
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 7, 2019

Oaktree Specialty Lending Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

814-00755
(Commission
File Number)

26-1219283
(IRS Employer
Identification No.)

333 South Grand Avenue, 28th Floor
Los Angeles, CA
(Address of principal executive offices)

90071
(Zip Code)

Registrant's telephone number, including area code: (213) 830-6300

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On February 7, 2019, Oaktree Specialty Lending Corporation (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended December 31, 2018. A copy of the press release is attached hereto as Exhibit 99.1.

On February 7, 2019, the Company will host a conference call to discuss its financial results for the fiscal quarter ended December 31, 2018. In connection therewith, the Company provided an investor presentation on its website at <http://www.oaktreespecialtylending.com>. A copy of the investor presentation is attached hereto as Exhibit 99.2.

The information disclosed under this Item 2.02, including Exhibits 99.1 and 99.2 hereto, is being “furnished” and is not deemed “filed” by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor is it deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

99.1 [Press release of Oaktree Specialty Lending Corporation dated February 7, 2019](#)

99.2 [Oaktree Specialty Lending Corporation First Quarter 2019 Earnings Presentation](#)

SIGNATURE

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OAKTREE SPECIALTY LENDING CORPORATION

Date: February 7, 2019

By: /s/ Mel Carlisle

Name: Mel Carlisle

Title: Chief Financial Officer and Treasurer



Oaktree Specialty Lending Corporation Announces First Fiscal Quarter 2019 Financial Results and Declares Distribution of \$0.095 Per Share

LOS ANGELES, CA, February 7, 2019 - Oaktree Specialty Lending Corporation (NASDAQ: OCSL) ("Oaktree Specialty Lending" or the "Company"), a specialty finance company, today announced its unaudited financial results for the fiscal quarter ended December 31, 2018.

Financial Highlights for the Quarter Ended December 31, 2018

- **Total investment income** of \$38.3 million (\$0.27 per share), up from \$38.2 million (\$0.27 per share) for the fourth fiscal quarter of 2018.
- **Net investment income** of \$17.3 million (\$0.12 per share), up from \$17.0 million (\$0.12 per share) for the fourth fiscal quarter of 2018.
- **Net asset value ("NAV") per share** of \$6.19, up from \$6.09 for the fourth fiscal quarter of 2018.
- **Originated** \$231.1 million of new investment commitments and received \$208.3 million of proceeds from prepayments, exits, other paydowns and sales.
- **A quarterly distribution was declared** of \$0.095 per share, payable on March 29, 2019 to stockholders of record on March 15, 2019.
- **Our Board of Directors approved the application of the modified asset coverage requirements** under the Investment Company Act of 1940, as amended (the "1940 Act"), to the Company. As a result, the Company's asset coverage requirements under the 1940 Act will be reduced from 200% to 150%, effective February 1, 2020.

Edgar Lee, Chief Executive Officer and Chief Investment Officer, said, "OCSL delivered another quarter of strong earnings, as well as the fourth consecutive quarter of increased NAV per share. We successfully exited non-core investments and added \$165 million of new investments that are consistent with our late cycle investment approach. Importantly, we remain focused on defensively positioning OCSL's portfolio and maintaining ample dry powder during this time of increased market volatility."

Matt Pendo, Chief Operating Officer, said, "We believe the modified asset coverage requirements, once applicable, will provide us with additional operational flexibility and improve our financial position. At this time, we do not anticipate increasing our leverage beyond our current target ratio range of 0.70x-0.85x debt-to-equity. Importantly, preliminary discussions with our bank group regarding this action by the Board of Directors have been positive."

Distribution Declaration

The Board of Directors declared a quarterly distribution of \$0.095 per share, payable on March 29, 2019 to stockholders of record on March 15, 2019.

Distributions are paid primarily from distributable (taxable) income. To the extent taxable earnings for a fiscal taxable year fall below the total amount of distributions for that fiscal year, a portion of those distributions may be deemed a return of capital to the Company's stockholders.

Results of Operations

	For the three months ended		
	December 31, 2018	September 30, 2018	December 31, 2017
(\$ in thousands, except per share data)			
Operating results:			
Interest income	\$ 35,789	\$ 35,306	\$ 29,938
PIK interest income	832	499	1,867
Fee income	1,202	2,034	1,031
Dividend and other income	453	381	1,040
Total investment income	38,276	38,220	33,876
Net expenses	20,959	21,189	20,554
Net investment income	17,317	17,031	13,322
Net realized and unrealized gains (losses), net of taxes	10,401	16,300	(43,763)
Net increase (decrease) in net assets resulting from operations	\$ 27,718	\$ 33,331	\$ (30,441)
Net investment income per common share	\$ 0.12	\$ 0.12	\$ 0.09
Net realized and unrealized gains (losses), net of taxes per common share	\$ 0.08	\$ 0.12	\$ (0.31)
Earnings (loss) per common share — basic and diluted	\$ 0.20	\$ 0.24	\$ (0.22)

	As of	
	December 31, 2018	September 30, 2018
(\$ in thousands, except per share data and ratios)		
Select balance sheet and other data:		
Investment portfolio at fair value	\$ 1,464,885	\$ 1,491,201
Total debt outstanding	607,141	637,213
Net assets	872,362	858,035
Net asset value per share	6.19	6.09
Total leverage	0.70x	0.75x

Total investment income for the quarter ended December 31, 2018 was \$38.3 million, including \$35.8 million of cash interest income from portfolio investments, \$0.8 million of payment-in-kind ("PIK") interest income, \$1.2 million of fee income and \$0.5 million of dividend income. PIK interest income, net of PIK collected in cash, represented 2.2% of total investment income for the quarter ended December 31, 2018.

Net expenses for the quarter were \$21.0 million, which is comparable to expenses for the quarter ended September 30, 2018.

Net realized and unrealized gains, net of taxes on the investment portfolio for the quarter were \$10.4 million.

