

ADDENDUM M – Fund Securities Valuation Procedures

Dated January 2017, as amended through June 1, 2020

SECTION 1. INTRODUCTION

As provided in the prospectus, the Fund calculates its net asset value per share ("NAV") as of the close of the New York Stock Exchange, typically 4:00 p.m., Eastern Time ("Valuation Time") on each business day that the NYSE is open. These procedures, including the delegation of certain responsibilities by the Board of Trustees of the Fund, are adopted in order to ensure that the Fund calculates NAV on a timely and accurate basis.

The Board is responsible for determining and monitoring the value of the Fund's assets. The Board has established a Valuation Committee to which it has delegated certain responsibilities in this regard. The Valuation Committee shall consist of the relevant Fund's Portfolio Manager(s); the Chief Compliance Officer of the Investment Adviser and the Fund; and certain individuals designated by the Administrator in addition to other individuals who may be designated by the Investment Adviser. In its capacity as Fund Accountant, AFS receives or computes the value of each investment security and other asset held by the Fund and computes the NAV for the Fund by dividing the value of the Fund's assets (less any liabilities) by the total shares of the Fund outstanding. To determine the value of each asset of the Fund, AFS shall value the Fund's securities and perform certain other calculations in accordance with these Procedures and as directed by the Board of Trustees.

SECTION 2. VALUATION STANDARDS

(a) Fund Investments.

(i) Fund investments (including foreign currencies, options, futures contracts, swaps, collars, floors and other contracts relating to securities) (hereinafter referred to as "securities") for which market quotations are readily available are to be valued at current market value as of the Valuation Time in accordance with these Procedures.

(ii) Fund securities for which market quotations are not readily available are to be valued at fair value as determined by the Fund's Fair Value Committee as of the Valuation Time in accordance with these Procedures ("Fair Value Determinations").

(b) Other Assets and Liabilities. Other assets (such as receivables and capitalized start-up costs) and liabilities (such as payables and borrowings by the Fund) are to be valued at their book value absent a determination by the Board to value them on another basis.

(c) Liquidity. The Investment Adviser is responsible on an ongoing basis for determining the liquidity of securities. The Fund has adopted Liquidity Procedures (Appendix A), which are to be read in conjunction with these Procedures.

SECTION 3. ORDINARY PRICING PROCEDURES

(a) Exchange Traded Securities. Securities traded or dealt in upon one or more securities exchange (whether domestic or foreign) for which market quotations are readily available and not subject to restrictions against resale shall be valued:

(i) at the last quoted sales price on the primary securities exchange (or in the case of NASDAQ securities, at the NASDAQ Official Closing Price) or, in the absence of a sale,

(ii) at the last bid on the primary exchange.

(b) Non-Exchange Traded Securities. Securities not traded or dealt upon any securities exchange for which over-the-counter market quotations are readily available shall be valued by a third-party pricing service which assigns a value based on the mid-point between the average bid prices and the average offer prices most recently submitted by broker-dealers that regularly make markets in such securities.

(c) Options and Futures Contracts.

(i) Options contracts, including those listed on a securities exchange, board of trade, or over-the-counter market shall be valued at the midpoint of the last reported bid price and ask price on the valuation date.

(ii) Futures are valued based on their daily settlement value.

(d) Short-term Debt Obligations. Short-term debt obligations with remaining maturities in excess of sixty days are valued at current market prices, as discussed above. Short-term securities with sixty days or less remaining to maturity are, unless conditions indicate otherwise, amortized to maturity based on their cost to the Fund if acquired within sixty days of maturity or, if already held by the Fund on the sixtieth day, based on the value determined on the sixty first day.

(e) Structured Credit and Other Debt Securities. Structured credit and other similar debt securities including, but not limited to CDO debt and equity securities, ABS securities, CMBS, securities, and other securitized investments backed by certain debt or other receivables (collectively “Structured Credit Securities”) are valued on the basis of valuations provided by dealers in those instruments and/or independent pricing services recommended by the Investment Adviser and approved by the Board of Trustees. In determining value, dealers and pricing services will generally use information with respect to transactions in the securities being valued; quotations from other dealers; market transactions in comparable securities; analyses and evaluations of various relationships between securities; and yield to maturity information.

