# 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 June 30, 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** | **26-1219283** |
| *(State or jurisdiction of incorporation or organization)* | *(I.R.S. Employer Identification No.)* |
| **333 South Grand Avenue, 28th Floor**<br>**Los Angeles, CA** | **90071** |
| *(Address of principal executive office)* | *(Zip Code)* |

**REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE:**
**(213) 830-6300**

**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 |

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 ☑

The registrant had 140,960,651 shares of common stock outstanding as of August 5, 2019.

**OAKTREE SPECIALTY LENDING CORPORATION**
**FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2019**

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# 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)**

| | June 30, 2019 (unaudited) | September 30, 2018 |
|---|---|---|
| **ASSETS** | | |
| **Investments at fair value:** | | |
| Control investments (cost June 30, 2019: $190,181; cost September 30, 2018: $213,470) | $ 175,052 | $ 196,874 |
| Affiliate investments (cost June 30, 2019: $5,064; cost September 30, 2018: $1,080) | 5,964 | 2,161 |
| Non-control/Non-affiliate investments (cost June 30, 2019: $1,337,252; cost September 30, 2018: $1,392,383) | 1,274,015 | 1,292,166 |
| **Total investments at fair value (cost June 30, 2019: $1,532,497; cost September 30, 2018: $1,606,933)** | **1,455,031** | **1,491,201** |
| Cash and cash equivalents | 5,637 | 13,380 |
| Restricted cash | — | 109 |
| Interest, dividends and fees receivable | 13,156 | 10,272 |
| Due from portfolio companies | 1,850 | 1,357 |
| Receivables from unsettled transactions | 4 | 26,760 |
| Deferred financing costs | 6,759 | 5,209 |
| Derivative assets at fair value | — | 162 |
| Other assets | 2,579 | 3,008 |
| **Total assets** | **$ 1,485,016** | **$ 1,551,458** |
| **LIABILITIES AND NET ASSETS** | | |
| **Liabilities:** | | |
| Accounts payable, accrued expenses and other liabilities | $ 1,078 | $ 3,581 |
| Base management fee and incentive fee payable | 9,987 | 8,223 |
| Due to affiliate | 3,431 | 3,274 |
| Interest payable | 2,267 | 3,365 |
| Payable to syndication partners | — | 109 |
| Payables from unsettled transactions | — | 37,236 |
| Derivative liability at fair value | 206 | — |
| Deferred tax liability | 719 | 422 |
| Credit facility payable | 369,825 | 241,000 |
| Unsecured notes payable (net of $2,808 and $3,483 of unamortized financing costs as of June 30, 2019 and September 30, 2018, respectively) | 158,442 | 386,485 |
| Secured borrowings at fair value (proceeds June 30, 2019: $11,502; proceeds September 30, 2018: $12,314) | 9,011 | 9,728 |
| **Total liabilities** | **554,966** | **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 June 30, 2019 and September 30, 2018 | 1,409 | 1,409 |
| Additional paid-in-capital | 1,492,739 | 1,492,739 |
| Accumulated overdistributed earnings | (564,098) | (636,113) |
| **Total net assets (equivalent to $6.60 and $6.09 per common share as of June 30, 2019 and September 30, 2018, respectively) (Note 12)** | **930,050** | **858,035** |
| **Total liabilities and net assets** | **$ 1,485,016** | **$ 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 June 30, 2019 | Three months ended June 30, 2018 | Nine months ended June 30, 2019 | Nine months ended June 30, 2018 |
|---|---|---|---|---|
| **Interest income:** | | | | |
| Control investments | $ 2,859 | $ 2,737 | $ 9,050 | $ 9,011 |
| Affiliate investments | 70 | 161 | 105 | 2,027 |
| Non-control/Non-affiliate investments | 29,850 | 23,629 | 93,248 | 71,727 |
| Interest on cash and cash equivalents | 131 | 107 | 605 | 440 |
| **Total interest income** | **32,910** | **26,634** | **103,008** | **83,205** |
| **PIK interest income:** | | | | |
| Control investments | — | 1,045 | 67 | 3,446 |
| Affiliate investments | — | 52 | — | 416 |
| Non-control/Non-affiliate investments | 1,198 | 360 | 4,243 | 1,408 |
| **Total PIK interest income** | **1,198** | **1,457** | **4,310** | **5,270** |
| **Fee income:** | | | | |
| Control investments | 6 | 697 | 19 | 945 |
| Affiliate investments | 5 | — | 14 | 48 |
| Non-control/Non-affiliate investments | 1,815 | 1,728 | 4,127 | 6,405 |
| **Total fee income** | **1,826** | **2,425** | **4,160** | **7,398** |
| **Dividend income:** | | | | |
| Control investments | 735 | 1,331 | 1,711 | 4,629 |
| **Total dividend income** | **735** | **1,331** | **1,711** | **4,629** |
| **Total investment income** | **36,669** | **31,847** | **113,189** | **100,502** |
| **Expenses:** | | | | |
| Base management fee | 5,548 | 5,909 | 16,847 | 16,885 |
| Part I incentive fee | 3,787 | 2,733 | 11,328 | 6,810 |
| Part II incentive fee | 607 | — | 10,597 | — |
| Professional fees | 721 | 924 | 2,186 | 4,837 |
| Directors fees | 143 | 154 | 428 | 507 |
| Interest expense | 7,592 | 8,291 | 25,466 | 26,405 |
| Administrator expense | 384 | 466 | 1,553 | 1,351 |
| General and administrative expenses | 645 | 488 | 1,981 | 2,326 |
| **Total expenses** | **19,427** | **18,965** | **70,386** | **59,121** |
| Fees waived | 634 | (1,548) | (8,831) | (1,634) |
| **Net expenses** | **20,061** | **17,417** | **61,555** | **57,487** |
| **Net investment income** | **16,608** | **14,430** | **51,634** | **43,015** |
| **Unrealized appreciation (depreciation):** | | | | |
| Control investments | 3,419 | 97,000 | 1,467 | 89,825 |
| Affiliate investments | — | 72 | (181) | (2,159) |
| Non-control/Non-affiliate investments | 20,744 | 1,810 | 37,068 | (34,696) |
| Secured borrowings | — | 377 | (95) | 2,440 |
| Foreign currency forward contracts | (768) | — | (367) | — |
| **Net unrealized appreciation (depreciation)** | **23,395** | **99,259** | **37,892** | **55,410** |
| **Realized gains (losses):** | | | | |
| Control investments | — | (91,470) | — | (91,470) |
| Affiliate investments | — | — | — | 2,048 |
| Non-control/Non-affiliate investments | (21,112) | 2,033 | 21,548 | 4,548 |
| Foreign currency forward contracts | 1,268 | — | 1,783 | — |
| **Net realized gains (losses)** | **(19,844)** | **(89,437)** | **23,331** | **(84,874)** |
| **Redemption premium on unsecured notes payable** | **—** | **—** | **—** | **(120)** |
| **Provision for income tax (expense) benefit** | **(173)** | **—** | **(668)** | **—** |
| **Net realized and unrealized gains (losses), net of taxes** | **3,378** | **9,822** | **60,555** | **(29,584)** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 19,986** | **$ 24,252** | **$ 112,189** | **$ 13,431** |
| **Net investment income per common share — basic and diluted** | **$ 0.12** | **$ 0.10** | **$ 0.37** | **$ 0.31** |
| **Earnings (loss) per common share — basic and diluted (Note 5)** | **$ 0.14** | **$ 0.17** | **$ 0.80** | **$ 0.10** |
| 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 June 30, 2019 | Three months ended June 30, 2018 | Nine months ended June 30, 2019 | Nine months ended June 30, 2018 |
|---|---|---|---|---|
| **Operations:** | | | | |
| Net investment income | $ 16,608 | $ 14,430 | $ 51,634 | $ 43,015 |
| Net unrealized appreciation (depreciation) | 23,395 | 99,259 | 37,892 | 55,410 |
| Net realized gains (losses) | (19,844) | (89,437) | 23,331 | (84,874) |
| Redemption premium on unsecured notes payable | — | — | — | (120) |
| Provision for income taxes | (173) | — | (668) | — |
| **Net increase (decrease) in net assets resulting from operations** | **19,986** | **24,252** | **112,189** | **13,431** |
| **Stockholder transactions:** | | | | |
| Distributions to stockholders | (13,392) | (13,391) | (40,174) | (42,993) |
| **Net increase (decrease) in net assets from stockholder transactions** | **(13,392)** | **(13,391)** | **(40,174)** | **(42,993)** |
| **Capital share transactions:** | | | | |
| Issuance of common stock under dividend reinvestment plan | 332 | 412 | 1,028 | 1,239 |
| Repurchases of common stock under dividend reinvestment program | (332) | (412) | (1,028) | (1,239) |
| **Net increase (decrease) in net assets from capital share transactions** | — | — | — | — |
| **Total increase (decrease) in net assets** | **6,594** | **10,861** | **72,015** | **(29,562)** |
| Net assets at beginning of period | 923,456 | 827,234 | 858,035 | 867,657 |
| **Net assets at end of period** | **$ 930,050** | **$ 838,095** | **$ 930,050** | **$ 838,095** |
| **Net asset value per common share** | **$ 6.60** | **$ 5.95** | **$ 6.60** | **$ 5.95** |
| 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)**

| | Nine months ended June 30, 2019 | Nine months ended June 30, 2018 |
|---|---|---|
| **Operating activities:** | | |
| Net increase (decrease) in net assets resulting from operations | $ 112,189 | $ 13,431 |
| **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 | (37,892) | (55,410) |
| Net realized (gains) losses | (23,331) | 84,994 |
| PIK interest income | (4,310) | (3,977) |
| Accretion of original issue discount on investments | (15,942) | (4,779) |
| Accretion of original issue discount on unsecured notes payable | 107 | 198 |
| Amortization of deferred financing costs | 2,008 | 2,745 |
| Deferred taxes | 297 | — |
| Purchases of investments | (351,666) | (836,885) |
| Proceeds from the sales and repayments of investments | 467,307 | 834,975 |
| **Changes in operating assets and liabilities:** | | |
| (Increase) decrease in interest, dividends and fees receivable | (622) | (1,210) |
| (Increase) decrease in due from portfolio companies | (493) | (10,087) |
| (Increase) decrease in receivables from unsettled transactions | 26,756 | (22,538) |
| (Increase) decrease in other assets | 429 | (2,594) |
| Increase (decrease) in accounts payable, accrued expenses and other liabilities | (2,503) | 297 |
| Increase (decrease) in base management fee and incentive fee payable | 1,764 | 344 |
| Increase (decrease) in due to affiliate | 157 | 2,415 |
| Increase (decrease) in interest payable | (1,098) | 3,171 |
| Increase (decrease) in payables from unsettled transactions | (37,236) | 108,212 |
| Increase (decrease) in director fees payable | — | (184) |
| Increase (decrease) in amounts payable to syndication partners | (109) | 300 |
| **Net cash provided by operating activities** | **135,812** | **113,418** |
| **Financing activities:** | | |
| Distributions paid in cash | (39,146) | (41,754) |
| Borrowings under credit facilities | 241,825 | 309,000 |
| Repayments of borrowings under credit facilities | (113,000) | (353,995) |
| Repayments of unsecured notes | (228,825) | — |
| Repurchase of unsecured notes | — | (21,188) |
| Repayments of secured borrowings | (812) | (866) |
| Repurchases of common stock under dividend reinvestment plan | (1,028) | (1,239) |
| Deferred financing costs paid | (2,883) | (6,175) |
| **Net cash used in financing activities** | **(143,869)** | **(116,217)** |
| Effect of exchange rate changes on foreign currency | 205 | — |
| **Net increase (decrease) in cash and cash equivalents and restricted cash** | **(7,852)** | **(2,799)** |
| Cash and cash equivalents and restricted cash, beginning of period | 13,489 | 59,913 |
| **Cash and cash equivalents and restricted cash, end of period** | **$ 5,637** | **$ 57,114** |
| **Supplemental information:** | | |
| Cash paid for interest | $ 24,557 | $ 20,291 |
| Non-cash financing activities: | | |
| Issuance of shares of common stock under dividend reinvestment plan | $ 1,028 | $ 1,239 |

| **Reconciliation to the Consolidated Statements of Assets and Liabilities** | **June 30, 2019** | **September 30, 2018** |
|---|---|---|
| Cash and cash equivalents | $ 5,637 | $ 13,380 |
| Restricted cash | — | 109 |
| Total cash and cash equivalents and restricted cash | $ 5,637 | $ 13,489 |

See notes to Consolidated Financial Statements.

**Oaktree Specialty Lending Corporation**
**Consolidated Schedule of Investments**
**June 30, 2019**
**(dollar amounts in thousands)**
**(unaudited)**

| Portfolio Company/Type of Investment (1)(2)(3)(4)(5) | Cash Interest Rate (6) | Industry | Principal (7) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **Control Investments** | | | | | | (8)(9) |
| **First Star Speir Aviation Limited** | | Airlines | | | | (10) |
| First Lien Term Loan, 9.00% cash due 12/15/2020 | | | $ 11,510 | $ 2,349 | $ 11,510 | (11)(20) |
| 100% equity interest | | | | 8,500 | 3,747 | (11)(12)(20) |
| | | | | **10,849** | **15,257** | |
| **New IPT, Inc.** | | Oil & gas equipment services | | | | |
| First Lien Term Loan, LIBOR+5.00% cash due 3/17/2021 | 7.33 % | | 3,957 | 3,957 | 3,957 | (6)(20)(24) |
| First Lien Revolver, LIBOR+5.00% cash due 3/17/2021 | 7.33 % | | 1,009 | 1,009 | 1,009 | (6)(19)(20)(24) |
| 50.087 Class A Common Units in New IPT Holdings, LLC | | | | — | 2,903 | (20) |
| | | | | **4,966** | **7,869** | |
| **Senior Loan Fund JV I, LLC** | | Multi-sector holdings | | | | (14)(15) |
| Subordinated Debt, LIBOR+7.00% cash due 12/29/2028 | 9.49 % | | 96,250 | 96,250 | 96,250 | (6)(11)(20) |
| 87.5% LLC equity interest | | | | 49,322 | 31,092 | (11)(16)(19) |
| | | | | **145,572** | **127,342** | |
| **Thruline Marketing, Inc.** | | Advertising | | | | (25) |
| First Lien Term Loan, LIBOR+7.00% cash due 4/3/2022 | 9.33 % | | 18,146 | 18,146 | 18,146 | (6)(20)(24) |
| 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 | | | | 10,648 | 6,438 | (20) |
| | | | | **28,794** | **24,584** | |
| **Total Control Investments (18.8% of net assets)** | | | | **$ 190,181** | **$ 175,052** | |
| | | | | | | |
| **Affiliate Investments** | | | | | | (17) |
| **Assembled Brands Capital LLC** | | Specialized finance | | | | |
| First Lien Delayed Draw Term Loan, LIBOR+6.00% cash due 10/17/2023 | 8.33 % | | $ 3,221 | $ 3,220 | $ 3,221 | (6)(19)(20) |
| 764,376.60 Class A Units | | | | 764 | 764 | (20) |
| 583,190.81 Class B Units | | | | — | — | (20) |
| | | | | **3,984** | **3,985** | |
| **Caregiver Services, Inc.** | | Healthcare services | | | | |
| 1,080,399 shares of Series A Preferred Stock, 10% | | | | 1,080 | 1,979 | (20) |
| | | | | **1,080** | **1,979** | |
| **Total Affiliate Investments (0.6% of net assets)** | | | | **$ 5,064** | **$ 5,964** | |
| | | | | | | |
| **Non-Control/Non-Affiliate Investments** | | | | | | (18) |
| **4 Over International, LLC** | | Commercial printing | | | | |
| First Lien Term Loan, LIBOR+6.00% cash due 6/7/2022 | 8.40 % | | $ 5,830 | $ 5,791 | $ 5,747 | (6)(20)(24) |
| First Lien Revolver, PRIME+5.00% cash due 6/7/2021 | 10.50 % | | 510 | 493 | 478 | (6)(19)(20)(24) |
| | | | | **6,284** | **6,225** | |
| **99 Cents Only Stores LLC** | | General merchandise stores | | | | |
| First Lien Term Loan, LIBOR+5.00% cash 1.50% PIK due 1/13/2022 | 7.33 % | | 19,260 | 18,837 | 17,735 | (6) |
| | | | | **18,837** | **17,735** | |
| **Access CIG, LLC** | | Diversified support services | | | | |
| Second Lien Term Loan, LIBOR+7.75% cash due 2/27/2026 | 10.19 % | | 15,000 | 14,887 | 14,944 | (6) |
| | | | | **14,887** | **14,944** | |
| **Aden & Anais Merger Sub, Inc.** | | Apparel, accessories & luxury goods | | | | |
| 51,645 Common Units in Aden & Anais Holdings, Inc. | | | | 5,165 | — | (20) |
| | | | | **5,165** | **—** | |

**Oaktree Specialty Lending Corporation**
**Consolidated Schedule of Investments**
**June 30, 2019**
**(dollar amounts in thousands)**
**(unaudited)**

| Portfolio Company/Type of Investment (1)(2)(3)(4)(5) | Cash Interest Rate (6) | Industry | Principal (7) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **AdVenture Interactive, Corp.** | | Advertising | | | | |
| 9,073 shares of common stock | | | | $ 13,611 | $ 12,494 | (20) |
| | | | | **13,611** | **12,494** | |
| **AI Ladder (Luxembourg) Subco S.a.r.l.** | | Electrical components & equipment | | | | |
| First Lien Term Loan, LIBOR+4.50% cash due 7/9/2025 | 6.83 % | | $ 21,847 | 21,279 | 21,291 | (6)(11) |
| | | | | **21,279** | **21,291** | |
| **AI Sirona (Luxembourg) Acquisition S.a.r.l.** | | Pharmaceuticals | | | | |
| Second Lien Term Loan, EURIBOR+7.25% cash due 7/10/2026 | 7.25 % | | € 17,500 | 20,035 | 19,564 | (6)(11)(24) |
| | | | | **20,035** | **19,564** | |
| **Air Medical Group Holdings, Inc.** | | Healthcare services | | | | |
| First Lien Term Loan, LIBOR+4.25% cash due 3/14/2025 | 6.65 % | | $ 6,337 | 6,201 | 5,974 | (6)(24) |
| | | | | **6,201** | **5,974** | |
| **AirStrip Technologies, Inc.** | | Application software | | | | |
| 22,858.71 Series C-1 Preferred Stock Warrants (exercise price $34.99757) expiration date 5/11/2025 | | | | 90 | — | (20) |
| | | | | **90** | **—** | |
| **Airxcel, Inc.** | | Household appliances | | | | |
| First Lien Term Loan, LIBOR+4.50% cash due 4/28/2025 | 6.90 % | | 7,920 | 7,854 | 7,481 | (6) |
| | | | | **7,854** | **7,481** | |
| **Algeco Scotsman Global Finance Plc** | | Construction & engineering | | | | |
| Fixed Rate Bond, 8.00% cash due 2/15/2023 | | | 23,915 | 23,414 | 24,304 | (11) |
| | | | | **23,414** | **24,304** | |
| **Allen Media, LLC** | | Movies & entertainment | | | | |
| First Lien Term Loan, LIBOR+6.50% cash due 8/30/2023 | 8.83 % | | 19,494 | 19,084 | 19,445 | (6)(20)(24) |
| | | | | **19,084** | **19,445** | |
| **Allied Universal Holdco LLC** | | Security & alarm services | | | | |
| First Lien Term Loan, LIBOR+3.75% cash due 7/28/2022 | 6.15 % | | 9,777 | 9,818 | 9,773 | (6)(24) |
| Second Lien Term Loan, LIBOR+8.50% cash due 7/28/2023 | 10.90 % | | 1,149 | 1,164 | 1,150 | (6)(24) |
| | | | | **10,982** | **10,923** | |
| **Altice France S.A.** | | Integrated telecommunication services | | | | |
| Fixed Rate Bond, 8.13% cash due 1/15/2024 | | | 3,000 | 3,047 | 3,105 | (11) |
| Fixed Rate Bond, 7.63% cash due 2/15/2025 | | | 2,000 | 2,013 | 1,928 | (11) |
| | | | | **5,060** | **5,033** | |
| **Alvotech Holdings S.A.** | | Biotechnology | | | | |
| Fixed Rate Bond 15% PIK Note due 12/13/2023 | | | 30,000 | 29,440 | 32,550 | (11)(20) |
| | | | | **29,440** | **32,550** | |
| **Ancile Solutions, Inc.** | | Application software | | | | |
| First Lien Term Loan, LIBOR+7.00% cash due 6/30/2021 | 9.33 % | | 8,801 | 8,701 | 8,651 | (6)(20)(24) |
| | | | | **8,701** | **8,651** | |
| **Apptio, Inc.** | | Application software | | | | |
| First Lien Term Loan, LIBOR+7.25% cash due 1/10/2025 | 9.67 % | | 23,764 | 23,320 | 23,315 | (6)(20)(24) |
| First Lien Revolver, LIBOR+7.25% cash due 1/10/2025 | | | — | (28) | (29) | (6)(19)(20)(24) |
| | | | | **23,292** | **23,286** | |
| **Asurion, LLC** | | Property & casualty insurance | | | | |
| Second Lien Term Loan, LIBOR+6.50% cash due 8/4/2025 | 8.90 % | | 22,000 | 21,952 | 22,355 | (6)(24) |
| | | | | **21,952** | **22,355** | |
| **Avantor Inc.** | | Healthcare distributors | | | | |
| Fixed Rate Bond, 9.00% cash due 10/1/2025 | | | 3,000 | 2,974 | 3,353 | |
| | | | | **2,974** | **3,353** | |

**Oaktree Specialty Lending Corporation**
**Consolidated Schedule of Investments**
**June 30, 2019**
**(dollar amounts in thousands)**
**(unaudited)**

| Portfolio Company/Type of Investment (1)(2)(3)(4)(5) | Cash Interest Rate (6) | Industry | Principal (7) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **Belk Inc.** | | Department stores | | | | |
| First Lien Term Loan, LIBOR+4.75% cash due 12/12/2022 | 7.29 % | | $ 655 | $ 581 | $ 532 | (6)(24) |
| | | | | **581** | **532** | |
| **Blackhawk Network Holdings, Inc.** | | Data processing & outsourced services | | | | |
| Second Lien Term Loan, LIBOR+7.00% cash due 6/15/2026 | 9.44 % | | 26,250 | 26,005 | 26,266 | (6)(24) |
| | | | | **26,005** | **26,266** | |
| **Boxer Parent Company Inc.** | | Systems software | | | | |
| First Lien Term Loan, LIBOR+4.25% cash due 10/2/2025 | 6.58 % | | 13,950 | 13,831 | 13,235 | (6) |
| | | | | **13,831** | **13,235** | |
| **California Pizza Kitchen, Inc.** | | Restaurants | | | | |
| First Lien Term Loan, LIBOR+6.00% cash due 8/23/2022 | 8.53 % | | 3,130 | 3,105 | 3,068 | (6)(24) |
| | | | | **3,105** | **3,068** | |
| **Cenegenics, LLC** | | Healthcare services | | | | |
| First Lien Term Loan, 9.75% cash 2.00% PIK due 9/30/2019 | | | 29,582 | 27,738 | 1,016 | (20)(21) |
| First Lien Revolver, 15.00% cash due 9/30/2019 | | | 2,203 | 2,203 | (212) | (19)(20)(21) |
| 452,914.87 Common Units in Cenegenics, LLC | | | | 598 | — | (20) |
| 345,380.141 Preferred Units in Cenegenics, LLC | | | | 300 | — | (20) |
| | | | | **30,839** | **804** | |
| **CITGO Holdings, Inc.** | | Oil & gas refining & marketing | | | | |
| Fixed Rate Bond, 10.75% cash due 2/15/2020 | | | 21,300 | 21,844 | 22,099 | |
| | | | | **21,844** | **22,099** | |
| **CITGO Petroleum Corp.** | | Oil & gas refining & marketing | | | | |
| First Lien Term Loan, LIBOR+5.00% cash due 3/28/2024 | 7.60 % | | 10,000 | 9,900 | 10,022 | (6)(24) |
| | | | | **9,900** | **10,022** | |
| **Convergeone Holdings, Inc.** | | IT consulting & other services | | | | |
| First Lien Term Loan, LIBOR+5.00% cash due 1/4/2026 | 7.40 % | | 19,950 | 19,185 | 19,027 | (6) |
| | | | | **19,185** | **19,027** | |
| **Conviva Inc.** | | Application software | | | | |
| 417,851 Series D Preferred Stock Warrants (exercise price $1.1966) expiration date 2/28/2021 | | | | 105 | 417 | (20) |
| | | | | **105** | **417** | |
| **Covia Holdings Corporation** | | Oil & gas equipment services | | | | |
| First Lien Term Loan, LIBOR+4.00% cash due 6/1/2025 | 6.60 % | | 7,920 | 7,920 | 6,438 | (6)(11)(24) |
| | | | | **7,920** | **6,438** | |
| **DigiCert, Inc.** | | Internet services & infrastructure | | | | |
| First Lien Term Loan, LIBOR+4.00% cash due 10/31/2024 | 6.40 % | | 4,233 | 4,193 | 4,224 | (6)(24) |
| | | | | **4,193** | **4,224** | |
| **Dominion Diagnostics, LLC** | | Healthcare services | | | | (26) |
| Subordinated Term Loan, 11.00% cash 1.00% PIK due 10/18/2019 | | | 20,205 | 14,281 | 6,860 | (20)(21) |
| First Lien Term Loan, PRIME+4.00% cash due 4/8/2019 | 9.50 % | | 45,691 | 44,480 | 44,480 | (6)(20)(24)(26) |
| First Lien Revolver, PRIME+4.00% cash due 4/8/2019 | 9.50 % | | 2,090 | 2,090 | 1,979 | (6)(20)(24)(26) |
| | | | | **60,851** | **53,319** | |

