

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2019

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

COMMISSION FILE NUMBER: 1-33901

Oaktree Specialty Lending Corporation

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE

(State or jurisdiction of
incorporation or organization)

333 South Grand Avenue, 28th Floor
Los Angeles, CA

(Address of principal executive office)

26-1219283

(I.R.S. Employer
Identification No.)

90071

(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE:

(213) 830-6300

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) YES NO

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	OCSL	The Nasdaq Global Select Market
5.875% Unsecured Notes due 2024	OSLE	The New York Stock Exchange
6.125% Unsecured Notes due 2028	OCSLL	The Nasdaq Global Select Market

The registrant had 140,960,651 shares of common stock outstanding as of May 6, 2019.

OAKTREE SPECIALTY LENDING CORPORATION
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2019

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

Item 1.	<u>Consolidated Financial Statements:</u>	
	<u>Consolidated Statements of Assets and Liabilities as of March 31, 2019 (unaudited) and September 30, 2018</u>	<u>1</u>
	<u>Consolidated Statements of Operations (unaudited) for the three and six months ended March 31, 2019 and 2018</u>	<u>2</u>
	<u>Consolidated Statements of Changes in Net Assets (unaudited) for the three and six months ended March 31, 2019 and 2018</u>	<u>3</u>
	<u>Consolidated Statements of Cash Flows (unaudited) for the six months ended March 31, 2019 and 2018</u>	<u>4</u>
	<u>Consolidated Schedule of Investments (unaudited) as of March 31, 2019</u>	<u>5</u>
	<u>Consolidated Schedule of Investments as of September 30, 2018</u>	<u>16</u>
	<u>Notes to Consolidated Financial Statements (unaudited)</u>	<u>28</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>71</u>
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>96</u>
Item 4.	<u>Controls and Procedures</u>	<u>98</u>

PART II — OTHER INFORMATION

Item 1.	<u>Legal Proceedings</u>	<u>98</u>
Item 1A.	<u>Risk Factors</u>	<u>98</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>98</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>98</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>98</u>
Item 5.	<u>Other Information</u>	<u>98</u>
Item 6.	<u>Exhibits</u>	<u>99</u>
	<u>Signatures</u>	<u>99</u>

PART I — FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

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

	March 31, 2019 (unaudited)	September 30, 2018
ASSETS		
Investments at fair value:		
Control investments (cost March 31, 2019: \$211,964; cost September 30, 2018: \$213,470)	\$ 193,416	\$ 196,874
Affiliate investments (cost March 31, 2019: \$3,678; cost September 30, 2018: \$1,080)	4,578	2,161
Non-control/Non-affiliate investments (cost March 31, 2019: \$1,390,882; cost September 30, 2018: \$1,392,383)	1,306,894	1,292,166
Total investments at fair value (cost March 31, 2019: \$1,606,524; cost September 30, 2018: \$1,606,933)	1,504,888	1,491,201
Cash and cash equivalents	12,815	13,380
Restricted cash	337	109
Interest, dividends and fees receivable	9,822	10,272
Due from portfolio companies	1,407	1,357
Receivables from unsettled transactions	1,818	26,760
Deferred financing costs	6,848	5,209
Derivative assets at fair value	563	162
Other assets	2,819	3,008
Total assets	\$ 1,541,317	\$ 1,551,458
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 1,505	\$ 3,581
Base management fee and incentive fee payable	8,922	8,223
Due to affiliate	1,940	3,274
Interest payable	2,117	3,365
Payable to syndication partners	586	109
Payables from unsettled transactions	9,900	37,236
Deferred tax liability	713	422
Credit facility payable	424,825	241,000
Unsecured notes payable (net of \$2,908 and \$3,483 of unamortized financing costs as of March 31, 2019 and September 30, 2018, respectively)	158,342	386,485
Secured borrowings at fair value (proceeds March 31, 2019: \$11,502; proceeds September 30, 2018: \$12,314)	9,011	9,728
Total liabilities	617,861	693,423
Commitments and contingencies (Note 16)		
Net assets:		
Common stock, \$0.01 par value per share, 250,000 shares authorized; 140,961 shares issued and outstanding as of March 31, 2019 and September 30, 2018	1,409	1,409
Additional paid-in-capital	1,492,739	1,492,739
Accumulated overdistributed earnings	(570,692)	(636,113)
Total net assets (equivalent to \$6.55 and \$6.09 per common share as of March 31, 2019 and September 30, 2018, respectively) (Note 12)	923,456	858,035
Total liabilities and net assets	\$ 1,541,317	\$ 1,551,458

See notes to Consolidated Financial Statements.

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

	Three months ended March 31, 2019	Three months ended March 31, 2018	Six months ended March 31, 2019	Six months ended March 31, 2018
Interest income:				
Control investments	\$ 2,852	\$ 3,071	\$ 6,191	\$ 6,274
Affiliate investments	22	917	35	1,866
Non-control/Non-affiliate investments	31,231	22,533	63,398	48,098
Interest on cash and cash equivalents	204	112	474	333
Total interest income	34,309	26,633	70,098	56,571
PIK interest income:				
Control investments	—	1,210	67	2,401
Affiliate investments	—	188	—	364
Non-control/Non-affiliate investments	2,280	548	3,045	1,048
Total PIK interest income	2,280	1,946	3,112	3,813
Fee income:				
Control investments	7	128	13	248
Affiliate investments	5	44	9	48
Non-control/Non-affiliate investments	1,120	3,770	2,312	4,677
Total fee income	1,132	3,942	2,334	4,973
Dividend and other income:				
Control investments	523	2,258	976	3,298
Total dividend and other income	523	2,258	976	3,298
Total investment income	38,244	34,779	76,520	68,655
Expenses:				
Base management fee	5,731	5,386	11,299	10,976
Part I incentive fee	3,813	3,247	7,541	4,077
Part II incentive fee	8,170	—	9,990	—
Professional fees	499	1,015	1,465	3,913
Directors fees	142	177	285	353
Interest expense	8,970	8,530	17,874	18,114
Administrator expense	406	391	1,169	885
General and administrative expenses	705	722	1,336	1,838
Total expenses	28,436	19,468	50,959	40,156
Fees waived	(7,901)	48	(9,465)	(86)
Net expenses	20,535	19,516	41,494	40,070
Net investment income	17,709	15,263	35,026	28,585
Unrealized appreciation (depreciation):				
Control investments	3,868	(5,849)	(1,952)	(7,175)
Affiliate investments	(181)	(2,063)	(181)	(2,231)
Non-control/Non-affiliate investments	17,108	7,127	16,324	(36,506)
Secured borrowings	(76)	408	(95)	2,063
Foreign currency forward contracts	753	—	401	—
Net unrealized appreciation (depreciation)	21,472	(377)	14,497	(43,849)
Realized gains (losses):				
Affiliate investments	—	2,048	—	2,048
Non-control/Non-affiliate investments	25,899	2,806	42,660	2,515
Foreign currency forward contracts	(686)	—	515	—
Net realized gains (losses)	25,213	4,854	43,175	4,563
Redemption premium on unsecured notes payable	—	(120)	—	(120)
Provision for income tax (expense) benefit	91	—	(495)	—
Net realized and unrealized gains (losses), net of taxes	46,776	4,357	57,177	(39,406)
Net increase (decrease) in net assets resulting from operations	\$ 64,485	\$ 19,620	\$ 92,203	\$ (10,821)
Net investment income per common share — basic and diluted	\$ 0.13	\$ 0.11	\$ 0.25	\$ 0.20
Earnings (loss) per common share — basic and diluted (Note 5)	\$ 0.46	\$ 0.14	\$ 0.65	\$ (0.08)
Weighted average common shares outstanding — basic and diluted	140,961	140,961	140,961	140,961

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation
Consolidated Statements of Changes in Net Assets
(in thousands, except per share amounts)
(unaudited)

	Three months ended March 31, 2019	Three months ended March 31, 2018	Six months ended March 31, 2019	Six months ended March 31, 2018
Operations:				
Net investment income	\$ 17,709	\$ 15,263	\$ 35,026	\$ 28,585
Net unrealized appreciation (depreciation)	21,472	(377)	14,497	(43,849)
Net realized gains (losses)	25,213	4,854	43,175	4,563
Redemption premium on unsecured notes payable	—	(120)	—	(120)
Provision for income taxes	91	—	(495)	—
Net increase (decrease) in net assets resulting from operations	64,485	19,620	92,203	(10,821)
Stockholder transactions:				
Distributions to stockholders	(13,391)	(11,981)	(26,782)	(29,602)
Net increase (decrease) in net assets from stockholder transactions	(13,391)	(11,981)	(26,782)	(29,602)
Capital share transactions:				
Issuance of common stock under dividend reinvestment plan	312	533	696	827
Repurchases of common stock under dividend reinvestment program	(312)	(533)	(696)	(827)
Net increase (decrease) in net assets from capital share transactions	—	—	—	—
Total increase (decrease) in net assets	51,094	7,639	65,421	(40,423)
Net assets at beginning of period	872,362	819,595	858,035	867,657
Net assets at end of period	\$ 923,456	\$ 827,234	\$ 923,456	\$ 827,234
Net asset value per common share	\$ 6.55	\$ 5.87	\$ 6.55	\$ 5.87
Common shares outstanding at end of period	140,961	140,961	140,961	140,961

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six months ended March 31, 2019	Six months ended March 31, 2018
Operating activities:		
Net increase (decrease) in net assets resulting from operations	\$ 92,203	\$ (10,821)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by operating activities:		
Net change in unrealized (appreciation) depreciation	(14,497)	43,849
Net realized (gains) losses	(43,175)	(4,563)
Redemption premium on unsecured notes payable	—	120
PIK interest income, net of PIK interest income collected	(3,112)	(2,614)
Accretion of original issue discount on investments	(13,224)	(4,033)
Accretion of original issue discount on unsecured notes payable	107	132
Amortization of deferred financing costs	1,545	2,046
Deferred taxes	291	—
Purchases of investments and net revolver activity	(270,266)	(427,931)
Principal payments received on investments (scheduled payments)	9,025	19,965
Principal payments received on investments (payoffs)	190,704	374,178
Proceeds from the sale of investments	129,306	140,158
Changes in operating assets and liabilities:		
(Increase) decrease in interest, dividends and fees receivable	1,575	(879)
(Increase) decrease in due from portfolio companies	(50)	(6)
(Increase) decrease in receivables from unsettled transactions	24,942	(12,852)
(Increase) decrease in other assets	189	(2,832)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(2,076)	569
Increase (decrease) in base management fee and incentive fee payable	699	1,844
Increase (decrease) in due to affiliate	(1,334)	(106)
Increase (decrease) in interest payable	(1,248)	111
Increase (decrease) in payables from unsettled transactions	(27,336)	(37,584)
Increase (decrease) in director fees payable	—	(8)
Increase (decrease) in amounts payable to syndication partners	477	—
Net cash provided by operating activities	74,745	78,743
Financing activities:		
Distributions paid in cash	(26,086)	(28,775)
Borrowings under credit facilities	228,825	183,000
Repayments of borrowings under credit facilities	(45,000)	(255,995)
Repayments of unsecured notes	(228,825)	—
Repurchase of unsecured notes	—	(21,188)
Repayments of secured borrowings	(692)	(541)
Repurchases of common stock under dividend reinvestment plan	(696)	(827)
Deferred financing costs paid	(2,608)	(6,175)
Net cash used in financing activities	(75,082)	(130,501)
Net increase (decrease) in cash and cash equivalents and restricted cash	(337)	(51,758)
Cash and cash equivalents and restricted cash, beginning of period	13,489	59,913
Cash and cash equivalents and restricted cash, end of period	\$ 13,152	\$ 8,155
Supplemental information:		
Cash paid for interest	\$ 17,472	\$ 15,825
Non-cash financing activities:		
Issuance of shares of common stock under dividend reinvestment plan	\$ 696	\$ 827
Reconciliation to the Consolidated Statements of Assets and Liabilities		
	March 31, 2019	September 30, 2018
Cash and cash equivalents	\$ 12,815	\$ 13,380
Restricted cash	337	109
Total cash and cash equivalents and restricted cash	\$ 13,152	\$ 13,489

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
March 31, 2019
(dollar amounts in thousands)
(unaudited)

<u>Portfolio Company/Type of Investment (1)(2)(3)(4)(5)</u>	<u>Cash Interest Rate (6)</u>	<u>Industry</u>	<u>Principal (7)</u>	<u>Cost</u>	<u>Fair Value</u>
Control Investments (8)(9)					
First Star Speir Aviation Limited (10)					
		Airlines			
First Lien Term Loan, 9.00% cash due 12/15/2020 (11)(20)			\$ 32,510	\$ 23,381	\$ 32,510
100% equity interest (11)(12)(20)				8,500	867
				31,881	33,377
New IPT, Inc.					
		Oil & gas equipment services			
First Lien Term Loan, LIBOR+5.00% cash due 3/17/2021 (6)(20)(24)	7.60%		4,107	4,107	4,107
Second Lien Term Loan, LIBOR+5.10% cash due 9/17/2021 (6)(20)(24)	7.70%		601	601	602
First Lien Revolver, LIBOR+5.00% cash due 3/17/2021 (6)(19)(20)(24)	7.60%		1,009	1,009	1,009
50.087 Class A Common Units in New IPT Holdings, LLC (20)				—	2,903
				5,717	8,621
Senior Loan Fund JV I, LLC (14)(15)					
		Multi-sector holdings			
Subordinated Debt, LIBOR+7.00% cash due 12/29/2028 (6)(11)(20)	9.51%		96,250	96,250	96,250
87.5% LLC equity interest (11)(16)(19)				49,322	30,584
				145,572	126,834
ThruLine Marketing, Inc. (25)					
		Advertising			
First Lien Term Loan, LIBOR+7.00% cash due 4/3/2022 (6)(20)(24)	9.60%		18,146	18,146	18,146
First Lien Revolver, LIBOR+7.75% cash due 4/3/2022 (6)(19)(20)(24)			—	—	—
9,073 Class A Units in FS AVI Holdco, LLC (20)				10,648	6,438
				28,794	24,584
				\$ 211,964	\$ 193,416
Total Control Investments (20.9% of net assets)					
Affiliate Investments (17)					
Assembled Brands Capital LLC					
		Specialized finance			
First Lien Delayed Draw Term Loan, LIBOR+6.00% cash due 10/17/2023 (6)(19)(20)	8.60%		\$ 1,835	\$ 1,834	\$ 1,835
764,376.60 Class A Units (20)				764	764
583,190.81 Class B Units (20)				—	—
				2,598	2,599
Caregiver Services, Inc.					
		Healthcare services			
1,080,399 shares of Series A Preferred Stock, 10% (20)				1,080	1,979
				1,080	1,979
				\$ 3,678	\$ 4,578
Total Affiliate Investments (0.5% of net assets)					
Non-Control/Non-Affiliate Investments (18)					
4 Over International, LLC					
		Commercial printing			
First Lien Term Loan, LIBOR+6.00% cash due 6/7/2022 (6)(20)(24)	8.50%		\$ 5,861	\$ 5,819	\$ 5,792
First Lien Revolver, LIBOR+6.00% cash due 6/7/2021 (6)(19)(20)(24)			—	(17)	(26)
				5,802	5,766
99 Cents Only Stores LLC					
		General merchandise stores			
First Lien Term Loan, LIBOR+5.00% cash 1.50% PIK due 1/13/2022 (6)	7.65%		19,276	18,811	16,120
				18,811	16,120
Access CIG, LLC					
		Diversified support services			
Second Lien Term Loan, LIBOR+7.75% cash due 2/27/2026 (6)	10.24%		15,000	14,883	14,900
				14,883	14,900
Aden & Anais Merger Sub, Inc.					
		Apparel, accessories & luxury goods			
51,645 Common Units in Aden & Anais Holdings, Inc. (20)				5,165	—
				5,165	—
Advanced Pain Management					
		Healthcare services			
First Lien Term Loan, LIBOR+8.50% cash due 6/30/2019 (6)(20)(21)(24)			26,684	22,596	—
				22,596	—

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
March 31, 2019
(dollar amounts in thousands)
(unaudited)

<u>Portfolio Company/Type of Investment (1)(2)(3)(4)(5)</u>	<u>Cash Interest Rate (6)</u>	<u>Industry</u>	<u>Principal (7)</u>	<u>Cost</u>	<u>Fair Value</u>
AdVenture Interactive, Corp.					
Advertising					
9,073 shares of common stock (20)				\$ 13,611	\$ 12,312
				13,611	12,312
AI Ladder (Luxembourg) Subco S.a.r.l.					
Electrical components & equipment					
First Lien Term Loan, LIBOR+4.50% cash due 7/9/2025 (6)(11)	7.10%		\$ 21,941	21,347	21,598
				21,347	21,598
AI Sirona (Luxembourg) Acquisition S.a.r.l.					
Pharmaceuticals					
Second Lien Term Loan, EURIBOR+7.25% cash due 7/10/2026 (6)(11)(20)(24)	7.25%		€ 17,500	20,035	18,864
				20,035	18,864
Air Medical Group Holdings, Inc.					
Healthcare services					
First Lien Term Loan, LIBOR+4.25% cash due 3/14/2025 (6)(24)	6.74%		\$ 6,353	6,211	5,988
				6,211	5,988
AirStrip Technologies, Inc.					
Application software					
22,858.71 Series C-1 Preferred Stock Warrants (exercise price \$34.99757) expiration date 5/11/2025 (20)				90	—
				90	—
Airxcel, Inc.					
Household appliances					
First Lien Term Loan, LIBOR+4.50% cash due 4/28/2025 (6)	7.00%		7,940	7,871	7,371
				7,871	7,371
Algeco Scotsman Global Finance Plc					
Construction & engineering					
Fixed Rate Bond, 10.00% cash due 8/15/2023 (11)			2,561	2,600	2,574
Fixed Rate Bond, 8.00% cash due 2/15/2023 (11)			23,915	23,385	24,094
				25,985	26,668
Allen Media, LLC					
Movies & entertainment					
First Lien Term Loan, LIBOR+6.50% cash due 8/30/2023 (6)(20)(24)	9.08%		19,750	19,310	19,182
				19,310	19,182
Allied Universal Holdco LLC					
Security & alarm services					
First Lien Term Loan, LIBOR+3.75% cash due 7/28/2022 (6)(24)	6.25%		9,803	9,847	9,504
Second Lien Term Loan, LIBOR+8.50% cash due 7/28/2023 (6)(24)	11.00%		1,149	1,165	1,124
				11,012	10,628
Altice France S.A.					
Integrated telecommunication services					
Fixed Rate Bond, 8.13% cash due 1/15/2024 (11)			3,000	3,050	3,053
Fixed Rate Bond, 7.63% cash due 2/15/2025 (11)			2,000	2,013	1,828
				5,063	4,881
Alvotech Holdings S.A.					
Biotechnology					
Fixed Rate Bond 15% PIK Note due 12/13/2023 (11)(20)			30,000	29,421	30,000
				29,421	30,000
Ancile Solutions, Inc.					
Application software					
First Lien Term Loan, LIBOR+7.00% cash due 6/30/2021 (6)(20)(24)	9.60%		9,326	9,206	9,248
				9,206	9,248
Apptio, Inc.					
Application software					
First Lien Term Loan, LIBOR+7.25% cash due 1/10/2025 (6)(20)(24)	9.74%		18,462	18,106	18,103
First Lien Revolver, LIBOR+7.25% cash due 1/10/2025 (6)(19)(20)(24)			—	(30)	(30)
				18,076	18,073
Asurion, LLC					
Property & casualty insurance					
Second Lien Term Loan, LIBOR+6.50% cash due 8/4/2025 (6)(24)	9.00%		22,000	21,950	22,355
				21,950	22,355

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
March 31, 2019
(dollar amounts in thousands)
(unaudited)

<u>Portfolio Company/Type of Investment (1)(2)(3)(4)(5)</u>	<u>Cash Interest Rate (6)</u>	<u>Industry</u>	<u>Principal (7)</u>	<u>Cost</u>	<u>Fair Value</u>
Avantor Inc.					
		Healthcare distributors			
Fixed Rate Bond, 9.00% cash due 10/1/2025			\$ 3,000	\$ 2,973	\$ 3,259
				2,973	3,259
Belk Inc.					
		Department stores			
First Lien Term Loan, LIBOR+4.75% cash due 12/12/2022 (6)(24)	7.45%		658	577	532
				577	532
Blackhawk Network Holdings, Inc.					
		Data processing & outsourced services			
Second Lien Term Loan, LIBOR+7.00% cash due 6/15/2026 (6)(24)	9.50%		26,250	25,996	26,119
				25,996	26,119
Boxer Parent Company Inc.					
		Systems software			
First Lien Term Loan, LIBOR+4.25% cash due 10/2/2025 (6)	6.85%		10,985	10,876	10,780
				10,876	10,780
California Pizza Kitchen, Inc.					
		Restaurants			
First Lien Term Loan, LIBOR+6.00% cash due 8/23/2022 (6)(24)	8.50%		3,138	3,113	3,040
				3,113	3,040
Cenegenics, LLC					
		Healthcare services			
First Lien Term Loan, 9.75% cash 2.00% PIK due 9/30/2019 (20)(21)			29,431	27,738	1,016
First Lien Revolver, 15.00% cash due 9/30/2019 (19)(20)(21)			2,203	2,203	(211)
452,914.87 Common Units in Cenegenics, LLC (20)				598	—
345,380.141 Preferred Units in Cenegenics, LLC (20)				300	—
				30,839	805
CITGO Holdings, Inc.					
		Oil & gas refining & marketing			
Fixed Rate Bond, 10.75% cash due 2/15/2020			21,300	22,061	21,890
				22,061	21,890
CITGO Petroleum Corp.					
		Oil & gas refining & marketing			
First Lien Term Loan, LIBOR+5.00% cash due 3/22/2024 (6)(24)	7.60%		10,000	9,900	10,000
				9,900	10,000
Convergeone Holdings, Inc.					
		IT consulting & other services			
First Lien Term Loan, LIBOR+5.00% cash due 1/4/2026 (6)	7.50%		20,000	19,204	19,194
				19,204	19,194
Conviva Inc.					
		Application software			
417,851 Series D Preferred Stock Warrants (exercise price \$1.1966) expiration date 2/28/2021 (20)				105	426
				105	426
Covia Holdings Corporation					
		Oil & gas equipment & services			
First Lien Term Loan, LIBOR+3.75% cash due 6/1/2025 (6)(11)(24)	6.16%		7,940	7,940	6,807
				7,940	6,807
DAE Aviation Holdings					
		Aerospace & defense			
Fixed Rate Bond, 10.00% cash due 7/15/2023			1,500	1,606	1,613
				1,606	1,613
Datto Inc.					
		Technology distributors			
First Lien Term Loan, LIBOR+8.00% cash due 12/7/2022 (6)(20)(24)	10.49%		35,000	34,484	35,700
First Lien Revolver, LIBOR+8.00% cash due 12/7/2022 (6)(19)(20)(24)			—	(35)	—
				34,449	35,700
DigiCert, Inc.					
		Internet services & infrastructure			
First Lien Term Loan, LIBOR+4.00% cash due 10/31/2024 (6)(24)	6.50%		4,244	4,202	4,178
				4,202	4,178

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
March 31, 2019
(dollar amounts in thousands)
(unaudited)

<u>Portfolio Company/Type of Investment (1)(2)(3)(4)(5)</u>	<u>Cash Interest Rate (6)</u>	<u>Industry</u>	<u>Principal (7)</u>	<u>Cost</u>	<u>Fair Value</u>
Dominion Diagnostics, LLC (26)					
Healthcare services					
Subordinated Term Loan, 11.00% cash 1.00% PIK due 10/18/2019 (20)(21)			\$ 20,153	\$ 14,478	\$ 7,030
First Lien Term Loan, PRIME+4.00% cash due 4/8/2019 (6)(20)(24)	9.50%		45,691	44,099	44,480
First Lien Revolver, PRIME+4.00% cash due 4/8/2019 (6)(19)(20)(24)	9.50%		2,090	2,090	1,979
				60,667	53,489
The Dun & Bradstreet Corporation					
Research & consulting services					
First Lien Term Loan, LIBOR+5.00% cash due 2/6/2026 (6)(24)	7.49%		10,000	9,802	9,906
Fixed Rate Bond 6.875% cash due 8/15/2026			5,000	5,000	5,122
				14,802	15,028
Eagleview Technology Corporation					
Application software					
Second Lien Term Loan, LIBOR+7.50% cash due 8/14/2026 (6)(20)(24)	9.98%		12,000	11,880	11,790
				11,880	11,790
EHR Canada, LLC					
Food retail					
First Lien Term Loan, LIBOR+8.00% cash due 9/28/2020 (6)(20)(24)	10.60%		14,611	14,404	14,626
				14,404	14,626
EOS Fitness Opco Holdings, LLC					
Leisure facilities					
487.5 Class A Preferred Units, 12% (20)				488	806
12,500 Class B Common Units (20)				—	644
				488	1,450
Equitrans Midstream Corp.					
Oil & gas storage & transportation					
First Lien Term Loan, LIBOR+4.50% cash due 1/31/2024 (6)(11)	7.00%		11,970	11,626	12,025
				11,626	12,025
Eton					
Research & consulting services					
Second Lien Term Loan, LIBOR+7.50% cash due 5/1/2026 (6)	10.00%		20,000	19,911	19,750
				19,911	19,750
ExamSoft Worldwide, Inc.					
Application software					
180,707 Class C Units in ExamSoft Investor LLC (20)				181	—
				181	—
Gentiva Health Services, Inc.					
Healthcare services					
Second Lien Term Loan, LIBOR+7.00% cash due 7/2/2026 (6)	9.50%		14,500	14,408	14,863
				14,408	14,863
GI Chill Acquisition LLC					
Managed healthcare					
First Lien Term Loan, LIBOR+4.00% cash due 8/6/2025 (6)(20)	6.60%		17,910	17,820	17,944
Second Lien Term Loan, LIBOR+7.50% cash due 8/6/2026 (6)(20)	10.10%		10,000	9,908	10,000
				27,728	27,944
GKD Index Partners, LLC					
Specialized finance					
First Lien Term Loan, LIBOR+7.25% cash due 6/29/2023 (6)(20)(24)	9.85%		23,447	23,248	23,078
First Lien Revolver, LIBOR+7.25% cash due 6/29/2023 (6)(19)(20)(24)			—	(10)	(18)
				23,238	23,060
GoodRx, Inc.					
Interactive media & services					
Second Lien Term Loan, LIBOR+7.50% cash due 10/12/2026 (6)(20)	10.00%		22,222	21,776	22,555
				21,776	22,555
HealthEdge Software, Inc.					
Application software					
482,453 Series A-3 Preferred Stock Warrants (exercise price \$1.450918) expiration date 9/30/2023 (20)				213	765
				213	765
I Drive Safely, LLC					
Education services					
125,079 Class A Common Units of IDS Investments, LLC (20)				1,000	200
				1,000	200

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
March 31, 2019
(dollar amounts in thousands)
(unaudited)

<u>Portfolio Company/Type of Investment (1)(2)(3)(4)(5)</u>	<u>Cash Interest Rate (6)</u>	<u>Industry</u>	<u>Principal (7)</u>	<u>Cost</u>	<u>Fair Value</u>
IBG Borrower LLC					
		Apparel, accessories & luxury goods			
First Lien Term Loan, LIBOR+7.00% cash due 8/2/2022 (6)(20)(24)	9.63%		\$ 14,659	\$ 13,224	\$ 13,120
				13,224	13,120
iCIMS, Inc.					
		Application software			
First Lien Term Loan, LIBOR+6.50% cash due 9/12/2024 (6)(20)(24)	8.99%		14,118	13,861	13,860
First Lien Revolver, LIBOR+6.50% cash due 9/12/2024 (6)(19)(20)(24)			—	(16)	(16)
				13,845	13,844
Integral Development Corporation					
		Other diversified financial services			
1,078,284 Common Stock Warrants (exercise price \$0.9274) expiration date 7/10/2024 (20)				113	—
				113	—
Internet Pipeline, Inc.					
		Internet services & infrastructure			
First Lien Term Loan, LIBOR+4.75% cash due 8/4/2022 (6)(20)(24)	7.25%		5,482	5,432	5,445
				5,432	5,445
Kason Corporation					
		Industrial machinery			
Mezzanine Term Loan, 11.5% cash 1.75% PIK due 10/28/2019 (20)			6,167	6,167	6,067
498.60 Class A Preferred Units in Kason Investment, LLC, 8% (20)				499	328
5,540 Class A Common Units in Kason Investment, LLC (20)				55	—
				6,721	6,395
Kellermeyer Bergensons Services, LLC					
		Environmental & facilities services			
Second Lien Term Loan, LIBOR+8.50% cash due 4/29/2022 (6)(20)(24)	11.25%		6,105	5,931	6,158
				5,931	6,158
L Squared Capital Partners LLC					
		Multi-sector holdings			
2% Limited Partnership Interest (11)(16)				1,259	3,229
				1,259	3,229
Lanai Holdings III, Inc.					
		Healthcare distributors			
First Lien Term Loan, LIBOR+4.75% cash due 8/29/2022 (6)(24)	7.49%		19,996	19,634	19,296
				19,634	19,296
Lannett Company, Inc.					
		Pharmaceuticals			
First Lien Term Loan, LIBOR+5.00% cash due 11/25/2020 (6)(11)(24)	7.50%		1,763	1,765	1,717
				1,765	1,717
Lift Brands Holdings, Inc.					
		Leisure facilities			
2,000,000 Class A Common Units in Snap Investments, LLC (20)				1,399	3,020
				1,399	3,020
Long's Drugs Incorporated					
		Pharmaceuticals			
50 Series A Preferred Shares in Long's Drugs Incorporated (20)				385	904
25 Series B Preferred Shares in Long's Drugs Incorporated (20)				210	556
				595	1,460
LTI Holdings, Inc.					
		Auto parts & equipment			
Second Lien Term Loan, LIBOR+6.75% cash due 9/6/2026 (6)	9.25%		9,000	9,000	8,578
				9,000	8,578
Lytx Holdings, LLC					
		Research & consulting services			
3,500 Class B Units (20)				—	1,771
				—	1,771
Maravai Intermediate Holdings, LLC					
		Biotechnology			
First Lien Term Loan, LIBOR+4.25% cash due 8/2/2025 (6)(20)	6.75%		11,940	11,821	11,910
				11,821	11,910

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
March 31, 2019
(dollar amounts in thousands)
(unaudited)

<u>Portfolio Company/Type of Investment (1)(2)(3)(4)(5)</u>	<u>Cash Interest Rate (6)</u>	<u>Industry</u>	<u>Principal (7)</u>	<u>Cost</u>	<u>Fair Value</u>
Mayfield Agency Borrower Inc.					
		Property & casualty insurance			
First Lien Term Loan, LIBOR+4.50% cash due 2/28/2025 (6)(24)	7.00%		\$ 7,444	\$ 7,412	\$ 7,276
Second Lien Term Loan, LIBOR+8.50% cash due 3/2/2026 (6)(20)(24)	11.00%		37,500	37,012	36,844
				44,424	44,120
McAfee, LLC					
		Systems software			
First Lien Term Loan, LIBOR+3.75% cash due 9/30/2024 (6)(24)	6.25%		11,012	10,932	11,019
Second Lien Term Loan, LIBOR+8.50% cash due 9/29/2025 (6)(24)	11.00%		7,333	7,372	7,418
				18,304	18,437
McDermott Technology (Americas), Inc.					
		Oil & gas equipment services			
First Lien Term Loan, LIBOR+5.00% cash due 5/12/2025 (6)(11)(24)	7.50%		4,483	4,458	4,307
				4,458	4,307
MHE Intermediate Holdings, LLC					
		Diversified support services			
First Lien Term Loan, LIBOR+5.00% cash due 3/8/2024 (6)(20)(24)	7.60%		2,947	2,925	2,889
				2,925	2,889
Mindbody, Inc.					
		Internet services & infrastructure			
First Lien Term Loan, LIBOR+7.00% cash due 2/15/2025 (6)(20)(24)	9.48%		28,952	28,385	28,373
First Lien Revolver, LIBOR+7.00% cash due 2/15/2025 (6)(19)(20)(24)			—	(60)	(61)
				28,325	28,312
Ministry Brands, LLC					
		Application software			
Second Lien Term Loan, LIBOR+9.25% cash due 6/2/2023 (6)(20)(24)	11.88%		7,056	6,988	7,055
Second Lien Delayed Draw Term Loan, LIBOR+9.25% cash due 6/2/2023 (6)(20)(24)	11.88%		1,944	1,925	1,943
First Lien Revolver, LIBOR+5.00% cash due 12/2/2022 (6)(19)(20)(24)			—	(8)	(2)
				8,905	8,996
Morphe LLC					
		Personal products			
First Lien Term Loan, LIBOR+6.00% cash due 2/10/2023 (6)(20)(24)	8.50%		19,000	18,850	19,000
				18,850	19,000
Natural Resource Partners LP					
		Coal & consumable fuels			
Fixed Rate Bond, 10.50% cash due 3/15/2022 (11)			7,000	7,260	7,394
				7,260	7,394
Navicare, Inc.					
		Healthcare technology			
Second Lien Term Loan, LIBOR+7.50% cash due 10/31/2025 (6)(20)(24)	10.00%		14,500	14,380	14,283
				14,380	14,283
Numericable SFR SA					
		Integrated telecommunication services			
Fixed Rate Bond, 7.38% cash due 5/1/2026 (11)			5,000	5,110	4,913
				5,110	4,913
OmniSYS Acquisition Corporation					
		Diversified support services			
100,000 Common Units in OSYS Holdings, LLC (20)				1,000	1,083
				1,000	1,083
Onvoy, LLC					
		Integrated telecommunication services			
Second Lien Term Loan, LIBOR+10.50% cash due 2/10/2025 (6)(20)(24)	13.10%		16,750	16,750	13,187
19,666.67 Class A Units in GTCR Onvoy Holdings, LLC (20)				1,967	—
13,664.73 Series 3 Class B Units in GTCR Onvoy Holdings, LLC (20)				—	—
				18,717	13,187
P2 Upstream Acquisition Co.					
		Application software			
First Lien Term Loan, LIBOR+4.00% cash due 10/30/2020 (6)(24)	6.74%		2,992	2,933	2,962
First Lien Revolver, LIBOR+4.00% cash due 2/1/2020 (6)(19)(24)			—	—	(90)
				2,933	2,872
Pingora MSR Opportunity Fund I-A, LP					
		Thrift & mortgage finance			
1.86% Limited Partnership Interests (11)(16)			—	4,656	3,972
				4,656	3,972

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
March 31, 2019
(dollar amounts in thousands)
(unaudited)

<u>Portfolio Company/Type of Investment (1)(2)(3)(4)(5)</u>	<u>Cash Interest Rate (6)</u>	<u>Industry</u>	<u>Principal (7)</u>	<u>Cost</u>	<u>Fair Value</u>
PLATO Learning Inc.					
		Education services			
Unsecured Senior PIK Note, 8.5% PIK due 12/9/2021 (20)(22)			\$ 2,765	\$ 2,434	\$ —
Unsecured Junior PIK Note, 10% PIK due 12/9/2021 (20)(22)			13,131	10,227	—
Unsecured Revolver, 5% cash due 12/9/2021 (19)(20)(21)			2,587	2,471	389
126,127.80 Class A Common Units of Edmentum (20)				126	—
				15,258	389
ProFrac Services, LLC					
		Industrial machinery			
First Lien Term Loan, LIBOR+5.75% cash due 9/15/2023 (6)(20)(24)	8.36%		17,700	17,542	17,346
				17,542	17,346
QuorumLabs, Inc.					
		Application software			
64,887,669 Junior-2 Preferred Stock (20)				375	—
				375	—
Refac Optical Group (13)					
		Specialty stores			
First Lien Term Loan, LIBOR+10.00% cash due 1/9/2019 (6)(20)(21)			1,858	1,692	1,858
First Lien Term Loan, LIBOR+11.00% cash 1.75% PIK due 9/30/2018 (6)(20)(21)			36,262	32,947	32,868
First Lien Term Loan, 15.50% cash due 9/30/2018 (20)(21)			3,538	3,232	3,105
First Lien Revolver, LIBOR+10.00% cash due 9/30/2018 (6)(20)(21)			3,621	3,360	3,621
1,550.9435 Shares of Common Stock in Refac Holdings, Inc. (20)				1	—
550.9435 Series A-2 Preferred Stock in Refac Holdings, Inc., 10% (20)				305	—
1,000 Series A Preferred Stock in Refac Holdings, Inc., 10% (20)				999	—
				42,536	41,452
Salient CRGT, Inc.					
		Aerospace & defense			
First Lien Term Loan, LIBOR+5.75% cash due 2/28/2022 (6)(20)(24)	8.25%		3,130	3,093	3,091
				3,093	3,091
Scilex Pharmaceuticals Inc.					
		Pharmaceuticals			
Fixed Rate Zero Coupon Bond due 8/15/2026 (20)			15,969	10,631	10,699
				10,631	10,699
ShareThis, Inc.					
		Application software			
345,452 Series C Preferred Stock Warrants (exercise price \$3.0395) expiration date 3/4/2024 (20)				367	4
				367	4
Sorrento Therapeutics, Inc.					
		Biotechnology			
First Lien Term Loan, LIBOR+7.00% cash due 11/7/2023 (6)(11)(20)(24)	9.63%		25,000	23,159	24,250
First Lien Delayed Draw Term Loan, LIBOR+7.00% cash due 11/7/2023 (6)(11)(19)(20)(24)				(115)	(115)
Stock Warrants (exercise price \$3.28) expiration date 5/7/2029 (11)(20)				1,750	4,449
				24,794	28,584
StandardAero Aviation Holdings Inc.					
		Aerospace & defense			
First Lien Term Loan, LIBOR+3.75% cash due 7/7/2022 (6)(24)	6.25%		4,974	4,969	4,987
				4,969	4,987
Swordfish Merger Sub LLC					
		Auto parts & equipment			
Second Lien Term Loan, LIBOR+6.75% cash due 2/2/2026 (6)(24)	9.24%		12,500	12,446	12,031
				12,446	12,031
TerSera Therapeutics, LLC					
		Pharmaceuticals			
Second Lien Term Loan, LIBOR+9.25% cash due 3/30/2024 (6)(20)(24)	11.85%		21,563	21,173	21,297
Second Lien Delayed Draw Term Loan, LIBOR+9.25% cash due 12/31/2020 (6)(19)(20)				—	(100)
668,879 Common Units of TerSera Holdings LLC (20)				1,731	2,629
				22,904	23,826

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
March 31, 2019
(dollar amounts in thousands)
(unaudited)

<u>Portfolio Company/Type of Investment (1)(2)(3)(4)(5)</u>	<u>Cash Interest Rate (6)</u>	<u>Industry</u>	<u>Principal (7)</u>	<u>Cost</u>	<u>Fair Value</u>
Thing5, LLC					
		Data processing & outsourced services			
First Lien Term Loan, LIBOR+7.50% cash 2.00% PIK due 10/11/2020 (6)(20)(21)(23)(24)			\$ 46,688	\$ 45,650	\$ 33,904
First Lien Revolver, LIBOR+7.50% cash due 10/11/2020 (6)(19)(20)(21)(24)			2,274	2,175	2,274
2,000,000 Units in T5 Investment Vehicle, LLC (20)				2,000	—
				49,825	36,178
TigerText, Inc.					
		Application software			
299,110 Series B Preferred Stock Warrants (exercise price \$1.3373) expiration date 12/8/2024 (20)				60	566
				60	566
Tribe Buyer LLC					
		Human resource & employment services			
First Lien Term Loan, LIBOR+4.50% cash due 2/16/2024 (6)(24)	7.00%		843	843	817
				843	817
Truck Hero, Inc.					
		Auto parts & equipment			
Second Lien Term Loan, LIBOR+8.25% cash due 4/21/2025 (6)(20)(24)	10.75%		21,500	21,191	20,962
				21,191	20,962
Uber Technologies, Inc.					
		Application software			
First Lien Term Loan, LIBOR+4.00% cash due 4/4/2025 (6)(24)	6.49%		5,718	5,677	5,730
				5,677	5,730
UOS, LLC					
		Trading companies & distributors			
First Lien Term Loan, LIBOR+5.50% cash due 4/18/2023 (6)(24)	8.00%		10,294	10,426	10,345
				10,426	10,345
U.S. Wells Services, LLC					
		Oil & gas drilling			
Second Lien Delayed Draw Term Loan, LIBOR+7.75% cash due 5/31/2020 (6)(11)(20)(24)	10.25%		30,000	28,983	29,400
				28,983	29,400
Veritas US Inc.					
		Application software			
First Lien Term Loan, LIBOR+4.50% cash due 1/27/2023 (6)(24)	7.00%		34,375	34,685	31,931
				34,685	31,931
Verscend Holding Corp.					
		Healthcare technology			
First Lien Term Loan, LIBOR+4.50% cash due 8/27/2025 (6)(24)	7.00%		24,875	24,760	24,751
Fixed Rate Bond, 9.75% cash due 8/15/2026			12,000	12,024	12,015
				36,784	36,766
Vertex Aerospace Services Corp.					
		Aerospace & defense			
First Lien Term Loan, LIBOR+4.75% cash due 6/29/2025 (6)	7.25%		15,872	15,800	15,916
				15,800	15,916
Vitalyst Holdings, Inc.					
		IT consulting & other services			
675 Series A Preferred Units of PCH Support Holdings, Inc., 10% (20)				675	440
7,500 Class A Common Stock Units of PCH Support Holdings, Inc. (20)				75	—
				750	440
Weatherford International					
		Oil & gas equipment services			
Fixed Rate Bond, 9.88% cash due 2/15/2024 (11)			12,000	11,516	8,700
				11,516	8,700
Windstream Services, LLC					
		Integrated telecommunication services			
Fixed Rate Bond, 8.63% cash due 10/31/2025 (11)			5,000	4,874	4,768
				4,874	4,768
WP CPP Holdings, LLC					
		Aerospace & defense			
Second Lien Term Loan, LIBOR+7.75% cash due 4/30/2026 (6)(24)	10.51%		15,000	14,865	14,937
				14,865	14,937

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
March 31, 2019
(dollar amounts in thousands)
(unaudited)

<u>Portfolio Company/Type of Investment (1)(2)(3)(4)(5)</u>	<u>Cash Interest Rate (6)</u>	<u>Industry</u>	<u>Principal (7)</u>	<u>Cost</u>	<u>Fair Value</u>
xMatters, Inc.					
		Application software			
600,000 Common Stock Warrants (exercise price \$1.78) expiration date 2/26/2025 (20)				\$ 709	\$ 281
				709	281
Yeti Holdings, Inc.					
		Leisure products			
633,938 Shares Yeti Holdings, Inc. Common Stock				—	19,176
				—	19,176
Zep Inc.					
		Specialty chemicals			
Second Lien Term Loan, LIBOR+8.25% cash due 8/11/2025 (6)(20)(24)	10.85%		\$ 30,000	29,880	26,925
First Lien Term Loan, LIBOR+4.00% cash due 8/12/2024 (6)(24)	6.60%		1,985	1,901	1,760
				31,781	28,685
Zephyr Bidco Limited					
		Specialized finance			
Second Lien Term Loan, UK LIBOR+7.50% cash due 7/23/2026 (6)(11)(24)	8.23%		£ 18,000	23,604	23,337
				23,604	23,337
Total Non-Control/Non-Affiliate Investments (141.5% of net assets)				\$ 1,390,882	\$ 1,306,894
Total Portfolio Investments (163.0% of net assets)				\$ 1,606,524	\$ 1,504,888
Cash and Cash Equivalents and Restricted Cash					
JP Morgan Prime Money Market Fund, Institutional Shares					
				\$ 1,204	\$ 1,204
Other cash accounts					
				11,948	11,948
Total Cash and Cash Equivalents and Restricted Cash (1.4% of net assets)				\$ 13,152	\$ 13,152
Total Portfolio Investments, Cash and Cash Equivalents and Restricted Cash (164.4% of net assets)				\$ 1,619,676	\$ 1,518,040

<u>Derivative Instrument</u>	<u>Notional Amount to be Purchased</u>	<u>Notional Amount to be Sold</u>	<u>Maturity Date</u>	<u>Counterparty</u>	<u>Cumulative Unrealized Appreciation/(Depreciation)</u>
Foreign currency forward contract	\$ 23,656	£ 17,887	4/8/2019	JPMorgan Chase Bank, N.A.	\$ 338
Foreign currency forward contract	\$ 19,716	€ 17,325	4/23/2019	JPMorgan Chase Bank, N.A.	225
					\$ 563

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
March 31, 2019
(dollar amounts in thousands)
(unaudited)

- (1) All debt investments are income producing unless otherwise noted. All equity investments are non-income producing unless otherwise noted.
- (2) See Note 3 in the accompanying notes to the Consolidated Financial Statements for portfolio composition by geographic region.
- (3) Equity ownership may be held in shares or units of companies related to the portfolio companies.
- (4) Interest rates may be adjusted from period to period on certain term loans and revolving. These rate adjustments may be either temporary in nature due to tier pricing arrangements or financial or payment covenant violations in the original credit agreements or permanent in nature per loan amendment or waiver documents.
- (5) With the exception of investments held by the Company's wholly-owned subsidiaries that each formerly held a license from the U.S. Small Business Administration ("SBA") to operate as a small business investment company ("SBIC"), each of the Company's investments is pledged as collateral under the ING Facility (as defined in Note 6 to the accompanying notes to the Consolidated Financial Statements).
- (6) The interest rate on the principal balance outstanding for all floating rate loans is indexed to the London Interbank Offered Rate ("LIBOR") and/or an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each of these loans, the Company has provided the applicable margin over LIBOR or the alternate base rate based on each respective credit agreement and the cash interest rate as of period end. All LIBOR shown above is in U.S. dollars unless otherwise noted. As of March 31, 2019, the reference rates for the Company's variable rate loans were the 30-day LIBOR at 2.50%, the 60-day LIBOR at 2.56%, the 90-day LIBOR at 2.60%, the 180-day LIBOR at 2.65%, the PRIME at 5.50%, the 30-day UK LIBOR at 0.73% and the 30-day EURIBOR at (0.42)%.
- (7) Principal includes accumulated payment in kind ("PIK") interest and is net of repayments, if any. "£" signifies the investment is denominated in British Pounds. "€" signifies the investment is denominated in Euros. All other investments are denominated in U.S. dollars.
- (8) Control Investments generally are defined by the Investment Company Act of 1940, as amended (the "Investment Company Act"), as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation.
- (9) As defined in the Investment Company Act, the Company is deemed to be both an "Affiliated Person" of and to "Control" this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company (including through a management agreement). See Schedule 12-14 in the accompanying notes to the Consolidated Financial Statements for transactions during the six months ended March 31, 2019 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to control.
- (10) First Star Speir Aviation 1 Limited is a wholly-owned holding company formed by the Company in order to facilitate its investment strategy. In accordance with Accounting Standards Update ("ASU") 2013-08, the Company has deemed the holding company to be an investment company under accounting principles generally accepted in the United States ("GAAP") and therefore deemed it appropriate to consolidate the financial results and financial position of the holding company and to recognize dividend income versus a combination of interest income and dividend income. Accordingly, the debt and equity investments in the wholly-owned holding company are disregarded for accounting purposes since the economic substance of these instruments are equity investments in the operating entities.
- (11) Investment is not a "qualifying asset" as defined under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets. As of March 31, 2019, qualifying assets represented 73.0% of the Company's total assets and non-qualifying assets represented 27.0% of the Company's total assets.
- (12) Income producing through payment of dividends or distributions.
- (13) Payments on the Company's investment in Refac Optical Group are currently past due.
- (14) See Note 3 in the accompanying notes to the Consolidated Financial Statements for portfolio composition.
- (15) On December 28, 2018, the mezzanine notes issued by SLF Repack Issuer 2016, LLC, a wholly-owned, special purpose issuer subsidiary of Senior Loan Fund JV I, LLC ("SLF JV I"), were redeemed and the Company purchased subordinated notes and LLC equity interests issued by SLF JV I. Prior to December 28, 2018, the mezzanine notes issued by SLF Repack Issuer 2016, LLC consisted of Class A mezzanine secured deferrable floating rate notes and Class B mezzanine secured deferrable fixed rate notes.
- (16) This investment was valued using net asset value as a practical expedient for fair value. Consistent with Financial Accounting Standards Board ("FASB") guidance under Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), these investments are excluded from the hierarchical levels.
- (17) Affiliate Investments generally are defined by the Investment Company Act as investments in companies in which the Company owns between 5% and 25% of the voting securities.
- (18) Non-Control/Non-Affiliate Investments are investments that are neither Control Investments nor Affiliate Investments.
- (19) Investment has undrawn commitments. Unamortized fees are classified as unearned income which reduces cost basis, which may result in a negative cost basis. A negative fair value may result from the unfunded commitment being valued below par.
- (20) As of March 31, 2019, these investments are categorized as Level 3 within the fair value hierarchy established by ASC 820.
- (21) This investment was on cash non-accrual status as of March 31, 2019. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
March 31, 2019
(dollar amounts in thousands)
(unaudited)

- (22) This investment was on PIK non-accrual status as of March 31, 2019. PIK non-accrual status is inclusive of other non-cash income, where applicable.
- (23) The sale of a portion of this loan does not qualify for true sale accounting under ASC Topic 860 - *Transfers and Servicing* ("ASC 860"), and therefore, the entire debt investment remains in the Consolidated Schedule of Investments. Accordingly, the fair value of the Company's debt investments as of March 31, 2019 includes \$9.0 million related to the Company's secured borrowings. (See Note 14 in the accompanying notes to the Consolidated Financial Statements.)
- (24) Loan includes interest rate floor, which is generally 1.00%.
- (25) Prior to March 31, 2019, this portfolio company was named Keypath Education, Inc.
- (26) Payments on the Company's investment in Dominion Diagnostics, LLC are currently past due. In April 2019, the Company entered into a forbearance agreement with Dominion Diagnostics, LLC in which the Company has agreed not to take action against Dominion Diagnostics, LLC through May 10, 2019.