The Investment Adviser will, based on its reasonable judgment, select the dealer or pricing service quotation that most accurately reflects the fair market value of the Structured Credit Security while taking into account the information utilized by the dealer or pricing service to formulate the quotation in addition to any other relevant factors. In the event that there is a material discrepancies between quotations received from third party dealers or the pricing services the Investment Adviser may (i) use an average of the quotations received or (ii) select an individual quotation that the Investment Adviser, based up its reasonable judgment, determines to be accurate. In any instance in which the Investment Adviser selects a single bid pursuant to section (e)(ii), the Investment Adviser will provide to the Fair Value Committee an analysis of the factors relied upon in the selection of the relevant quotation.

(f) Securities Traded on More Than One Exchange. If a security is traded or dealt in on more than one exchange, or on one or more exchange and in the over-the-counter market, quotations from the market in which the security is primarily traded shall be used.

(g) Currencies and Related Items. The value of foreign currencies and of foreign securities whose value is calculated in a foreign currency shall be translated into U.S. dollars based on the mean of the current bid and asked prices by major banking institutions and currency dealers.

(h) Pricing Agents. If necessary, AFS shall employ, at the Fund's expense, independent pricing agents of the type commonly used in the investment fund industry (e.g. Interactive Data Corporation, Standard & Poor's, Bloomberg, Muller Data Corporation, Kenny Information Systems, Inc. and Merrill Lynch Pricing Service) to provide current market values. International securities that are fair valued under Section 4(a)(v), below, will utilize prices provided by Interactive Data Corporation. Debt securities may be valued at prices supplied by the Fund's pricing agents based on broker or dealer supplied valuations or matrix pricing, a method of valuing securities by reference to the value of other securities with similar characteristics, such as rating, interest rate and maturity. Absent special circumstances, valuations for a type of instrument should all be made through the same pricing agent.

(i) Current Market Value Review. If, in the judgment of the Investment Adviser, the value of a security as determined in accordance with this Section 3 does not represent the fair market value of the security for any reason, the Investment Adviser shall so inform the Fair Value Committee and a meeting of the Board may be called to decide whether or not to make a Fair Value Determination. No Fair Value Determination shall be made without consideration of readily available market quotations.

(j) Accounting Requirements. Securities purchases and sales shall be reflected no later than one business day following the date of the trade. Expenses and income shall be accrued daily and dividend income is to be accrued as of the ex-dividend date.

SECTION 4. FAIR VALUE DETERMINATIONS

(a) Securities Subject to Fair Value Determinations. Fair Value Determinations are required for the following securities:

(i) securities for which market quotations are insufficient or not readily available at the Valuation Time on a particular business day (including securities for which there is a short and temporary lapse in the provision of a price by the regular pricing source),

(ii) securities for which, in the judgment of the Investment Adviser, the prices or values available do not represent the fair value of the instrument. Factors which may cause the Investment Adviser to make such a judgment include, but are not limited to, the following: only a bid price or an asked price is available; the spread between bid and asked prices is substantial; the frequency of sales; the thinness of the market; the size of reported trades; and actions of the securities markets, such as the suspension or limitation of trading;

(iii) securities determined to be illiquid in accordance with the Liquidity Procedures;

(iv) securities with respect to which an event that will affect the value thereof has occurred (a "significant event") since the closing prices were established on the principal exchange on which they are traded, but prior to the Fund's calculation of its net asset value, and

(b) Obligations of the Investment Adviser.

(i) Identification of Need For Fair Value Determinations. Prior to or upon purchasing a security, the Investment Adviser:

(A) shall determine the nature and duration of any restrictions on trading in the security and any rights acquired with the security and

(B) if applicable, shall inform AFS and a Committee established by the Fund which shall include the Fund's Portfolio Manager, one independent Director of the Fund's Board of Directors, the Chief Compliance Officer, and a representative from the Administrator (collectively, the "Fair Value Committee) that the Investment Adviser believes that there will be insufficient market quotations readily available such that a Fair Value Determination will have to be made. The position held by the independent director on the Fair Value Committee shall rotate among the Fund's three independent directors on an annual basis.