Portfolio and Investment Activity

	As of		
	December 31, 2018	September 30, 2018	December 31, 2017
<i>(Dollar amounts in thousands)</i>			
Investments at fair value	\$ 1,464,885	\$ 1,491,201	\$ 1,415,404
Number of portfolio companies	110	113	122
Average portfolio company debt size	\$ 15,000	\$ 14,800	\$ 14,100
Asset class:			
Senior secured debt	80.0%	75.4%	75.8%
Unsecured debt	7.8%	11.0%	7.0%
Equity	3.3%	4.4%	6.0%
SLF JV I	8.4%	8.7%	9.4%
Limited partnership interests	0.5%	0.5%	1.8%
Non-accrual debt investments:			
Non-accrual investments at fair value	\$ 132,355	\$ 98,760	\$ 41,458
Non-accrual investments as a percentage of debt investments	9.6%	7.0%	3.2%
Number of investments on non-accrual	7	8	8
Interest rate type:			
Percentage floating-rate	86.6%	83.2%	82.4%
Percentage fixed-rate	13.4%	16.8%	17.6%
Yields:			
Weighted average yield on debt investments (1)	8.7%	8.4%	9.0%
Cash component of weighted average yield on debt investments	8.0%	8.2%	8.4%
Weighted average yield on total portfolio investments (2)	8.1%	8.1%	8.5%
Investment activity:			
New investment commitments	\$ 231,100	\$ 228,400	\$ 183,000
New funded investment activity (3)	\$ 162,400	\$ 218,400	\$ 200,200
Proceeds from prepayments, exits, other paydowns and sales	\$ 208,300	\$ 267,400	\$ 284,800
Net new investments (4)	\$ (45,900)	\$ (49,000)	\$ (84,600)
Number of new investment commitments in new portfolio companies	14	13	13
Number of new investment commitments in existing portfolio companies	3	3	1
Number of portfolio company exits	14	18	17

- (1) Annual stated yield earned plus net annual amortization of original issue discount or premium earned on accruing investments, including our share of the return on debt investments in the SLF JV I.
- (2) Annual stated yield earned plus net annual amortization of original issue discount or premium earned on accruing investments and dividend income, including our share of the return on debt investments in the SLF JV I.
- (3) New funded investment activity is reflected net of original issue discount and includes drawdowns on existing revolver commitments.
- (4) Net new investments consists of new funded investment activity less proceeds from prepayments, exits, other paydowns and sales.

As of December 31, 2018, the fair value of the investment portfolio was \$1.5 billion and was comprised of investments in 110 companies. These included debt investments in 86 companies, the investment in Senior Loan Fund JV I, LLC ("SLF JV I") and equity investments in 37 companies, including in SLF JV I and 2 private equity funds. Fourteen of these equity investments were in companies in which Oaktree Specialty Lending also had a debt investment.

At fair value, 94.4% of the Company's portfolio as of December 31, 2018 consisted of debt investments, including 52.2% of first lien loans, 27.8% of second lien loans and 14.4% of unsecured debt investments, including the debt investments in SLF JV I.

As of December 31, 2018, there were seven investments on which the Company had stopped accruing cash and/or PIK interest or original issue discount ("OID") income that, in the aggregate, represented 14.2% of the Company's debt portfolio at cost and 9.6% at fair value.

As of December 31, 2018, SLF JV I had \$309.6 million in assets, including senior secured loans to 42 portfolio companies. The joint venture generated income of \$2.8 million for Oaktree Specialty Lending during the quarter ended December 31, 2018.

The Company intends to rotate out of approximately \$347 million, at fair value, of investments it has identified as non-core investments. It will also seek to redeploy non-income generating investments comprised of equity investments, limited partnership interests and loans currently on non-accrual status into proprietary investments with higher yields. Certain additional information on such categorization and the portfolio composition is included in investor presentations that the Company files with the Securities and Exchange Commission ("SEC").

Liquidity and Capital Resources

As of December 31, 2018, the Company had \$56.7 million of cash and cash equivalents (including restricted cash), total principal value of debt outstanding of \$612.9 million and \$389.0 million of undrawn capacity on its credit facility, subject to borrowing base and other limitations. The weighted average interest rate on debt outstanding was 5.3% as of December 31, 2018.

As of December 31, 2018, the Company's total leverage ratio was 0.70x debt-to-equity.

Recent Developments

At a meeting held on February 1, 2019, the Company's Board of Directors, including a "required majority" of the directors, as defined in Section 57(o) of the 1940 Act, approved the application of the reduced asset coverage requirements in Section 61(a)(2) of the 1940 Act as being in the best interests of the Company and its stockholders. As a result of such approval, provided such approval is not later rescinded and the Company's compliance with certain disclosure requirements, the asset coverage required for the Company's senior securities will be 150% rather than 200% effective as of February 1, 2020. Upon effectiveness of the modified asset coverage requirements to the Company, the Company's investment adviser intends to reduce the base management fee to 1.0% on all assets financed using leverage above 1.0x debt-equity (without giving effect to any debentures issued by a small business investment company subsidiary).

Conference Call Information

Oaktree Specialty Lending will host a conference call to discuss its first fiscal quarter 2019 results at 11:00 a.m. Eastern Time / 8:00 a.m. Pacific Time on February 7, 2019. The conference call may be accessed by dialing (877) 507-3275 (U.S. callers) or +1 (412) 317-5238 (non-U.S. callers), participant password "Oaktree Specialty Lending." During the earnings conference call, Oaktree Specialty Lending intends to refer to an investor presentation that will be available on the Investors section of the Oaktree Specialty Lending website, www.oaktreespecialtylending.com. Alternatively, a live webcast of the conference call can be accessed on Oaktree Specialty Lending's website.

For those individuals unable to listen to the live broadcast of the conference call, a replay will be available on Oaktree Specialty Lending's website, or by dialing (877) 344-7529 (U.S. callers) or +1 (412) 317-0088 (non-U.S. callers), access code 10127865, beginning approximately one hour after the broadcast.

