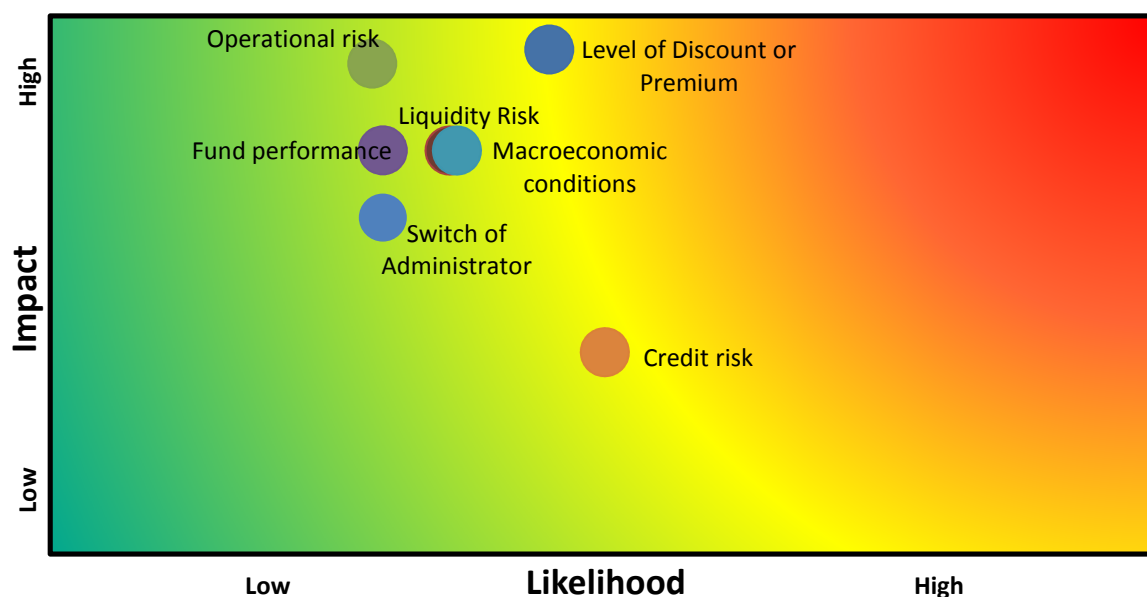


Heat Map of Principal risks



Risk Category	Expected direction of change of risk	Rationale
Operational Risk	↕	No expected changes.
Macroeconomic Conditions	↕	US GDP growth is expected to continue at a modest pace and this should translate to future rate rises, albeit on a gradual trajectory. The Board remains cautious of an increase to senior loan default rates, although this figure is expected to remain below historical levels.
Liquidity Risk	↕	No expected change. Liquidity risk is managed by the Investment Manager to ensure that the Company maintains sufficient working capital in cash or near cash form so as to be able to meet the Company's ongoing requirements as these are budgeted for.
Fund Performance	←	Attractive valuations in loan pricing together with recovery potential are expected to reduce the likelihood of poor performance.
Level of Discount / Premium	←	The Company's discount has traded wider than the Board's stated target of late, primarily due to heightened volatility in the market in early 2016. Reduced volatility combined with an active buyback programme, Redemption Offer (if the Company's shares trade wider than a 5% discount in the 3 months to 31 December each year) and a continuation vote in April 2017 are factors which the Board believes reduce the likelihood of the Company's shares trading significantly below their underlying net asset value per share.
Switch of Administrator	←	Lower expected likelihood as the Company's administrator (appointed in 2015) moves out of transition phase into "business as usual" environment.
Credit Risk	→	Default rates are expected to increase modestly in 2016, albeit below historical levels. This risk is mitigated by the Investment Manager's extensive due diligence on issuers and diversification of investments.