In the event that the Investment Adviser believes that there are insufficient market quotations readily available or that a significant event has occurred such that a Fair Value Determination will have to be made with respect to a security that is priced (or otherwise would normally be priced) in accordance with Section 3 of these Procedures, it shall so inform AFS and the Fair Value Committee.

(ii) **Recommendations for Fair Value Determinations.** In the event that the Investment Adviser believes a Fair Value Determination is required for a security that is priced (or otherwise would normally be priced) in accordance with Section 3 of these Procedures, the Fair Value Committee shall determine a method of valuing the security.

(iii) **Review of Valuation Methodology.** For each security valued by Fair Value Determination, the Fair Value Committee and the Investment Adviser shall monitor the continuing appropriateness of the valuation methodology used with respect to the security. In the event the Investment Adviser believes that the valuation methodology no longer produces a fair value of the security, the Investment Adviser shall immediately notify the Fair Value Committee.

(iv) **Quarterly Board Reporting.** The Fair Value Committee shall provide the Board at each regularly scheduled meeting of the Board with the following information:

(A) any pricing overrides currently authorized by the Fair Value Committee (see Section 4(c)below);

(B) a list of any securities that have been valued in accordance with a Fair Value Determination by the Fair Value Committee;

(C) a list of all sale prices for securities valued by Fair Value Determination; and

(D) Such other information as the Board deems relevant.

(E) The Investment Adviser shall provide the Board at each regularly scheduled meeting of the Board a list of all illiquid securities and restricted securities (including Rule 144A Securities) held by the Fund and the percentage of the Fund's portfolio represented by illiquid securities and restricted securities (see Section 5 of the Liquidity Procedures);

(c) Fair Valuation Determination Procedures.

In the event that the Fund holds or acquires a security for which a Fair Value Determination is required, the Fair Value Committee is authorized to and shall determine the fair value of the security.

At the meeting of the Fair Value Committee called for the purpose of valuing a security, the Fair Value Committee may request that a representative of the Investment Adviser familiar with the security describe to the Fair Value Committee the nature of the security, any circumstances requiring a

determination by the Fair Value Committee and the Investment Adviser's recommended methodology for determining the fair value of the security.

(d) Standards For Fair Value Determinations.

As a general principle, the "fair value" of a security is the amount that the Fund might reasonably expect to realize upon its current sale. In accordance with FASB ASC 820 the Adviser has established a three-tier hierarchy in assessing fair value:

1. Level 1 – quoted prices in active markets for identical securities.
2. Level 2 – other significant observable inputs.
3. Level 3 – significant unobservable inputs (including a Fund's own assumptions in determining the fair value of investments).

The fair valuing of any security will be reviewed by the Fair Value Committee no less than monthly.

The Fair Value Committee for RCIF shall determine the fair value of securities by utilizing the following criteria:

The fair valuing of any security will be reviewed by the Fair Value Committee no less than monthly.

Level 1 – quoted prices in active markets for identical securities.

The Advisor will review any transaction prices available in these markets and after making an assessment of materiality (whether prices are the result of an “active market”), may fair value to these prices, or use the data in its fair value determination.

Level 2 – other significant observable inputs.

This Level of valuation applies to primarily two types of assets:

- 1) Private Credit Funds: For each Private Credit Fund, whose primary strategy is not to directly originate middle market loans, the Advisor will benchmark each asset type to an appropriate index for the purposes of daily fair value calculations. For each Private Credit Fund, whose primary strategy is to directly originate middle market loans, the Advisor will calculate a daily factor (the “Book Value Factor”) based on a basket of projected weighted book values of publicly traded BDCs. This factor will be used to update the estimated fair value for each Private Credit Fund, whose primary strategy is to directly originate middle market loans, as follows:

Book Value Factor = ((WtdAvgBV2/WtdAvgBV1) – 1)/BusinessDays, where

WtdAvgBV1 = The projected weighted average book value for the basket of BDCs at the end of the calendar year quarter that is one quarter subsequent to the current quarter. The book value number used for each component company of the basket will be the consensus book value projection as reflected on Bloomberg.