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
September 30, 2018
(dollar amounts in thousands)

<u>Portfolio Company/Type of Investment (1)(2)(5)(9)(14)</u>	<u>Cash Interest Rate (13)</u>	<u>Industry</u>	<u>Principal (8)</u>	<u>Cost</u>	<u>Fair Value</u>
Control Investments (3)(15)					
First Star Speir Aviation Limited (16)					
		Airlines			
First Lien Term Loan, 9% cash due 12/15/2020 (11)			\$ 32,510	\$ 24,102	\$ 32,510
100% equity interest (6)(11)				8,500	—
				32,602	32,510
Keypath Education, Inc. (25)					
		Advertising			
First Lien Term Loan, LIBOR+7% (1% floor) cash due 4/3/2022 (13)	9.39%		18,146	18,146	18,146
First Lien Revolver, LIBOR+7.75% (1% floor) cash due 4/3/2022 (13)				—	—
9,073 Class A Units in FS AVI Holdco, LLC				10,648	7,984
				28,794	26,130
New IPT, Inc.					
		Oil & gas equipment services			
First Lien Term Loan, LIBOR+5% (1% floor) cash due 3/17/2021 (13)	7.39%		4,107	4,107	4,107
Second Lien Term Loan, LIBOR+5.1% (1% floor) cash due 9/17/2021 (13)	7.49%		1,453	1,453	1,453
First Lien Revolver, LIBOR+5% (1% floor) cash due 3/17/2021 (13)	7.39%		1,009	1,009	1,009
50.087 Class A Common Units in New IPT Holdings, LLC				—	2,291
				6,569	8,860
Senior Loan Fund JV I, LLC (17)(18)					
		Multi-sector holdings			
Class A Mezzanine Secured Deferrable Floating Rate Notes due 2036 in SLF Repack Issuer 2016 LLC (11)(13)	8.33%		99,813	99,813	99,813
Class B Mezzanine Secured Deferrable Fixed Rate Notes, 10% cash due 2036 in SLF Repack Issuer 2016 LLC (11)			29,520	29,520	29,520
87.5% LLC equity interest (6)(11)(24)				16,172	41
				145,505	129,374
Total Control Investments (22.9% of net assets)				\$ 213,470	\$ 196,874
Affiliate Investments (4)					
Caregiver Services, Inc.					
		Healthcare services			
1,080,399 shares of Series A Preferred Stock, 10%				\$ 1,080	\$ 2,161
				1,080	2,161
Total Affiliate Investments (0.3% of net assets)				\$ 1,080	\$ 2,161
Non-Control/Non-Affiliate Investments (7)					
4 Over International, LLC					
		Commercial printing			
First Lien Term Loan, LIBOR+6% (1% floor) cash due 6/7/2022 (13)	8.24%		\$ 5,922	\$ 5,873	\$ 5,922
First Lien Revolver, LIBOR+6% (1% floor) cash due 6/7/2021 (10)(13)				(17)	—
				5,856	5,922
99 Cents Only Stores LLC					
		General merchandise stores			
First Lien Term Loan, LIBOR+5% cash 1.5% PIK due 1/13/2022 (13)(21)	7.35%		23,832	22,958	23,058
				22,958	23,058
Access CIG LLC					
		Diversified support services			
Second Lien Term Loan, LIBOR+7.75% cash due 2/27/2026 (13)(21)	9.99%		14,235	14,118	14,316
Second Lien Delayed Draw Term Loan, LIBOR+7.75% cash due 2/27/2026 (13)(21)				—	4
				14,118	14,320
Aden & Anais Merger Sub, Inc.					
		Apparel, accessories & luxury goods			
51,645 Common Units in Aden & Anais Holdings, Inc.				5,165	—
				5,165	—
Advanced Pain Management					
		Healthcare services			
First Lien Term Loan, LIBOR+8.5% (1.25% floor) cash due 11/30/2018 (13)(22)			25,267	22,596	—
				22,596	—

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
September 30, 2018
(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
AdVenture Interactive, Corp. (25)					
Advertising					
9,073 shares of common stock				\$ 13,611	\$ 6,557
				13,611	6,557
AI Ladder (Luxembourg) Subco S.a.r.l					
Electrical components & equipment					
First Lien Term Loan, LIBOR+4.5% cash due 7/9/2025 (11)(13)(21)	7.02%		\$ 40,000	38,831	40,238
				38,831	40,238
AI Sirona (Luxembourg) Acquisition S.a.r.l					
Pharmaceuticals					
Second Lien Term Loan, EURIBOR+7.25% (0% Floor) cash due 7/10/2026 (11)(13)(21)	7.25%		€ 17,500	20,035	20,225
				20,035	20,225
AirStrip Technologies, Inc.					
Application software					
22,858.71 Series C-1 Preferred Stock Warrants (exercise price \$34.99757) expiration date 5/11/2025				90	—
				90	—
Airxcel, Inc.					
Household appliances					
First Lien Term Loan, LIBOR+4.5% cash due 4/28/2025 (13)(21)	6.74%		\$ 7,980	7,905	7,943
				7,905	7,943
Algeco Scotsman Global Finance Plc					
Construction & engineering					
Fixed Rate Bond 10% cash due 8/15/2023 (11)(21)			15,000	14,539	15,450
Fixed Rate Bond 8% cash due 2/15/2023 (11)(21)			16,000	15,898	16,480
				30,437	31,930
Allen Media, LLC					
Movies & entertainment					
First Lien Term Loan, LIBOR+6.5% (1% floor) cash due 8/30/2023 (13)	8.81%		20,000	19,503	19,475
				19,503	19,475
Allied Universal Holdco LLC					
Security & alarm services					
First Lien Term Loan, LIBOR+3.75% (1% floor) cash due 7/28/2022 (13)(21)	6.14%		9,853	9,904	9,724
Second Lien Term Loan, LIBOR+8.5% (1% floor) cash due 7/28/2023 (13)(21)	10.79%		1,149	1,167	1,142
				11,071	10,866
Altice France S.A.					
Integrated telecommunication services					
Fixed Rate Bond 8.125% cash due 1/15/2024 (11)(21)			3,000	3,054	3,056
Fixed Rate Bond 7.625% cash due 2/15/2025 (11)(21)			2,000	2,014	1,808
				5,068	4,864
Ancile Solutions, Inc.					
Application software					
First Lien Term Loan, LIBOR+7% (1% floor) cash due 6/30/2021 (13)	9.39%		9,585	9,433	9,528
				9,433	9,528
Aretec Group, Inc.					
Investment banking & brokerage					
Second Lien Exit Term Loan, PRIME+2% cash due 5/23/2021 (13)(21)	7.25%		12,679	12,539	12,759
				12,539	12,759
Asset International, Inc.					
Research & consulting services					
Second Lien Term Loan, LIBOR+9.25% (1% floor) cash due 6/29/2025 (13)	11.64%		15,000	14,691	14,836
				14,691	14,836
Asurion, LLC					
Property & casualty insurance					
First Lien Term Loan, LIBOR+6.5% (1% floor) cash due 8/4/2025 (13)(21)	8.74%		22,000	21,946	22,653
				21,946	22,653

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
September 30, 2018
(dollar amounts in thousands)

<u>Portfolio Company/Type of Investment (1)(2)(5)(9)(14)</u>	<u>Cash Interest Rate (13)</u>	<u>Industry</u>	<u>Principal (\$)</u>	<u>Cost</u>	<u>Fair Value</u>
Avantor Inc.					
Commodity chemicals					
Fixed Rate Bond 9% cash due 10/1/2025 (21)			\$ 3,000	\$ 2,972	\$ 3,100
				2,972	3,100
Belk Inc.					
Department stores					
First Lien Term Loan, LIBOR+4.75% (1% Floor) cash due 12/12/2022 (13)(21)	6.88%		662	573	581
				573	581
BeyondTrust Holdings LLC					
Application software					
3.01% Class A membership interests				4,500	15,831
				4,500	15,831
Blackhawk Network Holdings, Inc.					
Data processing & outsourced services					
Second Lien Term Loan, LIBOR+7% (1% Floor) cash due 6/15/2026 (13)(21)	9.38%		26,250	25,978	26,545
				25,978	26,545
Blueline Rental Finance Corp					
Industrial machinery					
Fixed Rate Bond 9.25% cash due 3/15/2024 (21)			5,000	5,342	5,259
				5,342	5,259
California Pizza Kitchen, Inc.					
Restaurants					
First Lien Term Loan, LIBOR+6% (1% floor) cash due 8/23/2022 (13)(21)	8.39%		3,154	3,129	3,076
				3,129	3,076
Cenegenics, LLC					
Healthcare services					
First Lien Term Loan, 9.75% cash 2% PIK due 9/30/2019 (22)			29,134	27,738	8,464
First Lien Revolver, 15% cash due 9/30/2019 (22)			2,203	2,203	429
452,914.87 Common Units in Cenegenics, LLC				598	—
345,380.141 Preferred Units in Cenegenics, LLC				300	—
				30,839	8,893
CITGO Holdings Inc.					
Oil & gas refining & marketing					
Fixed Rate Bond 10.75% cash due 2/15/2020 (21)			21,300	22,494	22,685
				22,494	22,685
Comprehensive Pharmacy Services LLC					
Pharmaceuticals					
20,000 Common Shares in MCP CPS Group Holdings, Inc.				2,000	2,848
				2,000	2,848
Conviva Inc.					
Application software					
417,851 Series D Preferred Stock Warrants (exercise price \$1.1966) expiration date 2/28/2021				105	442
				105	442
Covia Holdings Corporation					
Oil & gas equipment & services					
First Lien Term Loan, LIBOR+3.75% (1% Floor) cash due 6/1/2025 (11)(13)(21)	6.14%		7,980	7,980	7,568
				7,980	7,568
DAE Aviation Holdings					
Aerospace & defense					
Fixed Rate Bond 10% cash due 7/15/2023 (21)			1,500	1,616	1,622
				1,616	1,622
Datto Inc.					
Technology distributors					
First Lien Term Loan, LIBOR+8% (1% floor) cash due 12/7/2022 (13)	10.15%		35,000	34,414	34,622
First Lien Revolver, LIBOR+8% (1% floor) cash due 12/7/2022 (10)(13)	10.15%			(39)	(25)
				34,375	34,597

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
September 30, 2018
(dollar amounts in thousands)

<u>Portfolio Company/Type of Investment (1)(2)(5)(9)(14)</u>	<u>Cash Interest Rate (13)</u>	<u>Industry</u>	<u>Principal (8)</u>	<u>Cost</u>	<u>Fair Value</u>
Dodge Data & Analytics LLC					
		Data processing & outsourced services			
500,000 Class A Common Units in Skyline Data, News and Analytics LLC				\$ 500	\$ 258
				500	258
Dominion Diagnostics, LLC					
		Healthcare services			
Subordinated Term Loan, 11% cash 1% PIK due 10/18/2019 (22)			\$ 20,052	15,589	1,043
First Lien Term Loan, LIBOR+5% (1% floor) cash due 4/8/2019 (13)	7.34%		46,435	34,964	40,538
First Lien Revolver, LIBOR+5% (1% floor) cash due 4/8/2019 (10)(13)				—	(531)
				50,553	41,050
Eagleview Technology Corporation					
		Application software			
Second Lien Term Loan, LIBOR+7.5% (1% Floor) cash due 8/14/2026 (13)	9.63%		12,000	11,880	12,240
				11,880	12,240
EHR Canada, LLC					
		Food retail			
First Lien Term Loan, LIBOR+8% (1% Floor) cash due 9/28/2020 (13)	10.30%		22,500	22,052	22,050
				22,052	22,050
EOS Fitness Opco Holdings, LLC					
		Leisure facilities			
First Lien Term Loan, LIBOR+8.25% (0.75% floor) cash due 12/30/2019 (13)	10.36%		3,502	3,502	3,502
First Lien Revolver, LIBOR+8.25% (0.75% floor) cash due 12/30/2019 (13)				—	—
487.5 Class A Preferred Units, 12%				488	760
12,500 Class B Common Units				13	872
				4,003	5,134
Eton					
		Research & consulting services			
Second Lien Term Loan, LIBOR+7.5% (0% floor) cash due 5/1/2026 (13)(21)	9.74%		20,000	19,904	20,100
				19,904	20,100
ExamSoft Worldwide, Inc.					
		Application software			
180,707 Class C Units in ExamSoft Investor LLC				181	—
				181	—
Garretson Firm Resolution Group, Inc.					
		Diversified support services			
First Lien Revolver, PRIME+5.5% cash due 5/22/2020 (13)(22)			711	711	142
4,950,000 Preferred Units in GRG Holdings, LP, 8%				495	—
50,000 Common Units in GRG Holdings, LP				5	—
				1,211	142
Gentiva Health Services, Inc.					
		Healthcare services			
Second Lien Term Loan, LIBOR+7% cash due 7/2/2026 (13)(21)	9.34%		14,500	14,401	14,935
				14,401	14,935
GI Chill Acquisition LLC					
		Managed healthcare			
First Lien Term Loan, LIBOR+4% cash due 8/6/2025 (13)	6.39%		18,000	17,910	18,113
Second Lien Term Loan, LIBOR+7.5% cash due 8/6/2026 (13)	9.68%		10,000	9,902	9,900
				27,812	28,013
GKD Index Partners, LLC					
		Specialized finance			
First Lien Term Loan, LIBOR+7.25% (1% Floor) cash due 6/29/2023 (13)	9.64%		24,379	24,147	24,135
First Lien Revolver, LIBOR+7.25% (1% Floor) cash due 6/29/2023 (13)	9.60%		867	856	855
				25,003	24,990
GOBP Holdings Inc.					
		Hypermarkets & super centers			
Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 10/21/2022 (13)(21)	10.49%		2,071	2,057	2,082
				2,057	2,082

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
September 30, 2018
(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (\$)	Cost	Fair Value
Golden State Medical Supply, Inc.					
Pharmaceuticals					
Mezzanine Term Loan, 10% cash 2.5% PIK due 4/24/2021			\$ 15,000	\$ 15,000	\$ 15,001
				15,000	15,001
HC2 Holdings Inc.					
Multi-sector holdings					
Fixed Rate Bond 11% cash due 12/1/2019 (11)(21)			10,500	10,555	10,605
				10,555	10,605
HealthEdge Software, Inc.					
Application software					
482,453 Series A-3 Preferred Stock Warrants (exercise price \$1.450918) expiration date 9/30/2023				213	773
				213	773
I Drive Safely, LLC					
Education services					
125,079 Class A Common Units of IDS Investments, LLC				1,000	—
				1,000	—
IBG Borrower LLC					
Apparel, accessories & luxury goods					
First Lien Term Loan, LIBOR+7% (1% floor) cash due 8/2/2022 (13)	9.44%		14,809	13,143	13,624
				13,143	13,624
iCIMS, Inc.					
Application software					
First Lien Term Loan, LIBOR+6.5% (1% Floor) cash due 9/12/2024 (13)	8.64%		14,118	13,838	13,835
First Lien Revolver, LIBOR+6.5% (1% Floor) cash due 9/12/2024 (10)(13)				(17)	(18)
				13,821	13,817
InMotion Entertainment Group, LLC					
Consumer electronics					
First Lien Term Loan, LIBOR+7.25% (1.25% floor) cash due 10/1/2021 (13)	9.65%		11,568	11,529	11,568
First Lien Term Loan, LIBOR+7.25% (1.25% floor) cash due 10/1/2021 (13)	9.65%		5,043	4,955	5,043
Letter of Credit 6.25% cash due 10/1/2021			3,904	3,897	3,904
First Lien Revolver, LIBOR+6.75% (1.25% floor) cash due 10/1/2021 (13)				—	—
CapEx Line, LIBOR+7.75% (1.25% floor) cash due 10/1/2021 (13)	10.15%		755	747	755
1,000,000 Class A Units in InMotion Entertainment Holdings, LLC				1,000	2,167
				22,128	23,437
Integral Development Corporation					
Other diversified financial services					
1,078,284 Common Stock Warrants (exercise price \$0.9274) expiration date 7/10/2024				113	—
				113	—
Internet Pipeline, Inc.					
Internet services & infrastructure					
Incremental First Lien Term Loan, LIBOR+4.75% (1% floor) cash due 8/4/2022 (13)	7.00%		5,510	5,454	5,509
				5,454	5,509
Janrain, Inc.					
Application software					
218,008 Common Stock Warrants (exercise price \$1.3761) expiration date 12/5/2024				45	—
				45	—
Jones Energy, Inc.					
Oil & gas exploration & production					
Fixed Rate Bond 9.25% cash due 3/15/2023 (21)			12,000	11,808	12,390
				11,808	12,390
Kason Corporation					
Industrial machinery					
Mezzanine Term Loan, 11.5% cash 1.75% PIK due 10/28/2019			6,113	6,113	5,606
498.6 Class A Preferred Units in Kason Investment, LLC, 8%				499	249
5,540 Class A Common Units in Kason Investment, LLC				55	—
				6,667	5,855

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
September 30, 2018
(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Kellermeyer Bergensons Services, LLC					
		Environmental & facilities services			
Second Lien Term Loan, LIBOR+8.5% (1% floor) cash due 4/29/2022 (13)	10.84%		\$ 6,105	\$ 5,923	\$ 6,189
				5,923	6,189
L Squared Capital Partners LLC					
		Multi-sector holdings			
2% limited partnership interest (11)(24)				1,824	3,058
				1,824	3,058
Lanai Holdings III, Inc.					
		Healthcare distributors			
First Lien Term Loan, LIBOR+4.75% (1% floor) cash due 8/29/2022 (13)(21)	7.09%		20,099	19,683	19,395
				19,683	19,395
Lannett Company, Inc.					
		Pharmaceuticals			
First Lien Term Loan, LIBOR+4.75% (1% Floor) cash due 11/25/2020 (11)(13)(21)	6.99%		1,883	1,885	1,792
				1,885	1,792
Lift Brands Holdings, Inc.					
		Leisure facilities			
2,000,000 Class A Common Units in Snap Investments, LLC				1,398	3,020
				1,398	3,020
Long's Drugs Incorporated					
		Pharmaceuticals			
50 Series A Preferred Shares in Long's Drugs Incorporated				385	761
25 Series B Preferred Shares in Long's Drugs Incorporated				210	491
				595	1,252
LTI Holdings, Inc.					
		Auto parts & equipment			
Second Lien Term Loan, LIBOR+6.75% cash due 9/6/2026 (13)(21)	8.99%		9,000	9,000	9,024
				9,000	9,024
Lytx Holdings, LLC					
		Research & consulting services			
3,500 Class B Units				—	1,423
				—	1,423
Maravai Intermediate Holdings, LLC					
		Biotechnology			
First Lien Term Loan, LIBOR+4.25% cash due 8/2/2025 (13)	6.38%		12,000	11,880	11,963
				11,880	11,963
Maverick Healthcare Group, LLC (20)					
		Healthcare equipment			
First Lien Term Loan, LIBOR+7.5% cash (1.75% floor) cash due 3/15/2019 (13)(22)			11,068	8,181	9,102
First Lien Term Loan, LIBOR+11% cash (1.75% floor) cash due 3/15/2019 (13)(22)			50,740	39,110	—
CapEx Line, LIBOR+7.75% (1.75% floor) cash due 3/15/2019 (13)(22)			863	611	710
				47,902	9,812
Mayfield Agency Borrower Inc.					
		Property & casualty insurance			
First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 2/28/2025 (13)(21)	6.74%		7,481	7,447	7,537
Second Lien Term Loan, LIBOR+8.5% (1% floor) cash due 3/2/2026 (13)	10.74%		37,500	36,977	37,219
				44,424	44,756
McAfee, LLC					
		Systems software			
First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 9/30/2024 (13)(21)	6.74%		7,920	7,853	7,995
Second Lien Term Loan LIBOR+8.5% (1% floor) cash due 9/29/2025 (13)(21)	10.74%		8,000	8,045	8,180
				15,898	16,175

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
September 30, 2018
(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
McDermott Technology (Americas), Inc.					
		Oil & gas equipment services			
First Lien Term Loan, LIBOR+5% (1% floor) cash due 5/12/2025 (11)(13)(21)	7.24%		\$ 31,144	\$ 30,725	\$ 31,604
				30,725	31,604
MHE Intermediate Holdings, LLC					
		Diversified support services			
First Lien Term Loan, LIBOR+5% (1% floor) cash due 3/8/2024 (13)	7.39%		2,963	2,938	2,935
				2,938	2,935
Ministry Brands, LLC					
		Application software			
Second Lien Term Loan, LIBOR+9.25% (1% floor) cash due 6/2/2023 (13)	11.75%		7,056	6,980	7,090
Second Lien Delayed Draw Term Loan, LIBOR+9.25% (1% floor) cash due 6/2/2023 (13)	11.75%		1,944	1,923	1,953
First Lien Revolver, PRIME+4% (1% floor) cash due 12/2/2022 (13)	9.25%		300	291	300
				9,194	9,343
Morphe LLC					
		Personal products			
First Lien Term Loan, LIBOR+6% (1% floor) cash due 2/10/2023 (13)	8.40%		19,500	19,327	19,500
				19,327	19,500
Natural Resource Partners LP					
		Coal & consumable fuels			
Fixed Rate Bond 10.5% cash due 3/15/2022 (11)(21)			7,000	7,329	7,525
				7,329	7,525
Navicare, Inc.					
		Healthcare technology			
Second Lien Term Loan, LIBOR+7.5% (1% floor) cash due 10/31/2025 (13)	9.74%		14,500	14,371	14,500
				14,371	14,500
Numericable SFR SA					
		Integrated telecommunication services			
Fixed Rate Bond 7.375% cash due 5/1/2026 (11)(21)			5,000	5,116	5,024
				5,116	5,024
OmniSYS Acquisition Corporation					
		Diversified support services			
100,000 Common Units in OSYS Holdings, LLC				1,000	898
				1,000	898
Onvoy, LLC					
		Integrated telecommunication services			
Second Lien Term Loan, LIBOR+10.5% (1% floor) cash due 2/10/2025 (13)	12.89%		16,750	16,750	13,479
19,666.67 Class A Units in GTCR Onvoy Holdings, LLC				1,967	166
13,664.73 Series 3 Class B Units in GTCR Onvoy Holdings, LLC				—	—
				18,717	13,645
P2 Upstream Acquisition Co.					
		Application software			
First Lien Revolver, LIBOR+4% (1% floor) cash due 11/1/2018 (10)(13)(21)				—	(94)
				—	(94)
Pingora MSR Opportunity Fund I-A, LP					
		Thrift & mortgage finance			
1.86% limited partnership interest (11)(24)				5,343	4,759
				5,343	4,759
PLATO Learning Inc. (27)					
		Education services			
Unsecured Senior PIK Note, 8.5% PIK due 12/9/2021 (23)			2,649	2,434	—
Unsecured Junior PIK Note, 10% PIK due 12/9/2021 (23)			12,490	10,227	—
Unsecured Revolver, 5% cash due 12/9/2021 (22)			60	(40)	(2,124)
126,127.80 Class A Common Units of Edmentum				126	—
				12,747	(2,124)

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
September 30, 2018
(dollar amounts in thousands)

<u>Portfolio Company/Type of Investment (1)(2)(5)(9)(14)</u>	<u>Cash Interest Rate (13)</u>	<u>Industry</u>	<u>Principal (8)</u>	<u>Cost</u>	<u>Fair Value</u>
ProFrac Services, LLC					
		Industrial machinery			
First Lien Term Loan, LIBOR+5.75% (1% Floor) cash due 9/15/2023 (13)	8.07%		\$ 18,300	\$ 18,118	\$ 18,209
				18,118	18,209
QuorumLabs, Inc.					
		Application software			
64,887,669 Junior-2 Preferred Stock				375	—
				375	—
Refac Optical Group (26)					
		Specialty stores			
First Lien Term Loan, LIBOR+8% cash due 1/9/2019 (13)(22)			2,242	2,149	2,241
First Lien Term Loan, LIBOR+9% cash 1.75% PIK due 1/9/2019 (13)(22)			34,994	33,700	34,994
First Lien Term Loan, 12.5% cash due 1/9/2019 (22)			3,416	3,308	3,245
First Lien Revolver, LIBOR+8% cash due 1/9/2019 (13)(22)			3,520	3,424	3,520
1,550.9435 Shares of Common Stock in Refac Holdings, Inc.				1	—
550.9435 Shares of Series A-2 Preferred Stock in Refac Holdings, Inc., 10%				305	—
1,000 Shares of Series A Preferred Stock Units in Refac Holdings, Inc., 10%				999	—
				43,886	44,000
Salient CRGT, Inc.					
		Aerospace & defense			
First Lien Term Loan, LIBOR+5.75% (1% floor) cash due 2/28/2022 (13)(21)	7.99%		3,174	3,129	3,222
				3,129	3,222
Scilex Pharmaceuticals Inc.					
		Pharmaceuticals			
Fixed Rate Zero Coupon Bond due 8/15/2026			16,000	10,000	10,000
				10,000	10,000
Sequa Mezzanine Holdings, LLC					
		Aerospace & defense			
First Lien Term Loan, LIBOR+5% (1% Floor) cash due 11/28/2021 (13)(21)	7.19%		8,479	8,411	8,355
Second Lien Term Loan, LIBOR+9% (1% Floor) cash due 4/28/2022 (13)(21)	11.20%		2,000	2,023	1,973
				10,434	10,328
ShareThis, Inc.					
		Application software			
345,452 Series C Preferred Stock Warrants (exercise price \$3.0395) expiration date 3/4/2024				367	4
				367	4
Swordfish Merger Sub LLC					
		Auto parts & equipment			
Second Lien Term Loan, LIBOR+6.75% (1% floor) cash due 2/2/2026 (13)(21)	8.86%		12,500	12,442	12,406
				12,442	12,406
TerSera Therapeutics, LLC					
		Pharmaceuticals			
Second Lien Term Loan, LIBOR+9.25% (1% floor) cash due 3/30/2024 (13)	11.64%		15,000	14,651	14,945
Second Lien Incremental Term loan, LIBOR+9.25% cash due 3/30/2024 (13)	11.59%		3,281	3,202	3,269
Second Lien Incremental Delayed Draw Term Loan, LIBOR+9.25% cash due 12/31/2018 (10)(13)	11.59%			—	(12)
668,879 Common Units of TerSera Holdings LLC				1,731	2,626
				19,584	20,828

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
September 30, 2018
(dollar amounts in thousands)

<u>Portfolio Company/Type of Investment (1)(2)(5)(9)(14)</u>	<u>Cash Interest Rate (13)</u>	<u>Industry</u>	<u>Principal (8)</u>	<u>Cost</u>	<u>Fair Value</u>
Thing5, LLC					
		Data processing & outsourced services			
First Lien Term Loan, LIBOR+7.5% (1% floor) cash 2% PIK due 10/11/2020 (12)(13)(22)			\$ 46,906	\$ 46,462	\$ 34,292
First Lien Revolver, LIBOR+7.5% (1% floor) cash due 10/11/2020 (13)(22)			2,702	2,603	2,702
2,000,000 Units in T5 Investment Vehicle, LLC				2,000	—
				51,065	36,994
TigerText, Inc.					
		Application software			
299,110 Series B Preferred Stock Warrants (exercise price \$1.3373) expiration date 12/8/2024				60	544
				60	544
TravelCLICK, Inc.					
		Data processing & outsourced services			
Second Lien Term Loan, LIBOR+7.75% (1% floor) cash due 11/6/2021 (13)	9.99%		1,510	1,376	1,510
				1,376	1,510
Tribe Buyer LLC					
		Human resource & employment services			
First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 2/16/2024 (13)(21)	6.74%		1,581	1,581	1,593
				1,581	1,593
Truck Hero, Inc.					
		Auto parts & equipment			
Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 4/21/2025 (13)	10.46%		21,500	21,191	21,715
				21,191	21,715
UOS, LLC					
		Trading companies & distributors			
First Lien Term Loan, LIBOR+5.5% (1% floor) cash due 4/18/2023 (13)(21)	7.74%		6,847	6,981	7,009
				6,981	7,009
Veritas US Inc.					
		Application software			
First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 1/27/2023 (13)(21)	6.81%		34,551	34,902	33,741
				34,902	33,741
Verra Mobility, Corp.					
		Data processing & outsourced services			
Second Lien Term Loan, LIBOR+7.75% cash due 2/27/2026 (13)	9.99%		8,750	8,698	8,958
				8,698	8,958
Verscend Holding Corp.					
		Healthcare technology			
First Lien Term Loan, LIBOR+4.50% cash due 8/27/2025 (13)(21)	6.74%		25,000	24,887	25,255
Fixed Rate Bond 9.75% cash due 8/15/2026 (21)			12,000	12,025	12,405
				36,912	37,660
Vertex Aerospace Services Corp.					
		Aerospace & defense			
First Lien Term Loan, LIBOR+4.75% cash due 6/29/2025 (13)(21)	6.99%		15,960	15,883	16,135
				15,883	16,135
Vine Oil & Gas LP					
		Oil & gas exploration & production			
First Lien Term Loan, LIBOR+6.875% (1% floor) cash due 11/25/2021 (13)(21)	9.12%		23,000	22,919	23,173
				22,919	23,173
Vitalyst Holdings, Inc.					
		IT consulting & other services			
675 Series A Preferred Units of PCH Support Holdings, Inc., 10%				675	497
7,500 Class A Common Stock Units of PCH Support Holdings, Inc.				75	—
				750	497

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
September 30, 2018
(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Weatherford International					
Oil & gas equipment services					
Fixed Rate Bond 9.875% cash due 2/15/2024 (11)(21)			\$ 12,000	\$ 11,479	\$ 11,790
				<u>11,479</u>	<u>11,790</u>
WeddingWire, Inc.					
Internet services & infrastructure					
Earn-out (19)				—	70
				<u>—</u>	<u>70</u>
Windstream Services, LLC					
Integrated telecommunication services					
Fixed Rate Bond 8.625% cash due 10/31/2025 (11)(21)			5,000	4,867	4,825
				<u>4,867</u>	<u>4,825</u>
WP CPP Holdings, LLC					
Aerospace & defense					
Second Lien Term Loan, LIBOR+7.75% (1% floor) cash due 4/30/2026 (13)(21)	10.15%		15,000	14,855	15,033
				<u>14,855</u>	<u>15,033</u>
xMatters, Inc.					
Application software					
600,000 Common Stock Warrants (exercise price \$0.593333) expiration date 2/26/2025				709	287
				<u>709</u>	<u>287</u>
Yeti Acquisition, LLC					
Leisure products					
2,000,000 Common Stock Units of Yeti Holdings, Inc. (28)				—	12,073
				<u>—</u>	<u>12,073</u>
Zep Inc.					
Specialty chemicals					
Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 8/11/2025 (13)	10.64%		30,000	29,870	28,800
First Lien Term Loan, LIBOR+4.00% (1% floor) cash due 8/12/2024 (13)(21)	6.39%		1,995	1,903	1,904
				<u>31,773</u>	<u>30,704</u>
Zephyr Bidco Limited					
Specialized finance					
Second Lien Term Loan, UK LIBOR+7.50% (0% floor) cash due 7/23/2026 (11)(13)(21)	8.22%		£ 18,000	23,568	23,258
				<u>23,568</u>	<u>23,258</u>
Total Non-Control/Non-Affiliate Investments (150.6% of net assets)				\$ 1,392,383	\$ 1,292,166
Total Portfolio Investments (173.8% of net assets)				\$ 1,606,933	\$ 1,491,201
Cash and Cash Equivalents and Restricted Cash					
JP Morgan Prime Money Market Fund, Institutional Shares					
				\$ 9,108	\$ 9,108
Other cash accounts					
				4,381	4,381
Total Cash and Cash Equivalents and Restricted Cash (1.6% of net assets)				\$ 13,489	\$ 13,489
Total Portfolio Investments, Cash and Cash Equivalents and Restricted Cash (175.4% of net assets)				\$ 1,620,422	\$ 1,504,690

Derivative Instrument	Notional Amount to be Purchased	Notional Amount to be Sold	Maturity Date	Counterparty	Cumulative Unrealized Appreciation / (Depreciation)
Foreign currency forward contract	\$ 23,113	£ 17,579	10/26/2018	JPMorgan Chase Bank, N.A.	\$ 162

- (1) All debt investments are income producing unless otherwise noted. All equity investments are non-income producing unless otherwise noted.
- (2) See Note 3 in the accompanying notes to the Consolidated Financial Statements for portfolio composition by geographic region.
- (3) Control Investments generally are defined by the Investment Company Act, as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation.
- (4) Affiliate Investments generally are defined by the Investment Company Act as investments in companies in which the Company owns between 5% and 25% of the voting securities.
- (5) Equity ownership may be held in shares or units of companies related to the portfolio companies.
- (6) Income producing through payment of dividends or distributions.

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
September 30, 2018
(dollar amounts in thousands)

- (7) Non-Control/Non-Affiliate Investments are investments that are neither Control Investments nor Affiliate Investments.
- (8) Principal includes accumulated PIK interest and is net of repayments. "£" signifies the investment is denominated in British Pounds. "€" signifies the investment is denominated in Euros. All other investments are denominated in U.S. dollars.
- (9) Interest rates may be adjusted from period to period on certain term loans and revolvers. These rate adjustments may be either temporary in nature due to tier pricing arrangements or financial or payment covenant violations in the original credit agreements or permanent in nature per loan amendment or waiver documents.
- (10) Investment has undrawn commitments. Unamortized fees are classified as unearned income which reduces cost basis, which may result in a negative cost basis. A negative fair value may result from the unfunded commitment being valued below par.
- (11) Investment is not a "qualifying asset" as defined under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets. As of September 30, 2018, qualifying assets represented 73.4% of the Company's total assets and non-qualifying assets represented 26.6% of the Company's total assets.
- (12) The sale of a portion of this loan does not qualify for true sale accounting under ASC 860, and therefore, the entire debt investment remains in the Consolidated Schedule of Investments. Accordingly, the fair value of the Company's debt investments as of September 30, 2018 includes \$9.7 million related to the Company's secured borrowings. (See Note 14 in the accompanying notes to the Consolidated Financial Statements.)
- (13) The interest rate on the principal balance outstanding for all floating rate loans is indexed to LIBOR and/or an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each of these loans, the Company has provided the applicable margin over LIBOR or the alternate base rate based on each respective credit agreement and the cash interest rate as of period end. All LIBOR shown above is in U.S. dollars unless otherwise noted. As of September 30, 2018, the reference rates for our variable rate loans were the 30-day LIBOR at 2.24%, 60-day LIBOR at 2.29%, the 90-day LIBOR at 2.39%, the 180-day LIBOR at 2.59%, the PRIME at 5.25%, the 30-day UK LIBOR at 0.72% and the 30-day EURIBOR at (0.40)%.
- (14) With the exception of investments held by the Company's wholly-owned subsidiaries that each formerly held a license from the SBA to operate as a SBIC, each of the Company's investments is pledged as collateral under its credit facility.
- (15) As defined in the Investment Company Act, the Company is deemed to be both an "Affiliated Person" of and to "Control" this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company (including through a management agreement). See Schedule 12-14 in the Company's annual report on Form 10-K for the year ended September 30, 2018 for transactions in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to control.
- (16) First Star Speir Aviation 1 Limited is a wholly-owned holding company formed by the Company in order to facilitate its investment strategy. In accordance with ASU 2013-08, the Company has deemed the holding company to be an investment company under GAAP and therefore deemed it appropriate to consolidate the financial results and financial position of the holding company and to recognize dividend income versus a combination of interest income and dividend income. Accordingly, the debt and equity investments in the wholly-owned holding company are disregarded for accounting purposes since the economic substance of these instruments are equity investments in the operating entities.
- (17) See Note 3 in the accompanying notes to the Consolidated Financial Statements for portfolio composition.
- (18) The Class A Mezzanine Secured Deferrable Floating Rate Notes bear interest at a rate of LIBOR plus the applicable margin as defined in the indenture. The Class A Mezzanine Secured Deferrable Floating Rate Notes and Class B Mezzanine Secured Deferrable Fixed Rate Notes are collectively referred to as the "mezzanine notes".
- (19) During the year ended September 30, 2018, the Company exited its investments in WeddingWire, Inc. ("WeddingWire") in exchange for cash and the right to receive contingent payments in the future based on the performance of WeddingWire, which is referred to as an "earn-out" in the consolidated schedule of investments.
- (20) Payments on the Company's investment in Maverick Healthcare are currently past due. In May 2017, the Company entered into a forbearance agreement with Maverick Healthcare in which the Company has temporarily agreed not to take action against Maverick Healthcare. As of September 30, 2018, the forbearance agreement, as amended in June 2018, extended to March 15, 2019.
- (21) As of September 30, 2018, these investments are categorized as Level 2 within the fair value hierarchy established by FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"). All other investments are categorized as Level 3 as of September 30, 2018 and were valued using significant unobservable inputs.
- (22) This investment was on cash non-accrual status as of September 30, 2018. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.
- (23) This investment was on PIK non-accrual status as of September 30, 2018. PIK non-accrual status is inclusive of other non-cash income, where applicable.
- (24) This investment was valued using net asset value as a practical expedient for fair value. Consistent with FASB guidance under ASC 820, these investments are excluded from the hierarchical levels.
- (25) AdVenture Interactive, Corp. completed a reorganization in which it separated its marketing services business from its online program management business. In connection with the reorganization, FS AVI Holdco LLC was formed as a separate entity and is the parent company to Keypath Education, Inc., which represents the former marketing services business, and the Company's first lien term loan and revolver with AdVenture Interactive, Corp. were assigned to Keypath Education, Inc. Subsequent to the reorganization, AdVenture Interactive, Corp. holds

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
September 30, 2018
(dollar amounts in thousands)

preferred units in Keypath Education Holdings, LLC, which conducts the online program management business. Subsequent to the reorganization, the Company is not deemed to control Keypath Education Holdings, LLC under the Investment Company Act. This investment was reclassified from Control investments to Non-Control/Non-Affiliate Investments during the year ended September 30, 2018.

- (26) Payments on the Company's investment in Refac Optical Group are currently past due. In October 2018, the Company entered into a forbearance agreement with Refac Optical Group in which the Company has temporarily agreed not to take action against Refac Optical Group. As of September 30, 2018, the forbearance agreement extended to January 9, 2019.
- (27) This investment was renamed PLATO Learning Inc. as of September 30, 2018. Prior to September 30, 2018, this investment was previously named Edmentum, Inc.
- (28) During the three months ended December 31, 2018, the Company's shares in Yeti Holdings, Inc. were subject to a 0.397 reverse share split. Subsequent to the reverse split, the Company held 794,000 shares in Yeti Holdings, Inc.

See notes to Consolidated Financial Statements.

Note 1. Organization

Oaktree Specialty Lending Corporation (together with its consolidated subsidiaries, the "Company") is a specialty finance company that looks to provide customized, one-stop credit solutions to companies with limited access to public or syndicated capital markets. The Company was formed in late 2007 and operates as a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a Business Development Company under the Investment Company Act. The Company has qualified and elected to be treated as a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended (the "Code"), for tax purposes.

The Company 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 may also seek to generate capital appreciation and income through secondary investments at discounts to par in either private or syndicated transactions.

As of October 17, 2017, the Company is externally managed by Oaktree Capital Management, L.P. ("Oaktree"), a subsidiary of Oaktree Capital Group, LLC ("OCG"), a publicly traded Delaware limited liability company listed on the New York Stock Exchange under the ticker "OAK", pursuant to an investment advisory agreement between the Company and Oaktree (the "Investment Advisory Agreement"). Oaktree Fund Administration, LLC ("Oaktree Administrator"), a subsidiary of Oaktree, provides certain administrative and other services necessary for the Company to operate pursuant to an administration agreement between the Company and Oaktree Administrator (the "Administration Agreement"). See Note 11.

Prior to October 17, 2017, the Company was externally managed by Fifth Street Management LLC (the "Former Adviser"), an indirect, partially-owned subsidiary of Fifth Street Asset Management Inc. ("FSAM"), and was named Fifth Street Finance Corp. FSC CT LLC (the "Former Administrator"), a subsidiary of the Former Adviser, also provided certain administrative and other services necessary for the Company to operate pursuant to an administration agreement (the "Former Administration Agreement").