About Oaktree Specialty Lending Corporation

Oaktree Specialty Lending Corporation (NASDAQ:OCSL) is a specialty finance company dedicated to providing customized one-stop credit solutions to companies with limited access to public or syndicated capital markets. The firm seeks to generate current income and capital appreciation by providing companies with flexible and innovative financing solutions including first and second lien loans, unsecured and mezzanine loans, and preferred equity. The Company is regulated as a business development company under the Investment Company Act of 1940, as amended. Oaktree Specialty Lending is managed by Oaktree Capital Management, L.P. For additional information, please visit Oaktree Specialty Lending's website at www.oaktreespecialtylending.com.

Forward-Looking Statements

Some of the statements in this press release constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements may include statements as to: our future

operating results and distribution projections; our business prospects and the prospects of our portfolio companies; and the impact of the investments that we expect to make. In addition, words such as “anticipate,” “believe,” “expect,” “seek,” “plan,” “should,” “estimate,” “project” and “intend” indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this press release involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in “Risk Factors” and elsewhere in our annual report on Form 10-K and our quarterly reports on Form 10-Q. Other factors that could cause actual results to differ materially include: changes in the economy, financial markets and political environment; risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or regulated investment companies; and other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

We have based the forward-looking statements included in this presentation on information available to us on the date of this presentation, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Contacts

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Oaktree Specialty Lending Corporation
Consolidated Statements of Assets and Liabilities
(in thousands, except per share amounts)

	December 31, 2018 (unaudited)	September 30, 2018
ASSETS		
Investments at fair value:		
Control investments (cost December 31, 2018: \$212,583; cost September 30, 2018: \$213,470)	\$ 190,167	\$ 196,874
Affiliate investments (cost December 31, 2018: \$2,659; cost September 30, 2018: \$1,080)	3,740	2,161
Non-control/Non-affiliate investments (cost December 31, 2018: \$1,372,068; cost September 30, 2018: \$1,392,383)	1,270,978	1,292,166
Total investments at fair value (cost December 31, 2018: \$1,587,310; cost September 30, 2018: \$1,606,933)	1,464,885	1,491,201
Cash and cash equivalents	56,186	13,380
Restricted cash	470	109
Interest, dividends and fees receivable	9,981	10,272
Due from portfolio companies	2,122	1,357
Receivables from unsettled transactions		26,760
Deferred financing costs	4,798	5,209
Derivative asset at fair value		162
Other assets	3,082	3,008
Total assets	\$ 1,541,524	\$ 1,551,458
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 2,362	\$ 3,581
Base management fee and incentive fee payable	8,370	8,223
Due to affiliate	3,553	3,274
Interest payable	6,233	3,365
Payable to syndication partners	379	109
Director fees payable	68	—
Payables from unsettled transactions	40,309	37,236
Derivative liability at fair value	190	—
Deferred tax liability	557	422
Credit facility payable	211,000	241,000
Unsecured notes payable (net of \$3,196 and \$3,483 of unamortized financing costs as of December 31, 2018 and September 30, 2018, respectively)	386,839	386,485
Secured borrowings at fair value (proceeds December 31, 2018: \$11,869; proceeds September 30, 2018: \$12,314)	9,302	9,728
Total liabilities	669,162	693,423
Commitments and contingencies		
Net assets:		
Common stock, \$0.01 par value per share, 250,000 shares authorized; 140,961 shares issued and outstanding as of December 31, 2018 and September 30, 2018	1,409	1,409
Additional paid-in-capital	1,492,739	1,492,739
Accumulated overdistributed earnings	(621,786)	(636,113)
Total net assets (equivalent to \$6.19 and \$6.09 per common share as of December 31, 2018 and September 30, 2018, respectively)	872,362	858,035
Total liabilities and net assets	\$ 1,541,524	\$ 1,551,458

Oaktree Specialty Lending Corporation
Consolidated Statements of Operations
(in thousands, except per share amounts)

	Three months ended December 31, 2018 (unaudited)	Three months ended September 30, 2018 (unaudited)	Three months ended December 31, 2017 (unaudited)
Interest income:			
Control investments	\$ 3,339	\$ 3,687	\$ 3,203
Affiliate investments	13	—	949
Non-control/Non-affiliate investments	32,167	31,496	25,565
Interest on cash and cash equivalents	270	123	221
Total interest income	35,789	35,306	29,938
PIK interest income:			
Control investments	67	—	1,191
Affiliate investments	—	—	176
Non-control/Non-affiliate investments	765	499	500
Total PIK interest income	832	499	1,867
Fee income:			
Control investments	6	6	120
Affiliate investments	4	—	4
Non-control/Non-affiliate investments	1,192	2,028	907
Total fee income	1,202	2,034	1,031
Dividend and other income:			
Control investments	453	381	1,040
Total dividend and other income	453	381	1,040
Total investment income	38,276	38,220	33,876
Expenses:			
Base management fee	5,568	5,767	5,590
Part I incentive fee	3,728	3,675	830
Part II incentive fee	1,820	—	—
Professional fees	966	859	2,898
Directors fees	143	143	176
Interest expense	8,904	9,323	9,584
Administrator expense	763	336	494
General and administrative expenses	631	794	1,116
Total expenses	22,523	20,897	20,688
Fees waived	(1,564)	292	(134)
Net expenses	20,959	21,189	20,554
Net investment income	17,317	17,031	13,322
Unrealized appreciation (depreciation):			
Control investments	(5,820)	26,081	(1,326)
Affiliate investments	—	—	(168)
Non-control/Non-affiliate investments	(784)	21,039	(43,633)
Secured borrowings	(19)	(87)	1,655
Foreign currency forward contracts	(352)	162	—
Net unrealized appreciation (depreciation)	(6,975)	47,195	(43,472)
Realized gains (losses):			
Control investments	—	(31,331)	—
Non-control/Non-affiliate investments	16,761	1,494	(291)
Foreign currency forward contracts	1,201	(436)	—
Net realized gains (losses)	17,962	(30,273)	(291)
Provision for income taxes	(586)	(622)	—
Net realized and unrealized gains (losses), net of taxes	10,401	16,300	(43,763)
Net increase (decrease) in net assets resulting from operations	\$ 27,718	\$ 33,331	\$ (30,441)
Net investment income per common share — basic and diluted	\$ 0.12	\$ 0.12	\$ 0.09
Earnings (loss) per common share — basic and diluted	\$ 0.20	\$ 0.24	\$ (0.22)
Weighted average common shares outstanding — basic and diluted	140,961	140,961	140,961