WtdAvgBV2 = The projected weighted average book value for the basket of BDCs at the end of the calendar year quarter that is two quarters subsequent to the current quarter. The book value number used for each component company of the basket will be the consensus book value projection as reflected on Bloomberg.

BusinessDays = Number of business days in the quarter assumed to be 70

The daily price for each qualifying Private Credit Fund will then be calculated using the BookValueFactor as follows:

Today's Price = Yesterday's Price * (1 + BookValueFactor)

The basket of BDCs will be updated by the Advisor to the extent that any of the listed BDCs is taken private or new BDCs that meet the criteria for the basket become publicly traded.

On a monthly and/or quarterly basis, the Advisor will reconcile the value reflected by the fair value methodology set forth above to the NAV published by the Private Credit Fund sponsor.

- 2) Loans and other assets: With regard to investments in bank loans traded in a dealer market, the Investment Adviser will value the investment using the average between the bid and offer price reported at the close of the prior business day for the bank loans involved by the independent pricing service provided the reliability of such prices provided are indicative of market value

For other assets in the portfolio for which there aren't prices quoted daily in active markets, pricing information will be obtained from third-party broker marks and recent transaction data. In the absence of such data, the appropriate benchmark, as outlined above, will be applied to the asset for the purposes of daily value calculations.

Level 3 – significant unobservable inputs (including a Fund's own assumptions in determining the fair value of investments).

The Advisor maintains its own internal valuation calculation for each position, based on commonly accepted inputs - primarily Discounted Cash Flow (DCF).

Discounted Cash Flow: The Advisor will determine the present value of expected future cash flows, discounted by the total return hurdle the Advisor deems appropriate given its assessment of the risk of the cash flows.

Internal valuations will be used as a supplemental input for any fair value decisions, and will be presented to the Fair Value Committee each meeting.

Fair Value Committee

The Fair Value Committee (FVC) will meet no less than monthly to review the fair value pricing for any applicable holdings. The Fair Value Committee shall take into account the relevant factors and surrounding circumstances, which may include: (i) the nature and pricing history of the security; (ii) whether any dealer quotations for the security are available; (iii) possible valuation methodologies that could be used to determine the fair value of the security; (iv) the recommendation of the portfolio manager of the Fund with respect to the valuation of the security; (v) whether the same or similar securities are held by other Funds managed by the Adviser or other Funds and the method used to price the security in those Funds; (vi) the extent to which the fair value to be determined for the security will result from the use of data or formulae produced by third parties independent of the Adviser; and (vii) the liquidity or illiquidity of the market for the security.

Fair Value Committee Members:

1. President of the Fund
2. Portfolio Managers of the Fund
3. Rotating Board Member (Independent Board Member)*
4. Chief Compliance Officer of the Fund*
5. Treasurer of the Fund*
6. Jeffrey Blomstrom*
7. ALPS Representatives (Fund Administrator):
 - Administration Personnel
 - Accounting Personnel

* = voting member of the Fair Value Committee

In addition to the Fair Value Committee members listed above, other persons associated with the Funds and/or the Adviser(s) and involved in investment activity and/or administration of the Funds may be invited participants.

Policy Application to Portfolio Investments

Listed Securities

- Priced at market value as determined by quoted prices in active markets for identical securities.

Non Listed Securities

At time of purchase

- Fair Value assets recorded as the purchase price at time of purchase, as stipulated in the Level 1 pricing. The most recent relevant trade in the security in question will be the actual purchase price and so the most readily available market price.

Following the time of purchase

Estimated New Fair Value

- Following the time of purchase, the Advisor will immediately benchmark the security to the average change in value in the relevant benchmarks. The Advisor will adjust the initial Fair Value by benchmarking each of the underlying position asset classes sectors to the appropriate index and calculating a weighted movement in daily value.

