may not be able to find investment professionals in a timely manner or at all. In addition, without payment of any penalty, the Adviser may generally terminate the Investment Advisory Agreement upon 60 days' written notice. If we are unable to quickly find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms, our operations are likely to experience a disruption and our ability to achieve our investment objective and pay distributions would likely be materially and adversely affected. Our business model depends to a significant extent upon strong referral relationships, and the inability of the personnel associated with our Adviser to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business. We expect that personnel associated with our Adviser will maintain and develop their relationships with intermediaries, banks and other sources, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If these individuals fail to maintain their existing relationships or develop new relationships with other sources of investment opportunities, we may not be able to grow or maintain our investment portfolio. In addition, individuals with whom the personnel associated with our Adviser have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us. The failure of the personnel associated with our Adviser to maintain existing relationships, grow new relationships, or for those relationships to generate investment opportunities could have an adverse effect on our business, financial condition and results of operations. We may face increasing competition for investment opportunities, which could reduce returns and result in losses. We compete for investments with other BDCs, public and private funds (including hedge funds, mezzanine funds and CLOs) and private equity funds (to the extent they provide an alternative form of financing), as well as traditional financial services companies such as commercial and investment banks, commercial financing companies and other sources of financing. 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 we have. 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 we do not match our competitors' pricing, terms and structure. 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. 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. Furthermore, many of our competitors are not subject to, the regulatory restrictions that the 1940 Act imposes on us as a BDC. Our ability to enter into transactions with our affiliates is restricted. We are prohibited under the 1940 Act from participating in certain transactions with certain of our affiliates without the prior approval of our independent directors and, in some cases, the SEC. Any person that owns, directly or indirectly, 5 % or more of our outstanding voting securities is our affiliate for purposes of the 1940 Act, and we are generally prohibited from buying or selling any securities (other than our securities) from or to such affiliate, absent the prior approval of our independent directors. The 1940 Act also prohibits certain " joint " transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors and, in some cases, the SEC. If a person acquires more than 25 % of our voting securities, we will be prohibited from buying or selling any security (other than any security of which we are the issuer) from or to such person or certain of that person' s affiliates, or entering into prohibited joint transactions with such person, 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, except in situations described below, 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 private fund managed by our Adviser without the prior approval of the SEC, which may limit the scope of investment opportunities that would otherwise be available to us. We may also invest alongside funds managed by our Adviser and its affiliates in certain circumstances where doing so is consistent with applicable law and SEC staff interpretations. For example, we may invest alongside such accounts consistent with guidance promulgated by the staff of the SEC permitting us and such other accounts to purchase interests in a single class of privately placed securities so long as certain conditions are met, including that our Adviser, acting on our behalf and on behalf of other clients, negotiates no term other than price. ~~A failure on our part to maintain qualification as a BDC would significantly reduce our operating flexibility.~~ If we fail to continuously qualify as a BDC, we might be subject to regulation as a registered closed- end investment company under the 1940 Act, which would significantly decrease our operating flexibility. In addition, failure to comply with the requirements imposed on Business Development Companies by the 1940 Act could cause the SEC to bring an enforcement action against us. For additional information on the qualification requirements of a BDC, see " Item 1. Business — Business Development Company Regulations. " Regulations that will govern our operation as a BDC and RIC may affect our ability to raise, and the way in which we raise, additional capital or borrow for investment purposes, which may have a negative effect on our growth. In order to qualify for the tax benefits available to RICs and to minimize corporate- level U. S. federal income taxes, we intend to distribute to our stockholders at least 90 % of our taxable income each taxable year, except that we may retain certain net capital gains for investment, and treat such amounts as deemed distributions to our stockholders. If we elect to treat any amounts as deemed distributions, we would be subject to income taxes at the corporate rate on such deemed distributions on behalf of our stockholders. As a BDC, we are required to invest at least 70 % of our total assets primarily in securities of U. S. private or thinly traded public companies, cash, cash equivalents, U. S. government securities and other high- quality debt instruments that mature in one year or less from the date of investment. As a BDC, we may issue " senior securities, " including borrowing money from banks or other financial institutions only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150 % after such incurrence or issuance ~~. We are currently targeting a debt- to- equity ratio of 0. 50x (i. e., we aim to have one dollar of equity for each $ 0. 50 of debt outstanding)~~ . These requirements limit the amount that we may borrow, may unfavorably limit our investment opportunities and may reduce our ability in comparison to other companies to profit from favorable spreads between the rates at which we can borrow and the rates at which we can lend. If the value of our assets declines, we may be unable to satisfy the asset coverage test, which could prohibit us from paying distributions and could prevent us from being subject to tax as a RIC. If we cannot satisfy the asset coverage test, we may be required to sell a portion of our investments and, depending on the nature of our debt financing, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Because we will 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. As a result of these requirements we need to periodically access the capital markets to raise cash to fund new investments at a more frequent pace than our privately owned competitors. We generally are not able to issue or sell our common stock at a price below NAV per share, which may be a disadvantage as compared with other public companies or private investment funds. When our common stock trades at a discount to NAV, this restriction could adversely affect our ability to raise capital. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the current NAV 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 as well as those stockholders that are not affiliated with us approve such sale in accordance with the requirements of the 1940 Act. 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). We cannot assure you that equity financing will be available to us on favorable terms, or at all. If additional funds are not available to us, we could be forced to curtail or cease new investment activities. We also may make rights offerings to our stockholders at prices less than NAV, subject to applicable requirements of the 1940 Act. If we raise additional funds by issuing more shares of our common stock or issuing senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders may decline at that time and such stockholders may experience dilution. Moreover, we can offer no assurance that we will be able to issue and sell additional equity securities in the future, on terms favorable to us or at all. In addition, we may in the future seek to securitize our portfolio securities to generate cash for funding new investments. To securitize loans, we would likely create a wholly owned subsidiary and contribute a pool of loans to the subsidiary. We would then sell interests in the subsidiary on a non- recourse basis to purchasers and we would retain all or a portion of the equity in the subsidiary. An inability to successfully securitize our loan portfolio could limit our ability to grow our business or fully execute our business strategy and may decrease our earnings, if any. The securitization market is subject to changing market conditions and we may not be able to access this market when we would otherwise deem appropriate. Moreover, the successful securitization of our portfolio might expose us to losses as the residual investments in which we do not sell interests will tend to be those that are riskier and more apt to generate losses. The 1940 Act also may impose restrictions on the structure of any securitization. The Incentive Fee on Capital Gains may be effectively greater than 20 %. As a result of the operation of the cumulative method of calculating the Incentive Fee on Capital Gains that we will pay to our Adviser, the cumulative aggregate capital gains fee that will be received by our Adviser could be effectively greater than 20 %, depending on the timing and extent of subsequent net realized capital losses or net unrealized depreciation. For additional information on this calculation, see the disclosure in footnote 2 to Example 2 under " Item 1. Business — Investment Advisory Agreement — Management Fee — Incentive Fee. " We cannot predict whether, or to what extent, this anticipated payment calculation would affect your investment in shares of our common stock. 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. Our Board of Directors has the authority to modify or waive our current investment objective, operating policies and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current investment objective, operating policies and strategies would have on our business, NAV, operating results and value of our stock. However, the effects might be adverse, which could negatively impact our ability to pay you distributions and cause you to lose part or all of your investment. Changes in laws or regulations governing our operations, including laws and regulations governing cannabis, may adversely affect our business or cause us to alter our business strategy. We and our anticipated portfolio companies will be subject to regulation at the local, state and federal level, including laws and regulations governing cannabis by state and federal governments. See " — Risks Related to the Cannabis and Hemp Industries " below. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we may be permitted to make or that impose limits on our ability to pledge a significant amount of our assets to secure loans or that restrict the operations of a portfolio company, any of which could harm us and our stockholders and the value of our investments, potentially with retroactive effect. For example, certain provisions of the Dodd-Frank Act, which influences many aspects of the financial services industry, have been amended or repealed and the Code has been substantially amended and reformed. Any amendment or repeal of legislation, or changes in regulations or regulatory interpretations thereof, could create uncertainty in the near term, which could have a material adverse impact on our business, financial condition and results of operations. Additionally, 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 avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth herein and may result in our investment focus shifting from the areas of expertise of our Adviser to other types of investments in which our Adviser may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment. ~~Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.~~ The Maryland General Corporation Law (" MGCL "), our charter and our bylaws contain provisions that may discourage, delay or make more difficult a change in control or the removal of our directors. Under our charter, certain charter amendments and certain transactions such as a merger, conversion of the Company to an open- end company, liquidation, or other transactions that may result in a change of control of us, must be approved by stockholders entitled to cast at least 80 % of the votes entitled to be cast on such matter, unless the matter has been approved by at least two- thirds of our " continuing directors, " as defined in our charter. Also, we are subject to Subtitle 6 of Title 3 of the MGCL, the Maryland Business Combination Act, subject to any applicable requirements of the 1940 Act. Our Board of Directors has adopted a resolution exempting from the Maryland Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our Board of Directors, including approval by a majority of our directors who are not " interested persons, " as defined in the 1940 Act. If the resolution exempting business combinations is repealed or our Board of Directors does not approve a business combination, the Maryland Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such a transaction. We are subject to Subtitle 7 of Title 3 of the MGCL, the Maryland Control Share Acquisition Act. The Maryland Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such a transaction. Our bylaws provide that the Maryland Control Share Acquisition Act does not apply to shares acquired by our Adviser and / or our Adviser' s affiliates. We have also adopted other measures that may make it difficult for a third party to obtain control of us, including provisions of our charter classifying our Board of Directors in three classes serving staggered three- year terms; majority voting for directors in contested elections; and provisions of our charter authorizing our Board of Directors to classify or reclassify shares of our stock in one or more classes or series, including preferred shares, to cause the issuance of additional shares of our stock of any class or series, and to amend our charter, without stockholder approval, to increase or decrease the number of shares of stock of any class or series that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may delay, defer or prevent a transaction or a change in control that could give the holders of our shares the opportunity to realize a premium over the value of our shares or otherwise be in their best interest. Our Board of Directors is authorized to reclassify any unissued shares of common stock into one or more classes or series of stock, including preferred stock, which could convey special rights and privileges to its owners. As noted above, under the MGCL and our charter, our Board of Directors is authorized to classify and reclassify any authorized but unissued shares of stock into one or more classes or series of stock, including preferred stock. The cost of any such reclassification would be borne by our existing stockholders. Prior to issuance of shares of each class or series, our Board of Directors will be required by the MGCL and our charter to set the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, our Board of Directors could authorize the issuance of shares of preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote as a separate class from the holders of common stock on a proposal to cease operations as a BDC. In addition, the 1940 Act provides that holders of preferred stock are entitled to vote separately from holders of common stock to elect two preferred stock directors. The issuance of preferred shares convertible into shares of common stock may also reduce the net income and net asset value per share of our common stock upon conversion; provided, that we will only be permitted to issue such convertible preferred stock to the extent we comply with the requirements of Section 61 of the 1940 Act, including obtaining common stockholder approval. These effects, among others, could have an adverse effect on an investment in our common stock. Our bylaws include an exclusive forum selection provision, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or other agents. Our bylaws require that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City (or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Northern Division) shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any Internal Corporate Claim, as such term is defined in the MGCL, (c) any action asserting a claim of breach of any duty owed by any of our directors, officers, employees or other agents to us or to our stockholders, (d) any action asserting a claim against us or any of our directors, officers, employees or other agents arising pursuant to any provision of the MGCL or our charter or bylaws, or (e) any other action asserting a claim against us or any of our directors, officers, employees or other agents that is governed by the internal affairs doctrine. The exclusive forum selection provision will not apply to claims arising under the federal securities laws, or any other claim for which the federal courts have exclusive jurisdiction. The exclusive forum selection provision may increase costs for a shareholder to bring a claim and may discourage claims or limit shareholders' ability to bring a claim in a judicial forum that they find favorable. It is also possible that a court could rule that the provision is inapplicable or unenforceable. If this occurred, we may incur additional costs associated with resolving such action in another forum, and / or the other forum may incorrectly apply or interpret the applicable Maryland law (in a manner that is adverse to us), which could materially adversely affect our business, financial condition and results of operations. We are **dependent on** ~~subject to risks associated with communications and~~ information systems **and systems failures could significantly disrupt our business, which may, in turn, negatively affect our liquidity, financial condition or results of operations** . ~~We~~ **Our business is** ~~depend~~ **dependent** on ~~the~~ **our and third parties'** communications and information systems **. Further, in the ordinary course** of **our business we** ~~our~~ - **or our investment** ~~Adviser~~ **adviser** ~~and its affiliates~~ **may engage certain third party service providers to provide us with** services necessary for our business. Any failure or interruption of those systems or services, including as ~~well as certain~~ a result of the termination or suspension of an agreement with any third- party service providers ~~. As these systems became more important to our business~~ , ~~the risks posed to these communications and information systems have continued to increase. Any failure or interruption in these systems~~ could cause delays ~~disruptions in our~~ - or other problems in our business activities . Our financial , accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including ~~because we do not maintain any such systems of our own. In addition, these systems are subject to potential attacks, including through adverse~~ events that are wholly or partially beyond our control and adversely affect our business. There could be: • sudden electrical or telecommunications outages; • natural disasters such as earthquakes, tornadoes and hurricanes; • disease pandemics; • events arising from local or larger scale political or social matters, including terrorist acts; and • cyber- attacks. These events, in turn, could have a material adverse effect on our business, financial condition and operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders. Cybersecurity risks and cyber incidents may adversely affect our business or the business of our portfolio companies by causing a disruption to our operations or the operations of our portfolio companies, a compromise or corruption of our confidential information or the confidential information of our portfolio companies and / or damage to our business relationships or the business relationships of our portfolio companies, all of which could negatively impact the business, financial condition and operating results of us or our portfolio companies. A cyber incident is considered to be any adverse event that ~~threaten~~ threatens the confidentiality, integrity or availability of ~~our~~ the information resources of us or our portfolio companies . ~~These~~ -- The ~~attacks~~ efficient operation of our business is dependent on computer hardware and software systems , as well as data processing systems and the secure processing, storage and transmission of information, all of which ~~may include~~ are potentially vulnerable to security breaches and cyber incidents ~~,~~ or other data security breaches. These incidents may be an intentional attack or an unintentional event and could involve ~~a third- party~~ gaining unauthorized access to our ~~communications or~~ information systems or those of our portfolio companies for purposes of misappropriating assets, stealing confidential information ~~related to our operations or portfolio companies~~ , corrupting data or causing operational disruption. ~~Any such~~ The risk of a security breach or disruption, particularly through cyber- ~~attack~~ attacks ~~could~~ or cyber intrusions, including by computer hackers, nation- state affiliated actors, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. We and our investment adviser' s employees expect to be the target of fraudulent calls, emails and other forms of potentially malicious or otherwise negatively impacting activities and attempts to gain unauthorized access to confidential, personal or other sensitive information. The result ~~in disruption to our business~~ of these incidents may include disrupted operations , misstated or unreliable financial data, liability for stolen assets or information, fines or penalties, investigations, increased cybersecurity protection and insurance costs, litigation , and damage to ~~our~~ business relationships and reputations causing our business and results of operations to suffer. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. As our and our portfolio companies' reliance on technology has increased , so have the risks posed to our information systems, both internal and those provided by our Adviser and third- party service providers, and the information systems of our portfolio companies. Our Adviser has implemented processes, procedures, and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber incident, do not guarantee that a cyber incident will not occur and / or that our financial results, operations or confidential information will not be negatively impacted by such ~~any~~ - an incident. Even the most well- protected information, networks, systems, and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, we and our service providers may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us and our service providers to entirely mitigate this risk. Cybersecurity risks require continuous and increasing attention and other resources from us to, among other actions, identify and quantify these risks, upgrade and expand our technologies, systems and processes to adequately address such risks. Such attention diverts time and other resources from other activities and there is no assurance that our efforts will be effective. In addition, cybersecurity has become a top priority for global lawmakers and regulators, and some jurisdictions have proposed or enacted laws requiring companies to notify regulators and individuals of data security breaches involving certain types of personal data. In particular, state and federal laws and regulations related to cybersecurity compliance continue to evolve and change, which may require substantial investments in new technology, software and personnel, which could ~~have a material~~ affect our profitability. These changes may also result in enhanced and unforeseen consequences for cyber- related breaches and incidents, which may further ~~adverse~~ adversely ~~effect~~ affect ~~on~~ our profitability. If we fail to comply with the relevant and increasing complex laws and regulations, we could suffer financial losses, a disruption of our business, ~~financial condition and results of operations~~ liability to investors, regulatory intervention or reputational damage . We may be unable to invest a significant portion of the net proceeds from our IPO, or any follow- on offering of shares of our common stock, on acceptable terms within an attractive time frame. Delays in investing the net proceeds raised in our IPO or any follow- on offering of shares of our common stock may cause our performance to be worse than that of other fully invested Business Development Companies or other lenders or investors pursuing comparable investment strategies. We cannot assure you that we will be able to identify any investments that meet our investment objective or that any investment that we make will produce a positive return. We may be unable to invest the net proceeds of our IPO or any follow- on offering on acceptable terms within the time period that we anticipate or at all, which could harm our financial condition and operating results. We anticipate that, depending on market conditions, it may take us a substantial period of time to invest substantially all of the net proceeds of our IPO, or any follow- on offering, in securities meeting our investment objective. During this period, we may invest the net proceeds from our IPO or any follow- on offering primarily in high- quality, short- term debt securities, consistent with our BDC election and our election to be taxed as a RIC, at yields significantly below the returns which we expect to achieve when our portfolio is fully invested in securities meeting our investment objective. As a result, any distributions that we pay during this period may be substantially lower than the distributions that we may be able to pay when our portfolio is fully invested in securities meeting our investment objective. In addition, until such time as the net proceeds of our IPO or any follow- on offering are invested in securities meeting our investment objective, the market price for our common stock may decline. Thus, the return on your investment may be lower than when, if ever, our portfolio is fully invested in securities meeting our investment objective. We may experience fluctuations in our quarterly results. We may experience fluctuations in our quarterly results due to a number of factors, including our ability or inability to make investments in companies that meet our investment criteria, the interest rate payable on the debt securities we may acquire, changes in accrual status of our portfolio company investments, distributions, 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 our market 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. We are an " emerging growth company " and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our shares of common stock less attractive to investors. We are an " emerging growth company, " as defined in the Jumpstart Our Business Startups Act of 2012, or the " JOBS Act. " As a result, we intend to take advantage of the exemption for emerging growth companies allowing us to temporarily forgo the auditor attestation requirements of Section 404 (b) of the Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act. "). We cannot predict if investors will find shares of our common stock less attractive because we will rely on this exemption. If some investors find our shares of common stock less attractive as a result, there may be a less active trading market for our shares and our share price may be more volatile. We will remain an emerging growth company until the earlier of (a) the last day of the fiscal year (i) following the fifth anniversary of the completion of our initial public offering, (ii) in which we have total annual gross revenue of at least $ 1. ~~07~~ **235** billion, or (iii) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non- affiliates exceeds $ 700 million as of the end of our prior second fiscal quarter, and (b) the date on which we have issued more than $ 1 billion in non- convertible debt during the prior three- year period. In addition, Section 107 of the JOBS Act also provides that an " emerging growth company " can take advantage of the extended transition period provided in Section 7 (a) (2) (B) of the Securities Act of 1933, as amended (the " Securities Act ") for complying with new or revised accounting standards. In other words, an " emerging growth company " can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We will take advantage of the extended transition period for complying with new or revised accounting standards, which may make it more difficult for investors and securities analysts to evaluate us since our financial statements may not be comparable to companies that comply with public company effective dates and may result in less investor confidence. Our status as an " emerging growth company " under the JOBS Act may make it more difficult to raise capital as and when we need it. Because of the exemptions from various reporting requirements provided to us as an " emerging growth company " and because we will have an extended transition period for complying with new or revised financial accounting standards, we may be less attractive to investors and it may be difficult for us to raise additional capital as and when we need it. Investors may be unable to compare our business with other companies in our industry if they believe that our financial accounting is not as transparent as other companies in our industry. If we are unable to raise additional capital as and when we need it, our financial condition and results of operations may be materially and adversely affected. If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. We may identify deficiencies in our internal control over financial reporting in the future, including significant deficiencies and material weaknesses. A " significant deficiency " is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of a company' s financial reporting. A " material weakness " is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company' s annual or interim financial statements will not be prevented or detected on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes- Oxley Act ~~, or the subsequent testing by our independent registered public accounting firm (when undertaken, as noted below),~~ may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock. We will be required to disclose changes made in our internal control on financial reporting on a quarterly basis and our management will be required to assess the effectiveness of these controls annually. However, for as long as we are an " emerging growth company " under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404. We could be an emerging growth company for up to five years. An independent assessment of the effectiveness of our internal controls could detect problems that our management' s assessment might not detect. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation ~~. We have identified a material weakness in our internal control over financial reporting that, if not properly remediated, could result in material misstatements in our financial statements in future periods. We identified a material weakness relating to our internal control over financial reporting under standards established by the Public Company Accounting Oversight Board, or PCAOB. As a result of the material weakness identified, we incorrectly classified certain offering and organizational expenses that arose in the period ended March 31, 2021. The misstatements relate to periods prior to our commencement of operations, and are corrected in the financial statements included in this annual report on Form 10- K. The PCAOB defines a material weakness as a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company' s annual or interim financial statements will not be prevented or detected on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. We have taken and will take a number of actions to remediate this material weakness, but some of these measures will take time to be fully integrated and confirmed to be effective. We cannot assure you that the steps taken will remediate such weaknesses, nor can we be certain of whether additional actions will be required or the costs of any such actions. Until measures are fully implemented and tested, the identified material weakness may continue to exist. We may need to take additional measures to fully mitigate these issues, and the measures we have taken, and expect to take, to improve our internal controls may not be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that the identified material weaknesses or significant deficiencies or other material weaknesses or deficiencies will not result in a material misstatement of our annual or interim financial statements. In addition, other material weaknesses or deficiencies may be identified in the future. If we are unable to correct material weaknesses or deficiencies in internal controls in a timely manner, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC will be adversely affected. This failure could negatively affect the market price and trading liquidity of our securities, cause investors to lose confidence in our reported financial information, subject us to civil litigation and damages and criminal investigations and penalties, and generally materially and adversely impact our business and financial condition~~ . We will incur significant costs as a result of being a publicly traded company. As a publicly traded company, we will incur legal, accounting and other expenses, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the Securities Exchange Act of 1934, as amended (the " Exchange Act "), as well as additional corporate governance requirements, including requirements under the Sarbanes- Oxley Act, and other rules implemented by the SEC and the listing standards of the Nasdaq Stock Market. Upon ceasing to qualify as an emerging growth company under the JOBS Act, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act, which will increase costs associated with our periodic reporting requirements. Risks Relating to Conflicts of Interests Our incentive fee may induce our Adviser to make speculative investments. The incentive fee that will be payable by us to our Adviser may create an incentive for our Adviser to make investments on our behalf 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 on Income is based on a percentage of our net investment income (subject to a hurdle rate), which may encourage our Adviser to use leverage to increase the return on our investments or otherwise manipulate our income so as to recognize income in quarters where the hurdle rate is exceeded and may result in an obligation for us to pay an Incentive Fee on Income to the Adviser even if we have incurred a loss for an applicable period. The Incentive Fee on Income that will be payable by us to our Adviser also may create an incentive for our Adviser to invest on our behalf in instruments that have a deferred interest feature. 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 Incentive Fee on Income, however, will include accrued interest. Thus, a portion of the Incentive Fee on Income would be based on income that we will have not yet received in cash and may never receive in cash if the portfolio company is unable to satisfy such interest payment obligation to us. The Adviser is not obligated to return the Incentive Fee on Income it receives on accrued interest that is later determined to be uncollectible in cash. While we may make Incentive Fee on Income payments on income accruals that we may not collect in the future and with respect to which we do not have a " claw back " right against our Adviser, the amount of accrued income written off in any period will reduce our income in the period in which such write- off was taken and thereby may reduce such period' s Incentive Fee on Income payment. In addition, our Adviser may be entitled to receive an Incentive Fee on Capital Gains based upon net capital gains realized on our investments. Unlike the Incentive Fee on Income, there will be no performance threshold applicable to the Incentive Fee on Capital Gains. As a result, our Adviser may have a tendency to invest more in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns. Given the subjective nature of the investment decisions made by our Adviser on our behalf, we will be unable to monitor these potential conflicts of interest between us and our Adviser. Our base management fee may induce our Adviser to incur leverage. Our base management fee will be payable based upon our gross assets, which would include any borrowings for investment purposes, and which may encourage our Adviser to use leverage to make additional investments. Given the subjective nature of the investment decisions that our Adviser may make on our behalf and the discretion related to incurring leverage in connection with any such investments, we will be unable to monitor this potential conflict of interest between us and our Adviser. There are significant potential conflicts of interest that could adversely impact our investment returns. Our executive officers and directors, and certain members of **SSC** ~~our Adviser~~ , serve or may serve as officers, directors or principals of entities that may operate in the same or a related line of business as us or as investment funds managed by our affiliates. For example, SSC ~~presently serves as a manager to several special purpose acquisition companies, or SPACs. These investment vehicles under management were formed for the purpose of investing in specific private equity transactions, which differ from our mandate. SSC~~ and its affiliates ~~also~~ manage private investment funds, and may **also** manage other funds in the future ~~,~~ that have investment mandates that are similar, in whole or in part, to ~~ours~~ - **our** ~~. Therefore, there may be certain~~ investment ~~opportunities that satisfy~~ **mandate. Accordingly,** ~~the~~ **they** ~~investment criteria for us as well as private investment funds advised by SSC or its affiliates. In addition, SSC and its affiliates~~ may have obligations to investors in ~~other~~ **those** entities ~~that they advise or sub- advise~~ , the fulfillment of which might not be in the best interests of us or our stockholders. ~~An investment in us is not an investment in any of these other entities.~~ For example, the ~~personnel~~ **principals** of **SSC** ~~our Adviser~~ may face conflicts of interest in the allocation of investment opportunities to us and such other funds ~~and accounts~~ . **This conflict of interest could** ~~Moreover, the Adviser and the investment professionals are engaged in other business activities which divert their time and attention. The investment professionals will devote as much time to us as such professionals deem appropriate to perform their duties in accordance with the Investment Advisory Agreement. However, such persons may~~ be ~~committed to providing~~ **amplified if our** investment advisory ~~and~~ **fees are lower than those of such** other ~~services for other clients~~ **funds. In order to address potential conflicts of interest** , **SSC** and **its affiliates** ~~engage in other business ventures in which we~~ have **adopted** ~~no interest. As a result of these separate business activities, the Adviser may have conflicts of interest in allocating management time, services and~~ - **an** ~~functions among us, other advisory clients and other business ventures. SSC has~~ investment allocation ~~guidelines~~ **policy** that ~~govern~~ **governs** the allocation of investment opportunities among the investment funds and **other** accounts managed ~~or sub- advised~~ by SSC and its affiliates. To the extent an investment opportunity is appropriate for **either or both of** us **and /** or any other investment fund or **other** account managed ~~or sub- advised~~ by SSC or its affiliates, **and co- investment is not possible,** SSC **and its affiliates** will adhere to ~~its~~ **their** investment allocation ~~guidelines~~ **policy** in order to determine ~~a fair~~ **to which account to allocate the opportunity. The 1940 Act prohibits us from making certain co- investments with affiliates unless we receive** ~~and~~ - **an** ~~equitable~~ **order from the SEC permitting us to do so. As such, we were substantially limited in our ability to co- invest with affiliates until we obtained a co- investment exemptive order from the SEC on January 9, 2023. The exemptive relief permits us to participate in co- investment transactions, subject to the conditions of the relief granted by the SEC, with certain affiliates in a manner consistent with our investment objectives and strategies. If we are unable to rely on the exemptive relief for a particular opportunity, such opportunity will be allocated in accordance with the investment** allocation **policy** . Although SSC **and its affiliates** will endeavor to allocate investment opportunities in a fair and equitable manner, we and our common stockholders could be adversely affected to the extent investment opportunities are allocated among us and other investment vehicles managed ~~or sponsored~~ by **SSC or its affiliates. The investment allocation policy is also designed to manage and mitigate the conflicts of interest associated with the allocation of investment opportunities if we are able to co- invest** , **either pursuant to SEC interpretive positions or** ~~or~~ **our exemptive order, with other accounts managed by SSC or its affiliates. Generally, under the investment allocation policy, co- investments will be allocated pursuant to the conditions of the exemptive order. Under the investment allocation policy, a portion of each opportunity that is appropriate for us and any** affiliated **fund or other account, which may vary based on asset class and liquidity, among other factors, will generally be offered to us and such other eligible accounts, as determined by SSC and its affiliates. If there is a sufficient amount of securities to satisfy all participants, each order will be fulfilled as placed. If there is an insufficient amount of securities to satisfy all participants, the securities will generally be allocated pro rata based on each participant' s order size or available capital. In accordance** with **the investment allocation policy** , **we** ~~our executive officers, directors and members of our Adviser. We~~ might not participate in each individual opportunity, but will, on an overall basis, be entitled to participate equitably with other ~~entities~~ **accounts** managed by SSC and its affiliates. SSC **and its affiliates** ~~seeks~~ - **seek** to treat all clients fairly and equitably ~~such that none receive preferential treatment vis- à- vis the others over time,~~ in a manner consistent with ~~its~~ **their** fiduciary duty to each of them; however, in some instances, especially in instances of limited liquidity, the factors may not result in pro rata allocations or may result in situations where certain ~~funds or~~ accounts receive allocations where others do not **. We have adopted a formal code of ethics that governs the conduct of our officers and directors. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the Maryland General Corporation Law** . Pursuant to the Investment Advisory Agreement, our Adviser' s liability is limited and we are required to indemnify our Adviser against certain liabilities. This may lead our Adviser to act in a riskier manner in performing its duties and obligations under the Investment Advisory Agreement than it would if it were acting for its own account, and creates a potential conflict of interest. Pursuant to the Administration Agreement, SSC furnishes us with the facilities, including our principal executive office, and administrative services necessary to conduct our day- to- day operations. We ~~pay~~ **reimburse our administrator,** SSC **, for** ~~its allocable portion of overhead and other~~ -- **the costs and** expenses incurred by SSC in performing its obligations **and providing personnel and facilities** under the Administration Agreement ~~,~~ **(** including ~~, without limitation,~~ **costs and expenses incurred by SSC in connection with the delegation of its obligations under the Administration Agreement to** a **sub- administrator). We are generally not responsible for the compensation of SSC' s employees or any overhead expenses of SSC (including rent, office equipment and utilities). However, we may reimburse SSC for an allocable** portion of the ~~rent at market rates and the~~ compensation ~~of~~ **paid by SSC to** our **CCO and** CFO ~~and CCO~~ and their respective staffs (based on a percentage of time such individuals devote, on an estimated basis, to our business affairs). Risks Relating to Our Use of Leverage and Credit Facilities If we borrow money, the potential for loss on amounts invested in us will be magnified and may increase the risk of investing in us. Borrowings, also known as leverage, magnify the potential for loss on invested equity capital. If we use leverage to partially finance our investments, through borrowings from banks and other lenders, you will experience increased risks of investing in our common stock, including the likelihood of default. If the value of our assets decreases, leveraging would cause NAV to decline more sharply than it otherwise would have had we not leveraged. Similarly, any decrease in our income would cause our net income to decline more sharply than it would have had we not borrowed. To the extent we incur additional leverage, these effects would be further magnified, increasing the risk of investing in us. Such a decline could negatively affect our ability to make common stock distributions or scheduled debt payments. Leverage is generally considered a speculative investment technique and we only intend to use leverage if expected returns will exceed the cost of borrowing. As a BDC, under the 1940 Act we generally are not permitted to incur indebtedness unless immediately after such borrowing we have an asset coverage for total borrowings of at least 150 %. For example, under a 150 % asset coverage ratio a BDC may borrow $ 2 for investment purposes of every $ 1 of investor equity. ~~We are currently targeting a debt- to- equity ratio of 0. 50x (i. e., we aim to have one dollar of equity for each $ 0. 50 of debt outstanding).