OAKTREE

OCSL | Specialty Lending Corporation

First Quarter
Fiscal Year 2019
Earnings
Presentation

February 7, 2019

Nasdaq: OCSL

Forward Looking Statements

Some of the statements in this presentation constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this presentation may include statements as to: our future operating results and distribution projections; the ability of Oaktree Capital Management, L.P. (“Oaktree”) to find lower-risk investments to reposition our portfolio and to implement Oaktree’s future plans with respect to our business; our business prospects and the prospects of our portfolio companies; the impact of the investments that we expect to make; the ability of our portfolio companies to achieve their objectives; our expected financings and investments and additional leverage we may seek to incur in the future; the adequacy of our cash resources and working capital; the timing of cash flows, if any, from the operations of our portfolio companies; and the cost or potential outcome of any litigation to which we may be a party. In addition, words such as “anticipate,” “believe,” “expect,” “seek,” “plan,” “should,” “estimate,” “project” and “intend” indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this presentation involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in “Risk Factors” and elsewhere in our annual report on Form 10-K. Other factors that could cause actual results to differ materially include: changes in the economy, financial markets and political environment; risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or regulated investment companies; and other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

We have based the forward-looking statements included in this presentation on information available to us on the date of this presentation, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Unless otherwise indicated, data provided herein are dated as of December 31, 2018.



Q1 2019 Highlights

1 Net asset value per share increased by \$0.10 to \$6.19

- ✓ NAV continues to grow, increasing \$0.38 per share or approximately 7% since December 31, 2017
- ✓ Fourth consecutive quarter of NAV growth
- ✓ Unrealized gains resulting from write-ups of certain non-core investments primarily contributed to the sequential NAV increase

2 Net investment income per share of \$0.12

- ✓ Net investment income has increased 30% versus the quarter ended December 31, 2017
- ✓ Board of Directors declared a dividend of \$0.095 per share, payable on March 29, 2019 to stockholders of record as of March 15, 2019

3 Monetized approximately \$30 million of non-core investments

- ✓ Exits included one investment on non-accrual and \$18 million of equity investments
- ✓ Core investments represented 74% of the portfolio as of December 31, 2018¹
- ✓ Exited approximately \$56 million of non-core investments since January 1, 2019²; including these exits, non-core investments would have represented 22% of the portfolio¹

4 Originated \$231 million and funded \$165 million of new investment commitments

- ✓ Senior secured originations represented 95% of new funded investments
- ✓ Weighted average yield on new funded investments was 9.9%

¹ Excludes investments in the Kemper JV.

² At fair value as of December 31, 2018. Actual proceeds received were approximately \$67 million.

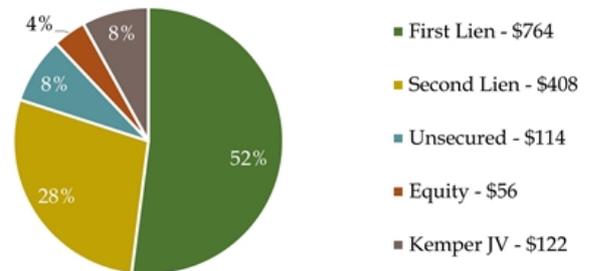
Portfolio Summary as of December 31, 2018

Portfolio Characteristics (at fair value)

- \$1.5 billion invested in 110 companies
- 94% of the total portfolio consists of debt investments
- \$15 million average debt investment size¹
- 8.7% weighted average yield on debt investments
- 87% of debt portfolio consists of floating rate investments

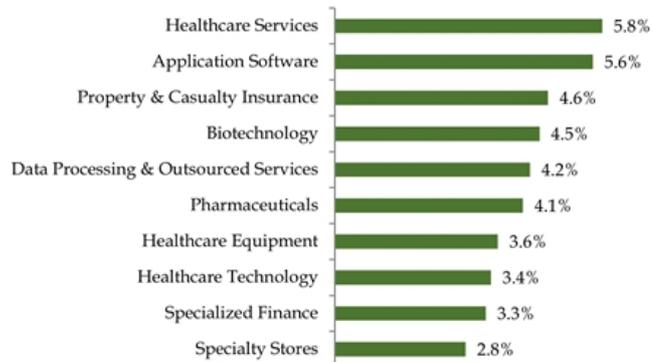
Portfolio Composition

(As % of total portfolio at fair value; \$ in millions)



Top 10 Industries¹

(As % of total portfolio, at fair value)



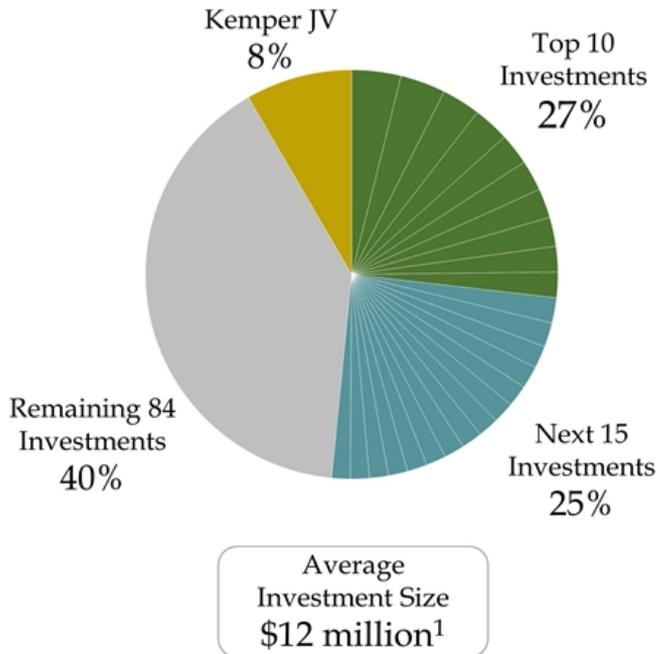
Note: Numbers rounded to the nearest million or percentage point.