- For example, if a position were to have a 50% weight in Direct Loans and a 50% weight in High Yield Bonds, and the movement for the day was 0% for Direct Loans and .5% for High Yield Bonds, then the weighted average change in underlying value would equal .25%.

$$\text{Estimated New FV} = \text{FV} \times (\text{asset class A weight} \times \square \text{ in asset class A benchmark} + \text{asset class B weight} \times \square \text{ in asset class B benchmark} >)$$

- On a monthly and/or quarterly basis, the Advisor will determine an Estimated New Fair Value by adjusting for movement in the underlying asset values as indicated by third-party asset valuations.

Quarterly – Adjustment to NAV of Private Investment Funds for Carried Interest

For each Private Investment Fund² for which such Private Investment Fund’s sponsor, general partner, managing member or similar role does not include in the reported NAV the carried interest (actual or estimated) in the Private Investment Fund’s reported NAV, the Advisor will internally calculate an estimated carried interest and adjust the reported NAV for the Fund for such estimated carried interest.

In estimating the carried interest in such circumstances, the Advisor will take into consideration the IRR-based hurdles set forth in the underlying Private Investment Fund’s governing documents, which will be calculated based on cash flows provided by AFS assuming a hypothetical liquidation of the underlying Private Investment Fund at its period-end NAV.

The Advisor will reconcile the estimated carried interest to the actual carried interest (or any estimated or accrued carried interest) calculated and/or published by the underlying Private Investment Fund’s sponsor, general partner, managing member or similar role.

Third Party Data Sources

Fair Value Analysis and Information Sources

The Advisor constantly monitors trends in the credit market and takes into account information from many sources, which are listed below.

Sources:

- BlueVault: Objective, fact-based data and commentary on public non traded BDCs in the form of research reports, newsletters and educational tools.
- Markit: Provides robust valuation and pricing methodology for loans as well as equity volatility data and securities lending data for stocks and bonds.
- Bloomberg: Real time access to global market data and analytics.
- JPMorgan, UBS, and other reputable third-party brokerage firms.

Leverage Loans

S&P/LSTA Leveraged Loan Index (SPBDAL) - <https://www.lcdcomps.com/d/pdf/IndexManual.pdf>

The S&P/LSTA Leveraged Loan Index (LLI) covers the U.S. market back to 1997 and currently calculates on a daily basis. This index is run in partnership between S&P and the Loan Syndications & Trading Association, the loan market's trade group.

S&P European Leveraged Loan Index (SPBDEL) - <https://www.lcdcomps.com/d/pdf/IndexManual.pdf>

A market-value-weighted index designed to measure the performance of the European institutional leveraged loan market. On a real-time basis, the ELLI tracks the current outstanding balance and spread over EURIBOR for fully funded term loans. The facilities included in the ELLI represent a broad cross section of leveraged loans syndicated in Europe. **High Yield Bonds**

Barclays U.S. Corporate High Yield Index (LF98TRUU) - https://index.barcap.com/Benchmark_Indices/Aggregate/Bond_Indices

Measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded. The US Corporate High Yield Index is a component of the US Universal and Global High Yield Indices. The index was created in 1986, with history backfilled to July 1, 1983.

JPMorgan European Currency High Yield Index (JPEY)

Designed to mirror the investable universe of the European-currency denominated high-yield corporate debt market, including domestic and international issues. The index was established in January 1999. Minimum outstanding amount for issues is \$75M.

Collateralized Loan Obligations

JP Morgan US CLO Index (CLOIE) - <https://www.jpmorgan.com/pages/detail/1402985870697>

As the first US CLO index of its kind, CLOIE offers total returns and analytics based on observable pricings of a representative pool of bonds following a stated methodology, and is published daily. The index holistically captures the USD-denominated CLO market, representing over 3,000 instruments at a total par value of US \$236.1 billion.

Distressed Debt

Bloomberg USD Distressed Corporate Bond Index (BXDIS)

A subset of the Bloomberg High Yield Corporate Index, this index is designed to measure the performance of U.S. dollar bonds that are priced by the market to be in serious financial stress. There is no universal definition of distressed, but it is typically identified by a combination of high spreads and low ratings.