~~ If we were to incur such leverage, our NAV will decline more sharply if the value of our assets declines than if we had not incurred such leverage. Any credit facility we may enter into in the future would likely subject all or significant amounts of our assets to security interests and if we default on our obligations under such a credit facility, we may suffer adverse consequences, including foreclosure on our assets. If we enter into a secured credit facility, all or significant amounts of our assets would likely be pledged as collateral to secure borrowings thereunder. If we default on our obligations under such a facility, the lenders may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests or their superior claim. In such event, we may be forced to sell our investments to raise funds to repay our outstanding borrowings in order to avoid foreclosure and these forced sales may be at times and at prices we would not consider advantageous. Moreover, such deleveraging of our company could significantly impair our ability to effectively operate our business in the manner in which we intend to operate. As a result, we could be forced to curtail or cease new investment activities and lower or eliminate the dividends that we intend to pay to our stockholders. In addition, if the lenders exercise their right to sell the assets pledged under a secured credit facility, such sales may be completed at distressed sale prices, thereby diminishing or potentially eliminating the amount of cash available to us after repayment of the amounts outstanding under such facility. The current period of capital markets disruption and economic uncertainty may make it difficult to obtain indebtedness and any failure to do so could have a material adverse effect on our business, financial condition or results of operations. Current market conditions may make it difficult to obtain indebtedness 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 currently experience, 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 new commitments or to fund existing commitments to our portfolio companies. An inability to obtain indebtedness could have a material adverse effect on our business, financial condition or results of operations. Our ability to obtain indebtedness may be limited because of the unwillingness or inability of certain financial institutions to transact with cannabis- related companies such as ourselves, and we may be forced to liquidate our investments at inopportune times or prices to repay debt. See " — Risks Related to the Cannabis and Hemp Industries " below. Risks Relating to Distributions Because we intend to distribute at least 90 % of our taxable income each taxable year to our stockholders in connection with our election to be treated as a RIC, we will continue to need additional capital to finance our growth. In order to qualify for the tax benefits available to RICs and to minimize corporate- level U. S. federal income taxes, we intend to distribute to our stockholders at least 90 % of our taxable income each taxable year, except that we may retain certain net capital gains for investment, and treat such amounts as deemed distributions to our stockholders. If we elect to treat any amounts as deemed distributions, we would be subject to income taxes at the corporate rate applicable to net capital gains on such deemed distributions on behalf of our stockholders. As a result of these requirements, we will likely need to raise capital from other sources to grow our business. Because we will continue to need capital to grow our investment portfolio, these limitations together with the asset coverage requirements applicable to us may prevent us from incurring debt and require us to raise additional equity at a time when it may be disadvantageous to do so. We may not be able to pay you distributions, our distributions may not grow over time and / or a portion of our distributions may be a return of capital. A return of capital generally is a return of a stockholder' s investment rather than a return of earnings or gains derived from our investment activities. As a result, a return of capital will (i) lower your tax basis in your shares and thereby increase the amount of capital gain (or decrease the amount of capital loss) realized upon a subsequent sale or redemption of such shares, and (ii) reduce the amount of funds we have for investment in portfolio companies. We have not established any limit on the extent to which we may use offering proceeds to fund distributions. We intend to pay distributions to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to sustain a specified level of cash distributions or periodic increases in cash distributions. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC can limit our ability to pay distributions. All distributions will be paid at the discretion of our Board of Directors and will depend on our earnings, our financial condition, maintenance of our ability to be subject to tax as a RIC, compliance with applicable BDC regulations and such other factors as our Board of Directors may deem relevant from time to time. We cannot assure you that we will pay distributions to our stockholders in the future. When we make distributions, our distributions generally will be treated as dividends for U. S. federal income tax purposes to the extent such distributions are paid out of our current or accumulated earnings and profits. Distributions in excess of current and accumulated earnings and profits will be treated as a non- taxable return of capital to the extent of a stockholder' s basis in our stock and, assuming that a stockholder holds our stock as a capital asset, thereafter as a capital gain. A return of capital generally is a return of a stockholder' s investment rather than a return of earnings or gains derived from our investment activities. Moreover, we may pay all or a substantial portion of our distributions from the proceeds of the sale of shares of our common stock or from borrowings in anticipation of future cash flow, which could constitute a return of stockholders' capital and will lower such stockholders' tax basis in our shares, which may result in increased tax liability to stockholders when they sell or otherwise dispose of such shares. Distributions from offering proceeds also could reduce the amount of capital we ultimately have available to invest in portfolio companies. We will be subject to corporate- level U. S federal income tax if we are unable to obtain and maintain our qualification as a RIC under Subchapter M of the Code or do not satisfy the annual distribution requirement. To obtain and maintain our status as a RIC and be relieved of U. S. federal taxes on income and gains distributed to our stockholders, we must meet the following annual distribution, income source and asset diversification requirements: • The annual distribution requirement will be satisfied if we distribute to our stockholders each taxable year an amount generally at least equal to 90 % of the sum of our net taxable income plus realized net short- term capital gains in excess of realized net long- term capital losses, if any. Because we may use debt financing, we are subject to an asset coverage ratio requirement under the 1940 Act and we may be subject to certain financial covenants under our debt arrangements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the annual distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus could become subject to corporate- level income tax. • The 90 % gross income test will be satisfied if we earn at least 90 % of our gross income for each taxable year from dividends, interest, gains from the sale of stock or securities or similar sources. • The diversification test will be satisfied if, at the end of each quarter of our taxable year, at least 50 % of the value of our assets consist of cash, cash equivalents, U. S. government securities, securities of other RICs, and other acceptable securities; and no more than 25 % 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, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain " qualified publicly traded partnerships. " Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments will be in private companies, and therefore will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could cause us to incur substantial losses. If we fail to be treated as a RIC and are subject to entity- level U. S. federal corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. We may have difficulty paying our required distributions if we are required to recognize income for U. S. federal income tax purposes before or without receiving cash representing such income. For U. S. federal income tax purposes, we generally may be required to include in income certain amounts that we will have not yet received in cash, such as OID or certain income accruals on contingent payment debt instruments, which may occur if we receive warrants in connection with the origination of a loan or possibly in other circumstances. Such OID is generally required to be included in income before we receive any corresponding cash payments. In addition, our loans may contain PIK interest provisions. Any PIK interest, computed at the contractual rate specified in each loan agreement, is generally required to be added to the principal balance of the loan and recorded as interest income. We also may be required to include in income certain other amounts that we do not receive, and may never receive, in cash. To avoid the imposition of corporate- level tax on us, this non- cash source of income may need to be distributed to our stockholders in cash or, in the event we determine to do so, in shares of our common stock, even though we may have not yet collected and may never collect the cash relating to such income. Because, in certain cases, we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the annual distribution requirement necessary to be relieved of entity- level U. S. federal taxes on income and gains distributed to our stockholders. Accordingly, we may have to sell or otherwise dispose of some of our investments at times and / or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to satisfy the annual distribution requirement and thus become subject to corporate- level U. S. federal income tax. We may in the future choose to pay distributions partly in our own stock, in which case you may be subject to tax in excess of the cash you receive. We may distribute taxable distributions that are payable in part in our stock. In accordance with certain applicable U. S. Treasury regulations and other related administrative pronouncements issued by the Internal Revenue Service, or the IRS, a RIC may be eligible to treat a distribution of its own stock as fulfilling its RIC distribution requirements if each stockholder is permitted to elect to receive his or her entire distribution in either cash or stock of the RIC, subject to the satisfaction of certain guidelines. If too many stockholders elect to receive cash (which generally may not be less than 20 % of the value of the overall distribution), each stockholder electing to receive cash must receive a pro rata amount of cash (with the balance of the distribution paid in stock). If these and certain other requirements are met, for U. S. federal income tax purposes, the amount of the distribution paid in stock generally will be equal to the amount of cash that could have been received instead of stock. Taxable stockholders receiving such distributions will be required to include the full amount of the distribution as ordinary income (or as long- term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of their share of our current and accumulated earnings and profits for U. S. federal income tax purposes. As a result, a U. S. stockholder may be subject to tax with respect to such distributions in excess of any cash received. If a U. S. stockholder sells the stock it receives as a distribution in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non- U. S. stockholders, we and other withholding agents may be required to withhold U. S. tax with respect to such distributions, including in respect of all or a portion of such distribution that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on distributions, such sales may put downward pressure on the trading price of our stock. Risks Relating to Our Investments Our investments in portfolio companies may be risky, and we could lose all or parts of our investments. The companies in which we intend to invest will typically be highly leveraged, and, in most cases, our investments in such companies will not be rated by any rating agency. If such investments were rated, we believe that they would likely receive a rating from a nationally recognized statistical rating organization of below investment grade (i. e., below BBB- or Baa), which is often referred to as " high- yield " and " junk. " Exposure to below investment grade securities involves certain risks, and those securities are viewed as having predominately speculative characteristics with respect to the issuer' s capacity to pay interest and repay principal. In addition, some of the loans in which we may invest may be " covenant- lite " loans. We use the term " covenant- lite " loans to refer generally to loans that do not have a complete set of financial maintenance covenants. Generally, " covenant- lite " loans provide borrower companies more freedom to negatively impact lenders because their covenants are incurrence- based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower' s financial condition. Accordingly, to the extent we invest in " covenant- lite " loans, we may have fewer rights against a borrower and may have a greater risk of loss on such investments as compared to investments in or exposure to loans with a complete set of financial maintenance covenants. Investing in middle- market companies involves a number of significant risks. Certain of our debt investments may consist of debt securities for which issuers are not required to make principal payments until the maturity of such debt securities, which could result in a substantial loss to us if such issuers are unable to refinance or repay their debt at maturity. Increases in interest rates may affect the ability of our portfolio companies to repay debt or pay interest, which may in turn affect the value of our portfolio investments, and our business, financial condition and results of operations. Among other things, portfolio companies: • may have limited financial resources, may have limited or negative EBITDA 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 investments, as well as a corresponding decrease in the value of the equity components of our investments; • may have shorter operating histories, narrower product lines, smaller market shares and / or 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; • may operate in regulated industries and / or provide services to federal, state or local governments, or operate in industries that provide services to regulated industries or federal, state or local governments, any of which could lead to delayed payments for services or subject the company to changing payment and reimbursement rates or other terms; • may not have collateral sufficient to pay any outstanding interest or principal due to us in the event of a default by these companies; • are more likely to depend on the management talents and efforts of a small group of people; 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 have difficulty borrowing or otherwise accessing the capital markets to fund capital needs, which may be more acute because such companies are operating in the cannabis industry, and which limit their ability to grow or repay outstanding indebtedness at maturity (see " — Risks Related to the Cannabis and Hemp Industries " below); • may not have audited financial statements or be subject to the Sarbanes- Oxley Act and other rules that govern public companies; • generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and • generally have less publicly available information about their businesses, operations and financial condition. These factors may make certain of our portfolio companies more susceptible to the adverse effects of the COVID- 19 pandemic and resulting government regulations. As a result of the limitations associated with certain portfolio companies, we must therefore rely on the ability of our Adviser to obtain adequate information through due diligence to evaluate the creditworthiness and potential returns from investing in these companies. In addition, 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. Finally, as noted above, little public information generally exists about privately owned companies, and these companies may not have third- party debt ratings or audited financial statements. We must therefore rely on the ability of our Adviser to obtain adequate information through due diligence to evaluate the creditworthiness and potential returns from investing in these companies. Additionally, these companies and their financial information will not generally be subject to the Sarbanes- Oxley Act and other rules that govern public companies. To the extent OID and PIK interest constitute a portion of our income, we may be exposed to higher risks with respect to such investments. Our investments may include OID and contractual PIK interest, which typically represents contractual interest added to a loan balance and due at the end of such loan' s term. To the extent OID or PIK interest constitute a portion of our income, we will be exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash, including the following: • OID and PIK instruments may have higher yields, which reflect the payment deferral and credit risk associated with these instruments; • OID and PIK accruals may create uncertainty about the source of our distributions to stockholders; • OID and PIK instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of the collateral; • OID and PIK instruments may represent a higher credit risk than coupon loans; and • Our net investment income used to calculate the Incentive Fee on Income will include OID and PIK interest, and the Adviser is not obligated to return the Incentive Fee on Income it receives on OID and PIK interest that is later determined to be uncollectible in cash. If we acquire the securities and obligations of distressed or bankrupt companies, such investments may be subject to significant risks, including lack of income, extraordinary expenses, uncertainty with respect to satisfaction of debt, lower- than- expected investment values or income potentials and resale restrictions. We may acquire the securities and other obligations of distressed or bankrupt companies. At times, distressed debt obligations may not produce income and may require us to bear certain extraordinary expenses (including legal, accounting, valuation and transaction expenses) in order to protect and recover our investment. Therefore, to the extent we invest in distressed debt, our ability to achieve current income for our stockholders may be diminished, particularly where the portfolio company has negative EBITDA. We also will be subject to significant uncertainty as to when and in what manner and for what value the distressed debt we invest in will eventually be satisfied, whether through liquidation, an exchange offer or a plan of reorganization involving the distressed debt securities or a payment of some amount in satisfaction of the obligation. In addition, even if an exchange offer is made or plan of reorganization is adopted with respect to distressed debt held by us, there can be no assurance that the securities or other assets received by us in connection with such exchange offer or plan of reorganization will not have a lower value or income potential than may have been anticipated when the investment was made. Moreover, any securities received by us upon completion of an exchange offer or plan of reorganization may be restricted as to resale. As a result of our participation in negotiations with respect to any exchange offer or plan of reorganization with respect to an issuer of distressed debt, we may be restricted from disposing of such securities. Our portfolio companies may prepay loans, which may reduce our yields if capital returned cannot be invested in transactions with equal or greater expected yields. The loans we anticipate holding in our investment portfolio may be prepaid at any time, generally with little advance notice. Whether a loan is prepaid will depend both on the continued positive performance of the portfolio company and the existence of favorable financing market conditions that allow such company the ability to replace existing financing with less expensive capital. As market conditions change, we do not know when, and if, prepayment may be possible for each portfolio company. In some cases, the prepayment of a loan may reduce our achievable yield if the capital returned cannot be invested in transactions with equal or greater expected yields, which could have a material adverse effect on our business, financial condition and results of operations. **We may be subject to risks arising from revolving credit facilities. We may acquire or originate revolving credit facilities from time to time. A revolving credit facility is a line of credit in which the borrower pays the lender a commitment fee during a commitment period and is then allowed to draw from the line of credit from time to time until the end of such commitment period.** The ~~lack~~ **borrower** of **a revolving credit facility is typically permitted to draw thereunder for any reason, including to fund its operational requirements, to make acquisitions or to reserve cash, so long as certain customary conditions are met. Outstanding draw- downs under such revolving credit facilities can therefore fluctuate on a day- to- day basis, which may generate operational and other costs for us. If the borrower of a revolving credit facility draws down on the facility, we would be obligated to fund the amounts due. We can offer no assurance that a borrower of a revolving credit facility will fully draw down its available credit thereunder, and in many cases a borrower with sufficient** liquidity **may forego drawing down its available credit thereunder** in ~~our~~ **favor of obtaining other liquidity sources. As a result, we are likely to hold unemployed funds, and** investments **in revolving credit facilities** may **therefore** adversely affect our ~~business~~ **returns** . We intend to invest in companies whose securities are not publicly traded, and whose securities are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. In fact, all of our assets may be invested in illiquid securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required 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 and suffer losses. 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. In addition, we may also face restrictions on our ability to liquidate our investments if our Adviser or any of its affiliates have material nonpublic information regarding the portfolio company. We may not have the funds or ability to make additional investments in our portfolio companies. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment through a follow- on investment. There is no assurance that we will make, or will have sufficient funds to make, follow- on investments. Any decisions not to make a follow- on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation, may reduce the expected yield on the investment or may impair the value of our investment in any such portfolio company. Portfolio companies may be highly leveraged. We invest primarily in first lien loans issued by middle- market companies. 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, such debt instruments may entitle the holders to receive payments 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. Also, 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 such senior creditors, such 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. Our portfolio companies may incur debt that ranks equally with, or senior to, some of our investments in such companies. We will invest primarily in senior secured loans, including unitranche and second lien debt instruments, as well as unsecured debt instruments, issued by our portfolio companies. If we invest in unitranche, second lien, or unsecured debt instruments, our portfolio companies typically may be permitted to incur other debt that ranks equally with, or senior to, such debt instruments. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we will be entitled to receive payments in respect of the debt securities in which we will invest. Also, 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 in respect of our investment. In such cases, after repaying such senior creditors, such 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 securities in which we will 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. 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 structure some of our investments as senior loans, if one of our portfolio companies were to enter bankruptcy proceedings, a bankruptcy court might re- characterize our debt investment and subordinate all or a portion of our claim to that of other creditors, depending on the facts and circumstances, including the extent to which we actually provide managerial assistance to that portfolio company. 