¹ Excludes the investments in the Kemper JV.

Portfolio Diversity

Diversity by Investment Size

(As % of total portfolio at fair value)



Portfolio by Industry^{1,2}

(As % of total portfolio at fair value)

Industry Group	% of Portfolio
Healthcare Providers & Services	10.0%
Software	8.3%
IT Services	5.4%
Insurance	5.1%
Biotechnology	4.9%
Pharmaceuticals	4.5%
Healthcare Equipment & Supplies	3.9%
Diversified Financial Services	3.8%
Healthcare Technology	3.7%
Commercial Services & Supplies	3.5%
Specialty Retail	3.1%
Auto Components	3.1%
Remaining 25 Industries	40.8%

Average
Industry Exposure
2.7%

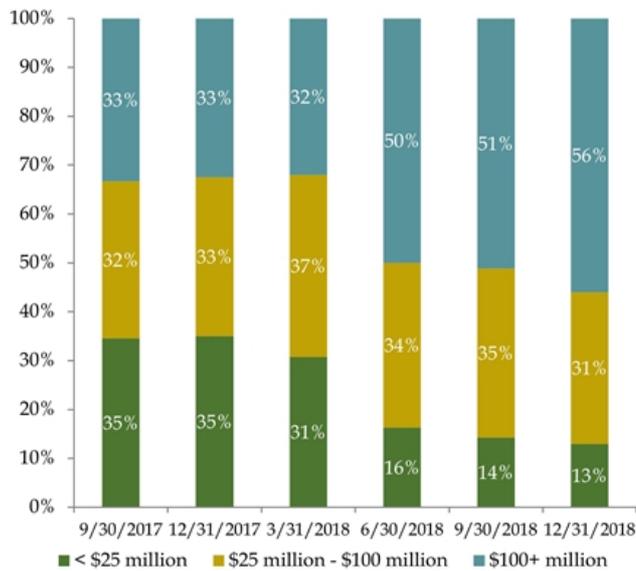
OCSL's portfolio is diverse across investments and industries

¹ Excludes investments in the Kemper JV.

² Based on GICS industry classifications.

Debt Portfolio Company Metrics

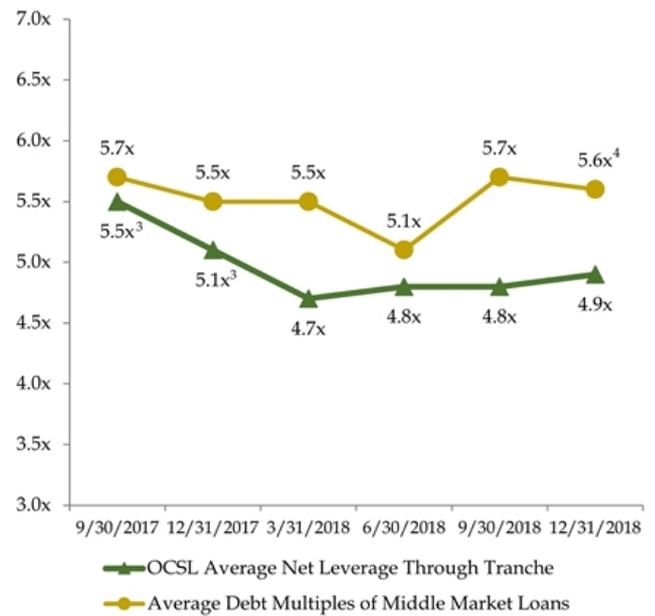
Debt Portfolio Company EBITDA¹



Median Debt Portfolio Company EBITDA (\$ in millions)

9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/13/18
\$50	\$54	\$56	\$99	\$103	\$117

Debt Portfolio Company Leverage²



OCSL's portfolio has transitioned into higher quality, larger borrowers with lower leverage, reflecting our defensive investment approach

Source: S&P Global Market Intelligence.

¹ Excludes negative EBITDA borrowers and investments in aviation subsidiaries.

² Excludes negative EBITDA borrowers, investments in aviation subsidiaries, and a \$35 million recurring revenue software investment.

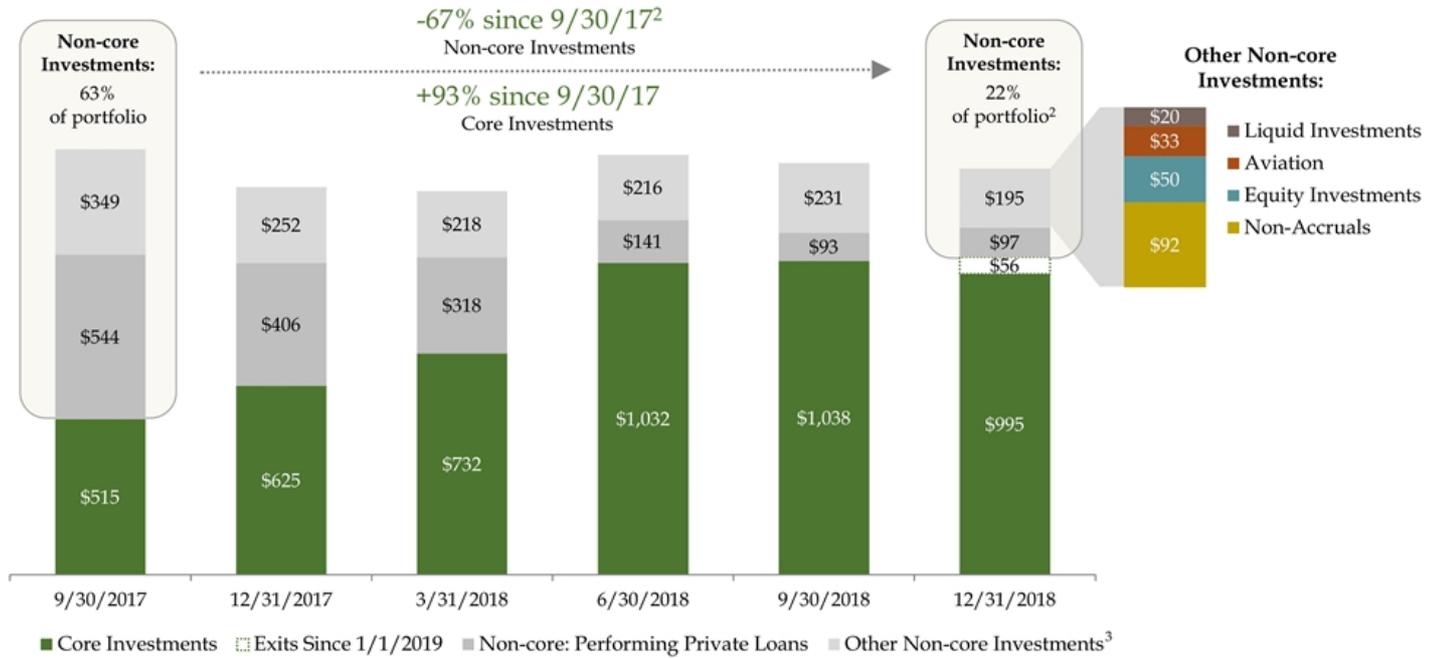
³ Excludes one investment on non-accrual and one venture capital investment.