JPMorgan European Currency High Yield Index (JPEY)

Designed to mirror the investable universe of the European-currency denominated high-yield corporate debt market, including domestic and international issues. The index was established in January 1999. Minimum outstanding amount for issues is \$75M.

Other – any assets that do not fall within the above categorizations

S&P/LSTA Leveraged Loan Index (SPBDAL) - <https://www.lcdcomps.com/d/pdf/IndexManual.pdf>

The S&P/LSTA Leveraged Loan Index (LLI) covers the U.S. market back to 1997 and currently calculates on a daily basis. This index is run in partnership between S&P and the Loan Syndications & Trading Association, the loan market's trade group.

(e) Effectiveness of Fair Value Committee Determinations.

(i) **Period of Effectiveness.** Determination by the Fair Value Committee that a security held by the Fund should be valued in a particular manner shall be effective for all subsequent calculations of the Fund's NAV until such time as either

(A) the Fund no longer owns the security in question;

(B) a Fair Value Determination is no longer required for the security; or

(C) the Fair Value Committee determines to modify or terminate its prior determination with respect to the security.

(ii) **Securities for which a Price Becomes Available.** In the event that a Fair Value Determination is no longer required for a security that has been valued by the Fair Value Committee based on such a determination, the security shall be valued in accordance with Section 3. The change in valuation shall occur upon notice from the Fair Value Committee to AFS.

SECTION 5. FAIR VALUE DETERMINATIONS - SPECIAL CIRCUMSTANCES

The fair value methodologies set forth herein have been established for the purposes of determining the fair value of the Fund's assets, which represents the amount that the Fund could reasonably expect to receive if the Fund's investment in the security were sold at the time of valuation, based on information reasonably available at the time the valuation is made and that the Board of Trustees believes to be reliable.

If the Advisor believes that the current methodologies are not appropriate to fair value a Fund's investment, the Advisor may make a request of the FVC for the Fund to make a change to and/or revise its fair value methodology(ies) ("**Request**").

Each Request will be made in writing to the Fund's FVC and shall indicate the reason(s) for the Request. A special meeting of the FVC will be called for the respective Fund and the FVC will meet to consider the Request.

Each Request and any action(s) taken by the FVC in response to any such Request, including the minutes from such FVC meeting, will be disclosed to the full Board of Trustees and ratified at the next regularly scheduled quarterly Board meeting.

APPENDIX A to Addendum M

PORTFOLIO SECURITIES VALUATION PROCEDURES

Liquidity Procedures

SECTION 1. LIMITATIONS

The Fund must maintain sufficient liquid assets to meet its quarterly share repurchase obligation.

SECTION 2. REQUIRED LIQUIDITY DETERMINATIONS

(a) **Definition.** A security shall be deemed to be liquid if it can be disposed of within seven days at approximately the amount at which the security is valued by the Fund.

(b) **Delegation.** The Investment Adviser shall make liquidity determinations with respect to each security purchased for the Fund and shall monitor the Fund's holdings to ensure that it complies with these procedures and the Fund's investment policies. The Investment Adviser shall monitor all relevant factors concerning the trading markets for securities held by the Fund to ensure that determinations of liquidity (based on presumptions or otherwise) continue to be appropriate under the circumstances.

(c) **Securities Deemed Illiquid.** Notwithstanding anything to the contrary, repurchase agreements not entitling the Fund to payment of principal within seven days, time deposits in excess of seven days, privately issued interest-only and principal-only stripped-asset backed securities, purchased over-the-counter options, and the assets used to cover written over-the counter options shall be deemed to be illiquid. Restricted securities (other than Section 4(2) Commercial Paper), shall be deemed to be illiquid until such time as (i) there is an effective registration statement pertaining to the security or the security may otherwise freely be traded in an established market (including foreign markets) and (ii) the security is deemed liquid by the Investment Adviser.