On September 7, 2017, stockholders of the Company approved the Investment Advisory Agreement to take effect upon the closing of the transactions contemplated by the Asset Purchase Agreement (the "Purchase Agreement"), by and among Oaktree, the Former Adviser, and, for certain limited purposes, FSAM, and Fifth Street Holdings L.P., the direct, partial owner of the Former Adviser (the "Transaction"). Upon the closing of the Transaction on October 17, 2017, Oaktree became the investment adviser to each of Oaktree Strategic Income Corporation ("OCSI") and the Company. The closing of the Transaction resulted in an assignment for purposes of the Investment Company Act of the fourth amended and restated investment advisory agreement between the Former Adviser and the Company (the "Former Investment Advisory Agreement") and, as a result, its immediate termination.

Note 2. Significant Accounting Policies***Basis of Presentation:***

The Consolidated Financial Statements of the Company have been prepared in accordance with GAAP and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X. In the opinion of management, all adjustments of a normal recurring nature considered necessary for the fair presentation of the Consolidated Financial Statements have been made. All intercompany balances and transactions have been eliminated. Certain prior-period financial information has been reclassified to conform to current period presentation. The Company is an investment company following the accounting and reporting guidance in FASB ASC Topic 946, *Financial Services - Investment Companies* ("ASC 946").

Use of Estimates:

The preparation of the financial statements in conformity with GAAP requires management to make certain estimates and assumptions affecting amounts reported in the financial statements and accompanying notes. These estimates are based on the information that is currently available to the Company and on various other assumptions that the Company believes to be reasonable under the circumstances. Changes in the economic and political environments, financial markets and any other parameters used in determining these estimates could cause actual results to differ and such differences could be material. Significant estimates include the valuation of investments and revenue recognition.

Consolidation:

The accompanying Consolidated Financial Statements include the accounts of Oaktree Specialty Lending Corporation and its consolidated subsidiaries. Each consolidated subsidiary is wholly-owned and, as such, consolidated into the Consolidated Financial Statements. Certain subsidiaries that hold investments are treated as pass through entities for tax purposes. The assets of certain of the consolidated subsidiaries are not directly available to satisfy the claims of the creditors of Oaktree Specialty Lending Corporation or any of its other subsidiaries. As of March 31, 2019, the consolidated subsidiaries were Fifth Street Fund of Funds LLC ("Fund of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Funds"), Fifth Street Mezzanine Partners IV, L.P. ("FSMP IV"), Fifth Street Mezzanine Partners V, L.P. ("FSMP V" and together with FSMP IV, the "Excluded Subsidiaries"), FSMP IV GP, LLC, FSMP V GP, LLC, OCSL SRNE, LLC, OCSL AB Blocker, LLC and FSFC Holdings, Inc. ("Holdings"). In addition, the Company consolidates various holding companies held in connection with its equity investments in certain portfolio investments.

As an investment company, portfolio investments held by the Company are not consolidated into the Consolidated Financial Statements but rather are included on the Statements of Assets and Liabilities as investments at fair value.

Fair Value Measurements:

The Company values its investments in accordance with ASC 820, which defines fair value as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company is required to report its investments for which current market values are not readily available at fair value. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. ASC 820 prioritizes the use of observable market prices over entity-specific inputs. Where observable prices or inputs are not available or reliable, valuation techniques are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the investments or market and the investments' complexity.

Hierarchical levels, defined by ASC 820 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

- Level 1 — Unadjusted, quoted prices in active markets for identical assets or liabilities as of the measurement date.
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data at the measurement date for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

If inputs used to measure fair value fall into different levels of the fair value hierarchy, an investment's level is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. This includes investment securities that are valued using "bid" and "ask" prices obtained from independent third party pricing services or directly from brokers. These investments may be classified as Level 3 because the quoted prices may be indicative in nature for securities that are in an inactive market, may be for similar securities or may require adjustments for investment-specific factors or restrictions.

Financial instruments with readily available quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment inherent in measuring fair value. As such, Oaktree obtains and analyzes readily available market quotations provided by pricing vendors and brokers for all of the Company's investments for which quotations are available. In determining the fair value of a particular investment, pricing vendors and brokers use observable market information, including both binding and non-binding indicative quotations.

The Company seeks to obtain at least two quotations for the subject or similar securities, typically from pricing vendors. If the Company is unable to obtain two quotes from pricing vendors, or if the prices obtained from pricing vendors are not within the Company's set threshold, the Company seeks to obtain a quote directly from a broker making a market for the asset. Oaktree evaluates the quotations provided by pricing vendors and brokers based on available market information, including trading activity of the subject or similar securities, or by performing a comparable security analysis to ensure that fair values are reasonably estimated. Oaktree also performs back-testing of valuation information obtained from pricing vendors and brokers against actual prices received in transactions. In addition to ongoing monitoring and back-testing, Oaktree performs due diligence procedures over pricing vendors to understand their methodology and controls to support their use in the valuation process. Generally, the Company does not adjust any of the prices received from these sources.

If the quotations obtained from pricing vendors or brokers are determined to not be reliable or are not readily available, the Company values such investments using any of three different valuation techniques. The first valuation technique is the transaction precedent technique, which utilizes recent or expected future transactions of the investment to determine fair value, to the extent applicable. The second valuation technique is an analysis of the enterprise value ("EV") of the portfolio company. EV means the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time. The EV analysis is typically performed to determine (i) the value of equity investments, (ii) whether there is credit impairment for debt investments and (iii) the value for debt investments that the Company is deemed to control under the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Investment Company Act. To estimate the EV of a portfolio company, Oaktree analyzes various factors, including the portfolio company's historical and projected financial results, macroeconomic impacts on the company, and competitive dynamics in the company's industry. Oaktree also utilizes some or all of the following information based on the individual circumstances of the portfolio company: (i) valuations of comparable public companies, (ii) recent sales of private and public comparable companies in similar industries or having similar business or earnings characteristics, (iii) purchase price as a multiple of their earnings or cash flow, (iv) the portfolio company's ability to meet its forecasts and its business prospects, (v) a discounted cash flow analysis, (vi) estimated liquidation or collateral value of the portfolio company's assets and (vii) offers from third parties to buy the portfolio company. The Company may probability weight potential sale outcomes with respect to a portfolio company when uncertainty exists as of the valuation date. The third valuation technique is a market yield technique, which is typically performed for non-credit impaired debt investments. In the market yield technique, a current price is imputed for the investment based upon an assessment of the expected market yield for a similarly structured investment with a similar level of risk, and the Company considers the current contractual interest rate, the capital structure and other terms of the investment relative to risk of the company and the specific investment. A key determinant of risk, among other things, is the leverage through the investment relative to the EV of the portfolio company. As debt investments held by the Company are substantially illiquid with no active transaction market, the Company depends on primary market data, including newly funded transactions and industry specific market movements, as well as secondary market data with respect to high yield debt instruments and syndicated loans, as inputs in determining the appropriate market yield, as applicable.

In accordance with ASC 820-10, certain investments that qualify as investment companies in accordance with ASC 946 may be valued using net asset value as a practical expedient for fair value. Consistent with FASB guidance under ASC 820, these investments are excluded from the hierarchical levels.

The Company estimates the fair value of privately held warrants using a Black Scholes pricing model, which includes an analysis of various factors and subjective assumptions, including the current stock price (by using an EV analysis as described above), the expected period until exercise, expected volatility of the underlying stock price, expected dividends and the risk free rate. Changes in the subjective input assumptions can materially affect the fair value estimates.

The Company's Board of Directors undertakes a multi-step valuation process each quarter in connection with determining the fair value of the Company's investments:

- The quarterly valuation process begins with each portfolio company or investment being initially valued by Oaktree's valuation team in conjunction with Oaktree's portfolio management team and investment professionals responsible for each portfolio investment;
- Preliminary valuations are then reviewed and discussed with management of Oaktree;
- Separately, independent valuation firms engaged by the Board of Directors prepare valuations of the Company's investments, on a selected basis, for which market quotations are not readily available or are readily available but deemed not reflective of the fair value of the investment, and submit the reports to the Company and provide such reports to Oaktree and the Audit Committee of the Board of Directors;
- Oaktree compares and contrasts its preliminary valuations to the valuations of the independent valuation firms and prepares a valuation report for the Audit Committee;
- The Audit Committee reviews the preliminary valuations with Oaktree, and Oaktree responds and supplements the preliminary valuations to reflect any discussions between Oaktree and the Audit Committee;
- The Audit Committee makes a recommendation to the full Board of Directors regarding the fair value of the investments in the Company's portfolio; and
- The Board of Directors discusses valuations and determines the fair value of each investment in the Company's portfolio.

The fair value of the Company's investments as of March 31, 2019 and September 30, 2018 was determined in good faith by the Board of Directors. The Board of Directors has and will continue to engage independent valuation firms to provide assistance regarding the determination of the fair value of a portion of the Company's portfolio securities for which market quotations are not readily available or are readily available but deemed not reflective of the fair value of the investment each quarter, and the Board of Directors may reasonably rely on that assistance. However, the Board of Directors is responsible for the ultimate valuation of the portfolio investments at fair value as determined in good faith pursuant to the Company's valuation policy and a consistently applied valuation process.

With the exception of the line items entitled "deferred financing costs," "other assets," "deferred tax liability," "credit facility payable" and "unsecured notes payable," which are reported at amortized cost, all assets and liabilities approximate fair value on the Consolidated Statements of Assets and Liabilities. The carrying value of the line items titled "interest, dividends and fees receivable," "due from portfolio companies," "receivables from unsettled transactions," "accounts payable, accrued expenses and other liabilities,"

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

"base management fee and incentive fee payable," "due to affiliate," "interest payable," "payable to syndication partners," "director fees payable" and "payables from unsettled transactions" approximate fair value due to their short maturities.

Foreign Currency Translation

The accounting records of the Company are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the prevailing foreign exchange rate on the reporting date. The Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. The Company's investments in foreign securities may involve certain risks, including foreign exchange restrictions, expropriation, taxation or other political, social or economic risks, all of which could affect the market and/or credit risk of the investment. In addition, changes in the relationship of foreign currencies to the U.S. dollar can significantly affect the value of these investments and therefore the earnings of the Company.

Derivative Instruments

The Company does not utilize hedge accounting and as such values its derivative instruments at fair value with the unrealized gains or losses recorded in "net unrealized appreciation (depreciation)" in the Company's Consolidated Statements of Operations.

Investment Income:***Interest Income***

Interest income, adjusted for accretion of original issue discount ("OID"), is recorded on an accrual basis to the extent that such amounts are expected to be collected. The Company stops accruing interest on investments when it is determined that interest is no longer collectible. Investments that are expected to pay regularly scheduled interest in cash are generally placed on non-accrual status when there is reasonable doubt that principal or interest cash payments will be collected. Cash interest payments received on investments may be recognized as income or a return of capital depending upon management's judgment. A non-accrual investment is restored to accrual status if past due principal and interest are paid in cash and the portfolio company, in management's judgment, is likely to continue timely payment of its remaining obligations.

In connection with its investment in a portfolio company, the Company sometimes receives nominal cost equity that is valued as part of the negotiation process with the portfolio company. When the Company receives nominal cost equity, the Company allocates its cost basis in the investment between debt securities and the nominal cost equity at the time of origination. Any resulting discount from recording the loan, or otherwise purchasing a security at a discount, is accreted into interest income over the life of the loan.

For the Company's secured borrowings, the interest earned on the entire loan balance is recorded within interest income and the interest earned by the buyer from the partial loan sales is recorded within interest expense in the Consolidated Statements of Operations.

PIK Interest Income

The Company's investments in debt securities may contain PIK interest provisions. PIK interest, which represents contractually deferred interest added to the loan balance that is generally due at the end of the loan term, is generally recorded on the accrual basis to the extent such amounts are expected to be collected. The Company generally ceases accruing PIK interest if there is insufficient value to support the accrual or if the Company does not expect the portfolio company to be able to pay all principal and interest due. The Company's decision to cease accruing PIK interest involves subjective judgments and determinations based on available information about a particular portfolio company, including whether the portfolio company is current with respect to its payment of principal and interest on its loans and debt securities; financial statements and financial projections for the portfolio company; the Company's assessment of the portfolio company's business development success; information obtained by the Company in connection with periodic formal update interviews with the portfolio company's management and, if appropriate, the private equity sponsor; and information about the general economic and market conditions in which the portfolio company operates. Based on this and other information, the Company determines whether to cease accruing PIK interest on a loan or debt security. The Company's determination to cease accruing PIK interest is generally made well before the Company's full write-down of a loan or debt security. In addition, if it is subsequently determined that the Company will not be able to collect any previously accrued PIK interest, the fair value of the loans or debt securities would be reduced by the amount of such previously accrued, but uncollectible, PIK interest. The accrual of PIK interest on the Company's debt investments increases the recorded cost bases of these investments in the Consolidated Financial Statements including for purposes of computing the capital gain incentive fee payable by the Company to Oaktree beginning in the

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

fiscal year ending September 30, 2019. To maintain its status as a RIC, certain income from PIK interest may be required to be distributed to the Company's stockholders, even though the Company has not yet collected the cash and may never do so.

Fee Income

Oaktree may provide financial advisory services to portfolio companies and in return the Company may receive fees for capital structuring services. These fees are generally nonrecurring and are recognized by the Company upon the investment closing date. The Company may also receive additional fees in the ordinary course of business, including servicing, amendment and prepayment fees, which are classified as fee income and recognized as they are earned or services are rendered.

The Company may structure exit fees across certain of its portfolio investments to be received upon the future exit of those investments. These fees are typically paid to the Company upon the earliest to occur of (i) a sale of the borrower or substantially all of its assets of the borrower, (ii) the maturity date of the loan or (iii) the date when full prepayment of the loan occurs. The receipt of such fees is contingent upon the occurrence of one of the events listed above for each of the investments. A percentage of these fees is included in net investment income over the life of the loan.

Dividend Income

The Company generally recognizes dividend income on the ex-dividend date. Distributions received from equity investments are evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, the Company will not record distributions from equity investments as dividend income unless there are sufficient earnings at the portfolio company prior to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment.

Cash and Cash Equivalents and Restricted Cash:

Cash and cash equivalents and restricted cash consist of demand deposits and highly liquid investments with maturities of three months or less when acquired. The Company places its cash and cash equivalents and restricted cash with financial institutions and, at times, cash held in bank accounts may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit. Cash and cash equivalents are classified as Level 1 assets and are included on the Company's Consolidated Schedule of Investments.

Restricted cash includes payments received on certain loans that are payable to syndication partners as of the reporting date in connection with the Company's role as administrative agent.

Due from Portfolio Companies:

Due from portfolio companies consists of amounts payable to the Company from its portfolio companies, including proceeds from the sale of portfolio companies not yet received or being held in escrow, and excluding those amounts attributable to interest, dividends or fees receivable. These amounts are recognized as they become payable to the Company (e.g., principal payments on the scheduled amortization payment date).

Receivables/Payables From Unsettled Transactions:

Receivables/payables from unsettled transactions consist of amounts receivable to or payable by the Company for transactions that have not settled at the reporting date.

Deferred Financing Costs:

Deferred financing costs consist of fees and expenses paid in connection with the closing or amending of credit facilities and debt offerings. Deferred financing costs in connection with credit facilities are capitalized as an asset at the time of payment. Deferred financing costs in connection with all other debt arrangements are a direct deduction from the related debt liability at the time of payment. Deferred financing costs are amortized using the effective interest method over the term of the respective debt arrangement. This amortization expense is included in interest expense in the Company's Consolidated Statements of Operations. Upon early termination or modification of a credit facility, all or a portion of unamortized fees related to such facility may be accelerated into interest expense.

Income Taxes:

The Company has elected to be subject to tax as a RIC under Subchapter M of the Code and operates in a manner so as to qualify for the tax treatment applicable to RICs. In order to be subject to tax as a RIC, among other things, the Company is required to meet

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

certain source of income and asset diversification requirements and timely distribute dividends to its stockholders of an amount generally at least equal to 90% of investment company taxable income, as defined by the Code and determined without regard to any deduction for dividends paid, for each taxable year. As a RIC, the Company is not subject to federal income tax on the portion of its taxable income and gains distributed currently to stockholders as a dividend. Depending on the level of taxable income earned during a taxable year, the Company may choose to retain taxable income in excess of current year dividend distributions and would distribute such taxable income in the next taxable year. The Company would then incur a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income, determined on a calendar year basis, could exceed estimated current calendar year dividend distributions, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. The Company anticipates timely distribution of its taxable income within the tax rules under Subchapter M of the Code. The Company did not incur a U.S. federal excise tax for calendar years 2017 and 2018 and does not expect to incur a U.S. federal excise tax for calendar year 2019.

The Company holds certain portfolio investments through taxable subsidiaries, including Fund of Funds and Holdings. The purpose of the Company's taxable subsidiaries is to permit the Company to hold equity investments in portfolio companies which are "pass through" entities for U.S. federal income tax purposes in order to comply with the RIC tax requirements. The taxable subsidiaries are consolidated for financial reporting purposes, and portfolio investments held by them are included in the Company's Consolidated Financial Statements as portfolio investments and recorded at fair value. The taxable subsidiaries are not consolidated with the Company for U.S. federal income tax purposes and may generate income tax expense, or benefit, and the related tax assets and liabilities, as a result of their ownership of certain portfolio investments. This income tax expense, if any, would be reflected in the Company's Consolidated Statements of Operations. The Company uses the liability method to account for its taxable subsidiaries' income taxes. Using this method, the Company recognizes deferred tax assets and liabilities for the estimated future tax effects attributable to temporary differences between financial reporting and tax bases of assets and liabilities. In addition, the Company recognizes deferred tax benefits associated with net operating loss carry forwards that it may use to offset future tax obligations. The Company measures deferred tax assets and liabilities using the enacted tax rates expected to apply to taxable income in the years in which it expects to recover or settle those temporary differences.

FASB ASC Topic 740, *Accounting for Uncertainty in Income Taxes* ("ASC 740"), provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the Company's Consolidated Financial Statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Management's determinations regarding ASC 740 may be subject to review and adjustment at a later date based upon factors including an ongoing analysis of tax laws, regulations and interpretations thereof. The Company recognizes the tax benefits of uncertain tax positions only where the position is "more-likely-than-not" to be sustained assuming examination by tax authorities. Management has analyzed the Company's tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years 2016, 2017 or 2018. The Company identifies its major tax jurisdictions as U.S. Federal and California, and the Company is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

Secured Borrowings:

The Company follows the guidance in ASC 860 when accounting for loan participations and other partial loan sales. Such guidance provides accounting and reporting standards for transfers and servicing of financial assets and requires a participation or other partial loan sales to meet the definition of a "participating interest," as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest or which are not eligible for sale accounting remain on the Company's Consolidated Statements of Assets and Liabilities and the proceeds are recorded as a secured borrowing until the definition is met. Secured borrowings are carried at fair value to correspond with the related investments, which are carried at fair value. See Note 14 for additional information.

Amounts Payable to Syndication Partners:

The Company acts as administrative agent for certain loans it originates and then syndicates. As administrative agent, the Company receives interest, principal and/or other payments from borrowers that are redistributed to syndication partners. If not redistributed by the reporting date, such amounts are classified in restricted cash and a payable is recorded to syndication partners on the Consolidated Statements of Assets and Liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Fair Value Option:

The Company adopted certain principles under FASB ASC Topic 825, *Financial Instruments – Fair Value Option* ("ASC 825"), and elected the fair value option for its secured borrowings, which had a cost basis of \$11.5 million and \$12.3 million in the aggregate as of March 31, 2019 and September 30, 2018, respectively. The Company believes that by electing the fair value option for these financial instruments, it provides consistent measurement of the assets and liabilities which relate to the partial loan sales mentioned above.

Recent Accounting Pronouncements:

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which changes the fair value disclosure requirements. The new guidance includes new, eliminated and modified fair value disclosures. Among other requirements, the guidance requires disclosure of the range and weighted average of the significant unobservable inputs for Level 3 fair value measurements and the way it is calculated. The guidance also eliminated the following disclosures: (i) amount and reason for transfers between Level 1 and Level 2, (ii) policy for timing of transfers between levels of the fair value hierarchy and (iii) valuation processes for Level 3 fair value measurement. The guidance is effective for all entities for interim and annual periods beginning after December 15, 2019. Early adoption is permitted upon issuance of the guidance. The adoption of this guidance is not expected to have a material effect on the Company's Consolidated Financial Statements.

Note 3. Portfolio Investments

As of March 31, 2019, 163.0% of net assets at fair value, or \$1.5 billion, was invested in 110 portfolio companies, including the Company's investment in subordinated notes and limited liability company ("LLC") equity interests in Senior Loan Fund JV I, LLC (together with its consolidated subsidiaries, "SLF JV I"), which had a fair value of \$96.3 million and \$30.6 million, respectively. As of March 31, 2019, 1.4% of net assets at fair value, or \$13.2 million, was invested in cash and cash equivalents (including restricted cash). In comparison, as of September 30, 2018, 173.8% of net assets at fair value, or \$1.5 billion, was invested in 113 portfolio investments, including the Company's investment in Class A mezzanine secured deferrable floating rate notes, Class B mezzanine secured deferrable fixed rate notes and LLC equity interests in SLF JV I, which had a fair value of \$99.8 million, \$29.5 million and \$0.0 million, respectively, and 1.6% of net assets at fair value, or \$13.5 million, was invested in cash and cash equivalents (including restricted cash). As of March 31, 2019, 78.9% of the Company's portfolio at fair value consisted of senior secured debt investments and 14.4% consisted of subordinated notes, including debt investments in SLF JV I. As of September 30, 2018, 75.4% of the Company's portfolio at fair value consisted of senior secured debt investments and 19.6% consisted of subordinated notes, including debt investments in SLF JV I.

The Company also held equity investments in certain of its portfolio companies consisting of common stock, preferred stock, warrants, limited partnership interests or LLC equity interests. These instruments generally do not produce a current return but are held for potential investment appreciation and capital gain.

During the three and six months ended March 31, 2019, the Company recorded net realized gains of \$25.2 million and \$43.2 million, respectively. During the three and six months ended March 31, 2018, the Company recorded net realized gains of \$4.9 million and \$4.6 million, respectively. During the three and six months ended March 31, 2019, the Company recorded net unrealized appreciation of \$21.5 million and \$14.5 million, respectively. During the three and six months ended March 31, 2018, the Company recorded net unrealized depreciation of \$0.4 million and \$43.8 million, respectively.

The composition of the Company's investments as of March 31, 2019 and September 30, 2018 at cost and fair value was as follows:

	March 31, 2019		September 30, 2018	
	Cost	Fair Value	Cost	Fair Value
Investments in debt securities	\$ 1,397,493	\$ 1,307,542	\$ 1,390,672	\$ 1,287,958
Investments in equity securities	63,459	70,512	70,756	73,869
Debt investments in SLF JV I	96,250	96,250	129,333	129,333
Equity investment in SLF JV I	49,322	30,584	16,172	41
Total	\$ 1,606,524	\$ 1,504,888	\$ 1,606,933	\$ 1,491,201

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

The composition of the Company's debt investments as of March 31, 2019 and September 30, 2018 at fixed rates and floating rates was as follows:

	March 31, 2019		September 30, 2018	
	Fair Value	% of Debt Portfolio	Fair Value	% of Debt Portfolio
Fixed rate debt securities, including debt investments in SLF JV I	\$ 191,828	13.66%	\$ 237,718	16.77%
Floating rate debt securities, including debt investments in SLF JV I	1,211,964	86.34	1,179,573	83.23
Total	\$ 1,403,792	100.00%	\$ 1,417,291	100.00%

The following table presents the financial instruments carried at fair value as of March 31, 2019 on the Company's Consolidated Statement of Assets and Liabilities for each of the three levels of hierarchy established by ASC 820:

	Level 1	Level 2	Level 3	Measured at Net Asset Value (a)	Total
Investments in debt securities (senior secured)	\$ —	\$ 450,301	\$ 736,955	\$ —	\$ 1,187,256
Investments in debt securities (subordinated, including debt investments in SLF JV I)	—	96,101	120,435	—	216,536
Investments in equity securities (preferred)	—	—	5,013	—	5,013
Investments in equity securities (common and warrants, including LLC equity interests of SLF JV I)	19,176	—	39,122	37,785	96,083
Total investments at fair value	19,176	546,402	901,525	37,785	1,504,888
Cash equivalents	1,204	—	—	—	1,204
Derivative assets	—	563	—	—	563
Total assets at fair value	\$ 20,380	\$ 546,965	\$ 901,525	\$ 37,785	\$ 1,506,655
Secured borrowings	\$ —	\$ —	\$ 9,011	\$ —	\$ 9,011
Total liabilities at fair value	\$ —	\$ —	\$ 9,011	\$ —	\$ 9,011

(a) In accordance with ASC 820-10, certain investments that are measured using the net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. These investments are generally not redeemable. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities.

The following table presents the financial instruments carried at fair value as of September 30, 2018 on the Company's Consolidated Statement of Assets and Liabilities for each of the three levels of hierarchy established by ASC 820:

	Level 1	Level 2	Level 3	Measured at Net Asset Value (a)	Total
Investments in debt securities (senior secured)	\$ —	\$ 485,436	\$ 638,971	\$ —	\$ 1,124,407
Investments in debt securities (subordinated, including debt investments in SLF JV I)	—	134,025	158,859	—	292,884
Investments in equity securities (preferred)	—	—	4,918	—	4,918
Investments in equity securities (common and warrants, including LLC equity interests of SLF JV I)	—	—	61,134	7,858	68,992
Total investments at fair value	—	619,461	863,882	7,858	1,491,201
Cash equivalents	9,108	—	—	—	9,108
Derivative assets	—	162	—	—	162
Total assets at fair value	\$ 9,108	\$ 619,623	\$ 863,882	\$ 7,858	\$ 1,500,471
Secured borrowings	\$ —	\$ —	\$ 9,728	\$ —	\$ 9,728
Total liabilities at fair value	\$ —	\$ —	\$ 9,728	\$ —	\$ 9,728

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

(a) In accordance with ASC 820-10, certain investments that are measured using the net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. These investments are generally not redeemable. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities.

When a determination is made to classify a financial instrument within Level 3 of the valuation hierarchy, the determination is based upon the fact that the unobservable factors are significant to the overall fair value measurement. However, Level 3 financial instruments typically have both unobservable or Level 3 components and observable components (i.e. components that are actively quoted and can be validated by external sources). Accordingly, the appreciation (depreciation) in the tables below includes changes in fair value due in part to observable factors that are part of the valuation methodology. Transfers between levels are recognized at the beginning of the reporting period.

The following table provides a roll-forward in the changes in fair value from December 31, 2018 to March 31, 2019 for all investments and secured borrowings for which the Company determined fair value using unobservable (Level 3) factors:

	Investments					Liabilities	
	Senior Secured Debt	Subordinated Debt (including debt investments in SLF JV I)	Preferred Equity	Common Equity and Warrants	Total	Secured Borrowings	
Fair value as of December 31, 2018	\$ 741,372	\$ 119,953	\$ 4,988	\$ 34,107	\$ 900,420	\$ 9,302	
New investments & net revolver activity	60,800	1,978	—	—	62,778	—	
Redemptions/repayments/sales	(95,212)	(394)	—	(9,995)	(105,601)	(367)	
Transfers in (a)	19,780	—	—	—	19,780	—	
Net accrual of PIK interest income	420	26	—	—	446	—	
Accretion of OID	5,486	292	—	—	5,778	—	
Net unrealized appreciation (depreciation)	(13,190)	(1,420)	25	7,073	(7,512)	76	
Net realized gains (losses)	17,499	—	—	7,937	25,436	—	
Fair value as of March 31, 2019	\$ 736,955	\$ 120,435	\$ 5,013	\$ 39,122	\$ 901,525	\$ 9,011	
Net unrealized appreciation (depreciation) relating to Level 3 assets & liabilities still held as of March 31, 2019 and reported within net unrealized appreciation (depreciation) in the Consolidated Statement of Operations for the three months ended March 31, 2019	\$ (8,658)	\$ (1,420)	\$ 25	\$ 7,876	\$ (2,177)	\$ 76	

(a) There were transfers into Level 3 from Level 2 for certain investments during the three months ended March 31, 2019 as a result of a decreased number of market quotes available and/or decreased market liquidity.

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

The following table provides a roll-forward in the changes in fair value from December 31, 2017 to March 31, 2018 for all investments and secured borrowings for which the Company determined fair value using unobservable (Level 3) factors:

	Investments					Liabilities
	Senior Secured Debt	Subordinated Debt (including debt investments in SLF JV I)	Preferred Equity	Common Equity	Total	Secured Borrowings
Fair value as of December 31, 2017	\$ 815,352	\$ 169,951	\$ 16,350	\$ 68,434	\$ 1,070,087	\$ 11,601
New investments & net revolver activity	135,179	932	—	—	136,111	—
Redemptions/repayments/sales	(127,842)	(21,006)	(2,612)	(6,252)	(157,712)	(541)
Transfers in (a)	14,609	—	—	—	14,609	—
Net accrual of PIK interest income	699	337	—	—	1,036	—
Accretion of OID	1,189	—	—	—	1,189	—
Net unrealized appreciation (depreciation)	1,095	686	(2,054)	(1,505)	(1,778)	(408)
Net realized gains (losses)	1	—	2,113	2,301	4,415	—
Fair value as of March 31, 2018	\$ 840,282	\$ 150,900	\$ 13,797	\$ 62,978	\$ 1,067,957	\$ 10,652
Net unrealized appreciation (depreciation) relating to Level 3 assets & liabilities still held as of March 31, 2018 and reported within net unrealized appreciation (depreciation) in the Consolidated Statement of Operations for the three months ended March 31, 2018	\$ 2,496	\$ 772	\$ 269	\$ (1,553)	\$ 1,984	\$ (408)

(a) There was a transfer into Level 3 from Level 2 for one investment during the quarter ended March 31, 2018 as a result of a decreased number of market quotes available and/or decreased market liquidity.

The following table provides a roll-forward in the changes in fair value from September 30, 2018 to March 31, 2019 for all investments and secured borrowings for which the Company determined fair value using unobservable (Level 3) factors:

	Investments					Liabilities
	Senior Secured Debt	Subordinated Debt (including debt investments in SLF JV I)	Preferred Equity	Common Equity and Warrants	Total	Secured Borrowings
Fair value as of September 30, 2018	\$ 638,971	\$ 158,859	\$ 4,918	\$ 61,134	\$ 863,882	\$ 9,728
New investments & net revolver activity	150,799	2,511	—	2,514	155,824	—
Redemptions/repayments/sales	(128,235)	(16,143)	—	(31,286)	(175,664)	(812)
Transfers in (a)	23,446	—	—	—	23,446	—
Transfers out (b)	—	(33,150)	—	—	(33,150)	—
Net accrual of PIK interest income	1,065	121	—	(12,073)	(10,887)	—
Accretion of OID	12,080	663	—	—	12,743	—
Net unrealized appreciation (depreciation)	21,908	7,574	590	(4,391)	25,681	95
Net realized gains (losses)	16,921	—	(495)	23,224	39,650	—
Fair value as of March 31, 2019	\$ 736,955	\$ 120,435	\$ 5,013	\$ 39,122	\$ 901,525	\$ 9,011
Net unrealized appreciation (depreciation) relating to Level 3 assets & liabilities still held as of March 31, 2019 and reported within net unrealized appreciation (depreciation) in the Consolidated Statement of Operations for the six months ended March 31, 2019	\$ (16,071)	\$ 7,577	\$ 95	\$ 8,733	\$ 334	\$ 95

(a) There were transfers into Level 3 from Level 2 for certain investments during the six months ended March 31, 2019 as a result of a decreased number of market quotes available and/or decreased market liquidity.

(b) There was one transfer from Level 3 to Level 1 during the six months ended March 31, 2019 as a result of an initial public offering of a portfolio company. There was also one transfer out of Level 3 during the six months ended March 31, 2019 as a result of an investment restructuring in which debt investments were exchanged for equity investments that are valued using net asset value as a practical expedient.

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

The following table provides a roll-forward in the changes in fair value from September 30, 2017 to March 31, 2018 for all investments and secured borrowings for which the Company determined fair value using unobservable (Level 3) factors:

	Investments					Liabilities
	Senior Secured Debt	Subordinated Debt (including debt investments in SLF JV I)	Preferred Equity	Common Equity	Total	Secured Borrowings
Fair value as of September 30, 2017	\$ 1,060,442	\$ 180,331	\$ 16,445	\$ 69,164	\$ 1,326,382	\$ 13,256
New investments & net revolver activity	208,403	2,663	—	2,500	213,566	—
Redemptions/repayments/sales	(367,736)	(21,819)	(2,613)	(6,242)	(398,410)	(541)
Transfers out (a)	(37,368)	—	—	—	(37,368)	—
Net accrual of PIK interest income	1,382	412	—	—	1,794	—
Accretion of OID	1,377	—	—	—	1,377	—
Net unrealized appreciation (depreciation)	(26,219)	(10,686)	(2,148)	(4,736)	(43,789)	(2,063)
Net realized gains (losses)	1	(1)	2,113	2,292	4,405	—
Fair value as of March 31, 2018	\$ 840,282	\$ 150,900	\$ 13,797	\$ 62,978	\$ 1,067,957	\$ 10,652
Net unrealized appreciation (depreciation) relating to Level 3 assets & liabilities still held as of March 31, 2018 and reported within net unrealized appreciation (depreciation) in the Consolidated Statement of Operations for the six months ended March 31, 2018	\$ (23,668)	\$ (10,686)	\$ (57)	\$ (4,667)	\$ (39,078)	\$ (2,063)

(a) There were transfers out of Level 3 into Level 2 for certain investments during the six months ended March 31, 2018 as a result of an increased number of market quotes available and/or increased market liquidity.

Significant Unobservable Inputs for Level 3 Investments

The following table provides quantitative information related to the significant unobservable inputs for Level 3 investments and secured borrowings, which are carried at fair value, as of March 31, 2019:

Asset	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average (a)
Senior secured debt	\$ 404,044	Market yield technique	Market yield	(b) 7.6% - 23.7%	13.6%
	39,622	Enterprise value technique	EBITDA multiple	(c) 2.2x - 7.6x	4.9x
	33,315	Transactions precedent	Transaction price	(d) N/A - N/A	N/A
	259,974	Market quotations	Broker quoted price	(e) N/A - N/A	N/A
Subordinated debt	16,766	Market yield technique	Market yield	(b) 14.0% - 17.5%	15.3%
	7,419	Enterprise value technique	EBITDA multiple	(c) 5.5x - 8.4x	5.7x
SLF JV I debt investments	96,250	Enterprise value technique	N/A	(f) N/A - N/A	N/A
Preferred & common equity	2,242	Enterprise value technique	Revenue multiple	(c) 0.9x - 10.9x	5.9x
	41,026	Enterprise value technique	EBITDA multiple	(c) 2.2x - 18.0x	6.8x
	867	Transactions precedent	Transaction price	(d) N/A - N/A	N/A
Total	\$ 901,525				
Secured borrowings	9,011	Enterprise value technique	EBITDA multiple	(c) 5.3x - 5.5x	5.4x
Total	\$ 9,011				

- (a) Weighted averages are calculated based on fair value of investments or secured borrowings.
(b) Used when market participants would take into account market yield when pricing the investment.
(c) Used when market participants would use such multiples when pricing the investment or secured borrowings.
(d) Used when there is an observable transaction or pending event for the investment.

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

- (e) The Company generally uses prices provided by an independent pricing service which are non-binding indicative prices on or near the valuation date as the primary basis for the fair value determinations for quoted senior secured debt investments. Since these prices are non-binding, they may not be indicative of fair value. The Company evaluates the quotations provided by pricing vendors and brokers based on available market information, including trading activity of the subject or similar securities, or by performing a comparable security analysis to ensure that fair values are reasonably estimated. Each quoted price is evaluated by the Audit Committee of the Company's Board of Directors in conjunction with additional information compiled by Oaktree.
- (f) The Company determined the value of its subordinated notes of SLF JV I based on the total assets less the total liabilities senior to the subordinated notes held at SLF JV I in an amount not exceeding par under the enterprise value technique.

The following table provides quantitative information related to the significant unobservable inputs for Level 3 investments and secured borrowings, which are carried at fair value, as of September 30, 2018:

Asset	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average (a)
Senior secured debt	\$ 241,522	Market yield technique	Market yield	(b) 7.4% - 20.0%	12.1%
	97,057	Enterprise value technique	EBITDA multiple	(c) 2.8x - 7.6x	5.1x
	32,510	Enterprise value technique	Asset multiple	(c) 0.9x - 1.1x	1.0x
	55,343	Transactions precedent technique	Transaction price	(d) N/A - N/A	N/A
	212,539	Market quotations	Broker quoted price	(e) N/A - N/A	N/A
Subordinated debt	30,608	Market yield technique	Market yield	(b) 10.4% - 24.2%	14.2%
	(1,082)	Enterprise value technique	EBITDA multiple	(c) 4.8x - 7.2x	6.4x
SLF JV I debt investments	129,333	Enterprise value technique	N/A	(f) N/A - N/A	N/A
Preferred & common equity	24,654	Enterprise value technique	Revenue multiple	(c) 0.4x - 10.9x	4.8x
	41,286	Enterprise value technique	EBITDA multiple	(c) 2.8x - 18.0x	8.7x
	112	Enterprise value technique	Asset multiple	(c) 0.9x - 1.1x	1.0x
Total	\$ 863,882				
Secured borrowings	9,728	Enterprise value technique	EBITDA multiple	(c) 5.8x - 6.0x	5.9x
Total	\$ 9,728				

- (a) Weighted averages are calculated based on fair value of investments or secured borrowings.
- (b) Used when market participants would take into account market yield when pricing the investment.
- (c) Used when market participants would use such multiples when pricing the investment or secured borrowings.
- (d) Used when there is an observable transaction or pending event for the investment.
- (e) The Company generally uses prices provided by an independent pricing service which are non-binding indicative prices on or near the valuation date as the primary basis for the fair value determinations for quoted senior secured debt investments. Since these prices are non-binding, they may not be indicative of fair value. The Company evaluates the quotations provided by pricing vendors and brokers based on available market information, including trading activity of the subject or similar securities, or by performing a comparable security analysis to ensure that fair values are reasonably estimated. Each quoted price is evaluated by the Audit Committee of the Company's Board of Directors in conjunction with additional information compiled by Oaktree.
- (f) The Company determined the value of its mezzanine notes of SLF JV I based on the total assets less the total liabilities senior to the mezzanine notes held at SLF JV I in an amount not exceeding par under the enterprise value technique.

Under the market yield technique, the significant unobservable input used in the fair value measurement of the Company's investments in debt securities is the market yield. Increases or decreases in the market yield may result in a lower or higher fair value measurement, respectively.

Under the enterprise value technique, the significant unobservable input used in the fair value measurement of the Company's investments in debt or equity securities and secured borrowings is the earnings before interest, taxes, depreciation and amortization ("EBITDA"), revenue or asset multiple, as applicable. Increases or decreases in the valuation multiples in isolation may result in a higher or lower fair value measurement, respectively.

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Financial Instruments Disclosed, But Not Carried, At Fair Value

The following table presents the carrying value and fair value of the Company's financial liabilities disclosed, but not carried, at fair value as of March 31, 2019 and the level of each financial liability within the fair value hierarchy:

	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Credit facility payable	\$ 424,825	\$ 424,825	\$ —	\$ —	\$ 424,825
Unsecured notes payable (net of unamortized financing costs)	158,342	162,899	—	162,899	—
Total	\$ 583,167	\$ 587,724	\$ —	\$ 162,899	\$ 424,825

The following table presents the carrying value and fair value of the Company's financial liabilities disclosed, but not carried, at fair value as of September 30, 2018 and the level of each financial liability within the fair value hierarchy:

	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Credit facility payable	\$ 241,000	\$ 241,000	\$ —	\$ —	\$ 241,000
Unsecured notes payable (net of unamortized financing costs)	386,485	393,144	—	162,626	230,518
Total	\$ 627,485	\$ 634,144	\$ —	\$ 162,626	\$ 471,518

The principal value of the credit facility payable approximates fair value due to its variable interest rate and is included in Level 3 of the hierarchy.

The Company uses the unadjusted quoted price as of the valuation date to calculate the fair value of its 5.875% unsecured notes due 2024 ("2024 Notes") and its 6.125% unsecured notes due 2028 ("2028 Notes"), which currently trade under the symbol "OSLE" on the New York Stock Exchange and the symbol "OCSLL" on the Nasdaq Global Select Market, respectively. Although these securities are publicly traded, the market is relatively inactive, and accordingly, these securities are included in Level 2 of the hierarchy.