**Oaktree Specialty Lending Corporation**
**Consolidated Schedule of Investments**
**June 30, 2019**
**(dollar amounts in thousands)**
**(unaudited)**

| Portfolio Company/Type of Investment (1)(2)(3)(4)(5) | Cash Interest Rate (6) | Industry | Principal (7) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **The Dun & Bradstreet Corporation** | | Research & consulting services | | | | |
| First Lien Term Loan, LIBOR+5.00% cash due 2/6/2026 | 7.40 % | | $ 10,000 | $ 9,809 | $ 10,016 | (6)(24) |
| Fixed Rate Bond 6.875% cash due 8/15/2026 | | | 5,000 | 5,000 | 5,300 | |
| | | | | **14,809** | **15,316** | |
| **Eagleview Technology Corporation** | | Application software | | | | |
| Second Lien Term Loan, LIBOR+7.50% cash due 8/14/2026 | 9.90 % | | 12,000 | 11,880 | 11,640 | (6)(20)(24) |
| | | | | **11,880** | **11,640** | |
| **EHR Canada, LLC** | | Food retail | | | | |
| First Lien Term Loan, LIBOR+8.00% cash due 9/28/2020 | 10.33 % | | 14,611 | 14,439 | 14,830 | (6)(20)(24) |
| | | | | **14,439** | **14,830** | |
| **EOS Fitness Opco Holdings, LLC** | | Leisure facilities | | | | |
| 487.5 Class A Preferred Units, 12% | | | | 488 | 830 | (20) |
| 12,500 Class B Common Units | | | | — | 749 | (20) |
| | | | | **488** | **1,579** | |
| **Equitrans Midstream Corp.** | | Oil & gas storage & transportation | | | | |
| First Lien Term Loan, LIBOR+4.50% cash due 1/31/2024 | 6.90 % | | 11,940 | 11,614 | 12,040 | (6)(11) |
| | | | | **11,614** | **12,040** | |
| **Eton** | | Research & consulting services | | | | |
| Second Lien Term Loan, LIBOR+7.50% cash due 5/1/2026 | 9.90 % | | 20,000 | 19,914 | 19,900 | (6) |
| | | | | **19,914** | **19,900** | |
| **ExamSoft Worldwide, Inc.** | | Application software | | | | |
| 180,707 Class C Units in ExamSoft Investor LLC | | | | 181 | — | (20) |
| | | | | **181** | **—** | |
| **Gentiva Health Services, Inc.** | | Healthcare services | | | | |
| Second Lien Term Loan, PRIME+6.00% cash due 7/2/2026 | 11.50 % | | 14,500 | 14,411 | 14,681 | (6) |
| | | | | **14,411** | **14,681** | |
| **GI Chill Acquisition LLC** | | Managed healthcare | | | | |
| First Lien Term Loan, LIBOR+4.00% cash due 8/6/2025 | 6.32 % | | 17,865 | 17,776 | 17,865 | (6)(20) |
| Second Lien Term Loan, LIBOR+7.50% cash due 8/6/2026 | 9.83 % | | 10,000 | 9,911 | 9,957 | (6)(20) |
| | | | | **27,687** | **27,822** | |
| **GKD Index Partners, LLC** | | Specialized finance | | | | |
| First Lien Term Loan, LIBOR+7.25% cash due 6/29/2023 | 9.58 % | | 22,849 | 22,667 | 22,484 | (6)(20)(24) |
| First Lien Revolver, LIBOR+7.25% cash due 6/29/2023 | | | — | (9) | (20) | (6)(19)(20)(24) |
| | | | | **22,658** | **22,464** | |
| **GoodRx, Inc.** | | Interactive media & services | | | | |
| Second Lien Term Loan, LIBOR+7.50% cash due 10/12/2026 | 9.90 % | | 22,222 | 21,791 | 22,444 | (6)(20) |
| | | | | **21,791** | **22,444** | |
| **HealthEdge Software, Inc.** | | Application software | | | | |
| 482,453 Series A-3 Preferred Stock Warrants (exercise price $1.450918) expiration date 9/30/2023 | | | | 213 | 757 | (20) |
| | | | | **213** | **757** | |
| **I Drive Safely, LLC** | | Education services | | | | |
| 125,079 Class A Common Units of IDS Investments, LLC | | | | 1,000 | 200 | (20) |
| | | | | **1,000** | **200** | |
| **IBG Borrower LLC** | | Apparel, accessories & luxury goods | | | | |
| First Lien Term Loan, LIBOR+7.00% cash due 8/2/2022 | 9.38 % | | 14,584 | 13,263 | 13,126 | (6)(20)(24) |
| | | | | **13,263** | **13,126** | |

**Oaktree Specialty Lending Corporation**
**Consolidated Schedule of Investments**
**June 30, 2019**
**(dollar amounts in thousands)**
**(unaudited)**

| Portfolio Company/Type of Investment (1)(2)(3)(4)(5) | Cash Interest Rate (6) | Industry | Principal (7) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **iCIMs, Inc.** | | Application software | | | | |
| First Lien Term Loan, LIBOR+6.50% cash due 9/12/2024 | 8.90 % | | $ 16,718 | $ 16,421 | $ 16,417 | (6)(20)(24) |
| First Lien Revolver, LIBOR+6.50% cash due 9/12/2024 | | | — | (15) | (16) | (6)(19)(20)(24) |
| | | | | **16,406** | **16,401** | |
| **Integral Development Corporation** | | Other diversified financial services | | | | |
| 1,078,284 Common Stock Warrants (exercise price $0.9274) expiration date 7/10/2024 | | | | 113 | — | (20) |
| | | | | **113** | **—** | |
| **Internet Pipeline, Inc.** | | Internet services & infrastructure | | | | |
| First Lien Term Loan, LIBOR+4.75% cash due 8/4/2022 | 7.15 % | | 5,468 | 5,421 | 5,434 | (6)(20)(24) |
| | | | | **5,421** | **5,434** | |
| **Kason Corporation** | | Industrial machinery | | | | |
| Mezzanine Term Loan, 11.5% cash 1.75% PIK due 10/28/2019 | | | 6,194 | 6,194 | 6,194 | (20) |
| 498.60 Class A Preferred Units in Kason Investment, LLC, 8% | | | | 499 | 771 | (20) |
| 5,540 Class A Common Units in Kason Investment, LLC | | | | 55 | 53 | (20) |
| | | | | **6,748** | **7,018** | |
| **Kellermeyer Bergensons Services, LLC** | | Environmental & facilities services | | | | |
| Second Lien Term Loan, LIBOR+8.50% cash due 4/29/2022 | 11.08 % | | 6,105 | 5,936 | 6,158 | (6)(20)(24) |
| | | | | **5,936** | **6,158** | |
| **L Squared Capital Partners LLC** | | Multi-sector holdings | | | | |
| 2.00% limited partnership interest | | | | 878 | 2,107 | (11)(16) |
| | | | | **878** | **2,107** | |
| **Lanai Holdings III, Inc.** | | Healthcare distributors | | | | |
| First Lien Term Loan, LIBOR+4.75% cash due 8/29/2022 | 7.33 % | | 19,944 | 19,610 | 19,146 | (6)(24) |
| | | | | **19,610** | **19,146** | |
| **Lannett Company, Inc.** | | Pharmaceuticals | | | | |
| First Lien Term Loan, LIBOR+5.00% cash due 11/25/2020 | 7.40 % | | 1,687 | 1,689 | 1,671 | (6)(11)(24) |
| | | | | **1,689** | **1,671** | |
| **Lift Brands Holdings, Inc.** | | Leisure facilities | | | | |
| 2,000,000 Class A Common Units in Snap Investments, LLC | | | | 1,399 | 3,020 | (20) |
| | | | | **1,399** | **3,020** | |
| **Lightbox Intermediate, L.P.** | | Real estate services | | | | |
| First Lien Term Loan, LIBOR+5.00% cash due 5/9/2026 | 7.45 % | | 40,000 | 39,409 | 39,600 | (6)(20) |
| | | | | **39,409** | **39,600** | |
| **Long's Drugs Incorporated** | | Pharmaceuticals | | | | |
| 50 Series A Preferred Shares in Long's Drugs Incorporated | | | | 385 | 926 | (20) |
| 25 Series B Preferred Shares in Long's Drugs Incorporated | | | | 210 | 570 | (20) |
| | | | | **595** | **1,496** | |
| **LTI Holdings, Inc.** | | Auto parts & equipment | | | | |
| Second Lien Term Loan, LIBOR+6.75% cash due 9/6/2026 | 9.15 % | | 9,000 | 9,000 | 8,384 | (6) |
| | | | | **9,000** | **8,384** | |
| **Lytx Holdings, LLC** | | Research & consulting services | | | | |
| 3,500 Class B Units | | | | — | 2,053 | (20) |
| | | | | **—** | **2,053** | |
| **Maravai Intermediate Holdings, LLC** | | Biotechnology | | | | |
| First Lien Term Loan, LIBOR+4.25% cash due 8/2/2025 | 6.69 % | | 11,910 | 11,791 | 11,910 | (6)(20) |
| | | | | **11,791** | **11,910** | |

**Oaktree Specialty Lending Corporation**
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**(dollar amounts in thousands)**
**(unaudited)**

| Portfolio Company/Type of Investment (1)(2)(3)(4)(5) | Cash Interest Rate (6) | Industry | Principal (7) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **Mayfield Agency Borrower Inc.** | | Property & casualty insurance | | | | |
| First Lien Term Loan, LIBOR+4.50% cash due 2/28/2025 | 6.90 % | | $ 7,425 | $ 7,395 | $ 7,230 | (6)(24) |
| Second Lien Term Loan, LIBOR+8.50% cash due 3/2/2026 | 10.90 % | | 35,925 | 35,474 | 35,431 | (6)(20)(24) |
| | | | | **42,869** | **42,661** | |
| **McAfee, LLC** | | Systems software | | | | |
| First Lien Term Loan, LIBOR+3.75% cash due 9/30/2024 | 6.15 % | | 10,984 | 10,908 | 10,986 | (6)(24) |
| Second Lien Term Loan, LIBOR+8.50% cash due 9/29/2025 | 10.90 % | | 7,000 | 7,035 | 7,106 | (6)(24) |
| | | | | **17,943** | **18,092** | |
| **MHE Intermediate Holdings, LLC** | | Diversified support services | | | | |
| First Lien Term Loan, LIBOR+5.00% cash due 3/8/2024 | 7.33 % | | 2,940 | 2,919 | 2,881 | (6)(20)(24) |
| | | | | **2,919** | **2,881** | |
| **Mindbody, Inc.** | | Internet services & infrastructure | | | | |
| First Lien Term Loan, LIBOR+7.00% cash due 2/15/2025 | 9.39 % | | 28,952 | 28,409 | 28,373 | (6)(20)(24) |
| First Lien Revolver, LIBOR+7.00% cash due 2/15/2025 | | | — | (57) | (61) | (6)(19)(20)(24) |
| | | | | **28,352** | **28,312** | |
| **Ministry Brands, LLC** | | Application software | | | | |
| Second Lien Term Loan, LIBOR+9.25% cash due 6/2/2023 | 11.58 % | | 7,056 | 6,992 | 7,056 | (6)(20)(24) |
| Second Lien Delayed Draw Term Loan, LIBOR+9.25% cash due 6/2/2023 | 11.58 % | | 1,944 | 1,926 | 1,944 | (6)(20)(24) |
| First Lien Revolver, LIBOR+5.00% cash due 12/2/2022 | 7.33 % | | 200 | 191 | 199 | (6)(19)(20)(24) |
| | | | | **9,109** | **9,199** | |
| **Morphe LLC** | | Personal products | | | | |
| First Lien Term Loan, LIBOR+6.00% cash due 2/10/2023 | 8.33 % | | 18,750 | 18,612 | 18,750 | (6)(20)(24) |
| | | | | **18,612** | **18,750** | |
| **Navicure, Inc.** | | Healthcare technology | | | | |
| Second Lien Term Loan, LIBOR+7.50% cash due 10/31/2025 | 9.90 % | | 14,500 | 14,385 | 14,355 | (6)(20)(24) |
| | | | | **14,385** | **14,355** | |
| **Numericable SFR SA** | | Integrated telecommunication services | | | | |
| Fixed Rate Bond, 7.38% cash due 5/1/2026 | | | 5,000 | 5,107 | 5,138 | (11) |
| | | | | **5,107** | **5,138** | |
| **OmniSYS Acquisition Corporation** | | Diversified support services | | | | |
| 100,000 Common Units in OSYS Holdings, LLC | | | | 1,000 | 997 | (20) |
| | | | | **1,000** | **997** | |
| **Onvoy, LLC** | | Integrated telecommunication services | | | | |
| Second Lien Term Loan, LIBOR+10.50% cash due 2/10/2025 | 12.83 % | | 16,750 | 16,750 | 13,187 | (6)(20)(24) |
| 19,666.67 Class A Units in GTCR Onvoy Holdings, LLC | | | | 1,967 | — | (20) |
| 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 | 6.56 % | | 2,984 | 2,935 | 2,962 | (6)(24) |
| First Lien Revolver, LIBOR+4.00% cash due 2/1/2020 | | | — | — | (66) | (6)(19)(24) |
| | | | | **2,935** | **2,896** | |
| **Pingora MSR Opportunity Fund I-A, LP** | | Thrift & mortgage finance | | | | |
| 1.86% limited partnership interest | | | | 2,425 | 1,486 | (11)(16)(19) |
| | | | | **2,425** | **1,486** | |

**Oaktree Specialty Lending Corporation**
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**(dollar amounts in thousands)**
**(unaudited)**

| Portfolio Company/Type of Investment (1)(2)(3)(4)(5) | Cash Interest Rate (6) | Industry | Principal (7) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **PLATO Learning Inc.** | | Education services | | | | |
| Unsecured Senior PIK Note, 8.5% PIK due 12/9/2021 | | | $ 2,784 | $ 2,434 | $ — | (20)(22) |
| Unsecured Junior PIK Note, 10% PIK due 12/9/2021 | | | 13,238 | 10,227 | — | (20)(22) |
| Unsecured Revolver, 5% cash due 12/9/2021 | | | 2,774 | 2,631 | 555 | (20)(21) |
| 126,127.80 Class A Common Units of Edmentum | | | | 126 | — | (20) |
| | | | | **15,418** | **555** | |
| **ProFrac Services, LLC** | | Industrial machinery | | | | |
| First Lien Term Loan, LIBOR+6.25% cash due 9/15/2023 | 8.66 % | | 17,192 | 17,047 | 16,848 | (6)(20)(24) |
| | | | | **17,047** | **16,848** | |
| **QuorumLabs, Inc.** | | Application software | | | | |
| 64,887,669 Junior-2 Preferred Stock | | | | 375 | — | (20) |
| | | | | **375** | **—** | |
| **Refac Optical Group** | | Specialty stores | | | | |
| First Lien Term Loan, LIBOR+10.00% cash due 9/30/2018 | | | 1,847 | 1,692 | 1,847 | (6)(13)(20)(21) |
| First Lien Term Loan, LIBOR+11% cash 1.75% PIK due 9/30/2018 | | | 36,212 | 32,946 | 33,764 | (6)(13)(20)(21) |
| First Lien Term Loan, 15.50% cash due 9/30/2018 | | | 3,516 | 3,232 | 3,188 | (13)(20)(21) |
| First Lien Revolver, LIBOR+10.00% cash due 9/30/2018 | | | 3,600 | 3,360 | 3,600 | (6)(13)(20)(21) |
| 1,550.9435 Shares of Common Stock in Refac Holdings, Inc. | | | | 1 | — | (20) |
| 550.9435 Series A-2 Preferred Stock in Refac Holdings, Inc., 10% | | | | 305 | — | (20) |
| 1,000 Series A Preferred Stock in Refac Holdings, Inc., 10% | | | | 999 | — | (20) |
| | | | | **42,535** | **42,399** | |
| **Salient CRGT, Inc.** | | Aerospace & defense | | | | |
| First Lien Term Loan, LIBOR+6.00% cash due 2/28/2022 | 8.40 % | | 3,108 | 3,074 | 2,984 | (6)(20)(24) |
| | | | | **3,074** | **2,984** | |
| **Scilex Pharmaceuticals Inc.** | | Pharmaceuticals | | | | |
| Fixed Rate Zero Coupon Bond due 8/15/2026 | | | 15,934 | 10,896 | 11,074 | (20) |
| | | | | **10,896** | **11,074** | |
| **ShareThis, Inc.** | | Application software | | | | |
| 345,452 Series C Preferred Stock Warrants (exercise price $3.0395) expiration date 3/4/2024 | | | | 367 | 2 | (20) |
| | | | | **367** | **2** | |
| **Sorrento Therapeutics, Inc.** | | Biotechnology | | | | |
| First Lien Term Loan, LIBOR+7.00% cash due 11/7/2023 | 9.38 % | | 30,000 | 28,017 | 29,100 | (6)(11)(20)(24) |
| First Lien Delayed Draw Term Loan, LIBOR+7.00% cash due 11/7/2023 | | | | (65) | (69) | (6)(11)(19)(20)(24) |
| Stock Warrants Strike (exercise price $3.28) expiration date 5/7/2029 | | | | 1,750 | 2,154 | (20) |
| Stock Warrants Strike (exercise price $3.94) expiration date 11/3/2029 | | | | — | 387 | (20) |
| | | | | **29,702** | **31,572** | |
| **Swordfish Merger Sub LLC** | | Auto parts & equipment | | | | |
| Second Lien Term Loan, LIBOR+6.75% cash due 2/2/2026 | 9.17 % | | 12,500 | 12,448 | 12,219 | (6)(24) |
| | | | | **12,448** | **12,219** | |
| **TerSera Therapeutics, LLC** | | Pharmaceuticals | | | | |
| Second Lien Term Loan, LIBOR+9.25% cash due 3/30/2024 | 11.58 % | | 25,463 | 25,000 | 25,177 | (6)(20)(24) |
| Second Lien Delayed Draw Term Loan, LIBOR+9.25% cash due 12/31/2020 | | | | — | (47) | (6)(19)(20)(24) |
| 668,879 Common Units of TerSera Holdings LLC | | | | 1,731 | 2,629 | (20) |
| | | | | **26,731** | **27,759** | |

**Oaktree Specialty Lending Corporation**
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**(dollar amounts in thousands)**
**(unaudited)**

| Portfolio Company/Type of Investment (1)(2)(3)(4)(5) | Cash Interest Rate (6) | Industry | Principal (7) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **Thing5, LLC** | | Data processing & outsourced services | | | | |
| First Lien Term Loan, LIBOR+7.50% cash 2.00% PIK due 10/11/2020 | | | $ 46,924 | $ 45,650 | $ 33,904 | (6)(20)(21)(23)(24) |
| First Lien Revolver, LIBOR+7.50% cash due 10/11/2020 | | | 2,274 | 2,175 | 2,274 | (6)(19)(20)(21)(24) |
| 2,000,000 Units in T5 Investment Vehicle, LLC | | | | 2,000 | — | (20) |
| | | | | **49,825** | **36,178** | |
| **TigerText, Inc.** | | Application software | | | | |
| 299,110 Series B Preferred Stock Warrants (exercise price $1.3373) expiration date 12/8/2024 | | | | 60 | 560 | (20) |
| | | | | **60** | **560** | |
| **Transact Holdings Inc.** | | Application software | | | | |
| First Lien Term Loan, LIBOR+4.75% cash due 4/30/2026 | 7.33 % | | 7,000 | 6,895 | 7,000 | (6) |
| | | | | **6,895** | **7,000** | |
| **Tribe Buyer LLC** | | Human resource & employment services | | | | |
| First Lien Term Loan, LIBOR+4.50% cash due 2/16/2024 | 6.90 % | | 830 | 830 | 822 | (6)(24) |
| | | | | **830** | **822** | |
| **Truck Hero, Inc.** | | Auto parts & equipment | | | | |
| Second Lien Term Loan, LIBOR+8.25% cash due 4/21/2025 | 10.65 % | | 21,500 | 21,191 | 20,909 | (6)(20)(24) |
| | | | | **21,191** | **20,909** | |
| **Uber Technologies, Inc.** | | Application software | | | | |
| First Lien Term Loan, LIBOR+4.00% cash due 4/4/2025 | 6.41 % | | 5,704 | 5,664 | 5,714 | (6)(24) |
| | | | | **5,664** | **5,714** | |
| **Uniti Group LP** | | Specialized REITs | | | | |
| First Lien Term Loan, LIBOR+5.00% cash due 10/24/2022 | 7.40 % | | 4,987 | 4,927 | 4,873 | (6)(11)(24) |
| | | | | **4,927** | **4,873** | |
| **UOS, LLC** | | Trading companies & distributors | | | | |
| First Lien Term Loan, LIBOR+5.50% cash due 4/18/2023 | 7.83 % | | 10,268 | 10,391 | 10,332 | (6)(24) |
| | | | | **10,391** | **10,332** | |
| **Veritas US Inc.** | | Application software | | | | |
| First Lien Term Loan, LIBOR+4.50% cash due 1/27/2023 | 6.90 % | | 34,288 | 34,576 | 31,309 | (6)(24) |
| | | | | **34,576** | **31,309** | |
| **Verscend Holding Corp.** | | Healthcare technology | | | | |
| First Lien Term Loan, LIBOR+4.50% cash due 8/27/2025 | 6.90 % | | 24,813 | 24,697 | 24,879 | (6)(24) |
| Fixed Rate Bond, 9.75% cash due 8/15/2026 | | | 12,000 | 12,023 | 12,525 | |
| | | | | **36,720** | **37,404** | |
| **Vertex Aerospace Services Corp.** | | Aerospace & defense | | | | |
| First Lien Term Loan, LIBOR+4.50% cash due 6/29/2025 | 6.90 % | | 15,840 | 15,772 | 15,909 | (6) |
| | | | | **15,772** | **15,909** | |
| **Vitalyst Holdings, Inc.** | | IT consulting & other services | | | | |
| 675 Series A Preferred Units of PCH Support Holdings, Inc., 10% | | | | 675 | 440 | (20) |
| 7,500 Class A Common Stock Units of PCH Support Holdings, Inc. | | | | 75 | — | (20) |
| | | | | **750** | **440** | |

**Oaktree Specialty Lending Corporation**
**Consolidated Schedule of Investments**
**June 30, 2019**
**(dollar amounts in thousands)**
**(unaudited)**

| Portfolio Company/Type of Investment (1)(2)(3)(4)(5) | Cash Interest Rate (6) | Industry | Principal (7) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **Windstream Services, LLC** | | Integrated telecommunication services | | | | |
| Fixed Rate Bond, 8.63% cash due 10/31/2025 | | | $ 5,000 | $ 4,861 | $ 5,125 | (11) |
| | | | | **4,861** | **5,125** | |
| **WP CPP Holdings, LLC** | | Aerospace & defense | | | | |
| Second Lien Term Loan, LIBOR+7.75% cash due 4/30/2026 | 10.34 % | | 15,000 | 14,869 | 14,981 | (6)(24) |
| | | | | **14,869** | **14,981** | |
| **xMatters, Inc.** | | Application software | | | | |
| 600,000 Common Stock Warrants (exercise price $1.78) expiration date 2/26/2025 | | | | 709 | 273 | (20) |
| | | | | **709** | **273** | |
| **Yeti Holdings, Inc.** | | Leisure products | | | | |
| 537,629 Shares Yeti Holdings, Inc. Common Stock | | | | — | 15,564 | |
| | | | | **—** | **15,564** | |
| **Zep Inc.** | | Specialty chemicals | | — | — | |
| Second Lien Term Loan, LIBOR+8.25% cash due 8/11/2025 | 10.58 % | | 30,000 | 29,884 | 22,600 | (6)(20)(24) |
| First Lien Term Loan, LIBOR+4.00% cash due 8/12/2024 | 6.33 % | | 1,980 | 1,900 | 1,619 | (6)(24) |
| | | | | **31,784** | **24,219** | |
| **Zephyr Bidco Limited** | | Specialized finance | | | | |
| Second Lien Term Loan, UK LIBOR+7.50% cash due 7/23/2026 | 8.22 % | | £ 18,000 | 23,618 | 22,781 | (6)(11) |
| | | | | **23,618** | **22,781** | |
| **Total Non-Control/Non-Affiliate Investments (137.0% of net assets)** | | | | **$ 1,337,252** | **$ 1,274,015** | |
| **Total Portfolio Investments (156.4% of net assets)** | | | | **$ 1,532,497** | **$ 1,455,031** | |
| **Cash and Cash Equivalents and Restricted Cash** | | | | | | |
| JP Morgan Prime Money Market Fund, Institutional Shares | | | | $ 3,146 | $ 3,146 | |
| Other cash accounts | | | | 2,491 | 2,491 | |
| **Total Cash and Cash Equivalents and Restricted Cash (0.6% of net assets)** | | | | **$ 5,637** | **$ 5,637** | |
| ***Total Portfolio Investments, Cash and Cash Equivalents and Restricted Cash (157.1% of net assets)*** | | | | **$ 1,538,134** | **$ 1,460,668** | |

| Derivative Instrument | Notional Amount to be Purchased | Notional Amount to be Sold | Maturity Date | Counterparty | Cumulative Unrealized Appreciation / (Depreciation) |
|---|---|---|---|---|---|
| Foreign currency forward contract | $ 22,763 | £ 17,910 | 7/10/2019 | JPMorgan Chase Bank, N.A. | $ (43) |
| Foreign currency forward contract | $ 19,640 | € 17,354 | 7/24/2019 | JPMorgan Chase Bank, N.A. | (163) |
| | | | | | **$ (206)** |

(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 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.

