



NEW MOUNTAIN FINANCE  
CORPORATION

## **Q1 2019 Earnings Presentation**

May 7, 2019

# Important Notices and Safe Harbor Statement

This presentation contains forward looking statements that involve substantial risks and uncertainties. All forward-looking statements included in this presentation are made only as of the date hereof and are subject to change without notice. Actual outcomes and results could differ materially from those suggested by this presentation due to the impact of many factors beyond the control of New Mountain Finance Corporation ("NMFC"), including those listed in the "Risk Factors" section of our filings with the United States Securities and Exchange Commission ("SEC"). Any such forward-looking statements are made pursuant to the safe harbor provisions available under applicable securities laws and NMFC assumes no obligation to update or revise any such forward-looking statements unless required by law. Certain information discussed in this presentation (including information relating to portfolio companies) was derived from third party sources and has not been independently verified and, accordingly, NMFC makes no representation or warranty with respect to this information.

The following slides contain summaries of certain financial and statistical information about NMFC. The information contained in this presentation is summary information that is intended to be considered in the context of our SEC filings and other public announcements that we may make, by press release or otherwise, from time to time. We undertake no duty or obligation to publicly update or revise the information contained in this presentation unless required by law. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. You should not view the past performance of NMFC, or information about the market, as indicative of NMFC's future results. The performance data stated herein may have been due to extraordinary market conditions, which may not be duplicated in the future. Current performance may be lower or higher than the performance data quoted. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities of NMFC.

Past performance is not indicative nor a guarantee of future returns, the realization of which is dependent on many factors, many of which are beyond the control of NMFC. There can be no assurances that future dividends will match or exceed historic ones, or that they will be made at all. Net returns give effect to all fees and expenses. Unless otherwise noted, information included herein is presented as of the date indicated on the cover page and may change at any time without notice. NMFC is subject to certain significant risks relating to our business and investment objective. For more detailed information on risks relating to NMFC, see the latest Form 10-K and subsequent quarterly reports filed on Form 10-Q.

Investment portfolio related activity, metrics and disclosures on slides 5, 10, 11, 13, 15, 19, 20, 21, 22, 24, 25 and 30 include the underlying collateral from securities purchased under collateralized agreements to resell and exclude the PPVA Black Elk (Equity) LLC investment. Figures shown herein are unaudited and may not add due to rounding.

This presentation contains non-GAAP financial information. NMFC's management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of NMFC's financial performance, identifying trends in our results and providing meaningful period-to-period comparisons. However, this non-GAAP measure should not be considered in isolation or as a substitute for or superior to any measures of financial performance calculated and presented in accordance with GAAP. Other companies may calculate this or similarly titled non-GAAP measures differently than we do.

The term Adjusted Net Investment Income as used throughout this presentation is not defined under GAAP and is not a measure of operating income, operating performance or liquidity presented in accordance with GAAP. In evaluating its business, NMFC considers and uses Adjusted Net Investment Income as a measure of its operating performance. Adjusted Net Investment Income is defined as net investment income adjusted to reflect income as if the cost basis of investments held at NMFC's IPO date had stepped-up to fair market value as of the IPO date. Under GAAP, NMFC's IPO did not step-up the cost basis of the predecessor operating company's existing investments to fair market value. Since the total value of the predecessor operating company's investments at the time of the IPO was greater than the investments' cost basis, a larger amount of amortization of purchase or issue discount, and different amounts in realized gains and unrealized appreciation, may be recognized under GAAP in each period than if a step-up had occurred. For purposes of the incentive fee calculation, NMFC adjusts income as if each investment was purchased at the date of the IPO (or stepped-up to fair market value). **To view the reconciliation of Adjusted Net Investment Income, please see Appendix A at the end of this presentation.**

The S&P 500 Stock Index (the "S&P 500") is an unmanaged index of 500 widely held, large-capitalization stocks from a broad variety of industries that is recognized by investors to be generally representative of the performance of the broad domestic economy. The S&P 500 Total Return Index reflects the reinvestment of all dividends and distributions. Please note an investor cannot invest directly in an index. References to the S&P 500 Total Return Index are for illustrative purposes only. The S&P 500 Financial Index comprises those companies included in the S&P 500 that are classified as members of the GICS financial sectors. The S&P 500 Total Return Index and the S&P Financials Index may not be the most appropriate comparison because the indices are unmanaged and significantly more diversified than NMFC. NMFC's investments and portfolio holdings are materially different from the companies represented in the indices. Additionally, due to the allocation differences between the indices and NMFC, NMFC may experience more investment volatility than the unmanaged S&P 500 Index and the S&P 500 Financial Index, which may have accounted for the results of the comparison.

Relevant credit benchmarks include the Credit Suisse Leveraged Loan Index, the Credit Suisse HY Index II and the BDC Index (together, the "Benchmarks"). The Credit Suisse Leveraged Loan Index is an unmanaged market value weighted index designed to represent the universe of U.S. dollar-denominated leveraged loan markets. The Credit Suisse HY Index II is an unmanaged index designed to mirror the investable universe of U.S. dollar-denominated high yield debt market. The loans and other investments held by NMFC may be materially different in composition and diversification as compared to the loans comprising each of the Benchmarks described above. The BDC Index is not a tracked index and includes the median of other business development companies that have been public for as long as NMFC, equal-weighted.



# Management Participants

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**Steven B. Klinsky**

*Chairman of the Board of Directors*

**Robert A. Hamwee**

*Chief Executive Officer and Director*

**John R. Kline**

*President and Chief Operating Officer*

**Shiraz Y. Kajee**

*Chief Financial Officer*



# Q1 2019 Highlights

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- Q1 2019 Net Investment Income (“NII”) of \$0.35 per weighted average share, at the high end of our guidance of \$0.33 to \$0.35
  - Q1 2019 regular dividend of \$0.34 per share paid on March 29, 2019
- March 31, 2019 net asset value (“NAV”) of \$13.45 per share, an increase of \$0.23 per share from the December 31, 2018 NAV of \$13.22 per share
- Q2 2019 regular dividend of \$0.34 per share announced
  - Payable on June 28, 2019 to holders of record as of June 14, 2019
- Approximately \$158.0 million of gross originations and \$5.9 million of repayments in Q1 2019
- Key updates:
  - Received a BBB- / Stable Investment Grade rating from Fitch Ratings
  - Issued \$116.5 million of 5.494% unsecured notes on April 30, 2019
- For the third quarter in a row, and for eight out of the last nine quarters, no new non-accruals in the portfolio
  - In this quarter, no material degradation to overall portfolio credit quality



# Key Highlights

## Financial Highlights

	Quarter Ended				3/31/2019
	3/31/2018	6/30/2018	9/30/2018	12/31/2018	
NII Per Share	\$0.34	\$0.34	\$0.36	\$0.36	\$0.35
NAV Per Share	\$13.60	\$13.57	\$13.58	\$13.22	\$13.45
Dividends Per Share	\$0.34	\$0.34	\$0.34	\$0.34	\$0.34
Share Count - End of Period (mm)	75.9	76.1	76.1	76.1	80.5
Shares Owned by New Mountain Employees (mm / %) <sup>(1)</sup>	9.6 / 13%	9.6 / 13%	9.7 / 13%	10.1 / 13%	10.1 / 13%
Value of Shares Owned by New Mountain Employees (mm) <sup>(1)(2)</sup>	\$126.7	\$130.1	\$130.9	\$126.8	\$137.2

## Portfolio Highlights

	Quarter Ended				3/31/2019
	3/31/2018	6/30/2018	9/30/2018	12/31/2018	
Fair Value of Investments (\$mm)	\$2,003.1	\$2,111.0	\$2,307.8	\$2,354.1	\$2,534.5
Number of Portfolio Companies	90	89	92	92	97
Middle Market Focus (EBITDA / Facility Size) <sup>(3)</sup>	72% / 81%	75% / 74%	78% / 69%	81% / 64%	80% / 68%
Current Yield at Cost <sup>(4)</sup>	10.6%	10.4%	10.3%	10.6%	10.3%
YTM at Cost <sup>(5)</sup>	11.1%	11.1%	11.0%	10.4%	10.0%

## Portfolio Activity (\$mm)<sup>(6)</sup>

Gross Originations	\$237.8	\$295.6	\$488.5	\$265.0	\$158.0
(-) Repayments	(84.0)	(152.6)	(280.1)	(76.2)	(5.9)
<b>Net Originations</b>	<b>\$153.8</b>	<b>\$143.0</b>	<b>\$208.4</b>	<b>\$188.8</b>	<b>\$152.1</b>
(-) Sales	(3.1)	(55.6)	(11.2)	(119.1)	-
<b>Net Originations Less Sales</b>	<b>\$150.7</b>	<b>\$87.4</b>	<b>\$197.2</b>	<b>\$69.7</b>	<b>\$152.1</b>

<sup>1</sup> Includes members of senior management and other New Mountain employees; excludes independent directors; ownership % based on total shares outstanding at the end of the respective period

<sup>2</sup> Based on NMFC's closing price of \$13.15, \$13.60, \$13.50, \$12.58 and \$13.57 per share on 3/29/2018, 6/29/2018, 9/28/2018, 12/31/2018 and 3/29/2019, respectively

<sup>3</sup> Defined as the % of portfolio companies (by fair value) with LTM EBITDA at the time of investment less than \$100m and facility sizes as of each date less than \$300m; excludes NMFC Senior Loan Program I ("SLP I"), NMFC Senior Loan Program II ("SLP II"), NMFC Senior Loan Program III ("SLP III") and investments held by New Mountain Net Lease Corporation

<sup>4</sup> Current Yield at Cost is calculated as annual stated interest rate plus annual amortization of original issue discount and market discount / premium earned on accruing debt and other income producing securities divided by total accruing debt and other income producing securities at amortized cost

<sup>5</sup> Yield to Maturity ("YTM") at Cost assumes that the accruing investments in our portfolio as of each date are purchased at cost on that date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. This calculation excludes the impact of existing leverage. YTM at Cost uses the LIBOR curves at each quarter's respective end date. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notices and Safe Harbor Statement"

<sup>6</sup> Excludes PIK ("payment-in-kind" interest), revolvers, unfunded commitments, bridges, return of capital, and realized gains / losses



# Review of NMFC

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## Overview

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- Founded in October 2008 to apply New Mountain Capital, L.L.C.'s ("NMC" or "New Mountain") private equity strengths to attractive risk-reward opportunities in the U.S. debt markets
  - New Mountain is a leading alternative investment firm that currently manages private equity, public equity, and credit funds with over \$20 billion in assets under management with over 145 staff members
- Externally managed Business Development Company ("BDC")
  - Initial Public Offering ("IPO") completed in May 2011 (NYSE: NMFC)
  - Public float market capitalization has increased from \$147 million at IPO to approximately \$1,093 million as of March 31, 2019
  - As of March 31, 2019, New Mountain employees owned ~\$137 million of NMFC shares<sup>(1)</sup>
- Targets investments up to a \$125 million hold size in:
  - "Defensive growth" middle market companies, typically generating \$10 – \$200 million of EBITDA
  - Senior secured debt (1<sup>st</sup> lien, 2<sup>nd</sup> lien or uni-tranche), mezzanine and other subordinated securities

## Strategy

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- NMFC's mandate is to primarily target businesses in the middle market that, consistent with New Mountain's private equity platform, are **quality, defensive growth** companies, in industries that are **well-researched** by New Mountain
- Mandate achieved by **utilizing existing New Mountain investment team** as primary underwriting resource; team combines operating executives with financial executives
- Target loan to value ratios typically average less than 50% of both sponsor purchase price and NMC valuation