⁴ Represents average debt multiples for CY 2018, as there were not enough middle market observations during the quarter to produce a meaningful average.

Historical Portfolio Progression

Portfolio by Category¹

(\$ in millions, at fair value)



Non-core private loans and non-accruals currently represent only 14% of OCSL's portfolio, down from 43% of the portfolio as of September 30, 2017

¹ Excludes investments in the Kemper JV.

² Excludes non-core investments that were exited from January 1, 2019 through February 6, 2019.

³ Other non-core investments includes liquid investments, investments in aviation entities, equity investments and non-accruals.

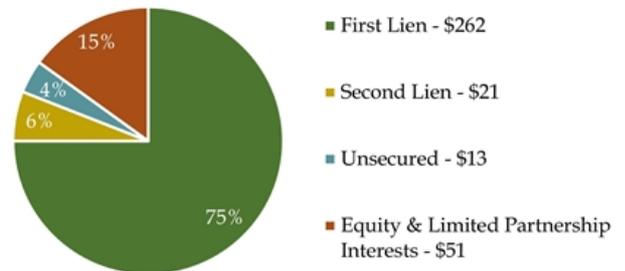
Non-core Investment Portfolio Detail

Non-core Investment Portfolio Characteristics

- Private Loans
 - \$111 million at fair value in eight companies
 - Net leverage through tranche: 4.0x
 - Average debt price: 96.7%
- Equity Investments
 - \$50 million at fair value in 26 equity positions¹ and limited partnership interests in two third party managed funds
 - Sold or monetized approximately \$18 million during the quarter
- Aviation
 - \$33 million at fair value in one entity
- Liquid Investments
 - \$20 million at fair value in three companies
 - Comprised of publicly quoted liquid loans and bonds
 - Average debt price: 97.2%
- Non-accruals
 - \$132 million at fair value in seven companies
 - Average debt price: 55.1%
 - Exited one non-accrual during the quarter ended December 31, 2018
- Activity Since January 1, 2019
 - Received approximately \$67 million of proceeds from exits of Maverick Healthcare Group and EOS Fitness

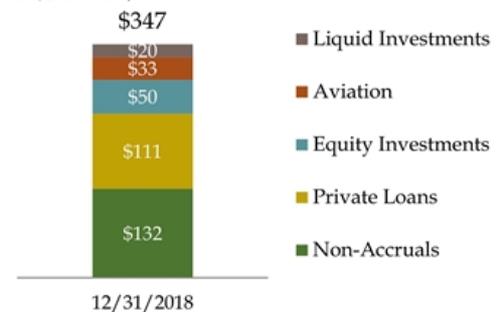
Non-core Investments by Type

(As % of non-core investment portfolio, at fair value; \$ in millions)



Non-core Portfolio Composition

(At fair value; \$ in millions)



Note: Numbers may not sum due to rounding.

¹ Excludes equity positions in non-accrual debt positions.

Q1 2019 Portfolio Originations¹

New Investment Highlights

- \$231 million of new investment commitments
- \$165 million of new funded investments
- \$150 million in 14 new portfolio companies and \$15 million in 3 existing portfolio companies
- Diversified across 15 industries
- 9.9% weighted average yield at cost of new debt investments
- 77% of new debt investment commitments at floating rates
- 89% of investments also held by other Oaktree funds
- Average net leverage through tranche: 3.7x²

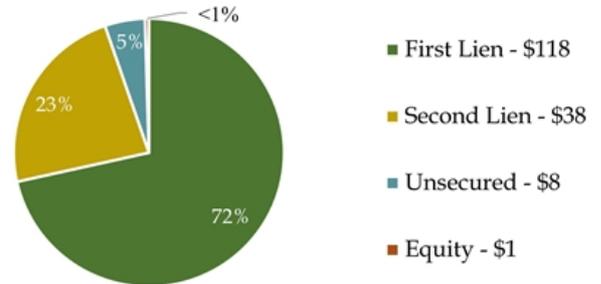
Note: Numbers rounded to the nearest million or percentage point.

¹ New investments exclude fundings of existing revolver or delayed draw term loan commitments.

² Excludes new investments with negative EBITDAs.