(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 June 30, 2019, the reference rates for the Company's variable rate loans were the 30-day LIBOR at 2.40%, the 60-day LIBOR at 2.35%, the 90-day LIBOR at 2.33%, the 180-day LIBOR at 2.20%, the PRIME at 5.50%, the 30-day UK LIBOR at 0.72% and the 180-day EURIBOR at (0.30)%.

(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 nine months ended June 30, 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 June 30, 2019, qualifying assets represented 76.9% of the Company's total assets and non-qualifying assets represented 23.1% 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 June 30, 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 June 30, 2019. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

(22) This investment was on PIK non-accrual status as of June 30, 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 June 30, 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.

See notes to Consolidated Financial Statements.

**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 | Notes |
|---|---|---|---|---|---|---|
| **Control Investments** | | | | | | (3)(15) |
| **First Star Speir Aviation Limited** | | Airlines | | | | (16) |
| First Lien Term Loan, 9% cash due 12/15/2020 | | | $ 32,510 | $ 24,102 | $ 32,510 | (11) |
| 100% equity interest | | | | 8,500 | — | (6)(11) |
| | | | | **32,602** | **32,510** | |
| **Keypath Education, Inc.** | | Advertising | | | | (25) |
| First Lien Term Loan, LIBOR+7% (1% floor) cash due 4/3/2022 | 9.39% | | 18,146 | 18,146 | 18,146 | (13) |
| 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 | 7.39% | | 4,107 | 4,107 | 4,107 | (13) |
| Second Lien Term Loan, LIBOR+5.1% (1% floor) cash due 9/17/2021 | 7.49% | | 1,453 | 1,453 | 1,453 | (13) |
| First Lien Revolver, LIBOR+5% (1% floor) cash due 3/17/2021 | 7.39% | | 1,009 | 1,009 | 1,009 | (13) |
| 50.087 Class A Common Units in New IPT Holdings, LLC | | | | — | 2,291 | |
| | | | | **6,569** | **8,860** | |
| **Senior Loan Fund JV I, LLC** | | Multi-sector holdings | | | | (17)(18) |
| Class A Mezzanine Secured Deferrable Floating Rate Notes due 2036 in SLF Repack Issuer 2016 LLC | 8.33% | | 99,813 | 99,813 | 99,813 | (11)(13) |
| Class B Mezzanine Secured Deferrable Fixed Rate Notes, 10% cash due 2036 in SLF Repack Issuer 2016 LLC | | | 29,520 | 29,520 | 29,520 | (11) |
| 87.5% LLC equity interest | | | | 16,172 | 41 | (6)(11)(24) |
| | | | | **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 | 8.24% | | $ 5,922 | $ 5,873 | $ 5,922 | (13) |
| First Lien Revolver, LIBOR+6% (1% floor) cash due 6/7/2021 | | | | (17) | — | (10)(13) |
| | | | | **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 | 7.35% | | 23,832 | 22,958 | 23,058 | (13)(21) |
| | | | | **22,958** | **23,058** | |
| **Access CIG LLC** | | Diversified support services | | | | |
| Second Lien Term Loan, LIBOR+7.75% cash due 2/27/2026 | 9.99% | | 14,235 | 14,118 | 14,316 | (13)(21) |
| Second Lien Delayed Draw Term Loan, LIBOR+7.75% cash due 2/27/2026 | | | | — | 4 | (13)(21) |
| | | | | **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 | | | 25,267 | 22,596 | — | (13)(22) |
| | | | | **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 | Notes |
|---|---|---|---|---|---|---|
| **AdVenture Interactive, Corp.** | | Advertising | | | | (25) |
| 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 | 7.02% | | $ 40,000 | 38,831 | 40,238 | (11)(13)(21) |
| | | | | **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 | 7.25% | | € 17,500 | 20,035 | 20,225 | (11)(13)(21) |
| | | | | **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 | 6.74% | | $ 7,980 | 7,905 | 7,943 | (13)(21) |
| | | | | **7,905** | **7,943** | |
| **Algeco Scotsman Global Finance Plc** | | Construction & engineering | | | | |
| Fixed Rate Bond 10% cash due 8/15/2023 | | | 15,000 | 14,539 | 15,450 | (11)(21) |
| Fixed Rate Bond 8% cash due 2/15/2023 | | | 16,000 | 15,898 | 16,480 | (11)(21) |
| | | | | **30,437** | **31,930** | |
| **Allen Media, LLC** | | Movies & entertainment | | | | |
| First Lien Term Loan, LIBOR+6.5% (1% floor) cash due 8/30/2023 | 8.81% | | 20,000 | 19,503 | 19,475 | (13) |
| | | | | **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 | 6.14% | | 9,853 | 9,904 | 9,724 | (13)(21) |
| Second Lien Term Loan, LIBOR+8.5% (1% floor) cash due 7/28/2023 | 10.79% | | 1,149 | 1,167 | 1,142 | (13)(21) |
| | | | | **11,071** | **10,866** | |
| **Altice France S.A.** | | Integrated telecommunication services | | | | |
| Fixed Rate Bond 8.125% cash due 1/15/2024 | | | 3,000 | 3,054 | 3,056 | (11)(21) |
| Fixed Rate Bond 7.625% cash due 2/15/2025 | | | 2,000 | 2,014 | 1,808 | (11)(21) |
| | | | | **5,068** | **4,864** | |
| **Ancile Solutions, Inc.** | | Application software | | | | |
| First Lien Term Loan, LIBOR+7% (1% floor) cash due 6/30/2021 | 9.39% | | 9,585 | 9,433 | 9,528 | (13) |
| | | | | **9,433** | **9,528** | |
| **Aretec Group, Inc.** | | Investment banking & brokerage | | | | |
| Second Lien Exit Term Loan, PRIME+2% cash due 5/23/2021 | 7.25% | | 12,679 | 12,539 | 12,759 | (13)(21) |
| | | | | **12,539** | **12,759** | |
| **Asset International, Inc.** | | Research & consulting services | | | | |
| Second Lien Term Loan, LIBOR+9.25% (1% floor) cash due 6/29/2025 | 11.64% | | 15,000 | 14,691 | 14,836 | (13) |
| | | | | **14,691** | **14,836** | |
| **Asurion, LLC** | | Property & casualty insurance | | | | |
| First Lien Term Loan, LIBOR+6.5% (1% floor) cash due 8/4/2025 | 8.74% | | 22,000 | 21,946 | 22,653 | (13)(21) |
| | | | | **21,946** | **22,653** | |

**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 | Notes |
|---|---|---|---|---|---|---|
| **Avantor Inc.** | | Commodity chemicals | | | | |
| Fixed Rate Bond 9% cash due 10/1/2025 | | | $ 3,000 | $ 2,972 | $ 3,100 | (21) |
| | | | | **2,972** | **3,100** | |
| **Belk Inc.** | | Department stores | | | | |
| First Lien Term Loan, LIBOR+4.75% (1% Floor) cash due 12/12/2022 | 6.88% | | 662 | 573 | 581 | (13)(21) |
| | | | | **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 | 9.38% | | 26,250 | 25,978 | 26,545 | (13)(21) |
| | | | | **25,978** | **26,545** | |
| **Blueline Rental Finance Corp** | | Industrial machinery | | | | |
| Fixed Rate Bond 9.25% cash due 3/15/2024 | | | 5,000 | 5,342 | 5,259 | (21) |
| | | | | **5,342** | **5,259** | |
| **California Pizza Kitchen, Inc.** | | Restaurants | | | | |
| First Lien Term Loan, LIBOR+6% (1% floor) cash due 8/23/2022 | 8.39% | | 3,154 | 3,129 | 3,076 | (13)(21) |
| | | | | **3,129** | **3,076** | |
| **Cenegenics, LLC** | | Healthcare services | | | | |
| First Lien Term Loan, 9.75% cash 2% PIK due 9/30/2019 | | | 29,134 | 27,738 | 8,464 | (22) |
| First Lien Revolver, 15% cash due 9/30/2019 | | | 2,203 | 2,203 | 429 | (22) |
| 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 | | | 21,300 | 22,494 | 22,685 | (21) |
| | | | | **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 | 6.14% | | 7,980 | 7,980 | 7,568 | (11)(13)(21) |
| | | | | **7,980** | **7,568** | |
| **DAE Aviation Holdings** | | Aerospace & defense | | | | |
| Fixed Rate Bond 10% cash due 7/15/2023 | | | 1,500 | 1,616 | 1,622 | (21) |
| | | | | **1,616** | **1,622** | |
| **Datto Inc.** | | Technology distributors | | | | |
| First Lien Term Loan, LIBOR+8% (1% floor) cash due 12/7/2022 | 10.15% | | 35,000 | 34,414 | 34,622 | (13) |
| First Lien Revolver, LIBOR+8% (1% floor) cash due 12/7/2022 | 10.15% | | | (39) | (25) | (10)(13) |
| | | | | **34,375** | **34,597** | |

**(dollar amounts in thousands)**

| Portfolio Company/Type of Investment (1)(2)(5)(9)(14) | Cash Interest Rate (13) | Industry | Principal (8) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **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 | | | $ 20,052 | 15,589 | 1,043 | (22) |
| First Lien Term Loan, LIBOR+5% (1% floor) cash due 4/8/2019 | 7.34% | | 46,435 | 34,964 | 40,538 | (13) |
| First Lien Revolver, LIBOR+5% (1% floor) cash due 4/8/2019 | | | | — | (531) | (10)(13) |
| | | | | **50,553** | **41,050** | |
| **Eagleview Technology Corporation** | | Application software | | | | |
| Second Lien Term Loan, LIBOR+7.5% (1% Floor) cash due 8/14/2026 | 9.63% | | 12,000 | 11,880 | 12,240 | (13) |
| | | | | **11,880** | **12,240** | |
| **EHR Canada, LLC** | | Food retail | | | | |
| First Lien Term Loan, LIBOR+8% (1% Floor) cash due 9/28/2020 | 10.30% | | 22,500 | 22,052 | 22,050 | (13) |
| | | | | **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 | 10.36% | | 3,502 | 3,502 | 3,502 | (13) |
| 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 | 9.74% | | 20,000 | 19,904 | 20,100 | (13)(21) |
| | | | | **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 | | | 711 | 711 | 142 | (13)(22) |
| 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 | 9.34% | | 14,500 | 14,401 | 14,935 | (13)(21) |
| | | | | **14,401** | **14,935** | |
| **GI Chill Acquisition LLC** | | Managed healthcare | | | | |
| First Lien Term Loan, LIBOR+4% cash due 8/6/2025 | 6.39% | | 18,000 | 17,910 | 18,113 | (13) |
| Second Lien Term Loan, LIBOR+7.5% cash due 8/6/2026 | 9.68% | | 10,000 | 9,902 | 9,900 | (13) |
| | | | | **27,812** | **28,013** | |
| **GKD Index Partners, LLC** | | Specialized finance | | | | |
| First Lien Term Loan, LIBOR+7.25% (1% Floor) cash due 6/29/2023 | 9.64% | | 24,379 | 24,147 | 24,135 | (13) |
| First Lien Revolver, LIBOR+7.25% (1% Floor) cash due 6/29/2023 | 9.60% | | 867 | 856 | 855 | (13) |
| | | | | **25,003** | **24,990** | |
| **GOBP Holdings Inc.** | | Hypermarkets & super centers | | | | |
| Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 10/21/2022 | 10.49% | | 2,071 | 2,057 | 2,082 | (13)(21) |
| | | | | **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 (8) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **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 | | | 10,500 | 10,555 | 10,605 | (11)(21) |
| | | | | **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 | 9.44% | | 14,809 | 13,143 | 13,624 | (13) |
| | | | | **13,143** | **13,624** | |
| **iCIMs, Inc.** | | Application software | | | | |
| First Lien Term Loan, LIBOR+6.5% (1% Floor) cash due 9/12/2024 | 8.64% | | 14,118 | 13,838 | 13,835 | (13) |
| First Lien Revolver, LIBOR+6.5% (1% Floor) cash due 9/12/2024 | | | | (17) | (18) | (10)(13) |
| | | | | **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 | 9.65% | | 11,568 | 11,529 | 11,568 | (13) |
| First Lien Term Loan, LIBOR+7.25% (1.25% floor) cash due 10/1/2021 | 9.65% | | 5,043 | 4,955 | 5,043 | (13) |
| 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 | 10.15% | | 755 | 747 | 755 | (13) |
| 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 | 7.00% | | 5,510 | 5,454 | 5,509 | (13) |
| | | | | **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 | | | 12,000 | 11,808 | 12,390 | (21) |
| | | | | **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 | Notes |
|---|---|---|---|---|---|---|
| **Kellermeyer Bergensons Services, LLC** | | Environmental & facilities services | | | | |
| Second Lien Term Loan, LIBOR+8.5% (1% floor) cash due 4/29/2022 | 10.84% | | $ 6,105 | $ 5,923 | $ 6,189 | (13) |
| | | | | **5,923** | **6,189** | |
| **L Squared Capital Partners LLC** | | Multi-sector holdings | | | | |
| 2% limited partnership interest | | | | 1,824 | 3,058 | (11)(24) |
| | | | | **1,824** | **3,058** | |
| **Lanai Holdings III, Inc.** | | Healthcare distributors | | | | |
| First Lien Term Loan, LIBOR+4.75% (1% floor) cash due 8/29/2022 | 7.09% | | 20,099 | 19,683 | 19,395 | (13)(21) |
| | | | | **19,683** | **19,395** | |
| **Lannett Company, Inc.** | | Pharmaceuticals | | | | |
| First Lien Term Loan, LIBOR+4.75% (1% Floor) cash due 11/25/2020 | 6.99% | | 1,883 | 1,885 | 1,792 | (11)(13)(21) |
| | | | | **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 | 8.99% | | 9,000 | 9,000 | 9,024 | (13)(21) |
| | | | | **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 | 6.38% | | 12,000 | 11,880 | 11,963 | (13) |
| | | | | **11,880** | **11,963** | |
| **Maverick Healthcare Group, LLC** | | Healthcare equipment | | | | (20) |
| First Lien Term Loan, LIBOR+7.5% cash (1.75% floor) cash due 3/15/2019 | | | 11,068 | 8,181 | 9,102 | (13)(22) |
| First Lien Term Loan, LIBOR+11% cash (1.75% floor) cash due 3/15/2019 | | | 50,740 | 39,110 | — | (13)(22) |
| CapEx Line, LIBOR+7.75% (1.75% floor) cash due 3/15/2019 | | | 863 | 611 | 710 | (13)(22) |
| | | | | **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 | 6.74% | | 7,481 | 7,447 | 7,537 | (13)(21) |
| Second Lien Term Loan, LIBOR+8.5% (1% floor) cash due 3/2/2026 | 10.74% | | 37,500 | 36,977 | 37,219 | (13) |
| | | | | **44,424** | **44,756** | |
| **McAfee, LLC** | | Systems software | | | | |
| First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 9/30/2024 | 6.74% | | 7,920 | 7,853 | 7,995 | (13)(21) |
| Second Lien Term Loan LIBOR+8.5% (1% floor) cash due 9/29/2025 | 10.74% | | 8,000 | 8,045 | 8,180 | (13)(21) |
| | | | | **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 | Notes |
|---|---|---|---|---|---|---|
| **McDermott Technology (Americas), Inc.** | | Oil & gas equipment services | | | | |
| First Lien Term Loan, LIBOR+5% (1% floor) cash due 5/12/2025 | 7.24% | | $ 31,144 | $ 30,725 | $ 31,604 | (11)(13)(21) |
| | | | | **30,725** | **31,604** | |
| **MHE Intermediate Holdings, LLC** | | Diversified support services | | | | |
| First Lien Term Loan, LIBOR+5% (1% floor) cash due 3/8/2024 | 7.39% | | 2,963 | 2,938 | 2,935 | (13) |
| | | | | **2,938** | **2,935** | |
| **Ministry Brands, LLC** | | Application software | | | | |
| Second Lien Term Loan, LIBOR+9.25% (1% floor) cash due 6/2/2023 | 11.75% | | 7,056 | 6,980 | 7,090 | (13) |
| Second Lien Delayed Draw Term Loan, LIBOR+9.25% (1% floor) cash due 6/2/2023 | 11.75% | | 1,944 | 1,923 | 1,953 | (13) |
| First Lien Revolver, PRIME+4% (1% floor) cash due 12/2/2022 | 9.25% | | 300 | 291 | 300 | (13) |
| | | | | **9,194** | **9,343** | |
| **Morphe LLC** | | Personal products | | | | |
| First Lien Term Loan, LIBOR+6% (1% floor) cash due 2/10/2023 | 8.40% | | 19,500 | 19,327 | 19,500 | (13) |
| | | | | **19,327** | **19,500** | |
| **Natural Resource Partners LP** | | Coal & consumable fuels | | | | |
| Fixed Rate Bond 10.5% cash due 3/15/2022 | | | 7,000 | 7,329 | 7,525 | (11)(21) |
| | | | | **7,329** | **7,525** | |
| **Navicure, Inc.** | | Healthcare technology | | | | |
| Second Lien Term Loan, LIBOR+7.5% (1% floor) cash due 10/31/2025 | 9.74% | | 14,500 | 14,371 | 14,500 | (13) |
| | | | | **14,371** | **14,500** | |
| **Numericable SFR SA** | | Integrated telecommunication services | | | | |
| Fixed Rate Bond 7.375% cash due 5/1/2026 | | | 5,000 | 5,116 | 5,024 | (11)(21) |
| | | | | **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 | 12.89% | | 16,750 | 16,750 | 13,479 | (13) |
| 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 | | | | — | (94) | (10)(13)(21) |
| | | | | **—** | **(94)** | |
| **Pingora MSR Opportunity Fund I-A, LP** | | Thrift & mortgage finance | | | | |
| 1.86% limited partnership interest | | | | 5,343 | 4,759 | (11)(24) |
| | | | | **5,343** | **4,759** | |
| **PLATO Learning Inc.** | | Education services | | | | (27) |
| Unsecured Senior PIK Note, 8.5% PIK due 12/9/2021 | | | 2,649 | 2,434 | — | (23) |
| Unsecured Junior PIK Note, 10% PIK due 12/9/2021 | | | 12,490 | 10,227 | — | (23) |
| Unsecured Revolver, 5% cash due 12/9/2021 | | | 60 | (40) | (2,124) | (22) |
| 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)**

| Portfolio Company/Type of Investment (1)(2)(5)(9)(14) | Cash Interest Rate (13) | Industry | Principal (8) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **ProFrac Services, LLC** | | Industrial machinery | | | | |
| First Lien Term Loan, LIBOR+5.75% (1% Floor) cash due 9/15/2023 | 8.07% | | $ 18,300 | $ 18,118 | $ 18,209 | (13) |
| | | | | **18,118** | **18,209** | |
| **QuorumLabs, Inc.** | | Application software | | | | |
| 64,887,669 Junior-2 Preferred Stock | | | | 375 | — | |
| | | | | **375** | **—** | |
| **Refac Optical Group** | | Specialty stores | | | | (26) |
| First Lien Term Loan, LIBOR+8% cash due 1/9/2019 | | | 2,242 | 2,149 | 2,241 | (13)(22) |
| First Lien Term Loan, LIBOR+9% cash 1.75% PIK due 1/9/2019 | | | 34,994 | 33,700 | 34,994 | (13)(22) |
| First Lien Term Loan, 12.5% cash due 1/9/2019 (22) | | | 3,416 | 3,308 | 3,245 | (22) |
| First Lien Revolver, LIBOR+8% cash due 1/9/2019 (13)(22) | | | 3,520 | 3,424 | 3,520 | (13)(22) |
| 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 | 7.99% | | 3,174 | 3,129 | 3,222 | (13)(21) |
| | | | | **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 | 7.19% | | 8,479 | 8,411 | 8,355 | (13)(21) |
| Second Lien Term Loan, LIBOR+9% (1% Floor) cash due 4/28/2022 | 11.20% | | 2,000 | 2,023 | 1,973 | (13)(21) |
| | | | | **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 | 8.86% | | 12,500 | 12,442 | 12,406 | (13)(21) |
| | | | | **12,442** | **12,406** | |
| **TerSera Therapeutics, LLC** | | Pharmaceuticals | | | | |
| Second Lien Term Loan, LIBOR+9.25% (1% floor) cash due 3/30/2024 | 11.64% | | 15,000 | 14,651 | 14,945 | (13) |
| Second Lien Incremental Term loan, LIBOR+9.25% cash due 3/30/2024 | 11.59% | | 3,281 | 3,202 | 3,269 | (13) |
| Second Lien Incremental Delayed Draw Term Loan, LIBOR+9.25% cash due 12/31/2018 | 11.59% | | | — | (12) | (10)(13) |
| 668,879 Common Units of TerSera Holdings LLC | | | | 1,731 | 2,626 | |
| | | | | **19,584** | **20,828** | |

**Oaktree Specialty Lending Corporation**

**Consolidated Schedule of Investments**
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**(dollar amounts in thousands)**

| Portfolio Company/Type of Investment (1)(2)(5)(9)(14) | Cash Interest Rate (13) | Industry | Principal (8) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **Thing5, LLC** | | Data processing & outsourced services | | | | |
| First Lien Term Loan, LIBOR+7.5% (1% floor) cash 2% PIK due 10/11/2020 | | | $ 46,906 | $ 46,462 | $ 34,292 | (12)(13)(22) |
| First Lien Revolver, LIBOR+7.5% (1% floor) cash due 10/11/2020 | | | 2,702 | 2,603 | 2,702 | (13)(22) |
| 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 | 9.99% | | 1,510 | 1,376 | 1,510 | (13) |
| | | | | **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 | 6.74% | | 1,581 | 1,581 | 1,593 | (13)(21) |
| | | | | **1,581** | **1,593** | |
| **Truck Hero, Inc.** | | Auto parts & equipment | | | | |
| Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 4/21/2025 | 10.46% | | 21,500 | 21,191 | 21,715 | (13) |
| | | | | **21,191** | **21,715** | |
| **UOS, LLC** | | Trading companies & distributors | | | | |
| First Lien Term Loan, LIBOR+5.5% (1% floor) cash due 4/18/2023 | 7.74% | | 6,847 | 6,981 | 7,009 | (13)(21) |
| | | | | **6,981** | **7,009** | |
| **Veritas US Inc.** | | Application software | | | | |
| First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 1/27/2023 | 6.81% | | 34,551 | 34,902 | 33,741 | (13)(21) |
| | | | | **34,902** | **33,741** | |
| **Verra Mobility, Corp.** | | Data processing & outsourced services | | | | |
| Second Lien Term Loan, LIBOR+7.75% cash due 2/27/2026 | 9.99% | | 8,750 | 8,698 | 8,958 | (13) |
| | | | | **8,698** | **8,958** | |
| **Verscend Holding Corp.** | | Healthcare technology | | | | |
| First Lien Term Loan, LIBOR+4.50% cash due 8/27/2025 | 6.74% | | 25,000 | 24,887 | 25,255 | (13)(21) |
| Fixed Rate Bond 9.75% cash due 8/15/2026 | | | 12,000 | 12,025 | 12,405 | (21) |
| | | | | **36,912** | **37,660** | |
| **Vertex Aerospace Services Corp.** | | Aerospace & defense | | | | |
| First Lien Term Loan, LIBOR+4.75% cash due 6/29/2025 | 6.99% | | 15,960 | 15,883 | 16,135 | (13)(21) |
| | | | | **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 | 9.12% | | 23,000 | 22,919 | 23,173 | (13)(21) |
| | | | | **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**
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**(dollar amounts in thousands)**

| Portfolio Company/Type of Investment (1)(2)(5)(9)(14) | Cash Interest Rate (13) | Industry | Principal (8) | Cost | Fair Value | Notes |
|---|---|---|---|---|---|---|
| **Weatherford International** | | Oil & gas equipment services | | | | |
| Fixed Rate Bond 9.875% cash due 2/15/2024 | | | $ 12,000 | $ 11,479 | $ 11,790 | (11)(21) |
| | | | | **11,479** | **11,790** | |
| **WeddingWire, Inc.** | | Internet services & infrastructure | | | | |
| Earn-out | | | | — | 70 | (19) |
| | | | | **—** | **70** | |
| **Windstream Services, LLC** | | Integrated telecommunication services | | | | |
| Fixed Rate Bond 8.625% cash due 10/31/2025 | | | 5,000 | 4,867 | 4,825 | (11)(21) |
| | | | | **4,867** | **4,825** | |
| **WP CPP Holdings, LLC** | | Aerospace & defense | | | | |
| Second Lien Term Loan, LIBOR+7.75% (1% floor) cash due 4/30/2026 | 10.15% | | 15,000 | 14,855 | 15,033 | (13)(21) |
| | | | | **14,855** | **15,033** | |
| **xMatters, Inc.** | | Application software | | | | |
| 600,000 Common Stock Warrants (exercise price $0.593333) expiration date 2/26/2025 | | | | 709 | 287 | |
| | | | | **709** | **287** | |
| **Yeti Acquisition, LLC** | | Leisure products | | | | |
| 2,000,000 Common Stock Units of Yeti Holdings, Inc. | | | | — | 12,073 | (28) |
| | | | | **—** | **12,073** | |
| **Zep Inc.** | | Specialty chemicals | | | | |
| Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 8/11/2025 | 10.64% | | 30,000 | 29,870 | 28,800 | (13) |
| First Lien Term Loan, LIBOR+4.00% (1% floor) cash due 8/12/2024 | 6.39% | | 1,995 | 1,903 | 1,904 | (13)(21) |
| | | | | **31,773** | **30,704** | |
| **Zephyr Bidco Limited** | | Specialized finance | | | | |
| Second Lien Term Loan, UK LIBOR+7.50% (0% floor) cash due 7/23/2026 | 8.22% | | £ 18,000 | 23,568 | 23,258 | (11)(13)(21) |
| | | | | **23,568** | **23,258** | |
| **Total Non-Control/Non-Affiliate Investments (150.6% of net assets)** | | | | **$ 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.