## Key Investment Highlights

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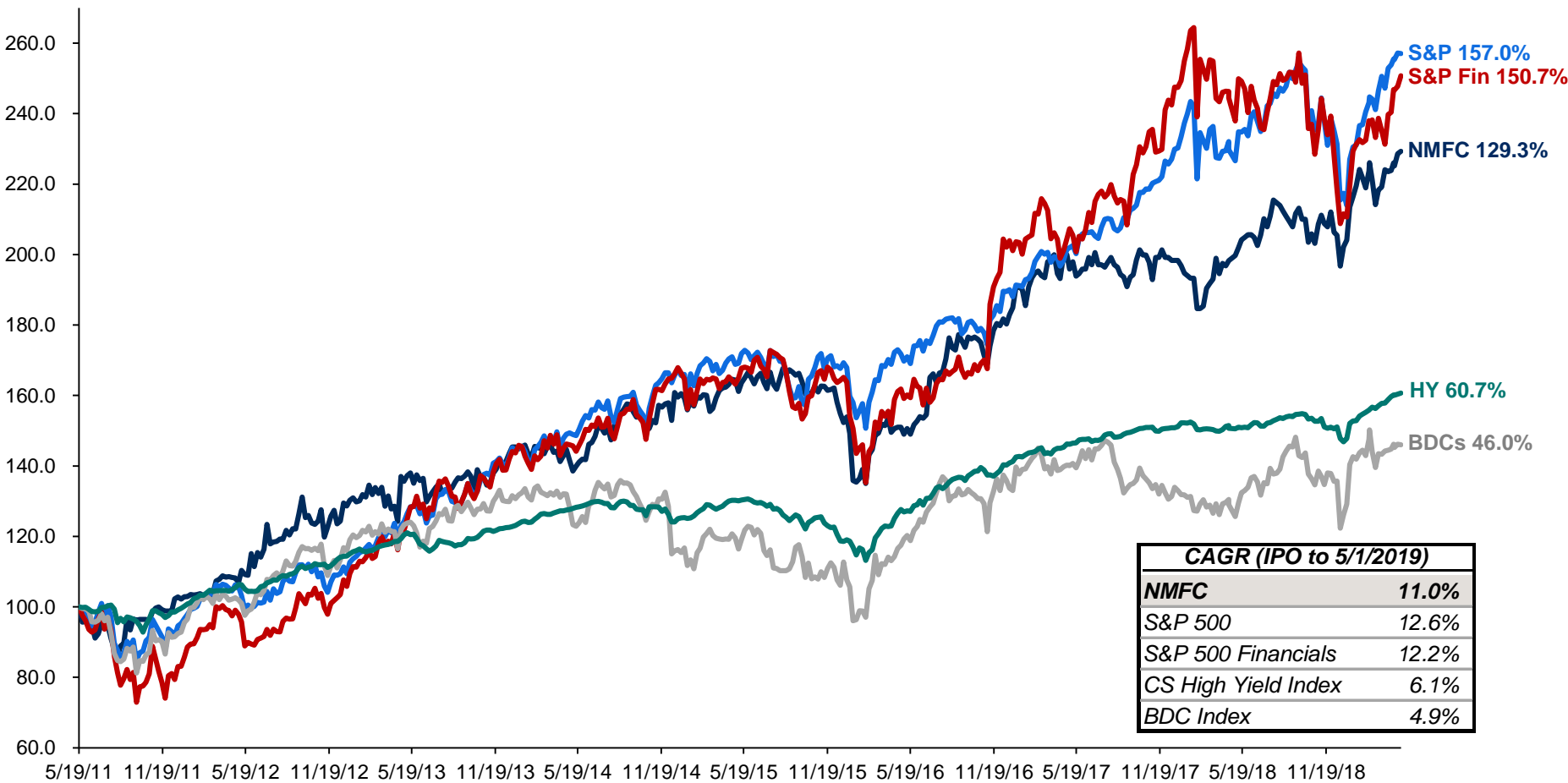
- Strong track record on credit and returns
- Well established New Mountain platform provides unique knowledge warehouse and sourcing capabilities
- Differentiated "defensive growth" investment strategy
- High quality and diverse portfolio
- Experienced management team who are also significant shareholders



# NMFC Relative Return Performance – Indexed Total Return

May 19, 2011 (IPO) – May 1, 2019

Indexed Total Return



CAGR (IPO to 5/1/2019)	
NMFC	11.0%
S&P 500	12.6%
S&P 500 Financials	12.2%
CS High Yield Index	6.1%
BDC Index	4.9%

— NMFC    — S&P 500    — S&P 500 Financials    — BDC Index(1)    — Credit Suisse High Yield Index(2)

Source: Capital IQ, Credit Suisse Research & Analytics

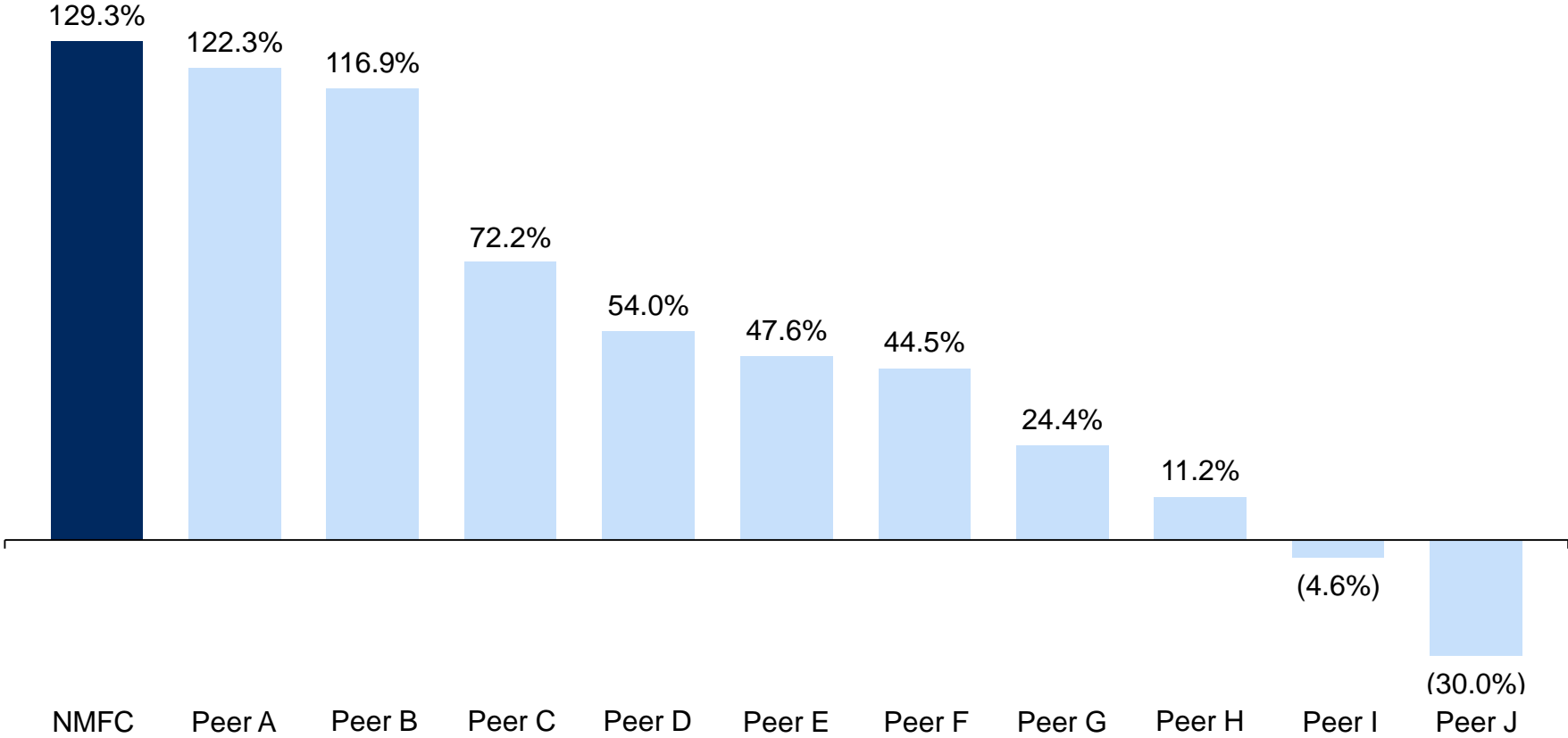
<sup>1</sup> The BDC Index includes publicly-traded, externally-managed BDCs that have been publicly traded since NMFC's IPO (5/19/2011) with market capitalizations greater than \$300 million as of December 31, 2014, when NMFC began tracking this peer set. The BDC index includes median of Ares, Apollo, Prospect, Solar, Blackrock Capital, Pennant Park, Golub, THL Credit, Oaktree Specialty Lending Corporation, and Medley; equal-weighted

<sup>2</sup> The Credit Suisse High Yield Index is an unmanaged index designed to mirror the investable universe of the US dollar-denominated high yield debt market