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. Second priority liens on collateral securing loans that we may 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. Certain loans that we make to portfolio companies may 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 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 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 company' s remaining assets, if any. The rights we may have with respect to the collateral securing the loans we may make to portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more inter-creditor agreements that we enter into with the holders of senior debt. Under such an inter- creditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions may be taken with respect to the collateral and 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 such actions, even if our rights are adversely affected. If we make unsecured debt investments, we may lack adequate protection in the event our portfolio companies become distressed or insolvent and will likely experience a lower recovery than more senior debtholders in the event such portfolio companies default on their indebtedness. We may make unsecured debt investments in portfolio companies. Unsecured debt investments are unsecured and junior to other indebtedness of the portfolio company. As a consequence, the holder of an unsecured debt investment may lack adequate protection in the event the portfolio company becomes distressed or insolvent and will likely experience a lower recovery than more senior debtholders in the event the portfolio company defaults on its indebtedness. In addition, unsecured debt investments of middle- market companies are often highly illiquid and in adverse market conditions may experience steep declines in valuation even if they are fully performing. We may need to foreclose on loans that are in default, which could result in losses. We may find it necessary to foreclose on loans that are in default. Foreclosure processes are often lengthy and expensive, and state court foreclosure processes and other creditors' remedies with respect to cannabis companies are largely untested. Results of foreclosure processes or other exercises of creditors' rights may be uncertain, as claims may be asserted by the relevant borrower or by other creditors or investors in such borrower that interfere with enforcement of our rights, such as claims that challenge the validity or enforceability of our loan or the priority or perfection of our security interests. Our borrowers may resist foreclosure actions or other remedies by asserting numerous claims, counterclaims and defenses against us, including, without limitation, lender liability claims and defenses, even when the assertions may have no merit, in an effort to prolong the foreclosure action or other remedy and seek to force us into a modification or buy- out of our loan for less than we are owed. Additionally, the transfer of certain collateral to us may be limited or prohibited by applicable laws and regulations. See " — The loans that we expect to make may be secured by collateral that is, and will be, subject to extensive regulations, such that if such collateral was foreclosed upon those regulations may result in significant costs and materially and adversely affect our business, financial condition, liquidity and results of operations. " For transferable collateral, foreclosure or other remedies available may be subject to certain laws and regulations, including the need for regulatory disclosure and / or approval of such transfer. If federal law were to change to permit cannabis companies to seek federal bankruptcy protection, the applicable borrower could file for bankruptcy, which would have the effect of staying the foreclosure actions and delaying the foreclosure processes and potentially result in reductions or discharges of debt owed to us. Foreclosure may create a negative public perception of the collateral, resulting in a diminution of its value. Even if we are successful in foreclosing on collateral securing our loan, the liquidation proceeds upon sale of the collateral may not be sufficient to recover our loan. Any costs or delays involved in the foreclosure or a liquidation of the collateral will reduce the net proceeds realized and, thus, increase the potential for loss. In the event a borrower defaults on any of its obligations to us and such debt obligations are equitized, we may not have the ability to hold such equity interests legally under federal law, which may result in additional losses on our loans to such entity. The loans that we expect to make may be secured by collateral that is, and will be, subject to extensive regulations, such that if such collateral was foreclosed upon those regulations may result in significant costs and materially and adversely affect our business, financial condition, liquidity and results of operations. The loans that we expect to make may be secured by collateral that is, and will be, subject to various legal and regulatory requirements, and we would be subject to such requirements if such collateral was foreclosed upon. Due to current legal requirements, we will not own equity securities in companies that are not compliant with all applicable laws and regulations within the jurisdiction in which they are located or operate, including federal laws, nor will we own any real estate used in cannabis- related operations in violation of state or federal law. While our loan agreements and related mortgages provide for foreclosure remedies, receivership remedies and / or other remedies that would allow us to cause the sale or other realization of collateral, the regulatory requirements and statutory prohibitions related to equity investments in cannabis companies and real property used in cannabis- related operations may cause significant delays or difficulties in realizing upon the expected value of such collateral. In addition, applicable legal requirements may prevent us from possessing or realizing the value of other collateral securing our loans, such as cannabis licenses, cannabis inventory or cannabis merchandise. Our inability to realize the full value of such collateral could have a material adverse effect on our business, financial condition, liquidity and results of operations. We may also be disadvantaged in a foreclosure process or other exercise of creditors' rights relative to other creditors that are able to hold such collateral. We make no assurance that existing regulatory policies will not materially and adversely affect the value or availability to us of all such collateral, or our standing relative to other creditors that are able to hold such collateral, or that additional regulations will not be adopted that would increase such potential material adverse effect. Certain assets of our borrowers may not be used as collateral or transferred to us due to applicable state laws and regulations governing the cannabis industry, and such restrictions could negatively impact our profitability. Each state that has legalized cannabis in some form has adopted its own set of laws and regulations that differ from one another. In particular, laws and regulations differ among states regarding the collateralization or transferability of cannabis- related assets, such as cannabis licenses, cannabis inventory, and ownership interests in licensed cannabis companies. Some state laws and regulations where our borrowers operate may prohibit the collateralization or transferability of certain cannabis- related assets. Other states may allow the collateralization or transferability of cannabis- related assets, but with restrictions, such as meeting certain eligibility requirements, utilization of state receiverships, and / or upon approval by the applicable regulatory authority. Prohibitions or restrictions on our or others' ability to acquire, own or hold certain cannabis- related assets securing the loans of our borrowers could have a material adverse effect on our business, financial condition, liquidity and results of operations. In addition, because the sales of such assets may be forced upon the borrower when time may be of the essence and available to a limited number of potential purchasers, the sales prices may be less than the prices that could be obtained with more time and / or in a larger market. The market value of properties and equipment securing our loans may decrease upon foreclosure if they cannot be used for cannabis related operations. Properties and equipment used for cannabis operations, particularly cultivation and manufacturing facilities and equipment, are generally more valuable than if used for other purposes. If we foreclose on any properties or equipment securing our loans, the inability to sell the property or equipment to a licensed cannabis company for a similar use may significantly decrease the market value of the foreclosed property or equipment, thereby having a material adverse effect on our business, financial condition, liquidity and results of operations. We may incur greater risk with respect to investments we acquire through assignments or participations of interests. Although we intend to originate a substantial portion of our loans, we may acquire loans through assignments or participations of interests in such loans. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to such debt obligation. However, the purchaser' s rights can be more restricted than those of the assigning institution, and we may not be able to unilaterally enforce all rights and remedies under an assigned debt obligation and with regard to any associated collateral. A participation typically results in a contractual relationship only with the institution participating out the interest and not directly with the borrower. Sellers of participations typically include banks, broker- dealers, other financial institutions and lending institutions. In purchasing participations, we generally will have no right to enforce compliance by the borrower with the terms of the loan agreement against the borrower, and we may not directly benefit from the collateral supporting the debt obligation in which we have purchased the participation. As a result, we will be exposed to the credit risk of both the borrower and the institution selling the participation. Further, in purchasing participations in lending syndicates, we will not be able to conduct the same level of due diligence on a borrower or the quality of the loan with respect to which we are buying a participation as we would conduct if we were investing directly in the loan. This difference may result in us being exposed to greater credit or fraud risk with respect to such loans than we expected when initially purchasing the participation. We generally do not expect to control our portfolio companies. We generally do not expect to control our portfolio companies. As a result, we may be subject to the risk that a portfolio company may make business decisions with which we disagree and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve our interests as a debt investor, including actions that could decrease the value of our investment. Due to the lack of liquidity for our anticipated investments, we may not be able to dispose of our interests in our portfolio companies as readily as we would like or at an appropriate valuation. Defaults by our portfolio companies would harm our operating results. 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, some of the loans in which we may invest may be " covenant- lite " loans. We use the term " covenant- lite " loans to refer generally to loans that do not have a complete set of financial maintenance covenants. Generally, " covenant- lite " loans provide borrower companies more freedom to negatively impact lenders because their covenants are incurrence- based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower' s financial condition. Accordingly, to the extent we invest in " covenant- lite " loans, we may have fewer rights against a borrower and may have a greater risk of loss on such investments as compared to investments in or exposure to loans with a complete set of financial maintenance covenants. We may write down the value of a portfolio company investment upon the worsening of the financial condition of the portfolio company or in anticipation of a default, which could also have a material adverse effect on our business, financial condition and results of operations. Our portfolio companies may experience financial distress and our investments in such companies may be restricted. Our portfolio companies may experience financial distress from time to time. Debt investments in such companies may cease to be income- producing, may require us to bear certain expenses to protect our investment and may subject us to uncertainty as to when, in what manner and for what value such distressed debt will eventually be satisfied, including through liquidation, reorganization or bankruptcy. Any restructuring can fundamentally alter the nature of the related investment, and restructurings may not be subject to the same underwriting standards that our Adviser employs in connection with the origination of an investment. In addition, we may write down the value of our investment in any such company to reflect the status of financial distress and future prospects of the business. Any restructuring could alter, reduce or delay the payment of interest or principal on any investment, which could delay the timing and reduce the amount of payments made to us. For example, if an exchange offer is made or plan of reorganization is adopted with respect to the debt securities we currently hold, there can be no assurance that the securities or other assets received by us in connection with such exchange offer or plan of reorganization will have a value or income potential similar to what we anticipated when our original investment was made or even at the time of restructuring. Restructurings of investments might also result in extensions of the term thereof, which could delay the timing of payments made to us, or we may receive equity securities, which may require significantly more of our management' s time and attention or carry restrictions on their disposition. We cannot assure you that any particular restructuring strategy pursued by our Adviser will maximize the value of or recovery on any investment. We may not realize gains from our equity investments. Certain investments we may make may include warrants or other equity securities. In addition, we may make direct equity investments in companies. Our goal is ultimately to realize gains upon our disposition of such equity interests. However, the equity interests we may receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from the equity interests we may hold, and any gains that we do realize on the disposition of any such equity interests may not be sufficient to offset any other losses we may 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. We may seek puts or similar rights to give us the right to sell our equity securities back to the portfolio company issuer. We may be unable to exercise these put rights for the consideration provided in our investment documents if the issuer is in financial distress. We are subject to certain risks associated with foreign investments. We may make investments in foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U. S. companies. These risks include changes in foreign exchange rates, 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. Foreign investment risk may be particularly high to the extent that we invest in securities of issuers based in or securities denominated in the currencies of emerging market countries. These securities may present market, credit, currency, liquidity, legal, political and other risks different from, and greater than, the risks of investing in developed foreign countries. In addition, such foreign investments generally do not constitute " qualifying assets " under the 1940 Act. Our success will depend, in part, on our ability to anticipate and effectively manage these and other risks. We cannot assure you that these and other factors will not have a material adverse effect on our business as a whole. We may expose ourselves to risks if we engage in hedging transactions. Subject to applicable provisions of the 1940 Act and applicable regulations promulgated by the CFTC, we may enter into hedging transactions, which may expose us to risks associated with such transactions. Such hedging may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions and amounts due under any credit facility from changes in currency and market interest rates. Use of these hedging instruments may include counterparty credit risk. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions and amounts due under any credit facility or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. The success of any hedging transactions, if any, will depend on our ability to correctly predict movements in currencies and interest rates. Therefore, while we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in interest rates may 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 may vary. Moreover, for a variety of reasons, we may not seek to (or be able to) establish a perfect correlation between such hedging instruments and the portfolio holdings or credit facilities being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may 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 is likely to fluctuate as a result of factors not related to currency fluctuations. ~~See also " — Changes in interest rates, changes in the method for determining LIBOR and the potential replacement of LIBOR may affect our cost of capital and net investment income. "~~ We are a non- diversified investment company within the meaning of the 1940 Act, and therefore have few restrictions with respect to the proportion of our assets that may be invested in securities of a single industry or issuer. We are classified as a non- diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single industry or issuer, excluding limitations on investments in other investment companies. To the extent that we assume large positions in the securities of a small number of industries or issuers, our NAV may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market' s assessment of the security, industry or issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond RIC diversification requirements, we will not have fixed guidelines for diversification, and our investments could be concentrated in relatively few industries or issuers. We have not yet identified most of the portfolio companies we will invest in using the proceeds of our initial public offering. We have not yet identified most of the portfolio investments that we will acquire with the proceeds of our initial public offering. We have significant flexibility in investing the net proceeds of our initial public offering and any future offering, and may do so in a way with which you may not agree. Additionally, our Adviser will select our investments, and our stockholders will have no input with respect to such investment decisions. Further, other than general limitations that may be included in a future credit facility, the holders of our debt securities will generally not have veto power or a vote in approving any changes to our investment or operational policies. These factors increase the uncertainty, and thus the risk, of investing in our common stock. In addition, pending such investments, we may invest the net proceeds from this offering primarily in high- quality, short- term debt securities, consistent with our BDC election and our election to be taxed as a RIC, at yields significantly below the returns which we expect to achieve when our portfolio is fully invested in securities meeting our investment objective. If we are not able to identify or gain access to suitable investments, our income may be limited. We may enter into total return swap agreements which expose us to certain risks, including market risk, liquidity risk and other risks similar to those associated with the use of leverage. We may enter into a total return swap (" TRS ") directly or through a wholly- owned financing subsidiary. A TRS is a contract in which one party agrees to make periodic payments to another party based on the change in the market value of the assets underlying the TRS, which may include a specified security, basket of securities or securities indices during a specified period, in return for periodic payments based on a fixed or variable interest rate. A TRS effectively adds leverage to a portfolio by providing investment exposure to a security or market without owning or taking physical custody of such security or investing directly in such market. Because of the unique structure of a TRS, a TRS often offers lower financing costs than are offered through more traditional borrowing arrangements. A TRS may enable us to obtain the economic benefit of owning assets subject to the TRS, without actually owning them, in return for an interest type payment to the counterparty. As such, the TRS would be analogous to us borrowing funds to acquire assets and incurring interest expense to a lender. A TRS is subject to market risk, liquidity risk and risk of imperfect correlation between the value of the TRS and the assets underlying the TRS. In addition, we may incur certain costs in connection with a TRS that could in the aggregate be significant. A TRS is also subject to the risk that a counterparty will default on its payment obligations thereunder or that we will not be able to meet our obligations to the counterparty. We may be required to post cash collateral amounts to secure our obligations to the counterparty under a TRS. The counterparty, however, may not be required to collateralize any of its obligations to us under a TRS. We would bear the risk of depreciation with respect to the value of the assets underlying a TRS and may be required under the terms of a TRS to post additional collateral on a dollar- for- dollar basis in the event of depreciation in the value of the underlying assets after such value decreases below a specified amount. The amount of collateral required to be posted by us would be determined primarily on the basis of the aggregate value of the underlying assets. If the counterparty chooses to exercise its termination rights under a TRS, it is possible that, because of adverse market conditions existing at the time of such termination, we will owe more to the counterparty (or will be entitled to receive less from the counterparty) than we would otherwise have if we controlled the timing of such termination. In addition, because a TRS is a form of synthetic leverage, such arrangements are subject to risks similar to those associated with the use of leverage. See " — Risks Related to Our Use of Leverage and Credit Facilities " above. The fair value of a TRS, which will not necessarily equal the notional value of such TRS, will be included in our calculation of gross assets for purposes of computing the base management fee. For purposes of computing the Incentive Fee on Income and the Incentive Fee on Capital Gains, the calculation methodology will look through any TRS as if we owned the reference assets directly. See " Item 1. Business — Investment Advisory Agreement — Overview of Our Investment Adviser — Management Fee. " For purposes of ~~the asset coverage ratio test applicable to the Company as a BDC, the Company treats the outstanding notional amount of a TRS, less the initial amount of any cash collateral required to be posted by the Company or its wholly- owned financing subsidiary under the TRS, as a senior security for the life of that instrument. The Company may, however, accord different treatment to a TRS in the future in accordance with any applicable new rules or interpretations adopted by the SEC or its staff. In particular, the Company' s treatment of a TRS may be impacted by the recently adopted SEC rule regarding derivatives use by a BDC, as described below. Further, for purposes of~~ Section 55 (a) under the 1940 Act, the Company treats each loan underlying a TRS as a qualifying asset if the obligor on such loan is an eligible portfolio company and as a non- qualifying asset if the obligor is not an eligible portfolio company. The Company may, however, accord different treatment to a TRS in the future in accordance with any applicable new rules or interpretations adopted by the SEC or its staff. ~~In particular, the Company' s treatment of a TRS may be impacted by the recently adopted SEC rule regarding derivatives use by a BDC, as described below.