(d) **Presumption of Illiquidity.** The following securities shall be presumed to be illiquid unless, pursuant to Section 2(e), the Investment Adviser determines that the security is liquid:

- (i) Restricted securities that are Rule 144A Securities (as defined below);
- (ii) Municipal lease obligations and certificates of participation;
- (iii) Interest-only and principal-only stripped-mortgage backed securities that are U.S. Government securities; and
- (iv) zero-coupon municipal securities.

(e) **Determination of Liquidity.** Restricted securities and the securities listed in Section 2(d) shall be presumed to be illiquid unless the Investment Adviser determines, taking into account all relevant factors, that the security is liquid. Among the factors to be considered by the Investment Adviser are:

- (i) the frequency of trades and quotes for the security;
- (ii) the number of dealers willing to purchase and sell the security and the number of potential purchasers;
- (iii) the number of dealers who undertake to make a market in the security;
- (iv) the nature of the security, including whether it is registered or unregistered, and the market place;
- (v) whether the security has been rated by a nationally recognized statistical rating organization ("NRSRO");
- (vi) the period of time remaining until the maturity of a debt instrument or until the principal amount of a demand instrument can be recovered through demand;
- (vii) the nature of any restrictions on resale; and
- (viii) with respect to municipal lease obligations and certificates of participation, there is reasonable assurance that the obligation will remain liquid throughout the time the obligation is held and, if unrated, an analysis similar to that which would be performed by an NRSRO is performed.

SECTION 3. SECTION 4(2) COMMERCIAL PAPER

(a) **Background.** Pursuant to Section 3(a)(3) under the 1933 Act, commercial paper generally is not subject to registration under the 1933 Act. That section exempts notes with maturities of nine months or less which arise out of a current transaction or the proceeds of which have been or are to be used for current transactions. Certain commercial paper does not meet the requirements of Section 3(a)(3), is sold in "private placements" and, accordingly, is a restricted security ("Section 4(2) Commercial Paper"). The requirements of Sections 2(d) and 2(e) hereof shall not apply to Section 4(2) Commercial Paper.

(b) **Presumption of Liquidity.** Section 4(2) Commercial Paper shall be deemed to be liquid provided that:

- (i) the paper is not traded flat or in default as to principal and interest;
- (ii) the paper is rated in one of the two highest rating categories (A) by at least two NRSROs or, if only one NRSRO has rated the paper, by that

NRSRO, or (B) is not rated by any NRSRO but is deemed by the Investment Adviser to be of equivalent quality; and

- (iii) the Investment Adviser's decision takes into account all relevant factors of the trading market for the specific security.

SECTION 4. RULE 144A SECURITIES

(a) **Background.** The sale of restricted securities without an effective registration statement pertaining to the securities or an exemption from registration is a violation of the 1933 Act. Rule 144A provides an exemption from registration for the sale of restricted securities made pursuant to that Rule. Pursuant to Rule 144A, certain restricted securities are eligible to be sold to "qualified institutional buyers" ("QIBs") without registration under the 1933 Act ("Rule 144A Securities"). Among the requirements for the sale of a Rule 144A Security are that: (i) the seller reasonably believes the purchaser to be a QIB; (ii) the seller takes reasonable steps to ensure that the purchaser is aware that the seller may rely on the exemption provided by Rule 144A; (iii) the securities are not of the same class as any security of the same issuer that is listed on a securities exchange; and (iv) the issuer is a reporting fund under the Securities Exchange Act of 1934, is exempt from those reporting requirements or the holder has the right to obtain certain information from the issuer.

(b) **Sales of Rule 144A Securities.** In the absence of compliance with Rule 144A and the unavailability of any other exemption from registration contained in the 1933 Act, the sale of a restricted security by the Fund may result in the Fund being deemed to be an underwriter and in violation of the 1933 Act. Accordingly, the Investment Adviser shall ensure that the sale of any Rule 144A Security is made only to QIBs in compliance with Rule 144A. The term "QIB" is specifically defined in Rule 144A.

SECTION 5. MONITORING AND REPORTING

(a) **Monitoring Liquidity.** The Investment Adviser shall periodically monitor the Fund's holdings to determine the liquidity of each issue held. If a liquid security held by the Fund becomes illiquid, the Investment Adviser shall treat the security as an illiquid security and determine whether or not to hold the security taking into account all relevant factors, including the amount of illiquid securities then held by the Fund.