# NMFC Cumulative Total Return Performance Versus Peers<sup>(1)</sup>

May 19, 2011 (IPO) – May 1, 2019



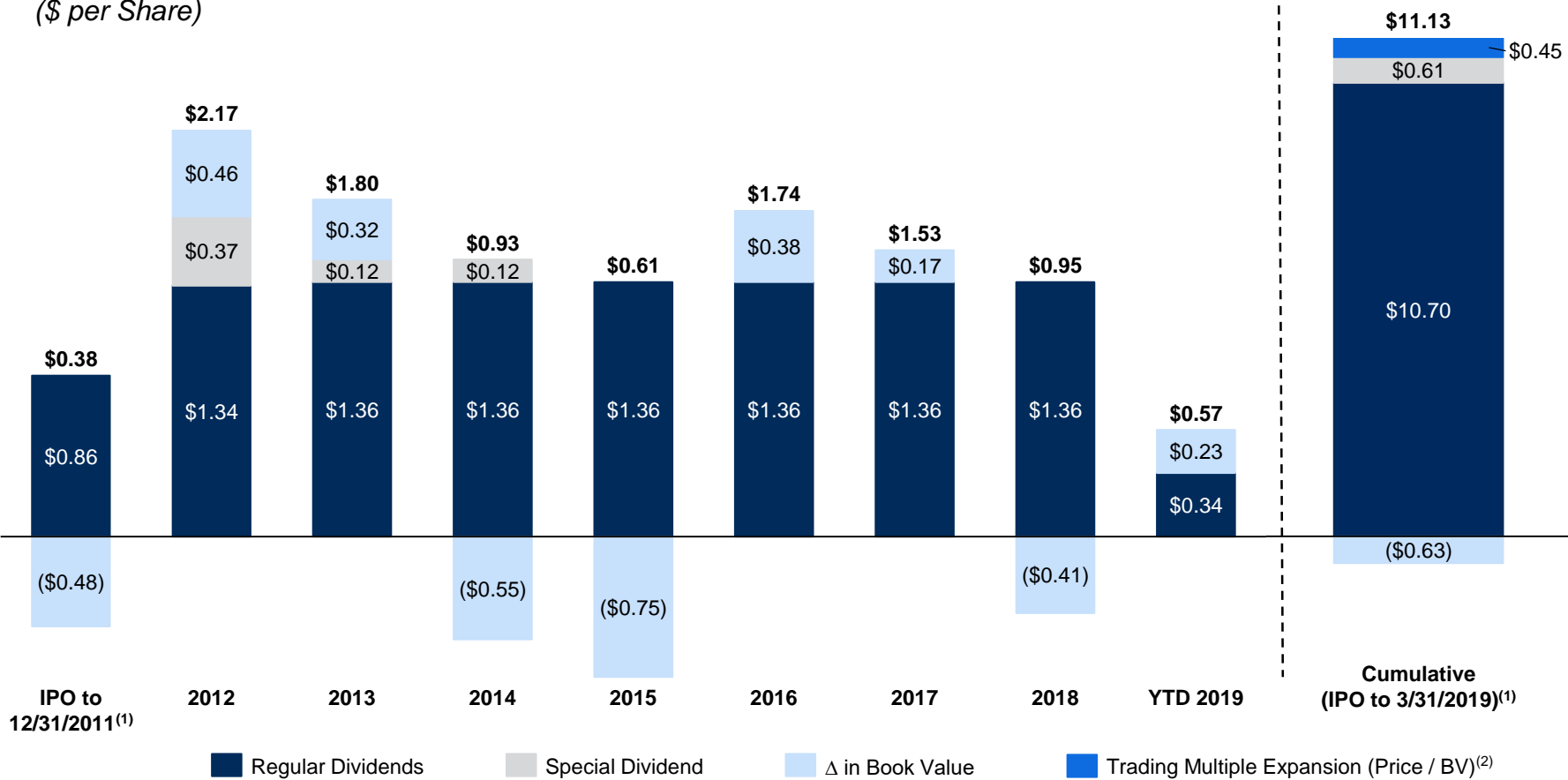
Source: Capital IQ

<sup>1</sup> Peers include publicly-traded, externally-managed BDCs that have been publicly traded since NMFC's IPO (5/19/2011) with market capitalizations greater than \$300 million as of December 31, 2014, when NMFC began tracking this peer set. Peers include Ares, Apollo, Prospect, Solar, Blackrock Capital, Pennant Park, Golub, THL Credit, Oaktree Specialty Lending Corporation, and Medley



# NMFC Return Attribution

(\$ per Share)



**Since IPO, NMFC has distributed \$10.70 per share in regular dividends and \$0.61 per share in special dividends, and NMFC public shares have traded from \$13.75 at IPO to \$13.57 at close on 3/29/2019**



<sup>1</sup> NMFC priced its initial public offering on 5/19/2011 at \$13.75 per share; closing price on 3/29/2019 was \$13.57 per share

<sup>2</sup> Increase in value from trading multiple expansion shown only for cumulative period and is equal to change in share price over period less change in book value per share

# Credit Performance

(\$ in millions)

## As of 3/31/2019

## Cumulative Since Inception<sup>(1)</sup> (October 2008 – March 31, 2019)

	<u>Cost</u> / <u>FMV</u> / <u># Portfolio Co's</u>	<u>Cost</u> / <u># Portfolio Co's</u>
<b>Investments</b>	\$2,509 / \$2,534 / 97	\$6,738 / 260
	<i>of which</i>	<i>of which</i>
<b>Internal Watch List (3 or 4 Rating)<sup>(2)</sup></b>	\$1.5 / \$0.0 / 1	\$264 / 11
	<i>of which</i>	<i>of which</i>
<b>Non-Accrual</b>	\$1.0 / \$0.0 / 1	\$125 / 8
		<i>of which</i>
<b>Realized Default Loss<sup>(3)</sup></b>		\$43 / 4

<sup>1</sup> Since inception of predecessor entity in 10/2008 through 3/31/19

<sup>2</sup> Determined on a quarterly basis by Management. In addition to various risk management and monitoring tools, NMFC also uses a four-level numeric investment rating system to characterize and monitor the credit profile and expected level of returns on each portfolio investment. Ratings of 1 and 2 indicate the investment is performing materially above, or materially in-line, with expectations, respectively. All new loans are rated 2 when approved. A rating of 3 indicates the investment is performing materially below expectations, where the risk of loss has materially increased since the original investment. A rating of 4 indicates the investment is performing substantially below expectations and risks have increased substantially since the original investment. Payments may be delinquent. There is a meaningful possibility that we will not recoup our original cost basis in the investment and may realize a substantial loss upon exit. Where it is determined that an investment is underperforming, or circumstances suggest that the risk associated with a particular investment has significantly increased, a more aggressive monitoring of the affected portfolio company will be undertaken

<sup>3</sup> Realized default loss represents positions, or portions of positions, where no recovery is expected



# Credit Performance

## NMFC Leverage Ratio<sup>(2)</sup>

Portfolio Company (Vintage) <sup>(1)</sup>	NMFC Leverage Ratio <sup>(2)</sup>		Variance
	At Purchase	Current	+ / (-)
Company A (2017)	8.9x	4.0x	4.9x
Company B (2015)	6.9x	4.4x	2.5x
Company C (2017)	4.9x	2.7x	2.1x
Company D (2018)	6.7x	4.6x	2.1x
Company E (2018)	6.0x	4.0x	1.9x
Company F (2015)	5.4x	4.0x	1.4x
Company G (2016)	6.3x	5.2x	1.1x
Company H (2016)	6.8x	6.0x	0.8x
Company I (2017)	6.5x	5.7x	0.8x
Company J (2018)	5.3x	4.5x	0.8x
Company K (2017)	6.2x	5.5x	0.7x
Company L (2018)	7.0x	6.4x	0.6x
Company M (2017)	6.4x	5.7x	0.6x
Company N (2017)	5.7x	5.1x	0.6x
Company O (2014)	4.7x	4.1x	0.6x
Company P (2014)	7.7x	7.1x	0.5x
Company Q (2016)	6.8x	6.3x	0.5x
Company R (2017)	6.9x	6.4x	0.5x
Company S (2018)	7.0x	6.6x	0.4x
Company T (2018)	6.5x	6.2x	0.4x
Company U (2018)	7.0x	6.6x	0.3x
Company V (2018)	7.3x	7.0x	0.3x
Company W (2018)	5.8x	5.5x	0.3x
Company X (2018)	7.2x	6.9x	0.3x
Company Y (2018)	5.2x	5.0x	0.2x
Company Z (2017)	6.1x	5.9x	0.2x
Company AA (2016)	6.0x	5.8x	0.2x
Company AB (2017)	6.6x	6.4x	0.2x
Company AC (2018)	5.9x	5.8x	0.1x
Company AD (2016)	3.7x	3.6x	0.0x
Company AE (2018)	5.5x	5.5x	0.0x
Company AF (2018)	6.5x	6.5x	0.0x
Company AG (2017)	3.4x <sup>(3)</sup>	3.4x	-
Company AH (2019)	5.0x	5.0x	-
Company AI (2019)	5.5x	5.5x	-
Company AJ (2019)	6.7x	6.7x	-
Company AK (2018)	5.1x	5.1x	-
Company AL (2018)	3.9x	3.9x	-
Company AM (2019)	7.2x	7.2x	-

## NMFC Leverage Ratio<sup>(2)</sup>

Portfolio Company (Vintage) <sup>(1)</sup>	NMFC Leverage Ratio <sup>(2)</sup>		Variance
	At Purchase	Current	+ / (-)
Company AN (2018)	9.3x	9.3x	-
Company AO (2018)	1.1x	1.1x	-
Company AP (2018)	4.7x	4.7x	-
Company AQ (2018)	9.7x	9.7x	-
Company AR (2018)	7.7x	7.7x	-
Company AS (2018)	6.4x	6.4x	-
Company AT (2016)	6.2x	6.2x	(0.0x)
Company AU (2016)	1.7x	1.7x	(0.0x)
Company AV (2018)	4.4x	4.4x	(0.0x)
Company AW (2018)	6.6x	6.6x	(0.0x)
Company AX (2018)	8.0x	8.1x	(0.1x)
Company AY (2018)	6.7x	6.8x	(0.1x)
Company AZ (2015)	5.0x	5.1x	(0.1x)
Company BA (2018)	6.4x	6.6x	(0.1x)
Company BB (2018)	7.0x	7.1x	(0.2x)
Company BC (2018)	4.7x	4.9x	(0.2x)
Company BD (2017)	0.9x	1.1x	(0.2x)
Company BE (2018)	6.4x	6.6x	(0.2x)
Company BF (2018)	3.8x	4.1x	(0.3x)
Company BG (2016)	7.3x	7.6x	(0.3x)
Company BH (2015)	5.1x	5.5x	(0.3x)
Company BI (2018)	7.2x	7.5x	(0.3x)
Company BJ (2018)	2.1x	2.5x	(0.4x)
Company BK (2015)	5.7x	6.2x	(0.5x)
Company BL (2017)	3.7x	4.2x	(0.5x)
Company BM (2017)	4.2x	4.7x	(0.5x)
Company BN (2017)	4.4x	4.9x	(0.5x)
Company BO (2015)	3.7x	4.4x	(0.6x)
Company BP (2016)	6.5x	7.3x	(0.7x)
Company BQ (2017)	5.9x	6.9x	(1.0x)
Company BR (2018)	6.9x	7.9x	(1.0x)
Company BS (2018)	3.8x	4.9x	(1.2x)
Company BT (2017)	7.3x	8.5x	(1.2x)
Company BU (2015)	5.1x	6.8x	(1.7x)
Company BV (2017)	8.7x	10.4x	(1.7x)
Company BW (2017)	1.9x	4.0x	(2.1x)
Company BX (2015)	4.5x	7.2x	(2.7x)
Company BY (2015)	7.8x	12.6x	(4.8x)
Company BZ (2017)	5.0x	10.4x	(5.5x)



<sup>1</sup> The investments shown above represent 87% of cost and 87% of fair value of the interest-bearing portfolio; includes current positions with a cost greater than \$7.5m as of 3/31/2019 and excludes unfunded commitments, revolvers, a project finance investment, and five investments made based on recurring revenue and a >60% equity cushion  
<sup>2</sup> Defined as total debt (assuming par for debt senior to our security, purchase price for our security, and no value for debt subordinated to our security) less total cash for the period, divided by the TTM EBITDA; current multiple as of the fourth calendar quarter of 2018, if available, or otherwise, the most recently reported fiscal quarter  
<sup>3</sup> Represents leverage as of the fourth calendar quarter of 2018; additional M&A activity and leverage increases were anticipated subsequent to our initial investment when original capital structure was over-equitized

# Performance Since IPO<sup>(1)</sup>

(\$ in millions)

