

Tax Character of Distributions - Calendar Year 2025
Prospect Floating Rate and Alternative Income Fund, Inc. ("PFLOAT")

Name	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Ordinary Dividend	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Qualified Dividend	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%
Qualified Interest Income	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
163j Interest Related Dividend	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Ordinary Dividends

These dividends are from PFLOAT's ordinary net investment income and net short-term capital gains for the year. This type of dividend is to be reported on your tax return as ordinary income. Ordinary dividend distributions from a RIC do not qualify for the preferential tax rate on dividend income from domestic corporations and qualified foreign corporations except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations (see Qualified Dividends below). This type of income is reported in Box 1a of Form 1099.

Qualified Dividends

These dividends are from PFLOAT's receipt of dividend income from ownership of stock of certain domestic and qualified foreign corporations. This type of dividend is to be reported on your tax return as "qualified" dividend income eligible for preferential tax rates. Qualified dividends are reported in Box 1b of Form 1099.

Qualified Interest Income

PFLOAT hereby designates this portion of its ordinary dividends as interest related dividends in accordance with IRC Section 871(k). Section 871(k) provides that certain interest related dividends and short term capital gain dividends paid by RICs to foreign shareholders are exempt from U.S. withholding tax.

163(j) Interest Dividend

PFLOAT hereby designates this portion of its taxable dividends as Section 163(j) interest dividends in accordance with Treasury Regulation Section 1.163(j)-1. Treasury Regulation Section 1.163(j)-1 provides that certain dividends paid by regulated investment companies may be treated by recipients as interest income for purposes of calculating their interest expense limitation under IRC Section 163(j).

This notice is not intended to constitute tax, legal, investment, or other professional advice. This is general information and should not be relied upon without consulting your tax advisor