(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 ASC 820. All other investments are categorized as Level 3 as of September 30, 2018 and were 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 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 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 June 30, 2019, the consolidated subsidiaries were Fifth Street Fund of Funds LLC ("Fund of

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

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 prices 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 June 30, 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," "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 gains incentive fee payable by the Company to Oaktree beginning in the 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. These fees are 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 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.

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

***Fair Value Option:***

The Company adopted certain principles under 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 June 30, 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 June 30, 2019, 156.4% of net assets at fair value, or $1.5 billion, was invested in 105 portfolio companies, including the Company's investment in subordinated notes and limited liability company ("LLC") equity interests in SLF JV I, which had a fair value of $96.3 million and $31.1 million, respectively. As of June 30, 2019, 0.6% of net assets at fair value, or $5.6 million, was invested in cash and cash equivalents. 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 June 30, 2019, 79.7% of the Company's portfolio at fair value consisted of senior secured debt investments and 13.6% 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 nine months ended June 30, 2019, the Company recorded net realized gains (losses) of $(19.8) million and $23.3 million, respectively. During the three and nine months ended June 30, 2018, the Company recorded net realized losses of $89.4 million and $84.9 million, respectively. During the three and nine months ended June 30, 2019, the Company recorded net unrealized appreciation of $23.4 million and $37.9 million, respectively. During the three and nine months ended June 30, 2018, the Company recorded net unrealized appreciation of $99.3 million and $55.4 million, respectively.

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

| | June 30, 2019 | | September 30, 2018 | |
|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value |
| Investments in debt securities | $ 1,326,078 | $ 1,262,419 | $ 1,390,672 | $ 1,287,958 |
| Investments in equity securities | 60,847 | 65,270 | 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 | 31,092 | 16,172 | 41 |
| **Total** | **$ 1,532,497** | **$ 1,455,031** | **$ 1,606,933** | **$ 1,491,201** |

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

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

| | June 30, 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 | $ 155,612 | 11.45 % | $ 237,718 | 16.77 % |
| Floating rate debt securities, including debt investments in SLF JV I | 1,203,057 | 88.55 | 1,179,573 | 83.23 |
| **Total** | **$ 1,358,669** | **100.00%** | **$ 1,417,291** | **100.00%** |

The following table presents the financial instruments carried at fair value as of June 30, 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) | $ — | $ 474,873 | $ 685,286 | $ — | $ 1,160,159 |
| Investments in debt securities (subordinated, including debt investments in SLF JV I) | — | 77,577 | 120,933 | — | 198,510 |
| Investments in equity securities (preferred) | — | — | 5,516 | — | 5,516 |
| Investments in equity securities (common and warrants, including LLC equity interests of SLF JV I) | 15,564 | — | 40,597 | 34,685 | 90,846 |
| **Total investments at fair value** | **15,564** | **552,450** | **852,332** | **34,685** | **1,455,031** |
| Cash equivalents | 3,146 | — | — | — | 3,146 |
| **Total assets at fair value** | **$ 18,710** | **$ 552,450** | **$ 852,332** | **$ 34,685** | **$ 1,458,177** |
| Derivative liabilities | $ — | $ 206 | $ — | $ — | $ 206 |
| Secured borrowings | — | — | 9,011 | — | 9,011 |
| **Total liabilities at fair value** | **$ —** | **$ 206** | **$ 9,011** | **$ —** | **$ 9,217** |

(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** |

(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 March 31, 2019 to June 30, 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 March 31, 2019 | $ 736,955 | $ 120,435 | $ 5,013 | $ 39,122 | $ 901,525 | $ 9,011 |
| New investments | 57,794 | 160 | — | — | 57,954 | — |
| Redemptions/repayments/sales | (90,758) | (230) | — | (332) | (91,320) | — |
| Transfers out (a) | (18,864) | — | — | — | (18,864) | |
| Net accrual of PIK interest income | — | 27 | — | — | 27 | — |
| Accretion of OID | 2,521 | 298 | — | — | 2,819 | — |
| Net unrealized appreciation (depreciation) | 20,179 | 243 | 503 | 1,475 | 22,400 | — |
| Net realized gains (losses) | (22,541) | — | — | 332 | (22,209) | — |
| **Fair value as of June 30, 2019** | **$ 685,286** | **$ 120,933** | **$ 5,516** | **$ 40,597** | **$ 852,332** | **$ 9,011** |
| Net unrealized appreciation (depreciation) relating to Level 3 assets & liabilities still held as of June 30, 2019 and reported within net unrealized appreciation (depreciation) in the Consolidated Statement of Operations for the three months ended June 30, 2019 | $ (749) | $ 243 | $ 503 | $ 1,475 | $ 1,472 | $ — |

(a) There was a transfer out of Level 3 to Level 2 for one investment during the three months ended June 30, 2019 as a result of an increased number of market quotes available and/or increased market liquidity.

(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 March 31, 2018 to June 30, 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 March 31, 2018 | $ 840,282 | $ 150,900 | $ 13,797 | $ 62,978 | $ 1,067,957 | $ 10,652 |
| New investments | 37,000 | — | — | — | 37,000 | — |
| Redemptions/repayments/sales | (226,500) | (917) | (9,784) | (15,806) | (253,007) | (325) |
| Transfers in (a) | 9,064 | — | — | — | 9,064 | — |
| Net accrual of PIK interest income | 206 | 1,868 | — | — | 2,074 | — |
| Accretion of OID | 775 | — | — | — | 775 | — |
| Net unrealized appreciation (depreciation) | 38,564 | 401 | 27,724 | 35,380 | 102,069 | (377) |
| Net realized gains (losses) | (36,611) | — | (26,154) | (29,918) | (92,683) | — |
| **Fair value as of June 30, 2018** | **$ 662,780** | **$ 152,252** | **$ 5,583** | **$ 52,634** | **$ 873,249** | **$ 9,950** |
| Net unrealized appreciation (depreciation) relating to Level 3 assets & liabilities still held as of June 30, 2018 and reported within net unrealized appreciation (depreciation) on investments in the Consolidated Statement of Operations for the three months ended June 30, 2018 | $ (246) | $ 401 | $ 38 | $ (1,361) | $ (1,168) | $ (377) |

(a) There was a transfer from Level 2 to Level 3 for one investment during the three months ended June 30, 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 June 30, 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 | 214,513 | 2,664 | — | 2,514 | 219,691 | — |
| Redemptions/repayments/sales | (225,549) | (16,368) | — | (31,618) | (273,535) | (812) |
| Transfers in (a) | 3,222 | — | — | — | 3,222 | — |
| Transfers out (b) | — | (33,150) | — | (12,073) | (45,223) | — |
| Net accrual of PIK interest income | 1,702 | 149 | — | — | 1,851 | — |
| Accretion of OID | 14,601 | 961 | — | — | 15,562 | — |
| Net unrealized appreciation (depreciation) | 43,446 | 7,818 | 1,093 | (2,915) | 49,442 | 95 |
| Net realized gains (losses) | (5,620) | — | (495) | 23,555 | 17,440 | — |
| **Fair value as of June 30, 2019** | **$ 685,286** | **$ 120,933** | **$ 5,516** | **$ 40,597** | **$ 852,332** | **$ 9,011** |
| Net unrealized appreciation (depreciation) relating to Level 3 assets & liabilities still held as of June 30, 2019 and reported within net unrealized appreciation (depreciation) in the Consolidated Statement of Operations for the nine months ended June 30, 2019 | $ (16,905) | $ 7,820 | $ 598 | $ 10,208 | $ 1,721 | $ 95 |

(a) There was a transfer into Level 3 from Level 2 for one investment during the nine months ended June 30, 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 nine months ended June 30, 2019 as a result of an initial public offering of a portfolio company. There was also one transfer out of Level 3 during the nine months ended June 30, 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.

(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 June 30, 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 | 254,313 | 2,663 | — | 2,500 | 259,476 | — |
| Redemptions/repayments/sales | (594,234) | (22,735) | (12,397) | (22,048) | (651,414) | (866) |
| Transfers out (a) | (37,368) | — | — | — | (37,368) | — |
| Net accrual of PIK interest income | 1,588 | 2,279 | — | — | 3,867 | — |
| Accretion of OID | 2,156 | — | — | — | 2,156 | — |
| Net unrealized appreciation (depreciation) | 12,494 | (10,285) | 25,576 | 30,644 | 58,429 | (2,440) |
| Net realized gains (losses) | (36,611) | (1) | (24,041) | (27,626) | (88,279) | — |
| **Fair value as of June 30, 2018** | **$ 662,780** | **$ 152,252** | **$ 5,583** | **$ 52,634** | **$ 873,249** | **$ 9,950** |
| Net unrealized appreciation (depreciation) relating to Level 3 assets & liabilities still held as of June 30, 2018 and reported within net unrealized appreciation (depreciation) on investments in the Consolidated Statement of Operations for the nine months ended June 30, 2018 | $ (24,252) | $ (10,286) | $ (354) | $ (6,110) | $ (41,002) | $ (2,440) |

(a) There were transfers out of Level 3 to Level 2 for certain investments during the nine months ended June 30, 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 June 30, 2019:

| **Asset** | **Fair Value** | **Valuation Technique** | **Unobservable Input** | | **Range** | | | **Weighted Average (a)** |
|---|---|---|---|---|---|---|---|---|
| Senior secured debt | $ 346,850 | Market yield technique | Market yield | **(b)** | 6.5% | - | 22.7% | 12.4% |
| | 52,057 | Enterprise value technique | EBITDA multiple | **(c)** | 2.0x | - | 6.0x | 5.3x |
| | 11,510 | Enterprise value technique | Asset multiple | **(c)** | 0.9x | | 1.1x | 1.0x |
| | 804 | Transactions precedent | Transaction price | **(d)** | N/A | - | N/A | N/A |
| | 274,065 | Market quotations | Broker quoted price | **(e)** | N/A | - | N/A | N/A |
| Subordinated debt | 17,268 | Market yield technique | Market yield | **(b)** | 14.0% | - | 14.2% | 14.1% |
| | 7,415 | Enterprise value technique | EBITDA multiple | **(c)** | 5.9x | - | 8.8x | 6.1x |
| SLF JV I debt investments | 96,250 | Enterprise value technique | N/A | **(f)** | N/A | - | N/A | N/A |
| Preferred & common equity | 2,973 | Enterprise value technique | Revenue multiple | **(c)** | 0.8x | - | 10.9x | 4.6x |
| | 39,393 | Enterprise value technique | EBITDA multiple | **(c)** | 2.0x | - | 17.0x | 7.7x |
| | 3,747 | Enterprise value technique | Asset multiple | **(c)** | 0.9x | - | 1.1x | 1.0x |
| **Total** | **$ 852,332** | | | | | | | |
| Secured borrowings | 9,011 | Enterprise value technique | EBITDA multiple | **(c)** | 5.4x | - | 5.6x | 5.5x |
| **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.

(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.

(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 June 30, 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 | $ 369,825 | $ 369,825 | $ — | $ — | $ 369,825 |
| Unsecured notes payable (net of unamortized financing costs) | 158,442 | 164,111 | — | 164,111 | — |
| **Total** | **$ 528,267** | **$ 533,936** | **$ —** | **$ 164,111** | **$ 369,825** |

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:

| | June 30, 2019 | | September 30, 2018 | |
|---|---|---|---|---|
| **Cost:** | | % of Total Investments | | % of Total Investments |
| Senior secured debt | $ 1,204,132 | 78.57 % | $ 1,200,242 | 74.69 % |
| Subordinated debt | 121,946 | 7.96 % | 190,430 | 11.85 % |
| Debt investments in SLF JV I | 96,250 | 6.28 % | 129,333 | 8.05 % |
| Common equity & warrants | 55,906 | 3.65 % | 63,848 | 3.97 % |
| LLC equity interests of SLF JV I | 49,322 | 3.22 % | 16,172 | 1.01 % |
| Preferred equity | 4,941 | 0.32 % | 6,908 | 0.43 % |
| **Total** | **$ 1,532,497** | **100.00%** | **$ 1,606,933** | **100.00%** |

| | June 30, 2019 | | | September 30, 2018 | | |
|---|---|---|---|---|---|---|
| **Fair Value:** | | % of Total Investments | % of Net Assets | | % of Total Investments | % of Net Assets |
| Senior secured debt | $ 1,160,159 | 79.73 % | 124.75 % | $ 1,124,408 | 75.40 % | 131.05 % |
| Subordinated debt | 102,260 | 7.03 % | 11.00 % | 163,550 | 10.97 % | 19.06 % |
| Debt investments in SLF JV I | 96,250 | 6.61 % | 10.35 % | 129,333 | 8.67 % | 15.07 % |
| Common equity & warrants | 59,754 | 4.11 % | 6.42 % | 68,951 | 4.63 % | 8.04 % |
| LLC equity interests of SLF JV I | 31,092 | 2.14 % | 3.34 % | 41 | — | — |
| Preferred equity | 5,516 | 0.38 % | 0.59 % | 4,918 | 0.33 % | 0.57 % |
| **Total** | **$ 1,455,031** | **100.00%** | **156.45%** | **$ 1,491,201** | **100.00%** | **173.79%** |

(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:

| | June 30, 2019 | | September 30, 2018 | |
|---|---|---|---|---|
| **Cost:** | | % of Total Investments | | % of Total Investments |
| Northeast | $ 504,877 | 32.93 % | $ 539,568 | 33.58 % |
| West | 351,390 | 22.93 % | 247,831 | 15.42 % |
| Midwest | 277,211 | 18.09 % | 278,632 | 17.34 % |
| Southeast | 142,626 | 9.31 % | 172,461 | 10.73 % |
| International | 138,802 | 9.06 % | 155,657 | 9.69 % |
| Southwest | 68,588 | 4.48 % | 200,904 | 12.50 % |
| Northwest | 35,172 | 2.30 % | 11,880 | 0.74 % |
| South | 13,831 | 0.90 % | — | — |
| **Total** | **$ 1,532,497** | **100.00%** | **$ 1,606,933** | **100.00%** |

| | June 30, 2019 | | | September 30, 2018 | | |
|---|---|---|---|---|---|---|
| **Fair Value:** | | % of Total Investments | % of Net Assets | | % of Total Investments | % of Net Assets |
| Northeast | $ 461,007 | 31.68 % | 49.57 % | $ 495,942 | 33.26 % | 57.80 % |
| West | 325,172 | 22.35 % | 34.96 % | 230,117 | 15.43 % | 26.82 % |
| Midwest | 253,046 | 17.39 % | 27.21 % | 229,222 | 15.37 % | 26.71 % |
| International | 145,918 | 10.03 % | 15.69 % | 158,048 | 10.60 % | 18.42 % |
| Southeast | 137,607 | 9.46 % | 14.80 % | 177,024 | 11.87 % | 20.63 % |
| Southwest | 84,120 | 5.78 % | 9.04 % | 188,608 | 12.65 % | 21.98 % |
| Northwest | 34,926 | 2.40 % | 3.76 % | 12,240 | 0.82 % | 1.43 % |
| South | 13,235 | 0.91 % | 1.42 % | — | — | — |
| **Total** | **$ 1,455,031** | **100.00%** | **156.45%** | **$ 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 June 30, 2019 and September 30, 2018 was as follows:

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

| Cost: | June 30, 2019 | % of Total Investments | September 30, 2018 | % of Total Investments |
|---|---|---|---|---|
| Multi-sector holdings (1) | $ 146,450 | 9.56 % | $ 157,883 | 9.85 % |
| Application software | 121,558 | 7.93 | 85,875 | 5.34 |
| Healthcare services | 113,382 | 7.40 | 119,468 | 7.43 |
| Data processing & outsourced services | 75,830 | 4.95 | 87,617 | 5.45 |
| Biotechnology | 70,933 | 4.63 | 11,880 | 0.74 |
| Property & casualty insurance | 64,821 | 4.23 | 66,370 | 4.13 |
| Pharmaceuticals | 59,946 | 3.91 | 69,098 | 4.30 |
| Healthcare technology | 51,105 | 3.33 | 51,283 | 3.19 |
| Specialized finance | 50,260 | 3.28 | 48,571 | 3.02 |
| Auto parts & equipment | 42,639 | 2.78 | 42,633 | 2.65 |
| Specialty stores | 42,535 | 2.78 | 43,887 | 2.73 |
| Advertising | 42,405 | 2.77 | 42,405 | 2.64 |
| Real estate services | 39,409 | 2.57 | — | — |
| Internet services & infrastructure | 37,966 | 2.48 | 5,454 | 0.34 |
| Research & consulting services | 34,723 | 2.27 | 34,595 | 2.15 |
| Integrated telecommunication services | 33,745 | 2.20 | 33,768 | 2.10 |
| Aerospace & defense | 33,715 | 2.20 | 45,918 | 2.86 |
| Specialty chemicals | 31,784 | 2.07 | 31,773 | 1.98 |
| Systems software | 31,774 | 2.07 | 15,898 | 0.99 |
| Oil & gas refining & marketing | 31,744 | 2.07 | 22,493 | 1.40 |
| Managed healthcare | 27,687 | 1.81 | 27,812 | 1.73 |
| Industrial machinery | 23,795 | 1.55 | 30,127 | 1.87 |
| Construction & engineering | 23,414 | 1.53 | 30,437 | 1.89 |
| Healthcare distributors | 22,584 | 1.47 | 19,683 | 1.22 |
| Interactive media & services | 21,791 | 1.42 | — | — |
| Electrical components & equipment | 21,279 | 1.39 | 38,831 | 2.42 |
| IT consulting & other services | 19,935 | 1.30 | 750 | 0.05 |
| Movies & entertainment | 19,084 | 1.25 | 19,504 | 1.21 |
| General merchandise stores | 18,837 | 1.23 | 22,959 | 1.43 |
| Diversified support services | 18,806 | 1.23 | 19,266 | 1.20 |
| Personal products | 18,612 | 1.21 | 19,327 | 1.20 |
| Apparel, accessories & luxury goods | 18,428 | 1.20 | 18,308 | 1.14 |
| Education services | 16,418 | 1.07 | 13,748 | 0.86 |
| Food retail | 14,439 | 0.94 | 22,052 | 1.37 |
| Oil & gas equipment & services | 12,886 | 0.84 | 56,753 | 3.53 |
| Oil & gas storage & transportation | 11,614 | 0.76 | — | — |
| Security & alarm services | 10,982 | 0.72 | 11,071 | 0.69 |
| Airlines | 10,849 | 0.71 | 32,602 | 2.03 |
| Trading companies & distributors | 10,391 | 0.68 | 6,981 | 0.43 |
| Household appliances | 7,854 | 0.51 | 7,905 | 0.49 |
| Commercial printing | 6,284 | 0.41 | 5,856 | 0.36 |
| Environmental & facilities services | 5,936 | 0.39 | 5,923 | 0.37 |
| Specialized REITs | 4,927 | 0.32 | — | — |
| Restaurants | 3,105 | 0.20 | 3,129 | 0.19 |
| Thrifts & mortgage finance | 2,425 | 0.16 | 5,344 | 0.33 |
| Leisure facilities | 1,887 | 0.12 | 5,401 | 0.34 |
| Human resource & employment services | 830 | 0.05 | 1,581 | 0.10 |
| Department stores | 581 | 0.04 | 573 | 0.04 |
| Other diversified financial services | 113 | 0.01 | 113 | 0.01 |
| Healthcare equipment | — | — | 47,901 | 2.98 |
| Oil & gas exploration & production | — | — | 34,727 | 2.16 |
| Technology distributors | — | — | 34,375 | 2.14 |
| Consumer electronics | — | — | 22,128 | 1.38 |
| Investment banking & brokerage | — | — | 12,539 | 0.78 |
| Coal & consumable fuels | — | — | 7,329 | 0.46 |
| Commodity chemicals | — | — | 2,972 | 0.18 |
| Hypermarkets & super centers | — | — | 2,057 | 0.13 |
| **Total** | **$ 1,532,497** | **100.00%** | **$ 1,606,933** | **100.00%** |

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

| Fair Value: | June 30, 2019 | | | September 30, 2018 | | |
|---|---|---|---|---|---|---|
| | | % of Total Investments | % of Net Assets | | % of Total Investments | % of Net Assets |
| Multi-sector holdings (1) | $ 129,449 | 8.90 % | 13.94 % | $ 143,037 | 9.57 % | 16.66 % |
| Application software | 118,105 | 8.12 | 12.72 | 96,457 | 6.47 | 11.24 |
| Healthcare services | 76,757 | 5.28 | 8.25 | 67,039 | 4.50 | 7.81 |
| Biotechnology | 76,032 | 5.23 | 8.18 | 11,963 | 0.80 | 1.39 |
| Property & casualty insurance | 65,016 | 4.47 | 6.99 | 67,409 | 4.52 | 7.86 |
| Data processing & outsourced services | 62,444 | 4.29 | 6.71 | 74,266 | 4.98 | 8.66 |
| Pharmaceuticals | 61,564 | 4.23 | 6.62 | 71,946 | 4.82 | 8.39 |
| Healthcare technology | 51,759 | 3.56 | 5.57 | 52,160 | 3.50 | 6.08 |
| Specialized finance | 49,230 | 3.38 | 5.29 | 48,248 | 3.24 | 5.62 |
| Specialty stores | 42,399 | 2.91 | 4.56 | 44,001 | 2.95 | 5.13 |
| Auto parts & equipment | 41,512 | 2.85 | 4.46 | 43,146 | 2.89 | 5.03 |
| Real estate services | 39,600 | 2.72 | 4.26 | — | — | — |
| Internet services & infrastructure | 37,970 | 2.61 | 4.08 | 5,580 | 0.37 | 0.65 |
| Research & consulting services | 37,269 | 2.56 | 4.01 | 36,359 | 2.44 | 4.24 |
| Advertising | 37,078 | 2.55 | 3.99 | 32,687 | 2.19 | 3.81 |
| Aerospace & defense | 33,874 | 2.33 | 3.64 | 46,338 | 3.11 | 5.40 |
| Oil & gas refining & marketing | 32,121 | 2.21 | 3.45 | 22,684 | 1.52 | 2.64 |
| Systems software | 31,327 | 2.15 | 3.37 | 16,175 | 1.08 | 1.89 |
| Integrated telecommunication services | 28,483 | 1.96 | 3.06 | 28,358 | 1.90 | 3.30 |
| Managed healthcare | 27,822 | 1.91 | 2.99 | 28,012 | 1.88 | 3.26 |
| Construction & engineering | 24,304 | 1.67 | 2.61 | 31,930 | 2.14 | 3.72 |
| Specialty chemicals | 24,219 | 1.66 | 2.60 | 30,704 | 2.06 | 3.58 |
| Industrial machinery | 23,866 | 1.64 | 2.57 | 29,323 | 1.97 | 3.42 |
| Healthcare distributors | 22,499 | 1.55 | 2.42 | 19,395 | 1.30 | 2.26 |
| Interactive media & services | 22,444 | 1.54 | 2.41 | — | — | — |
| Electrical components & equipment | 21,291 | 1.46 | 2.29 | 40,238 | 2.70 | 4.69 |
| IT consulting & other services | 19,467 | 1.34 | 2.09 | 497 | 0.03 | 0.06 |
| Movies & entertainment | 19,445 | 1.34 | 2.09 | 19,475 | 1.31 | 2.27 |
| Diversified support services | 18,822 | 1.29 | 2.02 | 18,295 | 1.23 | 2.13 |
| Personal products | 18,750 | 1.29 | 2.02 | 19,500 | 1.31 | 2.27 |
| General merchandise stores | 17,735 | 1.22 | 1.91 | 23,058 | 1.55 | 2.69 |
| Leisure products | 15,564 | 1.07 | 1.67 | 12,073 | 0.81 | 1.41 |
| Airlines | 15,257 | 1.05 | 1.64 | 32,510 | 2.18 | 3.79 |
| Food retail | 14,830 | 1.02 | 1.59 | 22,050 | 1.48 | 2.57 |
| Oil & gas equipment & services | 14,307 | 0.98 | 1.54 | 59,822 | 4.01 | 6.97 |
| Apparel, accessories & luxury goods | 13,126 | 0.90 | 1.41 | 13,624 | 0.91 | 1.59 |
| Oil & gas storage & transportation | 12,040 | 0.83 | 1.29 | — | — | — |
| Security & alarm services | 10,923 | 0.75 | 1.17 | 10,865 | 0.73 | 1.27 |
| Trading companies & distributors | 10,332 | 0.71 | 1.11 | 7,009 | 0.47 | 0.82 |
| Household appliances | 7,481 | 0.51 | 0.80 | 7,943 | 0.53 | 0.93 |
| Commercial printing | 6,225 | 0.43 | 0.67 | 5,922 | 0.40 | 0.69 |
| Environmental & facilities services | 6,158 | 0.42 | 0.66 | 6,189 | 0.42 | 0.72 |
| Specialized REITs | 4,873 | 0.33 | 0.52 | — | — | — |
| Leisure facilities | 4,599 | 0.32 | 0.49 | 8,154 | 0.55 | 0.95 |
| Restaurants | 3,068 | 0.21 | 0.33 | 3,076 | 0.21 | 0.36 |
| Thrifts & mortgage finance | 1,486 | 0.10 | 0.16 | 4,759 | 0.32 | 0.55 |
| Human resource & employment services | 822 | 0.06 | 0.09 | 1,593 | 0.11 | 0.19 |
| Education services | 755 | 0.05 | 0.08 | (2,125) | (0.14) | (0.25) |
| Department stores | 532 | 0.04 | 0.06 | 581 | 0.04 | 0.07 |
| Oil & gas exploration & production | — | — | — | 35,562 | 2.38 | 4.14 |
| Technology distributors | — | — | — | 34,597 | 2.32 | 4.03 |
| Consumer electronics | — | — | — | 23,438 | 1.57 | 2.73 |
| Investment banking & brokerage | — | — | — | 12,759 | 0.86 | 1.49 |
| Healthcare equipment | — | — | — | 9,812 | 0.66 | 1.14 |
| Coal & consumable fuels | — | — | — | 7,525 | 0.50 | 0.88 |
| Commodity chemicals | — | — | — | 3,101 | 0.21 | 0.36 |
| Hypermarkets & super centers | — | — | — | 2,082 | 0.14 | 0.24 |
| **Total** | **$ 1,455,031** | **100.00%** | **156.45%** | **$ 1,491,201** | **100.00%** | **173.79%** |

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

As of June 30, 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 or losses, may fluctuate and in any given period can be highly concentrated among several investments.