	IPO - 12/31/2011 <sup>(2)</sup>	2012	2013	2014	2015	2016	2017	2018	2019 YTD
Regular Dividend	\$26.6	\$46.6	\$59.8	\$71.4	\$81.1	\$88.8	\$100.9	\$103.4	\$27.3
Cumulative Regular Dividend	26.6	73.2	133.0	204.3	285.4	374.2	475.1	578.5	605.8
Adj. NII	26.5	46.1	62.1	73.4	82.8	88.0	102.2	106.1	\$27.5
Cumulative Adj. NII	26.5	72.7	134.8	208.2	291.0	379.0	481.2	587.3	614.8
<b>Dividend Coverage (Cumulative Adj. NII / Dividend)</b>	<b>100%</b>	<b>99%</b>	<b>101%</b>	<b>102%</b>	<b>102%</b>	<b>101%</b>	<b>101%</b>	<b>102%</b>	<b>101%</b>
Adj. Realized Gains	\$1.6	\$13.9	\$13.8 <sup>(3)</sup>	\$12.4 <sup>(3)</sup>	\$17.6 <sup>(3)</sup>	\$6.7	\$3.7	\$12.4	\$0.0
Adj. Realized Credit & Other Losses	(0.8)	(2.0)	(6.1)	(3.6)	(3.1) <sup>(4)</sup>	(40.2) <sup>(6)</sup>	(1.8) <sup>(6)</sup>	(7.1) <sup>(6)</sup>	0.0
Total Adj. Realized Gains / (Losses)	0.9	11.9	7.8	8.8	14.5	(33.5)	1.9	5.3	0.0
Cumulative Adj. Realized Gains / (Losses)	0.9	12.8	20.5	29.3	43.8	10.3	12.2	17.5	17.5
Adj. Δ in Unrealized Appreciation	4.4	27.9	35.2	23.4	52.8	104.0	70.0	17.1	19.8
Adj. Δ in Unrealized Depreciation <sup>(5)</sup>	(15.5)	(7.4)	(23.2)	(66.0)	(117.3) <sup>(4)</sup>	(46.7) <sup>(6)</sup>	(64.6) <sup>(6)</sup>	(56.1) <sup>(6)</sup>	(3.4)
Total Adj. Δ in Unrealized Appreciation / (Depreciation)	(11.1)	20.4	12.0	(42.6)	(64.4)	57.2	5.3	(39.0)	16.4
Cumulative Adj. Δ in Unrealized Appreciation / (Depreciation)	(11.1)	9.3	21.3	(21.3)	(85.7)	(28.5)	(23.2)	(62.2)	(45.8)
<b>Cumulative Net Realized and Unrealized (Losses) / Gains</b>	<b>(\$10.2)</b>	<b>\$22.0</b>	<b>\$41.7</b>	<b>\$8.0</b>	<b>(\$41.9)</b>	<b>(\$18.2)</b>	<b>(\$11.0)</b>	<b>(\$44.7)</b>	<b>(\$28.3)</b>

<sup>1</sup> See Appendix A for GAAP and adjusted reconciliation

<sup>2</sup> NMFC priced its initial public offering on 5/19/2011; IPO – 12/31/2011 Adj. NII reflects nine months ended 12/31/2011 for comparability to the dividend

<sup>3</sup> Includes net YP distribution (net of incentive fee) and subsequent change in tax estimates of \$4.9 million in 2013, \$0.2 million in 2014 and \$0.5 million in 2015

<sup>4</sup> Includes \$12.8 million reclassification from realized to unrealized loss related to UniTek material modification and \$15.2 million reclassification from realized to unrealized loss related to Edmentum material modification

<sup>5</sup> From 2014 onwards, includes provision for income tax

<sup>6</sup> Includes \$10.5 million reclassification from realized loss to unrealized depreciation related to Permian in 2016, \$27.1 million reclassification from unrealized depreciation to realized loss related to Transtar in 2016, which was reversed in 2017, \$14.5 million reclassification from realized loss to unrealized depreciation related to Sierra Hamilton in 2017, and \$15.0 million reclassification from realized loss to unrealized depreciation related to National HME in 2018



# Asset Mix Migration (By Fair Value)

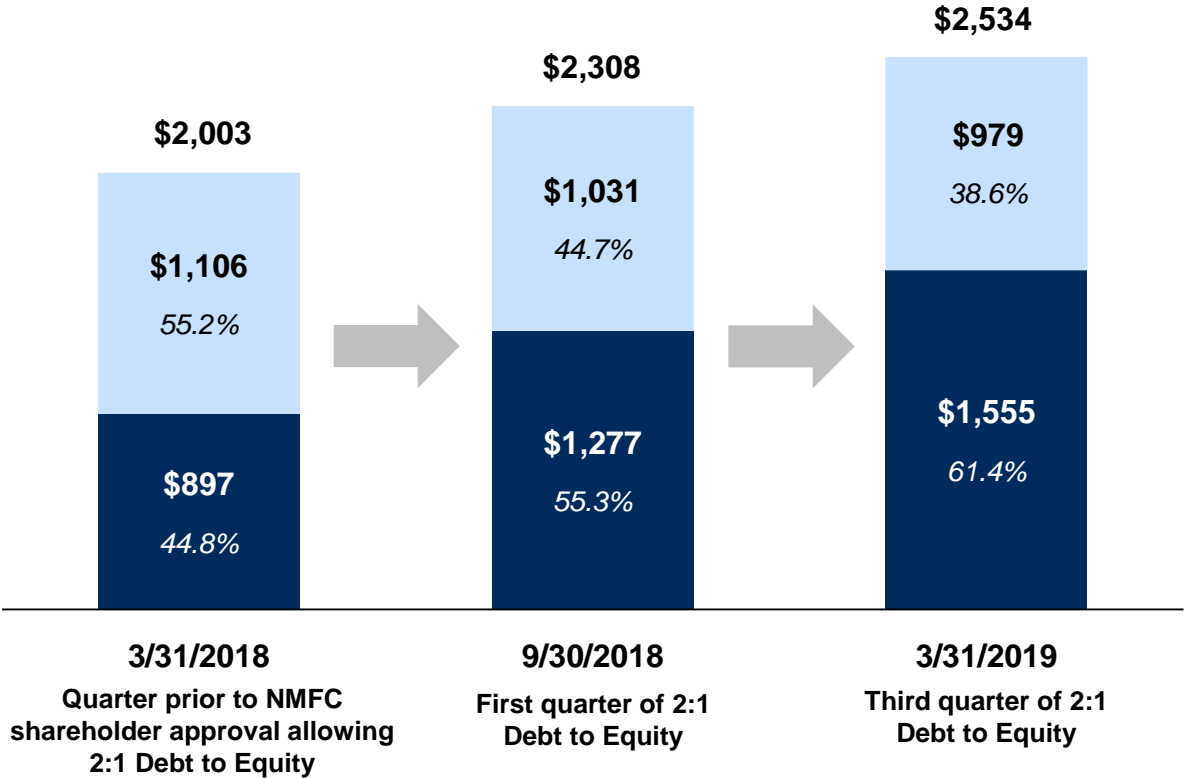
(\$ in millions) ■ First Lien Assets<sup>(1)</sup> ■ Non-First Lien Assets

Statutory Leverage<sup>(2)</sup>:

0.81x

1.17x

1.25x



Decreased \$127 million through Non-First Lien Net Sales & Repayments<sup>(3)</sup>

Increased \$658 million through First Lien Net Originations<sup>(1)(3)</sup>

**We have shifted originations towards senior investments as we have accessed incremental leverage; 124% of our net originations<sup>(3)</sup> since Q1 2018 have been first lien assets**



<sup>1</sup> First lien assets include membership interests in SLPs (underlying SLP assets are all first lien) and Net Lease (underlying leases are senior to corporate debt)  
<sup>2</sup> Statutory debt / equity calculation excludes SBA-guaranteed debentures, which are fully funded, non-recourse, asset-backed securities that are excluded by SEC exemptive order from the definition of "senior securities" under the 1940 Act asset coverage test  
<sup>3</sup> Inclusive of fair value changes

# Credit Market Conditions

---

- Credit markets improved over the course of Q1
  - Syndicated loans have nearly rallied back to pre-December levels
  - Pricing and structures of middle market loans are similar to those seen at the beginning of Q4
  - General investor sentiment is positive
  - Q1 middle market deal flow slowed but is expected to recover throughout 2019
- Base rates have been fairly stable since our last call
  - 3-month LIBOR is at 258 bps as of May 1, 2019 compared to 265 bps on February 22, 2019
- NMFC works to be well positioned to capitalize on volatile markets:
  - NMC and NMFC have **always** proactively focused on defensive, acyclical business models
  - NMFC has a differentiated access to deal flow
  - Wells Fargo and Deutsche Bank leverage facilities are not subject to margin calls
  - Positive exposure to increasing rates

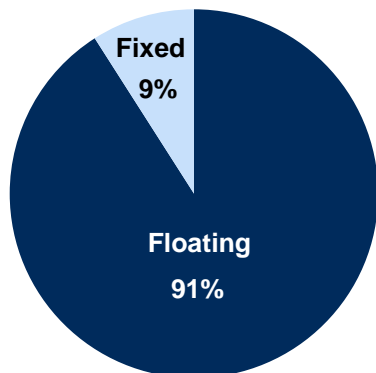


# Credit Market Conditions – Interest Rates

## Floating vs. Fixed

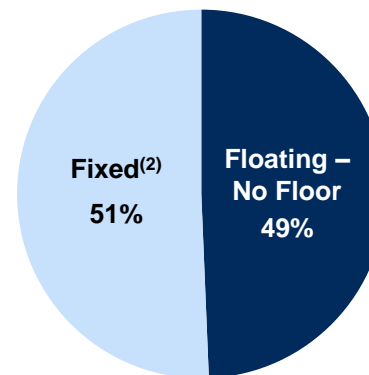
### Investments

(Aggregate par value of \$2,238 million as of 3/31/2019)<sup>(1)</sup>



### Debt

(\$1,524 million drawn as of 3/31/2019)



## Impact of Changing Rates<sup>(3)</sup>

Change in Base Interest Rates	Estimated % Change in Interest Income Net of Interest Expense	Illustrative NII / Share Impact Assuming \$1.36 Annual NII / Share
-100 bps	(8.7%)	(\$0.12)
-50 bps	(4.4%)	(\$0.06)
+50 bps	4.4%	\$0.06
+100 bps	8.7%	\$0.12



<sup>1</sup> Based on par values (excludes assets on non-accrual, unfunded commitments and non-interest bearing equity investments)

<sup>2</sup> Includes SBA debentures which become fixed rate debt upon semi-annual debenture pooling dates every March and September

<sup>3</sup> These hypothetical calculations are based on a model of the investments in our portfolio, held as of 3/31/2019, holding everything constant (including interest spreads and management and incentive fees) except for assumed changes in the underlying base interest rates. Assumes constant share count

# Q1 2019 Originations

## Portfolio Originations<sup>(1)</sup>

(\$ in millions)

Date <sup>(2)</sup>	Name	Industry	Amount (\$'s Invested)	Tranche Size	Type of Investment	Advance Rate <sup>(3)</sup>	YTM at Purchase <sup>(4)</sup>	
							Unlevered	Levered
1/3/19	Conservice	Business Services	\$25.4	\$375	1 <sup>st</sup> Lien	70%	7.8%	11.5%
1/10/19	Apptio	Software	\$24.3	\$600	1 <sup>st</sup> Lien	70%	10.3%	23.5%
1/31/19	NaviHealth	Healthcare Services	\$9.6	\$425	1 <sup>st</sup> Lien	70%	8.3%	16.7%
2/5/19	Civitas	Healthcare Services	\$20.6	\$200	2 <sup>nd</sup> Lien	25%	11.6%	14.1%
3/5/19	Institutional Shareholder Services	Business Services	\$20.1	\$190	2 <sup>nd</sup> Lien	25%	11.5%	13.9%
3/8/19	DentalCorp	Healthcare Services	\$11.5	\$50	2 <sup>nd</sup> Lien	25%	10.3%	12.2%
3/18/19	Affordable Care	Healthcare Services	\$9.8	\$506	1 <sup>st</sup> Lien	70%	7.8%	14.7%
3/28/19	symplr	Healthcare I.T.	\$20.4	\$268	1 <sup>st</sup> Lien	70%	8.6%	12.6%
	Other		\$16.3				9.6%	13.9%
<b>Total Originations</b>			<b>\$158.0</b>				<b>9.9%</b>	<b>14.1%</b>
Repayments			(\$5.9)					
<b>Net Originations</b>			<b>\$152.1</b>					
Sales			-					
<b>Net Originations Less Sales</b>			<b>\$152.1</b>					