~~ Our ability to enter into transactions involving derivatives and financial commitment transactions may be limited, among other reasons, because of the unwillingness or inability of certain financial institutions to transact with cannabis- related companies such as ourselves. In November 2020, the SEC adopted ~~a rulemaking~~ **Rule 18f- 4 under the 1940 Act** regarding the ability of a BDC (or a registered investment company) to use derivatives and other transactions that create future payment or delivery obligations. Under ~~the newly adopted rules~~ **Rule 18f- 4, which BDCs were required to comply with no later than August 19, 2022** , BDCs that use derivatives **are** ~~will be~~ subject to a value- at- risk leverage limit, a derivatives risk management program and testing requirements and requirements related to board reporting. These new requirements ~~will~~ apply unless the BDC qualifies as a " limited derivatives user, " as defined under ~~the adopted rules~~ **Rule 18f- 4** . Under ~~the new rule~~ **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, among other things, 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. Collectively, these requirements may limit our ability to use derivatives and / or enter into certain other financial contracts. **We have adopted updated policies and procedures in compliance with Rule 18f- 4, and currently qualify as a " limited derivatives user. "** Our ability to enter into derivatives transactions may be limited because of the unwillingness or inability of certain financial institutions to transact with cannabis-related companies such as ourselves. The health and wellness sector is highly regulated and competitive. The health and wellness sector is highly regulated, and the production, packaging, labeling, advertising, distribution, licensing and / or sale of health and wellness products and services may be subject to regulation by several U. S. federal agencies, including the U. S. Food and Drug Administration (the " FDA "), the Federal Trade Commission, the Consumer Product Safety Commission, and the Environmental Protection Agency, as well as various state, local and international laws and agencies of the localities in which such products and services are offered or are sold. Government regulations may prevent or delay the introduction or require design modifications of these products. Regulatory authorities may not accept the evidence of safety presented for existing or new products or services that a health and wellness company may wish to market, or they may determine that a particular product or service presents an unacceptable health risk. If health and wellness companies are unable to obtain regulatory approval or fail to comply with these regulatory requirements, the financial condition of such companies could be adversely affected. There can be no assurance that future changes in government regulation will not adversely affect health and wellness companies. The health and wellness sector is highly competitive and an emerging health and wellness company may be unable to compete effectively. Health and wellness companies are particularly susceptible to unfavorable publicity or client rejection of products, which could reduce sales of products or services. Safety, quality and efficacy standards are extremely important for health and wellness companies. If a health and wellness company fails to meet these standards, its reputation could be damaged, it could lose customers, and its revenue and results of operations could decline. Risks Relating to the Cannabis and Hemp Industries Risks related to the cannabis industry may directly or indirectly affect us or our portfolio companies engaged in the cannabis industry. Investing in portfolio companies involved in the cannabis industry subjects us to the following risks: • The cannabis industry is extremely speculative and raises a host of legality issues, making it subject to inherent risk; • The manufacture, distribution, sale, or possession of cannabis that is not in compliance with the U. S. Controlled Substances Act is illegal under U. S. federal law. Strict enforcement of U. S. federal laws regarding cannabis would likely result in our portfolio companies' inability to execute a business plan in the cannabis industry, and could result in the loss of all or part of any of our loans; • The Biden Administration' s or specifically the U. S. Department of Justice' s change in policies or enforcement with respect to U. S. federal cannabis laws could negatively impact our portfolio companies' ability to pursue their prospective business operations and / or generate revenues; • U. S. federal courts may refuse to recognize the enforceability of contracts pertaining to any business operations that are deemed illegal under U. S. federal law, including cannabis companies operating legally under state law; • Consumer complaints and negative publicity regarding cannabis- related products and services could lead to political pressure on states to implement new laws and regulations that are adverse to the cannabis industry, to not modify existing, restrictive laws and regulations, or to reverse current favorable laws and regulations relating to cannabis; • Assets collateralizing loans to cannabis businesses may be forfeited to the U. S. federal government in connection with government enforcement actions under U. S. federal law; • U. S. Food and Drug Administration regulation of cannabis and the possible registration of facilities where cannabis is grown could negatively affect the cannabis industry, which could directly affect our financial condition and the financial condition of our portfolio companies; • Due to our proposed strategy of investing in portfolio companies engaged in the regulated cannabis industry, our portfolio companies may have a difficult time obtaining the various insurance policies that are needed to operate such businesses, which may expose us and our portfolio companies to additional risks and financial liabilities; • The cannabis industry may face significant opposition from other industries that perceive cannabis products and services as competitive with their own, including but not limited to the pharmaceutical industry, adult beverage industry and tobacco industry, all of which have powerful lobbying and financial resources; • Many national and regional banks have been resistant to doing business with cannabis companies because of the uncertainties presented by federal law and, as a result, we or our portfolio companies may have difficulty borrowing from or otherwise accessing the service of banks, which may inhibit our ability to open bank accounts or otherwise utilize traditional banking services; • Due to our proposed strategy of investing in portfolio companies engaged in the regulated cannabis industry, we or our portfolio companies may have a difficult time obtaining financing in connection with our investment strategy; and • Laws and regulations affecting the regulated cannabis industry are varied, broad in scope and subject to evolving interpretations, and may restrict the use of the properties our portfolio companies acquire or require certain additional regulatory approvals, which could materially adversely affect our investments in such portfolio companies. Any of the foregoing could have an adverse impact on our and our portfolio companies' businesses, financial condition and results of operations. Cannabis, except for hemp, is currently illegal under U. S. federal law and in other jurisdictions, and strict enforcement of federal laws would likely result in our inability to execute our business plan. The ability of our portfolio companies to achieve their business objectives will be contingent, in part, upon the legality of the cannabis industry, their compliance with regulatory requirements enacted by various governmental authorities, and their obtaining all necessary regulatory approvals. The laws and regulations governing cannabis are still developing, including in ways that we or our portfolio companies may not foresee. Any amendment to or replacement of existing laws to make them more onerous, or delays in amending or replacing existing laws to liberalize the legal possession and use of cannabis, or delays in obtaining, or the failure to obtain, any necessary regulatory approvals may significantly delay or impact negatively the markets in which our portfolio companies operate, products and sales initiatives, and could have a material adverse effect on their and our business, liquidity, financial condition and / or results of operations. Legal status of cannabis, other than hemp ~~All but three U. S. states have legalized, to some extent, cannabis for medical purposes.~~ Thirty- ~~seven~~ **eight** states ~~, the District of Columbia~~ and several territories have legalized some form of whole- plant cannabis cultivation, sales and use for certain medical purposes (medical states). ~~Nineteen~~ **Twenty- four** of those states ~~, the District of Columbia~~ and several territories have also legalized cannabis for adults for non- medical purposes (sometimes referred to as recreational use). Under U. S. federal law, however, those activities are illegal. The Controlled Substances Act (the " CSA ") continues to list cannabis (marijuana, but not including hemp) as a Schedule I controlled substance (i. e., deemed to have no medical value), and accordingly, the manufacture (growth), sale or possession of cannabis is federally illegal, even for personal medical purposes. It also remains federally illegal to advertise the sale of cannabis or to sell paraphernalia designed or intended primarily for use with cannabis, unless the paraphernalia is traditionally used with tobacco or authorized by federal, state or local law. Entities or persons who knowingly lease or rent a property for the purposes of manufacturing, distributing or using any controlled substances, or merely know that any of those activities are occurring on land that they control, can also be found liable under the CSA. Additionally, violating the CSA is a predicate specified unlawful activity under U. S. anti- money laundering laws. Violations of any U. S. federal laws and regulations can result in arrests, criminal charges, forfeiture of property, significant fines and penalties, disgorgement of profits, administrative sanctions, criminal convictions and cessation of business activities, as well as civil liabilities arising from proceedings initiated by either the U. S. government or private citizens. The U. S. government could enforce the federal cannabis prohibition laws even against companies complying with state law. The likelihood of adverse enforcement against companies complying with state cannabis laws remains uncertain. The U. S. government has not recently prosecuted any state law compliant cannabis entity, although the risk of future enforcement cannot be dismissed entirely. In 2018, then- U. S. Attorney General Jefferson Sessions rescinded the DOJ' s previous guidance (the Cole Memo) that had given federal prosecutors discretion not to enforce federal law in states that legalized cannabis, as long as the state' s legal regime adequately addressed specified federal priorities, and had authorized federal prosecutors to use their prosecutorial discretion to decide whether to prosecute state- legal adult- use cannabis activities. Since that time, U. S. Attorneys have taken no legal action against state law compliant entities ~~, and the Biden administration is generally anticipated to formalize federal decriminalization of state legal cannabis activity. According to the Biden campaign website: " A Biden Administration will support the legalization of cannabis for medical purposes and reschedule cannabis as a CSA Schedule II drug so researchers can study its positive and negative impacts. This will include allowing the VA to research the use of medical cannabis to treat veteran- specific health needs. " He has pledged to " decriminalize " cannabis, which may mean that the U. S. Attorney General under his administration will order U. S. Attorneys not to enforce federal cannabis prohibition against state law compliant entities and others legally transacting business with them, although there can be no assurance this will be the case~~. While President Biden' s **election campaign** promise to decriminalize may mean that the federal government would not criminally enforce the Schedule II status against state legal entities, the implications are not entirely clear. Although the U. S. Attorney General could order federal prosecutors not to interfere with cannabis businesses operating in compliance with states' laws, the President alone cannot legalize medical cannabis, and as states have demonstrated, legalizing medical cannabis can take many different forms. While rescheduling cannabis to CSA schedule II would ease certain research restrictions, it would not make the state medical or adult use programs federally legal. Furthermore, while industry observers are hopeful that changes in Congress, along with a Biden presidency, will increase the chances of banking reform, such as the SAFE Banking Act, we cannot provide assurances that a bill legalizing cannabis would be approved by Congress. If it became law, the SAFE Banking Act would, among other things, provide protection from federal prosecution to banks and other financial institutions that provide financial services to state- licensed cannabis companies, which may include the provision of loans by financial institutions to such companies. If the SAFE Banking Act became law, or cannabis became legal under federal law, there would be increased competition for lending to state- licensed cannabis companies, and such companies would have greater access to financing sources with lower costs of capital. These factors may result in us having to enter into loans at lower rates, which may significantly adversely impact our profitability and our distributions to stockholders. Since December 2014, companies strictly complying with state medical cannabis laws have also been protected against enforcement by an amendment (originally called the Rohrabacher- Farr amendment, now called the Joyce amendment) to the Omnibus Spending Bill, which prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level. Courts have interpreted the provision to bar the DOJ from prosecuting any person or entity in strict compliance with state medical cannabis laws. While the Joyce provision prevents prosecutions, it does not make cannabis legal. Accordingly, if the protection expired, prosecutors could prosecute illegal activity that occurred within the statute of limitations even if the Joyce protection was in place when the federally illegal activity occurred. The Joyce protection depends on its continued inclusion in the federal omnibus spending bill, or in some other legislation, and entities' strict compliance with the state medical cannabis laws. Furthermore, how the DOJ would enforce against an entity complying with a state' s medical and adult use laws has not been resolved and is open to debate. Legal status of hemp and hemp derivatives Until recently, hemp (defined by the U. S. government as Cannabis sativa L. with a THC concentration of not more than 0. 3 % on a dry weight basis) and hemp' s extracts (except mature stalks, fiber produced from the stalks, oil or cake made from the seeds and any other compound, manufacture, salt derivative, mixture or preparation of such parts) were illegal Schedule I controlled substances under the CSA. The Agricultural Act of 2014, Pub. L. 113- 79 (the " 2014 Farm Bill ") authorized states to establish industrial hemp research programs. The majority of states established programs purportedly in compliance with the 2014 Farm Bill. Many industry participants and even states interpreted the law to include " research " into the commercialization of, and commercial markets for, CBD from hemp, including products containing CBD. In December 2018, the U. S. government changed hemp' s legal status. The Agriculture Improvement Act of 2018, Pub. L. 115- 334 (the " 2018 Farm Bill "), removed hemp and extracts of hemp, including CBD, from the CSA schedules. Accordingly, the production, sale and possession of hemp or extracts of hemp, including CBD, no longer violate the CSA. The 2018 Farm Bill did not create a system in which individuals or businesses can grow hemp whenever and wherever they want. There are numerous restrictions. The 2018 Farm Bill allows hemp cultivation under state plans approved by the U. S. Department of Agriculture (“ USDA ”) or under USDA regulations in states that have legalized hemp but not implemented their own regulations. It also allows the transfer of hemp and hemp- derived products across state lines for commercial or other purposes, even through states that have not legalized hemp or hemp- derived products. Nonetheless, states can still prohibit hemp or limit hemp more stringently than the federal law. Despite the passage of the 2018 Farm Bill, hemp products’ legal status is complicated further by state and other federal law. The states are a patchwork of different laws on hemp and its extracts, including CBD. Additionally, the FDA claims that the Food, Drugs & Cosmetics Act (the “ FDCA ”) significantly limits the legality of hemp- derived CBD products. The section of the 2018 Farm Bill establishing a framework for hemp production also states explicitly that it does not affect or modify the FDCA, Section 351 of the Public Health Service Act, or the authority of the Commissioner of the FDA under those laws. Within hours of President Trump signing the 2018 Farm Bill, the FDA issued a statement reminding the public of the FDA’ s continued authority “ to regulate products containing cannabis or cannabis- derived compounds under the [FDCA] and Section 351 of the Public Health Service Act. ” First, the FDA noted that “ it’ s unlawful under the [FDCA] to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products, as, or in, dietary supplements, regardless of whether the substances are hemp- derived, ” and regardless of whether health claims are made, because CBD (and THC) are active ingredients in FDA- approved drugs and became the subject of public substantial clinical investigations when GW Pharmaceuticals submitted investigational new drug (“ IND ”) applications for Sativex and Epidiolex, both containing CBD as an active ingredient. The FDA then warned against health claims: prior to introduction into interstate commerce, any cannabis product, whether derived from hemp or otherwise, marketed with a disease claim (e. g., therapeutic benefit, disease prevention) must first be approved by the FDA for its intended use through one of the drug approval pathways. Notably, the FDA can look beyond the product’ s express claims to find that a product is a “ drug. ” The definition of “ drug ” under the FDCA includes, in relevant part, “ articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals ” as well as “ articles intended for use as a component of [a drug as defined in the other sections of the definition]. ” In determining “ intended use, ” the FDA has traditionally looked beyond a product’ s label to statements made on websites, on social media or orally by the company’ s representatives. The FDA did acknowledge that hemp foods not containing CBD or THC (e. g., hulled hemp seeds, hemp seed protein, hemp seed oil) are legal. Some CBD products are arguably federally legal today, notwithstanding the FDA’ s position. To the extent that a CBD product is outside the FDA’ s jurisdiction, the product is likely federally legal because CBD, unlike many drugs that the FDA regulates, is no longer listed on the CSA’ s schedules. CBD products other than food, beverages and supplements and not marketed as a drug, including making health claims, may fall outside of the FDA’ s authority. If so, some products that may be legal today include topical products such as cosmetics, massage oils, lotions and creams. Additionally, the FDA lacks authority, except in limited circumstances, to enforce against companies selling CBD products that do not enter into “ interstate commerce, ” although the definition of interstate commerce is amorphous and may include sources of ingredients, components or even investments that in some way impact more than one state. Enforcement under the FDCA may be criminal or civil in nature and can include those who aid and abet a violation, or conspire to violate, the FDCA. Violations of the FDCA are for first violations misdemeanors punishable by imprisonment up to one year or a fine, or both, and for second violations or violations committed with an “ intent to defraud or mislead ” felonies punishable by fines and imprisonment up to three years. The fines provided for are low ($ 1, 000 and $ 3, 000), but under the Criminal Fine Improvements Act of 1987, the criminal fines can be increased significantly (approximately $ 100, 000 to $ 500, 000). Civil remedies under the FDCA include civil money penalties, injunctions and seizures. The FDA also has a number of administrative remedies (e. g., warning letters, recalls, debarment). With respect to CBD products, the FDA so far has limited its enforcement to sending cease- and- desist letters to companies selling CBD products and making “ egregious, over- the- line ” claims, such as “ cures cancer, ” “ treats Alzheimer’ s Disease ” and “ treats chronic pain. ” Additionally, plaintiff lawyers have brought putative class actions against several companies selling CBD product, claiming that the marketing of them as legal products violates California law, although most of the cases have been stayed pending the FDA issuing promised guidelines to the industry. Since issuing the initial guidance following the 2018 Farm Bill, the FDA has sent cease- and- desist warning letters to more than twenty companies making health claims about CBD products. The Federal Trade Commission (“ FTC ”) has also sent warning letters to companies making unsubstantiated health claims about CBD products and has even filed a lawsuit against one. The FDA’ s additional guidance on CBD, titled, “ Cannabidiol Enforcement Policy; Draft Guidance for Industry, ” which the FDA has described as a “ risk- based enforcement policy ” to prioritize enforcement decisions, was submitted to the White House on July 22, 2020, was not formally approved by the Trump administration, and has been pulled back by the Biden Administration. ~~Loans to relatively new and / or small companies and companies operating in the cannabis industry generally involve significant risks.