Portfolio Composition

Summaries of the composition of the Company's investment portfolio at cost as a percentage of total investments and at fair value as a percentage of total investments and net assets are shown in the following tables:

Cost:	March 31, 2019		September 30, 2018	
		% of Total Investments		% of Total Investments
Senior secured debt	\$ 1,252,613	77.97%	\$ 1,200,242	74.69%
Subordinated debt	144,880	9.02	190,430	11.85
Debt investments in SLF JV I	96,250	5.99	129,333	8.05
Common equity & warrants	56,551	3.52	63,848	3.97
LLC equity interests of SLF JV I	49,322	3.07	16,172	1.01
Preferred equity	6,908	0.43	6,908	0.43
Total	\$ 1,606,524	100.00%	\$ 1,606,933	100.00%

Fair Value:	March 31, 2019		September 30, 2018			
		% of Total Investments	% of Net Assets	% of Total Investments	% of Net Assets	
Senior secured debt	\$ 1,187,256	78.89%	128.56%	\$ 1,124,408	75.40%	131.05%
Subordinated debt	120,286	7.99%	13.03%	163,550	10.97%	19.06%
Debt investments in SLF JV I	96,250	6.40%	10.42%	129,333	8.67%	15.07%
Common equity & warrants	65,499	4.35%	7.10%	68,951	4.63%	8.04%
LLC equity interests of SLF JV I	30,584	2.03%	3.31%	41	—	—
Preferred equity	5,013	0.34%	0.54%	4,918	0.33%	0.57%
Total	\$ 1,504,888	100.00%	162.96%	\$ 1,491,201	100.00%	173.79%

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

The geographic composition is determined by the location of the corporate headquarters of the portfolio company, which may not be indicative of the primary source of the portfolio company's business. The following tables show the portfolio composition by geographic region at cost as a percentage of total investments and at fair value as a percentage of total investments and net assets:

Cost:	March 31, 2019		September 30, 2018	
		% of Total Investments		% of Total Investments
Northeast	\$ 536,118	33.37%	\$ 539,568	33.58%
West	310,857	19.35%	247,831	15.42%
Midwest	297,443	18.51%	278,632	17.34%
International	162,446	10.11%	155,657	9.69%
Southeast	137,536	8.56%	172,461	10.73%
Southwest	92,309	5.75%	200,904	12.50%
South	39,859	2.48%	—	—
Northwest	29,956	1.87%	11,880	0.74%
Total	\$ 1,606,524	100.00%	\$ 1,606,933	100.00%

Fair Value:	March 31, 2019			September 30, 2018		
		% of Total Investments	% of Net Assets		% of Total Investments	% of Net Assets
Northeast	\$ 490,768	32.61%	53.14%	\$ 495,942	33.26%	57.80%
West	285,499	18.97%	30.92%	230,117	15.43%	26.82%
Midwest	250,064	16.62%	27.08%	229,222	15.37%	26.71%
International	163,638	10.87%	17.72%	158,048	10.60%	18.42%
Southeast	136,678	9.08%	14.80%	177,024	11.87%	20.63%
Southwest	108,198	7.19%	11.72%	188,608	12.65%	21.98%
South	40,180	2.67%	4.35%	—	—	—%
Northwest	29,863	1.99%	3.23%	12,240	0.82%	1.43%
Total	\$ 1,504,888	100.00%	162.96%	\$ 1,491,201	100.00%	173.79%

The composition of the Company's portfolio by industry at cost as a percentage of total investments and at fair value as a percentage of total investments and net assets as of March 31, 2019 and September 30, 2018 was as follows:

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Cost:	March 31, 2019		September 30, 2018	
		% of Total Investments		% of Total Investments
Multi-sector holdings (1)	\$ 146,831	9.16%	\$ 157,883	9.85%
Healthcare services	135,801	8.45	119,468	7.43
Application software	107,307	6.68	85,875	5.34
Data processing & outsourced services	75,821	4.72	87,617	5.45
Property & casualty insurance	66,374	4.13	66,370	4.13
Biotechnology	66,036	4.11	11,880	0.74
Pharmaceuticals	55,930	3.48	69,098	4.30
Healthcare technology	51,164	3.18	51,283	3.19
Specialized finance	49,441	3.08	48,571	3.02
Auto parts & equipment	42,637	2.65	42,633	2.65
Specialty stores	42,536	2.65	43,887	2.73
Advertising	42,405	2.64	42,405	2.64
Aerospace & defense	40,333	2.51	45,918	2.86
Internet services & infrastructure	37,959	2.36	5,454	0.34
Research & consulting services	34,713	2.16	34,595	2.15
Technology distributors	34,449	2.14	34,375	2.14
Integrated telecommunication services	33,764	2.10	33,768	2.10
Oil & gas refining & marketing	31,961	1.99	22,493	1.40
Airlines	31,880	1.98	32,602	2.03
Specialty chemicals	31,781	1.98	31,773	1.98
Oil & gas equipment & services	29,631	1.84	56,753	3.53
Systems software	29,180	1.82	15,898	0.99
Oil & gas drilling	28,983	1.80	—	—
Managed healthcare	27,728	1.73	27,812	1.73
Construction & engineering	25,985	1.62	30,437	1.89
Industrial machinery	24,263	1.51	30,127	1.87
Healthcare distributors	22,607	1.41	19,683	1.22
Interactive media & services	21,776	1.36	—	—
Electrical components & equipment	21,347	1.33	38,831	2.42
IT consulting & other services	19,954	1.24	750	0.05
Movies & entertainment	19,310	1.20	19,504	1.21
Personal products	18,850	1.17	19,327	1.20
General merchandise stores	18,811	1.17	22,959	1.43
Diversified support services	18,808	1.17	19,266	1.20
Apparel, accessories & luxury goods	18,389	1.14	18,308	1.14
Education services	16,258	1.01	13,748	0.86
Food retail	14,404	0.90	22,052	1.37
Oil & gas storage & transportation	11,626	0.72	—	—
Security & alarm services	11,012	0.69	11,071	0.69
Trading companies & distributors	10,426	0.65	6,981	0.43
Household appliances	7,871	0.49	7,905	0.49
Coal & consumable fuels	7,260	0.45	7,329	0.46
Environmental & facilities services	5,931	0.37	5,923	0.37
Commercial printing	5,802	0.36	5,856	0.36
Thrifts & mortgage finance	4,656	0.29	5,344	0.33
Restaurants	3,113	0.19	3,129	0.19
Leisure facilities	1,887	0.12	5,401	0.34
Human resource & employment services	843	0.05	1,581	0.10
Department stores	577	0.04	573	0.04
Other diversified financial services	113	0.01	113	0.01
Commodity chemicals	—	—	2,972	0.18

Consumer electronics	—	—	22,128	1.38
Healthcare equipment	—	—	47,901	2.98
Hypermarkets & super centers	—	—	2,057	0.13
Investment banking & brokerage	—	—	12,539	0.78
Oil & gas exploration & production	—	—	34,727	2.16
Total	\$ 1,606,524	100.00%	\$ 1,606,933	100.00%

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Fair Value:	March 31, 2019				September 30, 2018			
			% of Total Investments	% of Net Assets			% of Total Investments	% of Net Assets
	\$				\$			
Multi-sector holdings (1)	\$	130,057	8.67%	14.06%	\$	143,037	9.57 %	16.66 %
Application software		104,527	6.95	11.32		96,457	6.47	11.24
Healthcare services		77,124	5.12	8.35		67,039	4.50	7.81
Biotechnology		70,494	4.68	7.63		11,963	0.80	1.39
Property & casualty insurance		66,475	4.42	7.20		67,409	4.52	7.86
Data processing & outsourced services		62,297	4.14	6.75		74,266	4.98	8.66
Pharmaceuticals		56,566	3.76	6.13		71,946	4.82	8.39
Healthcare technology		51,049	3.39	5.53		52,160	3.50	6.08
Specialized finance		48,997	3.26	5.31		48,248	3.24	5.62
Auto parts & equipment		41,572	2.76	4.50		43,146	2.89	5.03
Specialty stores		41,452	2.75	4.49		44,001	2.95	5.13
Aerospace & defense		40,544	2.69	4.39		46,338	3.11	5.40
Internet services & infrastructure		37,935	2.52	4.11		5,580	0.37	0.65
Advertising		36,896	2.45	4.00		32,687	2.19	3.81
Research & consulting services		36,549	2.43	3.96		36,359	2.44	4.24
Technology distributors		35,700	2.37	3.87		34,597	2.32	4.03
Airlines		33,377	2.22	3.61		32,510	2.18	3.79
Oil & gas refining & marketing		31,890	2.12	3.45		22,684	1.52	2.64
Oil & gas drilling		29,400	1.95	3.18		—	—	—
Systems software		29,217	1.94	3.16		16,175	1.08	1.89
Specialty chemicals		28,685	1.91	3.11		30,704	2.06	3.58
Oil & gas equipment & services		28,435	1.89	3.08		59,822	4.01	6.97
Managed healthcare		27,944	1.86	3.03		28,012	1.88	3.26
Integrated telecommunication services		27,750	1.84	3.01		28,358	1.90	3.30
Construction & engineering		26,668	1.77	2.89		31,930	2.14	3.72
Industrial machinery		23,741	1.58	2.57		29,323	1.97	3.42
Healthcare distributors		22,555	1.50	2.44		19,395	1.30	2.26
Interactive media & services		22,555	1.50	2.44		—	—	—
Electrical components & equipment		21,598	1.44	2.34		40,238	2.70	4.69
IT consulting & other services		19,634	1.30	2.13		497	0.03	0.06
Movies & entertainment		19,182	1.27	2.08		19,475	1.31	2.27
Leisure products		19,177	1.27	2.08		12,073	0.81	1.41
Personal products		19,000	1.26	2.06		19,500	1.31	2.27
Diversified support services		18,872	1.25	2.04		18,295	1.23	2.13
General merchandise stores		16,120	1.07	1.75		23,058	1.55	2.69
Food retail		14,626	0.97	1.58		22,050	1.48	2.57
Apparel, accessories & luxury goods		13,120	0.87	1.42		13,624	0.91	1.59
Oil & gas storage & transportation		12,025	0.80	1.30		—	—	—
Security & alarm services		10,628	0.71	1.15		10,865	0.73	1.27
Trading companies & distributors		10,346	0.69	1.12		7,009	0.47	0.82
Coal & consumable fuels		7,394	0.49	0.80		7,525	0.50	0.88
Household appliances		7,371	0.49	0.80		7,943	0.53	0.93
Environmental & facilities services		6,158	0.41	0.67		6,189	0.42	0.72
Commercial printing		5,766	0.38	0.62		5,922	0.40	0.69
Leisure facilities		4,470	0.30	0.48		8,154	0.55	0.95
Thrifts & mortgage finance		3,972	0.26	0.43		4,759	0.32	0.55
Restaurants		3,040	0.20	0.33		3,076	0.21	0.36
Human resource & employment services		817	0.05	0.09		1,593	0.11	0.19
Education services		589	0.04	0.06		(2,125)	(0.14)	(0.25)
Department stores		532	0.04	0.06		581	0.04	0.07
Commodity chemicals		—	—	—		3,101	0.21	0.36

Consumer electronics	—	—	—	23,438	1.57	2.73
Healthcare equipment	—	—	—	9,812	0.66	1.14
Hypermarkets & super centers	—	—	—	2,082	0.14	0.24
Investment banking & brokerage	—	—	—	12,759	0.86	1.49
Oil & gas exploration & production	—	—	—	35,562	2.38	4.14
Total	\$ 1,504,888	100.00%	162.96%	\$ 1,491,201	100.00 %	173.79 %

(1) This industry includes the Company's investment in SLF JV I.

As of March 31, 2019 and September 30, 2018, the Company had no single investment that represented greater than 10% of the total investment portfolio at fair value. Income, consisting of interest, dividends, fees, other investment income and realization of gains

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

or losses, can fluctuate upon repayment or sale of an investment and in any given period can be highly concentrated among several investments. For the three and six months ended March 31, 2019 and 2018, no individual investment produced investment income that exceeded 10% of total investment income.

Senior Loan Fund JVI, LLC

In May 2014, the Company entered into an LLC agreement with Trinity Universal Insurance Company, a subsidiary of Kemper Corporation ("Kemper"), to form SLF JV I. On July 1, 2014, SLF JV I began investing in senior secured loans of middle-market companies and other corporate debt securities. The Company co-invests in these securities with Kemper through its investment in SLF JV I. SLF JV I is managed by a four person Board of Directors, two of whom are selected by the Company and two of whom are selected by Kemper. All portfolio decisions and investment decisions in respect of SLF JV I must be approved by the SLF JV I investment committee, which consists of one representative selected by the Company and one representative selected by Kemper (with approval from a representative of each required). Since the Company does not have a controlling financial interest in SLF JV I, the Company does not consolidate SLF JV I.

SLF JV I is capitalized pro rata with LLC equity interests as transactions are completed and may be capitalized with additional subordinated notes issued to the Company and Kemper by SLF JV I. On December 28, 2018, the Company and Kemper directed the redemption of their holdings of mezzanine notes issued by SLF Repack Issuer 2016, LLC, a wholly-owned, special purpose issuer subsidiary of SLF JV I. Upon such redemption, the assets collateralizing the mezzanine notes, which consisted of equity interests of SLF JV I Funding LLC (the "Equity Interests"), were distributed in-kind to each of the Company and Kemper, based upon their respective holdings of mezzanine notes. Upon such distribution, the Company and Kemper each then directed that a portion of their respective Equity Interests holdings be contributed to SLF JV I in exchange for LLC equity interests of SLF JV I and the remainder be applied as payment for the subordinated notes of SLF JV I. SLF Repack Issuer 2016, LLC was dissolved following the foregoing redemption and liquidation. The subordinated notes issued by SLF JV I (the "SLF JV I Subordinated Notes") and the mezzanine notes issued by SLF Repack Issuer 2016, LLC (the "SLF Repack Notes") collectively are referred to as the SLF JV I Notes. Prior to the redemption on December 28, 2018, the SLF Repack Notes consisted of Class A mezzanine secured deferrable floating rate notes and Class B mezzanine secured deferrable fixed rate notes. The SLF JV I Subordinated Notes are (and the SLF Repack Notes were, prior to their redemption) senior in right of payment to SLF JV I LLC equity interests and subordinated in right of payment to SLF JV I's secured debt. As of March 31, 2019, the Company and Kemper owned, in the aggregate, 87.5% and 12.5%, respectively, of the LLC equity interests of SLF JV I and the outstanding SLF JV I Subordinated Notes and as of September 30, 2018, the Company and Kemper owned in the aggregate, 87.5% and 12.5%, respectively, of the LLC equity interest in SLF JV I and the outstanding SLF Repack Notes.

SLF JV I has a senior revolving credit facility with Deutsche Bank AG, New York Branch (as amended, the "Deutsche Bank I Facility"), which permitted up to \$200.0 million of borrowings as of March 31, 2019 and September 30, 2018. Borrowings under the Deutsche Bank I Facility are secured by all of the assets of SLF JV I Funding LLC, a special purpose financing subsidiary of SLF JV I. As of March 31, 2019, the reinvestment period of the Deutsche Bank I Facility was scheduled to expire June 28, 2021 and the maturity date for the Deutsche Bank I Facility was June 28, 2026. As of March 31, 2019, borrowings under the Deutsche Bank I Facility accrued interest at a rate equal to 3-month LIBOR plus 1.85% per annum during the reinvestment period and 3-month LIBOR plus 2.00% per annum during the amortization period. Under the Deutsche Bank I Facility, \$185.0 million and \$153.0 million of borrowings were outstanding as of March 31, 2019 and September 30, 2018, respectively.

As of March 31, 2019 and September 30, 2018, SLF JV I had total assets of \$346.6 million and \$314.2 million, respectively. SLF JV I's portfolio primarily consisted of senior secured loans to 49 and 40 portfolio companies as of March 31, 2019 and September 30, 2018, respectively. The portfolio companies in SLF JV I are in industries similar to those in which the Company may invest directly. As of March 31, 2019, the Company's investment in SLF JV I consisted of LLC equity interests of \$30.6 million, at fair value, and SLF JV I Subordinated Notes of \$96.3 million, at fair value. As of September 30, 2018, the Company's investment in SLF JV I consisted of LLC equity interests of \$0.0 million, at fair value, and Class A mezzanine secured deferrable floating rate notes and Class B mezzanine secured deferrable fixed rate notes of \$99.8 million and \$29.5 million, at fair value, respectively.

As of each of March 31, 2019 and September 30, 2018, the Company and Kemper had funded approximately \$165.5 million to SLF JV I, of which \$144.8 million was from the Company. As of March 31, 2019 and September 30, 2018, the Company and Kemper had the option to fund additional SLF JV I Subordinated Notes, subject to additional equity funding to SLF JV I. As of each of March 31, 2019 and September 30, 2018, the Company had commitments to fund LLC equity interests in SLF JV I of \$17.5 million, of which \$1.3 million was unfunded.

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Below is a summary of SLF JV I's portfolio, followed by a listing of the individual loans in SLF JV I's portfolio as of March 31, 2019 and September 30, 2018:

	March 31, 2019	September 30, 2018
Senior secured loans (1)	\$327,645	\$297,053
Weighted average interest rate on senior secured loans (2)	7.03%	7.20%
Number of borrowers in SLF JV I	49	40
Largest exposure to a single borrower (1)	\$10,889	\$17,512
Total of five largest loan exposures to borrowers (1)	\$50,714	\$66,507

(1) At principal amount.

(2) Computed using the weighted average annual interest rate on accruing senior secured loans at fair value.

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

SLF JV I Portfolio as of March 31, 2019

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1)(2)	Cash Interest Rate	Principal	Cost	Fair Value (3)
Access CIG, LLC	Diversified support services	First Lien Term Loan	2/27/2025	LIBOR+3.75%	6.24%	\$ 9,347	\$ 9,299	\$ 9,254
Accudyne Industries, LLC (6)	Industrial machinery	First Lien Term Loan	8/18/2024	LIBOR+3.00%	5.50%	8,906	8,906	8,906
AdVenture Interactive, Corp. (4)	Advertising	927 Common Stock Shares					1,390	1,258
AI Ladder (Luxembourg) Subco S.a.r.l. (4)	Electrical components & equipment	First Lien Term Loan	7/9/2025	LIBOR+4.50%	7.10%	6,198	6,031	6,102
Air Newco LP	IT consulting & other services	First Lien Term Loan	5/31/2024	LIBOR+4.75%	7.24%	9,950	9,925	9,950
AL Midcoast Holdings LLC	Oil & gas storage & transportation	First Lien Term Loan	8/1/2025	LIBOR+5.50%	8.10%	9,950	9,850	9,929
Allied Universal Holdco LLC (4)(6)	Security & alarm services	First Lien Term Loan	7/28/2022	LIBOR+3.75%	6.25%	6,876	6,915	6,666
Altice France S.A.	Integrated telecommunication services	First Lien Term Loan	8/14/2026	LIBOR+4.00%	6.48%	7,481	7,307	7,191
Alvogen Pharma US, Inc. (6)	Pharmaceuticals	First Lien Term Loan	4/1/2022	LIBOR+4.75%	7.25%	9,625	9,625	9,392
Apptio, Inc. (4)(6)	Application software	First Lien Term Loan	1/10/2025	LIBOR+7.25%	9.74%	4,615	4,526	4,526
		First Lien Revolver	1/10/2025	LIBOR+7.25%		—	(7)	(7)
Total Apptio, Inc.						4,615	4,519	4,519
Blackhawk Network Holdings, Inc.	Data processing & outsourced services	First Lien Term Loan	6/15/2025	LIBOR+3.00%	5.50%	9,925	9,903	9,771
Boxer Parent Company Inc. (4)	Systems software	First Lien Term Loan	10/2/2025	LIBOR+4.25%	6.85%	6,647	6,558	6,523
Brazos Delaware II, LLC	Oil & gas equipment & services	First Lien Term Loan	5/21/2025	LIBOR+4.00%	6.49%	7,444	7,411	7,086
Cast & Crew Payroll, LLC	Application software	First Lien Term Loan	2/9/2026	LIBOR+4.00%	6.50%	5,000	4,950	5,027
CITGO Petroleum Corp. (4)(6)	Oil & gas refining & marketing	First Lien Term Loan	3/22/2024	LIBOR+5.00%	7.60%	8,000	7,920	8,000
Clearent Newco, LLC (6)	Application software	First Lien Term Loan	3/20/2024	LIBOR+4.00%	6.56%	6,860	6,775	6,688
		Delayed Draw Term Loan	3/20/2024	LIBOR+4.00%	6.56%	1,188	1,163	1,138
		First Lien Revolver	3/20/2023	PRIME+3.00%	8.50%	693	680	666
Total Clearent Newco, LLC						8,741	8,618	8,492
DigiCert, Inc. (4)(6)	Internet services & infrastructure	First Lien Term Loan	10/31/2024	LIBOR+4.00%	6.50%	8,292	8,179	8,164
Eton (4)	Research & consulting services	Second Lien Term Loan	5/1/2026	LIBOR+7.50%	10.00%	6,000	5,973	5,925
Everi Payments Inc. (6)	Casinos & gaming	First Lien Term Loan	5/9/2024	LIBOR+3.00%	5.50%	4,913	4,889	4,889
Falmouth Group Holdings Corp. (6)	Specialty chemicals	First Lien Term Loan	12/14/2021	LIBOR+6.75%	9.25%	4,121	4,092	4,093
Frontier Communications Corporation (6)	Integrated telecommunication services	First Lien Term Loan	6/15/2024	LIBOR+3.75%	6.25%	1,995	1,944	1,953
Gentiva Health Services, Inc.	Healthcare services	First Lien Term Loan	7/2/2025	LIBOR+3.75%	6.25%	7,960	7,830	7,990
Gigamon Inc. (6)	Systems software	First Lien Term Loan	12/27/2024	LIBOR+4.25%	6.85%	7,900	7,835	7,801
GoodRx, Inc.	Interactive media & services	First Lien Term Loan	10/10/2025	LIBOR+3.00%	5.49%	7,980	7,962	7,907
Indivior Finance S.a.r.l. (6)	Pharmaceuticals	First Lien Term Loan	12/19/2022	LIBOR+4.50%	7.25%	7,966	7,849	7,827

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1)(2)	Cash Interest Rate	Principal	Cost	Fair Value (3)
Intelsat Jackson Holdings S.A. (6)	Alternative carriers	First Lien Term Loan	11/27/2023	LIBOR+3.75%	6.24%	\$ 10,000	\$ 9,878	\$ 9,866
KIK Custom Products Inc. (6)	Household products	First Lien Term Loan	5/15/2023	LIBOR+4.00%	6.50%	8,000	7,968	7,493
McDermott Technology (Americas), Inc. (4)(6)	Oil & gas equipment & services	First Lien Term Loan	5/12/2025	LIBOR+5.00%	7.50%	9,900	9,725	9,512
Mindbody, Inc. (4)(6)	Internet Services & Infrastructure	First Lien Term Loan	2/15/2025	LIBOR+7.00%	9.48%	4,524	4,435	4,433
		First Lien Revolver	2/15/2025	LIBOR+7.00%		—	(9)	(10)
Total Mindbody, Inc.						4,524	4,426	4,423
Morphe LLC (4)(6)	Personal products	First Lien Term Loan	2/10/2023	LIBOR+6.00%	8.50%	4,275	4,241	4,275
New IPT, Inc. (4)(6)	Oil & gas equipment & services	First Lien Term Loan	3/17/2021	LIBOR+5.00%	7.60%	1,794	1,794	1,794
		Second Lien Term Loan	9/17/2021	LIBOR+5.10%	7.70%	263	263	263
		21.876 Class A Common Units				—	—	1,268
Total New IPT, Inc.						2,057	2,057	3,325
Northern Star Industries Inc. (6)	Electrical components & equipment	First Lien Term Loan	3/31/2025	LIBOR+4.75%	7.35%	6,930	6,900	6,895
Novetta Solutions, LLC (6)	Application software	First Lien Term Loan	10/17/2022	LIBOR+5.00%	7.50%	6,024	5,987	5,915
OCI Beaumont LLC	Commodity chemicals	First Lien Term Loan	3/13/2025	LIBOR+4.00%	6.60%	7,920	7,912	7,920
Refac Optical Group (4)(5)(7)	Specialty stores	First Lien Term Loan	1/9/2019	LIBOR+10.00%		2,133	1,940	2,133
Salient CRGT, Inc. (4)(6)	Aerospace & defense	First Lien Term Loan	2/28/2022	LIBOR+5.75%	8.25%	2,236	2,209	2,208
Scientific Games International, Inc. (6)	Casinos & gaming	First Lien Term Loan	8/14/2024	LIBOR+2.75%	5.25%	6,549	6,522	6,389
Sequa Corp. (6)	Aerospace & defense	First Lien Term Loan	11/28/2021	LIBOR+5.00%	7.78%	6,970	6,764	6,839
SHO Holding I Corporation (6)	Footwear	First Lien Term Loan	10/27/2022	LIBOR+5.00%	7.74%	8,463	8,443	7,955
Signify Health, LLC (6)	Healthcare services	First Lien Term Loan	12/23/2024	LIBOR+4.50%	7.10%	9,900	9,817	9,900
Sirva Worldwide, Inc.	Diversified support services	First Lien Term Loan	8/4/2025	LIBOR+5.50%	8.10%	4,969	4,894	4,857
Thruline Marketing, Inc. (4)(6)	Advertising	First Lien Term Loan	4/3/2022	LIBOR+7.00%	9.60%	1,854	1,852	1,854
		927 Common Stock Shares				—	1,088	658
Total Thruline Marketing, Inc.						1,854	2,940	2,512
Triple Royalty Sub LLC	Pharmaceuticals	Fixed Rate Bond	4/15/2033	9.00%		5,000	5,000	5,088
TV Borrower US, LLC (6)	Integrated telecommunications services	First Lien Term Loan	2/22/2024	LIBOR+4.75%	7.35%	2,008	2,001	2,005
Uber Technologies, Inc. (4)(6)	Application software	First Lien Term Loan	4/4/2025	LIBOR+4.00%	6.49%	9,925	9,882	9,945
Uniti Group LP (6)	Specialized REITs	First Lien Term Loan	10/24/2022	LIBOR+5.00%	7.50%	6,434	6,223	6,300
Valeant Pharmaceuticals International Inc.	Pharmaceuticals	First Lien Term Loan	11/27/2025	LIBOR+2.75%	5.23%	1,924	1,915	1,904
Veritas US Inc. (4)(6)	Application software	First Lien Term Loan	1/27/2023	LIBOR+4.50%	7.00%	6,929	6,885	6,437
Verra Mobility, Corp. (6)	Data processing & outsourced services	First Lien Term Loan	2/28/2025	LIBOR+3.75%	6.25%	10,889	10,905	10,917
WP CPP Holdings, LLC (4)(6)	Aerospace & defense	Second Lien Term Loan	4/30/2026	LIBOR+7.75%	10.51%	6,000	5,945	5,975
						\$ 327,645	\$ 327,059	\$ 325,603

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

- (1) Represents the interest rate as of March 31, 2019. All interest rates are payable in cash, unless otherwise noted.
- (2) The interest rate on the principal balance outstanding for all floating rate loans is indexed to LIBOR and/or an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each of these loans, the Company has provided the applicable margin over LIBOR or the alternate base rate based on each respective credit agreement and the cash interest rate as of period end. All LIBOR shown above is in U.S. dollars. As of March 31, 2019, the reference rates for SLF JV I's variable rate loans were the 30-day LIBOR at 2.50%, 60-day LIBOR at 2.56%, the 90-day LIBOR at 2.60%, the 180-day LIBOR at 2.65%, and the PRIME at 5.50%.
- (3) Represents the current determination of fair value as of March 31, 2019 utilizing a similar technique as the Company in accordance with ASC 820. However, the determination of such fair value is not included in the Company's Board of Directors' valuation process described elsewhere herein.
- (4) This investment is held by both the Company and SLF JV I as of March 31, 2019.
- (5) This investment was on cash non-accrual status as of March 31, 2019. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.
- (6) Loan includes interest rate floor, which is generally 1.00%.
- (7) Payments on SLF JV I's investment in Refac Optical Group are currently past due.

SLF JV I Portfolio as of September 30, 2018

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1)(2)	Cash Interest Rate	Principal	Cost	Fair Value (3)
Accudyne Industries, LLC	Industrial machinery	First Lien Term Loan	8/18/2024	LIBOR+3.00% (1.00% floor)	5.24%	\$ 9,088	\$ 9,088	\$ 9,134
AdVenture Interactive, Corp. (4)	Advertising	927 Common Stock Shares					1,390	670
AI Ladder (Luxembourg) Subco S.a.r.l (4)	Electrical components & equipment	First Lien Term Loan	7/9/2025	LIBOR+4.50%	7.02%	11,300	10,970	11,367
Air Newco LP	IT consulting & other services	First Lien Term Loan	5/31/2024	LIBOR+4.75%	6.88%	10,000	9,975	10,100
AL Midcoast Holdings LLC	Oil & gas storage & transportation	First Lien Term Loan	8/1/2025	LIBOR+5.50%	7.84%	10,000	9,900	10,041
Allied Universal Holdco LLC (4)	Security & alarm services	First Lien Term Loan	7/28/2022	LIBOR+3.75% (1.00% floor)	6.14%	6,912	6,956	6,821
Altice France S.A.	Integrated telecommunication services	First Lien Term Loan	8/14/2026	LIBOR+4.00%	6.16%	7,500	7,313	7,457
Alvogen Pharma US, Inc.	Pharmaceuticals	First Lien Term Loan	4/1/2022	LIBOR+4.75% (1.00% floor)	6.99%	9,822	9,822	9,918
Asset International, Inc.	Research & consulting services	First Lien Term Loan	12/30/2024	LIBOR+4.50% (1.00% floor)	6.89%	6,948	6,824	6,917
Blackhawk Network Holdings, Inc.	Data processing & outsourced services	First Lien Term Loan	6/15/2025	LIBOR+3.00%	5.39%	9,975	9,951	10,049
Brazos Delaware II, LLC	Oil & gas equipment & services	First Lien Term Loan	5/21/2025	LIBOR+4.00%	6.17%	7,481	7,446	7,458
Chloe Ox Parent LLC	Healthcare services	First Lien Term Loan	12/23/2024	LIBOR+4.50% (1.00% floor)	6.89%	9,950	9,860	9,987
Clearent Newco, LLC	Application software	First Lien Term Loan	3/20/2024	LIBOR+4.00% (1.00% floor)	6.24%	6,894	6,800	6,796
		Delayed Draw Term Loan	3/20/2024	LIBOR+4.00% (1.00% floor)	6.19%	337	310	309
		First Lien Revolver	3/20/2023	PRIME+3.00% (1.00% floor)	8.00%	852	837	836
Total Clearent Newco, LLC						8,083	7,947	7,941
EOS Fitness Opco Holdings, LLC (4)	Leisure facilities	First Lien Term Loan	12/30/2019	LIBOR+8.25% (0.75% floor)	10.36%	17,512	17,399	17,512
Eton (4)	Research & consulting services	Second Lien Term Loan	5/1/2026	LIBOR+7.50%	9.74%	6,000	5,971	6,030
Everi Payments Inc.	Casinos & gaming	First Lien Term Loan	5/9/2024	LIBOR+3.00% (1.00% floor)	5.24%	4,938	4,914	4,973
Falmouth Group Holdings Corp.	Specialty chemicals	First Lien Term Loan	12/14/2021	LIBOR+6.75% (1.00% floor)	8.99%	4,330	4,300	4,330

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1)(2)	Cash Interest Rate	Principal	Cost	Fair Value (3)
Garretson Resolution Group, Inc. (5)	Diversified support services	First Lien Term Loan	5/22/2021	LIBOR+6.50% (1.00% floor)		\$ 5,797	\$ 5,772	\$ 1,159
Gigamon Inc.	Systems software	First Lien Term Loan	12/27/2024	LIBOR+4.50% (1.00% floor)	6.89%	7,940	7,869	8,000
IBC Capital Ltd.	Metal & glass containers	First Lien Term Loan	9/11/2023	LIBOR+3.75%	6.09%	8,955	8,933	9,028
InMotion Entertainment Group, LLC (4)	Consumer electronics	First Lien Term Loan	10/1/2021	LIBOR+7.25% (1.25% floor)	9.65%	8,375	8,389	8,375
		First Lien Term Loan	10/1/2021	LIBOR+7.25% (1.25% floor)	9.65%	8,375	8,306	8,375
Total InMotion Entertainment Group, LLC						16,750	16,695	16,750
Keypath Education, Inc. (4)	Advertising	First Lien Term Loan	4/3/2022	LIBOR+7.00% (1.00% floor)	9.39%	1,855	1,853	1,854
		927 shares Common Stock					1,088	816
Total Keypath Education, Inc.						1,855	2,941	2,670
KIK Custom Products Inc.	Household products	First Lien Term Loan	5/15/2023	LIBOR+4.00% (1.00% floor)	6.24%	8,000	7,965	7,975
McDermott Technology (Americas) Inc. (4)	Oil & gas equipment & services	First Lien Term Loan	5/12/2025	LIBOR+5.00% (1.00% floor)	7.24%	9,950	9,760	10,097
Morphe LLC (4)	Personal products	First Lien Term Loan	2/10/2023	LIBOR+6.00% (1.00% floor)	8.40%	4,388	4,348	4,388
New IPT, Inc. (4)	Oil & gas equipment & services	First Lien Term Loan	3/17/2021	LIBOR+5.00% (1.00% floor)	7.39%	1,794	1,794	1,794
		Second Lien Term Loan	9/17/2021	LIBOR+5.10% (1.00% floor)	7.49%	634	634	634
		21.876 Class A Common Units				—	—	1,001
Total New IPT, Inc.						2,428	2,428	3,429
Northern Star Industries Inc.	Electrical components & equipment	First Lien Term Loan	3/31/2025	LIBOR+4.75% (1.00% floor)	7.08%	6,965	6,933	6,974
Novetta Solutions, LLC	Application software	First Lien Term Loan	10/17/2022	LIBOR+5.00% (1.00% floor)	7.25%	6,055	6,012	5,881
OCI Beaumont LLC	Commodity chemicals	First Lien Term Loan	3/13/2025	LIBOR+4.00% (1.00% floor)	6.39%	7,960	7,951	8,089
Refac Optical Group (4)(5)	Specialty stores	First Lien Term Loan	1/9/2019	LIBOR+8.00%	10.26%	2,573	2,476	2,573
Salient CRGT, Inc. (4)	Aerospace & defense	First Lien Term Loan	2/28/2022	LIBOR+5.75% (1.00% floor)	7.99%	2,267	2,235	2,301
Scientific Games International, Inc.	Casinos & gaming	First Lien Term Loan	8/14/2024	LIBOR+2.75% (1.00% floor)	5.03%	6,582	6,552	6,579
SHO Holding I Corporation	Footwear	First Lien Term Loan	11/18/2022	LIBOR+5.00% (1.00% floor)	7.34%	8,507	8,484	8,082
Sirva Worldwide, Inc.	Diversified support services	First Lien Term Loan	8/4/2025	LIBOR+5.50%	7.75%	5,000	4,925	5,019
TravelCLICK, Inc. (4)	Data Processing & outsourced services	Second Lien Term Loan	11/6/2021	LIBOR+7.75% (1.00% floor)	9.99%	2,871	2,871	2,871
TV Borrower US, LLC	Integrated telecommunications services	First Lien Term Loan	2/22/2024	LIBOR+4.75% (1.00% floor)	7.14%	2,019	2,011	2,026
Uber Technologies Inc.	Application software	First Lien Term Loan	4/4/2025	LIBOR+4.00% (1.00% floor)	6.12%	9,975	9,928	10,055
Uniti Group LP	Specialized REITs	First Lien Term Loan	10/24/2022	LIBOR+3.00% (1.00% floor)	5.24%	6,467	6,225	6,198
Veritas US Inc.	Application software	First Lien Term Loan	1/27/2023	LIBOR+4.50% (1.00% floor)	6.78%	6,965	6,915	6,801
Verra Mobility, Corp. (4)	Data processing & outsourced services	First Lien Term Loan	2/28/2025	LIBOR+3.75% (1.00% floor)	5.99%	10,945	10,961	11,013
WP CPP Holdings, LLC	Aerospace & defense	Second Lien Term Loan	4/30/2026	LIBOR+7.75%	10.15%	6,000	5,942	6,013
						\$ 297,053	\$ 297,158	\$ 294,676

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

- (1) Represents the interest rate as of September 30, 2018. All interest rates are payable in cash, unless otherwise noted.
- (2) The interest rate on the principal balance outstanding for all floating rate loans is indexed to LIBOR and/or an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each of these loans, the Company has provided the applicable margin over LIBOR or the alternate base rate based on each respective credit agreement and the cash interest rate as of period end. All LIBOR shown above is in U.S. dollars. As of September 30, 2018, the reference rates for SLF JV I's variable rate loans were the 30-day LIBOR at 2.24%, the 60-day LIBOR at 2.29%, the 90-day LIBOR at 2.39%, the 180-day LIBOR at 2.59% and the PRIME at 5.25%.
- (3) Represents the current determination of fair value as of September 30, 2018 utilizing a similar technique as the Company in accordance with ASC 820. However, the determination of such fair value is not included in the Company's Board of Directors' valuation process described elsewhere herein.
- (4) This investment is held by both the Company and SLF JV I as of September 30, 2018.
- (5) This investment was on cash non-accrual status as of September 30, 2018. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

Both the cost and fair value of the subordinated notes of SLF JV I held by the Company were \$96.3 million as of March 31, 2019. Both the cost and fair value of the mezzanine notes held by the Company were \$129.3 million as of September 30, 2018. The Company earned cash interest of \$2.3 million and \$5.1 million on its investments in the SLF JV I Notes for the three and six months ended March 31, 2019, respectively. The Company earned interest of \$2.6 million and \$5.4 million on its investments in the mezzanine notes for the three and six months ended March 31, 2018, respectively. The subordinated notes bear interest at a rate of one-month LIBOR plus 7.0% per annum and mature on December 29, 2028.

The cost and fair value of the LLC equity interests in SLF JV I held by the Company was \$49.3 million and \$30.6 million, respectively, as of March 31, 2019, and \$16.2 million and \$0.0 million, respectively, as of September 30, 2018. The Company did not earn dividend income for the three and six months ended March 31, 2019 with respect to its investment in the LLC equity interests of SLF JV I. The Company earned dividend income of \$1.6 million for the three and six months ended March 31, 2018, with respect to its LLC equity interests of SLF JV I. The LLC equity interests of SLF JV I are generally dividend producing to the extent SLF JV I has residual cash to be distributed on a quarterly basis.

Below is certain summarized financial information for SLF JV I as of March 31, 2019 and September 30, 2018 and for the three and six months ended March 31, 2019 and 2018:

	March 31, 2019	September 30, 2018
Selected Balance Sheet Information:		
Investments in loans at fair value (cost March 31, 2019: \$327,059; cost September 30, 2018: \$297,158)	\$ 325,603	\$ 294,676
Receivables from secured financing arrangements at fair value (cost March 31, 2019 and September 30, 2018: \$9,801)	7,163	7,069
Cash and cash equivalents	5,195	3,226
Restricted cash	4,902	4,808
Other assets	3,759	4,418
Total assets	\$ 346,622	\$ 314,197
Senior credit facility payable	\$ 185,010	\$ 153,010
Debt securities payable at fair value (proceeds March 31, 2019: \$110,000; proceeds September 30, 2018: \$147,808)	110,000	147,808
Other liabilities	16,658	13,331
Total liabilities	\$ 311,668	\$ 314,149
Members' equity	34,954	48
Total liabilities and members' equity	\$ 346,622	\$ 314,197

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

	Three months ended March 31, 2019	Three months ended March 31, 2018	Six months ended March 31, 2019	Six months ended March 31, 2018
Selected Statements of Operations Information:				
Interest income	\$ 5,551	\$ 4,929	\$ 10,989	\$ 9,657
Other income	80	49	89	49
Total investment income	5,631	4,978	11,078	9,706
Interest expense	4,709	4,915	9,863	10,060
Other expenses	276	111	326	272
Total expenses (1)	4,985	5,026	10,189	10,332
Net unrealized appreciation (depreciation)	4,576	1,219	1,120	993
Net realized gains (losses)	19	(17)	(4,986)	(21)
Net income (loss)	\$ 5,241	\$ 1,154	\$ (2,977)	\$ 346

(1) There are no management fees or incentive fees charged at SLF JV I.

SLF JV I has elected to fair value the debt securities issued to the Company and Kemper under ASC 825. The debt securities are valued based on the total assets less the total liabilities senior to the mezzanine notes of SLF JV I in an amount not exceeding par under the enterprise value technique.

During the six months ended March 31, 2019, the Company sold \$8.4 million of senior secured debt investments to SLF JV I at fair value in exchange for \$8.3 million cash consideration. A loss of \$0.1 million was recognized by the Company on these transactions. The Company did not sell any debt investments to SLF JV I during the six months ended March 31, 2018.

Note 4. Fee Income

For the three and six months ended March 31, 2019, the Company recorded total fee income of \$1.1 million and \$2.3 million, respectively, of which \$0.1 million and \$0.3 million, respectively, was recurring in nature. For the three and six months ended March 31, 2018, the Company recorded total fee income of \$3.9 million and \$5.0 million, respectively, of which \$0.3 million and \$0.4 million, respectively, was recurring in nature. Recurring fee income primarily consisted of servicing fees and exit fees.

Note 5. Share Data and Net Assets

Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share, pursuant to FASB ASC Topic 260-10, *Earnings per Share*, for the three and six months ended March 31, 2019 and 2018:

	Three months ended March 31, 2019	Three months ended March 31, 2018	Six months ended March 31, 2019	Six months ended March 31, 2018
<i>(Share amounts in thousands)</i>				
Earnings (loss) per common share — basic and diluted:				
Net increase (decrease) in net assets resulting from operations	\$ 64,485	\$ 19,620	\$ 92,203	\$ (10,821)
Weighted average common shares outstanding — basic	140,961	140,961	140,961	140,961
Earnings (loss) per common share — basic and diluted	\$ 0.46	\$ 0.14	\$ 0.65	\$ (0.08)

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Changes in Net Assets

The following table presents the changes in net assets for the three and six months ended March 31, 2019:

	Common Stock			Accumulated Overdistributed Earnings	Total Net Assets
	Shares	Par Value	Additional paid- in-capital		
Balance at September 30, 2018	140,961	\$ 1,409	\$ 1,492,739	\$ (636,113)	\$ 858,035
Net investment income	—	—	—	17,317	17,317
Net unrealized appreciation (depreciation)	—	—	—	(6,975)	(6,975)
Net realized gains (losses)	—	—	—	17,962	17,962
Provision for income taxes	—	—	—	(586)	(586)
Distributions to stockholders	—	—	—	(13,391)	(13,391)
Issuance of common stock under dividend reinvestment plan	87	1	383	—	384
Repurchases of common stock under dividend reinvestment program	(87)	(1)	(383)	—	(384)
Balance at December 31, 2018	140,961	\$ 1,409	\$ 1,492,739	\$ (621,786)	\$ 872,362
Net investment income	—	\$ —	\$ —	\$ 17,709	\$ 17,709
Net unrealized appreciation (depreciation)	—	—	—	21,472	21,472
Net realized gains (losses)	—	—	—	25,213	25,213
Provision for income taxes	—	—	—	91	91
Distributions to stockholders	—	—	—	(13,391)	(13,391)
Issuance of common stock under dividend reinvestment plan	60	1	311	—	312
Repurchases of common stock under dividend reinvestment program	(60)	(1)	(311)	—	(312)
Balance at March 31, 2019	140,961	\$ 1,409	\$ 1,492,739	\$ (570,692)	\$ 923,456

The following table presents the changes in net assets for the three and six months ended March 31, 2018:

	Common Stock			Accumulated Overdistributed Earnings	Total Net Assets
	Shares	Par Value	Additional paid- in-capital		
Balance at September 30, 2017	140,961	\$ 1,409	\$ 1,579,278	\$ (713,030)	\$ 867,657
Net investment income	—	—	—	13,322	13,322
Net unrealized appreciation (depreciation)	—	—	—	(43,472)	(43,472)
Net realized gains (losses)	—	—	—	(291)	(291)
Distributions to stockholders	—	—	—	(17,621)	(17,621)
Issuance of common stock under dividend reinvestment plan	58	1	293	—	294
Repurchases of common stock under dividend reinvestment program	(58)	(1)	(293)	—	(294)
Balance at December 31, 2017	140,961	\$ 1,409	\$ 1,579,278	\$ (761,092)	\$ 819,595
Net investment income	—	\$ —	\$ —	\$ 15,263	\$ 15,263
Net unrealized appreciation (depreciation)	—	—	—	(377)	(377)
Net realized gains (losses)	—	—	—	4,854	4,854
Redemption premium on unsecured notes payable	—	—	—	(120)	(120)
Distributions to stockholders	—	—	—	(11,981)	(11,981)
Issuance of common stock under dividend reinvestment plan	123	1	532	—	533
Repurchases of common stock under dividend reinvestment program	(123)	(1)	(532)	—	(533)
Balance at March 31, 2018	140,961	\$ 1,409	\$ 1,579,278	\$ (753,453)	\$ 827,234

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Distributions

Distributions to common stockholders are recorded on the ex-dividend date. The Company is required to distribute dividends each taxable year to its stockholders of an amount generally at least equal to 90% of its investment company taxable income, determined without regard to any deduction for dividends paid, in order to be eligible for tax benefits allowed to a RIC under Subchapter M of the Code. The Company anticipates paying out as a distribution all or substantially all of those amounts. The amount to be paid out as a dividend is determined by the Board of Directors and is based on management's estimate of the Company's annual taxable income. Net realized capital gains, if any, may be distributed to stockholders or retained for reinvestment.

The Company has adopted a dividend reinvestment plan ("DRIP") that provides for reinvestment of any distributions the Company declares in cash on behalf of its stockholders, unless a stockholder elects to receive cash. As a result, if the Company's Board of Directors declares a cash distribution, then the Company's stockholders who have not "opted out" of the Company's DRIP will have their cash distribution automatically reinvested in additional shares of the Company's common stock, rather than receiving the cash distribution. If the Company's shares are trading at a premium to net asset value, the Company typically issues new shares to implement the DRIP with such shares issued at the greater of the most recently computed net asset value per share of common stock or 95% of the current market price per share of common stock on the payment date for such distribution. If the Company's shares are trading at a discount to net asset value, the Company typically purchases shares in the open market in connection with the Company's obligations under the DRIP.

For income tax purposes, the Company estimates that its distributions for the 2019 calendar year will be composed primarily of ordinary income. The character of such distributions will be appropriately reported to the Internal Revenue Service and stockholders for the 2019 calendar year. To the extent the Company's taxable earnings for a fiscal and taxable year fall below the amount of distributions paid for the fiscal and taxable year, a portion of the total amount of the Company's distributions for the fiscal and taxable year is deemed a return of capital for tax purposes to the Company's stockholders.

The following table reflects the distributions per share that the Company has paid, including shares issued under the DRIP, on its common stock during the six months ended March 31, 2019 and 2018:

Date Declared	Record Date	Payment Date	Amount per Share	Cash Distribution	DRIP Shares Issued (1)	DRIP Shares Value
November 19, 2018	December 17, 2018	December 28, 2018	\$ 0.095	\$ 13.0 million	87,429	\$ 0.4 million
February 1, 2019	March 15, 2019	March 29, 2019	0.095	13.1 million	59,603	0.3 million
Total for the six months ended March 31, 2019			\$ 0.190	\$ 26.1 million	147,032	\$ 0.7 million
Date Declared	Record Date	Payment Date	Amount per Share	Cash Distribution	DRIP Shares Issued (1)	DRIP Shares Value
August 7, 2017	December 15, 2017	December 29, 2017	\$ 0.125	\$ 17.3 million	58,456	\$ 0.3 million
February 5, 2018	March 15, 2018	March 30, 2018	0.085	11.5 million	122,884	0.5 million
Total for the six months ended March 31, 2018			\$ 0.210	\$ 28.8 million	181,340	\$ 0.8 million

(1) Shares were purchased on the open market and distributed.

Common Stock Offering

There were no common stock offerings during the three and six months ended March 31, 2019 and 2018.

Note 6. Borrowings*ING Facility*

On November 30, 2017, the Company entered into a senior secured revolving credit facility (as amended and restated, the "ING Facility") pursuant to a Senior Secured Revolving Credit Agreement with the lenders party thereto, ING Capital LLC, as administrative agent, ING Capital LLC, JPMorgan Chase Bank, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as joint lead arrangers and joint bookrunners, and JPMorgan Chase Bank, N.A. and Bank of America, N.A., as syndication agents. The ING Facility provides that the Company may use the proceeds of the loans and issuances of letters of credit under the ING Facility for general corporate purposes, including acquiring and funding leveraged loans, mezzanine loans, high-yield securities, convertible securities, preferred

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

stock, common stock and other investments. The ING Facility further allows the Company to request letters of credit from ING Capital LLC, as the issuing bank.

On February 25, 2019, the Company amended and restated the ING Facility to increase the size of the facility from \$600 million to \$680 million (with an "accordion" feature that permits the Company, under certain circumstances, to increase the size of the facility up to \$1.02 billion), extend the period during which the Company may make drawings from expiring on November 30, 2020 to expiring on February 25, 2023, extend the final maturity date from November 30, 2021 to February 25, 2024, and lower the interest rate margins (a) for LIBOR loans (which may be 1-, 2-, 3- or 6-month, at the Company's option), from 2.75% to 2.25% or from 2.25% to 2.00% and (b) for alternate base rate loans, from 1.75% to 1.25% or from 1.25% to 1.00%, each depending on the Company's senior debt coverage ratio. During the three months ended March 31, 2019, the Company expensed \$0.2 million of unamortized deferred financing costs related to the amendment of the ING Facility.