<sup>1</sup> Origination commitments over \$7.5m shown, originations less than \$7.5m included in "Other"; originations, repayments and sales exclude PIK, revolvers, unfunded commitments, bridges, return of capital, and realized gains / losses

<sup>2</sup> Date of commitment; where multiple trade dates, the first trade date is listed

<sup>3</sup> For assets not in the SBIC or in the Wells Fargo / Deutsche Bank borrowing bases, illustrative advance rates shown based on Wells Fargo advance rates for comparable assets

<sup>4</sup> Assumes that investments are purchased at purchase price on settlement date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notices and Safe Harbor Statement"





# Origination Activity Since Quarter End (Through 5/1/19)

## Portfolio Originations<sup>(1)</sup>

(\$ in millions)

Date <sup>(2)</sup>	Name	Industry	Amount (\$'s Invested)	Tranche Size	Type of Investment	Advance Rate <sup>(3)</sup>	YTM at Purchase <sup>(4)</sup>	
							Unlevered	Levered
4/2/19	QuickBase	Software	\$9.8	\$140	2 <sup>nd</sup> Lien	25%	11.2%	13.5%
5/1/19	Company A*	Software	\$26.9	\$400	1 <sup>st</sup> Lien	70%	9.6%	20.7%
	Other		\$8.5					
	<b>Total Originations</b>		<b>\$45.2</b>				<b>9.8%</b>	<b>16.3%</b>
	Repayments		(\$19.5)					
	<b>Net Originations</b>		<b>\$25.7</b>					
	Sales		-					
	<b>Net Originations Less Sales</b>		<b>\$25.7</b>					

*\* Indicates investment has not closed. Actual terms are subject to change*



<sup>1</sup> Origination commitments over \$7.5m shown, originations less than \$7.5m included in "Other"; originations, repayments and sales exclude PIK, revolvers, unfunded commitments, bridges, return of capital, and realized gains / losses

<sup>2</sup> Date of commitment; where multiple trade dates, the first trade date is listed

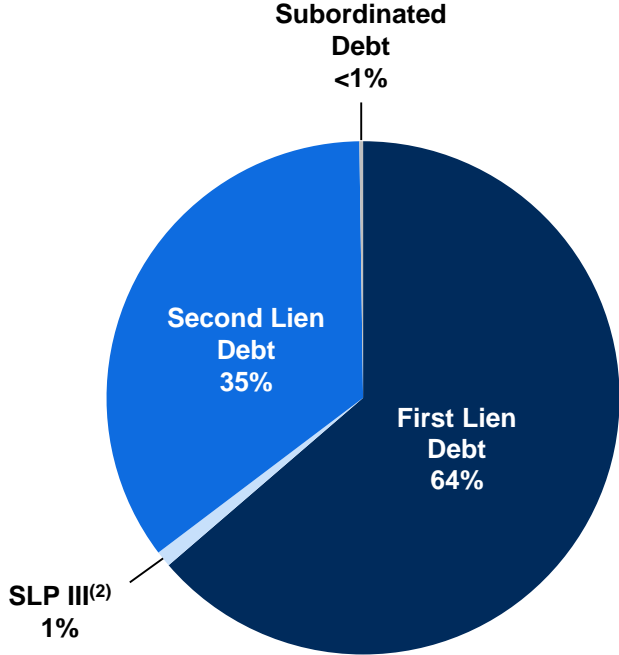
<sup>3</sup> For assets not in the SBIC or in the Wells Fargo / Deutsche Bank borrowing bases, illustrative advance rates shown based on Wells Fargo advance rates for comparable assets

<sup>4</sup> Assumes that investments are purchased at purchase price on settlement date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notices and Safe Harbor Statement"

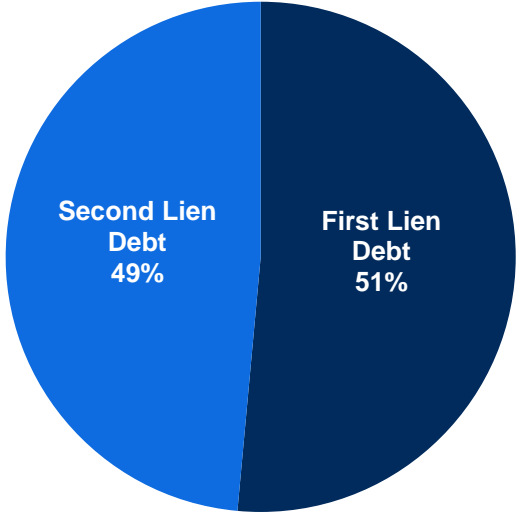
# Q1 2019 Originations and Repayments

**Originations by Type<sup>(1)</sup>**

**Sales / Repayments by Type<sup>(1)</sup>**



**Total: \$158.0 million**



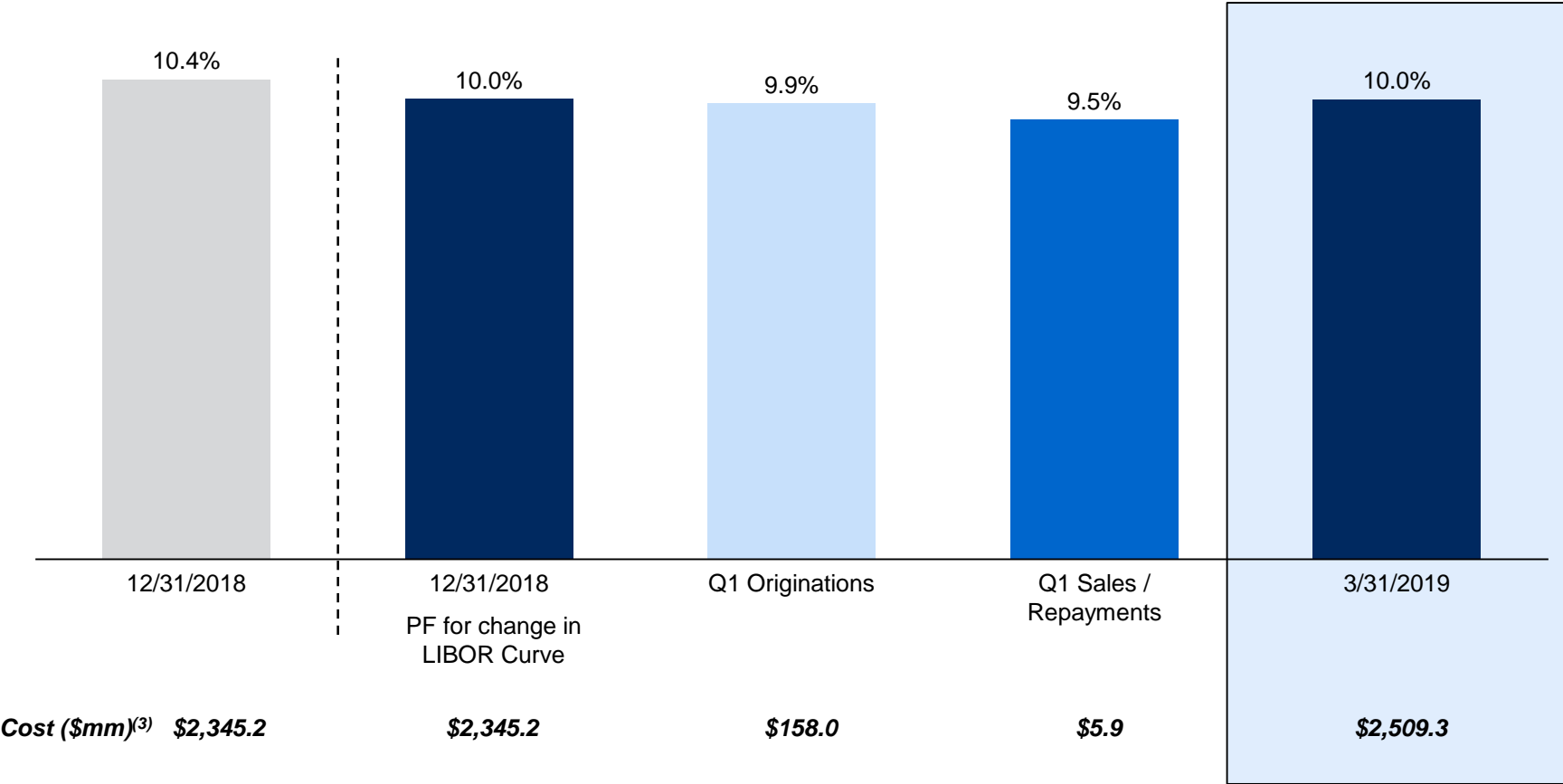
**Total: \$5.9 million**

<sup>1</sup> By \$s invested / \$s received at time of origination / sale / repayment; excludes PIK, revolvers, unfunded commitments, bridges, return of capital, and realized gains / losses

<sup>2</sup> Represents final equity contribution to SLP III

# Q1 2019 Investment Activity Roll

## YTM at Cost<sup>(1)</sup> / Purchase<sup>(2)</sup>



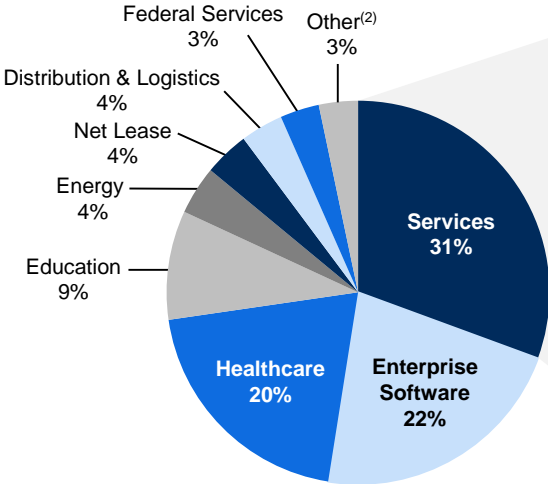
<sup>1</sup> Assumes that investments are purchased at cost and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notices and Safe Harbor Statement"

<sup>2</sup> References to "YTM at Purchase" have the same assumptions as above except that investments are purchased at purchase price on settlement date

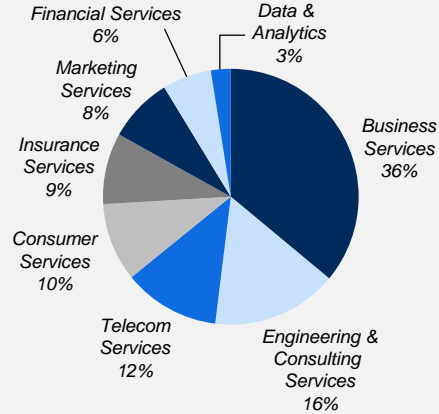
<sup>3</sup> Will not sum across due to amortization, PIK, realized gain / loss, and revolvers