*Senior Loan Fund JV I, 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 1 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 June 30, 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 $250.0 million of borrowings as of June 30, 2019 and up to $200.0 million of borrowings as of 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 June 30, 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 29, 2026. As of June 30, 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, $187.1 million and $153.0 million of borrowings were outstanding as of June 30, 2019 and September 30, 2018, respectively.

As of June 30, 2019 and September 30, 2018, SLF JV I had total assets of $348.7 million and $314.2 million, respectively. SLF JV I's portfolio primarily consisted of senior secured loans to 51 and 40 portfolio companies as of June 30, 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 June 30, 2019, the Company's investment in SLF JV I consisted of LLC equity interests of $31.1 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 June 30, 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 June 30, 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 June 30, 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.

**(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 June 30, 2019 and September 30, 2018:

| | June 30, 2019 | September 30, 2018 |
|---|---|---|
| Senior secured loans (1) | $331,501 | $297,053 |
| Weighted average interest rate on senior secured loans (2) | 6.90% | 7.20% |
| Number of borrowers in SLF JV I | 51 | 40 |
| Largest exposure to a single borrower (1) | $10,862 | $17,512 |
| Total of five largest loan exposures to borrowers (1) | $50,612 | $66,507 |

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

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

## SLF JV I Portfolio as of June 30, 2019

| Portfolio Company | Investment Type | Cash Interest Rate (1)(2) | Industry | Principal | Cost | Fair Value (3) | Notes |
|---|---|---|---|---|---|---|---|
| Access CIG, LLC | First Lien Term Loan, LIBOR+3.75% cash due 2/27/2025 | 6.19% | Diversified support services | $ 9,324 | $ 9,278 | $ 9,292 | |
| AdVenture Interactive, Corp. | 927 shares of common stock | | Advertising | — | 1,390 | 1,277 | (4) |
| AI Ladder (Luxembourg) Subco S.a.r.l. | First Lien Term Loan, LIBOR+4.50% cash due 7/9/2025 | 6.83% | Electrical components & equipment | 6,172 | 6,011 | 6,015 | (4) |
| Air Newco LP | First Lien Term Loan, LIBOR+4.75% cash due 5/31/2024 | 7.16% | IT consulting & other services | 9,925 | 9,900 | 9,933 | |
| AL Midcoast Holdings LLC | First Lien Term Loan, LIBOR+5.50% cash due 8/1/2025 | 7.83% | Oil & gas storage & transportation | 9,925 | 9,826 | 9,962 | |
| Allied Universal Holdco LLC | First Lien Term Loan, LIBOR+3.75% cash due 7/28/2022 | 6.15% | Security & alarm services | 6,858 | 6,894 | 6,855 | (4)(6) |
| Altice France S.A. | First Lien Term Loan, LIBOR+4.00% cash due 8/14/2026 | 6.39% | Integrated telecommunication services | 7,463 | 7,294 | 7,321 | |
| Alvogen Pharma US, Inc. | First Lien Term Loan, LIBOR+4.75% cash due 4/1/2022 | 7.15% | Pharmaceuticals | 7,758 | 7,758 | 7,157 | (6) |
| Apptio, Inc. | First Lien Term Loan, LIBOR+7.25% cash due 1/10/2025 | 9.67% | Application software | 4,615 | 4,530 | 4,528 | (4)(6) |
| | First Lien Revolver, LIBOR+7.25% cash due 1/10/2025 | | Application software | | (7) | (7) | (4)(6) |
| **Total Apptio, Inc.** | | | | | **4,523** | **4,521** | |
| Blackhawk Network Holdings, Inc. | First Lien Term Loan, LIBOR+3.00% cash due 6/15/2025 | 5.40% | Data processing & outsourced services | 9,900 | 9,879 | 9,841 | |
| Boxer Parent Company Inc. | First Lien Term Loan, LIBOR+4.25% cash due 10/2/2025 | 6.58% | Systems software | 7,628 | 7,536 | 7,237 | (4) |
| Brazos Delaware II, LLC | First Lien Term Loan, LIBOR+4.00% cash due 5/21/2025 | 6.38% | Oil & gas equipment & services | 7,425 | 7,394 | 6,998 | |
| Cast & Crew Payroll, LLC | First Lien Term Loan, LIBOR+4.00% cash due 2/9/2026 | 6.41% | Application software | 4,988 | 4,938 | 5,017 | |
| CITGO Petroleum Corp. | First Lien Term Loan, LIBOR+5.00% cash due 3/28/2024 | 7.60% | Oil & gas refining & marketing | 8,000 | 7,920 | 8,018 | (4)(6) |
| Clearent Newco, LLC | First Lien Term Loan, LIBOR+4.00% cash due 3/20/2024 | 6.33% | Application software | 6,842 | 6,762 | 6,676 | (6) |
| | First Lien Delayed Draw Term Loan, LIBOR +4.00% cash due 3/20/2024 | 6.33% | Application software | 1,321 | 1,297 | 1,272 | (6) |
| | First Lien Revolver, PRIME+3.00% cash due 3/20/2023 | 8.50% | Application software | 831 | 819 | 805 | (6) |
| **Total Clearent Newco, LLC** | | | | | **8,878** | **8,753** | |
| Curium Bidco S.à r.l. | First Lien Term Loan, LIBOR+4.00% cash due 6/26/2026 | 6.45% | Biotechnology | 6,000 | 5,955 | 5,996 | |
| DigiCert, Inc. | First Lien Term Loan, LIBOR+4.00% cash due 10/31/2024 | 6.40% | Internet services & infrastructure | 8,271 | 8,164 | 8,253 | (4)(6) |
| Ellie Mae, Inc. | First Lien Term Loan, LIBOR+4.00% cash due 4/17/2026 | 6.53% | Application software | 5,000 | 4,975 | 4,992 | |
| Eton | Second Lien Term Loan, LIBOR+7.50% cash due 5/1/2026 | 9.90% | Research & consulting services | 6,000 | 5,974 | 5,970 | (4) |
| Everi Payments Inc. | First Lien Term Loan, LIBOR+3.00% cash due 5/9/2024 | 5.40% | Casinos & gaming | 4,813 | 4,791 | 4,812 | (6) |
| Falmouth Group Holdings Corp. | First Lien Term Loan, LIBOR+6.75% cash due 12/14/2021 | 8.95% | Specialty chemicals | 5,429 | 5,397 | 5,398 | (6) |
| Frontier Communications Corporation | First Lien Term Loan, LIBOR+3.75% cash due 6/15/2024 | 6.16% | Integrated telecommunication services | 1,990 | 1,939 | 1,956 | (6) |
| Gentiva Health Services, Inc. | First Lien Term Loan, LIBOR+3.75% cash due 7/2/2025 | 6.19% | Healthcare services | 7,940 | 7,815 | 7,957 | |
| Gigamon, Inc. | First Lien Term Loan, LIBOR+4.25% cash due 12/27/2024 | 6.65% | Systems software | 7,880 | 7,818 | 7,683 | (6) |
| GoodRx, Inc. | First Lien Term Loan, LIBOR+2.75% cash due 10/10/2025 | 5.14% | Interactive media & services | 7,872 | 7,854 | 7,824 | |

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

| Portfolio Company | Investment Type | Cash Interest Rate (1)(2) | Industry | Principal | Cost | Fair Value (3) | Notes |
|---|---|---|---|---|---|---|---|
| Indivior Finance S.a.r.l | First Lien Term Loan, LIBOR+4.50% cash due 12/19/2022 | 7.09% | Pharmaceuticals | $ 7,932 | $ 7,823 | $ 7,162 | (6) |
| Intelsat Jackson Holdings S.A. | First Lien Term Loan, LIBOR+3.75% cash due 11/27/2023 | 6.15% | Alternative carriers | 10,000 | 9,884 | 9,911 | (6) |
| KIK Custom Products Inc. | First Lien Term Loan, LIBOR+4.00% cash due 5/15/2023 | 6.40% | Household products | 8,000 | 7,970 | 7,565 | (6) |
| McDermott Technology (Americas), Inc. | First Lien Term Loan, LIBOR+5.00% cash due 5/12/2025 | 7.40% | Oil & gas equipment & services | 8,379 | 8,237 | 8,254 | (6) |
| Mindbody, Inc. | First Lien Term Loan, LIBOR+7.00% cash due 2/15/2025 | 9.39% | Internet services & infrastructure | 4,524 | 4,439 | 4,433 | (4)(6) |
| | First Lien Revolver, LIBOR+7.00% cash due 2/15/2025 | | Internet services & infrastructure | | (9) | (10) | (4)(6) |
| **Total Mindbody, Inc.** | | | | | **4,430** | **4,423** | |
| Morphe LLC | First Lien Term Loan, LIBOR+6.00% cash due 2/10/2023 | 8.33% | Personal products | 4,219 | 4,188 | 4,219 | (4)(6) |
| New IPT, Inc. | First Lien Term Loan, LIBOR+5.00% cash due 3/17/2021 | 7.33% | Oil & gas equipment & services | 1,728 | 1,728 | 1,728 | (4)(6) |
| | 21.876 Class A Common Units in New IPT Holdings, LLC | | Oil & gas equipment & services | | — | 1,268 | (4) |
| **Total New IPT, Inc.** | | | | | **1,728** | **2,996** | |
| Northern Star Industries Inc. | First Lien Term Loan, LIBOR+4.75% cash due 3/31/2025 | 7.08% | Electrical components & equipment | 6,913 | 6,884 | 6,774 | (6) |
| Novetta Solutions, LLC | First Lien Term Loan, LIBOR+5.00% cash due 10/17/2022 | 7.41% | Application software | 6,009 | 5,974 | 5,921 | (6) |
| OCI Beaumont LLC | First Lien Term Loan, LIBOR+4.00% cash due 3/13/2025 | 6.33% | Commodity chemicals | 7,900 | 7,892 | 7,910 | |
| Red Ventures, LLC | First Lien Term Loan, LIBOR+3.00% cash due 11/8/2024 | 5.40% | Interactive media & services | 4,000 | 3,980 | 3,996 | |
| Refac Optical Group | First Lien Term Loan, LIBOR+10.00% cash due 9/30/2018 | | Specialty stores | 2,121 | 1,940 | 2,121 | (4)(5)(7) |
| Salient CRGT, Inc. | First Lien Term Loan, LIBOR+6.00% cash due 2/28/2022 | 8.40% | Aerospace & defense | 2,220 | 2,196 | 2,131 | (4)(6) |
| Scientific Games International, Inc. | First Lien Term Loan, LIBOR+2.75% cash due 8/14/2024 | 5.15% | Casinos & gaming | 6,532 | 6,506 | 6,442 | (6) |
| Sequa Corp. | First Lien Term Loan, LIBOR+5.00% cash due 11/28/2021 | 7.56% | Aerospace & defense | 6,952 | 6,766 | 6,816 | (6) |
| SHO Holding I Corporation | First Lien Term Loan, LIBOR+5.00% cash due 10/27/2022 | 7.58% | Footwear | 8,441 | 8,423 | 8,040 | (6) |
| Signify Health, LLC | First Lien Term Loan, LIBOR+4.50% cash due 12/23/2024 | 6.83% | Healthcare services | 9,875 | 9,796 | 9,869 | (6) |
| Sirva Worldwide, Inc. | First Lien Term Loan, LIBOR+5.50% cash due 8/4/2025 | 7.90% | Diversified support services | 4,938 | 4,863 | 4,805 | |
| Thruline Marketing, Inc. | First Lien Term Loan, LIBOR+7.00% cash due 4/3/2022 | 9.33% | Advertising | 1,854 | 1,851 | 1,854 | (4)(6) |
| | 927 Class A Units in FS AVI Holdco, LLC | | Advertising | | 1,088 | 658 | (4) |
| **Total Thruline Marketing, Inc.** | | | | | **2,939** | **2,512** | |
| Triple Royalty Sub LLC | Fixed Rate Bond 144A 9.0% Toggle PIK cash due 4/15/2033 | | Pharmaceuticals | 5,000 | 5,000 | 5,150 | |
| TV Borrower US, LLC | First Lien Term Loan, LIBOR+4.75% cash due 2/22/2024 | 7.08% | Integrated telecommunication services | 1,803 | 1,797 | 1,809 | (6) |
| Uber Technologies, Inc. | First Lien Term Loan, LIBOR+4.00% cash due 4/4/2025 | 6.41% | Application software | 9,900 | 9,859 | 9,919 | (4)(6) |
| Uniti Group LP | First Lien Term Loan, LIBOR+5.00% cash due 10/24/2022 | 7.40% | Specialized REITs | 6,418 | 6,222 | 6,270 | (4)(6) |
| Valeant Pharmaceuticals International Inc. | First Lien Term Loan, LIBOR+2.75% cash due 11/27/2025 | 5.16% | Pharmaceuticals | 1,899 | 1,890 | 1,890 | |

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

| Portfolio Company | Investment Type | Cash Interest Rate (1)(2) | Industry | Principal | Cost | Fair Value (3) | Notes |
|---|---|---|---|---|---|---|---|
| Veritas US Inc. | First Lien Term Loan, LIBOR+4.50% cash due 1/27/2023 | 6.90% | Application software | $ 6,912 | $ 6,871 | $ 6,311 | (4)(6) |
| Verra Mobility, Corp. | First Lien Term Loan, LIBOR+3.75% cash due 2/28/2025 | 6.15% | Data processing & outsourced services | 10,862 | 10,877 | 10,912 | (6) |
| WP CPP Holdings, LLC | Second Lien Term Loan, LIBOR+7.75% cash due 4/30/2026 | 10.34% | Aerospace & defense | 6,000 | 5,947 | 5,992 | (4)(6) |
| | | | | $ 331,501 | $ 330,983 | $ 329,158 | |

(1) Represents the interest rate as of June 30, 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 the LIBOR shown above is in U.S. dollars. As of June 30, 2019, the reference rates for SLF JV I's variable rate loans were the 30-day LIBOR at 2.40%, the 60-day LIBOR at 2.35%, the 90-day LIBOR at 2.33%, the 180-day LIBOR at 2.20%, and the PRIME at 5.50%.
(3) Represents the current determination of fair value as of June 30, 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 June 30, 2019.
(5) This investment was on cash non-accrual status as of June 30, 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 | Investment Type | Cash Interest Rate (1)(2) | Industry | Principal | Cost | Fair Value (3) | Notes |
|---|---|---|---|---|---|---|---|
| Accudyne Industries, LLC | First Lien Term Loan, LIBOR+3.00% cash due 8/18/2024 | 5.24% | Industrial machinery | $ 9,088 | $ 9,088 | $ 9,134 | |
| AdVenture Interactive, Corp. | 927 Common Stock Shares | | Advertising | | 1,390 | 670 | (4) |
| AI Ladder (Luxembourg) Subco S.a.r.l | First Lien Term Loan, LIBOR+4.50% cash due 7/9/2025 | 7.02% | Electrical components & equipment | 11,300 | 10,970 | 11,367 | (4) |
| Air Newco LP | First Lien Term Loan, LIBOR+4.75% cash due 5/31/2024 | 6.88% | IT consulting & other services | 10,000 | 9,975 | 10,100 | |
| AL Midcoast Holdings LLC | First Lien Term Loan, LIBOR+5.50% cash due 8/1/2025 | 7.84% | Oil & gas storage & transportation | 10,000 | 9,900 | 10,041 | |
| Allied Universal Holdco LLC | First Lien Term Loan, LIBOR+3.75% cash due 7/28/2022 | 6.14% | Security & alarm services | 6,912 | 6,956 | 6,821 | (4) |
| Altice France S.A. | First Lien Term Loan, LIBOR+4.00% cash due 8/14/2026 | 6.16% | Integrated telecommunication services | 7,500 | 7,313 | 7,457 | |
| Alvogen Pharma US, Inc. | First Lien Term Loan, LIBOR+4.75% cash due 4/1/2022 | 6.99% | Pharmaceuticals | 9,822 | 9,822 | 9,918 | |
| Asset International, Inc. | First Lien Term Loan, LIBOR+4.50% cash due 12/30/2024 | 6.89% | Research & consulting services | 6,948 | 6,824 | 6,917 | |
| Blackhawk Network Holdings, Inc. | First Lien Term Loan, LIBOR+3.00% cash due 6/15/2025 | 5.39% | Data processing & outsourced services | 9,975 | 9,951 | 10,049 | |
| Brazos Delaware II, LLC | First Lien Term Loan, LIBOR+4.00% cash due 5/21/2025 | 6.17% | Oil & gas equipment & services | 7,481 | 7,446 | 7,458 | |
| Chloe Ox Parent LLC | First Lien Term Loan, LIBOR+4.50% cash due 12/23/2024 | 6.89% | Healthcare services | 9,950 | 9,860 | 9,987 | |

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

| Portfolio Company | Investment Type | Cash Interest Rate (1)(2) | Industry | Principal | Cost | Fair Value (3) | Notes |
|---|---|---|---|---|---|---|---|
| Clearent Newco, LLC | First Lien Term Loan, LIBOR+4.00% cash due 3/20/2024 | 6.24% | Application software | $ 6,894 | $ 6,800 | $ 6,796 | |
| | Delayed Draw Term Loan, LIBOR+4.00% cash due 3/20/2024 | 6.19% | Application software | 337 | 310 | 309 | |
| | First Lien Revolver, PRIME+3.00% cash due 3/20/2023 | 8.00% | Application software | 852 | 837 | 836 | |
| **Total Clearent Newco, LLC** | | | | **8,083** | **7,947** | **7,941** | |
| EOS Fitness Opco Holdings, LLC | First Lien Term Loan, LIBOR+8.25% cash due 12/30/2019 | 10.36% | Leisure facilities | 17,512 | 17,399 | 17,512 | (4) |
| Eton | Second Lien Term Loan, LIBOR+7.50% cash due 5/1/2026 | 9.74% | Research & consulting services | 6,000 | 5,971 | 6,030 | (4) |
| Everi Payments Inc. | First Lien Term Loan, LIBOR+3.00% cash due 5/9/2024 | 5.24% | Casinos & gaming | 4,938 | 4,914 | 4,973 | |
| Falmouth Group Holdings Corp. | First Lien Term Loan, LIBOR+6.75% cash due 12/14/2021 | 8.99% | Specialty chemicals | 4,330 | 4,300 | 4,330 | |
| Garretson Resolution Group, Inc. | First Lien Term Loan, LIBOR+6.50% cash due 5/22/2021 | | Diversified support services | 5,797 | 5,772 | 1,159 | (5) |
| Gigamon Inc. | First Lien Term Loan, LIBOR+4.50% cash due 12/27/2024 | 6.89% | Systems software | 7,940 | 7,869 | 8,000 | |
| IBC Capital Ltd. | First Lien Term Loan, LIBOR+3.75% cash due 9/11/2023 | 6.09% | Metal & glass containers | 8,955 | 8,933 | 9,028 | |
| InMotion Entertainment Group, LLC | First Lien Term Loan, LIBOR+7.25% cash due 10/1/2021 | 9.65% | Consumer electronics | 8,375 | 8,389 | 8,375 | (4) |
| | First Lien Term Loan, LIBOR+7.25% cash due 10/1/2021 | 9.65% | Consumer electronics | 8,375 | 8,306 | 8,375 | |
| **Total InMotion Entertainment Group, LLC** | | | | **16,750** | **16,695** | **16,750** | |
| Keypath Education, Inc. | First Lien Term Loan, LIBOR+7.00% cash due 4/3/2022 | 9.39% | Advertising | 1,855 | 1,853 | 1,854 | (4) |
| | 927 shares Common Stock | | Advertising | | 1,088 | 816 | |
| **Total Keypath Education, Inc.** | | | | **1,855** | **2,941** | **2,670** | |
| KIK Custom Products Inc. | First Lien Term Loan, LIBOR+4.00% cash due 5/15/2023 | 6.24% | Household products | 8,000 | 7,965 | 7,975 | |
| McDermott Technology (Americas) Inc. | First Lien Term Loan, LIBOR+5.00% cash due 5/12/2025 | 7.24% | Oil & gas equipment & services | 9,950 | 9,760 | 10,097 | (4) |
| Morphe LLC | First Lien Term Loan, LIBOR+6.00% cash due 2/10/2023 | 8.40% | Personal products | 4,388 | 4,348 | 4,388 | (4) |
| New IPT, Inc. | First Lien Term Loan, LIBOR+5.00% cash due 3/17/2021 | 7.39% | Oil & gas equipment & services | 1,794 | 1,794 | 1,794 | (4) |
| | Second Lien Term Loan, LIBOR+5.10% cash due 9/17/2021 | 7.49% | Oil & gas equipment & services | 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. | First Lien Term Loan, LIBOR+4.75% cash due 3/31/2025 | 7.08% | Electrical components & equipment | 6,965 | 6,933 | 6,974 | |
| Novetta Solutions, LLC | First Lien Term Loan, LIBOR+5.00% cash due 10/17/2022 | 7.25% | Application software | 6,055 | 6,012 | 5,881 | |
| OCI Beaumont LLC | First Lien Term Loan, LIBOR+4.00% cash due 3/13/2025 | 6.39% | Commodity chemicals | 7,960 | 7,951 | 8,089 | |
| Refac Optical Group | First Lien Term Loan, LIBOR+8.00% cash due 1/9/2019 | 10.26% | Specialty stores | 2,573 | 2,476 | 2,573 | (4)(5) |
| Salient CRGT, Inc. | First Lien Term Loan, LIBOR+5.75% cash due 2/28/2022 | 7.99% | Aerospace & defense | 2,267 | 2,235 | 2,301 | (4) |
| Scientific Games International, Inc. | First Lien Term Loan, LIBOR+2.75% cash due 8/14/2024 | 5.03% | Casinos & gaming | 6,582 | 6,552 | 6,579 | |
| SHO Holding I Corporation | First Lien Term Loan, LIBOR+5.00% cash due 11/18/2022 | 7.34% | Footwear | 8,507 | 8,484 | 8,082 | |
| Sirva Worldwide, Inc. | First Lien Term Loan, LIBOR+5.50% cash due 8/4/2025 | 7.75% | Diversified support services | 5,000 | 4,925 | 5,019 | |

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

| Portfolio Company | Investment Type | Cash Interest Rate (1)(2) | Industry | Principal | Cost | Fair Value (3) | Notes |
|---|---|---|---|---|---|---|---|
| TravelCLICK, Inc. | Second Lien Term Loan, LIBOR+7.75% cash due 11/6/2021 | 9.99% | Data Processing & outsourced services | $ 2,871 | $ 2,871 | $ 2,871 | (4) |
| TV Borrower US, LLC | First Lien Term Loan, LIBOR+4.75% cash due 2/22/2024 | 7.14% | Integrated telecommunication services | 2,019 | 2,011 | 2,026 | |
| Uber Technologies Inc. | First Lien Term Loan, LIBOR+4.00% cash due 4/4/2025 | 6.12% | Application software | 9,975 | 9,928 | 10,055 | |
| Uniti Group LP | First Lien Term Loan, LIBOR+3.00% cash due 10/24/2022 | 5.24% | Specialized REITs | 6,467 | 6,225 | 6,198 | |
| Veritas US Inc. | First Lien Term Loan, LIBOR+4.50% cash due 1/27/2023 | 6.78% | Application software | 6,965 | 6,915 | 6,801 | |
| Verra Mobility, Corp. | First Lien Term Loan, LIBOR+3.75% cash due 2/28/2025 | 5.99% | Data processing & outsourced services | 10,945 | 10,961 | 11,013 | (4) |
| WP CPP Holdings, LLC | Second Lien Term Loan, LIBOR+7.75% cash due 4/30/2026 | 10.15% | Aerospace & defense | 6,000 | 5,942 | 6,013 | |
| | | | | **$ 297,053** | **$ 297,158** | **$ 294,676** | |

(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 June 30, 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 $7.4 million on its investments in the SLF JV I Notes for the three and nine months ended June 30, 2019, respectively. The Company earned interest of $2.7 million and $8.1 million on its investments in the mezzanine notes for the three and nine months ended June 30, 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 $31.1 million, respectively, as of June 30, 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 nine months ended June 30, 2019 with respect to its investment in the LLC equity interests of SLF JV I. The Company did not earn dividend income for the three months ended June 30, 2018 and the Company earned dividend income of $1.6 million for the nine months ended June 30, 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.