~~ We primarily provide loans to established companies operating in the cannabis industry, but because the cannabis industry is relatively new and rapidly evolving, some of these companies may be relatively new and / or small companies. Loans to relatively new and / or small companies and companies operating in the cannabis industry generally involve a number of significant risks, including, but not limited to, the following: • these companies may have limited financial resources and may be unable to meet their obligations, which may be accompanied by a deterioration in the value of any collateral securing our loan and a reduction in the likelihood of us realizing a return on our loan; • they typically have shorter operating histories, narrower product lines and smaller market shares than larger and more established businesses, which tend to render them more vulnerable to competitors’ actions and market conditions (including conditions in the cannabis industry), as well as general economic downturns; • they typically 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 effect on such borrower and, in turn, on us; • there is generally less public information about these companies. Unless publicly traded, these companies and their financial information are generally not subject to the regulations that govern public companies, and we may be unable to uncover all material information about these companies, which may prevent us from making a fully informed lending decision and cause us to lose money on our loans; • they generally have less predictable operating results and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; • we, our executive officers and directors and our Adviser may, in the ordinary course of business, be named as defendants in litigation arising from our loans to such borrowers and may, as a result, incur significant costs and expenses in connection with such litigation; • changes in laws and regulations, as well as their interpretations, may have a disproportionate adverse effect on their business, financial structure or prospects compared to those of larger and more established companies; and • they may have difficulty accessing capital from other providers on favorable terms or at all. Our investment opportunities are limited by the current illegality of cannabis under U. S. federal law; changes in the laws, regulations and guidelines that impact the cannabis industry may cause adverse effects on our ability to make investments. Currently, we intend to make equity investments only in portfolio companies that are compliant with all applicable laws and regulations within the jurisdictions in which they are located or operate and, in particular, we will not make an equity investment in a portfolio company that we determine has been operating, or whose business plan is to operate, in violation of U. S. federal laws, including the U. S. Controlled Substances Act. This limitation may adversely affect us by limiting the scope of our equity investment opportunities. Additionally, changes to such laws, regulations and guidelines may cause further adverse effects on our ability to identify and make an equity investment in a portfolio company that meets these legal and regulatory requirements at the time of acquisition. On the other hand, we may make a loan to a portfolio company regardless of its status under U. S. federal law, so long as we determine based on our due diligence that the portfolio company is licensed in, and complying with, state- regulated cannabis programs. Any such loans will be designed to be compliant with all applicable laws and regulations to which we are subject, including U. S. federal law, although the law in this area is not fully settled and there can be no assurances that federal authorities will consider such loans to be compliant with applicable law and regulations. In that regard, we have received an opinion of counsel (a copy of which has been filed as an exhibit to our IPO registration statement) that the proposed investment activities as described in our IPO prospectus do not violate the U. S. Controlled Substances Act (21 U. S. C. § 801, et seq.) (the " CSA "), the U. S. Money Laundering Control Act (18 U. S. C. § 1956), or the Drug Paraphernalia law contained in the CSA, 21 U. S. C. § 863, subject to certain assumptions, qualifications and exceptions stated in the opinion. However, there can be no assurances that a court or federal authorities would agree with the conclusions reached in the opinion. Additionally, if federal legislation is enacted that provides protections from liability under U. S. federal law for other types of investments in portfolio companies that are compliant with state, but not U. S. federal, laws and is determined to apply to us (or we otherwise determine that the investment is not prohibited), we may make other types of investments in portfolio companies that do not comply with U. S. federal laws. There can be no assurance, however, that such type of legislation will be enacted or that we will otherwise be able to invest in portfolio companies that do not comply with U. S. federal law. The nascent status of the medical and recreational cannabis industry involves unique circumstances and there can be no assurance that the industry will continue to exist or grow as currently anticipated. Cannabis industry businesses operate under a relatively new medical and adult- use recreational market. In addition to being subject to general business risks, a business involving an agricultural product and a regulated consumer product needs to continue to build brand, product awareness and operations through significant investments in strategy, production capacity, quality assurance and compliance with regulations. Competitive conditions, consumer tastes, patient requirements and spending patterns in this new industry and market are not well understood and may have unique circumstances that differ from existing industries and markets. There can be no assurance that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with our expectations and assumptions. Any event or circumstance that affects the medical or recreational cannabis industry and market could have a material adverse effect on our business, financial condition and results of operations, as well as the business, financial condition and results of operations of portfolio companies ~~. Any potential growth in the cannabis industry continues to be subject to new and changing state and local laws and regulations~~ . Continued development of the cannabis industry is dependent upon continued legislative legalization of cannabis at the state level, and a number of factors could slow or halt progress in this area, even where there is public support for legislative action. Any delay or halt in the passing or implementation of legislation legalizing cannabis use, or its cultivation, manufacturing, processing, transportation, distribution, storage and / or sale, or the re- criminalization or restriction of cannabis at the state level, could negatively impact our business and the business of our portfolio companies. Additionally, changes in applicable state and local laws or regulations, including zoning restrictions, permitting requirements and fees, could restrict the products and services our portfolio companies may offer or impose additional compliance costs on such portfolio companies. Violations of applicable laws, or allegations of such violations, could disrupt our portfolio companies' businesses and result in a material adverse effect on their operations. We cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be materially adverse to the business of our portfolio companies, as well as our business. Change in the laws, regulations and guidelines that impact our portfolio companies' businesses may cause adverse effects on operations. A cannabis products business will be subject to a variety of laws, regulations and guidelines relating to the marketing, acquisition, manufacture, management, transportation, storage, sale, labeling and disposal of cannabis as well as laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines may cause adverse effects on the operations of our portfolio companies, which could cause adverse effects on our business. Portfolio companies operating in a highly regulated business will require significant resources. In the event we invest in a portfolio company involved in the production, distribution or sale of cannabis products, such portfolio company will be operating in a highly regulated business. In such a case, we would expect a significant amount of such portfolio company' s management' s time and external resources to be used to comply with the laws, regulations and guidelines that impact their business, and changes thereto, and such compliance may place a significant burden on such management and other resources of a portfolio company. Differing regulatory environments may cause adverse effects on our or our portfolio companies' operations. A cannabis products business will be subject to a variety of laws, regulations and guidelines in each of the jurisdictions in which it operates. Complying with multiple regulatory regimes will require additional resources and may limit a portfolio company' s ability to expand into certain jurisdictions, even where cannabis may be legal. For example, even if cannabis were to become legal under U. S. federal law, companies operating in the cannabis industry would have to comply with applicable state and local laws, which may vary greatly between jurisdictions, increasing costs for companies that operate in multiple jurisdictions. We may invest in a portfolio company that is involved in a highly regulated business and any failure or significant delay in obtaining regulatory approvals could adversely affect the ability of portfolio companies to conduct their businesses. In the event we invest in a portfolio company involved in the production, distribution or sale of cannabis products, achievement of such portfolio company' s business objectives will be contingent, in part, upon compliance with the regulatory requirements enacted by applicable government authorities and obtaining all regulatory approvals, where necessary, for the sale of their products. We cannot predict the time required to secure all appropriate regulatory approvals for such products, additional restrictions that may be placed on our portfolio company' s business or the extent of testing and documentation that may be required by government authorities. Any delays in obtaining, or failure to obtain, regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operation and financial condition of any such portfolio company, or on our business, results of operations and financial condition. The ability of our portfolio companies to access financing or engage in derivatives transactions may be limited because of the unwillingness or inability of certain financial institutions to transact with companies that operate in the cannabis industry. U. S. regulations and enforcement relating to hemp- derived CBD products are rapidly evolving. We may invest in a business involved in the production, distribution or sale of hemp- derived CBD products. Although the passage of the 2018 Farm Bill legalized the cultivation of hemp in the United States to produce products containing CBD and other non- THC cannabinoids, it is unclear how the FDA will respond to the approach taken by a portfolio company, or whether the FDA will propose or implement new or additional regulations. In addition, such products may be subject to regulation at the state or local levels. Unforeseen regulatory obstacles may hinder such portfolio company' s ability to successfully compete in the market for such products. Marketing constraints under regulatory frameworks may limit a portfolio company' s ability to compete for market share in a manner similar to that of companies in other industries. The development of a portfolio company' s business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by regulations applicable to the cannabis industry. For example, the regulatory environment in Canada would limit a portfolio company' s ability to compete for market share in a manner similar to that of companies in other industries. Additionally, Canadian regulations impose further packaging, labeling and advertising restrictions on producers in the adult- use recreational cannabis market. If a portfolio company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, its sales and operating results could be adversely affected, which could impact our business, results of operations and financial condition. Portfolio companies may become involved in regulatory or agency proceedings, investigations and audits. Businesses in the cannabis industry, and the business of the suppliers from which portfolio companies may acquire the products they may sell, require compliance with many laws and regulations. Failure to comply with these laws and regulations could subject our portfolio companies or such suppliers to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. Our portfolio companies or such suppliers may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits and other contingencies could harm our reputation, the reputations of our portfolio companies or the reputations of the brands that they may sell, require the portfolio companies to take, or refrain from taking, actions that could harm their operations, or require them to pay substantial amounts of money, harming their and our financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of portfolio company management' s attention and resources or have a material adverse impact on their and our business, financial condition and results of operations. Research in the United States, Canada and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in relatively early stages. There have been few clinical trials on the benefits of cannabis or isolated cannabinoids conducted. Research in the United States, Canada and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids (such as CBD and THC) remains in relatively early stages. Historically stringent regulations related to cannabis have made conducting medical and academic studies challenging, and there have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids to date. Many statements concerning the potential medical benefits of cannabinoids are based on published articles and reports, and as a result, such statements are subject to the experimental parameters, qualifications and limitations in the studies that have been completed. In the event we invest in a portfolio company involving medical cannabis, future research and clinical trials may draw different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to medical cannabis, which could adversely affect social acceptance of cannabis and the demand for their products. Such portfolio companies may be subject to liability for risks against which they cannot insure or against which they may elect not to insure due to the high cost of insurance premiums or other factors. Payment of liabilities for which such portfolio companies do not carry insurance may have a material adverse effect on their financial position and operations. The payment of any such liabilities would reduce the funds available for their normal business activities, which could affect our business, financial condition and results of operations. With respect to portfolio companies operating in the medical and adult- use cannabis markets, the illicit supply of cannabis and cannabis- based products may reduce such sales and impede such company' s ability to succeed in such markets. In the event we invest in a portfolio company operating in the medical and adult- use cannabis markets, such portfolio company may face competition from unlicensed and unregulated market participants, including illegal dispensaries and black market suppliers selling cannabis and cannabis- based products. Even with the legalization of medical and adult- use cannabis in certain jurisdictions, black market operations remain abundant and are a substantial competitor to cannabis- related businesses. In addition, illegal dispensaries and black market participants may be able to (i) offer products with higher concentrations of active ingredients that are either expressly prohibited or impracticable to produce under applicable regulations, (ii) use delivery methods, including edibles, concentrates and extract vaporizers, that may be prohibited from being offered to individuals in such jurisdictions, (iii) brand products more explicitly, and (iv) describe / discuss intended effects of products. As these illicit market participants do not comply with the regulations governing the medical and adult- use cannabis industry in such jurisdictions, their operations may also have significantly lower costs. As a result of the competition presented by the black market for cannabis, any unwillingness by consumers currently utilizing these unlicensed distribution channels to begin purchasing from legal producers for any reason or any inability or unwillingness of law enforcement authorities to enforce laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis- based products could (i) result in the perpetuation of the black market for cannabis, (ii) adversely affect our portfolio companies' market share and (iii) adversely impact the public perception of cannabis use and licensed cannabis producers and dealers, all of which would have a materially adverse effect on our and our portfolio companies' business, operations and financial condition. If recreational or medical- use consumers elect to produce cannabis for their own purposes, it could reduce the addressable market for a portfolio company' s products. Cannabis regulations may permit the end user to produce cannabis for their own purposes. For example, under cannabis regulations in Canada, three options are available for an individual to obtain cannabis for medical purposes: (i) registering with a holder of a license to sell for medical purposes and purchasing products from that entity; (ii) register with Health Canada to produce a limited amount of cannabis for their own medical purposes; or (iii) designate someone else to produce cannabis for them. It is possible that the ability of an end user to produce cannabis for their own purposes, such as under (ii) and (iii) above, could significantly reduce the addressable market for a portfolio company' s products and could materially and adversely affect the business, financial condition and results of operations of a portfolio company, which in turn, could adversely affect our business, financial condition and results of operations. The cannabis industry faces significant opposition, and any negative trends may adversely affect the business operations of our portfolio companies. If we invest in portfolio companies in the cannabis industry, we will be substantially dependent on the continued market acceptance, and the proliferation of consumers, of cannabis. We believe that with further legalization, cannabis will become more accepted, resulting in growth in consumer demand. However, we cannot predict the future growth rate or future market potential, and any negative outlook on the cannabis industry may adversely affect our business operations and the operations of our portfolio companies. Large, well- funded industries that perceive cannabis products and services as competitive with their own, including but not limited to the pharmaceutical industry, adult beverage industry and tobacco industry, all of which have powerful lobbying and financial resources, may have strong economic reasons to oppose the development of the cannabis industry. For example, should cannabis displace other drugs or products, the medical cannabis industry could face a material threat from the pharmaceutical industry, which is well- funded and possesses a strong and experienced lobby. Any inroads the pharmaceutical, or any other potentially displaced, industry or sector could make in halting or impeding the cannabis industry could have a detrimental impact on our business and the business of our portfolio companies. Competition from synthetic products may adversely affect the business, financial condition or results of operations of a portfolio company. The pharmaceutical industry may attempt to dominate the cannabis industry, and in particular, legal cannabis, through the development and distribution of synthetic products which emulate the effects of cannabis. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the cannabis industry. This could adversely affect the ability of a portfolio company to secure long- term profitability and success through the sustainable and profitable operation of the anticipated businesses and investment targets, and could have a material adverse effect on a portfolio company' s business, financial condition or results of operations, which in turn, could adversely affect our business, financial condition and results of operations. An initial surge in demand for cannabis may result in supply shortages in the short term, while in the longer term, supply of cannabis could exceed demand, which may cause a fluctuation in revenue. Changes in the legal status of cannabis may result in an initial surge in demand. As a result of such initial surge, cannabis companies operating under such changed legal regime may not be able to produce enough cannabis to meet demand of the adult- use recreational and medical markets, as applicable. This may result in lower than expected sales and revenues and increased competition for sales and sources of supply. However, in the future, cannabis producers may produce more cannabis than is needed to satisfy the collective demand of the adult- use recreational and medical markets, as applicable, and they may be unable to export that oversupply into other markets where cannabis use is fully legal under all applicable jurisdictional laws. As a result, the available supply of cannabis could exceed demand, resulting in a significant decline in the market price for cannabis. If such supply or price fluctuations were to occur, companies operating in the cannabis industry may see revenue and profitability fluctuate materially and their business, financial condition, results of operations and prospects may be adversely affected, as could our business, financial condition and results of operations. Consumer preferences may change, and the portfolio company may be unsuccessful in acquiring or retaining consumers and keeping pace with changing market developments. As a result of changing consumer preferences, many consumer products attain financial success for a limited period of time. Even if a portfolio company' s products find success at retail, there can be no assurance that such products will continue to be profitable. A portfolio company' s success will be significantly dependent upon its ability to develop new and improved product lines and adapt to consumer preferences. Even if a portfolio company is successful in introducing new products or developing its current products, a failure to gain consumer acceptance or to update products could cause a decline in the products' popularity and impair the brands. In addition, a portfolio company may be required to invest significant capital in the creation of new product lines, strains, brands, marketing campaigns, packaging and other product features, none of which are guaranteed to be successful. Failure to introduce new features and product lines and to achieve and sustain market acceptance could result in the portfolio company being unable to satisfy consumer preferences and generate revenue. A portfolio company' s success depends on its ability to attract and retain consumers. There are many factors which could impact its ability to attract and retain consumers, including its ability to continually produce desirable and effective products, the successful implementation of its consumer acquisition plan and the continued growth in the aggregate number of potential consumers. A portfolio company may not be successful in developing effective and safe new products, anticipating shifts in social trends and consumer demands, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals. A portfolio company' s failure to acquire and retain consumers could have a material adverse effect on the business of the portfolio company and us. In addition, the patterns of cannabis consumption may shift over time due to a variety of factors, including changes in demographics, social trends, public health policies and other leisure or consumption behaviors. If consumer preferences for a portfolio company' s products or cannabis products in general do not develop, or if once developed, they were to move away from its products or cannabis products in general, or if a portfolio company is unable to anticipate and respond effectively to shifts in consumer behaviors, it may be adversely affected. The cannabis industry is highly competitive and evolving. The market for businesses in the cannabis industry is highly competitive and evolving. There may be no material aspect of our portfolio companies' businesses that is protected by patents, copyrights, trademarks or trade names, and they may face strong competition from larger companies, including those that may offer similar products and services to our portfolio companies. Potential competitors may have longer operating histories, significantly greater financial, marketing or other resources, and larger client bases than our portfolio companies, and there can be no assurance that they will be able to successfully compete against these or other competitors. Additionally, because the cannabis industry is at an early stage, a portfolio company may face additional competition from new entrants, including as a result of an increased number of licenses granted under any applicable regulatory regime. If the number of users of medical cannabis increases, and / or if the national demand for recreational cannabis increases, the demand for products will increase and we expect that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, a portfolio company may require a continued high level of investment in research and development, marketing, sales and client support. However, a portfolio company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of operations of such portfolio company, as well as our business, financial condition and results of operations. Additionally, as new technologies related to the cultivation, processing, manufacturing, and research and development of cannabis are being explored, there is potential for third- party competitors to be in possession of superior technology that would reduce any relative competitiveness a portfolio company may have. As the legal landscape for cannabis continues to evolve, it is possible that the cannabis industry will undergo consolidation, creating larger companies with greater financial resources, manufacturing and marketing capabilities, and product offerings. Given the rapid changes affecting the global, national and regional economies generally, and the cannabis industry in particular, our portfolio companies may not be able to create and maintain a competitive advantage in the marketplace. The success of any such portfolio company will depend on its ability to keep pace with any changes in such markets, particularly legal and regulatory changes. For example, it is likely that a portfolio company, and its competitors, will seek to introduce new products in the future. The success of such portfolio companies will also depend on their ability to respond to, among other things, changes in the