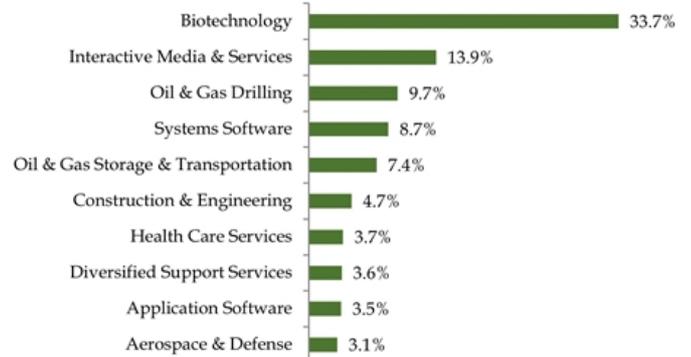
New Investment Composition

(As % of new funded investments; \$ in millions)



New Investment Industry Composition

(As % of new investment commitments, at fair value - top 10)



Historical Financial Information

(\$ in thousands, except per share amounts)

	Q1'19	Q4'18	Q3'18	Q2'18	Q1'18
Operating Results	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17
Interest income	\$35,789	\$35,306	\$26,634	\$26,633	\$29,938
PIK interest income	832	499	1,457	1,946	1,867
Fee income	1,202	2,034	2,425	3,942	1,031
Dividend & other income	453	381	1,331	2,258	1,040
Total investment income	38,276	38,220	31,847	34,779	33,876
Base management fee	5,568	5,767	5,909	5,386	5,590
Parts I & II incentive fees	5,548	3,675	2,733	3,247	830
Interest expense	8,904	9,323	8,291	8,530	9,584
Other operating expenses ¹	2,503	2,132	2,032	2,305	4,684
Total expenses	22,523	20,897	18,965	19,468	20,688
Fees recouped/(waived)	(1,564)	292	(1,548)	48	(134)
Net expenses	20,959	21,189	17,417	19,516	20,554
Net investment income	17,317	17,031	14,430	15,263	13,322
Net realized and unrealized gains (losses)	10,987	16,922	9,822	4,357	(43,763)
Provision for income taxes	(586)	(622)	-	-	-
Net increase/decrease in net assets resulting from operations	\$27,718	\$33,331	\$24,252	\$19,620	(\$30,441)
Net investment income per common share	\$0.12	\$0.12	\$0.10	\$0.11	\$0.09
Net realized and unrealized gains (losses)	0.08	0.12	0.07	0.03	(0.31)
Earnings (loss) per common share - basic and diluted	\$0.20	\$0.24	\$0.17	\$0.14	(\$0.22)

Note: Results during Q1'18 occurred during management transition from Fifth Street Management LLC to Oaktree, which occurred on October 17, 2017.

¹ Includes professional fees, directors fees, administrator expenses and general and administrative expenses.

Historical Financial Information (continued)

<i>(\$ in thousands, except per share amounts)</i>					
	Q1'19	Q4'18	Q3'18	Q2'18	Q1'18
Select Balance Sheet and Other Data	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17
Investment Portfolio (at fair value)	\$1,464,885	\$1,491,201	\$1,520,518	\$1,400,684	\$1,415,404
Total Debt Outstanding ¹	607,141	637,213	607,082	579,430	623,087
Total Net Assets	872,362	858,035	838,095	827,234	819,595
Net Asset Value per share	\$6.19	\$6.09	\$5.95	\$5.87	\$5.81
Total Leverage	0.70x	0.75x	0.73x	0.71x	0.77x
Weighted Average Yield on Debt Investments ²	8.7%	8.4%	8.8%	9.3%	9.0%
Cash Component of Weighted Average Yield on Debt Investments	8.0%	8.2%	8.5%	8.7%	8.4%
Weighted Average Yield on Total Portfolio Investments ³	8.1%	8.1%	8.4%	8.6%	8.5%
Weighted Average Cost of Debt	5.3%	5.1%	5.2%	4.9%	4.8%

Note: Results during Q1'18 occurred during management transition from Fifth Street Management LLC to Oaktree, which occurred on October 17, 2017.

¹ Net of unamortized financing costs.

² Annual stated yield earned plus net annual amortization of original issue discount or premium earned on accruing investments, including our share of the return on debt investments in the Kemper JV.

³ Annual stated yield earned plus net annual amortization of original issue discount or premium earned on accruing investments and dividend income, including our share of the return on debt investments in the Kemper JV.