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

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

| | June 30, 2019 | September 30, 2018 |
|---|---|---|
| **Selected Balance Sheet Information:** | | |
| Investments at fair value (cost June 30, 2019: $330,983; cost September 30, 2018: $297,158) | $ 329,158 | $ 294,676 |
| Receivables from secured financing arrangements at fair value (cost June 30, 2019 and September 30, 2018: $9,801) | 7,163 | 7,069 |
| Cash and cash equivalents | 3,108 | 3,226 |
| Restricted cash | 5,525 | 4,808 |
| Other assets | 3,786 | 4,418 |
| **Total assets** | **$ 348,740** | **$ 314,197** |
| Senior credit facility payable | $ 187,110 | $ 153,010 |
| Debt securities payable at fair value (proceeds June 30, 2019: $110,000; proceeds September 30, 2018: $147,808) | 110,000 | 147,808 |
| Other liabilities | 16,095 | 13,331 |
| **Total liabilities** | **$ 313,205** | **$ 314,149** |
| Members' equity | 35,535 | 48 |
| **Total liabilities and members' equity** | **$ 348,740** | **$ 314,197** |

| | Three months ended June 30, 2019 | Three months ended June 30, 2018 | Nine months ended June 30, 2019 | Nine months ended June 30, 2018 |
|---|---|---|---|---|
| **Selected Statements of Operations Information:** | | | | |
| Interest income | $ 5,864 | $ 4,888 | $ 16,853 | $ 14,545 |
| Other income | — | 10 | 89 | 59 |
| **Total investment income** | **5,864** | **4,898** | **16,942** | **14,604** |
| Interest expense | 4,999 | 5,334 | 14,862 | 15,394 |
| Other expenses | 26 | 135 | 352 | 407 |
| **Total expenses (1)** | **5,025** | **5,469** | **15,214** | **15,801** |
| Net unrealized appreciation (depreciation) | (370) | 14,277 | 750 | 15,270 |
| Net realized gains (losses) | 111 | (16,363) | (4,875) | (16,384) |
| **Net income (loss)** | **$ 580** | **$ (2,657)** | **$ (2,397)** | **$ (2,311)** |

(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 nine months ended June 30, 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 nine months ended June 30, 2018.

## Note 4. Fee Income

For the three and nine months ended June 30, 2019, the Company recorded total fee income of $1.8 million and $4.2 million, respectively, of which $0.1 million and $0.4 million, respectively, was recurring in nature. For the three and nine months ended June 30, 2018, the Company recorded total fee income of $2.4 million and $7.4 million, respectively, of which $0.4 million and $1.2 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 ASC Topic 260-10, *Earnings per Share*, for the three and nine months ended June 30, 2019 and 2018:

| *(Share amounts in thousands)* | Three months ended June 30, 2019 | Three months ended June 30, 2018 | Nine months ended June 30, 2019 | Nine months ended June 30, 2018 |
|---|---|---|---|---|
| **Earnings (loss) per common share — basic and diluted:** | | | | |
| Net increase (decrease) in net assets resulting from operations | $ 19,986 | $ 24,252 | $ 112,189 | $ 13,431 |
| Weighted average common shares outstanding — basic | 140,961 | 140,961 | 140,961 | 140,961 |
| **Earnings (loss) per common share — basic and diluted** | **$ 0.14** | **$ 0.17** | **$ 0.80** | **$ 0.10** |

*Changes in Net Assets*

The following table presents the changes in net assets for the three and nine months ended June 30, 2019:

| | Common Stock | | | | |
|---|---|---|---|---|---|
| | Shares | Par Value | Additional paid-in-capital | Accumulated Overdistributed Earnings | Total Net Assets |
| 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 |
| Net investment income | — | $ — | $ — | $ 16,608 | $ 16,608 |
| Net unrealized appreciation (depreciation) | — | — | — | 23,395 | 23,395 |
| Net realized gains (losses) | — | — | — | (19,844) | (19,844) |
| Provision for income taxes | — | — | — | (173) | (173) |
| Distributions to stockholders | — | — | — | (13,392) | (13,392) |
| Issuance of common stock under dividend reinvestment plan | 61 | 1 | 331 | — | 332 |
| Repurchases of common stock under dividend reinvestment program | (61) | (1) | (331) | — | (332) |
| Balance at June 30, 2019 | 140,961 | $ 1,409 | $ 1,492,739 | $ (564,098) | $ 930,050 |

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

The following table presents the changes in net assets for the three and nine months ended June 30, 2018:

| | Common Stock | | Additional paid-in-capital | Accumulated Overdistributed Earnings | Total Net Assets |
|---|---|---|---|---|---|
| | Shares | Par Value | | | |
| 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 |
| Net investment income | — | $ — | $ — | $ 14,430 | $ 14,430 |
| Net unrealized appreciation (depreciation) | — | — | — | 99,259 | 99,259 |
| Net realized gains (losses) | — | — | — | (89,437) | (89,437) |
| Distributions to stockholders | — | — | — | (13,391) | (13,391) |
| Issuance of common stock under dividend reinvestment plan | 88 | 1 | 411 | — | 412 |
| Repurchases of common stock under dividend reinvestment program | (88) | (1) | (411) | — | (412) |
| Balance at June 30, 2018 | 140,961 | $ 1,409 | $ 1,579,278 | $ (742,592) | $ 838,095 |

*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.

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

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 nine months ended June 30, 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 |
| May 3, 2019 | June 14, 2019 | June 28, 2019 | 0.095 | 13.1 million | 61,093 | 0.3 million |
| **Total for the nine months ended June 30, 2019** | | | **$ 0.285** | **$ 39.2 million** | **208,125** | **$ 1.0 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 |
| May 3, 2018 | June 15, 2018 | June 29, 2018 | 0.095 | 13.0 million | 87,283 | 0.4 million |
| **Total for the nine months ended June 30, 2018** | | | **$ 0.305** | **$ 41.8 million** | **268,623** | **$ 1.2 million** |

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

*Common Stock Offering*

There were no common stock offerings during the three and nine months ended June 30, 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 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. Additionally, on April 1, 2019, the Company increased the size of the ING Facility from $680 million to $700 million under the "accordion" feature. During the nine months ended June 30, 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 June 30, 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 June 30, 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 June 30, 2019, the Company had $369.8 million of borrowings outstanding under the ING Facility, which had a fair value of $369.8 million. The Company's borrowings under the ING Facility bore interest at a weighted average interest rate of 4.615% for the nine months ended June 30, 2019. The Company's borrowings under the ING Facility bore interest at a weighted average interest rate of 4.053% for the period from November 30, 2017 to June 30, 2018. As of September 30, 2018, the Company had $241.0 million of borrowings outstanding under the ING Facility. For the three and nine months ended June 30, 2019, the Company recorded interest expense of $5.1 million and $12.7 million in the aggregate, related to the ING Facility. For the three and nine months ended June 30, 2018, the Company recorded interest expense of $2.7 million and $7.9 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 June 30, 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 nine months ended June 30, 2018, the Company recorded interest expense of $0.7 million, including $0.5 million of debt issuance costs that were expensed, related to the Sumitomo Facility.

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

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 June 30, 2019 and September 30, 2018, there were five 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 June 30, 2019 and September 30, 2018 were as follows:

| | June 30, 2019 | | | | September 30, 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | Cost | % of Debt Portfolio | Fair Value | % of Debt Portfolio | Cost | % of Debt Portfolio | Fair Value | % of Debt Portfolio |
| Accrual | $ 1,273,759 | 89.55 % | $ 1,271,873 | 93.61 % | $ 1,298,999 | 85.46 % | $ 1,318,531 | 93.03 % |
| PIK non-accrual (1) | 12,661 | 0.89 | — | — | 12,661 | 0.83 | — | — |
| Cash non-accrual (2) | 135,908 | 9.56 | 86,796 | 6.39 | 208,345 | 13.71 | 98,760 | 6.97 |
| **Total** | **$ 1,422,328** | **100.00%** | **$ 1,358,669** | **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.

Listed below is a reconciliation of "net increase (decrease) in net assets resulting from operations" to taxable income for the three and nine months ended June 30, 2019 and 2018.

| | Three months ended June 30, 2019 | Three months ended June 30, 2018 | Nine months ended June 30, 2019 | Nine months ended June 30, 2018 |
|---|---|---|---|---|
| Net increase (decrease) in net assets resulting from operations | $ 19,986 | $ 24,252 | $ 112,189 | $ 13,431 |
| Net unrealized appreciation (depreciation) | (23,395) | (99,259) | (37,892) | (55,410) |
| Book/tax difference due to loan fees | — | (335) | — | (122) |
| Book/tax difference due to organizational costs | (10) | (22) | (31) | (66) |
| Book/tax difference due to interest income on certain loans | 2,219 | — | 3,097 | — |
| Book/tax difference due to capital losses not recognized / (recognized) | 15,111 | 88,599 | (29,329) | 84,756 |
| Other book/tax differences | (2,741) | (1,331) | (2,451) | (6,501) |
| **Taxable/Distributable Income (1)** | **$ 11,170** | **$ 11,904** | **$ 45,583** | **$ 36,088** |

(1) The Company's taxable income for the three and nine months ended June 30, 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 June 30, 2019, the Company recognized a total tax provision of $0.2 million which was primarily comprised of current tax expense as a result of realized gains on investments held by the Company's wholly-owned taxable subsidiaries.

For the nine months ended June 30, 2019, the Company recognized a total provision for income taxes of $0.7 million which was comprised of (i) current income tax expense of approximately $0.4 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.

## 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 June 30, 2019, the Company recorded net realized losses of $19.8 million, which consisted of the following:

($ in millions)

| Portfolio Company | | Net Realized Gain (Loss) |
|---|---|---|
| Advanced Pain Management | $ | (22.5) |
| Weatherford International | | (3.3) |
| YETI Holdings, Inc. | | 2.6 |
| Other, net | | 3.4 |
| **Total, net** | **$** | **(19.8)** |

During the three months ended June 30, 2018, the Company recorded net realized losses of $89.4 million, which consisted of the following:

($ in millions)

| Portfolio Company | Net Realized Gain (Loss) | |
|---|---|---|
| Traffic Solutions Holdings, Inc. | $ | (15.8) |
| Ameritox Ltd. | | (74.8) |
| Metamorph US 3, LLC | | (6.7) |
| Lytx, Inc. | | 4.4 |
| Other, net | | 3.5 |
| **Total, net** | **$** | **(89.4)** |

During the nine months ended June 30, 2019, the Company recorded net realized gains of $23.3 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 | | 3.0 |
| YETI Holdings, Inc. | | 5.3 |
| Advanced Pain Management | | (22.5) |
| Weatherford International | | (3.3) |
| Other, net | | 3.4 |
| **Total, net** | **$** | **23.3** |

During the nine months ended June 30, 2018, the Company recorded net realized losses of $84.9 million, which consisted of the following:

($ in millions)

| Portfolio Company | Net Realized Gain (Loss) | |
|---|---|---|
| Traffic Solutions Holdings, Inc. | $ | (15.8) |
| Ameritox Ltd. | | (74.8) |
| Metamorph US 3, LLC | | (6.7) |
| Lytx, Inc. | | 4.4 |
| AmBath/ReBath Holdings, Inc. | | 2.0 |
| Yeti Acquisition, LLC | | 2.0 |
| Access Medical Acquisition, Inc. | | 1.0 |
| Other, net | | 3.0 |
| **Total, net** | **$** | **(84.9)** |

*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 June 30, 2019 and 2018, the Company recorded net unrealized appreciation (depreciation) of $23.4 million and $99.3 million, respectively. For the three months ended June 30, 2019, this consisted of $23.8 million of net unrealized appreciation related to exited investments (a portion of which results in a reclassification to realized losses) and $2.5 million of net unrealized appreciation on debt investments, partially offset by $2.1 million of net unrealized depreciation on equity investments and $0.8 million of net unrealized depreciation of foreign currency forward contracts. For the three months ended June 30, 2018, this consisted of $97.2 million of net unrealized appreciation related to exited investments (a portion of which results in a reclassification to realized losses), $0.8 million of net unrealized appreciation on debt investments, $0.9 million of net unrealized appreciation on equity investments and $0.4 million of net unrealized appreciation on secured borrowings.

During the nine months ended June 30, 2019 and 2018, the Company recorded net unrealized appreciation of $37.9 million and $55.4 million, respectively. For the nine months ended June 30, 2019, this consisted of $44.3 million of net unrealized appreciation related to exited investments (a portion of which results in a reclassification to realized losses) and $11.8 million of net unrealized appreciation on equity investments, partially offset by $17.8 million of net unrealized depreciation on debt investments and $0.4 million of net unrealized depreciation of foreign currency forward contracts. For the nine months ended June 30, 2018, this consisted of $90.3 million of net unrealized appreciation related to exited investments (a portion of which results in a reclassification to realized losses) and $2.4 million of net unrealized appreciation on secured borrowings, offset by $33.1 million of net unrealized depreciation on debt investments and $4.2 million of net unrealized depreciation on equity investments.

**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 June 30, 2019 and September 30, 2018, the Company had a liability on its Consolidated Statements of Assets and Liabilities in the amount of $10.0 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 June 30, 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 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.

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 (which was June 29, 2019), 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.

For the three and nine months ended June 30, 2019, the base management fee (net of waivers) incurred under the Investment Advisory Agreement was $5.5 million and $16.7 million, respectively, which was payable to Oaktree. For the three months ended June 30, 2018 and the period from October 17, 2017 to June 30, 2018, the base management fee (net of waivers) incurred under the Investment Advisory Agreement was $5.9 million and $15.7 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 nine months ended June 30, 2019, the first part of the incentive fee (incentive fee on income) incurred under the Investment Advisory Agreement was $3.8 million and $11.3 million (prior to waivers), respectively. For the three months ended June 30, 2018 and the period from October 17, 2017 to June 30, 2018, the first part of the incentive fee (incentive fee on income) incurred under the Investment Advisory Agreement was $2.7 million and $6.8 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 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 gains 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 June 30, 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 gains 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 nine months ended June 30, 2019, the Company recorded a $0.6 million and $10.6 million capital gains incentive fee accrual (prior to waivers), respectively. For the three and nine months ended June 30, 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 June 30, 2019, the Company reversed $0.7 million of waivers previously accrued related to incentive fees, which included a $0.6 million reversal of waiver previously accrued related to the incentive fee on income and a $0.1 million reversal of waiver previously accrued related to the capital gains incentive fees. For the nine months ended June 30, 2019, the Company accrued $8.7 million potentially subject to waiver, which included $9.9 million of waivers related to the capital gains incentive fee, offset by a $1.2 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 and nine months ended June 30, 2018, the Company did not accrue any amounts potentially subject to waiver. As of June 30, 2019, the Company accrued $9.9 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 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 gains incentive fees.

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

***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 June 30, 2019, the Company accrued administrative expenses of $0.5 million, including $0.1 million of general and administrative expenses. For the nine months ended June 30, 2019, the Company accrued administrative expenses of $1.8 million, including $0.2 million of general and administrative expenses. For the three months ended June 30, 2018, the Company accrued administrative expenses of $0.5 million, including $0.1 million of general and administrative expenses. For the nine months ended June 30, 2018, the Company accrued administrative expenses of $1.7 million, including $0.3 million of general and administrative expenses. Of the accrued administrative expenses of $1.7 million for the nine months ended June 30, 2018, $0.2 million was due to the Former Administrator for administrative expenses incurred prior to October 17, 2017 and $1.5 million was due to Oaktree Administrator.

As of June 30, 2019 and September 30, 2018, $3.4 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.

## Note 12. Financial Highlights

| (Share amounts in thousands) | Three months ended June 30, 2019 | Three months ended June 30, 2018 | Nine months ended June 30, 2019 | Nine months ended June 30, 2018 (1) |
|---|---|---|---|---|
| Net asset value per share at beginning of period | $6.55 | $5.87 | $6.09 | $6.16 |
| Net investment income (2) | 0.12 | 0.10 | 0.37 | 0.31 |
| Net unrealized appreciation (depreciation) (2) | 0.17 | 0.71 | 0.27 | 0.39 |
| Net realized gains (losses) (2) | (0.14) | (0.63) | 0.16 | (0.60) |
| Distributions to stockholders (2) | (0.10) | (0.10) | (0.29) | (0.31) |
| **Net asset value per share at end of period** | **$6.60** | **$5.95** | **$6.60** | **$5.95** |
| Per share market value at beginning of period | $5.18 | $4.21 | $4.96 | $5.47 |
| Per share market value at end of period | $5.42 | $4.78 | $5.42 | $4.78 |
| Total return (3) | 6.46% | 15.82% | 15.65% | (6.84)% |
| 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 | $923,456 | $827,234 | $858,035 | $867,657 |
| Net assets at end of period | $930,050 | $838,095 | $930,050 | $838,095 |
| Average net assets (4) | $931,204 | $837,286 | $900,739 | $837,878 |
| Ratio of net investment income to average net assets | 7.15% | 6.91% | 7.66% | 6.86% |
| Ratio of total expenses to average net assets | 8.37% | 9.08% | 10.45% | 9.43% |
| Ratio of net expenses to average net assets | 8.64% | 8.34% | 9.14% | 9.17% |
| Ratio of portfolio turnover to average investments at fair value | 4.92% | 19.26% | 23.78% | 51.32% |
| Weighted average outstanding debt (5) | $560,733 | $546,297 | $595,264 | $590,921 |
| Average debt per share (2) | $3.98 | $3.88 | $4.22 | $4.19 |
| Asset coverage ratio at end of period (6) | 270.44% | 237.18% | 270.44% | 237.18% |

(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 debt outstanding for the period.

(6) Based on outstanding senior securities of $542.6 million and $610.9 million as of June 30, 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 nine months ended June 30, 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 nine months ended June 30, 2019, the Company recorded interest expense of $5.1 million related to the 2019 Notes. For the three and nine months ended June 30, 2018, the Company recorded interest expense of $3.0 million and $9.5 million, respectively, related to the 2019 Notes.

As of June 30, 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 nine months ended June 30, 2019 and 2018, the Company did not repurchase any of the 2024 Notes in the open market.

For the three and nine months ended June 30, 2019, the Company recorded interest expense of $1.2 million and $3.5 million, respectively, related to the 2024 Notes. For the three and nine months ended June 30, 2018, the Company recorded interest expense of $1.2 million and $3.5 million, respectively, related to the 2024 Notes.

As of June 30, 2019, there were $75.0 million of 2024 Notes outstanding, which had a carrying value and fair value of $73.9 million and $76.9 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.

(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 nine months ended June 30, 2019 and 2018, the Company did not repurchase any of the 2028 Notes in the open market.

For the three and nine months ended June 30, 2019, the Company recorded interest expense of $1.4 million and $4.1 million related to the 2028 Notes. For the three and nine months ended June 30, 2018, the Company recorded interest expense of $1.4 million and $4.1 million, respectively, related to the 2028 Notes.

As of June 30, 2019, there were $86.3 million of 2028 Notes outstanding, which had a carrying value and fair value of $84.6 million and $87.3 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 June 30, 2019, there were $11.5 million of secured borrowings outstanding. As of June 30, 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 nine months ended June 30, 2019, there were $0.8 million of net repayments on secured borrowings. During the nine months ended June 30, 2018, there were $0.9 million of net repayments on secured borrowings.

For the three and nine months ended June 30, 2019, the Company recorded interest expense of $0.0 million and $0.1 million, respectively, related to the secured borrowings. For the three and nine months ended June 30, 2018, the Company recorded interest expense of $0.1 million and $0.6 million, respectively, related to the secured borrowings. For the three and nine months ended June 30, 2019, the Company recorded unrealized depreciation on secured borrowings of $0.0 million and $0.1 million, respectively. For the three and nine months ended June 30, 2018, the Company recorded unrealized appreciation on secured borrowings of $0.4 million and $2.4 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 June 30, 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 June 30, 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 | $ 22,763 | £ 17,910 | 7/10/2019 | $ — | $ 43 | Derivative liability |
| Foreign currency forward contract | $ 19,640 | € 17,354 | 7/24/2019 | $ — | $ 163 | Derivative liability |
| | | | | **$ —** | **$ 206** | |

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 June 30, 2019, the Company's only off-balance sheet arrangements consisted of $79.5 million of unfunded commitments, which was comprised of $74.7 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 the 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 June 30, 2019 and September 30, 2018 is shown in the table below:

| | June 30, 2019 | September 30, 2018 |
|---|---|---|
| Assembled Brands Capital LLC | $ 37,546 | $ — |
| P2 Upstream Acquisition Co. | 9,000 | 10,000 |
| Sorrento Therapeutics, Inc. | 7,500 | — |
| TerSera Therapeutics, LLC | 4,200 | 3,281 |
| Pingora MSR Opportunity Fund I-A, LP | 3,500 | 4,656 |
| Mindbody, Inc. | 3,048 | — |
| Thruline Marketing, Inc. | 3,000 | 3,000 |
| New IPT, Inc. | 2,229 | 2,229 |
| Thing5, LLC (1) | 1,726 | 1,298 |
| 4 Over International, LLC | 1,721 | 2,232 |
| Apptio, Inc. | 1,538 | — |
| Senior Loan Fund JV I, LLC | 1,328 | 1,328 |
| GKD Index Partners, LLC | 1,156 | 289 |
| iCIMs, Inc. | 882 | 882 |
| Ministry Brands, LLC | 800 | 700 |
| Cenegenics, LLC (1)(2) | 297 | 297 |
| Access CIG LLC | — | 765 |
| Datto Inc. | — | 2,356 |
| InMotion Entertainment Group, LLC | — | 7,534 |
| PLATO Learning Inc. (1) | — | 2,671 |
| Dominion Diagnostics, LLC | — | 4,180 |
| EOS Fitness Opco Holdings, LLC | — | 5,000 |
| **Total** | **$ 79,471** | **$ 52,698** |

(1) This investment was on cash or PIK non-accrual status as of June 30, 2019.
(2) This portfolio company does not have the ability to draw on this unfunded commitment as of June 30, 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 nine months ended June 30, 2019, except as discussed below:

*Distribution Declaration*

On August 2, 2019, the Company's Board of Directors declared a quarterly distribution of $0.095 per share, payable on September 30, 2019 to stockholders of record on September 13, 2019.