The ING Facility is secured by substantially all of the Company's assets (excluding, among other things, investments held in and by certain subsidiaries of the Company or investments in certain portfolio companies of the Company) and guaranteed by certain subsidiaries of the Company pursuant to an Amended and Restated Guarantee, Pledge and Security Agreement ("ING Security Agreement"), among the Company, the other obligors party thereto, and ING Capital LLC, as collateral agent to the secured parties. Pursuant to the ING Security Agreement, the Company pledged its entire equity interest in certain immaterial subsidiaries to the collateral agent pursuant to the terms of the ING Security Agreement. As of March 31, 2019, except for assets that were held by the Excluded Subsidiaries and certain other immaterial subsidiaries, substantially all of the Company's assets are pledged as collateral under the ING Facility.

The ING Facility requires the Company to, among other things, (i) make representations and warranties regarding the collateral as well as each of the Company's portfolio companies' businesses, (ii) agree to certain indemnification obligations, and (iii) comply with various affirmative and negative covenants, reporting requirements and other customary requirements for similar revolving credit facilities, including covenants related to: (A) limitations on the incurrence of additional indebtedness and liens, (B) limitations on certain investments, (C) limitations on certain asset transfers and restricted payments, (D) maintaining a certain minimum stockholders' equity, (E) maintaining a ratio of total assets (less total liabilities) to total indebtedness, of the Company and its subsidiaries (subject to certain exceptions), of not less than the greater of (1) 1.65 to 1.00 and (2) the statutory test applicable to the Company at any time, (F) maintaining a ratio of consolidated EBITDA to consolidated interest expense, of the Company and its subsidiaries (subject to certain exceptions), of not less than (1) 2.0 to 1.0 for the first year following the closing date and (2) 2.25:1.00 thereafter, (G) maintaining a minimum liquidity and net worth, and (H) limitations on the creation or existence of agreements that prohibit liens on certain properties of the Company and certain of its subsidiaries. The ING Facility also includes usual and customary default provisions such as the failure to make timely payments under the facility, the occurrence of a change in control, and the failure by the Company to materially perform under the agreements governing the facility, which, if not complied with, could accelerate repayment under the facility. As of March 31, 2019, the Company was in compliance with all financial covenants under the ING Facility. In addition to the asset coverage ratio described above, borrowings under the ING Facility (and the incurrence of certain other permitted debt) are subject to compliance with a borrowing base that will apply different advance rates to different types of assets in the Company's portfolio. Each loan or letter of credit originated or assumed under the ING Facility is subject to the satisfaction of certain conditions.

As of March 31, 2019, the Company had \$424.8 million of borrowings outstanding under the ING Facility, which had a fair value of \$424.8 million. The Company's borrowings under the ING Facility bore interest at a weighted average interest rate of 4.688% for the six months ended March 31, 2019. The Company's borrowings under the ING Facility bore interest at a weighted average interest rate of 3.637% for the period from November 30, 2017 to March 31, 2018. As of September 30, 2018, the Company had \$241.0 million of borrowings outstanding under the ING Facility. For the three and six months ended March 31, 2019, the Company recorded interest expense of \$4.3 million and \$7.5 million in the aggregate, related to the ING Facility. For the three and six months ended March 31, 2018, the Company recorded interest expense of \$2.5 million and \$5.2 million, in the aggregate, related to the Prior ING Facility (as defined below) and the ING Facility.

From May 27, 2010 through November 30, 2017, the Company was party to a secured syndicated revolving credit facility with certain lenders party thereto from time to time and ING Capital LLC, as administrative agent (as amended, the "Prior ING Facility"). In connection with the entry into the ING Credit Agreement, the Company repaid all outstanding borrowings under the Prior ING Facility following which the Prior ING Facility was terminated. Obligations under the Prior ING Facility would have otherwise matured on August 6, 2018. During the three months ended December 31, 2017, the Company expensed \$0.2 million of unamortized deferred financing costs related to the Prior ING Facility.

Sumitomo Facility

On September 16, 2011, a consolidated wholly-owned bankruptcy remote, special purpose subsidiary of the Company entered into a Loan and Servicing Agreement (as subsequently amended, the "Sumitomo Agreement") with respect to a credit facility (as amended, "Sumitomo Facility") with Sumitomo Mitsui Banking Corporation, an affiliate of Sumitomo Mitsui Financial Group, Inc., as administrative agent, and each of the lenders from time to time party thereto.

Prior to its termination on November 24, 2017, the Sumitomo Facility permitted up to \$125 million of borrowings (subject to collateral requirements). Borrowings under the Sumitomo Facility bore interest at a rate of either (i) LIBOR (1-month) plus 2.00% per annum, with no LIBOR floor, if the borrowings under the Sumitomo Facility were greater than 35% of the aggregate available borrowings under the Sumitomo Facility or (ii) LIBOR (1-month) plus 2.25% per annum, if the borrowings under the Sumitomo Facility were less than or equal to 35% of the aggregate available borrowings under the Sumitomo Facility. The period during which the Company could have made and reinvested borrowings under the Sumitomo Facility expired on September 16, 2017. On November 24, 2017, the borrower under the Sumitomo Facility, repaid all outstanding borrowings thereunder, following which the Sumitomo Facility was terminated. Obligations under the Sumitomo Facility would have otherwise matured on the earlier of August 6, 2018 or the date on which the Prior ING Facility was repaid, refinanced or terminated.

As of March 31, 2019 and September 30, 2018, there were no borrowings outstanding under the Sumitomo Facility. The Company's borrowings under the Sumitomo Facility bore interest at a weighted average interest rate of 3.501% for the period from October 1, 2017 through termination on November 24, 2017. For the six months ended March 31, 2018, the Company recorded interest expense of \$0.7 million, including \$0.6 million of debt issuance costs that were expensed, related to the Sumitomo Facility.

See Notes 13 through 14 for discussion of additional debt obligations of the Company.

Note 7. Interest and Dividend Income

See Note 2 for a description of the Company's accounting treatment of investment income.

As of March 31, 2019 and September 30, 2018, there were six and eight investments, respectively, on which the Company had stopped accruing cash and/or PIK interest or OID income. The percentages of the Company's debt investments at cost and fair value by accrual status as of March 31, 2019 and September 30, 2018 were as follows:

	March 31, 2019				September 30, 2018			
	Cost	% of Debt Portfolio	Fair Value	% of Debt Portfolio	Cost	% of Debt Portfolio	Fair Value	% of Debt Portfolio
Accrual	\$ 1,322,540	88.54%	\$ 1,317,938	93.88%	\$ 1,298,999	85.46%	\$ 1,318,531	93.03%
PIK non-accrual (1)	12,661	0.85	—	—	12,661	0.83	—	—
Cash non-accrual (2)	158,542	10.61	85,854	6.12	208,345	13.71	98,760	6.97
Total	\$ 1,493,743	100.00%	\$ 1,403,792	100.00%	\$ 1,520,005	100.00%	\$ 1,417,291	100.00%

(1) PIK non-accrual status is inclusive of other non-cash income, where applicable.

(2) Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

Note 8. Taxable/Distributable Income and Dividend Distributions

Taxable income differs from net increase (decrease) in net assets resulting from operations primarily due to: (1) unrealized appreciation (depreciation) on investments, secured borrowings and foreign currency, as gains and losses are not included in taxable income until they are realized; (2) origination and exit fees received in connection with investments in portfolio companies; (3) organizational costs; (4) income or loss recognition on exited investments; (5) recognition of interest income on certain loans; and (6) related to investments in controlled foreign corporations.

As of September 30, 2018, the Company had net capital loss carryforwards of \$535.1 million to offset net capital gains, to the extent available and permitted by U.S. federal income tax law. Of the capital loss carryforwards, \$10.3 million will expire on September 30, 2019 and \$524.8 million will not expire, of which \$135.1 million are available to offset future short-term capital gains and \$389.7 million are available to offset future long-term capital gains.

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Listed below is a reconciliation of "net increase (decrease) in net assets resulting from operations" to taxable income for the three and six months ended March 31, 2019 and 2018.

	Three months ended March 31, 2019	Three months ended March 31, 2018	Six months ended March 31, 2019	Six months ended March 31, 2018
Net increase (decrease) in net assets resulting from operations	\$ 64,485	\$ 19,620	\$ 92,203	\$ (10,821)
Net unrealized appreciation (depreciation)	(21,472)	377	(14,497)	43,849
Book/tax difference due to loan fees	—	(51)	—	213
Book/tax difference due to organizational costs	(11)	(22)	(21)	(44)
Book/tax difference due to interest income on certain loans	—	—	878	—
Book/tax difference due to capital losses not recognized / (recognized)	(26,738)	(4,434)	(44,440)	(3,843)
Other book/tax differences	(296)	(3,964)	290	(5,170)
Taxable/Distributable Income (1)	\$ 15,968	\$ 11,526	\$ 34,413	\$ 24,184

(1) The Company's taxable income for the three and six months ended March 31, 2019 is an estimate and will not be finally determined until the Company files its tax return for the fiscal year ending September 30, 2019. Therefore, the final taxable income may be different than the estimate.

The Company uses the liability method to account for its taxable subsidiaries' income taxes. Using this method, the Company recognizes deferred tax assets and liabilities for the estimated future tax effects attributable to temporary differences between financial reporting and tax bases of assets and liabilities. In addition, the Company recognizes deferred tax benefits associated with net loss carry forwards that it may use to offset future tax obligations. The Company measures deferred tax assets and liabilities using the enacted tax rates expected to apply to taxable income in the years in which it expects to recover or settle those temporary differences.

For the three months ended March 31, 2019, the Company recognized a total tax benefit of \$0.1 million which was comprised of (i) a current tax benefit of approximately \$0.3 million, primarily a result of return to provision adjustments, and (ii) deferred income tax expense of approximately \$0.2 million, which resulted from unrealized appreciation on investments held by the Company's wholly-owned taxable subsidiaries.

For the six months ended March 31, 2019, the Company recognized a total provision for income taxes of \$0.5 million which was comprised of (i) current income tax expense of approximately \$0.2 million, as a result of realized gains on investments held by the Company's wholly-owned taxable subsidiaries, net of return to provision adjustments and (ii) deferred income tax expense of approximately \$0.3 million, which resulted from unrealized appreciation on investments held by the Company's wholly-owned taxable subsidiaries.

As a RIC, the Company is also subject to a U.S. federal excise tax based on distribution requirements of its taxable income on a calendar year basis. The Company anticipates timely distribution of its taxable income in accordance with tax rules. The Company did not incur a U.S. federal excise tax for calendar years 2017 and 2018 and does not expect to incur a U.S. federal excise tax for calendar year 2019.

As of September 30, 2018, the Company's last tax year end, the components of accumulated overdistributed earnings on a tax basis were as follows:

Undistributed ordinary income, net	\$ —
Net realized capital losses	(535,102)
Unrealized losses, net	(101,011)

The aggregate cost of investments for income tax purposes was \$1.6 billion as of September 30, 2018. As of September 30, 2018, the aggregate gross unrealized appreciation for all investments in which there was an excess of value over cost for income tax purposes was \$77.8 million. As of September 30, 2018, the aggregate gross unrealized depreciation for all investments in which there was an excess of cost for income tax purposes over value was \$178.8 million. Net unrealized depreciation based on the aggregate cost of investments for income tax purposes was \$101.0 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Note 9. Realized Gains or Losses and Net Unrealized Appreciation or Depreciation*Realized Gains or Losses*

Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption and the cost basis of the investment without regard to unrealized appreciation or depreciation previously recognized, and include investments written-off during the period, net of recoveries. Realized losses may also be recorded in connection with the Company's determination that certain investments are considered worthless securities and/or meet the conditions for loss recognition per the applicable tax rules.

During the three months ended March 31, 2019, the Company recorded net realized gains of \$25.2 million, which consisted of the following:

(\$ in millions)

Portfolio Company	Net Realized Gain (Loss)
Maverick Healthcare Group, LLC	\$ 17.5
Comprehensive Pharmacy Services LLC	7.5
Other, net	0.2
Total, net	\$ 25.2

During the three months ended March 31, 2018, the Company recorded net realized gains of \$4.9 million, which consisted of the following:

(\$ in millions)

Portfolio Company	Net Realized Gain (Loss)
AmBath/ReBath Holdings, Inc.	\$ 2.0
Yeti Acquisition, LLC	2.0
Access Medical Acquisition, Inc.	1.0
Other, net	(0.1)
Total, net	\$ 4.9

During the six months ended March 31, 2019, the Company recorded net realized gains of \$43.2 million, which consisted of the following:

(\$ in millions)

Portfolio Company	Net Realized Gain (Loss)
Maverick Healthcare Group, LLC	\$ 17.5
BeyondTrust Holdings LLC	12.4
Comprehensive Pharmacy Services LLC	7.5
InMotion Entertainment Group, LLC	2.7
YETI Holdings, Inc.	2.7
Other, net	0.4
Total, net	\$ 43.2

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

During the six months ended March 31, 2018, the Company recorded net realized gains of \$4.6 million, which consisted of the following:

(\$ in millions)	
Portfolio Company	Net Realized Gain (Loss)
AmBath/ReBath Holdings, Inc.	\$ 2.0
Yeti Acquisition, LLC	2.0
Access Medical Acquisition, Inc.	1.0
Other, net	(0.4)
Total, net	\$ 4.6

Net Unrealized Appreciation or Depreciation

Net unrealized appreciation or depreciation reflects the net change in the valuation of the portfolio pursuant to the Company's valuation guidelines and the reclassification of any prior period unrealized appreciation or depreciation.

During the three months ended March 31, 2019 and 2018, the Company recorded net unrealized appreciation (depreciation) of \$21.5 million and \$(0.4) million, respectively. For the three months ended March 31, 2019, this consisted of \$22.3 million of net unrealized appreciation on equity investments, \$3.6 million of net unrealized appreciation on debt investments and \$0.8 million of net unrealized appreciation of foreign currency forward contracts, partially offset by \$5.2 million of net reclassifications to realized gains (resulting in unrealized depreciation). For the three months ended March 31, 2018, this consisted of \$5.1 million of net unrealized appreciation on debt investments and \$0.4 million of net unrealized depreciation on secured borrowings, offset by \$1.2 million of net unrealized depreciation on equity investments and \$4.6 million of net reclassifications to realized gains (resulting in unrealized depreciation).

During the six months ended March 31, 2019 and 2018, the Company recorded net unrealized appreciation (depreciation) of \$14.5 million and \$(43.8) million, respectively. For the six months ended March 31, 2019, this consisted of \$24.2 million of net reclassifications to realized losses (resulting in unrealized appreciation), \$14.0 million of net unrealized appreciation on equity investments and \$0.4 million of net unrealized appreciation of foreign currency forward contracts, partially offset by \$24.1 million of net unrealized depreciation on debt investments. For the six months ended March 31, 2018, this consisted of \$33.9 million of net unrealized depreciation on debt investments, \$5.1 million of net unrealized depreciation on equity investments and \$6.9 million of net reclassifications to realized gains (resulting in unrealized depreciation), offset by \$2.1 million of net unrealized depreciation on secured borrowings.

Note 10. Concentration of Credit Risks

The Company deposits its cash with financial institutions and at times such balances may be in excess of the FDIC insurance limit. The Company limits its exposure to credit loss by depositing its cash with high credit quality financial institutions and monitoring their financial stability.

Note 11. Related Party Transactions

As of March 31, 2019 and September 30, 2018, the Company had a liability on its Consolidated Statements of Assets and Liabilities in the amount of \$8.9 million and \$8.2 million, respectively, reflecting the unpaid portion of the base management fees and incentive fees payable to Oaktree.

Investment Advisory Agreement

Effective October 17, 2017 and as of March 31, 2019, the Company is party to the Investment Advisory Agreement with Oaktree. Under the Investment Advisory Agreement, the Company pays Oaktree a fee for its services under the Investment Advisory Agreement consisting of two components: a base management fee and an incentive fee. The cost of both the base management fee payable to Oaktree and any incentive fees earned by Oaktree is ultimately borne by common stockholders of the Company.

Unless earlier terminated as described below, the Investment Advisory Agreement will remain in effect until October 17, 2019 and thereafter from year-to-year if approved annually by the Board of Directors of the Company or by the affirmative vote of the holders of a majority of the Company's outstanding voting securities, including, in either case, approval by a majority of the directors of the Company who are not interested persons. The Investment Advisory Agreement will automatically terminate in the

OAKTREE SPECIALTY LENDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts, percentages and as otherwise indicated)

event of its assignment. The Investment Advisory Agreement may be terminated by either party without penalty upon 60 days' written notice to the other. The Investment Advisory Agreement may also be terminated, without penalty, upon the vote of a majority of the outstanding voting securities of the Company.

Base Management Fee

Under the Investment Advisory Agreement, the base management fee is calculated at an annual rate of 1.50% of total gross assets, including any investment made with borrowings, but excluding cash and cash equivalents. The base management fee is payable quarterly in arrears and the fee for any partial month or quarter is appropriately prorated.

For the three and six months ended March 31, 2019, the base management fee (net of waivers) incurred under the Investment Advisory Agreement was \$5.7 million and \$11.2 million, respectively, which was payable to Oaktree. For the three months ended March 31, 2018 and the period from October 17, 2017 to March 31, 2018, the base management fee (net of waivers) incurred under the Investment Advisory Agreement was \$5.4 million and \$9.8 million, respectively, which was payable to Oaktree.

Incentive Fee

The incentive fee consists of two parts. Under the Investment Advisory Agreement, the first part of the incentive fee (the "incentive fee on income" or "Part I incentive fee") is calculated and payable quarterly in arrears based upon the "pre-incentive fee net investment income" of the Company for the immediately preceding quarter. The payment of the incentive fee on income is subject to payment of a preferred return to investors each quarter (i.e., a "hurdle rate"), expressed as a rate of return on the value of the Company's net assets at the end of the most recently completed quarter, of 1.50%, subject to a "catch up" feature.

For this purpose, "pre-incentive fee net investment income" means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies, other than fees for providing managerial assistance) accrued during the fiscal quarter, minus the Company's operating expenses for the quarter (including the base management fee, expenses payable under the Administration Agreement and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as OID debt, instruments with PIK interest and zero coupon securities), accrued income that the Company has not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

Under the Investment Advisory Agreement, the calculation of the incentive fee on income for each quarter is as follows:

- No incentive fee is payable to Oaktree in any quarter in which the Company's pre-incentive fee net investment income does not exceed the preferred return rate of 1.50% (the "preferred return") on net assets;
- 100% of the Company's pre-incentive fee net investment income, if any, that exceeds the preferred return but is less than or equal to 1.8182% in any fiscal quarter is payable to Oaktree. This portion of the incentive fee on income is referred to as the "catch-up" provision, and it is intended to provide Oaktree with an incentive fee of 17.5% on all of the Company's pre-incentive fee net investment income when the Company's pre-incentive fee net investment income exceeds 1.8182% on net assets in any fiscal quarter; and
- For any quarter in which the Company's pre-incentive fee net investment income exceeds 1.8182% on net assets, the incentive fee on income is equal to 17.5% of the amount of the Company's pre-incentive fee net investment income, as the preferred return and catch-up will have been achieved.

There is no accumulation of amounts on the hurdle rate from quarter to quarter and accordingly there is no clawback of amounts previously paid if subsequent quarters are below the quarterly hurdle.

For the three and six months ended March 31, 2019, the first part of the incentive fee (incentive fee on income) incurred under the Investment Advisory Agreement was \$3.8 million and \$7.5 million (prior to waivers), respectively. For the three months ended March 31, 2018 and the period from October 17, 2017 to March 31, 2018, the first part of the incentive fee (incentive fee on income) incurred under the Investment Advisory Agreement was \$3.2 million and \$4.1 million (prior to waivers), respectively.

Under the Investment Advisory Agreement, the second part of the incentive fee (capital gains incentive fee) is determined and payable in arrears as of the end of each fiscal year (or upon termination of the Investment Advisory Agreement, as of the termination date) commencing with the fiscal year ending September 30, 2019 and equals 17.5% of the Company's realized capital gains, if any, on

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

a cumulative basis from the beginning of the fiscal year ending September 30, 2019 through the end of each fiscal year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees under the Investment Advisory Agreement. Any realized capital gains or losses and unrealized capital depreciation with respect to the Company's portfolio as of the end of the fiscal year ending September 30, 2018 will be excluded from the calculations of the second part of the incentive fee. As of March 31, 2019, the Company has not paid any capital gains incentive fees, and no amount is currently payable under the terms of the Investment Advisory Agreement.

GAAP requires that the capital gains incentive fee accrual consider the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains incentive fee would be payable if such unrealized capital appreciation were realized on a theoretical "liquidation basis." A fee so calculated and accrued would not be payable under applicable law and may never be paid based upon the computation of capital gain incentive fees in subsequent periods. Amounts ultimately paid under the Investment Advisory Agreement will be consistent with the formula reflected in the Investment Advisory Agreement. This GAAP accrual is calculated using the aggregate cumulative realized capital gains and losses and aggregate cumulative unrealized capital depreciation included in the calculation of the capital gains incentive fee plus the aggregate cumulative unrealized capital appreciation. Any realized capital gains and losses and cumulative unrealized capital appreciation and depreciation with respect to the Company's portfolio as of the end of the fiscal year ending September 30, 2018 will be excluded from the GAAP accrual. If such amount is positive at the end of a period, then GAAP requires the Company to record a capital gains incentive fee equal to 17.5% of such cumulative amount, less the aggregate amount of actual capital gains incentive fees paid or capital gains incentive fees accrued under GAAP in all prior periods. The resulting accrual for any capital gains incentive fee under GAAP in a given period may result in an additional expense if such cumulative amount is greater than in the prior period or a reversal of previously recorded expense if such cumulative amount is less than in the prior period. If such cumulative amount is negative, then there is no accrual. There can be no assurance that such unrealized capital appreciation will be realized in the future or any accrued capital gains incentive fee will become payable under the Investment Advisory Agreement. For the three and six months ended March 31, 2019, the Company recorded a \$8.2 million and \$10.0 million capital gains incentive fee accrual (prior to waivers), respectively. For the three and six months ended March 31, 2018, the Company did not accrue any capital gains incentive fees.

To ensure compliance of the transactions contemplated by the Purchase Agreement with Section 15(f) of the Investment Company Act, Oaktree entered into a two-year contractual fee waiver with the Company pursuant to which Oaktree will waive, to the extent necessary, any management or incentive fees payable under the Investment Advisory Agreement that exceed what would have been paid to the Former Adviser in the aggregate under the Former Investment Advisory Agreement. Amounts potentially subject to waiver are accrued quarterly on a cumulative basis and, to the extent required, any actual fee waiver will be reimbursed as soon as practicable after the end of the two-year period. For the three months ended March 31, 2019, the Company accrued \$7.9 million potentially subject to waiver, which included a full \$8.2 million waiver of the capital gains incentive fee accrued during the three months ended March 31, 2019 and a \$0.3 million reversal of waiver previously accrued related to the incentive fee on income. For the six months ended March 31, 2019, the Company accrued \$9.4 million potentially subject to waiver, which included a full \$10.0 million waiver of the capital gains incentive fee accrued during the six months ended March 31, 2019 and a \$0.6 million reversal of waiver previously accrued related to the incentive fee on income. The accrued waiver associated with the capital gains incentive is based on a theoretical "liquidation basis" and may differ materially from the amounts that are actually waived, if any, pursuant to the contractual fee waiver at the end of the two-year period. For the three months ended March 31, 2018, the Company accrued a \$0.1 million reversal of waiver previously accrued. For the six months ended March 31, 2018, the Company did not accrue any amounts potentially subject to waiver. As of March 31, 2019, the Company accrued \$10.6 million of cumulative potential waiver, which was included in base management fee and incentive fee payable.

Indemnification

The Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of their respective duties or by reason of the reckless disregard of their respective duties and obligations, Oaktree and its officers, managers, partners, members (and their members, including the owners of their members), agents, employees, controlling persons and any other person or entity affiliated with it, are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of Oaktree's services under the Investment Advisory Agreement or otherwise as investment adviser.

Collection and Disbursement of Fees Owed to the Former Adviser

Under the Former Investment Advisory Agreement described below, both the base management fee and incentive fee on income were calculated and paid to the Former Adviser at the end of each quarter. In order to ensure that the Former Adviser received the compensation earned during the quarter ended December 31, 2017, the initial payment of the base management fee and incentive fee on

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

income under the Investment Advisory Agreement covered the entire quarter in which the Investment Advisory Agreement became effective, and was calculated at a blended rate that reflected fee rates under the respective investment advisory agreements for the portion of the quarter in which the Former Adviser and Oaktree were serving as investment adviser. This structure allowed Oaktree to pay the Former Adviser in early 2018, the pro rata portion of the fees that were earned by, but not paid to, the Former Adviser for services rendered to the Company prior to October 17, 2017.

Former Investment Advisory Agreement

The following is a description of the Former Investment Advisory Agreement, which was terminated on October 17, 2017. The Former Investment Advisory Agreement, dated March 20, 2017, was effective January 1, 2017 through its termination on October 17, 2017. The Former Investment Advisory Agreement amended and restated the Company's third amended and restated investment advisory agreement with the Former Adviser, which was effective as of January 1, 2016, to impose a total return hurdle provision and reduce the "preferred return."

Through October 17, 2017, the Company paid the Former Adviser a fee for its services under the Former Investment Advisory Agreement consisting of two components: a base management fee and an incentive fee. The cost of both the base management fee paid to the Former Adviser and any incentive fees earned by the Former Adviser were ultimately borne by common stockholders of the Company.

Base Management Fee

From October 1, 2017 to October 17, 2017, the base management fee was calculated at an annual rate of 1.75% of the Company's gross assets, including any borrowings for investment purposes but excluding cash and cash equivalents. The base management fee was payable quarterly in arrears and the fee for any partial month or quarter was appropriately prorated.

For the period from October 1, 2017 to October 17, 2017, the base management fee (net of waivers) incurred under the Former Investment Advisory Agreement with the Former Adviser was \$1.1 million, which was payable to the Former Adviser.

Incentive Fee

The incentive fee paid to the Former Adviser had two parts. The first part was calculated and payable quarterly in arrears at a rate of 20% based on the Company's pre-incentive fee net investment income for the immediately preceding fiscal quarter subject to a "hurdle rate" of 1.75% per quarter and a "catch-up" provision. The Company's net investment income used to calculate this part of the incentive fee was also included in the amount of its gross assets used to calculate the 1.75% base management fee.

In the event the cumulative incentive fee on income accrued from January 1, 2017 (after giving effect to any reduction(s) pursuant to this paragraph for any prior fiscal quarters but not the quarter of calculation) exceeded 20.0% of the cumulative net increase in net assets resulting from operations since January 1, 2017, then the incentive fee on income for the quarter was reduced by an amount equal to (1) 25% of the incentive fee on income calculated for such quarter (prior to giving effect to any reduction pursuant to this paragraph) less (2) any base management fees waived by the Former Adviser for such fiscal quarter. For this purpose, the "cumulative net increase in net assets resulting from operations" was an amount, if positive, equal to the sum of pre-incentive fee net investment income, base management fees, realized gains and losses and unrealized capital appreciation and depreciation of the Company from January 1, 2017.

There was no accumulation of amounts on the hurdle rate from quarter to quarter and accordingly there was no clawback of amounts previously paid if subsequent quarters were below the quarterly hurdle and there was no delay of payment if prior quarters were below the quarterly hurdle.

The second part of the incentive fee was determined and payable in arrears as of the end of each fiscal year (or upon termination of the Former Investment Advisory Agreement, as of the termination date) and equaled 20% of the Company's realized capital gains, if any, on a cumulative basis from inception through the end of each fiscal year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees.

For the period from October 1, 2017 to October 17, 2017, no incentive fee was incurred under the Former Investment Advisory Agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Administrative Services

The Company entered into the Administration Agreement with Oaktree Administrator on October 17, 2017. Pursuant to the Administration Agreement, Oaktree Administrator provides administrative services to the Company necessary for the operations of the Company, which include providing office facilities, equipment, clerical, bookkeeping and record keeping services at such facilities and such other services as Oaktree Administrator, subject to review by the Company's Board of Directors, shall from time to time deem to be necessary or useful to perform its obligations under the Administration Agreement. Oaktree Administrator may, on behalf of the Company, conduct relations and negotiate agreements with custodians, trustees, depositories, attorneys, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks and such other persons in any such other capacity deemed to be necessary or desirable. Oaktree Administrator makes reports to the Company's Board of Directors of its performance of obligations under the Administration Agreement and furnishes advice and recommendations with respect to such other aspects of the Company's business and affairs, in each case, as it shall determine to be desirable or as reasonably required by the Company's Board of Directors; provided that Oaktree Administrator shall not provide any investment advice or recommendation.

Oaktree Administrator also provides portfolio collection functions for interest income, fees and warrants and is responsible for the financial and other records that the Company is required to maintain and prepares, prints and disseminates reports to the Company's stockholders and all other materials filed with the SEC. In addition, Oaktree Administrator assists the Company in determining and publishing the Company's net asset value, overseeing the preparation and filing of the Company's tax returns, and generally overseeing the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others. Oaktree Administrator may also offer to provide, on the Company's behalf, managerial assistance to the Company's portfolio companies.

For providing these services, facilities and personnel, the Company reimburses Oaktree Administrator the allocable portion of overhead and other expenses incurred by Oaktree Administrator in performing its obligations under the Administration Agreement, including the Company's allocable portion of the rent of the Company's principal executive offices at market rates and the Company's allocable portion of the costs of compensation and related expenses of its Chief Financial Officer, Chief Compliance Officer, their staffs and other non-investment professionals at Oaktree that perform duties for the Company. Such reimbursement is at cost, with no profit to, or markup by, Oaktree Administrator. The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other. The Administration Agreement may also be terminated, without penalty, upon the vote of a majority of the Company's outstanding voting securities.

Prior to its termination by its terms on October 17, 2017, the Company was party to the Former Administration Agreement with the Former Administrator. The Former Administrator was a wholly-owned subsidiary of the Former Adviser. Pursuant to the Former Administration Agreement, the Former Administrator provided services substantially similar to those provided by Oaktree Administrator as described above. For providing these services, facilities and personnel, the Company reimbursed the Former Administrator the allocable portion of overhead and other expenses incurred by it in performing its obligations under the Former Administration Agreement.

For the three months ended March 31, 2019, the Company accrued administrative expenses of \$0.5 million, including \$0.1 million of general and administrative expenses. For the six months ended March 31, 2019, the Company accrued administrative expenses of \$1.3 million, including \$0.2 million of general and administrative expenses. For the three months ended March 31, 2018, the Company accrued administrative expenses of \$0.5 million, including \$0.1 million of general and administrative expenses. For the six months ended March 31, 2018, the Company accrued administrative expenses of \$1.2 million, including \$0.3 million of general and administrative expenses. Of the accrued administrative expenses of \$1.2 million for the six months ended March 31, 2018, \$0.2 million was due to the Former Administrator for administrative expenses incurred prior to October 17, 2017 and \$1.0 million was due to Oaktree Administrator.

As of March 31, 2019 and September 30, 2018, \$1.9 million and \$3.3 million was included in "Due to affiliate" in the Consolidated Statements of Assets and Liabilities, respectively, reflecting the unpaid portion of administrative expenses and other reimbursable expenses payable to Oaktree Administrator.

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

Note 12. Financial Highlights

(Share amounts in thousands)	Three months ended March 31, 2019	Three months ended March 31, 2018	Six months ended March 31, 2019	Six months ended March 31, 2018 (1)
Net asset value per share at beginning of period	\$6.19	\$5.81	\$6.09	\$6.16
Net investment income (2)	0.13	0.11	0.25	0.20
Net unrealized appreciation (depreciation) (2)	0.15	—	0.10	(0.31)
Net realized gains (losses) (2)	0.18	0.03	0.30	0.03
Distributions to stockholders (2)	(0.10)	(0.08)	(0.19)	(0.21)
Net asset value per share at end of period	\$6.55	\$5.87	\$6.55	\$5.87
Per share market value at beginning of period	\$4.23	\$4.89	\$4.96	\$5.47
Per share market value at end of period	\$5.18	\$4.21	\$5.18	\$4.21
Total return (3)	24.68%	(12.22)%	8.63%	(19.57)%
Common shares outstanding at beginning of period	140,961	140,961	140,961	140,961
Common shares outstanding at end of period	140,961	140,961	140,961	140,961
Net assets at beginning of period	\$872,362	\$819,595	\$858,035	\$867,657
Net assets at end of period	\$923,456	\$827,234	\$923,456	\$827,234
Average net assets (4)	\$901,507	\$826,924	\$885,507	\$838,175
Ratio of net investment income to average net assets	7.97%	7.48%	7.93%	6.84%
Ratio of total expenses to average net assets	12.79%	9.55%	11.54%	9.61%
Ratio of net expenses to average net assets	9.24%	9.57%	9.40%	9.59%
Ratio of portfolio turnover to average investments at fair value	7.26%	15.09%	18.18%	28.46%
Weighted average outstanding debt (5)	\$610,891	\$573,783	\$612,649	\$613,233
Average debt per share (2)	\$4.33	\$4.07	\$4.35	\$4.35
Asset coverage ratio at end of period (6)	254.12%	241.77%	254.12%	241.77%

- (1) Beginning on October 17, 2017, the Company is externally managed by Oaktree. Prior to October 17, 2017, the Company was externally managed by the Former Adviser.
- (2) Calculated based upon weighted average shares outstanding for the period.
- (3) Total return equals the increase or decrease of ending market value over beginning market value, plus distributions, divided by the beginning market value, assuming dividend reinvestment prices obtained under the Company's DRIP.
- (4) Calculated based upon the weighted average net assets for the period.
- (5) Calculated based upon the weighted average of loans payable for the period.
- (6) Based on outstanding senior securities of \$597.6 million and \$583.6 million as of March 31, 2019 and 2018, respectively.

Note 13. Unsecured Notes

2019 Notes

On February 26, 2014, the Company issued \$250.0 million in aggregate principal amount of its 4.875% unsecured 2019 Notes for net proceeds of \$244.4 million after deducting OID of \$1.4 million, underwriting commissions and discounts of \$3.7 million and offering costs of \$0.5 million. The OID on the 2019 Notes was amortized based on the effective interest method over the term of the notes.

Interest on the 2019 Notes was paid semi-annually on March 1 and September 1 at a rate of 4.875% per annum. During the three and six months ended March 31, 2018, the Company repurchased and subsequently canceled \$21.2 million of the 2019 Notes. The Company recognized a loss of \$0.1 million in connection with such transaction. The 2019 Notes matured on March 1, 2019 and were fully repaid during the three months ended March 31, 2019.

For the three and six months ended March 31, 2019, the Company recorded interest expense of \$2.1 million and \$5.1 million, respectively, related to the 2019 Notes. For the three and six months ended March 31, 2018, the Company recorded interest expense of \$3.2 million and \$6.5 million, respectively, related to the 2019 Notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

As of March 31, 2019, there were no 2019 Notes outstanding. As of September 30, 2018, there were \$228.8 million of 2019 Notes outstanding, which had a carrying value and fair value of \$228.3 million and \$230.5 million, respectively.

2024 Notes

On October 18, 2012, the Company issued \$75.0 million in aggregate principal amount of its 5.875% unsecured 2024 Notes for net proceeds of \$72.5 million after deducting underwriting commissions of \$2.2 million and offering costs of \$0.3 million.

The 2024 Notes were issued pursuant to an indenture, dated April 30, 2012, as supplemented by the first supplemental indenture, dated October 18, 2012 (collectively, the "2024 Notes Indenture"), between the Company and Deutsche Bank Trust Company Americas (the "Trustee"). The 2024 Notes are the Company's unsecured obligations and rank senior in right of payment to the Company's existing and future indebtedness that is expressly subordinated in right of payment to the 2024 Notes; equal in right of payment to the Company's existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company's secured indebtedness (including existing unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries or financing vehicles.

Interest on the 2024 Notes is paid quarterly in arrears on January 30, April 30, July 30 and October 30 at a rate of 5.875% per annum. The 2024 Notes mature on October 30, 2024 and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after October 30, 2017. The 2024 Notes currently trade on the New York Stock Exchange under the symbol "OSLE" with a par value of \$25.00 per note.

The 2024 Notes Indenture contains certain covenants, including covenants requiring the Company's compliance with (regardless of whether the Company is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act or any successor provisions and with the restrictions on dividends, distributions and purchase of capital stock set forth in Section 18(a)(1)(B) as modified by Section 61(a)(1) of the Investment Company Act, as well as covenants requiring the Company to provide financial information to the holders of the 2024 Notes and the Trustee if the Company ceases to be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These covenants are subject to limitations and exceptions that are described in the 2024 Notes Indenture. The Company may repurchase the 2024 Notes in accordance with the Investment Company Act and the rules promulgated thereunder. Any 2024 Notes repurchased by the Company may, at the Company's option, be surrendered to the Trustee for cancellation, but may not be reissued or resold by the Company. Any 2024 Notes surrendered for cancellation will be promptly canceled and no longer outstanding under the 2024 Notes Indenture. During the six months ended March 31, 2019 and 2018, the Company did not repurchase any of the 2024 Notes in the open market.

For the three and six months ended March 31, 2019, the Company recorded interest expense of \$1.2 million and \$2.3 million, respectively, related to the 2024 Notes. For the three and six months ended March 31, 2018, the Company recorded interest expense of \$1.2 million and \$2.3 million, respectively, related to the 2024 Notes.

As of March 31, 2019, there were \$75.0 million of 2024 Notes outstanding, which had a carrying value and fair value of \$73.8 million and \$76.2 million, respectively. As of September 30, 2018, there were \$75.0 million of 2024 Notes outstanding, which had a carrying value and fair value of \$73.7 million and \$75.7 million, respectively.

2028 Notes

In April and May 2013, the Company issued \$86.3 million in aggregate principal amount of its 6.125% unsecured 2028 Notes for net proceeds of \$83.4 million after deducting underwriting commissions of \$2.6 million and offering costs of \$0.3 million.

The 2028 Notes were issued pursuant to an indenture, dated April 30, 2012, as supplemented by the second supplemental indenture, dated April 4, 2013 (collectively, the "2028 Notes Indenture"), between the Company and the Trustee. The 2028 Notes are the Company's unsecured obligations and rank senior in right of payment to the Company's existing and future indebtedness that is expressly subordinated in right of payment to the 2028 Notes; equal in right of payment to the Company's existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company's secured indebtedness (including existing unsecured indebtedness that it later secures) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries or financing vehicles.

Interest on the 2028 Notes is paid quarterly in arrears on January 30, April 30, July 30 and October 30 at a rate of 6.125% per annum. The 2028 Notes mature on April 30, 2028 and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after April 30, 2018. The 2028 Notes currently trade on the Nasdaq Global Select Market under the symbol "OCSLL" with a par value of \$25.00 per note.

OAKTREE SPECIALTY LENDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts, percentages and as otherwise indicated)

The 2028 Notes Indenture contains certain covenants, including covenants requiring the Company's compliance with (regardless of whether it is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act or any successor provisions, as well as covenants requiring the Company to provide financial information to the holders of the 2028 Notes and the Trustee if it ceases to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 2028 Notes Indenture. The Company may repurchase the 2028 Notes in accordance with the Investment Company Act and the rules promulgated thereunder. Any 2028 Notes repurchased by the Company may, at its option, be surrendered to the Trustee for cancellation, but may not be reissued or resold by the Company. Any 2028 Notes surrendered for cancellation will be promptly canceled and no longer outstanding under the 2028 Notes Indenture. During the six months ended March 31, 2019 and 2018, the Company did not repurchase any of the 2028 Notes in the open market.

For the three and six months ended March 31, 2019, the Company recorded interest expense of \$1.4 million and \$2.7 million related to the 2028 Notes. For the three and six months ended March 31, 2018, the Company recorded interest expense of \$1.4 million and \$2.7 million, respectively, related to the 2028 Notes.

As of March 31, 2019, there were \$86.3 million of 2028 Notes outstanding, which had a carrying value and fair value of \$84.5 million and \$86.7 million, respectively. As of September 30, 2018, there were \$86.3 million of 2028 Notes outstanding, which had a carrying value and fair value of \$84.4 million and \$86.9 million, respectively.

Note 14. Secured Borrowings

See Note 2 for a description of the Company's accounting treatment of secured borrowings.

As of March 31, 2019, there were \$11.5 million of secured borrowings outstanding. As of March 31, 2019, secured borrowings at fair value totaled \$9.0 million and the fair value of the investment that is associated with these secured borrowings was \$33.9 million. These secured borrowings were the result of the Company's completion of partial loan sales totaling \$22.8 million of a senior secured debt investment during the fiscal year ended September 30, 2014 that did not meet the definition of a participating interest. As a result, sale treatment was not allowed and these partial loan sales were treated as secured borrowings. The Company receives loan servicing fees as it continues to serve as administrative agent for this investment. As a result, the Company earns servicing fees in connection with the loans that were partially sold. During the six months ended March 31, 2019, there were \$0.7 million of net repayments on secured borrowings. During the six months ended March 31, 2018, there were \$0.5 million of net repayments on secured borrowings.

For the three and six months ended March 31, 2019, the Company recorded interest expense of \$0.1 million and \$0.1 million, respectively, related to the secured borrowings. For the three and six months ended March 31, 2018, the Company recorded interest expense of \$0.3 million and \$0.6 million, respectively, related to the secured borrowings. For the three and six months ended March 31, 2019, the Company recorded unrealized appreciation on secured borrowings of \$0.1 million. For the three and six months ended March 31, 2018, the Company recorded unrealized depreciation on secured borrowings of \$0.4 million and \$2.1 million, respectively.

Note 15. Derivative Instruments

The Company enters into forward currency contracts from time to time to help mitigate the impact that an adverse change in foreign exchange rates would have on the value of the Company's investments denominated in foreign currencies. As of March 31, 2019, the counterparty to these forward currency contracts was JPMorgan Chase Bank, N.A. Net unrealized gains or losses on foreign currency contracts are included in "net unrealized appreciation (depreciation)" and net realized gains or losses on forward currency contracts are included in "net realized gains (losses)" in the accompanying Consolidated Statements of Operations. Forward currency contracts are considered undesignated derivative instruments.

Certain information related to the Company's foreign currency forward contracts is presented below as of March 31, 2019.

Description	Notional Amount to be Purchased	Notional Amount to be Sold	Maturity Date	Gross Amount of Recognized Assets	Gross Amount of Recognized Liabilities	Balance Sheet Location of Net Amounts
Foreign currency forward contract	\$ 23,656	£ 17,887	4/8/2019	\$ 338	\$ —	Derivative assets
Foreign currency forward contract	\$ 19,716	€ 17,325	4/23/2019	\$ 225	\$ —	Derivative assets
				<u>\$ 563</u>	<u>\$ —</u>	

Certain information related to the Company's foreign currency forward contracts is presented below as of September 30, 2018.

Description	Notional Amount to be Purchased	Notional Amount to be Sold	Maturity Date	Gross Amount of Recognized Assets	Gross Amount of Recognized Liabilities	Balance Sheet Location of Net Amounts
Foreign currency forward contract	\$ 23,113	£ 17,579	10/26/2018	\$ 162	\$ —	Derivative asset

Note 16. Commitments and Contingencies

Off-Balance Sheet Arrangements

The Company may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of its companies. As of March 31, 2019, the Company's only off-balance sheet arrangements consisted of \$95.1 million of unfunded commitments, which was comprised of \$90.3 million to provide debt financing to certain of its portfolio companies, \$1.3 million to provide equity financing to SLF JV I and \$3.5 million related to unfunded limited partnership interests. As of September 30, 2018, the Company's only off-balance sheet arrangements consisted of \$52.7 million of unfunded commitments, which was comprised of \$46.7 million to provide debt financing to certain of its portfolio companies, \$1.3 million to provide equity financing to SLF JV I and \$4.7 million related to unfunded limited partnership interests. Such commitments are subject to its portfolio companies' satisfaction of certain financial and nonfinancial covenants and may involve, to varying degrees, elements of credit risk in excess of the amount recognized in the Company's Consolidated Statements of Assets and Liabilities.

A list of unfunded commitments by investment (consisting of revolvers, term loans with delayed draw components, SLF JV I LLC equity interests and limited partnership interests) as of March 31, 2019 and September 30, 2018 is shown in the table below:

	March 31, 2019	September 30, 2018
Assembled Brands Capital LLC	\$ 38,932	\$ —
Sorrento Therapeutics, Inc.	12,500	—
P2 Upstream Acquisition Co.	9,000	10,000
TerSera Therapeutics, LLC	8,100	3,281
Pingora MSR Opportunity Fund I-A, LP	3,500	4,656
Mindbody, Inc.	3,048	—
Thruline Marketing, Inc.	3,000	3,000
Datto Inc.	2,356	2,356
4 Over International, LLC	2,232	2,232
New IPT, Inc.	2,229	2,229
Dominion Diagnostics, LLC	2,090	4,180
Thing5, LLC (1)	1,726	1,298
Apptio, Inc.	1,538	—
Senior Loan Fund JV I, LLC	1,328	1,328
GKD Index Partners, LLC	1,156	289
Ministry Brands, LLC	1,000	700
iCIMs, Inc.	882	882
Cenegene, LLC (1)(2)	297	297
PLATO Learning Inc. (1)	160	2,671
InMotion Entertainment Group, LLC	—	7,534
Access CIG, LLC	—	765
EOS Fitness Opco Holdings, LLC	—	5,000
Total	\$ 95,074	\$ 52,698

(1) This investment was on cash or PIK non-accrual status as of March 31, 2019.