# Portfolio Mix (By Fair Value as of 3/31/2019)

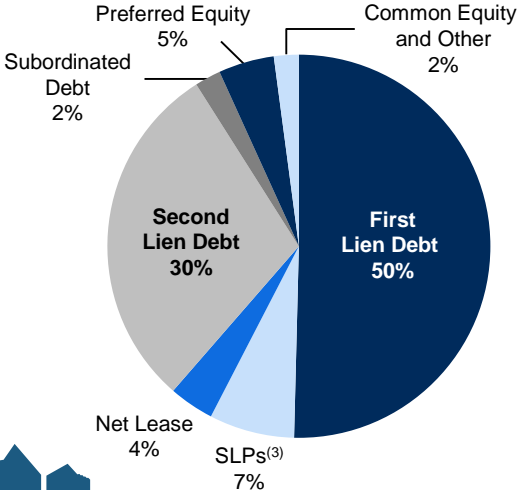
## By Industry<sup>(1)</sup>



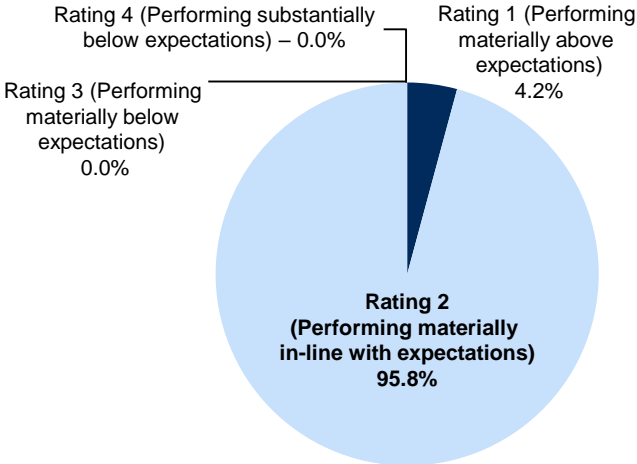
## Types of Services



## By Type of Investment



## By Rating



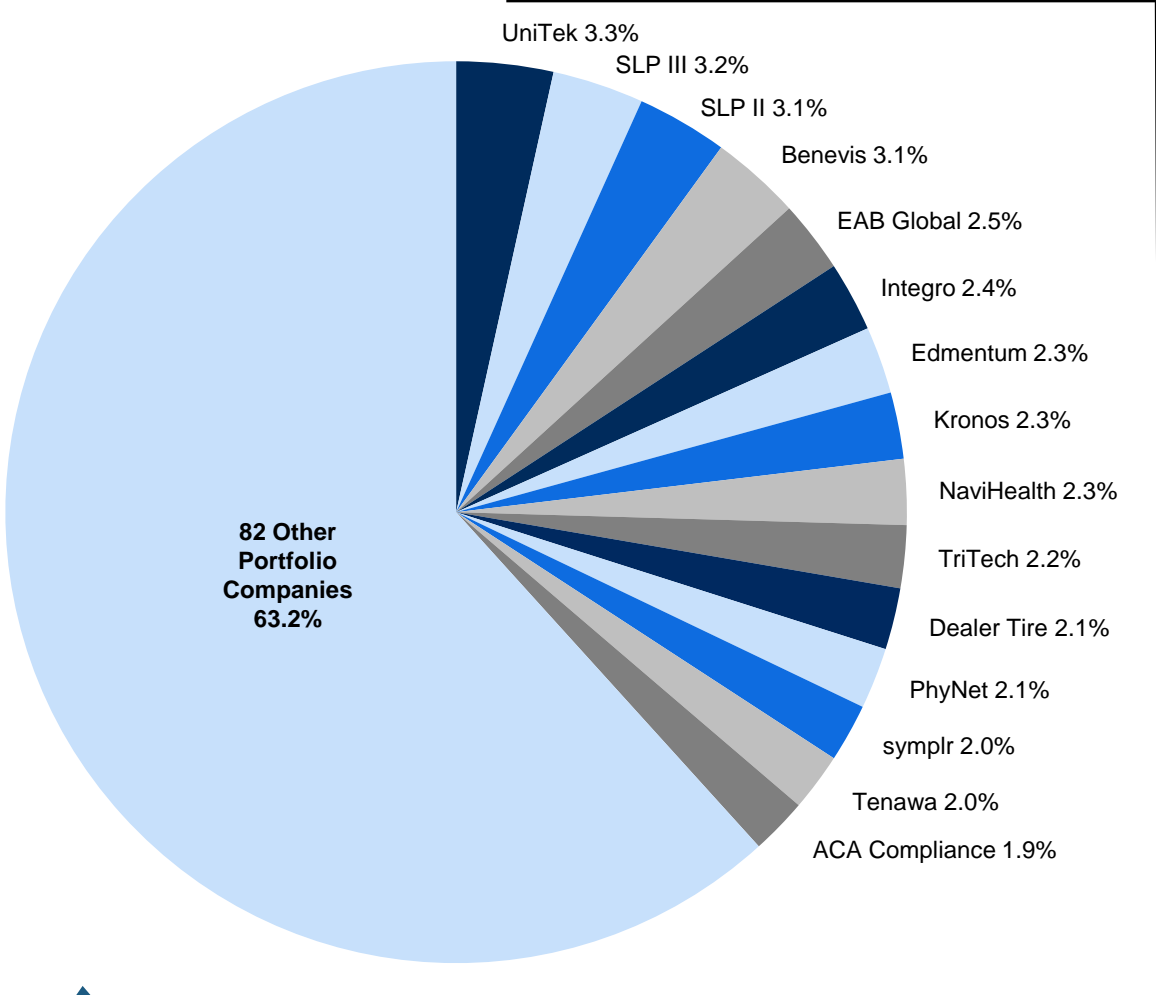
<sup>1</sup> Includes fair value of NMFC's investment in SLP II and SLP III allocated by industry (\$159.4m)

<sup>2</sup> Includes Food & Beverage, Packaging, Business Products, Retail, Industrial Services, and SLP I

<sup>3</sup> Includes SLP I, SLP II, and SLP III

# Portfolio Concentration (By Fair Value as of 3/31/2019)

Portfolio Names By Fair Value



Top 15 portfolio companies<sup>(1)</sup> represent \$933.8 million, or 36.8%, of consolidated investments

Memo: Top 15 Portfolio Companies<sup>(1)</sup>

	As of		
	6/30/2018	9/30/2018	12/31/2018
	\$891.9	\$933.9	\$892.2
	42.2%	40.5%	37.9%



<sup>1</sup> Excludes NMFC's investment in Net Lease, representing 3.7%, 3.4%, 4.0%, and 3.8% of consolidated investments in 6/30/2018, 9/30/2018, 12/31/2018 and 3/31/2019, respectively

# Balance Sheet Highlights

(\$ in millions, except per share data)	Quarter Ended				3/31/2019
	3/31/2018	6/30/2018	9/30/2018	12/31/2018	
<b>Assets</b>					
Portfolio	\$2,003.1	\$2,111.0	\$2,307.8	\$2,354.1	\$2,534.5
Cash & Equivalents	29.6	33.9	146.3	49.7	65.6
Other Assets <sup>(1)</sup>	45.7	61.0	67.6	44.9	50.0
<b>Total Assets</b>	<b>\$2,078.4</b>	<b>\$2,205.9</b>	<b>\$2,521.7</b>	<b>\$2,448.7</b>	<b>\$2,650.1</b>
<b>Liabilities</b>					
Statutory Debt	\$841.0	\$930.8	\$1,206.3	\$1,236.6	\$1,359.1
SBA-Guaranteed Debentures	150.0	163.0	165.0	165.0	165.0
Other Liabilities <sup>(2)</sup>	54.4	79.5	116.9	40.8	42.7
<b>Total Liabilities</b>	<b>\$1,045.4</b>	<b>\$1,173.3</b>	<b>\$1,488.2</b>	<b>\$1,442.4</b>	<b>\$1,566.8</b>
<b>NAV</b>	<b>\$1,033.0</b>	<b>\$1,032.6</b>	<b>\$1,033.5</b>	<b>\$1,006.3</b>	<b>\$1,083.3</b>
Shares Outstanding - Ending Balance (mm)	75.9	76.1	76.1	76.1	80.5
<b>NAV / Share</b>	<b>\$13.60</b>	<b>\$13.57</b>	<b>\$13.58</b>	<b>\$13.22</b>	<b>\$13.45</b>
<b>Statutory Debt / Equity<sup>(3)</sup></b>	<b>0.81x</b>	<b>0.90x</b>	<b>1.17x</b>	<b>1.23x</b>	<b>1.25x</b>



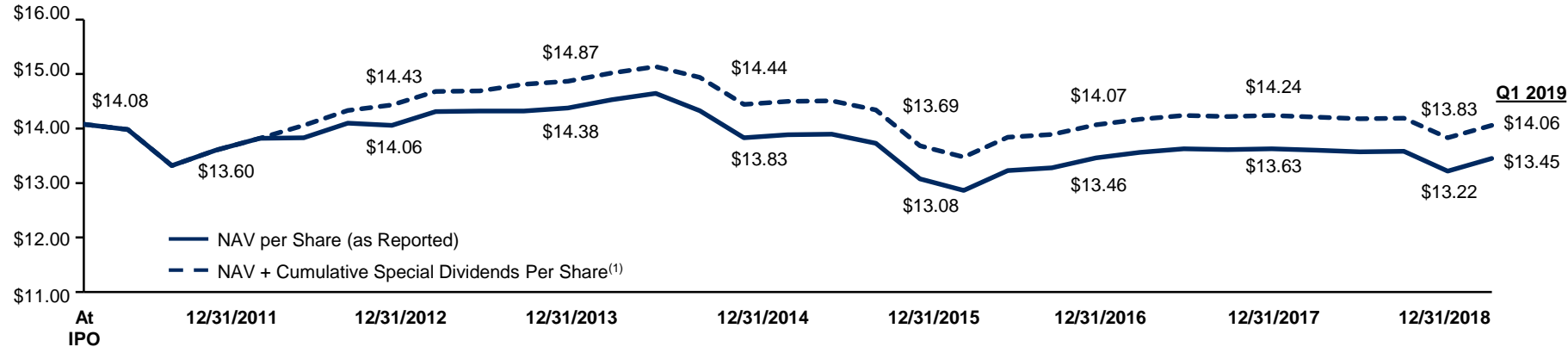
<sup>1</sup> Includes interest and dividends receivable, receivable from affiliate, receivable from unsettled securities sold and other assets

<sup>2</sup> Includes incentive fee payable, capital gains incentive fee payable, management fee payable, payable for unsettled securities purchased, interest payable, payable to affiliates, deferred tax liability and other liabilities