**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)**
**Nine months ended June 30, 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 June 30, 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 | | | $ 11,510 | $ — | $ 1,711 | $ 32,510 | $ 753 | $ (21,753) | $ 11,510 | 1.2 % |
| 100% equity interest | | | — | — | — | — | 3,847 | (100) | 3,747 | 0.4 % |
| **New IPT, Inc.** | | Oil & gas equipment services | | | | | | | | |
| First Lien Term Loan, LIBOR+5.00% cash due 3/17/2021 (7) | 7.33% | | 3,957 | — | 255 | 4,107 | 19 | (169) | 3,957 | 0.4 % |
| Second Lien Term Loan, LIBOR+5.10% cash due 9/17/2021 (7) | | | — | — | 45 | 1,453 | — | (1,453) | — | — % |
| First Lien Revolver, LIBOR+5.00% cash due 3/17/2021 (7) | 7.33% | | 1,009 | — | 64 | 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 I, 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 | 9.49% | | 96,250 | — | 4,698 | — | 96,250 | — | 96,250 | 10.3 % |
| 87.5% LLC equity interest | | | — | — | — | 41 | 37,734 | (6,683) | 31,092 | 3.3 % |
| **Thruline Marketing, Inc. (8)** | | Advertising | | | | | | | | |
| First Lien Term Loan, LIBOR+7.00% cash due 4/3/2022 (7) | 9.33% | | 18,146 | — | 1,320 | 18,146 | — | — | 18,146 | 2.0 % |
| First Lien Revolver, LIBOR+7.75% cash due 4/3/2022 (7) | | | — | — | 11 | — | — | — | — | — % |
| 9,073 Class A Units in FS AVI Holdco, LLC | | | — | — | — | 7,984 | — | (1,546) | 6,438 | 0.7 % |
| **Total Control Investments** | | | **$130,872** | **$ —** | **$ 10,847** | **$ 196,874** | **$ 139,282** | **$ (161,104)** | **$ 175,052** | **18.8%** |
| **Affiliate Investments** | | | | | | | | | | |
| **Assembled Brands Capital LLC** | | Specialized finance | | | | | | | | |
| First Lien Delayed Draw Term Loan, LIBOR +6.00% cash due 10/17/2023 | 8.33% | | $ 3,221 | $ — | $ 119 | $ — | $ 3,235 | $ (14) | $ 3,221 | 0.3 % |
| 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** | | | **$ 3,221** | **$ —** | **$ 119** | **$ 2,161** | **$ 3,999** | **$ (196)** | **$ 5,964** | **0.6 %** |
| **Total Control & Affiliate Investments** | | | **$134,093** | **$ —** | **$ 10,966** | **$ 199,035** | **$ 143,281** | **$ (161,300)** | **$ 181,016** | **19.5%** |

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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(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 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 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)**
**Nine months ended June 30, 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 June 30, 2018 | % of Total Net Assets |
|---|---|---|---|---|---|---|---|---|---|---|
| **Control Investments** | | | | | | | | | | |
| **AdVenture Interactive, Corp.** | | Advertising | | | | | | | | |
| 9,073 shares of common units | | | $ — | $ — | $ — | $ 13,818 | $ 136 | $ (13,954) | $ — | —% |
| | | | | | | | | | | —% |
| **Ameritox Ltd.** | | Healthcare services | | | | | | | | |
| First Lien Term Loan, LIBOR+5% (1% floor) cash 3% PIK due 4/11/2021 | | | — | (30,103) | 75 | 4,445 | 33,094 | (37,539) | — | —% |
| 14,090,126.4 Class A Preferred Units in Ameritox Holdings II, LLC | | | — | (14,090) | — | — | 14,090 | (14,090) | — | —% |
| 1,602,260.83 Class B Preferred Units in Ameritox Holdings II, LLC | | | — | (1,602) | — | — | 1,602 | (1,602) | — | —% |
| 4,930.03 Class A Units in Ameritox Holdings II, LLC | | | — | (29,049) | — | — | 29,049 | (29,049) | — | —% |
| **Eagle Hospital Physicians, LLC** | | Healthcare services | | | | | | | | |
| Earn-out | | | — | (848) | — | 4,986 | 3,017 | (8,003) | — | —% |
| **First Star Bermuda Aviation Limited (6)** | | Airlines | | | | | | | | |
| First Lien Term Loan, 9% cash 3% PIK due 8/19/2018 | | | 11,868 | — | 1,284 | 11,868 | 305 | (305) | 11,868 | 1.4% |
| 100% equity interest | | | — | — | — | 2,323 | 5,543 | (2,220) | 5,646 | 0.7% |
| **First Star Speir Aviation Limited (6)** | | Airlines | | | | | | | | |
| First Lien Term Loan, 9% cash due 12/15/2020 | | | 32,510 | — | 1,775 | 41,395 | 973 | (9,858) | 32,510 | 3.9% |
| 100% equity interest | | | — | — | — | 3,926 | 3,547 | (3,088) | 4,385 | 0.5% |
| **Keypath Education, Inc.** | | Advertising | | | | | | | | |
| First Lien Term Loan, LIBOR+7% (1% floor) cash due 4/3/2022 | 9.33% | | 19,960 | — | 1,330 | 19,960 | — | — | 19,960 | 2.4% |
| First Lien Revolver, LIBOR+7% (1% floor) cash due 4/3/2022 | | | — | — | 13 | — | — | — | — | —% |
| 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% (1% floor) cash due 3/17/2021 | 7.33% | | 4,107 | — | 219 | 4,107 | — | — | 4,107 | 0.5% |
| Second Lien Term Loan, LIBOR+5.1% (1% floor) cash due 9/17/2021 | 7.43% | | 1,753 | — | 118 | 2,504 | — | (751) | 1,753 | 0.2% |
| First Lien Revolver, LIBOR+5% (1% floor) cash due 3/17/2021 | 7.33% | | 1,009 | — | 58 | 1,009 | — | — | 1,009 | 0.1% |
| 50.087 Class A Common Units in New IPT Holdings, LLC | | | — | — | — | 736 | 1,555 | — | 2,291 | 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 | 7.93% | | 100,444 | — | 6,621 | 101,030 | — | (586) | 100,444 | 12.0% |
| Class B Mezzanine Secured Deferrable Fixed Rate Notes, 15% PIK due 2036 in SLF Repack Issuer 2016 LLC | | | 29,532 | — | 3,115 | 27,641 | 2,069 | (178) | 29,532 | 3.5% |
| 87.5% equity interest | | | — | — | — | 5,525 | — | (3,593) | 1,932 | 0.2% |

| 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 June 30, 2018 | % of Total Net Assets |
|---|---|---|---|---|---|---|---|---|---|---|
| **Traffic Solutions Holdings, Inc.** | | Construction & engineering | | | | | | | | |
| First Lien Term Loan, LIBOR+7% (1% floor) cash 2% PIK due 4/1/2021 | | | $ — | $ — | $ 3,174 | $ 36,568 | $ 393 | $ (36,961) | $ — | —% |
| First Lien Revolver, LIBOR+6% (1% floor) cash due 4/1/2021 | | | — | — | 85 | 1,250 | 753 | (2,003) | — | —% |
| LC Facility, 6% cash due 4/1/2021 | | | — | — | 164 | 4,752 | 4 | (4,756) | — | —% |
| 746,114 Series A Preferred Units, 10% | | | — | (10,462) | — | 7,700 | 12,329 | (20,029) | — | —% |
| 746,114 Common Stock Unit | | | — | (5,316) | — | — | 5,316 | (5,316) | — | —% |
| **TransTrade Operators, Inc. (7)** | | Air freight and logistics | | | | | | | | |
| First Lien Term Loan, 5% cash due 12/31/2017 | | | 15,973 | — | — | 1,810 | — | (1,810) | — | —% |
| First Lien Revolver, 8% cash due 12/31/2017 | | | 7,757 | — | — | — | 740 | (740) | — | —% |
| 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** | | | **$224,913** | **$(91,470)** | **$ 18,031** | **$ 305,271** | **$ 114,581** | **$ (196,431)** | **$ 223,421** | **26.7%** |
| **Affiliate Investments** | | | | | | | | | | |
| **AmBath/ReBath Holdings, Inc.** | | Home improvement retail | | | | | | | | |
| First Lien Term Loan B, 12.5% cash 2.5% 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% cash 2% PIK due 6/30/2019 | | | — | — | 753 | 9,665 | 216 | (9,881) | — | —% |
| 1,080,399 shares of Series A Preferred Stock, 10% | | | — | — | — | 2,534 | — | (373) | 2,161 | 0.3% |
| **Total Affiliate Investments** | | | **$ —** | **$ 2,048** | **$ 2,491** | **$ 36,983** | **$ 745** | **$ (35,567)** | **$ 2,161** | **0.3%** |
| **Total Control & Affiliate Investments** | | | **$224,913** | **$(89,422)** | **$ 20,522** | **$ 342,254** | **$ 115,326** | **$ (231,998)** | **$ 225,582** | **26.9%** |

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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(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 June 30, 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 regulated investment company, or 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 U.S. Securities and Exchange Commission, or the SEC.

Since becoming our investment adviser, Oaktree has reduced the investments it has identified as non-core by over $600 million at fair value. Over time, Oaktree intends to rotate us out of the approximately $273 million of non-core investments at fair value that remain in our portfolio as of June 30, 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.

As of June 30, 2019, 88.5% of our debt investment portfolio (at fair value) and 86.5% of our debt investment portfolio (at cost) bore interest at floating rates indexed to the London Interbank Offered Rate, or LIBOR, and/or an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly or monthly at the borrower's option. In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S.-dollar LIBOR with the Secured Overnight Financing Rate, or SOFR, a new index calculated by short-term repurchase agreements, backed by Treasury securities. Although there have been a few issuances utilizing SOFR or the Sterling Over Night Index Average, an alternative reference rate that is based on transactions, it remains unknown whether these alternative reference rates will attain market acceptance as replacements for LIBOR. If LIBOR ceases to exist, we may need to renegotiate any credit agreements extending beyond

2021 with our prospective portfolio companies that utilize LIBOR as a factor in determining the interest rate and may also need to renegotiate the terms of the ING Facility (as defined below), which matures in 2024.

**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 convened a special meeting of stockholders on June 28, 2019 at which our stockholders approved 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 (which approval has been obtained), as well as the receipt of required regulatory approvals.

**Asset Coverage Requirements**

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. At a special meeting of our stockholders held on June 28, 2019, our stockholders approved the application of the reduced asset coverage requirements in Section 61(a)(2) of the Investment Company Act to us effective as of June 29, 2019. The reduced asset coverage requirements permit us to double the maximum amount of leverage that we are permitted to incur by reducing the asset coverage requirements applicable to us from 200% to 150%. As a result of the reduced asset coverage requirement, we can incur \$2 of debt for each \$1 of equity as compared to \$1 of debt for each \$1 of equity. As of June 30, 2019, we had \$542.6 million in senior securities and our asset coverage ratio was 270.4%.

## 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 prices 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 June 30, 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 June 30, 2019, 89.8% of our portfolio at fair value was valued either based on market quotations, the transactions precedent approach or corroborated 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 June 30, 2019 and September 30, 2018, approximately 98.0% 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 June 30, 2019, there were five 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. These fees are 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 nine months ended June 30, 2019.

During the nine months ended June 30, 2019, we originated $397.9 million of investment commitments in 22 new and eight existing portfolio companies and funded $347.6 million of investments.

During the nine months ended June 30, 2019, we received $467.3 million of proceeds from prepayments, exits, other paydowns and sales and exited 26 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:

| | June 30, 2019 | September 30, 2018 |
|---|---|---|
| **Cost:** | | |
| Senior secured debt | 78.57 % | 74.69 % |
| Subordinated debt | 7.96 | 11.85 |
| Debt investments in SLF JV I | 6.28 | 8.05 |
| Common equity & warrants | 3.65 | 3.97 |
| LLC equity interests of SLF JV I | 3.22 | 1.01 |
| Preferred equity | 0.32 | 0.43 |
| **Total** | **100.00%** | **100.00%** |

| | June 30, 2019 | September 30, 2018 |
|---|---|---|
| **Fair value:** | | |
| Senior secured debt | 79.73 % | 75.40 % |
| Subordinated debt | 7.03 | 10.97 |
| Debt investments in SLF JV I | 6.61 | 8.67 |
| Common equity & warrants | 4.11 | 4.63 |
| LLC equity interests of SLF JV I | 2.14 | — |
| Preferred equity | 0.38 | 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:

| | June 30, 2019 | September 30, 2018 |
|---|---|---|
| **Cost:** | | |
| Multi-sector holdings (1) | 9.56 % | 9.85 % |
| Application software | 7.93 | 5.34 |
| Healthcare services | 7.40 | 7.43 |
| Data processing & outsourced services | 4.95 | 5.45 |
| Biotechnology | 4.63 | 0.74 |
| Property & casualty insurance | 4.23 | 4.13 |
| Pharmaceuticals | 3.91 | 4.30 |
| Healthcare technology | 3.33 | 3.19 |
| Specialized finance | 3.28 | 3.02 |
| Auto parts & equipment | 2.78 | 2.65 |
| Specialty stores | 2.78 | 2.73 |
| Advertising | 2.77 | 2.64 |
| Real estate services | 2.57 | — |
| Internet services & infrastructure | 2.48 | 0.34 |
| Research & consulting services | 2.27 | 2.15 |
| Integrated telecommunication services | 2.20 | 2.10 |
| Aerospace & defense | 2.20 | 2.86 |
| Specialty chemicals | 2.07 | 1.98 |
| Systems software | 2.07 | 0.99 |
| Oil & gas refining & marketing | 2.07 | 1.40 |
| Managed healthcare | 1.81 | 1.73 |
| Industrial machinery | 1.55 | 1.87 |
| Construction & engineering | 1.53 | 1.89 |
| Healthcare distributors | 1.47 | 1.22 |
| Interactive media & services | 1.42 | — |
| Electrical components & equipment | 1.39 | 2.42 |
| IT consulting & other services | 1.30 | 0.05 |
| Movies & entertainment | 1.25 | 1.21 |
| General merchandise stores | 1.23 | 1.43 |
| Diversified support services | 1.23 | 1.20 |
| Personal products | 1.21 | 1.20 |
| Apparel, accessories & luxury goods | 1.20 | 1.14 |
| Education services | 1.07 | 0.86 |
| Food retail | 0.94 | 1.37 |
| Oil & gas equipment & services | 0.84 | 3.53 |
| Oil & gas storage & transportation | 0.76 | — |
| Security & alarm services | 0.72 | 0.69 |
| Airlines | 0.71 | 2.03 |
| Trading companies & distributors | 0.68 | 0.43 |
| Household appliances | 0.51 | 0.49 |
| Commercial printing | 0.41 | 0.36 |
| Environmental & facilities services | 0.39 | 0.37 |
| Specialized REITs | 0.32 | — |
| Restaurants | 0.20 | 0.19 |
| Thrifts & mortgage finance | 0.16 | 0.33 |
| 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 |
| Healthcare equipment | — | 2.98 |
| Oil & gas exploration & production | — | 2.16 |
| Technology distributors | — | 2.14 |
| Consumer electronics | — | 1.38 |
| Investment banking & brokerage | — | 0.78 |
| Coal & consumable fuels | — | 0.46 |
| Commodity chemicals | — | 0.18 |
| Hypermarkets & super centers | — | 0.13 |
| **Total** | **100.00%** | **100.00%** |

| | June 30, 2019 | September 30, 2018 |
|---|---|---|
| **Fair value:** | | |
| Multi-sector holdings (1) | 8.90 % | 9.57 % |
| Application software | 8.12 | 6.47 |
| Healthcare services | 5.28 | 4.50 |
| Biotechnology | 5.23 | 0.80 |
| Property & casualty insurance | 4.47 | 4.52 |
| Data processing & outsourced services | 4.29 | 4.98 |
| Pharmaceuticals | 4.23 | 4.82 |
| Healthcare technology | 3.56 | 3.50 |
| Specialized finance | 3.38 | 3.24 |
| Specialty stores | 2.91 | 2.95 |
| Auto parts & equipment | 2.85 | 2.89 |
| Real estate services | 2.72 | — |
| Internet services & infrastructure | 2.61 | 0.37 |
| Research & consulting services | 2.56 | 2.44 |
| Advertising | 2.55 | 2.19 |
| Aerospace & defense | 2.33 | 3.11 |
| Oil & gas refining & marketing | 2.21 | 1.52 |
| Systems software | 2.15 | 1.08 |
| Integrated telecommunication services | 1.96 | 1.90 |
| Managed healthcare | 1.91 | 1.88 |
| Construction & engineering | 1.67 | 2.14 |
| Specialty chemicals | 1.66 | 2.06 |
| Industrial machinery | 1.64 | 1.97 |
| Healthcare distributors | 1.55 | 1.30 |
| Interactive media & services | 1.54 | — |
| Electrical components & equipment | 1.46 | 2.70 |
| IT consulting & other services | 1.34 | 0.03 |
| Movies & entertainment | 1.34 | 1.31 |
| Diversified support services | 1.29 | 1.23 |
| Personal products | 1.29 | 1.31 |
| General merchandise stores | 1.22 | 1.55 |
| Leisure products | 1.07 | 0.81 |
| Airlines | 1.05 | 2.18 |
| Food retail | 1.02 | 1.48 |
| Oil & gas equipment & services | 0.98 | 4.01 |
| Apparel, accessories & luxury goods | 0.90 | 0.91 |
| Oil & gas storage & transportation | 0.83 | — |
| Security & alarm services | 0.75 | 0.73 |
| Trading companies & distributors | 0.71 | 0.47 |
| Household appliances | 0.51 | 0.53 |
| Commercial printing | 0.43 | 0.40 |
| Environmental & facilities services | 0.42 | 0.42 |
| Specialized REITs | 0.33 | — |
| Leisure facilities | 0.32 | 0.55 |
| Restaurants | 0.21 | 0.21 |
| Thrifts & mortgage finance | 0.10 | 0.32 |
| Human resource & employment services | 0.06 | 0.11 |
| Education services | 0.05 | (0.14) |
| Department stores | 0.04 | 0.04 |
| Oil & gas exploration & production | — | 2.38 |
| Technology distributors | — | 2.32 |
| Consumer electronics | — | 1.57 |
| Investment banking & brokerage | — | 0.86 |
| Healthcare equipment | — | 0.66 |
| Coal & consumable fuels | — | 0.50 |
| Commodity chemicals | — | 0.21 |
| Hypermarkets & super centers | — | 0.14 |
| **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 June 30, 2019 and September 30, 2018, there were five 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 June 30, 2019 and September 30, 2018 were as follows:

| | June 30, 2019 | | | | September 30, 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | Cost | % of Debt Portfolio | Fair Value | % of Debt Portfolio | Cost | % of Debt Portfolio | Fair Value | % of Debt Portfolio |
| Accrual | $ 1,273,759 | 89.55 % | $ 1,271,873 | 93.61 % | $ 1,298,999 | 85.46 % | $ 1,318,531 | 93.03 % |
| PIK non-accrual (1) | 12,661 | 0.89 | — | — | 12,661 | 0.83 | — | — |
| Cash non-accrual (2) | 135,908 | 9.56 | 86,796 | 6.39 | 208,345 | 13.71 | 98,760 | 6.97 |
| **Total** | **$ 1,422,328** | **100.00%** | **$ 1,358,669** | **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 June 30, 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 $250.0 million of borrowings as of June 30, 2019 and up to $200.0 million of borrowings as of 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 June 30, 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 29, 2026. As of June 30, 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, $187.1 million and $153.0 million of borrowings were outstanding as of June 30, 2019 and September 30, 2018, respectively.

As of June 30, 2019 and September 30, 2018, SLF JV I had total assets of $348.7 million and $314.2 million, respectively. SLF JV I's portfolio primarily consisted of senior secured loans to 51 and 40 portfolio companies as of June 30, 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 June 30, 2019, our investment in SLF JV I consisted of LLC equity interests of $31.1 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 June 30, 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 June 30, 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 June 30, 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 June 30, 2019 and September 30, 2018:

| | June 30, 2019 | September 30, 2018 |
|---|---|---|
| Senior secured loans (1) | $331,501 | $297,053 |
| Weighted average interest rate on senior secured loans (2) | 6.90% | 7.20% |
| Number of borrowers in SLF JV I | 51 | 40 |
| Largest exposure to a single borrower (1) | $10,862 | $17,512 |
| Total of five largest loan exposures to borrowers (1) | $50,612 | $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 June 30, 2019

| Portfolio Company | Investment Type | Cash Interest Rate (1)(2) | Industry | Principal | Cost | Fair Value (3) | Notes |
|---|---|---|---|---|---|---|---|
| Access CIG, LLC | First Lien Term Loan, LIBOR+3.75% cash due 2/27/2025 | 6.19% | Diversified support services | $ 9,324 | $ 9,278 | $ 9,292 | |
| AdVenture Interactive, Corp. | 927 shares of common stock | | Advertising | — | 1,390 | 1,277 | (4) |
| AI Ladder (Luxembourg) Subco S.a.r.l. | First Lien Term Loan, LIBOR+4.50% cash due 7/9/2025 | 6.83% | Electrical components & equipment | 6,172 | 6,011 | 6,015 | (4) |
| Air Newco LP | First Lien Term Loan, LIBOR+4.75% cash due 5/31/2024 | 7.16% | IT consulting & other services | 9,925 | 9,900 | 9,933 | |
| AL Midcoast Holdings LLC | First Lien Term Loan, LIBOR+5.50% cash due 8/1/2025 | 7.83% | Oil & gas storage & transportation | 9,925 | 9,826 | 9,962 | |
| Allied Universal Holdco LLC | First Lien Term Loan, LIBOR+3.75% cash due 7/28/2022 | 6.15% | Security & alarm services | 6,858 | 6,894 | 6,855 | (4)(6) |
| Altice France S.A. | First Lien Term Loan, LIBOR+4.00% cash due 8/14/2026 | 6.39% | Integrated telecommunication services | 7,463 | 7,294 | 7,321 | |
| Alvogen Pharma US, Inc. | First Lien Term Loan, LIBOR+4.75% cash due 4/1/2022 | 7.15% | Pharmaceuticals | 7,758 | 7,758 | 7,157 | (6) |
| Apptio, Inc. | First Lien Term Loan, LIBOR+7.25% cash due 1/10/2025 | 9.67% | Application software | 4,615 | 4,530 | 4,528 | (4)(6) |
| | First Lien Revolver, LIBOR+7.25% cash due 1/10/2025 | | Application software | | (7) | (7) | (4)(6) |
| **Total Apptio, Inc.** | | | | | **4,523** | **4,521** | |
| Blackhawk Network Holdings, Inc. | First Lien Term Loan, LIBOR+3.00% cash due 6/15/2025 | 5.40% | Data processing & outsourced services | 9,900 | 9,879 | 9,841 | |
| Boxer Parent Company Inc. | First Lien Term Loan, LIBOR+4.25% cash due 10/2/2025 | 6.58% | Systems software | 7,628 | 7,536 | 7,237 | (4) |
| Brazos Delaware II, LLC | First Lien Term Loan, LIBOR+4.00% cash due 5/21/2025 | 6.38% | Oil & gas equipment & services | 7,425 | 7,394 | 6,998 | |
| Cast & Crew Payroll, LLC | First Lien Term Loan, LIBOR+4.00% cash due 2/9/2026 | 6.41% | Application software | 4,988 | 4,938 | 5,017 | |
| CITGO Petroleum Corp. | First Lien Term Loan, LIBOR+5.00% cash due 3/28/2024 | 7.60% | Oil & gas refining & marketing | 8,000 | 7,920 | 8,018 | (4)(6) |
| Clearent Newco, LLC | First Lien Term Loan, LIBOR+4.00% cash due 3/20/2024 | 6.33% | Application software | 6,842 | 6,762 | 6,676 | (6) |
| | First Lien Delayed Draw Term Loan, LIBOR +4.00% cash due 3/20/2024 | 6.33% | Application software | 1,321 | 1,297 | 1,272 | (6) |
| | First Lien Revolver, PRIME+3.00% cash due 3/20/2023 | 8.50% | Application software | 831 | 819 | 805 | (6) |
| **Total Clearent Newco, LLC** | | | | | **8,878** | **8,753** | |
| Curium Bidco S.à r.l. | First Lien Term Loan, LIBOR+4.00% cash due 6/26/2026 | 6.45% | Biotechnology | 6,000 | 5,955 | 5,996 | |
| DigiCert, Inc. | First Lien Term Loan, LIBOR+4.00% cash due 10/31/2024 | 6.40% | Internet services & infrastructure | 8,271 | 8,164 | 8,253 | (4)(6) |
| Ellie Mae, Inc. | First Lien Term Loan, LIBOR+4.00% cash due 4/17/2026 | 6.53% | Application software | 5,000 | 4,975 | 4,992 | |
| Eton | Second Lien Term Loan, LIBOR+7.50% cash due 5/1/2026 | 9.90% | Research & consulting services | 6,000 | 5,974 | 5,970 | (4) |
| Everi Payments Inc. | First Lien Term Loan, LIBOR+3.00% cash due 5/9/2024 | 5.40% | Casinos & gaming | 4,813 | 4,791 | 4,812 | (6) |
| Falmouth Group Holdings Corp. | First Lien Term Loan, LIBOR+6.75% cash due 12/14/2021 | 8.95% | Specialty chemicals | 5,429 | 5,397 | 5,398 | (6) |
| Frontier Communications Corporation | First Lien Term Loan, LIBOR+3.75% cash due 6/15/2024 | 6.16% | Integrated telecommunication services | 1,990 | 1,939 | 1,956 | (6) |
| Gentiva Health Services, Inc. | First Lien Term Loan, LIBOR+3.75% cash due 7/2/2025 | 6.19% | Healthcare services | 7,940 | 7,815 | 7,957 | |
| Gigamon, Inc. | First Lien Term Loan, LIBOR+4.25% cash due 12/27/2024 | 6.65% | Systems software | 7,880 | 7,818 | 7,683 | (6) |
| GoodRx, Inc. | First Lien Term Loan, LIBOR+2.75% cash due 10/10/2025 | 5.14% | Interactive media & services | 7,872 | 7,854 | 7,824 | |