(2) This portfolio company does not have the ability to draw on this unfunded commitment as of March 31, 2019.

Note 17. Subsequent Events

The Company's management evaluated subsequent events through the date of issuance of the Consolidated Financial Statements. There have been no subsequent events that occurred during such period that would require disclosure in, or would be required to be recognized in the Consolidated Financial Statements as of and for the three and six months ended March 31, 2019, except as discussed below:

Distribution Declaration

On May 3, 2019, the Company's Board of Directors declared a quarterly distribution of \$0.095 per share, payable on June 28, 2019 to stockholders of record on June 14, 2019.

ING Facility

On April 1, 2019, the Company increased the size of the ING Facility from \$680 million to \$700 million under the "accordion" feature that permits the Company, under certain circumstances, to increase the size of the facility up to \$1.02 billion.

Investment Advisory Agreement

On May 3, 2019, the Company entered into an amended and restated investment advisory agreement with Oaktree which provides that effective upon the application of the reduced asset coverage requirements in Section 61(a)(2) of the Investment Company Act to the Company, the base management fee on the Company's gross assets, including any investments made with borrowings, but excluding any cash and cash equivalents, that exceed the product of (A) 200% and (B) the Company's net asset value will be 1.00%. For the avoidance of doubt, the 200% will be calculated in accordance with the Investment Company Act and will give effect to exemptive relief the Company received from the U.S. Securities and Exchange Commission with respect to debentures issued by a small business investment company subsidiary.

Oaktree Specialty Lending Corporation
Schedule of Investments in and Advances to Affiliates
(in thousands, except share and per share amounts, percentages and as otherwise indicated)
Six months ended March 31, 2019
(unaudited)

Portfolio Company/Type of Investment (1)	Cash Interest Rate	Industry	Principal	Net Realized Gain (Loss)	Amount of Interest, Fees or Dividends Credited in Income (2)	Fair Value at October 1, 2018	Gross Additions (3)	Gross Reductions (4)	Fair Value at March 31, 2019	% of Total Net Assets
Control Investments										
First Star Speir Aviation Limited (5)										
		Airlines								
First Lien Term Loan, 9.00% cash due 12/15/2020			\$ 32,510	\$ —	\$ 976	\$ 32,510	\$ 722	\$ (722)	\$ 32,510	3.5%
100% equity interest			—	—	—	—	967	(100)	867	0.1%
New IPT, Inc.										
		Oil & gas equipment services								
First Lien Term Loan, LIBOR+5.00% cash due 3/17/2021 (7)	7.60%		4,107	—	170	4,107	—	—	4,107	0.4%
Second Lien Term Loan, LIBOR+5.10% cash due 9/17/2021 (7)	7.70%		601	—	39	1,453	—	(851)	602	0.1%
First Lien Revolver, LIBOR+5.00% cash due 3/17/2021 (7)	7.60%		1,009	—	43	1,009	—	—	1,009	0.1%
50.087 Class A Common Units in New IPT Holdings, LLC			—	—	—	2,291	612	—	2,903	0.3%
Senior Loan Fund JV L, LLC (6)										
		Multi-sector holdings								
Class A Mezzanine Secured Deferrable Floating Rate Notes due 2036 in SLF Repack Issuer 2016 LLC			—	—	2,036	99,813	—	(99,813)	—	—%
Class B Mezzanine Secured Deferrable Fixed Rate Notes, 10.00% cash due 2036 in SLF Repack Issuer 2016 LLC			—	—	707	29,520	67	(29,587)	—	—%
Subordinated Note, LIBOR+7.00% cash due 12/29/2028	9.51%		96,250	—	2,388	—	96,250	—	96,250	10.4%
87.5% LLC equity interest			—	—	—	41	37,734	(7,191)	30,584	3.3%
Thruline Marketing, Inc. (8)										
		Advertising								
First Lien Term Loan, LIBOR+7.00% cash due 4/3/2022 (7)	9.60%		18,146	—	880	18,146	—	—	18,146	2.0%
First Lien Revolver, LIBOR+7.75% cash due 4/3/2022 (7)			—	—	8	—	—	—	—	—%
9,073 Class A Units in FS AVI Holdco, LLC			—	—	—	7,984	—	(1,546)	6,438	0.7%
Total Control Investments			\$ 152,623	\$ —	\$ 7,247	\$ 196,874	\$ 136,352	\$ (139,810)	\$ 193,416	20.9%
Affiliate Investments										
Assembled Brands Capital LLC										
		Specialized finance								
First Lien Delayed Draw Term Loan LIBOR+6.00% cash due 10/17/2023	8.60%		\$ 1,835	\$ —	\$ 44	\$ —	\$ 1,835	\$ —	\$ 1,835	0.2%
764,376.60 Class A Units			—	—	—	—	764	—	764	0.1%
583,190.81 Class B Units			—	—	—	—	—	—	—	—%
Caregiver Services, Inc.										
		Healthcare services								
1,080,399 shares of Series A Preferred Stock, 10.00%			—	—	—	2,161	—	(182)	1,979	0.2%
Total Affiliate Investments			\$ 1,835	\$ —	\$ 44	\$ 2,161	\$ 2,599	\$ (182)	\$ 4,578	0.5%
Total Control & Affiliate Investments			\$ 154,458	\$ —	\$ 7,291	\$ 199,035	\$ 138,951	\$ (139,992)	\$ 197,994	21.4%

This schedule should be read in connection with the Company's Consolidated Financial Statements, including the Consolidated Schedules of Investments and Notes to the Consolidated Financial Statements.

- (1) The principal amount and ownership detail are shown in the Company's Consolidated Schedules of Investments.
- (2) Represents the total amount of interest (net of non-accrual amounts), fees and dividends credited to income for the portion of the period an investment was included in the Control or Affiliate categories.
- (3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments, accrued PIK interest (net of non-accrual amounts) and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in unrealized depreciation as well as the movement of an existing portfolio company into this category or out of a different category.

- (4) Gross reductions include decreases in the cost basis of investment resulting from principal payments or sales and exchanges of one or more existing securities for one or more new securities. Gross reductions also include net increases in unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.
- (5) First Star Speir Aviation Limited is a wholly-owned holding company formed by the Company in order to facilitate its investment strategy. In accordance with ASU 2013-08, the Company has deemed the holding company to be investment companies under GAAP and therefore deemed it appropriate to consolidate the financial results and financial position of the holding company and to recognize dividend income versus a combination of interest income and dividend income. Accordingly, the debt and equity investments in the wholly-owned holding companies are disregarded for accounting purposes since the economic substance of these instruments are equity investments in the operating entity.
- (6) Together with Kemper, the Company co-invests through SLF JV I. SLF JV I is capitalized as transactions are completed and all portfolio and investment decisions in respect to SLF JV I must be approved by the SLF JV I investment committee consisting of representatives of the Company and Kemper (with approval from a representative of each required).
- (7) Investment includes interest rate floor, which is generally 1.00%.
- (8) Prior to March 31, 2019, this portfolio company was named Keypath Education, Inc.

Oaktree Specialty Lending Corporation
Schedule of Investments in and Advances to Affiliates
(in thousands, except share and per share amounts, percentages and as otherwise indicated)
Six months ended March 31, 2018
(unaudited)

Portfolio Company/Type of Investment (1)	Cash Interest Rate	Industry	Principal	Net Realized Gain (Loss)	Amount of Interest, Fees or Dividends Credited in Income (2)	Fair Value at October 1, 2017	Gross Additions (3)	Gross Reductions (4)	Fair Value at March 31, 2018	% of Total Net Assets
Control Investments										
AdVenture Interactive, Corp.										
		Advertising								
9,073 shares of common units			\$ —	\$ —	\$ —	\$ 13,818	\$ 136	\$ (7,397)	\$ 6,557	0.8 %
										— %
Ameritox Ltd. (7)										
		Healthcare services								
First Lien Term Loan, LIBOR+5.00% (1.00% floor) cash 3% PIK due 4/11/2021	6.88%		34,921	—	—	4,445	1,004	(5,449)	—	— %
14,090,126.4 Class A Preferred Units in Ameritox Holdings II, LLC			—	—	—	—	—	—	—	— %
1,602,260.83 Class B Preferred Units in Ameritox Holdings II, LLC			—	—	—	—	—	—	—	— %
4,930.03 Class A Units in Ameritox Holdings II, LLC			—	—	—	—	—	—	—	— %
Eagle Hospital Physicians, LLC										
		Healthcare services								
Earmout			—	—	—	4,986	98	(152)	4,932	0.6 %
First Star Bermuda Aviation Limited (6)										
		Airlines								
First Lien Term Loan, 9.00% cash 3.00% PIK due 8/19/2018			11,868	—	811	11,868	—	—	11,868	1.4 %
100% equity interest			—	—	—	2,323	4,993	(2,220)	5,096	0.6 %
First Star Speir Aviation Limited (6)										
		Airlines								
First Lien Term Loan, 9.00% cash due 12/15/2020			32,510	—	363	41,395	974	(9,858)	32,511	3.9 %
100% equity interest			—	—	—	3,926	3,011	(3,088)	3,849	0.5 %
Keypath Education, Inc.										
		Advertising								
First Lien Term Loan, LIBOR+7.00% (1.00% floor) cash due 4/3/2022	9.30%		19,960	—	870	19,960	—	—	19,960	2.4 %
First Lien Revolver, LIBOR+7.00% (1.00% floor) cash due 4/3/2022	9.30%		—	—	9	—	—	—	—	— %
9,073 Class A Units in FS AVI Holdco, LLC			—	—	—	7,918	66	—	7,984	1.0 %
New IPT, Inc.										
		Oil & gas equipment services								
First Lien Term Loan, LIBOR+5.00% (1.00% floor) cash due 3/17/2021	7.31%		4,107	—	135	4,107	—	—	4,107	0.5 %
Second Lien Term Loan, LIBOR+5.10% (1.00% floor) cash due 9/17/2021	7.41%		2,003	—	82	2,504	—	(501)	2,003	0.2 %
First Lien Revolver, LIBOR+5.00% (1.00% floor) cash due 3/17/2021	7.31%		1,009	—	37	1,009	—	—	1,009	0.1 %
50,087 Class A Common Units in New IPT Holdings, LLC			—	—	—	736	1,422	—	2,158	0.3 %
Senior Loan Fund JV I, LLC (5)										
		Multi-sector holdings								
Class A Mezzanine Secured Deferrable Floating Rate Notes due 2036 in SLF Repack Issuer 2016 LLC	6.81%		100,804	—	3,380	101,030	—	(226)	100,804	12.2 %
Class B Mezzanine Secured Deferrable Fixed Rate Notes, 15.00% PIK due 2036 in SLF Repack Issuer 2016 LLC			27,691	—	2,008	27,641	228	(178)	27,691	3.3 %
87.5% LLC equity interest			—	—	1,570	5,525	—	(1,281)	4,244	0.5 %

Portfolio Company/Type of Investment (1)	Cash Interest Rate	Industry	Principal	Net Realized Gain (Loss)	Amount of Interest, Fees or Dividends Credited in Income (2)	Fair Value at October 1, 2017	Gross Additions (3)	Gross Reductions (4)	Fair Value at March 31, 2018	% of Total Net Assets
Traffic Solutions Holdings, Inc.										
		Construction & engineering								
First Lien Term Loan, LIBOR+7.00% (1.00% floor) cash 2% PIK due 4/1/2021	9.32%		\$ 36,759	\$ —	\$ 1,798	\$ 36,568	\$ 391	\$ (200)	\$ 36,759	4.4 %
First Lien Revolver, LIBOR+6.00% (1.00% floor) cash due 4/1/2021	8.32%		1,500	—	1,062	1,250	750	(500)	1,500	0.2 %
LC Facility, 6.00% cash due 4/1/2021			4,752	—	96	4,752	—	—	4,752	0.6 %
746,114 Series A Preferred Units, 10.00%			—	—	—	7,700	335	—	8,035	1.0 %
746,114 Common Stock Unit			—	—	—	—	—	—	—	— %
TransTrade Operators, Inc. (7)										
		Air freight and logistics								
First Lien Term Loan, 5.00% cash due 12/31/2017			15,973	—	—	1,810	—	(1,810)	—	— %
First Lien Revolver, 8.00% cash due 12/31/2017			7,757	—	—	—	—	(740)	(740)	(0.1)%
596.67 Series A Common Units			—	—	—	—	—	—	—	— %
4,000 Series A Preferred Units in TransTrade Holdings LLC			—	—	—	—	—	—	—	— %
5,200,000 Series B Preferred Units in TransTrade Holding LLC			—	—	—	—	—	—	—	— %
Total Control Investments			\$ 301,614	\$ —	\$ 12,221	\$ 305,271	\$ 13,408	\$ (33,600)	\$ 285,079	34.5 %
Affiliate Investments										
AmBath/ReBath Holdings, Inc.										
		Home improvement retail								
First Lien Term Loan, 12.50% cash 2.50% PIK due 8/31/2018			—	—	1,738	22,957	308	(23,265)	—	— %
4,668,788 shares of Preferred Stock			—	2,048	—	1,827	221	(2,048)	—	— %
Caregiver Services, Inc.										
		Healthcare services								
Second Lien Term Loan, 10.00% cash 2.00% PIK due 6/30/2019			9,800	—	540	9,665	92	(28)	9,729	1.2 %
1,080,399 shares of Series A Preferred Stock, 10.00%			—	—	—	2,534	—	(373)	2,161	0.3 %
Total Affiliate Investments			\$ 9,800	\$ 2,048	\$ 2,278	\$ 36,983	\$ 621	\$ (25,714)	\$ 11,890	1.4 %
Total Control & Affiliate Investments			\$ 311,414	\$ 2,048	\$ 14,499	\$ 342,254	\$ 14,029	\$ (59,314)	\$ 296,969	35.9 %

This schedule should be read in connection with the Company's Consolidated Financial Statements, including the Consolidated Schedules of Investments and Notes to the Consolidated Financial Statements.

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- (2) Represents the total amount of interest, fees and dividends credited to income for the portion of the period an investment was included in the Control or Affiliate categories.
- (3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments, accrued PIK interest (net of non-accrual amounts) and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in unrealized depreciation as well as the movement of an existing portfolio company into this category or out of a different category.
- (4) Gross reductions include decreases in the cost basis of investment resulting from principal payments or sales and exchanges of one or more existing securities for one or more new securities. Gross reductions also include net increases in unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.
- (5) Together with Kemper, the Company co-invests through SLF JV I. SLF JV I is capitalized as transactions are completed and all portfolio and investment decisions in respect to SLF JV I must be approved by the SLF JV I investment committee consisting of representatives of the Company and Kemper (with approval from a representative of each required).
- (6) First Star Bermuda Aviation Limited and First Star Speir Aviation Limited are wholly-owned holding companies formed by the Company in order to facilitate its investment strategy. In accordance with ASU 2013-08, the Company has deemed the holding companies to be investment companies under GAAP and therefore deemed it appropriate to consolidate the financial results and financial position of the holding companies and to recognize dividend income versus a combination of interest income and dividend income. Accordingly, the debt and equity investments in the wholly-owned holding companies are disregarded for accounting purposes since the economic substance of these instruments are equity investments in the operating entities.
- (7) This investment was on cash non-accrual status as of March 31, 2018 and September 30, 2017.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in connection with our Consolidated Financial Statements and the notes thereto included elsewhere in this quarterly report on Form 10-Q.

Some of the statements in this quarterly report on Form 10-Q constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this quarterly report on Form 10-Q may include statements as to:

- our future operating results and distribution projections;
- the ability of Oaktree Capital Management, L.P., or Oaktree, our investment adviser, 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 quarterly report on Form 10-Q 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 “Item 1A. Risk Factors” in our annual report on Form 10-K for the year ended September 30, 2018 and elsewhere in this quarterly report 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, or RICs; 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 quarterly report on Form 10-Q on information available to us on the date of this quarterly report, 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.

All dollar amounts in tables are in thousands, except share and per share amounts, percentages and as otherwise indicated.

Business Overview

We are a specialty finance company that looks to provide customized, one-stop credit solutions to companies with limited access to public or syndicated capital markets. We are a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a Business Development Company under the Investment Company Act of 1940, as amended, or the Investment Company Act. In addition, we have qualified and elected to be treated as a RIC under the Internal Revenue Code of 1986, as amended, or the Code, for tax purposes.

As of October 17, 2017, we are externally managed by Oaktree, a subsidiary of Oaktree Capital Group, LLC, or OCG, a publicly traded Delaware limited liability company listed on the New York Stock Exchange under the ticker “OAK”, pursuant to an investment advisory agreement between us and Oaktree, or the Investment Advisory Agreement. Oaktree Fund Administration, LLC, or Oaktree Administrator, a subsidiary of Oaktree, provides certain administrative and other services necessary for us to operate pursuant to an administration agreement, or the Administration Agreement.

We seek 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. We may also seek to generate capital appreciation and income through secondary investments at discounts to par in either private or syndicated transactions. We invest in companies that typically possess business models we expect to be resilient in the future with underlying fundamentals that will provide strength in future downturns. We intend to deploy capital across credit and economic cycles with a focus on long-term results, which we believe will enable us to build lasting partnerships with financial sponsors and management teams, and we may seek to opportunistically take advantage of dislocations in the financial markets and other situations that may benefit from Oaktree's credit and structuring expertise. Sponsors may include financial sponsors, such as an institutional investor or a private equity firm, or a strategic entity seeking to invest in a portfolio company.

Oaktree intends to continue to reposition our portfolio into investments that are better aligned with Oaktree's overall approach to credit investing and that it believes have the potential to generate attractive returns across market cycles. Oaktree is generally focused on middle-market companies, which we define as companies with enterprise values of between \$100 million and \$750 million. Going forward, we expect our portfolio to include a mix of approximately 40% to 60% of first lien loans and 35% to 55% of second lien loans, including asset backed loans, unitranche loans and mezzanine loans, approximately 5% to 15% of unsecured loans and 0% to 10% of preferred equity and certain equity co-investments. Our portfolio may also include certain structured finance and other non-traditional structures. We generally invest in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as "high yield" and "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal.

Since becoming our investment adviser, Oaktree has performed a comprehensive review of our portfolio and categorized our portfolio into core investments, non-core performing investments and underperforming investments. Certain additional information on such categorization and our portfolio composition is included in investor presentations that we file with the SEC.

Since becoming our investment adviser, Oaktree has reduced the investments it has identified as non-core by almost \$600 million at fair value. Over time, Oaktree intends to rotate us out of the approximately \$296 million of non-core investments at fair value that remain in our portfolio as of March 31, 2019.

Business Environment and Developments

We believe that the shift of commercial banks away from lending to middle-market companies following the 2008 financial crisis, including as a result of the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the adoption of the Basel III Accord continues to create opportunities for non-bank lenders such as us. We believe middle-market companies represent a significant opportunity for direct lending as there are nearly 200,000 middle-market businesses, representing one-third of private sector gross domestic product and accounting for approximately 48 million jobs according to the National Center for the Middle Market. In addition, according to the S&P Global Market Intelligence LCD Middle Market Review, there was a total of \$10.7 billion of syndicated middle market loan issuance in calendar year 2018.

We believe that quantitative easing and other similar monetary policies implemented by central banks worldwide in reaction to the 2008 financial crisis have created significant inflows of capital, including from private equity sponsors, focused on yield-driven products such as sub-investment grade debt. While we believe that private equity sponsors continue to have a large pool of available capital and will continue to pursue acquisitions in the middle market, increased competition from other lenders to middle-market companies together with increased capital focused on the sector have led to spread compression across the middle market, resulting in spreads near historically low levels.

We believe that the fundamentals of middle-market companies remain strong. In this environment, we believe attractive risk-adjusted returns can be achieved by investing in companies that cannot efficiently access traditional debt capital markets. We believe that we have the resources and experience to source, diligence and structure investments in these companies and are well placed to generate attractive returns for investors.

Investment Advisory Agreement with Oaktree

Upon the closing of the transactions, or the Transaction, contemplated by the Asset Purchase Agreement by and among Oaktree, Fifth Street Management LLC, or the Former Adviser, and for certain limited purposes, Fifth Street Asset Management Inc., or FSAM, and Fifth Street Holdings L.P., Oaktree became the investment adviser to each of Oaktree Strategic Income Corporation, or OCSI, and us. The closing of the Transaction resulted in the assignment for purposes of the Investment Company Act of the investment advisory agreement between the Former Adviser and us, or the Former Investment Advisory Agreement, and, as a result, its immediate termination. See "Note 11. Related Party Transactions— Investment Advisory Agreement" and "— Administrative Services" in the notes to the accompanying Consolidated Financial Statements.

Brookfield Transaction

On March 13, 2019, OCG entered into an Agreement and Plan of Merger, or the Merger Agreement, with Brookfield Asset Management Inc., a corporation incorporated under the laws of the Province of Ontario, or Brookfield, Berlin Merger Sub, LLC, a Delaware limited liability company and wholly-owned subsidiary of Brookfield, or Merger Sub, Oslo Holdings LLC, a Delaware limited liability company and wholly-owned subsidiary of Oaktree Capital Group Holdings, L.P., or SellerCo, and Oslo Holdings Merger Sub LLC, a Delaware limited liability company and wholly-owned subsidiary of OCG, or Seller MergerCo, pursuant to which, among other things and subject to the satisfaction of closing conditions contained in the Merger Agreement, (i) Merger Sub will merge with and into OCG with OCG continuing as the surviving entity and (ii) immediately following the Merger, SellerCo will merge with and into Seller MergerCo, with Seller MergerCo continuing as the surviving entity. Such transactions are collectively referred to as the “Brookfield Transaction.” As a result of the Brookfield Transaction, Brookfield would indirectly own a majority economic interest in OCG’s business. Upon consummation of the Brookfield Transaction, Brookfield and OCG will continue to operate their respective businesses independently, with each remaining under its current brand and led by its existing management and investment teams. As a result, our management team is expected to continue to operate in the same professional capacity for us following completion of the Brookfield Transaction. The Brookfield Transaction is subject to various closing conditions, and there is no assurance the Brookfield Transaction will be completed.

If the Brookfield Transaction is consummated, Oaktree’s current management will maintain actual control of the management of Oaktree for an initial period of up to seven years following the closing of the Brookfield Transaction (or less if certain other conditions are triggered). Following the conclusion of this initial period, Brookfield will have the right to assume control of Oaktree. Oaktree has informed our Board of Directors that it does not believe the consummation of the Brookfield Transaction would be deemed an “assignment” of the Investment Advisory Agreement under the Investment Company Act, although such a determination is inherently uncertain. In accordance with the Investment Company Act, however, the Investment Advisory Agreement automatically terminates upon its assignment. To prevent any potential disruption in Oaktree’s ability to provide services to us once an assignment is deemed to occur, whether as a result of the consummation of the Brookfield Transaction or as a result of Brookfield exercising actual control over Oaktree, we have filed a preliminary proxy statement and intend to convene a special meeting seeking stockholder approval of a new investment advisory agreement between us and Oaktree, which agreement was approved by our Board of Directors on May 3, 2019. All material terms will remain unchanged from the Investment Advisory Agreement in effect as of May 3, 2019. The consummation of the Brookfield Transaction is currently expected to occur in the third quarter of 2019 and is subject to customary closing conditions, including receipt of approval for the transaction from OCG’s stockholders, as well as the receipt of required regulatory approvals.

Critical Accounting Policies

Basis of Presentation

Our Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X. In the opinion of management, all adjustments of a normal recurring nature considered necessary for the fair presentation of the Consolidated Financial Statements have been made. All intercompany balances and transactions have been eliminated. We are an investment company following the accounting and reporting guidance in Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 946, *Financial Services-Investment Companies*, or ASC 946.

Investment Valuation

We value our investments in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, or ASC 820, which defines fair value as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We report our investments for which current market values are not readily available at fair value. A liability’s fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. ASC 820 prioritizes the use of observable market prices derived from such prices over entity-specific inputs. Where observable prices or inputs are not available or reliable, valuation techniques are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the investments or market and the investments’ complexity.

Hierarchical levels, defined by ASC 820 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

- Level 1 — Unadjusted, quoted prices in active markets for identical assets or liabilities as of the measurement date.
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data at the measurement date for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

If inputs used to measure fair value fall into different levels of the fair value hierarchy, an investment's level is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. This includes investment securities that are valued using "bid" and "ask" prices obtained from independent third party pricing services or directly from brokers. These investments may be classified as Level 3 because the quoted prices may be indicative in nature for securities that are in an inactive market, may be for similar securities or may require adjustments for investment-specific factors or restrictions.

Financial instruments with readily available quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment inherent in measuring fair value. As such, Oaktree obtains and analyzes readily available market quotations provided by pricing vendors and brokers for all of our investments for which quotations are available. In determining the fair value of a particular investment, pricing vendors and brokers use observable market information, including both binding and non-binding indicative quotations.

We seek to obtain at least two quotations for the subject or similar securities, typically from pricing vendors. If we are unable to obtain two quotes from pricing vendors, or if the prices obtained from pricing vendors are not within our set threshold, we seek to obtain a quote directly from a broker making a market for the asset. Oaktree evaluates the quotations provided by pricing vendors and brokers based on available market information, including trading activity of the subject or similar securities, or by performing a comparable security analysis to ensure that fair values are reasonably estimated. Oaktree also performs back-testing of valuation information obtained from pricing vendors and brokers against actual prices received in transactions. In addition to ongoing monitoring and back-testing, Oaktree performs due diligence procedures over pricing vendors to understand their methodology and controls to support their use in the valuation process. Generally, we do not adjust any of the prices received from these sources.

If the quotations obtained from pricing vendors or brokers are determined to not be reliable or are not readily available, we value such investments using any of three different valuation techniques. The first valuation technique is the transaction precedent technique, which utilizes recent or expected future transactions of the investment to determine fair value, to the extent applicable. The second valuation technique is an analysis of the enterprise value, or EV, of the portfolio company. EV means the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time. The EV analysis is typically performed to determine (i) the value of equity investments, (ii) whether there is credit impairment for debt investments and (iii) the value for debt investments that we are deemed to control under the Investment Company Act. To estimate the EV of a portfolio company, Oaktree analyzes various factors, including the portfolio company's historical and projected financial results, macroeconomic impacts on the company, and competitive dynamics in the company's industry. Oaktree also utilizes some or all of the following information based on the individual circumstances of the portfolio company: (i) valuations of comparable public companies, (ii) recent sales of private and public comparable companies in similar industries or having similar business or earnings characteristics, (iii) purchase price as a multiple of their earnings or cash flow, (iv) the portfolio company's ability to meet its forecasts and its business prospects, (v) a discounted cash flow analysis, (vi) estimated liquidation or collateral value of the portfolio company's assets and (vii) offers from third parties to buy the portfolio company. We may probability weight potential sale outcomes with respect to a portfolio company when uncertainty exists as of the valuation date. The third valuation technique is a market yield technique, which is typically performed for non-credit impaired debt investments. In the market yield technique, a current price is imputed for the investment based upon an assessment of the expected market yield for a similarly structured investment with a similar level of risk, and we consider the current contractual interest rate, the capital structure and other terms of the investment relative to risk of the company and the specific investment. A key determinant of risk, among other things, is the leverage through the investment relative to the EV of the portfolio company. As debt investments held by us are substantially illiquid with no active transaction market, we depend on primary market data, including newly funded transactions and industry-specific market movements, as well as secondary market data with respect to high yield debt instruments and syndicated loans, as inputs in determining the appropriate market yield, as applicable.

In accordance with ASC 820-10, certain investments that qualify as investment companies in accordance with ASC 946 may be valued using net asset value as a practical expedient for fair value. Consistent with FASB guidance under ASC 820, these investments are excluded from the hierarchical levels.

We estimate the fair value of privately held warrants using a Black Scholes pricing model, which includes an analysis of various factors and subjective assumptions, including the current stock price (by using an EV analysis as described above), the expected period until exercise, expected volatility of the underlying stock price, expected dividends and the risk-free rate. Changes in the subjective input assumptions can materially affect the fair value estimates.

Our Board of Directors undertakes a multi-step valuation process each quarter in connection with determining the fair value of our investments:

- The quarterly valuation process begins with each portfolio company or investment being initially valued by Oaktree's valuation team in conjunction with Oaktree's portfolio management team and investment professionals responsible for each portfolio investment;
- Preliminary valuations are then reviewed and discussed with management of Oaktree;
- Separately, independent valuation firms engaged by our Board of Directors prepare valuations of our investments, on a selected basis, for which market quotations are not readily available or are readily available but deemed not reflective of the fair value of the investment, and submit the reports to us and provide such reports to Oaktree and the Audit Committee of our Board of Directors;
- Oaktree compares and contrasts its preliminary valuations to the valuations of the independent valuation firms and prepares a valuation report for the Audit Committee;
- The Audit Committee reviews the preliminary valuations with Oaktree, and Oaktree responds and supplements the preliminary valuations to reflect any discussions between Oaktree and the Audit Committee;
- The Audit Committee makes a recommendation to our full Board of Directors regarding the fair value of the investments in our portfolio; and
- Our Board of Directors discusses valuations and determines the fair value of each investment in our portfolio.

The fair value of our investments as of March 31, 2019 and September 30, 2018 was determined in good faith by our Board of Directors. Our Board of Directors has and will continue to engage independent valuation firms to provide assistance regarding the determination of the fair value of a portion of our portfolio securities for which market quotations are not readily available or are readily available but deemed not reflective of the fair value of the investment each quarter, and the Board of Directors may reasonably rely on that assistance. As of March 31, 2019, 93.6% of our portfolio at fair value was valued either based on market quotations, the transactions precedent approach or by independent valuation firms. However, our Board of Directors is responsible for the ultimate valuation of the portfolio investments at fair value as determined in good faith pursuant to our valuation policy and a consistently applied valuation process.

As of March 31, 2019 and September 30, 2018, approximately 97.6% and 96.1%, respectively, of our total assets represented investments at fair value.

Revenue Recognition

Interest and Dividend Income

Interest income, adjusted for accretion of original issue discount, or OID, is recorded on the accrual basis to the extent that such amounts are expected to be collected. We stop accruing interest on investments when it is determined that interest is no longer collectible. Investments that are expected to pay regularly scheduled interest in cash are generally placed on non-accrual status when there is reasonable doubt that principal or interest cash payments will be collected. Cash interest payments received on investments may be recognized as income or a return of capital depending upon management's judgment. A non-accrual investment is restored to accrual status if past due principal and interest are paid in cash, and the portfolio company, in management's judgment, is likely to continue timely payment of its remaining obligations. As of March 31, 2019, there were six investments on which we had stopped accruing cash and/or payment in kind, or PIK, interest or OID income.

In connection with our investment in a portfolio company, we sometimes receive nominal cost equity that is valued as part of the negotiation process with the portfolio company. When we receive nominal cost equity, we allocate our cost basis in the investment between debt securities and the nominal cost equity at the time of origination. Any resulting discount from recording the loan, or otherwise purchasing a security at a discount, is accreted into interest income over the life of the loan.

We generally recognize dividend income on the ex-dividend date. Distributions received from equity investments are evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, we will not record distributions from such equity investments as dividend income unless there are sufficient earnings at the portfolio company prior to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment.

Fee Income

Oaktree may provide financial advisory services to portfolio companies and in return we may receive fees for capital structuring services. These fees are generally nonrecurring and are recognized by us upon the investment closing date. We may also receive additional fees in the ordinary course of business, including servicing, amendment and prepayment fees, which are classified as fee income and recognized as they are earned or the services are rendered.

We have also structured exit fees across certain of our portfolio investments to be received upon the future exit of those investments. Exit fees are payable upon the exit of a debt security. These fees are to be paid to us upon the sooner to occur of (i) a sale of the borrower or substantially all of the assets of the borrower, (ii) the maturity date of the loan or (iii) the date when full prepayment of the loan occurs. The receipt of such fees is contingent upon the occurrence of one of the events listed above for each of the investments. A percentage of these fees is included in net investment income over the life of the loan.

PIK Interest

Our investments in debt securities may contain PIK interest provisions. PIK interest, which represents contractually deferred interest added to the loan balance that is generally due at the end of the loan term, is generally recorded on the accrual basis to the extent such amounts are expected to be collected. We generally cease accruing PIK interest if there is insufficient value to support the accrual or if we do not expect the portfolio company to be able to pay all principal and interest due. Our decision to cease accruing PIK interest involves subjective judgments and determinations based on available information about a particular portfolio company, including whether the portfolio company is current with respect to its payment of principal and interest on its loans and debt securities; financial statements and financial projections for the portfolio company; our assessment of the portfolio company's business development success; information obtained by us in connection with periodic formal update interviews with the portfolio company's management and, if appropriate, the private equity sponsor; and information about the general economic and market conditions in which the portfolio company operates. Based on this and other information, we determine whether to cease accruing PIK interest on a loan or debt security. Our determination to cease accruing PIK interest is generally made well before our full write-down of a loan or debt security. In addition, if it is subsequently determined that we will not be able to collect any previously accrued PIK interest, the fair value of the loans or debt securities would be reduced by the amount of such previously accrued, but uncollectible, PIK interest. The accrual of PIK interest on our debt investments increases the recorded cost bases of these investments in our Consolidated Financial Statements including for purposes of computing the capital gains incentive fee payable by us to Oaktree beginning in the fiscal year ending September 30, 2019. To maintain our status as a RIC, income from PIK interest may be required to be distributed to our stockholders even though we have not yet collected the cash and may never do so.

Portfolio Composition

Our investments principally consist of loans, common and preferred equity and warrants in privately-held companies and Senior Loan Fund JV I, LLC, or SLF JV I. Our loans are typically secured by a first, second or subordinated lien on the assets of the portfolio company and generally have terms of up to ten years (but an expected average life of between three and four years). We believe the environment for direct lending remains active, and, as a result, a number of our portfolio companies were able to refinance and repay their loans during the six months ended March 31, 2019.

During the six months ended March 31, 2019, we originated \$331.1 million of investment commitments in 19 new and four existing portfolio companies and funded \$273.5 million of investments.

During the six months ended March 31, 2019, we received \$329.0 million of proceeds from prepayments, exits, other paydowns and sales and exited 18 portfolio companies.

A summary of the composition of our investment portfolio at cost and fair value as a percentage of total investments is shown in the following tables:

	March 31, 2019	September 30, 2018
Cost:		
Senior secured debt	77.97%	74.69%
Subordinated debt	9.02	11.85
Debt investments in SLF JV I	5.99	8.05
Common equity & warrants	3.52	3.97
LLC equity interests of SLF JV I	3.07	1.01
Preferred equity	0.43	0.43
Total	100.00%	100.00%

	March 31, 2019	September 30, 2018
Fair value:		
Senior secured debt	78.89%	75.40%
Subordinated debt	7.99	10.97
Debt investments in SLF JV I	6.40	8.67
Common equity & warrants	4.35	4.63
LLC equity interests of SLF JV I	2.03	—
Preferred equity	0.34	0.33
Total	100.00%	100.00%

The industry composition of our portfolio at cost and fair value as a percentage of total investments was as follows:

	March 31, 2019	September 30, 2018
Cost:		
Multi-sector holdings (1)	9.16%	9.85%
Healthcare services	8.45	7.43
Application software	6.68	5.34
Data processing & outsourced services	4.72	5.45
Property & casualty insurance	4.13	4.13
Biotechnology	4.11	0.74
Pharmaceuticals	3.48	4.30
Healthcare technology	3.18	3.19
Specialized finance	3.08	3.02
Auto parts & equipment	2.65	2.65
Specialty stores	2.65	2.73
Advertising	2.64	2.64
Aerospace & defense	2.51	2.86
Internet services & infrastructure	2.36	0.34
Research & consulting services	2.16	2.15
Technology distributors	2.14	2.14
Integrated telecommunication services	2.10	2.10
Oil & gas refining & marketing	1.99	1.40
Airlines	1.98	2.03
Specialty chemicals	1.98	1.98
Oil & gas equipment & services	1.84	3.53
Systems software	1.82	0.99
Oil & gas drilling	1.80	—
Managed healthcare	1.73	1.73
Construction & engineering	1.62	1.89
Industrial machinery	1.51	1.87
Healthcare distributors	1.41	1.22
Interactive media & services	1.36	—
Electrical components & equipment	1.33	2.42
IT consulting & other services	1.24	0.05
Movies & entertainment	1.20	1.21
Personal products	1.17	1.20
General merchandise stores	1.17	1.43
Diversified support services	1.17	1.20
Apparel, accessories & luxury goods	1.14	1.14
Education services	1.01	0.86
Food retail	0.90	1.37
Oil & gas storage & transportation	0.72	—
Security & alarm services	0.69	0.69
Trading companies & distributors	0.65	0.43
Household appliances	0.49	0.49
Coal & consumable fuels	0.45	0.46
Environmental & facilities services	0.37	0.37
Commercial printing	0.36	0.36
Thrifts & mortgage finance	0.29	0.33
Restaurants	0.19	0.19
Leisure facilities	0.12	0.34
Human resource & employment services	0.05	0.10
Department stores	0.04	0.04
Other diversified financial services	0.01	0.01
Commodity chemicals	—	0.18
Consumer electronics	—	1.38
Healthcare equipment	—	2.98
Hypermarkets & super centers	—	0.13
Investment banking & brokerage	—	0.78
Oil & gas exploration & production	—	2.16

	March 31, 2019	September 30, 2018
Fair value:		
Multi-sector holdings (1)	8.67%	9.57 %
Application software	6.95	6.47
Healthcare services	5.12	4.50
Biotechnology	4.68	0.80
Property & casualty insurance	4.42	4.52
Data processing & outsourced services	4.14	4.98
Pharmaceuticals	3.76	4.82
Healthcare technology	3.39	3.50
Specialized finance	3.26	3.24
Auto parts & equipment	2.76	2.89
Specialty stores	2.75	2.95
Aerospace & defense	2.69	3.11
Internet services & infrastructure	2.52	0.37
Advertising	2.45	2.19
Research & consulting services	2.43	2.44
Technology distributors	2.37	2.32
Airlines	2.22	2.18
Oil & gas refining & marketing	2.12	1.52
Oil & gas drilling	1.95	—
Systems software	1.94	1.08
Specialty chemicals	1.91	2.06
Oil & gas equipment & services	1.89	4.01
Managed healthcare	1.86	1.88
Integrated telecommunication services	1.84	1.90
Construction & engineering	1.77	2.14
Industrial machinery	1.58	1.97
Healthcare distributors	1.50	1.30
Interactive media & services	1.50	—
Electrical components & equipment	1.44	2.70
IT consulting & other services	1.30	0.03
Movies & entertainment	1.27	1.31
Leisure products	1.27	0.81
Personal products	1.26	1.31
Diversified support services	1.25	1.23
General merchandise stores	1.07	1.55
Food retail	0.97	1.48
Apparel, accessories & luxury goods	0.87	0.91
Oil & gas storage & transportation	0.80	—
Security & alarm services	0.71	0.73
Trading companies & distributors	0.69	0.47
Coal & consumable fuels	0.49	0.50
Household appliances	0.49	0.53
Environmental & facilities services	0.41	0.42
Commercial printing	0.38	0.40
Leisure facilities	0.30	0.55
Thrifts & mortgage finance	0.26	0.32
Restaurants	0.20	0.21
Human resource & employment services	0.05	0.11
Education services	0.04	(0.14)
Department stores	0.04	0.04
Commodity chemicals	—	0.21
Consumer electronics	—	1.57
Healthcare equipment	—	0.66
Hypermarkets & super centers	—	0.14
Investment banking & brokerage	—	0.86
Oil & gas exploration & production	—	2.38
Total	100.00%	100.00 %

(1) This industry includes our investment in SLF JV I.

Loans and Debt Securities on Non-Accrual Status

As of March 31, 2019 and September 30, 2018, there were six and eight investments on which we had stopped accruing cash and/or PIK interest or OID income.

The percentages of our debt investments at cost and fair value by accrual status as of March 31, 2019 and September 30, 2018 were as follows:

	March 31, 2019				September 30, 2018			
	Cost	% of Debt Portfolio	Fair Value	% of Debt Portfolio	Cost	% of Debt Portfolio	Fair Value	% of Debt Portfolio
Accrual	\$ 1,322,540	88.54%	\$ 1,317,938	93.88%	\$ 1,298,999	85.46%	\$ 1,318,531	93.03%
PIK non-accrual (1)	12,661	0.85	—	—	12,661	0.83	—	—
Cash non-accrual (2)	158,542	10.61	85,854	6.12	208,345	13.71	98,760	6.97
Total	\$ 1,493,743	100.00%	\$ 1,403,792	100.00%	\$ 1,520,005	100.00%	\$ 1,417,291	100.00%

(1) PIK non-accrual status is inclusive of other non-cash income, where applicable.

(2) Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

Senior Loan Fund JV I, LLC

In May 2014, we entered into a limited liability company, or LLC, agreement with Trinity Universal Insurance Company, a subsidiary of Kemper Corporation, or Kemper to form SLF JV I. On July 1, 2014, SLF JV I began investing in senior secured loans of middle-market companies and other corporate debt securities. We co-invest in these securities with Kemper through our investment in SLF JV I. SLF JV I is managed by a four person Board of Directors, two of whom are selected by us and two of whom are selected by Kemper. All portfolio decisions and investment decisions in respect of SLF JV I must be approved by the SLF JV I investment committee, which consists of one representative selected by us and one representative selected by Kemper (with approval from a representative of each required). Since we do not have a controlling financial interest in SLF JV I, we do not consolidate SLF JV I.

SLF JV I is capitalized pro rata with LLC equity interests as transactions are completed and may be capitalized with additional subordinated notes issued to us and Kemper by SLF JV I. On December 28, 2018, we and Kemper directed the redemption of our holdings of mezzanine notes issued by SLF Repack Issuer 2016, LLC, a wholly-owned, special purpose issuer subsidiary of SLF JV I. Upon such redemption, the assets collateralizing the mezzanine notes, which consisted of equity interests of SLF JV I Funding LLC (the "Equity Interests"), were distributed in-kind to each of us and Kemper, based upon our respective holdings of mezzanine notes. Upon such distribution, we and Kemper each then directed that a portion of our respective Equity Interests holdings be contributed to SLF JV I in exchange for LLC equity interests of SLF JV I and the remainder be applied as payment for the subordinated notes of SLF JV I. SLF Repack Issuer 2016, LLC was dissolved following the foregoing redemption and liquidation. The subordinated notes issued by SLF JV I, or the SLF JV 1 Subordinated Notes, and the mezzanine notes issued by SLF Repack Issuer 2016, LLC, or the SLF Repack Notes, collectively are referred to as the SLF JV I Notes. Prior to their redemption on December 28, 2018, the SLF Repack Notes consisted of Class A mezzanine secured deferrable floating rate notes and Class B mezzanine secured deferrable fixed rate notes. The SLF JV I Subordinated Notes are (and the SLF Repack Notes were, prior to their redemption) senior in right of payment to SLF JV I LLC equity interests and subordinated in right of payment to SLF JV I's secured debt. As of March 31, 2019, we and Kemper owned, in the aggregate, 87.5% and 12.5%, respectively, of the LLC equity interests of SLF JV I and the outstanding SLF JV I Subordinated Notes and as of September 30, 2018, we and Kemper owned in the aggregate, 87.5% and 12.5%, respectively, of the LLC equity interest in SLF JV I and the outstanding SLF Repack Notes.

SLF JV I has a senior revolving credit facility with Deutsche Bank AG, New York Branch (as amended, the "Deutsche Bank I Facility"), which permitted up to \$200.0 million of borrowings as of March 31, 2019 and September 30, 2018. Borrowings under the Deutsche Bank I Facility are secured by all of the assets of SLF JV I Funding LLC, a special purpose financing subsidiary of SLF JV I. As of March 31, 2019, the reinvestment period of the Deutsche Bank I Facility was scheduled to expire June 28, 2021 and the maturity date for the Deutsche Bank I Facility was June 28, 2026. As of March 31, 2019, borrowings under the Deutsche Bank I Facility accrued interest at a rate equal to the 3-month London Interbank Offered Rate, or LIBOR, plus 1.85% per annum during the reinvestment period and 3-month LIBOR plus 2.00% per annum during the amortization period. Under the Deutsche Bank I Facility, \$185.0 million and \$153.0 million of borrowings were outstanding as of March 31, 2019 and September 30, 2018, respectively.