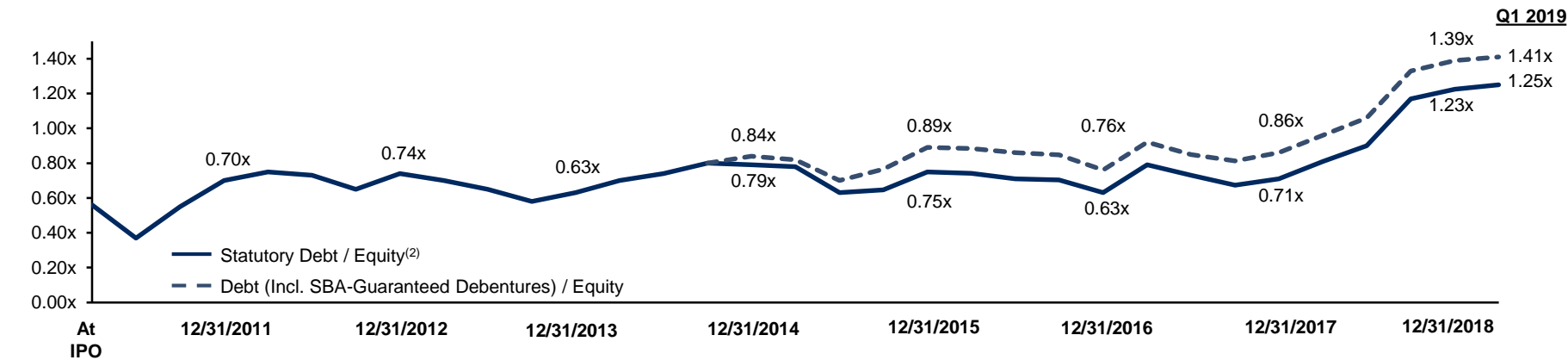
<sup>3</sup> Statutory debt / equity calculation excludes SBA-guaranteed debentures, which are fully funded, non-recourse, asset-backed securities that are excluded by SEC exemptive order from the definition of "senior securities" under the 1940 Act asset coverage test

# Historical NAV / Share and Leverage Trends

NAV / Share



Debt / Equity



<sup>1</sup> Assumes shares purchased at IPO

<sup>2</sup> Statutory debt / equity calculation excludes SBA-guaranteed debentures, which are fully funded, non-recourse, asset-backed securities that are excluded by SEC exemptive order from the definition of "senior securities" under the 1940 Act asset coverage test

# Income Statement Highlights

(\$ in millions, except per share data)	Quarter Ended				3/31/2019
	3/31/2018	6/30/2018	9/30/2018	12/31/2018	
<b>Investment Income</b>					
Interest income	\$36.7	\$40.1	\$40.9	\$44.2	\$47.9
Dividend income	12.4	12.3	14.0	15.1	13.5
Other income	3.8	2.2	5.6	4.2	2.8
<b>Total investment income</b>	<b>\$52.9</b>	<b>\$54.6</b>	<b>\$60.5</b>	<b>\$63.5</b>	<b>\$64.2</b>
<b>Expenses</b>					
Management fee <sup>(1)</sup>	\$7.4	\$7.8	\$8.2	\$8.4	\$8.4
Incentive fee	6.4	6.4	6.8	6.9	6.9
Interest and other financing expenses	11.3	12.8	14.8	18.2	19.1
Net administrative, professional, other G&A expenses and income taxes <sup>(2)</sup>	2.1	1.8	3.6	2.5	2.3
<b>Total net expenses</b>	<b>\$27.2</b>	<b>\$28.8</b>	<b>\$33.4</b>	<b>\$36.0</b>	<b>\$36.7</b>
<b>Net investment income</b>	<b>\$25.7</b>	<b>\$25.8</b>	<b>\$27.1</b>	<b>\$27.5</b>	<b>\$27.5</b>
<b>Gain / Loss</b>					
Net realized gains (losses) on investments	\$0.2	(\$6.6)	\$3.2	(\$6.5)	\$0.0
Net change in unrealized appreciation (depreciation) of investments	(2.2)	5.1	(3.6)	(23.2)	16.3
Benefit (provision) for income tax	0.1	(1.1)	(0.0)	0.9	0.1
Capital gains incentive fee	—	—	—	—	—
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$23.8</b>	<b>\$23.2</b>	<b>\$26.7</b>	<b>(\$1.3)</b>	<b>\$43.9</b>
Weighted average shares outstanding (mm)	75.9	75.9	76.1	76.1	78.5
<b>NII per weighted average share</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.36</b>	<b>\$0.36</b>	<b>\$0.35</b>
Memo: Annualized Effective Management Fee	1.46%	1.45%	1.39%	1.34%	1.32%





# Investment Income Detail

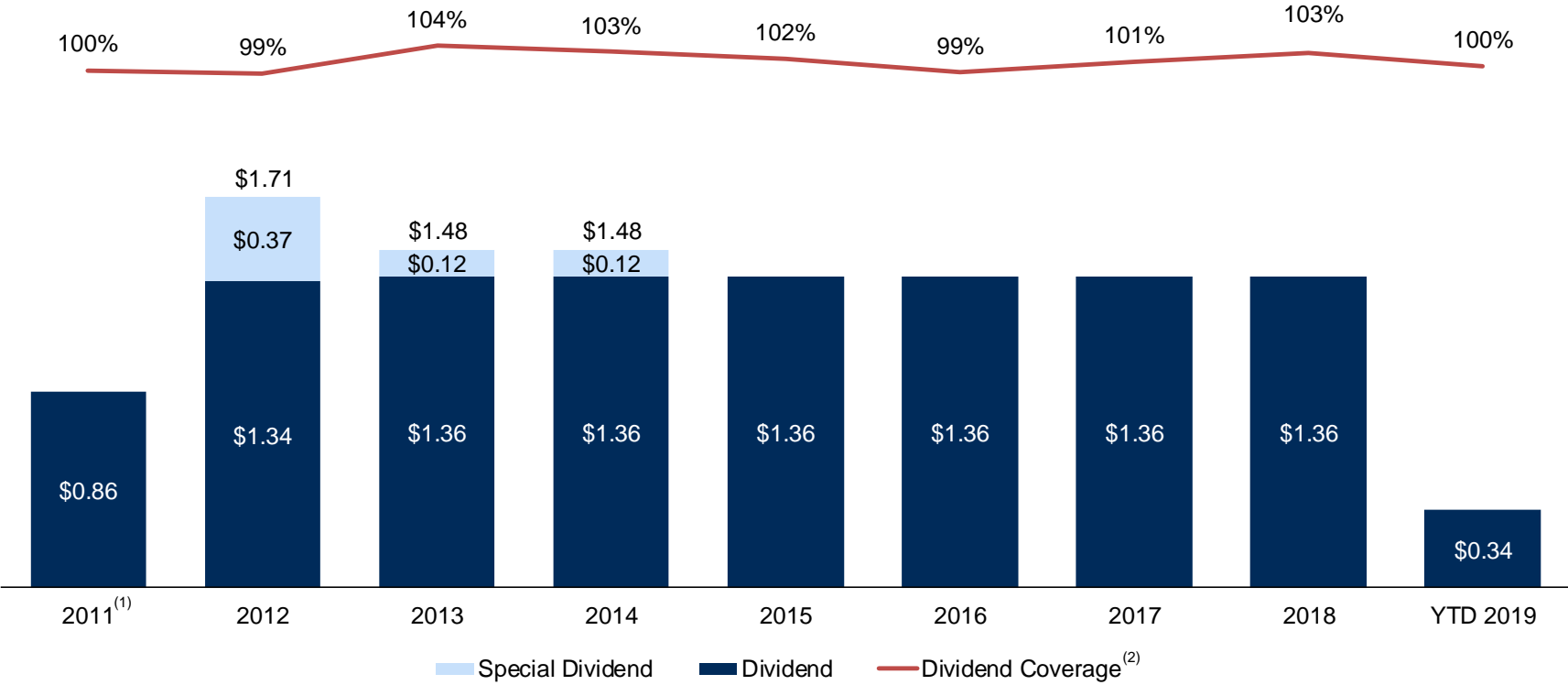
(\$ in millions)	Quarter Ended				3/31/2019
	3/31/2018	6/30/2018	9/30/2018	12/31/2018	
<b>Investment Income Build</b>					
Cash Interest and Dividend Income	\$33.0	\$35.6	\$35.3	\$44.1	\$44.3
SLP and Net Lease Income <sup>(1)</sup>	5.4	5.7	7.0	8.0	9.5
<b>Recurring Cash Investment Income</b>	<b>\$38.4</b>	<b>\$41.3</b>	<b>\$42.3</b>	<b>\$52.1</b>	<b>\$53.8</b>
Non-cash Interest and Dividend Income	\$8.8 <sup>(2)</sup>	\$8.9	\$9.7	\$6.8 <sup>(2)</sup>	\$7.3
Amortization of Purchase Discounts (Premiums)	0.5	0.5	0.5	0.6	\$0.8
<b>Recurring Non-cash Investment Income</b>	<b>\$9.3</b>	<b>\$9.4</b>	<b>\$10.2</b>	<b>\$7.4</b>	<b>\$8.1</b>
<b>Total Recurring Investment Income</b>	<b>\$47.7</b>	<b>\$50.7</b>	<b>\$52.5</b>	<b>\$59.5</b>	<b>\$61.9</b>
Prepayment Fees (Cash)	\$1.8	\$2.2	\$2.9	\$0.7	\$0.1
Other Cash Fee Income	3.4	1.7	5.1	3.3	2.2
<b>Total Non-recurring Cash Investment Income</b>	<b>\$5.2</b>	<b>\$3.9</b>	<b>\$8.0</b>	<b>\$4.0</b>	<b>\$2.3</b>
<b>Total Investment Income</b>	<b>\$52.9</b>	<b>\$54.6</b>	<b>\$60.5</b>	<b>\$63.5</b>	<b>\$64.2</b>
<b>Total Cash Investment Income</b>	<b>\$43.6</b>	<b>\$45.2</b>	<b>\$50.3</b>	<b>\$56.1</b>	<b>\$56.1</b>
<b>Key Statistics</b>					
% of Total Investment Income that is Recurring	90%	93%	87%	94%	96%
% of Total Investment Income that is Cash	82%	83%	83%	88%	87%

**Our investment income continues to be predominantly paid in cash and generated by stable and predictable sources**



# Dividend Summary and Coverage

**We believe our Q2 2019 NII will be in the \$0.33 to \$0.35 per share range. Our board of directors has declared a second quarter dividend of \$0.34 per share, in line with the previous 28 quarters.**



<sup>1</sup> NMFC priced its initial public offering on 5/19/2011  
<sup>2</sup> Calculated as Adjusted Net Investment Income / regular dividend

# Diversified Leverage Profile

<i>(As of 3/31/2019, \$ in millions)</i>	<b>Amount Outstanding / Facility Size</b>	<b>Interest Rate</b>	<b>Maturity</b>
Wells Fargo Credit Facility <i>(Wells Fargo / Raymond James / State Street / CIT Bank / NBH Bank / State Bank / TIAA / Old Second / SMTB)</i>	\$567 / \$675	Broadly syndicated 1 <sup>st</sup> lien loans <sup>(1)</sup> : L + 1.75% All other: L + 2.25% (No LIBOR floor)	October 2022
Deutsche Bank Credit Facility	\$50 / \$100	L + 2.85% (No LIBOR floor)	December 2023
NMFC Credit Facility <i>(Goldman Sachs / Morgan Stanley / Stifel)</i>	\$135 / \$135	L + 2.50% (No LIBOR floor)	June 2022
2014 Convertible Notes	\$155 / \$155	5.00%	June 2019
2018 Convertible Notes	\$115 / \$115	5.75%	August 2023
SBA I Guaranteed Debentures <sup>(2)</sup>	\$150 / \$150	3.26% weighted average rate <sup>(3)</sup>	March 2025 or later
SBA II Guaranteed Debentures <sup>(2)</sup>	\$15 / \$75	3.77% weighted average rate <sup>(3)</sup>	Sept. 2028 or later
Series 2016 Unsecured Notes	\$90 / \$90	5.31%	May 2021
Series 2017A Unsecured Notes	\$55 / \$55	4.76%	July 2022
Series 2018A Unsecured Notes	\$90 / \$90	4.87%	January 2023
Series 2018B Unsecured Notes	\$50 / \$50	5.36%	June 2023
5.75% Unsecured Notes	\$52 / \$52	5.75%	October 2023
<b>Total</b>	<b>\$1,524 / \$1,742</b>		