(b) **Reporting.** At each regularly scheduled Board meeting the Investment Adviser shall report:

- (i) the illiquid securities and restricted securities (including Rule 144A Securities) held by the Fund and the percentage of the Fund's portfolio represented by illiquid securities and restricted securities; and
- (ii) whether any restricted security (including Rule 144A Securities) previously deemed liquid by the Investment Adviser has become an illiquid security. The Investment Adviser also shall report such other

information with respect to the Fund's holdings of restricted securities or illiquid securities as may be requested by the Board.

(c) **Recordkeeping.** The Investment Adviser shall maintain appropriate documentation with respect to their determinations of liquidity to enable the Board and the SEC to review the determinations.

APPENDIX B to Addendum M

NAV ERROR CORRECTION PROCEDURES

Correction Procedures

1. If the NAV Error is less than one half of one percent of the originally computed NAV, the Fund should determine whether total Fund losses exceeded total Fund benefits for the NAV Error Period. If the fund incurred a net loss, the responsible party (e.g., the adviser, administrator or recordkeeping agent) should reimburse the fund for the net loss. If the fund had a net benefit, no action need be taken; however, such net benefit should not be carried forward to any analyses performed in the future for other NAV Errors that may arise.
2. If the NAV Error equals or exceeds one half of one percent of the originally computed NAV, (a) account adjustments should be made to compensate shareholders for shareholder losses, and b) the responsible party should reimburse the Fund for its losses.
 - a. With respect to individual shareholder losses, the Fund (or responsible party) should pay to individual shareholders any additional redemption proceeds owned and either refund excess subscription monies paid or credit the shareholder account as of the date of the error, for additional shares. Only individual shareholder losses which exceed a de minimis amount of \$25 will be made whole.
 - b. With respect to fund losses, either the responsible party (or the individual shareholders) should reimburse the Fund for the amount of its losses. Note that there is no netting of Fund Benefits with Fund losses where the error equals or exceeds 1 /2 of 1 % of NAV, to the extent that Fund benefits were paid out by the Fund to shareholders as account adjustments.
3. In the case of an error that fluctuates above and below one half of one percent, individual shareholder adjustments should be effected for those days where the error was equal to or exceeded one half of one percent. With respect to the remaining days, the Fund level process described above may be applied.
4. The process described above should be a comprehensive analysis encompassing all known errors. If there is a subsequent discovery of an error which affects an NAV Error Period that had previously been corrected in the manner described above, the subsequently discovered error should be analyzed in isolation without taking into consideration the previously corrected error.
5. On a quarterly basis, the board shall receive a report on all NAV Errors. The report, at a minimum, will contain the dates of the error(s), the original and corrected NAVs, the amount of loss or benefit incurred by the Fund, the

responsible party, the corrective action taken and whether adjustments were required at the shareholder level.

6. See Exhibit A of this Section for a flow chart of the above procedures.

Definitions

- a. **NAV Error** is defined as one or more errors in the computation of net asset value which, when considered cumulatively, result in a difference between the originally computed NAV and the corrected NAV of at least \$0.010 per share. This computation is based upon the actual difference and is not based upon the rounding of NAV to the nearest cent per share.
- b. The **NAV Error Period** comprises those days during which an NAV Error existed.
- c. **Fund Loss** refers to a situation in which the Fund has either paid excessive redemption proceeds as a result of an overstatement of net asset value or received insufficient subscription proceeds as a result of an understatement of net asset value. When such a loss occurs, the individual shareholders effecting transactions receive a corresponding benefit (a "**Shareholder Benefit**").
- d. **Fund Benefit** refers to a situation in which the Fund has either paid insufficient redemption proceeds as a result of an understatement of net asset value or received excessive subscription proceeds as a result of an overstatement of net asset value. When such a benefit occurs, the individual shareholders effecting transactions suffer a corresponding loss (a "**Shareholder Loss**").

EXHIBIT A to Appendix B - NAV ERROR CORRECTION