As of March 31, 2019 and September 30, 2018, SLF JV I had total assets of \$346.6 million and \$314.2 million, respectively. SLF JV I's portfolio primarily consisted of senior secured loans to 49 and 40 portfolio companies as of March 31, 2019 and September 30, 2018, respectively. The portfolio companies in SLF JV I are in industries similar to those in which we may invest directly. As of March 31, 2019, our investment in SLF JV I consisted of LLC equity interests of \$30.6 million, at fair value, and subordinated notes of \$96.3 million, at fair value. As of September 30, 2018, our investment in SLF JV I consisted of LLC equity interests of \$0.0 million, at fair value, and Class A

mezzanine secured deferrable floating rate notes and Class B mezzanine secured deferrable fixed rate notes of \$99.8 million and \$29.5 million, at fair value, respectively.

As of each of March 31, 2019 and September 30, 2018, we and Kemper had funded approximately \$165.5 million to SLF JV I, of which \$144.8 million was from us. As of March 31, 2019 and September 30, 2018, we and Kemper had the option to fund additional SLF JV I Notes, subject to additional equity funding to SLF JV I. As of each of March 31, 2019 and September 30, 2018, we had commitments to fund LLC equity interests in SLF JV I of \$17.5 million, of which \$1.3 million was unfunded.

Below is a summary of SLF JV I's portfolio, followed by a listing of the individual loans in SLF JV I's portfolio as of March 31, 2019 and September 30, 2018:

	<u>March 31, 2019</u>	<u>September 30, 2018</u>
Senior secured loans (1)	\$327,645	\$297,053
Weighted average interest rate on senior secured loans (2)	7.03%	7.20%
Number of borrowers in SLF JV I	49	40
Largest exposure to a single borrower (1)	\$10,889	\$17,512
Total of five largest loan exposures to borrowers (1)	\$50,714	\$66,507

(1) At principal amount.

(2) Computed using the weighted average annual interest rate on accruing senior secured loans at fair value.

SLF JV I Portfolio as of March 31, 2019

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1) (2)	Cash Interest Rate	Principal	Cost	Fair Value (3)
Access CIG, LLC	Diversified support services	First Lien Term Loan	2/27/2025	LIBOR+3.75%	6.24%	\$ 9,347	\$ 9,299	\$ 9,254
Accudyne Industries, LLC (6)	Industrial machinery	First Lien Term Loan	8/18/2024	LIBOR+3.00%	5.50%	8,906	8,906	8,906
AdVenture Interactive, Corp. (4)	Advertising	927 Common Stock Shares					1,390	1,258
AI Ladder (Luxembourg) Subco S.a.r.l. (4)	Electrical components & equipment	First Lien Term Loan	7/9/2025	LIBOR+4.50%	7.10%	6,198	6,031	6,102
Air Newco LP	IT consulting & other services	First Lien Term Loan	5/31/2024	LIBOR+4.75%	7.24%	9,950	9,925	9,950
AL Midcoast Holdings LLC	Oil & gas storage & transportation	First Lien Term Loan	8/1/2025	LIBOR+5.50%	8.10%	9,950	9,850	9,929
Allied Universal Holdco LLC (4)(6)	Security & alarm services	First Lien Term Loan	7/28/2022	LIBOR+3.75%	6.25%	6,876	6,915	6,666
Altice France S.A.	Integrated telecommunication services	First Lien Term Loan	8/14/2026	LIBOR+4.00%	6.48%	7,481	7,307	7,191
Alvogen Pharma US, Inc. (6)	Pharmaceuticals	First Lien Term Loan	4/1/2022	LIBOR+4.75%	7.25%	9,625	9,625	9,392
Apptio, Inc. (4)(6)	Application software	First Lien Term Loan	1/10/2025	LIBOR+7.25%	9.74%	4,615	4,526	4,526
		First Lien Revolver	1/10/2025	LIBOR+7.25%		—	(7)	(7)
Total Apptio, Inc.						4,615	4,519	4,519
Blackhawk Network Holdings, Inc.	Data processing & outsourced services	First Lien Term Loan	6/15/2025	LIBOR+3.00%	5.50%	9,925	9,903	9,771
Boxer Parent Company Inc. (4)	Systems software	First Lien Term Loan	10/2/2025	LIBOR+4.25%	6.85%	6,647	6,558	6,523
Brazos Delaware II, LLC	Oil & gas equipment & services	First Lien Term Loan	5/21/2025	LIBOR+4.00%	6.49%	7,444	7,411	7,086
Cast & Crew Payroll, LLC	Application software	First Lien Term Loan	2/9/2026	LIBOR+4.00%	6.50%	5,000	4,950	5,027
CITGO Petroleum Corp. (4)(6)	Oil & gas refining & marketing	First Lien Term Loan	3/22/2024	LIBOR+5.00%	7.60%	8,000	7,920	8,000
Clearent Newco, LLC (6)	Application software	First Lien Term Loan	3/20/2024	LIBOR+4.00%	6.56%	6,860	6,775	6,688
		Delayed Draw Term Loan	3/20/2024	LIBOR+4.00%	6.56%	1,188	1,163	1,138
		First Lien Revolver	3/20/2023	PRIME+3.00%	8.50%	693	680	666
Total Clearent Newco, LLC						8,741	8,618	8,492
DigiCert, Inc. (4)(6)	Internet services & infrastructure	First Lien Term Loan	10/31/2024	LIBOR+4.00%	6.50%	8,292	8,179	8,164
Eton (4)	Research & consulting services	Second Lien Term Loan	5/1/2026	LIBOR+7.50%	10.00%	6,000	5,973	5,925
Everi Payments Inc. (6)	Casinos & gaming	First Lien Term Loan	5/9/2024	LIBOR+3.00%	5.50%	4,913	4,889	4,889
Falmouth Group Holdings Corp. (6)	Specialty chemicals	First Lien Term Loan	12/14/2021	LIBOR+6.75%	9.25%	4,121	4,092	4,093
Frontier Communications Corporation (6)	Integrated telecommunication services	First Lien Term Loan	6/15/2024	LIBOR+3.75%	6.25%	1,995	1,944	1,953
Gentiva Health Services, Inc.	Healthcare services	First Lien Term Loan	7/2/2025	LIBOR+3.75%	6.25%	7,960	7,830	7,990
Gigamon Inc. (6)	Systems software	First Lien Term Loan	12/27/2024	LIBOR+4.25%	6.85%	7,900	7,835	7,801
GoodRx, Inc.	Interactive media & services	First Lien Term Loan	10/10/2025	LIBOR+3.00%	5.49%	7,980	7,962	7,907
Indivior Finance S.a.r.l. (6)	Pharmaceuticals	First Lien Term Loan	12/19/2022	LIBOR+4.50%	7.25%	7,966	7,849	7,827

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1) (2)	Cash Interest Rate	Principal	Cost	Fair Value (3)
Intelsat Jackson Holdings S.A. (6)	Alternative carriers	First Lien Term Loan	11/27/2023	LIBOR+3.75%	6.24%	\$ 10,000	\$ 9,878	\$ 9,866
KIK Custom Products Inc. (6)	Household products	First Lien Term Loan	5/15/2023	LIBOR+4.00%	6.50%	8,000	7,968	7,493
McDermott Technology (Americas), Inc. (4)(6)	Oil & gas equipment & services	First Lien Term Loan	5/12/2025	LIBOR+5.00%	7.50%	9,900	9,725	9,512
Mindbody, Inc. (4)(6)	Internet Services & Infrastructure	First Lien Term Loan	2/15/2025	LIBOR+7.00%	9.48%	4,524	4,435	4,433
		First Lien Revolver	2/15/2025	LIBOR+7.00%		—	(9)	(10)
Total Mindbody, Inc.						4,524	4,426	4,423
Morphe LLC (4)(6)	Personal products	First Lien Term Loan	2/10/2023	LIBOR+6.00%	8.50%	4,275	4,241	4,275
New IPT, Inc. (4)(6)	Oil & gas equipment & services	First Lien Term Loan	3/17/2021	LIBOR+5.00%	7.60%	1,794	1,794	1,794
		Second Lien Term Loan	9/17/2021	LIBOR+5.10%	7.70%	263	263	263
		21.876 Class A Common Units				—	—	1,268
Total New IPT, Inc.						2,057	2,057	3,325
Northern Star Industries Inc. (6)	Electrical components & equipment	First Lien Term Loan	3/31/2025	LIBOR+4.75%	7.35%	6,930	6,900	6,895
Novetta Solutions, LLC (6)	Application software	First Lien Term Loan	10/17/2022	LIBOR+5.00%	7.50%	6,024	5,987	5,915
OCI Beaumont LLC	Commodity chemicals	First Lien Term Loan	3/13/2025	LIBOR+4.00%	6.60%	7,920	7,912	7,920
Refac Optical Group (4)(5)(7)	Specialty stores	First Lien Term Loan	1/9/2019	LIBOR+10.00%		2,133	1,940	2,133
Salient CRGT, Inc. (4)(6)	Aerospace & defense	First Lien Term Loan	2/28/2022	LIBOR+5.75%	8.25%	2,236	2,209	2,208
Scientific Games International, Inc. (6)	Casinos & gaming	First Lien Term Loan	8/14/2024	LIBOR+2.75%	5.25%	6,549	6,522	6,389
Sequa Corp. (6)	Aerospace & defense	First Lien Term Loan	11/28/2021	LIBOR+5.00%	7.78%	6,970	6,764	6,839
SHO Holding I Corporation (6)	Footwear	First Lien Term Loan	10/27/2022	LIBOR+5.00%	7.74%	8,463	8,443	7,955
Signify Health, LLC (6)	Healthcare services	First Lien Term Loan	12/23/2024	LIBOR+4.50%	7.10%	9,900	9,817	9,900
Sirva Worldwide, Inc.	Diversified support services	First Lien Term Loan	8/4/2025	LIBOR+5.50%	8.10%	4,969	4,894	4,857
Thruline Marketing, Inc. (4)(6)	Advertising	First Lien Term Loan	4/3/2022	LIBOR+7.00%	9.60%	1,854	1,852	1,854
		927 Common Stock Shares				—	1,088	658
Total Thruline Marketing, Inc.						1,854	2,940	2,512
Triple Royalty Sub LLC	Pharmaceuticals	Fixed Rate Bond	4/15/2033	9.00%		5,000	5,000	5,088
TV Borrower US, LLC (6)	Integrated telecommunications services	First Lien Term Loan	2/22/2024	LIBOR+4.75%	7.35%	2,008	2,001	2,005
Uber Technologies, Inc. (4)(6)	Application software	First Lien Term Loan	4/4/2025	LIBOR+4.00%	6.49%	9,925	9,882	9,945
Uniti Group LP (6)	Specialized REITs	First Lien Term Loan	10/24/2022	LIBOR+5.00%	7.50%	6,434	6,223	6,300
Valeant Pharmaceuticals International Inc.	Pharmaceuticals	First Lien Term Loan	11/27/2025	LIBOR+2.75%	5.23%	1,924	1,915	1,904
Veritas US Inc. (4)(6)	Application software	First Lien Term Loan	1/27/2023	LIBOR+4.50%	7.00%	6,929	6,885	6,437
Verra Mobility, Corp. (6)	Data processing & outsourced services	First Lien Term Loan	2/28/2025	LIBOR+3.75%	6.25%	10,889	10,905	10,917
WP CPP Holdings, LLC (4)(6)	Aerospace & defense	Second Lien Term Loan	4/30/2026	LIBOR+7.75%	10.51%	6,000	5,945	5,975
						\$ 327,645	\$ 327,059	\$ 325,603

- (1) Represents the current interest rate as of March 31, 2019. All interest rates are payable in cash, unless otherwise noted.
- (2) The interest rate on the principal balance outstanding for all floating rate loans is indexed to LIBOR and/or an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each of these loans, we have provided the applicable margin over LIBOR or the alternate base rate based on each respective credit agreement and the cash interest rate as of period end. All LIBOR shown above is in U.S. dollars. As of March 31, 2019, the reference rates for SLF JV I's variable rate loans were the 30-day LIBOR at 2.50%, 60-day LIBOR at 2.56%, the 90-day LIBOR at 2.60%, the 180-day LIBOR at 2.65%, and the PRIME at 5.50%.
- (3) Represents the current determination of fair value as of March 31, 2019 utilizing a similar technique as us in accordance with ASC 820. However, the determination of such fair value is not included in our Board of Directors' valuation process described elsewhere herein.
- (4) This investment is held by both us and SLF JV I as of March 31, 2019.
- (5) This investment was on cash non-accrual status as of March 31, 2019. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.
- (6) Loan includes interest rate floor, which is generally 1.00%.
- (7) Payments on SLF JV I's investment in Refac Optical Group are currently past due.

SLF JV I Portfolio as of September 30, 2018

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1)(2)	Cash Interest Rate	Principal	Cost	Fair Value (3)
Accudyne Industries, LLC	Industrial machinery	First Lien Term Loan	8/18/2024	LIBOR+3.00% (1.00% floor)	5.24%	\$ 9,088	\$ 9,088	\$ 9,134
AdVenture Interactive, Corp. (4)	Advertising	927 Common Stock Shares					1,390	670
AI Ladder (Luxembourg) Subco S.a.r.l (4)	Electrical components & equipment	First Lien Term Loan	7/9/2025	LIBOR+4.50%	7.02%	11,300	10,970	11,367
Air Newco LP	IT consulting & other services	First Lien Term Loan	5/31/2024	LIBOR+4.75%	6.88%	10,000	9,975	10,100
AL Midcoast Holdings LLC	Oil & gas storage & transportation	First Lien Term Loan	8/1/2025	LIBOR+5.50%	7.84%	10,000	9,900	10,041
Allied Universal Holdco LLC (4)	Security & alarm services	First Lien Term Loan	7/28/2022	LIBOR+3.75% (1.00% floor)	6.14%	6,912	6,956	6,821
Altice France S.A.	Integrated telecommunication services	First Lien Term Loan	8/14/2026	LIBOR+4.00%	6.16%	7,500	7,313	7,457
Alvogent Pharma US, Inc.	Pharmaceuticals	First Lien Term Loan	4/1/2022	LIBOR+4.75% (1.00% floor)	6.99%	9,822	9,822	9,918
Asset International, Inc.	Research & consulting services	First Lien Term Loan	12/30/2024	LIBOR+4.50% (1.00% floor)	6.89%	6,948	6,824	6,917
Blackhawk Network Holdings, Inc.	Data processing & outsourced services	First Lien Term Loan	6/15/2025	LIBOR+3.00%	5.39%	9,975	9,951	10,049
Brazos Delaware II, LLC	Oil & gas equipment & services	First Lien Term Loan	5/21/2025	LIBOR+4.00%	6.17%	7,481	7,446	7,458
Chloe Ox Parent LLC	Healthcare services	First Lien Term Loan	12/23/2024	LIBOR+4.50% (1.00% floor)	6.89%	9,950	9,860	9,987
Clearent Newco, LLC	Application software	First Lien Term Loan	3/20/2024	LIBOR+4.00% (1.00% floor)	6.24%	6,894	6,800	6,796
		Delayed Draw Term Loan	3/20/2024	LIBOR+4.00% (1.00% floor)	6.19%	337	310	309
		First Lien Revolver	3/20/2023	PRIME+3.00% (1.00% floor)	8.00%	852	837	836
Total Clearent Newco, LLC						8,083	7,947	7,941
EOS Fitness Opco Holdings, LLC (4)	Leisure facilities	First Lien Term Loan	12/30/2019	LIBOR+8.25% (0.75% floor)	10.36%	17,512	17,399	17,512
Eton (4)	Research & consulting services	Second Lien Term Loan	5/1/2026	LIBOR+7.50%	9.74%	6,000	5,971	6,030
Everi Payments Inc.	Casinos & gaming	First Lien Term Loan	5/9/2024	LIBOR+3.00% (1.00% floor)	5.24%	4,938	4,914	4,973
Falmouth Group Holdings Corp.	Specialty chemicals	First Lien Term Loan	12/14/2021	LIBOR+6.75% (1.00% floor)	8.99%	4,330	4,300	4,330
Garretson Resolution Group, Inc. (5)	Diversified support services	First Lien Term Loan	5/22/2021	LIBOR+6.50% (1.00% floor)		5,797	5,772	1,159
Gigamon Inc.	Systems software	First Lien Term Loan	12/27/2024	LIBOR+4.50% (1.00% floor)	6.89%	7,940	7,869	8,000

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1)(2)	Cash Interest Rate	Principal	Cost	Fair Value (3)
IBC Capital Ltd.	Metal & glass containers	First Lien Term Loan	9/11/2023	LIBOR+3.75%	6.09%	\$ 8,955	\$ 8,933	\$ 9,028
InMotion Entertainment Group, LLC (4)	Consumer electronics	First Lien Term Loan	10/1/2021	LIBOR+7.25% (1.25% floor)	9.65%	8,375	8,389	8,375
		First Lien Term Loan	10/1/2021	LIBOR+7.25% (1.25% floor)	9.65%	8,375	8,306	8,375
Total InMotion Entertainment Group, LLC						16,750	16,695	16,750
Keypath Education, Inc. (4)	Advertising	First Lien Term Loan	4/3/2022	LIBOR+7.00% (1.00% floor)	9.39%	1,855	1,853	1,854
		927 shares Common Stock					1,088	816
Total Keypath Education, Inc.						1,855	2,941	2,670
KIK Custom Products Inc.	Household products	First Lien Term Loan	5/15/2023	LIBOR+4.00% (1.00% floor)	6.24%	8,000	7,965	7,975
McDermott Technology (Americas) Inc. (4)	Oil & gas equipment & services	First Lien Term Loan	5/12/2025	LIBOR+5.00% (1.00% floor)	7.24%	9,950	9,760	10,097
Morphe LLC (4)	Personal products	First Lien Term Loan	2/10/2023	LIBOR+6.00% (1.00% floor)	8.40%	4,388	4,348	4,388
New IPT, Inc. (4)	Oil & gas equipment & services	First Lien Term Loan	3/17/2021	LIBOR+5.00% (1.00% floor)	7.39%	1,794	1,794	1,794
		Second Lien Term Loan	9/17/2021	LIBOR+5.10% (1.00% floor)	7.49%	634	634	634
		21,876 Class A Common Units				—	—	1,001
Total New IPT, Inc.						2,428	2,428	3,429
Northern Star Industries Inc.	Electrical components & equipment	First Lien Term Loan	3/31/2025	LIBOR+4.75% (1.00% floor)	7.08%	6,965	6,933	6,974
Novetta Solutions, LLC	Application software	First Lien Term Loan	10/17/2022	LIBOR+5.00% (1.00% floor)	7.25%	6,055	6,012	5,881
OCI Beaumont LLC	Commodity chemicals	First Lien Term Loan	3/13/2025	LIBOR+4.00% (1.00% floor)	6.39%	7,960	7,951	8,089
Refac Optical Group (4)(5)	Specialty stores	First Lien Term Loan	9/30/2018	LIBOR+8.00%	10.26%	2,573	2,476	2,573
Salient CRGT, Inc. (4)	Aerospace & defense	First Lien Term Loan	2/28/2022	LIBOR+5.75% (1.00% floor)	7.99%	2,267	2,235	2,301
Scientific Games International, Inc.	Casinos & gaming	First Lien Term Loan	8/14/2024	LIBOR+2.75% (1.00% floor)	5.03%	6,582	6,552	6,579
SHO Holding I Corporation	Footwear	First Lien Term Loan	11/18/2022	LIBOR+5.00% (1.00% floor)	7.34%	8,507	8,484	8,082
Sirva Worldwide, Inc.	Diversified support services	First Lien Term Loan	8/4/2025	LIBOR+5.50%	7.75%	5,000	4,925	5,019
TravelCLICK, Inc. (4)	Data Processing & outsourced services	Second Lien Term Loan	11/6/2021	LIBOR+7.75% (1.00% floor)	9.99%	2,871	2,871	2,871
TV Borrower US, LLC	Integrated telecommunications services	First Lien Term Loan	2/22/2024	LIBOR+4.75% (1.00% floor)	7.14%	2,019	2,011	2,026
Uber Technologies Inc.	Application software	First Lien Term Loan	4/4/2025	LIBOR+4.00% (1.00% floor)	6.12%	9,975	9,928	10,055
Uniti Group LP	Specialized REITs	First Lien Term Loan	10/24/2022	LIBOR+3.00% (1.00% floor)	5.24%	6,467	6,225	6,198
Veritas US Inc.	Application software	First Lien Term Loan	1/27/2023	LIBOR+4.50% (1.00% floor)	6.78%	6,965	6,915	6,801
Verra Mobility, Corp. (4)	Data processing & outsourced services	First Lien Term Loan	2/28/2025	LIBOR+3.75% (1.00% floor)	5.99%	10,945	10,961	11,013
WP CPP Holdings, LLC	Aerospace & defense	Second Lien Term Loan	4/30/2026	LIBOR+7.75%	10.15%	6,000	5,942	6,013
						\$ 291,053	\$ 297,158	\$ 294,676

(1) Represents the current interest rate as of September 30, 2018. All interest rates are payable in cash, unless otherwise noted.

(2) The interest rate on the principal balance outstanding for all floating rate loans is indexed to LIBOR and/or an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each of these loans, we have provided the applicable margin over LIBOR or the alternate base rate based on each respective credit agreement and the cash interest rate as of period end. All LIBOR shown above is in U.S. dollars. As of September 30, 2018, the reference rates for SLF JV

Its variable rate loans were the 30-day LIBOR at 2.24%, the 60-day LIBOR at 2.29%, the 90-day LIBOR at 2.39%, the 180-day LIBOR at 2.59% and the PRIME at 5.25%.
(3) Represents the current determination of fair value as of September 30, 2018 utilizing a similar technique as us in accordance with ASC 820. However, the determination of such fair value is not included in our Board of Directors' valuation process described elsewhere herein.
(4) This investment is held by both us and SLF JV I as of September 30, 2018.
(5) This investment was on cash non-accrual status as of September 30, 2018. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

Both the cost and fair value of the subordinated notes of SLF JV I held by us were \$96.3 million as of March 31, 2019. Both the cost and fair value of the mezzanine notes held by us were \$129.3 million as of September 30, 2018. We earned cash interest of \$2.3 million and \$5.1 million on our investments in the SLF JV I Notes for the three and six months ended March 31, 2019, respectively. We earned interest of \$2.6 million and \$5.4 million on our investments in the mezzanine notes for the three and six months ended March 31, 2018, respectively. The subordinated notes bear interest at a rate of one-month LIBOR plus 7.0% per annum and mature on December 29, 2028.

The cost and fair value of the LLC equity interests in SLF JV I held by us was \$49.3 million and \$30.6 million, respectively, as of March 31, 2019, and \$16.2 million and \$0.0 million, respectively, as of September 30, 2018. We did not earn dividend income for the three and six months ended March 31, 2019 with respect to our investment in the LLC equity interests of SLF JV I. We earned dividend income of \$1.6 million for the three and six months ended March 31, 2018 with respect to our LLC equity interests of SLF JV I. The LLC equity interests of SLF JV I are dividend producing to the extent SLF JV I has residual cash to be distributed on a quarterly basis.

Below is certain summarized financial information for SLF JV I as of March 31, 2019 and September 30, 2018 and for the three and six months ended March 31, 2019 and 2018:

	March 31, 2019	September 30, 2018
Selected Balance Sheet Information:		
Investments in loans at fair value (cost March 31, 2019: \$327,059; cost September 30, 2018: \$297,158)	\$ 325,603	\$ 294,676
Receivables from secured financing arrangements at fair value (cost March 31, 2019 and September 30, 2018: \$9,801)	7,163	7,069
Cash and cash equivalents	5,195	3,226
Restricted cash	4,902	4,808
Other assets	3,759	4,418
Total assets	\$ 346,622	\$ 314,197
Senior credit facility payable	\$ 185,010	\$ 153,010
Debt securities payable at fair value (proceeds March 31, 2019: \$110,000; proceeds September 30, 2018: \$147,808)	110,000	147,808
Other liabilities	16,658	13,331
Total liabilities	311,668	314,149
Members' equity	34,954	48
Total liabilities and members' equity	\$ 346,622	\$ 314,197

	Three months ended March 31, 2019	Three months ended March 31, 2018	Six months ended March 31, 2019	Six months ended March 31, 2018
Selected Statements of Operations Information:				
Interest income	\$ 5,551	\$ 4,929	\$ 10,989	\$ 9,657
Other income	80	49	89	49
Total investment income	5,631	4,978	11,078	9,706
Interest expense	4,709	4,915	9,863	10,060
Other expenses	276	111	326	272
Total expenses (1)	4,985	5,026	10,189	10,332
Net unrealized appreciation (depreciation)	4,576	1,219	1,120	993
Net realized gains (losses)	19	(17)	(4,986)	(21)
Net income (loss)	\$ 5,241	\$ 1,154	\$ (2,977)	\$ 346

(1) There are no management fees or incentive fees charged at SLF JV I.

SLF JV I has elected to fair value the debt securities issued to us and Kemper under ASC Topic 825, *Financial Instruments*, or ASC 825. The debt securities are valued based on the total assets less the total liabilities senior to the mezzanine notes of SLF JV I in an amount not exceeding par under the enterprise value technique.

During the six months ended March 31, 2019, we sold \$8.4 million of senior secured debt investments to SLF JV I at fair value in exchange for \$8.3 million cash consideration. A loss of \$0.1 million was recognized by us on these transactions. We did not sell any debt investments to SLF JV I during the six months ended March 31, 2018.

Discussion and Analysis of Results and Operations

Results of Operations

The principal measure of our financial performance is the net increase (decrease) in net assets resulting from operations, which includes net investment income, net realized gains (losses) and net unrealized appreciation (depreciation). Net investment income is the difference between our income from interest, dividends, fees, and other investment income and total expenses. Net realized gains (losses) are the difference between the proceeds received from dispositions of investment related assets and liabilities and their stated costs. Net unrealized appreciation (depreciation) is the net change in the fair value of our investment related assets and liabilities carried at fair value during the reporting period, including the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

Comparison of Three and Six Months Ended March 31, 2019 and March 31, 2018

Total Investment Income

Total investment income includes interest on our investments, fee income and dividend and other income.

Total investment income for the three months ended March 31, 2019 and March 31, 2018 was \$38.2 million and \$34.8 million, respectively. For the three months ended March 31, 2019, this amount consisted of \$36.6 million of interest income from portfolio investments (which included \$2.3 million of PIK interest), \$1.1 million of fee income and \$0.5 million of dividend income. For the three months ended March 31, 2018, this amount primarily consisted of \$28.6 million of interest income from portfolio investments (which included \$1.9 million of PIK interest), \$3.9 million of fee income and \$2.3 million of dividend income. The increase of \$3.5 million, or 10.0%, in our total investment income for the three months ended March 31, 2019, as compared to the three months ended March 31, 2018, was due primarily to a \$8.0 million increase in interest income, which was primarily attributable to \$4.3 million of OID accretion related to our first lien term loan and revolver with Dominion Diagnostics, LLC, \$0.8 million of interest income related to our investment in Maverick Healthcare Group, LLC, which was on non-accrual status during the three months ended March 31, 2018, and increases in LIBOR, partially offset by a \$2.8 million decrease in fee income, which was attributable to higher structuring and prepayment fees earned during the three months ended March 31, 2018, and a \$1.7 million decrease in dividend income, which was primarily attributable to higher dividend income earned on our investment in SLF JV I during the three months ended March 31, 2018.

Total investment income for the six months ended March 31, 2019 and March 31, 2018 was \$76.5 million and \$68.7 million, respectively. For the six months ended March 31, 2019, this amount consisted of \$73.2 million of interest income from portfolio investments (which included \$3.1 million of PIK interest), \$2.3 million of fee income and \$1.0 million of dividend income. For the six months ended March 31, 2018, this amount primarily consisted of \$60.4 million of interest income from portfolio investments (which included \$3.8 million of PIK interest), \$5.0 million of fee income and \$3.3 million of dividend income. The increase of \$7.9 million, or 11.5%, in our total investment income for the six months ended March 31, 2019, as compared to the six months ended March 31, 2018, was due primarily to a \$12.8 million increase in interest income, which was primarily attributable to \$9.9 million of OID accretion related to our first lien term loan and revolver with Dominion Diagnostics, LLC, \$1.2 million of interest income related to our investment in Maverick Healthcare Group, LLC, which was on non-accrual status during the six months ended March 31, 2018, and increases in LIBOR, partially offset by a \$2.6 million decrease in fee income, which was attributable to higher structuring and prepayment fees earned during the six months ended March 31, 2018, and a \$2.3 million decrease in dividend income, which was attributable to higher dividend income earned related to our investments in SLF JV I and First Star Bermuda Aviation Limited during the six months ended March 31, 2018.

Expenses

Net expenses (expenses net of fee waivers) for the three months ended March 31, 2019 and March 31, 2018 were \$20.5 million and \$19.5 million, respectively. Net expenses increased for the three months ended March 31, 2019, as compared to the three months ended March 31, 2018, by \$1.0 million, or 5.2%, due primarily to a \$0.8 million increase in incentive fees (net of waivers), which was attributable to a higher pre-incentive fee net investment income, a \$0.4 million increase in interest expense, which was attributable to increases in LIBOR and higher levels of outstanding debt, a \$0.3 million increase in management fees, which was attributable to higher total assets, partially offset by a \$0.5 million decrease in professional fees.

Net expenses (expenses net of fee waivers) for the six months ended March 31, 2019 and March 31, 2018 were \$41.5 million and \$40.1 million, respectively. Net expenses increased for the six months ended March 31, 2019, as compared to the six months ended March 31, 2018, by \$1.4 million, or 3.6%, due primarily to a \$4.1 million increase in incentive fees (net of waivers), which was attributable to a higher pre-incentive fee net investment income, a \$0.3 million increase in management fees, which was attributable to higher total assets, and a \$0.3 million increase in administrator expense, partially offset by a \$2.4 million decrease in professional fees, a \$0.5 million decrease in general and administrative expenses and a \$0.2 million decrease in interest expense.

Net Investment Income

As a result of the \$3.5 million increase in total investment income and the \$1.0 million increase in net expenses, net investment income for the three months ended March 31, 2019 increased by \$2.4 million, or 16.0%, compared to the three months ended March 31, 2018.

As a result of the \$7.9 million increase in total investment income and the \$1.4 million increase in net expenses, net investment income for the six months ended March 31, 2019 increased by \$6.4 million, or 22.5%, compared to the six months ended March 31, 2018.

Realized Gain (Loss)

Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption of investments, secured borrowings and foreign currency and the cost basis without regard to unrealized appreciation or depreciation previously recognized, and includes investments written-off during the period, net of recoveries. Realized losses may also be recorded in connection with our determination that certain investments are considered worthless securities and/or meet the conditions for loss recognition per the applicable tax rules.

During the three months ended March 31, 2019, we recorded net realized gains of \$25.2 million primarily in connection with the full exits of our investments in Maverick Healthcare Group, LLC and Comprehensive Pharmacy Services LLC. During the three months ended March 31, 2018, we recorded net realized gains of \$4.9 million in connection with the sale of investments in AmBath/ReBath Holdings, Inc., Yeti Acquisition, LLC and Access Medical Acquisition, Inc.

During the six months ended March 31, 2019, we recorded net realized gains of \$43.2 million primarily in connection with the full or partial exits of our investments in Maverick Healthcare Group, LLC, Comprehensive Pharmacy Services LLC, BeyondTrust Holdings LLC, InMotion Entertainment Group, LLC and YETI Holdings, Inc. During the six months ended March 31, 2018, we recorded net realized gains of \$4.6 million in connection with the sale of investments in AmBath/ReBath Holdings, Inc., Yeti Acquisition, LLC and Access Medical Acquisition, Inc.

Net Unrealized Appreciation (Depreciation)

Net unrealized appreciation or depreciation is the net change in the fair value of our investments, secured borrowings and foreign currency during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

During the three months ended March 31, 2019 and 2018, we recorded net unrealized appreciation (depreciation) of \$21.5 million and \$(0.4) million, respectively. For the three months ended March 31, 2019, this consisted of \$22.3 million of net unrealized appreciation on equity investments, \$3.6 million of net unrealized appreciation on debt investments and \$0.8 million of net unrealized appreciation of foreign currency forward contracts, partially offset by \$5.2 million of net reclassifications to realized gains (resulting in unrealized depreciation). For the three months ended March 31, 2018, this consisted of \$5.1 million of net unrealized appreciation on debt investments and \$0.4 million of net unrealized depreciation on secured borrowings, offset by \$1.2 million of net unrealized depreciation on equity investments and \$4.6 million of net reclassifications to realized gains (resulting in unrealized depreciation).

During the six months ended March 31, 2019 and 2018, we recorded net unrealized appreciation (depreciation) of \$14.5 million and \$(43.8) million, respectively. For the six months ended March 31, 2019, this consisted of \$24.2 million of net reclassifications to realized losses (resulting in unrealized appreciation), \$14.0 million of net unrealized appreciation on equity investments and \$0.4 million of net unrealized appreciation of foreign currency forward contracts, partially offset by \$24.1 million of net unrealized depreciation on debt

investments. For the six months ended March 31, 2018, this consisted of \$33.9 million of net unrealized depreciation on debt investments, \$5.1 million of net unrealized depreciation on equity investments and \$6.9 million of net reclassifications to realized gains (resulting in unrealized depreciation), offset by \$2.1 million of net unrealized depreciation on secured borrowings.

Financial Condition, Liquidity and Capital Resources

We have a number of alternatives available to fund our investment portfolio and our operations, including raising equity, increasing or refinancing debt and funding from operational cash flow. We generally expect to fund the growth of our investment portfolio through (i) equity offerings in public or private offerings, which offerings will depend on future market conditions, funding needs and other factors, and (ii) additional debt capital (to the extent permissible under the Investment Company Act). In the future, we may also securitize a portion of our investments. To securitize investments, we would likely create a wholly-owned subsidiary and contribute a pool of loans to the subsidiary. We would then sell interests in the subsidiary on a non-recourse basis to purchasers and we would retain all or a portion of the equity in the subsidiary. We cannot assure you, however, that our efforts to grow our portfolio will be successful. For example, our common stock has generally traded at prices below net asset value for the past several years, and we are currently limited in our ability to raise additional equity at prices below the then-current net asset value per share. Additionally, to generate liquidity we may reduce investment size by syndicating a portion of any given transaction. We intend to continue to generate cash primarily from cash flows from operations, including interest earned and future borrowings. We intend to fund our future distribution obligations through operating cash flow or with funds obtained through future equity and debt offerings or credit facilities, as we deem appropriate.

Our primary uses of funds are investments in our targeted asset classes and cash distributions to holders of our common stock. We may from time to time repurchase or redeem some or all of our outstanding notes in open-market transactions, privately negotiated transactions or otherwise. We generally expect to target a debt to equity ratio of 0.70x to 0.85x (i.e., one dollar of equity for each \$0.70 to \$0.85 of debt outstanding). On March 23, 2018, the SBCAA was enacted into law. The SBCAA, among other things, amended Section 61(a) of the Investment Company Act to add a new Section 61(a)(2) that reduces the asset coverage requirement applicable to Business Development Companies from 200% to 150% so long as the Business Development Company meets certain disclosure requirements and obtains certain approvals. At a meeting held on February 1, 2019, our Board of Directors, including a “required majority” of the directors, as defined in Section 57(o) of the Investment Company Act, approved the application of the reduced asset coverage requirements in Section 61(a)(2) of the Investment Company Act as being in the best interests of us and our stockholders. As a result of such approval, provided such approval is not later rescinded and our compliance with certain disclosure requirements, the asset coverage required of our senior securities will be 150% rather than 200% effective as of February 1, 2020. In addition, we have filed a preliminary proxy statement and intend to convene a special meeting of our stockholders to approve the application of the reduced asset coverage requirements in Section 61(a)(2) of the Investment Company Act to us. If such approval is obtained, the asset coverage required of our senior securities will be reduced to 150% effective the day after approval. Upon effectiveness of the modified asset coverage requirements to us, the base management fee will be reduced 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).

For the six months ended March 31, 2019, we experienced a net decrease in cash and cash equivalents and restricted cash of \$0.3 million. During that period, we received \$74.7 million of net cash from operating activities, primarily from \$329.0 million of principal payments and sale proceeds received and the cash activities related to \$17.7 million of net investment income, partially offset by funding \$270.3 million of investments and net revolvers. During the same period, net cash used in financing activities was \$75.1 million, primarily consisting of \$183.8 million of net borrowings under the ING Facility (as defined below), \$228.8 million of repayments of unsecured notes, \$0.7 million of repayments of secured borrowings, \$26.1 million of cash distributions paid to our stockholders and \$0.7 million of repurchases of common stock under our dividend reinvestment plan, or DRIP.

For the six months ended March 31, 2018, we experienced a net decrease in cash and cash equivalents and restricted cash of \$51.8 million. During that period, we received \$78.7 million of net cash from operating activities, primarily from \$534.3 million of principal payments and sale proceeds received and the cash activities related to \$28.6 million of net investment income, partially offset by funding \$427.9 million of investments and net revolvers. During the same period, net cash used by financing activities was \$130.5 million, primarily consisting of \$73.0 million of net repayments under our credit facilities, \$21.2 million of repurchases of unsecured notes, \$0.5 million of repayments of secured borrowings, \$28.8 million of cash distributions paid to our stockholders, \$6.2 million of payments of deferred financing costs and \$0.8 million of repurchases of common stock under our DRIP.

As of March 31, 2019, we had \$13.2 million in cash and cash equivalents (including \$0.3 million of restricted cash), portfolio investments (at fair value) of \$1.5 billion, \$9.8 million of interest, dividends and fees receivable, \$8.1 million of net payables from unsettled transactions, \$424.8 million of borrowings outstanding under our ING Facility (as defined below), \$158.3 million of unsecured notes payable (net of unamortized financing costs), \$9.0 million of secured borrowings (at fair value) and unfunded commitments of \$95.1 million.

As of September 30, 2018, we had \$13.5 million in cash and cash equivalents (including \$0.1 million of restricted cash), portfolio investments (at fair value) of \$1.5 billion, \$10.3 million of interest, dividends and fees receivable, \$10.5 million of net payables from

unsettled transactions, \$241.0 million of borrowings outstanding under our credit facilities, \$386.5 million of unsecured notes payable (net of unamortized financing costs), \$9.7 million of secured borrowings (at fair value) and unfunded commitments of \$52.7 million.

Significant Capital Transactions

The following table reflects the distributions per share that we have paid, including shares issued under our DRIP, on our common stock since October 1, 2017:

Date Declared	Record Date	Payment Date	Amount per Share	Cash Distribution	DRIP Shares Issued (1)	DRIP Shares Value
August 7, 2017	December 15, 2017	December 29, 2017	\$ 0.125	\$ 17.3 million	58,456	\$ 0.3 million
February 5, 2018	March 15, 2018	March 30, 2018	0.085	11.5 million	122,884	0.5 million
May 3, 2018	June 15, 2018	June 29, 2018	0.095	13.0 million	87,283	0.4 million
August 1, 2018	September 15, 2018	September 28, 2018	0.095	13.2 million	34,575	0.2 million
November 19, 2018	December 17, 2018	December 28, 2018	0.095	13.0 million	87,429	0.4 million
February 1, 2019	March 15, 2019	March 29, 2019	0.095	13.1 million	59,603	0.3 million

(1) Shares were purchased on the open market and distributed.

We did not repurchase shares of our common stock during the three and six months ended March 31, 2019 and 2018.

Indebtedness

See “Note 6. Borrowings” in the Consolidated Financial Statements for more details regarding our indebtedness and secured borrowings.

ING Facility

On November 30, 2017, we entered into a senior secured revolving credit facility, or, as amended and restated, the ING Facility, pursuant to a Senior Secured Revolving Credit Agreement, with the lenders party thereto, ING Capital LLC, as administrative agent, ING Capital LLC, JPMorgan Chase Bank, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as joint lead arrangers and joint bookrunners, and JPMorgan Chase Bank, N.A. and Bank of America, N.A., as syndication agents.

On February 25, 2019, we amended and restated the ING Facility to increase the size of facility from \$600 million to \$680 million (with an “accordion” feature that permits us, under certain circumstances, to increase the size of the facility up to \$1.02 billion), extend the period during which we may make drawings from expiring on November 30, 2020 to expiring on February 25, 2023, extend the final maturity date from November 30, 2021 to February 25, 2024, and lower the interest rate margins (a) for LIBOR loans (which may be 1-, 2-, 3- or 6-month, at our option), from 2.75% to 2.25% or from 2.25% to 2.00% and (b) for alternate base rate loans, from 1.75% to 1.25% or from 1.25% to 1.00%, each depending on our senior debt coverage ratio.

Each loan or letter of credit originated or assumed under the ING Facility is subject to the satisfaction of certain conditions. Borrowings under the ING Facility are subject to the facility’s various covenants and the leverage restrictions contained in the Investment Company Act. We cannot be assured that we will be able to borrow funds under the ING Facility at any particular time or at all.

The following table describes significant financial covenants, as of March 31, 2019, with which we must comply under the ING Facility on a quarterly basis:

Financial Covenant	Description	Target Value	December 31, 2018 Reported Value (1)
Minimum shareholders' equity	Net assets shall not be less than the greater of (a) 40% of total assets and (b) \$700 million plus 50% of the aggregate net proceeds of all sales of equity interests after November 30, 2017	\$700 million	\$872 million
Asset coverage ratio	Asset coverage ratio shall not be less than the greater of 1.65:1 and the statutory test applicable to us	2.00:1	2.42:1
Interest coverage ratio	Interest coverage ratio shall not be less than 2.00:1	2.00:1	2.86:1
Minimum net worth	Net worth shall not be less than \$600 million	\$600 million	\$857 million

(1) As contractually required, we report financial covenants based on the last filed quarterly or annual report, in this case our Quarterly Report on Form 10-Q for the three months ended December 31, 2018. We were in compliance with all financial covenants under the ING Facility based on the financial information contained in this Quarterly Report on Form 10-Q.

From May 27, 2010 through November 30, 2017, we were party to a secured syndicated revolving credit facility with certain lenders party thereto from time to time and ING Capital LLC, as administrative agent, as amended, or the Prior ING Facility. In connection with the entry into the ING Facility, we repaid all outstanding borrowings under the Prior ING Facility following which the Prior ING Facility was terminated. Obligations under the Prior ING Facility would have otherwise matured on August 6, 2018.

As of March 31, 2019, we had \$424.8 million of borrowings outstanding under the ING Facility, which had a fair value of \$424.8 million. Our borrowings under the ING Facility bore interest at a weighted average interest rate of 4.688% for the six months ended March 31, 2019. Our borrowings under the Prior ING Facility bore interest at a weighted average interest rate of 3.637% for the period from November 30, 2017 to March 31, 2018. As of September 30, 2018, we had \$241.0 million of borrowings outstanding under the ING Facility.

For the three and six months ended March 31, 2019, we recorded interest expense of \$4.3 million and \$7.5 million, in the aggregate, related to the ING Facility. For the three and six months ended March 31, 2018, we recorded interest expense of \$2.5 million and \$5.2 million, in the aggregate, related to the Prior ING Facility and the ING Facility.

Sumitomo Facility

On September 16, 2011, a consolidated wholly-owned bankruptcy remote, special purpose subsidiary entered into a credit facility, as amended, or the Sumitomo Facility, with Sumitomo Mitsui Banking Corporation, or SMBC, an affiliate of Sumitomo Mitsui Financial Group, Inc., as administrative agent, and each of the lenders from time to time party thereto. Prior to its termination on November 24, 2017, the Sumitomo Facility permitted up to \$125 million of borrowings (subject to collateral requirements) and borrowings under the Sumitomo Facility bore interest at a rate of either (i) LIBOR (1-month) plus 2.00% per annum, with no LIBOR floor, if the borrowings under the Sumitomo Facility were greater than 35% of the aggregate available borrowings under the Sumitomo Facility or (ii) LIBOR (1-month) plus 2.25% per annum, if the borrowings under the Sumitomo Facility were less than or equal to 35% of the aggregate available borrowings under the Sumitomo Facility. On November 24, 2017, all outstanding borrowings under the Sumitomo Facility were repaid, following which the Sumitomo Facility was terminated. Obligations under the Sumitomo Facility would have otherwise matured on the earlier of August 6, 2018 or the date on which the Prior ING Facility was repaid, refinanced or terminated.

As of March 31, 2019 and September 30, 2018, there were no borrowings outstanding under the Sumitomo Facility. Our borrowings under the Sumitomo Facility bore interest at a weighted average interest rate of 3.501% for the period from October 1, 2017 through termination on November 24, 2017. For the six months ended March 31, 2018, we recorded interest expense of \$0.7 million, including \$0.6 million of debt issuance costs that were expensed, related to the Sumitomo Facility.

2019 Notes

For the three and six months ended March 31, 2019 and 2018, we recorded interest expense of \$2.1 million and \$5.1 million, respectively, related to our 4.875% unsecured notes due 2019, or the 2019 Notes. During the three and six months ended March 31, 2019, we fully repaid the 2019 Notes. During the three and six months ended March 31, 2018, we repurchased and subsequently canceled \$21.2 million of the 2019 Notes. We recognized a loss of \$0.1 million in connection with such transaction.

As of March 31, 2019, there were no 2019 Notes outstanding. As of September 30, 2018, there were \$228.8 million of 2019 Notes outstanding, which had a carrying value and fair value of \$228.3 million and \$230.5 million, respectively.