- Wells Fargo and Deutsche Bank credit facilities' borrowing base and liquidity are not tied to trading prices and valuations of securities
  - Covenants tied to underlying portfolio company operating performance, not mark-to-market
- On April 30, 2019, NMFC issued \$116.5 million of 5.494% unsecured notes



<sup>1</sup> As defined in the credit agreement for the Wells Fargo Credit Facility

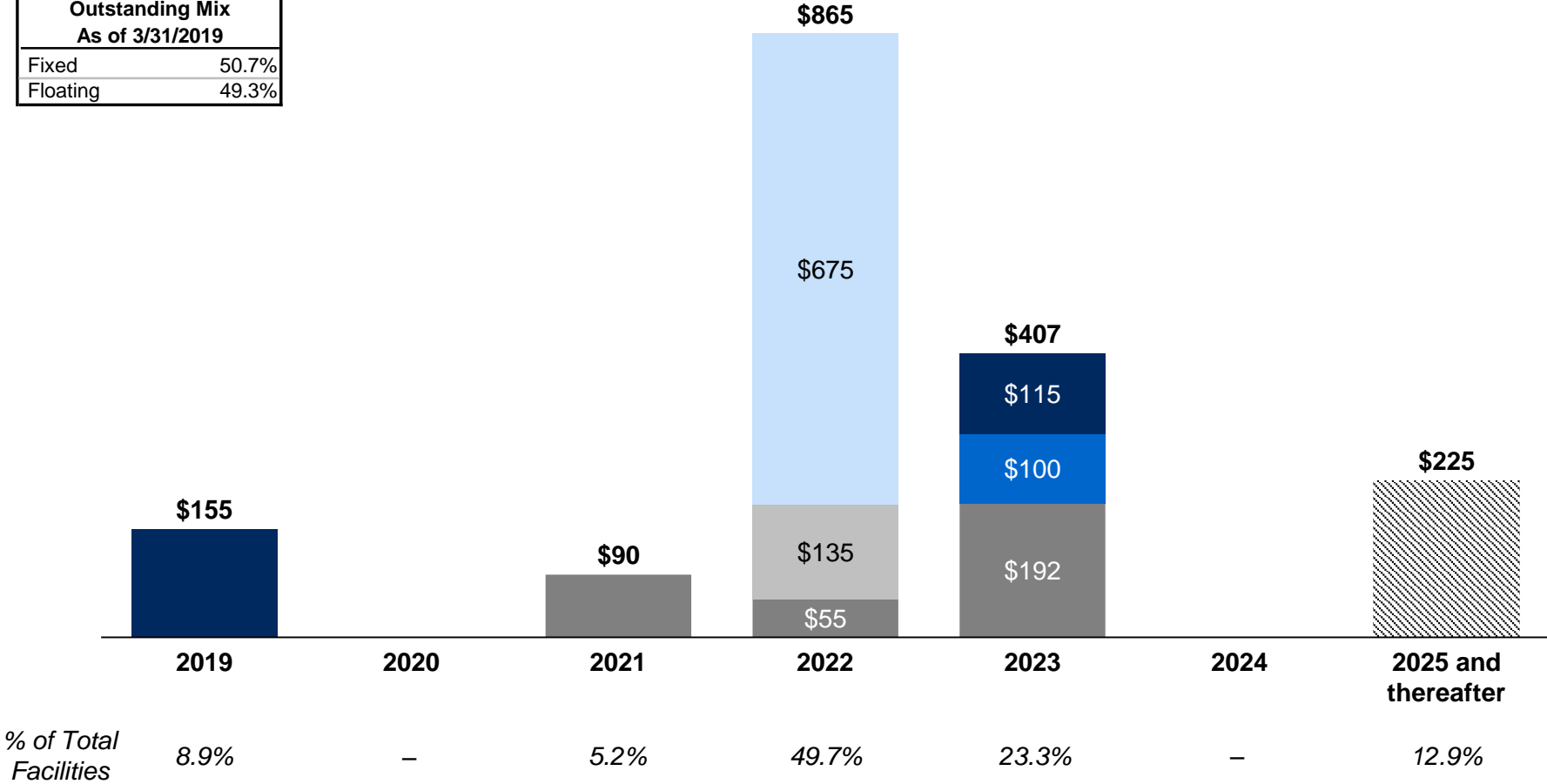
<sup>2</sup> SBA-guaranteed debentures are fully funded, non-recourse, asset-backed securities, excluded by SEC exemptive order from the definition of "senior securities" under the 1940 Act asset coverage test

<sup>3</sup> QTD weighted average interest rate shown for SBA I and SBA II guaranteed debentures reflects pooled interest rates and SBA's annual charges

# Leverage Maturity Schedule

(As of 3/31/2019, \$ in millions, based on total facility size)

Floating vs. Fixed Debt Outstanding Mix As of 3/31/2019	
Fixed	50.7%
Floating	49.3%



- Convertible Note
- NMFC Credit Facility Revolver
- Wells Fargo Credit Facility Revolver
- Unsecured Notes
- Deutsche Bank Credit Facility Revolver
- SBA Debentures

# Corporate Information

## Board of Directors

### Inside Directors

Steven B. Klinsky (Chairman)

Robert A. Hamwee

Adam B. Weinstein

### Independent Directors

Rome G. Arnold III

Alfred F. Hurley, Jr.

David Ogens

Kurt J. Wolfgruber

## Corporate Offices & Website

787 Seventh Avenue, 48th Floor

New York, NY 10019

<http://www.newmountainfinance.com>

## Investor Relations

Shiraz Y. Kajee, Authorized Representative  
212-220-3505

[NMFCIR@newmountaincapital.com](mailto:NMFCIR@newmountaincapital.com)

## Senior Management

Steven B. Klinsky

*Chairman of the Board of Directors*

Robert A. Hamwee

*Chief Executive Officer and Director*

John R. Kline

*President & Chief Operating Officer*

Shiraz Y. Kajee

*Chief Financial Officer*

Adam B. Weinstein

*EVP, Chief Administrative Officer & Director*

Karrie J. Jerry

*Chief Compliance Officer & Corporate Secretary*

James W. Stone III

*Managing Director*

Laura C. Holson

*Managing Director & Head of Capital Markets*

## Research Coverage

### Janney Montgomery Scott

Mitchel Penn, 410-583-5976

### Oppenheimer & Co.

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## Fiscal Year End

December 31

## Independent Auditor

Deloitte & Touche LLP

New York, NY

## Securities Listing

NYSE: NMFC (Common Equity)

NYSE: NMFX (5.75% Unsecured Notes)

## Corporate Counsel

Eversheds Sutherland (US) LLP

Washington D.C.

## Transfer Agent

American Stock Transfer & Trust Company, LLC

800-937-5449

[www.astfinancial.com](http://www.astfinancial.com)

## Credit Ratings

Egan-Jones Ratings: BBB+ / BBB+

Fitch Ratings: BBB- / Stable

Kroll Bond Rating Agency: BBB- / Stable



# Appendix A: NMFC Income Reconciliation

(\$ in millions; unaudited figures)

	Year Ended								2019 YTD
	IPO - 12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	
<b>GAAP net investment income ("NII")</b>	<b>\$28.5</b>	<b>\$45.2</b>	<b>\$63.7</b>	<b>\$80.3</b>	<b>\$82.5</b>	<b>\$88.1</b>	<b>\$102.2</b>	<b>\$106.1</b>	<b>\$27.5</b>
Non-cash adjustment <sup>(1)</sup>	(2.0)	(3.5)	(0.9)	(0.2)	(0.1)	(0.1)	(0.0)	–	–
Non-cash capital gains incentive fee	–	4.4	3.2	(6.5)	–	–	–	–	–
<b>Adjusted NII</b>	<b>\$26.5</b>	<b>\$46.1</b>	<b>\$66.0</b>	<b>\$73.6</b>	<b>\$82.4</b>	<b>\$88.0</b>	<b>\$102.2</b>	<b>\$106.1</b>	<b>\$27.5</b>
Non-recurring tax adjustment <sup>(2)</sup>			(3.9)	(0.2)	0.4				
<b>Pro forma adjusted NII</b>			<b>\$62.1</b>	<b>\$73.4</b>	<b>\$82.8</b>				
<b>GAAP realized gains (losses) on investments</b>	<b>\$3.3</b>	<b>\$18.9</b>	<b>\$7.2</b>	<b>\$9.1</b>	<b>(\$12.9)</b>	<b>(\$16.7)</b>	<b>(\$39.7)</b>	<b>(\$9.7)</b>	<b>\$0.0</b>
Non-cash adjustment <sup>(1)</sup>	(2.4)	(7.0)	(3.3)	(0.5)	(0.1)	(0.2)	–	–	–
Reclass of UniTek, Edmentum, Transtar, Permian, Sierra, & NHME <sup>(3)</sup>	–	–	–	–	27.9	(16.6)	41.6	15.0	–
Non-recurring tax adjustment <sup>(2)</sup>	–	–	3.9	0.2	(0.4)	–	–	–	–
<b>Adj. realized gains (losses) on investments</b>	<b>\$0.9</b>	<b>\$11.9</b>	<b>\$7.8</b>	<b>\$8.8</b>	<b>\$14.5</b>	<b>(\$33.5)</b>	<b>\$1.9</b>	<b>\$5.3</b>	<b>\$0.0</b>
<b>GAAP net change in unrealized (depreciation) appreciation</b>	<b>(\$15.5)</b>	<b>\$9.9</b>	<b>\$8.0</b>	<b>(\$43.3)</b>	<b>(\$36.7)</b>	<b>\$40.3</b>	<b>\$46.9</b>	<b>(\$24.0)</b>	<b>\$16.4</b>
Non-cash adjustment <sup>(1)</sup>	4.4	10.5	4.0	0.7	0.2	0.3	0.0	–	–
Reclass of UniTek, Edmentum, Transtar, Permian, Sierra, & NHME <sup>(3)</sup>	–	–	–	–	(27.9)	16.6	(41.6)	(15.0)	–
<b>Adj. net change in unrealized (depreciation) appreciation</b>	<b>(\$11.1)</b>	<b>\$20.4</b>	<b>\$12.0</b>	<b>(\$42.6)</b>	<b>(\$64.4)</b>	<b>\$57.2</b>	<b>\$5.3</b>	<b>(\$39.0)</b>	<b>\$16.4</b>

<sup>1</sup> See "Important Notices and Safe Harbor Statement" for discussion on adjustments due to NMFC's IPO

<sup>2</sup> Related to YP, LLC distributions and other changes in tax estimates

<sup>3</sup> Reclassification of UniTek material modification of \$12.8m and Edmentum material modification of \$15.2m from realized loss to unrealized depreciation during the year ended 2015, \$10.5m of Permian from realized loss to unrealized depreciation during the year ended 2016, \$27.1m of Transtar from unrealized depreciation to realized loss related to Transtar in 2016, which was reversed during the nine months ended 9/30/2017, \$14.5 million reclassification from realized loss to unrealized depreciation related to Sierra Hamilton in 2017, and \$15.0 million reclassification from realized loss to unrealized depreciation related to National HME in 2018





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