Historical Portfolio Activity

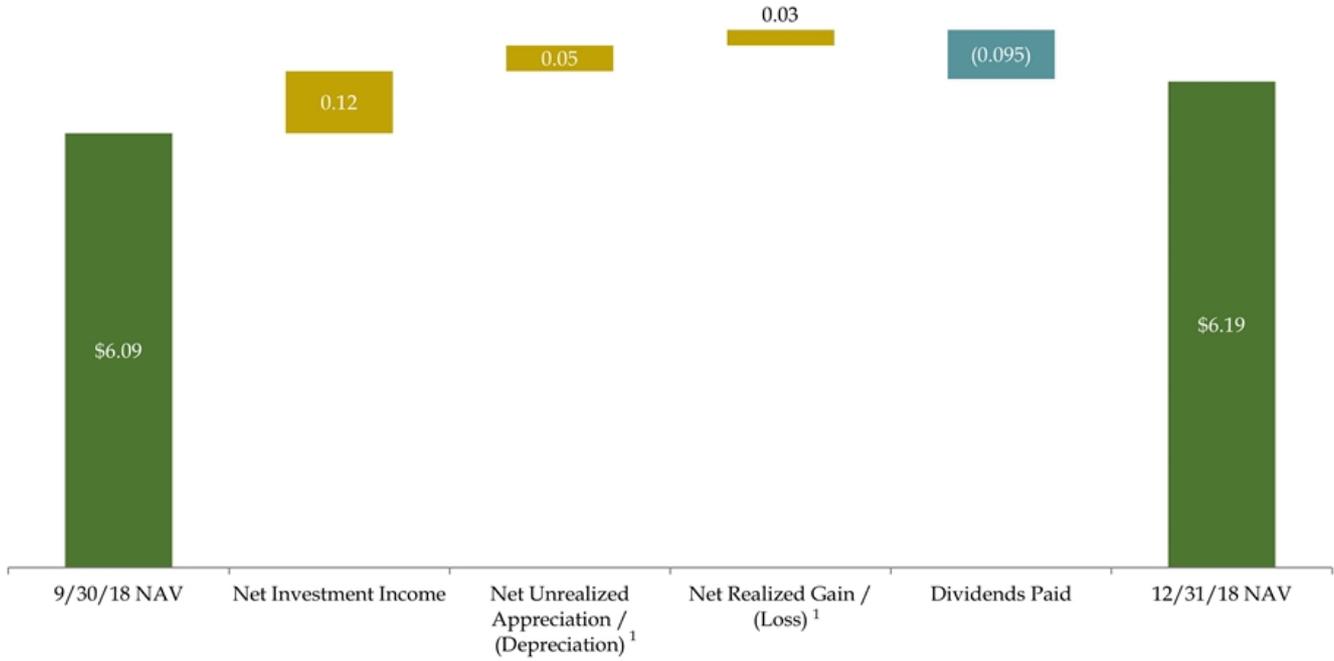
	Q1'19	Q4'18	Q3'18	Q2'18	Q1'18
<i>(\$ in thousands)</i>	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17
Investments at Fair Value	\$1,464,885	\$1,491,201	\$1,520,518	\$1,400,684	\$1,415,404
Number of Portfolio Companies	110	113	116	115	122
Average Portfolio Company Debt Investment Size	\$15,000	\$14,800	\$14,500	\$14,600	\$14,100
Asset Class:					
Senior Secured Debt	80.0%	75.4%	76.0%	76.6%	75.8%
Unsecured Debt	7.8%	11.0%	10.9%	6.7%	7.0%
Equity	3.3%	4.4%	3.8%	5.5%	6.0%
Kemper JV	8.4%	8.7%	8.7%	9.5%	9.4%
Limited Partnership Interests	0.5%	0.5%	0.6%	1.8%	1.8%
Interest Rate Type for Debt Investments:					
% Floating-Rate	86.6%	83.2%	82.9%	84.6%	82.4%
% Fixed-Rate	13.4%	16.8%	17.1%	15.4%	17.6%
Investment Activity at Cost:					
New Investment Commitments	\$231,100	\$228,400	\$379,800	\$223,200	\$183,000
New Funded Investment Activity ¹	162,400	218,400	389,000	227,800	200,200
Proceeds from Prepayments, Exits, Other Paydowns and Sales	208,300	267,500	280,700	241,900	284,800
Net New Investments ²	(45,900)	(49,100)	108,300	(14,100)	(84,600)
Number of New Investment Commitments in New Portfolio Companies	14	13	24	9	13
Number of New Investment Commitments in Existing Portfolio Companies	3	3	4	1	1
Number of Portfolio Company Exits	14	18	28	17	17

Note: Results during Q1'18 occurred during management transition from Fifth Street Management LLC to Oaktree, which occurred on October 17, 2017.

¹ New funded investment activity is reflected net of original issue discount and includes drawdowns on existing revolver commitments.

² Net new investments consists of new funded investment activity less proceeds from prepayments, exits, other paydowns and sales.

Net Asset Value Per Share Bridge



Note: Net asset value per share amounts are based on the shares outstanding at each respective quarter end. Net investment income per share, net unrealized appreciation / (depreciation), and net realized gain / (loss) are based on the weighted average number of shares outstanding for the period.

¹ Excludes reclassifications of net unrealized appreciation / (depreciation) to net realized gains / (losses) as a result of investments exited during the quarter.

Capital Structure Overview

- Current leverage of 0.70x, within target range of 0.70x to 0.85x debt-to-equity¹
- Focused on maintaining a conservative financial position given prevailing market conditions
- Maintain asset sensitive portfolio that is positioned to benefit if interest rates were to rise given fixed rate borrowings and 87% of debt portfolio consists of floating rate loans
- We intend to repay the 2019 Notes upon maturity on March 1, 2019 using proceeds from the ING Credit Facility

Funding Sources as of December 31, 2018	Capacity	Outstanding	Interest Rate	Maturity
ING Credit Facility	\$600.0 million	\$211.0 million	LIBOR+2.25%-2.75%	November 2021
2019 Notes ²	\$228.8 million	\$228.8 million	4.875%	March 2019
2024 Notes	\$75.0 million	\$75.0 million	5.875%	October 2024
2028 Notes	\$86.3 million	\$86.3 million	6.125%	April 2028

As of December 31, 2018

¹ Long-term portfolio leverage may vary depending on market conditions.

² The original issue size of these notes was \$250 million. We repurchased \$21 million of these notes during the quarter ended March 31, 2018.

Capital Structure Update

We are currently in discussions with our banking partners to, among other things, amend terms of our \$600 million revolving credit facility

As part of this process, our Board of Directors approved the application of the modified asset coverage requirements

Revolving Credit Facility Amendments

- ✓ Seeking to amend certain terms, including extending the reinvestment period beyond the current expiration date of November 29, 2020 and modifying the asset coverage ratio covenant

Modified Asset Coverage Requirements

- ✓ Effective February 1, 2020, the required minimum asset coverage ratio will be reduced from 200% to 150%
- ✓ Intend to reduce base management fee to 1.0% on all assets financed using leverage above 1.0x debt-to-equity

No Change to Current Leverage Target or Investment Strategy

- ✓ At this time, we do not intend to change our target leverage ratio range (currently 0.70x to 0.85x debt-to-equity) or investment strategy once the modified asset coverage requirements become applicable

Opportunities to Increase Return on Equity

1 **Redeploy non-interest generating investments comprised of equity, limited partnership interests and loans on non-accrual**

- Exited \$18 million of non-interest generating investments during the quarter ended December 31, 2018
- Approximately \$181 million of non-interest generating assets remained as of December 31, 2018
- Received \$64 million of proceeds related to non-interest generating investment exits since January 1, 2019

2 **Rotate into higher-yielding proprietary investments**

- Temporarily increased broadly syndicated loans priced at LIBOR + 4.00% by \$23 million during the quarter
- \$40 million as of December 31, 2018

3 **Utilize additional investment capacity at the Kemper JV**

- Invested in \$285 million of investments across 43 companies as of the quarter ended December 31, 2018
- 93% first lien investments; 98% of debt portfolio consists of floating rate investments
- Total remaining investment capacity of approximately \$150 million (assuming 2.0x leverage)

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