2024 Notes

For the three and six months ended March 31, 2019, we recorded interest expense of \$1.2 million and \$2.3 million, respectively, related to our 5.875% unsecured notes due 2024, or the 2024 Notes. For the three and six months ended March 31, 2018, we recorded interest expense of \$1.2 million and \$2.3 million, respectively, related to the 2024 Notes. During the six months ended March 31, 2019 and 2018, we did not repurchase any of the 2024 Notes in the open market.

As of March 31, 2019, there were \$75.0 million of 2024 Notes outstanding, which had a carrying value and fair value of \$73.8 million and \$76.2 million, respectively. As of September 30, 2018, there were \$75.0 million of 2024 Notes outstanding, which had a carrying value and fair value of \$73.7 million and \$75.7 million, respectively. As of March 31, 2019, the 2024 Notes were listed on the New York Stock Exchange under the trading symbol "OSLE" with a par value of \$25.00 per note.

2028 Notes

For the three and six months ended March 31, 2019, we recorded interest expense of \$1.4 million and \$2.7 million, respectively, related to our 6.125% unsecured notes due 2028, or the 2028 Notes. For the three and six months ended March 31, 2018, we recorded interest expense of \$1.4 million and \$2.7 million, respectively, related to the 2028 Notes. During the six months ended March 31, 2019 and 2018, we did not repurchase any of the 2028 Notes in the open market.

As of March 31, 2019, there were \$86.3 million of 2028 Notes outstanding, which had a carrying value and fair value of \$84.5 million and \$86.7 million, respectively. As of September 30, 2018, there were \$86.3 million of 2028 Notes outstanding, which had a carrying value and fair value of \$84.4 million and \$86.9 million, respectively. As of March 31, 2019, the 2028 Notes were listed on the Nasdaq Global Select Market under the trading symbol "OCSLL" with a par value of \$25.00 per note.

Secured Borrowings

We follow the guidance in ASC Topic 860, *Transfers and Servicing*, when accounting for loan participations and other partial loan sales. Such guidance requires a participation or other partial loan sale to meet the definition of a "participating interest," as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest remain on our Consolidated Statements of Assets and Liabilities and the proceeds are recorded as a secured borrowing until the definition is met. Secured borrowings are carried at fair value to correspond with the related investments, which are carried at fair value.

As of March 31, 2019, there were \$11.5 million of secured borrowings outstanding. As of March 31, 2019, secured borrowings at fair value totaled \$9.0 million and the fair value of the loan that is associated with these secured borrowings was \$33.9 million. These secured borrowings were the result of the completion of partial loan sales totaling \$22.8 million of a senior secured debt investment during the fiscal year ended September 30, 2014 that did not meet the definition of a participating interest. As a result, sale treatment was not allowed and these partial loan sales were treated as secured borrowings. During the six months ended March 31, 2019, there were \$0.7 million of net repayments on secured borrowings. During the six months ended March 31, 2018, there were \$0.5 million of net repayments on secured borrowings.

For the three and six months ended March 31, 2019, we recorded interest expense of \$0.1 million and \$0.1 million, respectively, related to the secured borrowings. For the three and six months ended March 31, 2018, we recorded interest expense of \$0.3 million and \$0.6 million, respectively, related to the secured borrowings.

Off-Balance Sheet Arrangements

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. As of March 31, 2019, our only off-balance sheet arrangements consisted of \$95.1 million of unfunded commitments, which was comprised of \$90.3 million to provide debt financing to certain of our portfolio companies, \$1.3 million to provide equity financing to SLF JV I and \$3.5 million related to unfunded limited partnership interests. As of September 30, 2018, our only off-balance sheet arrangements consisted of \$52.7 million of unfunded commitments, which was comprised of \$46.7 million to provide debt financing to certain of our portfolio companies, \$1.3 million to provide equity financing to SLF JV I and \$4.7 million related to unfunded limited partnership interests. Such commitments are subject to our portfolio companies' satisfaction of certain financial and nonfinancial covenants and may involve, to varying degrees, elements of credit risk in excess of the amount recognized in our Consolidated Statements of Assets and Liabilities.

A list of unfunded commitments by investment (consisting of revolvers, term loans with delayed draw components, SLF JV I subordinated notes and LLC equity interests, and limited partnership interests) as of March 31, 2019 and September 30, 2018 is shown in the table below:

	March 31, 2019	September 30, 2018
Assembled Brands Capital LLC	\$ 38,932	\$ —
Sorrento Therapeutics, Inc.	12,500	—
P2 Upstream Acquisition Co.	9,000	10,000
TerSera Therapeutics, LLC	8,100	3,281
Pingora MSR Opportunity Fund I-A, LP	3,500	4,656
Mindbody, Inc.	3,048	—
Thruline Marketing, Inc.	3,000	3,000
Datto Inc.	2,356	2,356
4 Over International, LLC	2,232	2,232
New IPT, Inc.	2,229	2,229
Dominion Diagnostics, LLC	2,090	4,180
Thing5, LLC (1)	1,726	1,298
Apptio, Inc.	1,538	—
Senior Loan Fund JV I, LLC	1,328	1,328
GKD Index Partners, LLC	1,156	289
Ministry Brands, LLC	1,000	700
iCIMs, Inc.	882	882
Cenegenics, LLC (1)(2)	297	297
PLATO Learning Inc. (1)	160	2,671
InMotion Entertainment Group, LLC	—	7,534
Access CIG, LLC	—	765
EOS Fitness Opco Holdings, LLC	—	5,000
Total	\$ 95,074	\$ 52,698

(1) This investment was on cash or PIK non-accrual status as of March 31, 2019.

(2) This portfolio company does not have the ability to draw on this unfunded commitment as of March 31, 2019.

Contractual Obligations

The following table reflects information pertaining to our debt outstanding under the ING Facility, the 2019 Notes, the 2024 Notes, the 2028 Notes and our secured borrowings:

	Debt Outstanding as of September 30, 2018	Debt Outstanding as of March 31, 2019	Weighted average debt outstanding for the six months ended March 31, 2019	Maximum debt outstanding for the six months ended March 31, 2019
ING Facility	\$ 241,000	\$ 424,825	\$ 249,399	\$ 439,825
2019 Notes	228,825	—	189,849	228,825
2024 Notes	75,000	75,000	75,000	75,000
2028 Notes	86,250	86,250	86,250	86,250
Secured borrowings	12,314	11,502	12,151	12,314
Total debt	\$ 643,389	\$ 597,577	\$ 612,649	

The following table reflects our contractual obligations arising from the ING Facility, our secured borrowings, our 2024 Notes and our 2028 Notes:

Contractual Obligations	Payments due by period as of March 31, 2019				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
ING Facility	\$ 424,825	\$ —	\$ —	\$ 424,825	\$ —
Interest due on ING Facility	93,805	19,117	38,234	36,454	—
Secured borrowings	11,502	—	11,502	—	—
Interest due on secured borrowings	2,171	1,415	756	—	—
2024 Notes	75,000	—	—	—	75,000
Interest due on 2024 Notes	24,627	4,406	8,813	8,813	2,595
2028 Notes	86,250	—	—	—	86,250
Interest due on 2028 Notes	48,023	5,283	10,566	10,566	21,608
Total	\$ 766,203	\$ 30,221	\$ 69,871	\$ 480,658	\$ 185,453

Regulated Investment Company Status and Distributions

We have qualified and elected to be treated as a RIC under Subchapter M of the Code for tax purposes. As long as we continue to qualify as a RIC, we will not be subject to tax on our investment company taxable income (determined without regard to any deduction for dividends paid) or realized net capital gains, to the extent that such taxable income or gains is distributed, or deemed to be distributed as dividends, to stockholders on a timely basis.

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized appreciation or depreciation. Distributions declared and paid by us in a taxable year may differ from taxable income for that taxable year as such distributions may include the distribution of taxable income derived from the current taxable year or the distribution of taxable income derived from the prior taxable year carried forward into and distributed in the current taxable year. Distributions also may include returns of capital.

To maintain RIC tax treatment, we must, among other things, distribute dividends, with respect to each taxable year, of an amount at least equal to 90% of our investment company taxable income (i.e., our net ordinary income and our realized net short-term capital gains in excess of realized net long-term capital losses, if any), determined without regard to any deduction for dividends paid. As a RIC, we are also subject to a federal excise tax, based on distribution requirements of our taxable income on a calendar year basis. We anticipate timely distribution of our taxable income in accordance with tax rules. We did not incur a U.S. federal excise tax for calendar years 2017 and 2018 and do not expect to incur a U.S. federal excise tax for the calendar year 2019. We may incur a federal excise tax in future years.

We intend to distribute at least 90% of our annual taxable income (which includes our taxable interest and fee income) to our stockholders. The covenants contained in the ING Facility may prohibit us from making distributions to our stockholders, and, as a result, could hinder our ability to satisfy the distribution requirement associated with our ability to be subject to tax as a RIC. In addition, we may retain for investment some or all of our net capital gains (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) and treat such amounts as deemed distributions to our stockholders. If we do this, our stockholders will be treated as if they received actual distributions of the capital gains we retained and then reinvested the net after-tax proceeds in our common stock. Our stockholders also may be eligible to claim tax credits (or, in certain circumstances, tax refunds) equal to their allocable share of the tax we paid on the capital gains deemed distributed to them. To the extent our taxable earnings for a fiscal and taxable year fall below the total amount of our dividend distributions for that fiscal and taxable year, a portion of those distributions may be deemed a return of capital to our stockholders.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings applicable to us as a Business Development Company under the Investment Company Act and due to provisions in our credit facilities and debt instruments. If we do not distribute a certain percentage of our taxable income annually, we will suffer adverse tax consequences, including possible loss of our ability to be subject to tax as a RIC. We cannot assure stockholders that they will receive any distributions or distributions at a particular level.

A RIC may treat a distribution of its own stock as fulfilling its RIC distribution requirements if each stockholder elects to receive his or her entire distribution in either cash or stock of the RIC, subject to certain limitations regarding the aggregate amount of cash to be

distributed to all stockholders. If these and certain other requirements are met, for U.S. federal income tax purposes, the amount of the dividend paid in stock will be equal to the amount of cash that could have been received instead of stock. We have no current intention of paying dividends in shares of our stock in accordance with these guidelines.

We may generate qualified net interest income or qualified net short-term capital gains that may be exempt from U.S. withholding tax when distributed to foreign stockholders. A RIC is permitted to designate distributions of qualified net interest income and qualified short-term capital gains as exempt from U.S. withholding tax when paid to non-U.S. shareholders with proper documentation. The following table, which may be subject to change as we finalize our annual tax filings, lists the percentage of qualified net interest income and qualified short-term capital gains for the year ended September 30, 2018, our last tax year end.

Year Ended	Qualified Net Interest Income	Qualified Short-Term Capital Gains
September 30, 2018	82.1%	—

We have adopted a DRIP that provides for the reinvestment of any distributions that we declare in cash on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if our Board of Directors declares a cash distribution, then our stockholders who have not “opted out” of the DRIP will have their cash distributions automatically reinvested in additional shares of our common stock, rather than receiving a cash distribution. If our shares are trading at a premium to net asset value, we typically issue new shares to implement the DRIP, with such shares issued at the greater of the most recently computed net asset value per share of our common stock or 95% of the current market value per share of our common stock on the payment date for such distribution. If our shares are trading at a discount to net asset value, we typically purchase shares in the open market in connection with our obligations under the DRIP.

Related Party Transactions

We have entered into the Investment Advisory Agreement with Oaktree and the Administration Agreement with Oaktree Administrator, a wholly-owned subsidiary of Oaktree. Mr. John B. Frank, an interested member of our Board of Directors, has an indirect pecuniary interest in Oaktree. Oaktree is a registered investment adviser under the Investment Advisers Act of 1940, as amended, that is partially and indirectly owned by OCG. See “*Note 11. Related Party Transactions – Investment Advisory Agreement*” and “*– Administrative Services*” in the notes to the accompanying Consolidated Financial Statements.

Prior to October 17, 2017, we were externally managed and advised by our Former Adviser, and our administrator was FSC CT LLC, a wholly-owned subsidiary of our Former Adviser. Messrs. Bernard D. Berman, Patrick J. Dalton, Ivelin M. Dimitrov, Alexander C. Frank, Todd G. Owens and Sandeep K. Khorana, each an interested member of our Board of Directors for all or a portion of our fiscal year ended September 30, 2017 and prior to October 17, 2017, had a direct or indirect pecuniary interest in our Former Adviser. See “*Note 11. Related Party Transactions – Former Investment Advisory Agreements*” and “*– Administrative Services*” in the notes to the accompanying Consolidated Financial Statements.

Recent Developments

Distribution Declaration

On May 3, 2019, our Board of Directors declared a quarterly distribution of \$0.095 per share, payable on June 28, 2019 to stockholders of record on June 14, 2019.

ING Facility

On April 1, 2019, we increased the size of the ING Facility from \$680 million to \$700 million under the “accordion” feature that permits us, under certain circumstances, to increase the size of the facility up to \$1.02 billion.

Investment Advisory Agreement

On May 3, 2019, we entered into an amended and restated investment advisory agreement with Oaktree which provides that effective upon the application of the reduced asset coverage requirements in Section 61(a)(2) of the Investment Company Act to us, the base management fee on our gross assets, including any investments made with borrowings, but excluding any cash and cash equivalents, that exceed the product of (A) 200% and (B) our net asset value will be 1.00%. For the avoidance of doubt, the 200% will be calculated in accordance with the Investment Company Act and will give effect to exemptive relief we received from the U.S. SEC with respect to debentures issued by a small business investment company subsidiary.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are subject to financial market risks, including changes in the valuations of our investment portfolio and interest rates.

Valuation Risk

Our investments may not have a readily available market price, and we value these investments at fair value as determined in good faith by our Board of Directors, with the assistance of the Audit Committee and Oaktree. There is no single standard for determining fair value in good faith and valuation methodologies involve a significant degree of management judgment. In addition, our valuation methodology utilizes discount rates in part in valuing our investments, and changes in those discount rates may have an impact on the valuation of our investments. Accordingly, valuations by us do not necessarily represent the amounts which may eventually be realized from sales or other dispositions of investments. Estimated fair values may differ from the values that would have been used had a ready market for the investment existed, and the differences could be material to the financial statements.

Interest Rate Risk

We are subject to financial market risks, including changes in interest rates. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments, cash and cash equivalents and idle funds investments. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks and limits by means of reliable administrative and information systems and other policies and programs. Our investment income will be affected by changes in various interest rates, including LIBOR and prime rates, to the extent our debt investments include floating interest rates.

As of March 31, 2019, 86.3% of our debt investment portfolio (at fair value) and 84.2% of our debt investment portfolio (at cost) bore interest at floating rates. The composition of our floating rate debt investments by cash interest rate floor (excluding PIK) as of March 31, 2019 and September 30, 2018 was as follows:

(\$ in thousands)	March 31, 2019		September 30, 2018	
	Fair Value	% of Floating Rate Portfolio	Fair Value	% of Floating Rate Portfolio
Under 1%	\$ 402,137	33.18%	\$ 282,999	23.99%
1% to under 2%	809,827	66.82	896,574	76.01
2% to under 3%	—	—	—	—
3% and over	—	—	—	—
Total	\$ 1,211,964	100.00%	\$ 1,179,573	100.00%

Based on our Consolidated Statement of Assets and Liabilities as of March 31, 2019, the following table shows the approximate annualized increase (decrease) in components of net assets resulting from operations of hypothetical base rate changes in interest rates, assuming no changes in our investment and capital structure. However, there can be no assurances our portfolio companies will be able to meet their contractual obligations at any or all levels on increases in interest rates.

(\$ in thousands)	Interest income		Interest expense		Net increase (decrease)	
Basis point increase						
300	\$	35,104	\$	(12,700)	\$	22,404
200		23,455		(8,500)		14,955
100		11,807		(4,200)		7,607
Basis point decrease		Interest Income		Interest Expense		Net increase (decrease)
100	\$	(11,491)	\$	4,200	\$	(7,291)
200 ⁽¹⁾		(18,930)		8,500		(10,430)

(1) The effect of a greater than 200 basis point decrease is limited by interest rate floors on certain investments.

We regularly measure exposure to interest rate risk. We assess interest rate risk and manage our interest rate exposure on an ongoing basis by comparing our interest rate sensitive assets to our interest rate sensitive liabilities. Based on this review, we determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates. The following table shows a comparison of the interest rate base for our interest-bearing cash and outstanding investments, at principal, and our outstanding borrowings as of March 31, 2019 and September 30, 2018:

(\$ in thousands)	March 31, 2019		September 30, 2018	
	Interest Bearing Cash and Investments	Borrowings	Interest Bearing Cash and Investments	Borrowings
Money market rate	\$ 1,204	\$ —	\$ 9,108	\$ —
Prime rate	47,781	—	1,011	—
LIBOR				
30 day	735,864	424,825	609,755	241,000
60 day	—	—	55,949	—
90 day	459,050	11,502	606,856	12,314
180 day	—	—	15,000	—
EURIBOR				
30 day	19,650	—	—	—
UK LIBOR				
30 day	23,455	—	—	—
Fixed rate	225,682	161,250	296,031	390,075
Total	\$ 1,512,686	\$ 597,577	\$ 1,593,710	\$ 643,389

Item 4. Controls and Procedures

Management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2019. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Based on the evaluation of our disclosure controls and procedures as of March 31, 2019, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, in timely identifying, recording, processing, summarizing and reporting any material information relating to us that is required to be disclosed in the reports we file or submit under the Exchange Act.

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

Although we may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise, we are currently not a party to any pending material legal proceedings except as described below.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes during the three months ended March 31, 2019 to the risk factors discussed in Item 1A. Risk Factors in our Quarterly Report on Form 10-Q for the three months ended December 31, 2018 and our Annual Report on Form 10-K for the year ended September 30, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

- [10.1](#) Amended and Restated Senior Secured Revolving Credit Agreement, dated as of February 25, 2019, among Oaktree Specialty Lending Corporation, as Borrower, the lenders party thereto, ING Capital LLC, as administrative agent, ING Capital LLC, JPMorgan Chase Bank, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as joint lead arrangers and joint bookrunners, and JPMorgan Chase Bank, N.A. and Bank of America, N.A., as syndication agents (Incorporated by reference to Exhibit 10.1 filed with the Registrant's Form 8-K (File No. 814-00755) filed on February 26, 2019).
- [10.2*](#) Amended and Restated Investment Advisory Agreement between Oaktree Specialty Lending Corporation and Oaktree Capital Management, L.P.
- [31.1*](#) Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
- [31.2*](#) Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
- [32.1*](#) Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
- [32.2*](#) Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OAKTREE SPECIALTY LENDING CORPORATION

By: /s/ Edgar Lee
Edgar Lee

Chief Executive Officer

By: /s/ Mel Carlisle
Mel Carlisle

Chief Financial Officer and Treasurer

Date: May 7, 2019

AMENDED AND RESTATED
INVESTMENT ADVISORY AGREEMENT
BETWEEN
OAKTREE SPECIALTY LENDING CORPORATION
AND
OAKTREE CAPITAL MANAGEMENT, L.P.

This Amended and Restated Investment Advisory Agreement (this “**Agreement**”) made effective as of October 17, 2017 (the “**Effective Date**”), as amended on May 3, 2019, by and between OAKTREE SPECIALTY LENDING CORPORATION, a Delaware corporation (the “**Company**”), and OAKTREE CAPITAL MANAGEMENT, L.P., a Delaware limited partnership (the “**Adviser**”).

WHEREAS, the Company is a closed-end management investment fund that has elected to be regulated as a business development company (“**BDC**”) under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”); and

WHEREAS, the Adviser is organized as an investment adviser that is registered under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”); and

WHEREAS, the Company and the Adviser desire to set forth the terms and conditions for the provision by the Adviser of investment advisory services to the Company.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the parties hereby agree as follows:

1. Duties of the Adviser.

(a) The Company hereby appoints the Adviser to act as the investment adviser to the Company and to manage the investment and reinvestment of the assets of the Company, subject to the supervision of the Board of Directors of the Company, (the “**Board**”) for the period and upon the terms herein set forth, (i) in accordance with the investment objective, policies and restrictions that are set forth in the reports and/or registration statements that the Company files with the Securities and Exchange Commission (the “**SEC**”) from time to time; (ii) in accordance with all other applicable federal and state laws, rules and regulations, and the Company’s charter and by-laws; and (iii) in accordance with the Investment Company Act. Without limiting the generality of the foregoing, the Adviser shall, during the term and subject to the provisions of this Agreement (A) determine the composition of the portfolio of the Company, the nature and timing of the changes therein and the manner of implementing such changes; (B) identify, evaluate and negotiate the structure of the investments made by the Company; (C) execute, close, monitor and service the Company’s investments; (D) determine the securities and other assets that the Company will purchase, retain, or sell; (E) perform due diligence on prospective

portfolio companies; and (F) provide the Company with such other investment advisory, research and related services as the Company may, from time to time, reasonably require for the investment of its funds. The Adviser shall have the power and authority on behalf of the Company to effectuate its investment decisions for the Company, including the negotiation, execution and delivery of all documents relating to the Company's investments and the placing of orders for other purchase or sale transactions on behalf of the Company. In the event that the Company determines to obtain debt financing (or refinance such financing), the Adviser shall arrange for such financing on the Company's behalf, subject to the oversight and approval of the Board. If it is necessary for the Adviser to make investments on behalf of the Company through a special purpose vehicle, the Adviser shall have authority to create or arrange for the creation of such special purpose vehicle and to make such investments through such special purpose vehicle.

(b) The Adviser hereby accepts such appointment and agrees during the term hereof to render the services described herein for the compensation provided herein.

(c) The Adviser is hereby authorized to enter into one or more sub-advisory agreements with other investment advisers (each, a "**Sub-Adviser**") pursuant to which the Adviser may obtain the services of the Sub-Adviser(s) to assist the Adviser in fulfilling its responsibilities hereunder. Specifically, the Adviser may retain a Sub-Adviser to recommend specific securities or other investments based upon the Company's investment objective and policies, and work, along with the Adviser, in structuring, negotiating, arranging or effecting the acquisition or disposition of such investments and monitoring investments on behalf of the Company, subject to the oversight of the Adviser and the Company. The Adviser, and not the Company, shall be responsible for any compensation payable to any Sub-Adviser. Any sub-advisory agreement entered into by the Adviser shall be in accordance with the requirements of the Investment Company Act and other applicable federal and state law.

(d) The Adviser shall, for all purposes herein provided, be deemed to be an independent contractor and, except as expressly provided or authorized herein, shall have no authority to act for or represent the Company in any way or otherwise be deemed an agent of the Company.

(e) Subject to review by and the overall control of the Board, the Adviser shall keep and preserve, in the manner and for the period required by the Investment Company Act, any books and records relevant to the provision of its investment advisory services to the Company and shall specifically maintain all books and records with respect to the Company's portfolio transactions and shall render to the Board such periodic and special reports as the Board may reasonably request. The Adviser agrees that all records that it maintains for the Company are the property of the Company and shall surrender promptly to the Company any such records upon the Company's request, provided that the Adviser may retain a copy of such records.

2. Company's Responsibilities and Expenses Payable by the Company.

All personnel of the Adviser, when and to the extent engaged in providing investment advisory services hereunder, and the compensation and routine overhead expenses of such personnel allocable to such services, shall be provided and paid for by the Adviser and not by the

Company. The Company shall bear all other costs and expenses of its operations and transactions, including (without limitation) fees and expenses relating to: (a) offering expenses; (b) diligence and monitoring of the Company's financial, regulatory and legal affairs (to the extent an investment opportunity is being considered for the Company and any other accounts managed by Adviser or its affiliates, the Adviser's out-of-pocket expenses related to the due diligence for such investment will be shared with such other accounts pro rata based on the anticipated allocation of such investments opportunity between the Company and the other accounts); (c) the cost of calculating the Company's net asset value; (d) the cost of effecting sales and repurchases of shares of the Company's common stock and other securities; (e) management and incentive fees payable pursuant to this Agreement; (f) fees payable to third parties relating to, or associated with, making investments and valuing investments (including third-party valuation firms); (g) transfer agent and custodial fees; (h) fees and expenses associated with marketing efforts (including attendance at investment conferences and similar events); (i) allocable out-of-pocket costs incurred in providing managerial assistance to those portfolio companies that request it; (j) fees, interest or other costs payable on or in connection with any indebtedness; (k) federal and state registration fees; (l) any exchange listing fees; (m) federal, state and local taxes; (n) independent directors' fees and expenses; (o) brokerage commissions; (p) costs of proxy statements, stockholders' reports and notices; (q) costs of preparing government filings, including periodic and current reports with the SEC; (r) fidelity bond, liability insurance and other insurance premiums; (s) printing, mailing, independent accountants and outside legal costs; (t) all other direct expenses incurred by either the Company's administrator or the Company in connection with administering the Company's business, including payments under the Company's administration agreement with its administrator (as in effect from time to time, the "**Administration Agreement**") that will be based upon the Company's allocable portion of overhead and other expenses incurred by the Company's administrator in performing its obligations under the Administration Agreement; and (u) the compensation of the Company's chief financial officer and chief compliance officer, and their respective staffs.

3. Compensation of the Adviser.

The Company agrees to pay, and the Adviser agrees to accept, as compensation for the services provided by the Adviser hereunder, a base management fee ("**Base Management Fee**") and an incentive fee ("**Incentive Fee**") as hereinafter set forth. The Adviser may agree to temporarily or permanently waive or defer, in whole or in part, the Base Management Fee and/or the Incentive Fee. See Appendix A for examples of how these fees are calculated. The Company shall make any payments due hereunder to the Adviser or to the Adviser's designee as the Adviser may otherwise direct. Any portion of a deferred fee payable to the Adviser shall be deferred without interest and may be paid in any quarter prior to the termination of this Agreement as the Adviser may determine upon written notice to the Company.

(a) The Base Management Fee shall be calculated at an annual rate of 1.50% of the Company's gross assets, including any investments made with borrowings, but excluding any cash and cash equivalents; provided, however, that upon the effectiveness of the 150% asset coverage requirement pursuant to Section 61(a)(2) of the Investment Company Act, the Base

Management Fee shall be calculated at an annual rate of 1.00% of the Company's gross assets, including any investments made with borrowings, but excluding any cash and cash equivalents that exceeds the product of (A) 200% and (B) the Company's net asset value. For the avoidance of doubt, the 200% will be calculated in accordance with the Investment Company Act and will give effect to exemptive relief the Company received with respect to debentures issued by a small business investment company subsidiary. For purposes of this Agreement, the term "cash and cash equivalents" will have the meaning ascribed to it from time to time in the notes to the financial statements that the Company files with the SEC. The Base Management Fee shall be payable quarterly in arrears, and shall be calculated based on the value of the Company's gross assets at the end of each fiscal quarter, and appropriately adjusted for any equity capital raises or repurchases during such quarter. The Base Management Fee for any partial month or quarter shall be appropriately prorated (upon termination of the investment advisory agreement, as of the termination date).

(b) Incentive Fee. The Incentive Fee shall consist of two parts, as follows:

(i) The first part, referred to as the "***Incentive Fee on Income***," shall be calculated and payable quarterly in arrears based on the Company's "Pre-Incentive Fee Net Investment Income" for the immediately preceding quarter (or upon termination of the investment advisory agreement, as of the termination date). The payment of the Incentive Fee on Income shall be subject to payment of a preferred return to investors each quarter, expressed as a rate of return on the value of the Company's net assets at the end of the most recently completed calendar quarter, of 1.50%, subject to a "catch up" feature (as described below).

For this purpose, "Pre-Incentive Fee Net Investment Income" means interest income, dividend income and any other income (including any other fees, such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies, other than fees for providing managerial assistance) accrued during the calendar quarter, minus the Company's operating expenses for the quarter (including the Base Management Fee, expenses payable under the Administration Agreement, and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the Incentive Fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount debt instruments with payment-in-kind interest and zero coupon securities), accrued income that the Company has not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

The calculation of the Incentive Fee on Income for each quarter is as follows:

(A) No Incentive Fee on Income shall be payable to the Adviser in any calendar quarter in which the Company's Pre-Incentive Fee Net Investment Income does not exceed the preferred return rate of 1.50% (the "Preferred Return") on net assets;

(B) 100% of the Company's Pre-Incentive Fee Net Investment Income, if any, that exceeds the Preferred Return but is less than or equal to 1.8182% in any calendar quarter shall be payable to the Adviser. This portion of the company's Incentive Fee on Income is referred to as the "catch up" and is intended to provide the Adviser with an incentive fee of 17.5% on all of the Company's Pre-Incentive Fee Net Investment Income when the Company's Pre-Incentive Fee Net Investment Income reaches 1.8182% on net assets in any calendar quarter; and

(C) For any quarter in which the Company's Pre-Incentive Fee Net Investment Income exceeds 1.8182% on net assets, the Incentive Fee on Income shall equal 17.5% of the amount of the Company's Pre-Incentive Fee Net Investment Income, as the Preferred Return and catch-up will have been achieved.

(ii) The second part of the Incentive Fee, referred to as the "***Incentive Fee on Capital Gains***," shall be determined and payable in arrears as of the end of each fiscal year (or upon termination of the investment advisory agreement, as of the termination date), commencing the fiscal year ending September 30, 2019, and shall equal 17.5% of the Company's realized capital gains, if any, on a cumulative basis from the beginning of the fiscal year ending September 30, 2019 through the end of each subsequent fiscal year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees under this Agreement. Any realized capital gains, realized capital losses, unrealized capital appreciation and unrealized capital depreciation with respect to the Company's portfolio as of the end of the fiscal year ending September 30, 2018 shall be excluded from the calculations of the second part of the incentive fee.

(c) In certain circumstances the Adviser, any Sub-Adviser, or any of their respective affiliates, may receive compensation from a portfolio company in connection with the Company's investment in such portfolio company. Any compensation received by the Adviser, Sub-Adviser, or any of their respective affiliates, attributable to the Company's investment in any portfolio company, in excess of any of the limitations in or exemptions granted from the 1940 Act, any interpretation thereof by the staff of the SEC, or the conditions set forth in any exemptive relief granted to the Adviser, any Sub-Adviser or the Company by the SEC, shall be delivered promptly to the Company and the Company will retain such excess compensation for the benefit of its shareholders.

4. Covenants of the Adviser.

The Adviser covenants that it will maintain its registration as an investment adviser under the Advisers Act. The Adviser agrees that its activities will at all times be in compliance in all material respects with all applicable federal and state laws governing its operations and investments.

5. Brokerage Commissions.

The Adviser is hereby authorized, to the fullest extent now or hereafter permitted by law, to cause the Company to pay a member of a national securities exchange, broker or dealer an amount of commission for effecting a securities transaction in excess of the amount of commission another member of such exchange, broker or dealer would have charged for effecting that transaction, if the Adviser determines in good faith, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities, that such amount of commission is reasonable in relation to the value of the brokerage and/or research services provided by such member, broker or dealer, viewed in terms of either that particular transaction or its overall responsibilities with respect to the Company's portfolio, and constitutes the best net results for the Company.

6. Other Activities of the Adviser.

The services of the Adviser to the Company are not exclusive. Subject to the provisions of the Company's charter and by-laws, the Adviser and its managers, partners, principals, officers, employees and agents shall be free to act for their own account or the account of any other Account, and to engage in any other business or render similar or different services to others including, without limitation, the direct or indirect sponsorship or management of other investment based accounts or commingled pools of capital, however structured, having investment objectives similar to those of the Company, so long as the Adviser's services to the Company hereunder are not impaired thereby. The Company agrees that the Adviser may give advice and take action in the performance of its duties with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to the investments of the Company. Nothing in this Agreement shall limit or restrict the right of any manager, partner, principal, officer, employee or agent of the Adviser to engage in any other business or to devote his or her time and attention in part to any other business, whether of a similar or dissimilar nature, or to receive any fees or compensation in connection therewith (including fees for serving as a director of, or providing consulting services to, one or more of the Company's portfolio companies, subject to applicable law). So long as this Agreement or any extension, renewal or amendment remains in effect, the Adviser shall be the only investment adviser for the Company, subject to the Adviser's right to enter into sub-advisory agreements. The Adviser assumes no responsibility under this Agreement other than to render the services called for hereunder. It is understood that directors, managers, officers, employees and stockholders of the Company are or may become interested in the Adviser and its affiliates, as directors, officers, employees, partners, principals, stockholders, members, managers, agents or otherwise, and that the Adviser and directors, officers, employees, partners, principals, stockholders, members, managers and agents of the Adviser and its affiliates are or may become similarly interested in the Company as stockholders or otherwise.

7. Responsibility of Dual Directors, Officers and/or Employees.

If any person who is a manager, partner, principal, officer, employee or agent of the Adviser is or becomes a director, manager, officer and/or employee of the Company and acts as

such in any business of the Company, then such manager, partner, principal, officer, employee and/or agent of the Adviser shall be deemed to be acting in such capacity solely for the Company, and not as a manager, partner, principal, officer, employee or agent of the Adviser or under the control or direction of the Adviser, even if paid by the Adviser.

8. Limitation of Liability of the Adviser; Indemnification.

The Adviser (and its officers, managers, partners, members (and their members, including the owners of their members), agents, employees, controlling persons and any other person or entity affiliated with the Adviser) shall not be liable to the Company for any action taken or omitted to be taken by the Adviser in connection with the performance of any of its duties or obligations under this Agreement or otherwise as an investment adviser of the Company (except to the extent specified in Section 36(b) of the Investment Company Act concerning loss resulting from a breach of fiduciary duty (as the same is finally determined by judicial proceedings) with respect to the receipt of compensation for services, and the Company shall indemnify, defend and protect the Adviser (and its officers, managers, partners, members (and their members, including the owners of their members), agents, employees, controlling persons and any other person or entity affiliated with the Adviser, each of whom shall be deemed a third party beneficiary hereof) (collectively, the “*Indemnified Parties*”) and hold them harmless from and against all damages, liabilities, costs and expenses (including reasonable attorneys’ fees and amounts reasonably paid in settlement) incurred by the Indemnified Parties in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by or in the right of the Company or its security holders) arising out of or otherwise based upon the performance of any of the Adviser’s duties or obligations under this Agreement or otherwise as an investment adviser of the Company. Notwithstanding the preceding sentence of this Paragraph 8 to the contrary, nothing contained herein shall protect or be deemed to protect the Indemnified Parties against or entitle or be deemed to entitle the Indemnified Parties to indemnification in respect of, any liability to the Company or its security holders to which the Indemnified Parties would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of the Adviser’s duties or by reason of the reckless disregard of the Adviser’s duties and obligations under this Agreement.

9. Effectiveness, Duration and Termination of Agreement.

This Agreement shall become effective as of the Effective Date. This Agreement shall remain in effect for two years from the Effective Date, and thereafter shall continue automatically for successive annual periods, provided that such continuance is specifically approved at least annually by (a) the vote of the Board or a majority of the outstanding voting securities of the Company and (b) the vote of a majority of the Company’s directors who are not parties to this Agreement or “interested persons” (as such term is defined in Section 2(a)(19) of the Investment Company Act) of any such party, in accordance with the requirements of the Investment Company Act and each of whom is an “independent director” under applicable New York Stock Exchange listing standards. This Agreement may be terminated at any time, without the payment of any penalty, upon 60 days’ written notice, by the vote of a majority of the outstanding voting securities of the Company, or by the vote of the Company’s directors or by

the Adviser. This Agreement shall automatically terminate in the event of its “assignment” (as such term is defined for purposes of Section 15(a)(4) of the Investment Company Act). Further, notwithstanding the termination or expiration of this Agreement as aforesaid, the Adviser shall be entitled to any amounts owed under Paragraph 3 through the date of termination or expiration.

10. Notices.

Any notice under this Agreement shall be given in writing, addressed and delivered or mailed, postage prepaid, to the other party at its principal office.

11. Amendments.

This Agreement may be amended by mutual consent.

12. Entire Agreement; Governing Law.

This Agreement contains the entire agreement of the parties and supersedes all prior agreements, understandings and arrangements with respect to the subject matter hereof. Notwithstanding the place where this Agreement may be executed by any of the parties hereto, this Agreement shall be construed in accordance with the laws of the State of New York. For so long as the Company is regulated as a BDC under the Investment Company Act, this Agreement shall also be construed in accordance with the applicable provisions of the Investment Company Act. In such case, to the extent the applicable laws of the State of New York, or any of the provisions herein, conflict with the provisions of the Investment Company Act, the latter shall control. To the fullest extent permitted by law, in the event of any dispute arising out of the terms and conditions of this Agreement, the parties hereto consent and submit to the jurisdiction of the courts of the State of New York in the county of New York and of the U.S. District Court for the Southern District of New York.

13. Forum Selection.

Any legal action or proceeding with respect to this Agreement or the services provided hereunder or for recognition and enforcement of any judgment in respect hereof brought by the other party hereto or its successors or assigns must be brought and determined in the state or United States district courts of the State of New York (and may not be brought or determined in any other forum or jurisdiction), and each party hereto submits with regard to any action or proceeding for itself and in respect of its property, generally and unconditionally, to the sole and exclusive jurisdiction of the aforesaid courts.

14. No Third Party Beneficiary.

Other than expressly provided for in Paragraph 8 of this Agreement, this Agreement does not and is not intended to confer any rights or remedies upon any person other than the parties to this Agreement; there are no third-party beneficiaries of this Agreement, including but not limited to stockholders of the Company.

15. Severability.

Every term and provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such term or provision will be enforced to the maximum extent permitted by law and, in any event, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

16. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single agreement.

17. Survival of Certain Provisions.

The provisions of Paragraph 8 of this Agreement shall survive any termination or expiration of this Agreement and the dissolution, termination and winding up of the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date above written.

OAKTREE SPECIALTY LENDING CORPORATION

By: /s/ Edgar Lee
Name: Edgar Lee
Title: Chief Executive Officer and
Chief Investment Officer

OAKTREE CAPITAL MANAGEMENT, L.P.

By: /s/ Edgar Lee
Name: Edgar Lee
Title: Managing Director

By: /s/ Mary Gallegly
Name: Mary Gallegly
Title: Senior Vice President

[Signature Page to Investment Advisory Agreement]

Appendix A

Example 1: Incentive Fee on Income for Each Quarter

Alternative 1

Assumptions

Investment income (including interest, dividends, fees, etc.) = 2%
Preferred return¹ = 1.50%
Management fee² = 0.375%
Other expenses (legal, accounting, custodian, transfer agent, etc.) = 0.20%
Pre-Incentive Fee net investment income
(investment income – (management fee + other expenses)) = 1.425%

Pre-Incentive Fee Net Investment Income does not exceed the Preferred Return, therefore there is no Incentive Fee on Income.

Alternative 2

Assumptions

Investment income (including interest, dividends, fees, etc.) = 2.375%
Preferred Return¹ = 1.5%
Management fee² = 0.375%
Other expenses (legal, accounting, custodian, transfer agent, etc.) = 0.20%
Pre-Incentive Fee net investment income
(investment income – (management fee + other expenses)) = 1.80%
Incentive Fee = 17.5% × pre-Incentive Fee net investment income, subject to “catch-up”³
= 100% × (1.80% – 1.5%)
= 0.30%

¹ Represents 6.0% annualized preferred return.

² Represents 1.5% annualized management fee.

³ The “catch-up” provision is intended to provide the Adviser with an Incentive Fee of 17.5% on all of our pre-Incentive Fee net investment income as if a preferred return did not apply when our net investment income exceeds 1.5% in any calendar quarter and is not applied once the Adviser has received 17.5% of investment income in a quarter. The “catch-up” portion of our pre-Incentive Fee Net Investment Income is the portion that exceeds the 1.5% preferred return but is less than or equal to approximately 1.8182% (that is, 1.5% divided by (1 - 0.175)) in any fiscal quarter.

Alternative 3

Assumptions

Investment income (including interest, dividends, fees, etc.) = 3.5%

Preferred Return¹ = 1.5%

Management fee² = 0.375%

Other expenses (legal, accounting, custodian, transfer agent, etc.) = 0.20%

Pre-Incentive Fee net investment income

(investment income – (management fee + other expenses)) = 2.925%

Incentive Fee = 17.5% × pre-Incentive Fee net investment income,
subject to “catch-up”³

Incentive Fee = 100% × “catch-up” + (17.5% × (pre-Incentive Fee net investment income – 1.8182))

Catch-up = 1.8182 – 1.5 = 0.3182

Incentive Fee = (100% × 0.3182) + (17.5% × (2.925 – 1.8182))

= 0.3182 + (17.5% × 1.1068)

= 0.3182 + 0.1937

= 0.5119

Example 2: Incentive Fee on Capital Gains

Assumptions

- Year 1: \$10 million investment made in Company A (“Investment A”), \$10 million investment made in Company B (“Investment B”), \$10 million investment made in Company C (“Investment C”), \$10 million investment made in Company D (“Investment D”) and \$10 million investment made in Company E (“Investment E”).
- Year 2: Investment A sold for \$20 million, fair market value (“FMV”) of Investment B determined to be \$8 million, FMV of Investment C determined to be \$12 million, and FMV of Investments D and E each determined to be \$10 million.
- Year 3: FMV of Investment B determined to be \$8 million, FMV of Investment C determined to be \$14 million, FMV of Investment D determined to be \$14 million and FMV of Investment E determined to be \$16 million.
- Year 4: Investment D sold for \$12 million, FMV of Investment B determined to be \$10 million, FMV of Investment C determined to be \$16 million and FMV of Investment E determined to be \$14 million.
- Year 5: Investment C sold for \$20 million, FMV of Investment B determined to be \$14 million and FMV of Investment E determined to be \$10 million
- Year 6: Investment B sold for \$16 million and FMV of Investment E determined to be \$8 million.

- Year 7: Investment E sold for \$8 million and FMV.

These assumptions are summarized in the following chart:

	Investment A	Investment B	Investment C	Investment D	Investment E	Cumulative Unrealized Capital Depreciation	Cumulative Realized Capital Losses	Cumulative Realized Capital Gains
Year 1	\$10 million (cost basis)	\$10 million (cost basis)	—	—	—			
Year 2	\$20 million (sale price)	\$8 million FMV	\$12 million FMV	\$10 million FMV	\$10 million FMV	\$2 million	—	\$10 million
Year 3	—	\$8 million FMV	\$14 million FMV	\$14 million FMV	\$16 million FMV	\$2 million	—	\$10 million
Year 4	—	\$10 million FMV	\$16 million FMV	\$12 million (sales price)	\$14 million FMV	—	—	\$12 million
Year 5	—	\$14 million FMV	\$20 million (sale price)	—	\$10 million FMV	—	—	\$22 million
Year 6	—	\$16 million (sale price)	—	—	\$8 million FMV	\$2 million	—	\$28 million
Year 7	—	—	—	—	\$8 million (sale price)	—	\$2 million	\$28 million

- Year 1: None

- Year 2:

Capital Gains Fee = 17.5% multiplied by (\$10 million realized capital gains on sale of Investment A less \$2 million cumulative capital depreciation) = **\$1.4 million**

- Year 3:

Capital Gains Fee = (17.5% multiplied by (\$10 million cumulative realized capital gains less \$2 million cumulative capital depreciation)) less \$1.4 million cumulative Capital Gains Fee previously paid = \$1.4 million less \$1.4 million = **\$0.00 million**

- Year 4:

Capital Gains Fee = (17.5% multiplied by (\$12 million cumulative realized capital gains)) less \$1.4 million cumulative Capital Gains Fee previously paid = \$2.1 million less \$1.4 million = **\$0.7 million**

- Year 5:

Capital Gains Fee = (17.5% multiplied by (\$22 million cumulative realized capital gains)) less \$2.1 million cumulative Capital Gains Fee previously paid = \$3.85 million less \$2.1 million = **\$1.75 million**

- Year 6:

Capital Gains Fee = (17.5% multiplied by (\$28 million cumulative realized capital gains less \$2 million cumulative capital depreciation)) less \$3.85 million cumulative Capital Gains Fee previously paid = \$4.55 million less \$3.85 million = **\$0.70 million**

- Year 7:

Capital Gains Fee = (17.5% multiplied by (\$28 million cumulative realized capital gains less \$2 million cumulative realized capital losses)) less \$4.55 million cumulative Capital Gains Fee previously paid = \$4.55 million less \$4.55 million = **\$0.00 million**

I, Edgar Lee, Chief Executive Officer of Oaktree Specialty Lending Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2019 of Oaktree Specialty Lending Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 7th day of May, 2019.

By: /s/ Edgar Lee

Edgar Lee
Chief Executive Officer

I, Mel Carlisle, Chief Financial Officer of Oaktree Specialty Lending Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2019 of Oaktree Specialty Lending Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 7th day of May, 2019.

By: /s/ Mel Carlisle

Mel Carlisle
Chief Financial Officer

**Certification of Chief Executive Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with the quarterly report on Form 10-Q for the quarter ended **March 31, 2019** (the "Report") of **Oaktree Specialty Lending Corporation** (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, **Edgar Lee**, the Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Edgar Lee

Name: Edgar Lee

Date: May 7, 2019

Certification of Chief Financial Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the quarterly report on Form 10-Q for the quarter ended **March 31, 2019** (the "Report") of **Oaktree Specialty Lending Corporation** (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, **Mel Carlisle**, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Mel Carlisle

Name: Mel Carlisle

Date: May 7, 2019