economy, market conditions and competitive pressures. Any failure by them to anticipate or respond adequately to such changes could have a material adverse effect on the financial condition and results of operations of us and our portfolio companies. The technologies, process and formulations a portfolio company uses may face competition or become obsolete. Many businesses in the cannabis industry face rapidly changing markets, technology, emerging industry standards and frequent introduction of new products. The introduction of new products embodying new technologies, including new manufacturing processes or formulations, and the emergence of new industry standards may render a portfolio company' s products obsolete, less competitive or less marketable. The process of developing their products is complex and requires significant continuing costs, development efforts and third- party commitments, including licensees, researchers, collaborators and lenders. A portfolio company' s failure to develop new technologies and products and the obsolescence of existing technologies or processes could adversely affect its and our business, financial condition and results of operations. A portfolio company may be unable to anticipate changes in its customer requirements that could make its existing technology, processes or formulations obsolete. Its success will depend in part on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied news of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost- effective basis. The development of its proprietary technology, processes and formulations may entail significant technical and business risks. A portfolio company may not be successful in using its new technologies or exploiting its niche markets effectively or adapting its business to evolving customer or medical requirements or preferences or emerging industry standards. There is uncertainty in pricing and demand for cannabis- based products. The anticipated pricing of cannabis products may differ substantially from current levels given changes in the competitive and regulatory landscape. A portfolio company' s business model may be susceptible to erosion of profitability should cannabis and cannabis- related products experience secular pricing changes. Potential sources of pricing changes include overproduction, regulatory action, increased competition or the emergence of new competitors. Additionally, even if pricing of the broader cannabis and cannabis- related product market is sustained, there is no guarantee that a portfolio company will be successful in creating and maintaining consumer demand and estimated pricing levels. To do this, the portfolio company may be dependent upon, among other things, continually producing desirable and effective cannabis and cannabis- related products and the continued growth in the aggregate number of cannabis consumers. Campaigns designed to enhance a portfolio company' s brand and attract consumers, subject to restrictions imposed by law, can be expensive and may not result in increased sales. If the portfolio company is unable to attract new consumers, it may not be able to increase its sales. A portfolio company may have difficulty in forecasting sales and other business metrics. A portfolio company may rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry. If the portfolio company underestimates the demand for its products, it may not be able to produce products that meet its stringent requirements, and this could result in delays in the shipment of products and failure to satisfy demand, as well as damage to reputation and partner relationships. If the portfolio company overestimates the demand for its products, it could face inventory levels in excess of demand, which could result in inventory write- downs or write- offs and the sale of excess inventory at discounted prices, which would harm the portfolio company' s gross margins and brand management efforts, which could impact our business, results of operations and financial condition. Due to the nascent nature of the market, it could be difficult for the portfolio company to forecast demand. In particular, it could be difficult to forecast the rate of the illicit cannabis market crossing over to the legal market. If the market does not develop as the portfolio company expects, it could have a material adverse effect on its business, results of operations and financial condition, which could in turn have an adverse effect on our business, results of operations and financial condition. In addition to inherent risks and difficulties forecasting sales, anticipated costs and yields are also challenging to predict with certainty as the cannabis industry is in its relative infancy and rapidly evolving. If portfolio companies make capital investments based on flawed sales, costs and yields forecasts, the portfolio company may not achieve its expected, or any, return on invested capital. Failure to realize forecasted sales, costs and yields could have a material adverse effect on the portfolio company' s business, results of operations and financial condition, as well as our business, results of operations and financial condition. ~~Portfolio companies may have difficulty borrowing from or otherwise accessing the service of banks, which may make it difficult to sell products and services.~~ Financial transactions involving proceeds generated by cannabis- related conduct can form the basis for prosecution under the federal money laundering statutes, the unlicensed money transmitter statute and the U. S. Bank Secrecy Act. Guidance issued by the Financial Crimes Enforcement Network (" FinCEN "), a division of the U. S. Department of the Treasury (the " FinCEN Memo "), clarifies how financial institutions can provide services to cannabis- related businesses consistent with their obligations under the Bank Secrecy Act. Despite the rescission of memoranda that had de- prioritized the enforcement of federal law against marijuana users and businesses that comply with state marijuana laws, FinCEN has not rescinded the FinCEN Memo. While this memo appears to be a standalone document and is presumptively still in effect, FinCEN could elect to rescind the FinCEN Memo at any time. Banks remain hesitant to offer banking services to cannabis- related businesses. Consequently, those businesses involved in the cannabis industry continue to encounter difficulty in establishing banking relationships. The inability of portfolio companies to maintain bank accounts would make it difficult for them to operate their business, would increase their operating costs and pose additional operational, logistical and security challenges, and could result in their inability to implement their business plan. The development and operation of businesses in the cannabis industry may require additional financing, which may not be available on favorable terms, if at all. Due to the growth in the cannabis industry, the continued development and operation of businesses in the cannabis industry may require additional financing. The failure of portfolio companies to raise such capital could result in the delay or indefinite postponement of current business objectives or the cessation of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable. Portfolio companies may be subject to product liability claims. If we invest in a portfolio company operating as a manufacturer and distributor of products utilizing cannabis for human consumption, such portfolio companies will face an inherent risk of exposure to product liability claims, regulatory action and litigation if their products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third- parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. Our portfolio companies may be subject to various product liability claims, including, among others, that the products they produced caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against a portfolio company could result in increased costs, could adversely affect its reputation with its clients and consumers generally, and could have a material adverse effect on its results of operations and financial condition, which in turn could adversely affect our results of operations and financial condition. There can be no assurances that a portfolio company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products. Portfolio companies may not be able to obtain adequate insurance coverage in respect of the risks such business faces, the premiums for such insurance may not continue to be commercially justifiable or there may be coverage limitations and other exclusions which may result in such insurance not being sufficient to cover potential liabilities that they face. Although we expect our portfolio companies to have insurance coverage with respect to the assets and operations of their businesses, such insurance coverage will be subject to coverage limits and exclusions and may not be available for the risks and hazards to which they are exposed. In addition, no assurance can be given that such insurance will be adequate to cover their liabilities, including potential product liability claims, or will be generally available in the future or, if available, that premiums will be commercially justifiable. If a portfolio company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, such portfolio company may be exposed to material uninsured liabilities that could impede such company' s liquidity, profitability or solvency, potentially impacting our results of operations and financial condition. Due to our involvement in the regulated cannabis industry, we and our borrowers may have a difficult time obtaining or maintaining the various insurance policies that are desired to operate our business, which may expose us to additional risk and financial liabilities. Insurance that is otherwise readily available, such as workers' compensation, general liability, title insurance and directors' and officers' insurance, is more difficult for us and our borrowers to find and more expensive, because of our borrowers' involvement in the regulated cannabis industry. There are no guarantees that we or our borrowers will be able to find such insurance now or in the future, or that such insurance will be available on economically viable terms. If we or our borrowers are forced to go without such insurance, it may prevent us from entering into certain business sectors, may inhibit our growth, may expose us to additional risk and financial liabilities and, in the case of an uninsured loss, may result in the loss of anticipated cash flow or the value of our loan ~~. We, portfolio companies or the cannabis industry more generally may receive unfavorable publicity or become subject to negative consumer or investor perception~~ . We believe that the cannabis industry is highly dependent upon positive consumer and investor perception regarding the benefits, safety, efficacy and quality of the cannabis distributed to consumers. The perception of the cannabis industry and cannabis products, currently and in the future, may be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements, media attention and other publicity (whether or not accurate or with merit) both in the United States and in other countries, including Canada, relating to the consumption of cannabis products, including unexpected safety or efficacy concerns arising with respect to cannabis products or the activities of industry participants. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention, or other research findings or publicity will be favorable to the cannabis market or any particular cannabis product or will be consistent with earlier publicity. Adverse future scientific research reports, findings and regulatory proceedings that are, or litigation, media attention or other publicity that is, perceived as less favorable than, or that questions, earlier research reports, findings or publicity (whether or not accurate or with merit) could result in a significant reduction in the demand for the cannabis products of a portfolio company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis, or the products of a portfolio company specifically, or associating the consumption of cannabis with illness or other negative effects or events, could adversely affect such portfolio company. This adverse publicity could arise even if the adverse effects associated with cannabis products resulted from consumers' failure to use such products legally, appropriately or as directed. Third- parties with whom we do business may perceive themselves as being exposed to reputational risk by virtue of their relationship with us and may ultimately elect not to do business with us. If we invest in a portfolio company in the cannabis industry, the parties with which we do business may perceive that they are exposed to reputational risk as a result of our investment in a cannabis business. Failure to establish or maintain business relationships could have a material adverse effect on us. Our reputation and ability to do business, as well as the reputation of our portfolio companies and their ability to do business, may be negatively impacted by the improper conduct of business partners, employees or agents. We cannot provide assurance that the internal controls and compliance systems of our portfolio companies will always protect us from acts committed by such companies' employees, agents or business partners in violation of applicable laws and regulations in the jurisdictions in which they conduct operations, including those applicable to businesses in the cannabis industry. Any improper acts or allegations could damage our reputation, the reputation of our portfolio companies and subject us and our portfolio companies to civil or criminal investigations and related shareholder lawsuits, could lead to substantial civil and criminal monetary and non- monetary penalties, and could cause us or our portfolio companies to incur significant legal and investigatory fees. ~~Portfolio companies may be subject to regulatory, legal or reputational risk associated with potential misuse of their products by their customers.~~ We cannot provide assurance that a portfolio company' s customers will always use its products in the manner in which they intend. Any misuse of their products by their customers could lead to substantial civil and criminal monetary and non- monetary penalties, and could cause them to incur significant legal and investigatory fees. A portfolio company may not succeed in promoting and sustaining its brands, which could have an adverse effect on its future growth and business. A critical component of a portfolio company' s future growth is its ability to promote and sustain its brands, often achieved by providing a high- quality user experience. An important element of a portfolio company' s brand promotion strategy is establishing a relationship of trust with its consumers. In order to provide a high- quality user experience, a portfolio company may need to have invested and continue to invest substantial resources in the development of products, infrastructure, fulfillment and customer service operations. Campaigns designed to enhance a portfolio company' s brand and attract consumers, subject to restrictions imposed by law, can be expensive and may not result in increased sales. If a portfolio company is unable to attract new customers or its consumers are dissatisfied with the quality of the products sold to them or the customer service they receive and their overall customer experience, it could see a decrease in sales, which could have a material adverse effect on the portfolio company' s business, financial condition and results of operations, which in turn, could have an adverse effect on our business, financial condition and results of operations. Certain events or developments in the cannabis industry more generally may impact our reputation or the reputation of our portfolio companies. Damage to our reputation or the reputation of our portfolio companies can result from the actual or perceived occurrence of any number of events, including any negative publicity, whether true or not. If we invest in a portfolio company in the cannabis industry, because cannabis has been commonly associated with various other narcotics, violence and criminal activities, there is a risk that such business might attract negative publicity. There is also a risk that the actions of other companies, service providers and customers in the cannabis industry may negatively affect the reputation of the industry as a whole and thereby negatively impact our reputation or the reputation of our portfolio companies. The increased usage of social media and other web- based tools used to generate, publish and discuss user- generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share negative opinions and views in regards to our and our portfolio companies' activities and the cannabis industry in general, whether true or not. We do not ultimately have direct control over how we or the cannabis industry is perceived by others. Reputational issues may result in decreased investor confidence, increased challenges in developing and maintaining community relations and present an impediment to our overall ability to advance our business strategy and realize our investments. The cannabis industry is subject to the risks inherent in an agricultural business, including the risk of crop failure. The growing of cannabis is an agricultural process. As such, a portfolio company with operations in the cannabis industry is subject to the risks inherent in the agricultural business, including risks of crop failure presented by weather, insects, plant diseases and similar agricultural risks. Although some cannabis production is conducted indoors under climate controlled conditions, cannabis continues to be grown outdoors and there can be no assurance that artificial or natural elements, such as insects and plant diseases, will not entirely interrupt production activities or have an adverse effect on the production of cannabis and, accordingly, the operations of a portfolio company, which could have an adverse effect on our business, financial condition and results of operations. The cannabis industry is subject to transportation disruptions, including those related to an agricultural product. As a business revolving mainly around the growth of an agricultural product, the ability to obtain speedy, cost-effective and efficient transport services will be essential to the prolonged operations of a portfolio company' s business. Should such transportation become unavailable for prolonged periods of time, it could have a material adverse effect on the portfolio company' s business, financial condition and results of operations, which could also have an adverse effect on our business, financial condition and results of operations. Due to the nature of a portfolio company' s products, security of the product during transportation to and from its facilities may be important. A breach of security during transport or delivery could have a material adverse effect on a portfolio company' s business, financial condition and results of operations, which could also have an adverse effect on our business, financial condition and results of operations. Any breach of the security measures during transport or delivery, including any failure to comply with recommendations or requirements of regulatory authorities, could also have an impact on the portfolio company' s ability to continue operating under its license or the prospect of renewing its licenses. Many cannabis businesses are subject to significant environmental regulations and risks. Participants in the cannabis industry are subject to various environmental regulations in the jurisdictions in which they operate. These regulations may mandate, among other things, the maintenance of air and water quality standards and land reclamation. These regulations may also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect a portfolio company. Many cannabis businesses are dependent on key personnel with sufficient experience in the cannabis industry. The success of businesses in the cannabis industry is largely dependent on the performance of their respective management teams and key employees and their continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and significant costs may be incurred to attract and retain them. The loss of the services of any key personnel, or an inability to attract other suitably qualified persons when needed, could prevent a business from executing on its business plan and strategy, and the business may be unable to find adequate replacements on a timely basis, or at all. There are a limited number of management teams in the cannabis industry that are familiar with U. S. securities laws. There are a limited number of management teams in the cannabis industry that have U. S. public company experience. As a result, management of a portfolio company, including any key personnel that it hires in the future, may not be familiar with U. S. securities laws. If such management team is unfamiliar with U. S. securities laws, they may have to expend time and resources becoming familiar with such laws. This could be expensive and time- consuming and could lead to various regulatory issues which may adversely affect our operations. It may be difficult to continuously maintain and retain a competitive talent pool with public company standards. As we grow, our Adviser may need to hire additional human resources to continue to develop our business. However, experienced talent, including senior management, with public company background in the areas of cannabis research and development, growing cannabis and extraction are difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable. Without adequate personnel and expertise, the growth of our business may suffer. There can be no assurance that our Adviser will be able to identify, attract, hire and retain qualified personnel and expertise in the future, and any failure to do so could have a material adverse effect on our business, financial condition or results of operations. A portfolio company may be dependent on skilled labor and suppliers. The ability of a portfolio company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that a portfolio company will be successful in maintaining its required supply of skilled labor, equipment, parts and components. Qualified individuals are in high demand, and the portfolio company may incur significant costs to attract and retain them. It is also possible that the final costs of the major equipment and materials, including packaging materials, contemplated by the portfolio company' s capital expenditure program may be significantly greater than anticipated by the portfolio company' s management, and may be greater than funds available to the portfolio company, in which circumstance the portfolio company may curtail, or extend the time frames for completing, its capital expenditure plans. This could have a material adverse effect on the portfolio company' s business, financial condition and results of operations, which could also have an adverse effect on our business, financial condition and results of operations. Fraudulent or illegal activity by employees, contractors and consultants may adversely affect our portfolio companies' business, financial condition or results of operations. A portfolio company may be exposed to the risk that any of its employees, independent contractors or consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and / or negligent conduct or disclosure of unauthorized activities that violate (i) government regulations, (ii) manufacturing standards, (iii) federal, state and provincial healthcare fraud and abuse laws and regulations, or (iv) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the portfolio company to identify and deter misconduct by its employees and other third-parties, and the precautions taken by the portfolio company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the portfolio company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the portfolio company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business of the portfolio company, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the operations of the portfolio company, any of which could have a material adverse effect on the portfolio company' s business, financial condition and results of operations, as well as our business, financial condition and results of operations. A portfolio company may be reliant on key inputs and may not be able to realize its cannabis production or capacity targets. The price of production of cannabis will also vary based on a number of factors outside of our portfolio companies' control. A portfolio company' s ability to produce and process cannabis, and the price of production, may be affected by a number of factors, including available space, raw materials, plant design errors, non- performance by third- party contractors, increases in materials or labor costs, construction performance falling below expected levels of output or efficiency, environmental pollution, contractor or operator errors, breakdowns, processing bottlenecks, aging or failure of equipment or processes, labor disputes, as well as factors specifically related to indoor agricultural practices, such as reliance on provision of energy and utilities to the facility, and potential impacts of major incidents or catastrophic events on the facility, such as fires, explosions, earthquakes or storms. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of a portfolio company. Some of these inputs may only be available from a single supplier or a limited group of suppliers, including access to the electricity grid. If a sole source supplier was to go out of business, the portfolio company might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the portfolio company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, results of operations and prospects of such businesses, as well as an adverse impact on our business, financial condition and results of operations. In addition, the price of production, sale and distribution of cannabis will fluctuate widely due to, among other factors, how young the cannabis industry is and the impact of numerous factors beyond the control of such businesses, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. A portfolio company may be vulnerable to rising energy costs. Cannabis growing operations consume considerable energy, which makes a portfolio company vulnerable to rising energy costs and / or the availability of stable energy sources. Accordingly, rising or volatile energy costs or the inability to access stable energy sources may have a material adverse effect on the portfolio company' s business, financial condition and results of operations, which could also adversely affect our business, financial condition and results of operations. ~~There may be a lack of access to U. S. bankruptcy protections for portfolio companies.~~ Because cannabis is illegal under U. S. federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If a portfolio company were to experience a bankruptcy, there is no guarantee that U. S. federal bankruptcy protections would be available, which could have a material adverse effect on the financial condition and prospects of such business and on our rights as lenders and security holders. Risks Relating to Our Common Stock Shares of closed- end investment companies, including BDCs, may trade at a discount to their NAV. Shares of closed- end investment companies, including BDCs, may trade at a discount to their NAV. This characteristic of closed- end investment companies and BDCs is separate and distinct from the risk that our NAV per share may decline. We cannot predict whether our common stock will trade at, above or below NAV. Investing in our common stock may involve an above- average degree of risk. The investments we intend to make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and a higher risk of volatility or loss of principal. Our investments in portfolio companies involve higher levels of risk, and therefore, an investment in our shares may not be suitable for someone with lower risk tolerance ~~. The market price of our common stock may fluctuate significantly~~ . The market price and liquidity of the expected 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: • significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies; • inability to obtain any exemptive relief that may be required by us from the SEC, if any; • changes in regulatory policies, accounting pronouncements or tax guidelines, particularly with respect to RICs and BDCs; • loss of our BDC or RIC status; • changes in earnings or variations in operating results or distributions that exceed our net investment income; • increases in expenses associated with defense of litigation and responding to SEC inquiries; • changes in accounting guidelines governing valuation of our investments; • changes in the value of our portfolio of investments and any derivative instruments, including as a result of general economic conditions, interest rate shifts and changes in the performance of our portfolio companies; • any shortfall in investment income or net investment income or any increase in losses from levels expected by investors or securities analysts; • sales of our common stock by the Seed Investor (as defined below); • departure of our Adviser' s key personnel; and • general economic trends and other external factors, including those related to the COVID- 19 pandemic. If our common stock trades below its NAV, we will generally not be able to sell additional shares of our common stock to the public at its market price without first obtaining the approval of our stockholders (including our unaffiliated stockholders) and our independent directors for such issuance. Sales of substantial amounts of our common stock in the public market, including by the Seed Investor, may have an adverse effect on the market price of our common stock. The Adviser was the seed investor of the Company (the " Seed Investor ") and provided initial funding to the Company by purchasing approximately $ 63 million of our common stock in our initial public offering. The Seed Investor provided this " seed capital " to the Company for the purpose of facilitating the launch and initial operation of the Company, as opposed to for long term investment purposes. **The** ~~Although the Seed Investor is subject to a 180- day lock- up agreement, the~~ Seed Investor does not expect to hold our common stock indefinitely, and may sell our common stock at a future point in time. In order for the Seed Investor' s sales of the shares of the Company not to be deemed to have been made " on the basis of " material nonpublic information, such sales may be made pursuant to a pre- approved trading plan that complies with Rule 10b5- 1 under the Exchange Act and that may obligate the

Seed Investor to make recurring sales of our common stock on a periodic basis. Sales of substantial amounts of our common stock, including by the Seed Investor or other large stockholders, or the availability of such common stock for sale, could adversely affect the prevailing market prices for our common stock. If this occurs and continues for a sustained period of time, it could impair our ability to raise additional capital through the sale of securities should we desire to do so. The Seed Investor has significant influence over us, including having an approximately 72 % vote for matters that require the approval of stockholders, which could limit your ability to influence the outcome of matters submitted to stockholders for a vote. The Seed Investor holds approximately 72 % of our voting stock and has the ability to exercise substantial control over all corporate actions requiring stockholder approval, including the election and removal of directors, certain amendments of our charter, our ability to issue our common stock at a price below NAV per share, and the approval of any merger or other extraordinary corporate action. Certain provisions of our charter and bylaws and actions of our Board of Directors could deter takeover attempts and have an adverse impact on the value of shares of our common stock. Our charter, as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third- party from attempting to acquire us. Our Board of Directors is divided into three classes of directors serving staggered three- year terms. Our Board of Directors may, without stockholder action, authorize the issuance of shares in one or more classes or series, including shares of preferred stock; and our Board of Directors may, without stockholder action, amend our charter to increase the number of shares of our common stock, of any class or series, that we will have authority to issue. These anti- takeover provisions may inhibit a change of control in circumstances that could give the holders of shares of our common stock the opportunity to realize a premium over the value of shares of our common stock. Our common stockholders will bear the expenses associated with our borrowings, and the holders of our debt securities will have certain rights senior to our common stockholders. If in the future we issue debt securities, all of the costs of offering and servicing such debt, including interest thereon, will be borne by our common stockholders. The interests of the holders of any debt we may issue will not necessarily be aligned with the interests of our common stockholders. In particular, the rights of holders of our debt to receive interest or principal repayment will be senior to those of our common stockholders. In addition, we may grant a lender a security interest in a significant portion or all of our assets, even if the total amount we may borrow from such lender is less than the amount of such lender' s security interest in our assets. Stockholders may incur dilution if we issue securities to subscribe to, convert to or purchase shares of our common stock. The 1940 Act prohibits us from selling shares of our common stock at a price below the current NAV per share of such stock with certain exceptions. One such exception is prior stockholder approval of issuances of securities to subscribe to, convert to or purchase shares of our common stock even if the subscription, conversion or purchase price per share of our common stock is below the NAV per share of our common stock at the time of any such subscription, conversion or purchase. Any decision to sell securities to subscribe to, convert to or purchase shares of our common stock will be subject to the determination by our Board of Directors that such issuance is in our and our stockholders' best interests. If we issue securities to subscribe to, convert to or purchase shares of common stock, the exercise or conversion of such securities would increase the number of outstanding shares of our common stock. Any such exercise or conversion would be dilutive on the voting power of existing stockholders, and could be dilutive with regard to distributions and our NAV, and other economic aspects of the common stock. Members of our management team and our board of directors and affiliated companies have been, and may from time to time be, involved in legal proceedings or governmental investigations unrelated to our business. Members of our management team and our board of directors have been involved in a wide variety of businesses. Such involvement has, and may lead to, media coverage and public awareness. As a result of such involvement, members of our management team and our board of directors and affiliated companies have been, and may from time to time be, involved in legal proceedings or governmental investigations unrelated to our business. Any such proceedings or investigations may be detrimental to our reputation and could negatively affect our ability to operate our business and may have an adverse effect on the price of our common stock. **Risks Relating to the Loan Portfolio Acquisition Sales of shares of our common stock after the completion of the Loan Portfolio Acquisition may cause the market price of our common stock to decline. Based on the net asset value per share of our common stock on December 31, 2023, net of estimated expenses related to the Loan Portfolio Acquisition, and the value of the Loan Portfolio on January 1, 2024, we would issue approximately 9. 9 million shares of our common stock pursuant to the Loan Portfolio Acquisition Agreement. CALP may decide not to hold the shares of our common stock that it will receive pursuant to the Loan Portfolio Acquisition Agreement. In addition, our current stockholders may decide not to hold their shares of our common stock after completion of the Loan Portfolio Acquisition. In each case, such sales of our common stock could have the effect of depressing the market price for our common stock and may take place promptly following the completion of the Loan Portfolio Acquisition. Our stockholders will experience a reduction in percentage ownership and voting power in the Company as a result of the Loan Portfolio Acquisition. Our stockholders will experience a substantial reduction in their respective percentage ownership interests and effective voting power in the Company relative to their respective ownership interests in the Company prior to the Loan Portfolio Acquisition. Consequently, our stockholders should expect to exercise less influence over our management and policies following the Loan Portfolio Acquisition than they currently exercise over our management and policies. If the Loan Portfolio Acquisition is consummated, based on the number of shares of our common stock issued and outstanding as of December 31, 2023, the net asset value per share of our common stock as of December 31, 2023, net of estimated expenses related to the Loan Portfolio Acquisition, and the value of the Loan Portfolio as of January 1, 2024, at the closing of the Loan Portfolio Acquisition, it is expected that our current stockholders will own approximately 38. 4 % of our outstanding common stock and CALP will own approximately 61. 6 % of our outstanding common stock. In addition, both prior to and after completion of the Loan Portfolio Acquisition, subject to certain restrictions in the Loan Portfolio Acquisition Agreement and stockholder approval, we may issue additional shares of our common stock, all of which would further reduce the percentage ownership of the Company held by CALP and our current stockholders. We may** be unable to realize the benefits anticipated by the Loan Portfolio Acquisition, including estimated cost savings, or it may take longer than anticipated to achieve such benefits. The realization of certain benefits anticipated as a result of the Loan Portfolio Acquisition will depend in part on the integration of the Loan Portfolio with our investment portfolio. There can be no assurance that the Loan Portfolio can be integrated successfully into our operations in a timely fashion or at all. The dedication of management resources to such integration may detract attention from our day- to- day business and there can be no assurance that there will not be substantial costs associated with the transition process or there will not be other material adverse effects as a result of these integration efforts. Such effects, including, but not limited to, incurring unexpected costs or delays in connection with such integration and failure of the Loan Portfolio to perform as expected, could have a material adverse effect on our financial results. We also expect to achieve certain cost savings from the Loan Portfolio Acquisition following the Loan Portfolio Acquisition. It is possible that the estimates of the potential cost savings could ultimately be incorrect. The cost savings estimates also assume we will be able to combine the portfolios of the Company and CALP in a manner that permits those cost savings to be fully realized. If the estimates turn out to be incorrect or if we are not able to successfully combine the Loan Portfolio with our investment portfolio, the anticipated cost savings may not be fully realized or realized at all or may take longer to realize than expected. The opinion delivered to the Special Committee from its financial advisor will not reflect changes in circumstances between signing the Loan Portfolio Acquisition Agreement and completion of the Loan Portfolio Acquisition. The Special Committee has not obtained an updated opinion as of the date of this annual report on Form 10- K from its financial advisor and does not anticipate obtaining an updated opinion prior to the closing of the Loan Portfolio Acquisition. Changes in our operations and prospects, general market and economic conditions and other factors that may be beyond our control, and on which the opinion of the Special Committee' s financial advisor was based, may significantly alter the value of the Loan Portfolio or the price of shares of our common stock by the time the Loan Portfolio Acquisition is completed. The opinion does not speak as of the time the Loan Portfolio Acquisition will be completed or as of any date other than the date of such opinion. Because the Special Committee does not currently anticipate asking its financial advisor to update its opinion, the opinion will not address the fairness of the Loan Portfolio Consideration from a financial point of view at the time the Loan Portfolio Acquisition is completed. If the Loan Portfolio Acquisition does not close, we will not benefit from the expenses incurred in its pursuit. The Loan Portfolio Acquisition may not be completed. If the Loan Portfolio Acquisition is not completed, we will have incurred substantial expenses for which no ultimate benefit will have been received. We have incurred out- of- pocket expenses in connection with the Loan Portfolio Acquisition, much of which will be incurred even if the Loan Portfolio Acquisition is not completed. The termination of the Loan Portfolio Acquisition Agreement could negatively impact the Company. If the Loan Portfolio Acquisition Agreement is terminated, there may be various consequences, including: • Our business may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the Loan Portfolio Acquisition, without realizing any of the anticipated benefits of completing the Loan Portfolio Acquisition ; • the market price of our common stock might decline to the extent that the market price prior to termination reflects a market assumption that the Loan Portfolio Acquisition will be completed ; and • the payment of any termination fee, if required under the circumstances, could adversely affect our financial condition and liquidity. Under certain circumstances, we are obligated to pay CALP a termination fee upon termination of the Loan Portfolio Acquisition Agreement. No assurance can be given that the Loan Portfolio Acquisition will be completed. The Loan Portfolio Acquisition Agreement provides for the payment, subject to applicable law, by us of a termination fee of $ 6, 046, 613 to CALP if the Loan Portfolio Acquisition Agreement is terminated by us or CALP under certain circumstances, including if (i) subject to complying with certain requirements, we terminate the Loan Portfolio Acquisition Agreement prior to receipt of stockholder approval of the Loan Portfolio Acquisition in order for the Company to enter into a definitive agreement with respect to a superior proposal, (ii) CALP terminates the Loan Portfolio Acquisition Agreement if, prior to receipt of stockholder approval of the Loan Portfolio Acquisition, our Board of Directors changes its recommendation to the stockholders, or (iii) the Loan Portfolio Acquisition Agreement is terminated by either us or CALP, subject to certain requirements, and prior to such termination a competing proposal has been made public (or was otherwise known to our Board of Directors) and was not withdrawn prior to such termination, and a competing proposal is consummated or we enter into a definitive agreement with respect to a competing proposal within twelve months after such termination. Our Board of Directors has approved the amount of the termination fee which may be paid. The Loan Portfolio Acquisition Agreement limits our ability to pursue alternatives to the Loan Portfolio Acquisition. The Loan Portfolio Acquisition Agreement includes restrictions on our ability to solicit proposals for alternative transactions or engage in discussions regarding such proposals, subject to exceptions and termination provisions, which could have the effect of discouraging such proposals from being made or pursued. The Loan Portfolio Acquisition is subject to closing conditions, including stockholder approvals, that, if not satisfied or waived, will result in the Loan Portfolio Acquisition not being completed, which may result in material adverse consequences to our business and operations. The Loan Portfolio Acquisition is subject to closing conditions, including certain approvals of our stockholders that, if not satisfied, will prevent the Loan Portfolio Acquisition from being completed. The closing condition that our stockholders approve the issuance of shares of our common stock to be issued in connection with the Loan Portfolio Acquisition may not be waived and must be satisfied for the Loan Portfolio Acquisition to be completed. We currently expect that SSC and all of our directors and executive officers will vote their shares of our common stock in favor of the issuance of shares of our common stock in connection with the Loan Portfolio Acquisition. If our stockholders do not approve the issuance of shares of our common stock in connection with the Loan Portfolio Acquisition and the Loan Portfolio Acquisition is not completed, the resulting failure of the Loan Portfolio

Acquisition could have a material adverse impact on our business and operations. In addition to the required approval of our stockholders, the Loan Portfolio Acquisition is subject to a number of other conditions beyond our control that may prevent, delay or otherwise materially adversely affect its completion. We cannot predict whether and when these other conditions will be satisfied. We will be subject to operational uncertainties and contractual restrictions while the Loan Portfolio Acquisition is pending. Uncertainty about the effect of the Loan Portfolio Acquisition may have an adverse effect on us both prior to and after completion of the Loan Portfolio Acquisition. These uncertainties may cause those that deal with us to seek to change their existing business relationships with us. In addition, the Loan Portfolio Acquisition Agreement restricts us from taking actions that we might otherwise consider to be in our best interest. These restrictions may prevent us from pursuing certain business opportunities that may arise prior to the completion of the Loan Portfolio Acquisition. We may waive one or more conditions to the Loan Portfolio Acquisition. Certain conditions to our obligation to complete the Loan Portfolio Acquisition may be waived, in whole or in part, to the extent legally allowed, either unilaterally or by agreement of the Company and CALP. The market price of our common stock after the Loan Portfolio Acquisition may be affected by factors different from those affecting our common stock currently. The results of our operations after the Loan Portfolio Acquisition and the market price of our common stock after the Loan Portfolio Acquisition may be affected by factors different from those currently affecting the results of our operations. These factors include: • a larger stockholder base ; and • a different portfolio composition. Accordingly, our historical trading prices and financial results may not be indicative of these matters for the Company following the Loan Portfolio Acquisition. The Loan Portfolio may include instruments that result in income recognition before or without corresponding cash receipt. Certain investments in the Loan Portfolio may be considered “ original issue discount ” or “ payment- in- kind ” instruments, and the accretion of original issue discount or payment- in- kind interest income may constitute a portion of the income derived from the Loan Portfolio. Additionally, certain investments comprising the Loan Portfolio may be treated as having “ market discount ” for U. S. federal income tax purposes. We may elect to amortize market discount and include such amounts in our taxable income in the current tax year instead of upon disposition. Following the Loan Portfolio Acquisition, we may be required to recognize income in respect of these investments before or without receiving cash representing such income and, accordingly, may have difficulty satisfying the annual distribution requirements applicable to RICs and avoiding the entity- level U. S. federal income and / or excise taxes. This may require us to sell assets to raise cash, and we may realize gain or loss on such liquidations; in the event that we realize net capital gains from such liquidating transactions, our shareholders may receive larger capital gain distributions than they would in the absence of such transactions. Item 1B. Unresolved Staff Comments