| Portfolio Company | Investment Type | Cash Interest Rate (1)(2) | Industry | Principal | Cost | Fair Value (3) | Notes |
|---|---|---|---|---|---|---|---|
| Indivior Finance S.a.r.l | First Lien Term Loan, LIBOR+4.50% cash due 12/19/2022 | 7.09% | Pharmaceuticals | $ 7,932 | $ 7,823 | $ 7,162 | (6) |
| Intelsat Jackson Holdings S.A. | First Lien Term Loan, LIBOR+3.75% cash due 11/27/2023 | 6.15% | Alternative carriers | 10,000 | 9,884 | 9,911 | (6) |
| KIK Custom Products Inc. | First Lien Term Loan, LIBOR+4.00% cash due 5/15/2023 | 6.40% | Household products | 8,000 | 7,970 | 7,565 | (6) |
| McDermott Technology (Americas), Inc. | First Lien Term Loan, LIBOR+5.00% cash due 5/12/2025 | 7.40% | Oil & gas equipment & services | 8,379 | 8,237 | 8,254 | (6) |
| Mindbody, Inc. | First Lien Term Loan, LIBOR+7.00% cash due 2/15/2025 | 9.39% | Internet services & infrastructure | 4,524 | 4,439 | 4,433 | (4)(6) |
| | First Lien Revolver, LIBOR+7.00% cash due 2/15/2025 | | Internet services & infrastructure | | (9) | (10) | (4)(6) |
| **Total Mindbody, Inc.** | | | | | **4,430** | **4,423** | |
| Morphe LLC | First Lien Term Loan, LIBOR+6.00% cash due 2/10/2023 | 8.33% | Personal products | 4,219 | 4,188 | 4,219 | (4)(6) |
| New IPT, Inc. | First Lien Term Loan, LIBOR+5.00% cash due 3/17/2021 | 7.33% | Oil & gas equipment & services | 1,728 | 1,728 | 1,728 | (4)(6) |
| | 21.876 Class A Common Units in New IPT Holdings, LLC | | Oil & gas equipment & services | | — | 1,268 | (4) |
| **Total New IPT, Inc.** | | | | | **1,728** | **2,996** | |
| Northern Star Industries Inc. | First Lien Term Loan, LIBOR+4.75% cash due 3/31/2025 | 7.08% | Electrical components & equipment | 6,913 | 6,884 | 6,774 | (6) |
| Novetta Solutions, LLC | First Lien Term Loan, LIBOR+5.00% cash due 10/17/2022 | 7.41% | Application software | 6,009 | 5,974 | 5,921 | (6) |
| OCI Beaumont LLC | First Lien Term Loan, LIBOR+4.00% cash due 3/13/2025 | 6.33% | Commodity chemicals | 7,900 | 7,892 | 7,910 | |
| Red Ventures, LLC | First Lien Term Loan, LIBOR+3.00% cash due 11/8/2024 | 5.40% | Interactive media & services | 4,000 | 3,980 | 3,996 | |
| Refac Optical Group | First Lien Term Loan, LIBOR+10.00% cash due 9/30/2018 | | Specialty stores | 2,121 | 1,940 | 2,121 | (4)(5)(7) |
| Salient CRGT, Inc. | First Lien Term Loan, LIBOR+6.00% cash due 2/28/2022 | 8.40% | Aerospace & defense | 2,220 | 2,196 | 2,131 | (4)(6) |
| Scientific Games International, Inc. | First Lien Term Loan, LIBOR+2.75% cash due 8/14/2024 | 5.15% | Casinos & gaming | 6,532 | 6,506 | 6,442 | (6) |
| Sequa Corp. | First Lien Term Loan, LIBOR+5.00% cash due 11/28/2021 | 7.56% | Aerospace & defense | 6,952 | 6,766 | 6,816 | (6) |
| SHO Holding I Corporation | First Lien Term Loan, LIBOR+5.00% cash due 10/27/2022 | 7.58% | Footwear | 8,441 | 8,423 | 8,040 | (6) |
| Signify Health, LLC | First Lien Term Loan, LIBOR+4.50% cash due 12/23/2024 | 6.83% | Healthcare services | 9,875 | 9,796 | 9,869 | (6) |
| Sirva Worldwide, Inc. | First Lien Term Loan, LIBOR+5.50% cash due 8/4/2025 | 7.90% | Diversified support services | 4,938 | 4,863 | 4,805 | |
| Thruline Marketing, Inc. | First Lien Term Loan, LIBOR+7.00% cash due 4/3/2022 | 9.33% | Advertising | 1,854 | 1,851 | 1,854 | (4)(6) |
| | 927 Class A Units in FS AVI Holdco, LLC | | Advertising | | 1,088 | 658 | (4) |
| **Total Thruline Marketing, Inc.** | | | | | **2,939** | **2,512** | |
| Triple Royalty Sub LLC | Fixed Rate Bond 144A 9.0% Toggle PIK cash due 4/15/2033 | | Pharmaceuticals | 5,000 | 5,000 | 5,150 | |
| TV Borrower US, LLC | First Lien Term Loan, LIBOR+4.75% cash due 2/22/2024 | 7.08% | Integrated telecommunication services | 1,803 | 1,797 | 1,809 | (6) |
| Uber Technologies, Inc. | First Lien Term Loan, LIBOR+4.00% cash due 4/4/2025 | 6.41% | Application software | 9,900 | 9,859 | 9,919 | (4)(6) |
| Uniti Group LP | First Lien Term Loan, LIBOR+5.00% cash due 10/24/2022 | 7.40% | Specialized REITs | 6,418 | 6,222 | 6,270 | (4)(6) |
| Valeant Pharmaceuticals International Inc. | First Lien Term Loan, LIBOR+2.75% cash due 11/27/2025 | 5.16% | Pharmaceuticals | 1,899 | 1,890 | 1,890 | |

| Portfolio Company | Investment Type | Cash Interest Rate (1)(2) | Industry | Principal | Cost | Fair Value (3) | Notes |
|---|---|---|---|---|---|---|---|
| Veritas US Inc. | First Lien Term Loan, LIBOR+4.50% cash due 1/27/2023 | 6.90% | Application software | $ 6,912 | $ 6,871 | $ 6,311 | (4)(6) |
| Verra Mobility, Corp. | First Lien Term Loan, LIBOR+3.75% cash due 2/28/2025 | 6.15% | Data processing & outsourced services | 10,862 | 10,877 | 10,912 | (6) |
| WP CPP Holdings, LLC | Second Lien Term Loan, LIBOR+7.75% cash due 4/30/2026 | 10.34% | Aerospace & defense | 6,000 | 5,947 | 5,992 | (4)(6) |
| | | | | **$ 331,501** | **$ 330,983** | **$ 329,158** | |

(1) Represents the current interest rate as of June 30, 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 the LIBOR shown above is in U.S. dollars. As of June 30, 2019, the reference rates for SLF JV I's variable rate loans were the 30-day LIBOR at 2.40%, the 60-day LIBOR at 2.35%, the 90-day LIBOR at 2.33%, the 180-day LIBOR at 2.20%, and the PRIME at 5.50%.
(3) Represents the current determination of fair value as of June 30, 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 June 30, 2019.
(5) This investment was on cash non-accrual status as of June 30, 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 | Investment Type | Cash Interest Rate (1)(2) | Industry | Principal | Cost | Fair Value (3) | Notes |
|---|---|---|---|---|---|---|---|
| Accudyne Industries, LLC | First Lien Term Loan, LIBOR+3.00% cash due 8/18/2024 | 5.24% | Industrial machinery | $ 9,088 | $ 9,088 | $ 9,134 | |
| AdVenture Interactive, Corp. | 927 Common Stock Shares | | Advertising | | 1,390 | 670 | (4) |
| AI Ladder (Luxembourg) Subco S.a.r.l | First Lien Term Loan, LIBOR+4.50% cash due 7/9/2025 | 7.02% | Electrical components & equipment | 11,300 | 10,970 | 11,367 | (4) |
| Air Newco LP | First Lien Term Loan, LIBOR+4.75% cash due 5/31/2024 | 6.88% | IT consulting & other services | 10,000 | 9,975 | 10,100 | |
| AL Midcoast Holdings LLC | First Lien Term Loan, LIBOR+5.50% cash due 8/1/2025 | 7.84% | Oil & gas storage & transportation | 10,000 | 9,900 | 10,041 | |
| Allied Universal Holdco LLC | First Lien Term Loan, LIBOR+3.75% cash due 7/28/2022 | 6.14% | Security & alarm services | 6,912 | 6,956 | 6,821 | (4) |
| Altice France S.A. | First Lien Term Loan, LIBOR+4.00% cash due 8/14/2026 | 6.16% | Integrated telecommunication services | 7,500 | 7,313 | 7,457 | |
| Alvogen Pharma US, Inc. | First Lien Term Loan, LIBOR+4.75% cash due 4/1/2022 | 6.99% | Pharmaceuticals | 9,822 | 9,822 | 9,918 | |
| Asset International, Inc. | First Lien Term Loan, LIBOR+4.50% cash due 12/30/2024 | 6.89% | Research & consulting services | 6,948 | 6,824 | 6,917 | |
| Blackhawk Network Holdings, Inc. | First Lien Term Loan, LIBOR+3.00% cash due 6/15/2025 | 5.39% | Data processing & outsourced services | 9,975 | 9,951 | 10,049 | |
| Brazos Delaware II, LLC | First Lien Term Loan, LIBOR+4.00% cash due 5/21/2025 | 6.17% | Oil & gas equipment & services | 7,481 | 7,446 | 7,458 | |
| Chloe Ox Parent LLC | First Lien Term Loan, LIBOR+4.50% cash due 12/23/2024 | 6.89% | Healthcare services | 9,950 | 9,860 | 9,987 | |
| Clearent Newco, LLC | First Lien Term Loan, LIBOR+4.00% cash due 3/20/2024 | 6.24% | Application software | 6,894 | 6,800 | 6,796 | |
| | Delayed Draw Term Loan, LIBOR+4.00% cash due 3/20/2024 | 6.19% | Application software | 337 | 310 | 309 | |
| | First Lien Revolver, PRIME+3.00% cash due 3/20/2023 | 8.00% | Application software | 852 | 837 | 836 | |
| **Total Clearent Newco, LLC** | | | | **8,083** | **7,947** | **7,941** | |

| Portfolio Company | Investment Type | Cash Interest Rate (1)(2) | Industry | Principal | Cost | Fair Value (3) | Notes |
|---|---|---|---|---|---|---|---|
| EOS Fitness Opco Holdings, LLC | First Lien Term Loan, LIBOR+8.25% cash due 12/30/2019 | 10.36% | Leisure facilities | $ 17,512 | $ 17,399 | $ 17,512 | (4) |
| Eton | Second Lien Term Loan, LIBOR+7.50% cash due 5/1/2026 | 9.74% | Research & consulting services | 6,000 | 5,971 | 6,030 | (4) |
| Everi Payments Inc. | First Lien Term Loan, LIBOR+3.00% cash due 5/9/2024 | 5.24% | Casinos & gaming | 4,938 | 4,914 | 4,973 | |
| Falmouth Group Holdings Corp. | First Lien Term Loan, LIBOR+6.75% cash due 12/14/2021 | 8.99% | Specialty chemicals | 4,330 | 4,300 | 4,330 | |
| Garretson Resolution Group, Inc. | First Lien Term Loan, LIBOR+6.50% cash due 5/22/2021 | | Diversified support services | 5,797 | 5,772 | 1,159 | (5) |
| Gigamon Inc. | First Lien Term Loan, LIBOR+4.50% cash due 12/27/2024 | 6.89% | Systems software | 7,940 | 7,869 | 8,000 | |
| IBC Capital Ltd. | First Lien Term Loan, LIBOR+3.75% cash due 9/11/2023 | 6.09% | Metal & glass containers | 8,955 | 8,933 | 9,028 | |
| InMotion Entertainment Group, LLC | First Lien Term Loan, LIBOR+7.25% cash due 10/1/2021 | 9.65% | Consumer electronics | 8,375 | 8,389 | 8,375 | (4) |
| | First Lien Term Loan, LIBOR+7.25% cash due 10/1/2021 | 9.65% | Consumer electronics | 8,375 | 8,306 | 8,375 | |
| **Total InMotion Entertainment Group, LLC** | | | | **16,750** | **16,695** | **16,750** | |
| Keypath Education, Inc. | First Lien Term Loan, LIBOR+7.00% cash due 4/3/2022 | 9.39% | Advertising | 1,855 | 1,853 | 1,854 | (4) |
| | 927 shares Common Stock | | Advertising | | 1,088 | 816 | |
| **Total Keypath Education, Inc.** | | | | **1,855** | **2,941** | **2,670** | |
| KIK Custom Products Inc. | First Lien Term Loan, LIBOR+4.00% cash due 5/15/2023 | 6.24% | Household products | 8,000 | 7,965 | 7,975 | |
| McDermott Technology (Americas) Inc. | First Lien Term Loan, LIBOR+5.00% cash due 5/12/2025 | 7.24% | Oil & gas equipment & services | 9,950 | 9,760 | 10,097 | (4) |
| Morphe LLC | First Lien Term Loan, LIBOR+6.00% cash due 2/10/2023 | 8.40% | Personal products | 4,388 | 4,348 | 4,388 | (4) |
| New IPT, Inc. | First Lien Term Loan, LIBOR+5.00% cash due 3/17/2021 | 7.39% | Oil & gas equipment & services | 1,794 | 1,794 | 1,794 | (4) |
| | Second Lien Term Loan, LIBOR+5.10% cash due 9/17/2021 | 7.49% | Oil & gas equipment & services | 634 | 634 | 634 | |
| | 21.876 Class A Common Units | | Oil & gas equipment & services | — | — | 1,001 | |
| **Total New IPT, Inc.** | | | | **2,428** | **2,428** | **3,429** | |
| Northern Star Industries Inc. | First Lien Term Loan, LIBOR+4.75% cash due 3/31/2025 | 7.08% | Electrical components & equipment | 6,965 | 6,933 | 6,974 | |
| Novetta Solutions, LLC | First Lien Term Loan, LIBOR+5.00% cash due 10/17/2022 | 7.25% | Application software | 6,055 | 6,012 | 5,881 | |
| OCI Beaumont LLC | First Lien Term Loan, LIBOR+4.00% cash due 3/13/2025 | 6.39% | Commodity chemicals | 7,960 | 7,951 | 8,089 | |
| Refac Optical Group | First Lien Term Loan, LIBOR+8.00% cash due 1/9/2019 | 10.26% | Specialty stores | 2,573 | 2,476 | 2,573 | (4)(5) |
| Salient CRGT, Inc. | First Lien Term Loan, LIBOR+5.75% cash due 2/28/2022 | 7.99% | Aerospace & defense | 2,267 | 2,235 | 2,301 | (4) |
| Scientific Games International, Inc. | First Lien Term Loan, LIBOR+2.75% cash due 8/14/2024 | 5.03% | Casinos & gaming | 6,582 | 6,552 | 6,579 | |
| SHO Holding I Corporation | First Lien Term Loan, LIBOR+5.00% cash due 11/18/2022 | 7.34% | Footwear | 8,507 | 8,484 | 8,082 | |
| Sirva Worldwide, Inc. | First Lien Term Loan, LIBOR+5.50% cash due 8/4/2025 | 7.75% | Diversified support services | 5,000 | 4,925 | 5,019 | |
| TravelCLICK, Inc. | Second Lien Term Loan, LIBOR+7.75% cash due 11/6/2021 | 9.99% | Data Processing & outsourced services | 2,871 | 2,871 | 2,871 | (4) |
| TV Borrower US, LLC | First Lien Term Loan, LIBOR+4.75% cash due 2/22/2024 | 7.14% | Integrated telecommunication services | 2,019 | 2,011 | 2,026 | |
| Uber Technologies Inc. | First Lien Term Loan, LIBOR+4.00% cash due 4/4/2025 | 6.12% | Application software | 9,975 | 9,928 | 10,055 | |
| Uniti Group LP | First Lien Term Loan, LIBOR+3.00% cash due 10/24/2022 | 5.24% | Specialized REITs | 6,467 | 6,225 | 6,198 | |

| Portfolio Company | Investment Type | Cash Interest Rate (1)(2) | Industry | Principal | Cost | Fair Value (3) | Notes |
|---|---|---|---|---|---|---|---|
| Veritas US Inc. | First Lien Term Loan, LIBOR+4.50% cash due 1/27/2023 | 6.78% | Application software | $ 6,965 | $ 6,915 | $ 6,801 | |
| Verra Mobility, Corp. | First Lien Term Loan, LIBOR+3.75% cash due 2/28/2025 | 5.99% | Data processing & outsourced services | 10,945 | 10,961 | 11,013 | (4) |
| WP CPP Holdings, LLC | Second Lien Term Loan, LIBOR+7.75% cash due 4/30/2026 | 10.15% | Aerospace & defense | 6,000 | 5,942 | 6,013 | |
| | | | | **$ 297,053** | **$ 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 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 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 June 30, 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 $7.4 million on our investments in the SLF JV I Notes for the three and nine months ended June 30, 2019, respectively. We earned interest of $2.7 million and $8.1 million on our investments in the mezzanine notes for the three and nine months ended June 30, 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 $31.1 million, respectively, as of June 30, 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 nine months ended June 30, 2019 with respect to our investment in the LLC equity interests of SLF JV I. We did not earn dividend income for the three months ended June 30, 2018 and we earned dividend income of $1.6 million for the nine months ended June 30, 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 June 30, 2019 and September 30, 2018 and for the three and nine months ended June 30, 2019 and 2018:

| | June 30, 2019 | September 30, 2018 |
|---|---|---|
| **Selected Balance Sheet Information:** | | |
| Investments at fair value (cost June 30, 2019: $330,983; cost September 30, 2018: $297,158) | $ 329,158 | $ 294,676 |
| Receivables from secured financing arrangements at fair value (cost June 30, 2019 and September 30, 2018: $9,801) | 7,163 | 7,069 |
| Cash and cash equivalents | 3,108 | 3,226 |
| Restricted cash | 5,525 | 4,808 |
| Other assets | 3,786 | 4,418 |
| **Total assets** | **$ 348,740** | **$ 314,197** |
| Senior credit facility payable | $ 187,110 | $ 153,010 |
| Debt securities payable at fair value (proceeds June 30, 2019: $110,000; proceeds September 30, 2018: $147,808) | 110,000 | 147,808 |
| Other liabilities | 16,095 | 13,331 |
| **Total liabilities** | **313,205** | **314,149** |
| Members' equity | 35,535 | 48 |
| **Total liabilities and members' equity** | **$ 348,740** | **$ 314,197** |

| | Three months ended June 30, 2019 | Three months ended June 30, 2018 | Nine months ended June 30, 2019 | Nine months ended June 30, 2018 |
|---|---|---|---|---|
| **Selected Statements of Operations Information:** | | | | |
| Interest income | $ 5,864 | $ 4,888 | $ 16,853 | $ 14,545 |
| Other income | — | 10 | 89 | 59 |
| **Total investment income** | **5,864** | **4,898** | **16,942** | **14,604** |
| Interest expense | 4,999 | 5,334 | 14,862 | 15,394 |
| Other expenses | 26 | 135 | 352 | 407 |
| **Total expenses (1)** | **5,025** | **5,469** | **15,214** | **15,801** |
| Net unrealized appreciation (depreciation) | (370) | 14,277 | 750 | 15,270 |
| Net realized gains (losses) | 111 | (16,363) | (4,875) | (16,384) |
| **Net income (loss)** | **$ 580** | **$ (2,657)** | **$ (2,397)** | **$ (2,311)** |

(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 nine months ended June 30, 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 nine months ended June 30, 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 Nine Months Ended June 30, 2019 and June 30, 2018***

*Total Investment Income*

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

Total investment income for the three months ended June 30, 2019 and June 30, 2018 was $36.7 million and $31.8 million, respectively. For the three months ended June 30, 2019, this amount consisted of $34.1 million of interest income from portfolio investments (which included $1.2 million of PIK interest), $1.8 million of fee income and $0.7 million of dividend income. For the three months ended June 30, 2018, this amount primarily consisted of $28.1 million of interest income from portfolio investments (which included $1.5 million of PIK interest), $2.4 million of fee income and $1.3 million of dividend income. The increase of $4.8 million, or 15.1%, in our total investment income for the three months ended June 30, 2019, as compared to the three months ended June 30, 2018, was due primarily to a $6.0 million increase in interest income, which was primarily attributable to $3.0 million of acceleration of interest income earned in connection with the exit of one investment, increases in LIBOR and a higher average level of investments during the quarter, partially offset by a $0.6 million decrease in fee income, which was attributable to higher structuring fees earned during the three months ended June 30, 2018, and a $0.6 million decrease in dividend income, which was primarily attributable to higher dividend earned on our investment in First Star Bermuda Aviation Limited during the three months ended June 30, 2018.

Total investment income for the nine months ended June 30, 2019 and June 30, 2018 was $113.2 million and $100.5 million, respectively. For the nine months ended June 30, 2019, this amount consisted of $107.3 million of interest income from portfolio investments (which included $4.3 million of PIK interest), $4.2 million of fee income and $1.7 million of dividend income. For the nine months ended June 30, 2018, this amount primarily consisted of $88.5 million of interest income from portfolio investments (which included $5.3 million of PIK interest), $7.4 million of fee income and $4.6 million of dividend income. The increase of $12.7 million, or 12.6%, in our total investment income for the nine months ended June 30, 2019, as compared to the nine months ended June 30, 2018, was due primarily to a $18.8 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, $3.0 million of acceleration of interest income earned in connection with the exit of one investment, $1.2 million of interest income related to our investment in Maverick Healthcare Group, LLC, which was on non-accrual status during the nine months ended June 30, 2018, increases in LIBOR and a higher average level of investments during the period, partially offset by a $3.2 million decrease in fee income, which was attributable to higher structuring and prepayment fees earned during the nine months ended June 30, 2018, and a $2.9 million decrease in dividend income, which was attributable to lower dividends earned related to our investments in SLF JV I and First Star Bermuda Aviation Limited during the nine months ended June 30, 2018.

*Expenses*

Net expenses (expenses net of fee waivers) for the three months ended June 30, 2019 and June 30, 2018 were $20.1 million and $17.4 million, respectively. Net expenses increased for the three months ended June 30, 2019, as compared to the three months ended June 30, 2018, by $2.6 million, or 15.2%, due primarily to a $3.8 million increase in incentive fees (net of waivers), which was attributable to higher pre-incentive fee net investment income and higher accrued capital gains incentive fees during the quarter, partially offset by a $0.7 million decrease in interest expense, which was attributable to a lower weighted average interest rate on outstanding debt, and a $0.4 million decrease in management fees, which was attributable to lower total assets at quarter end.

Net expenses (expenses net of fee waivers) for the nine months ended June 30, 2019 and June 30, 2018 were $61.6 million and $57.5 million, respectively. Net expenses increased for the nine months ended June 30, 2019, as compared to the nine months ended June 30, 2018, by $4.1 million, or 7.1%, due primarily to a $7.9 million increase in incentive fees (net of waivers), which was attributable to higher pre-incentive fee net investment income and higher accrued capital gains incentive fees during the period, partially offset by a $2.7 million decrease in professional fees and a $0.9 million decrease in interest expense, which was primarily attributable to debt issuance costs that were expensed in connection with the repayment of the Sumitomo Facility during the prior period.

*Net Investment Income*

As a result of the $4.8 million increase in total investment income and the $2.6 million increase in net expenses, net investment income for the three months ended June 30, 2019 increased by $2.2 million, or 15.1%, compared to the three months ended June 30, 2018.

As a result of the $12.7 million increase in total investment income and the $4.1 million increase in net expenses, net investment income for the nine months ended June 30, 2019 increased by $8.6 million, or 20.0%, compared to the nine months ended June 30, 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 June 30, 2019, we recorded net realized losses of $19.8 million primarily in connection with the full exit of our investment in Advanced Pain Management. During the three months ended June 30, 2018, we recorded net realized losses of $89.4 million, primarily in connection with the exit of our investments in Traffic Solutions Holdings, Inc. and Ameritox Ltd.

During the nine months ended June 30, 2019, we recorded net realized gains of $23.3 million primarily in connection with the full or partial exits of our investments in Maverick Healthcare Group, LLC, BeyondTrust Holdings LLC, Comprehensive Pharmacy Services LLC, InMotion Entertainment Group, LLC and YETI Holdings, Inc., partially offset by net realized losses in connection with the exit of our investment in Advanced Pain Management. During the nine months ended June 30, 2018, we recorded net realized losses of $84.9 million, primarily in connection with the exit of our investments in Traffic Solutions Holdings, Inc. and Ameritox Ltd.

*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 June 30, 2019 and 2018, we recorded net unrealized appreciation (depreciation) of $23.4 million and $99.3 million, respectively. For the three months ended June 30, 2019, this consisted of $23.8 million of net unrealized appreciation related to exited investments (a portion of which results in a reclassification to realized losses) and $2.5 million of net unrealized appreciation on debt investments, partially offset by $2.1 million of net unrealized depreciation on equity investments and $0.8 million of net unrealized depreciation of foreign currency forward contracts. For the three months ended June 30, 2018, this consisted of $97.2 million of net unrealized appreciation related to exited investments (a portion of which results in a reclassification to realized losses), $0.8 million of net unrealized appreciation on debt investments, $0.9 million of net unrealized appreciation on equity investments and $0.4 million of net unrealized appreciation on secured borrowings.

During the nine months ended June 30, 2019 and 2018, we recorded net unrealized appreciation (depreciation) of $37.9 million and $55.4 million, respectively. For the nine months ended June 30, 2019, this consisted of $44.3 million of net unrealized appreciation related to exited investments (a portion of which results in a reclassification to realized losses) and $11.8 million of net unrealized appreciation on equity investments, partially offset by $17.8 million of net unrealized depreciation on debt investments and $0.4 million of net unrealized depreciation of foreign currency forward contracts. For the nine months ended June 30, 2018, this consisted of $90.3 million of net unrealized appreciation related to exited investments (a portion of which results in a reclassification to realized losses) and $2.4 million of net unrealized appreciation on secured borrowings, offset by $33.1 million of net unrealized depreciation on debt investments and $4.2 million of net unrealized depreciation on equity investments.

***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. Effective as of June 29, 2019, we are subject to a 150% asset coverage requirements. However, 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).

For the nine months ended June 30, 2019, we experienced a net decrease in cash and cash equivalents and restricted cash of $7.9 million. During that period, we received $135.8 million of net cash from operating activities, primarily from $467.3 million of principal payments and sale proceeds received and the cash activities related to $51.6 million of net investment income, partially offset by funding $351.7 million of investments. During the same period, net cash used in financing activities was $143.9 million, primarily consisting of $128.8 million of net borrowings under the ING Facility (as defined below), $228.8 million of repayments of unsecured notes, $0.8 million of repayments of secured borrowings, $39.1 million of cash distributions paid to our stockholders and $1.0 million of repurchases of common stock under our dividend reinvestment plan, or DRIP.

For the nine months ended June 30, 2018, we experienced a net decrease in cash and cash equivalents and restricted cash of $2.8 million. During that period, we received $113.4 million of net cash from operating activities, primarily from $835.0 million of principal payments and sale proceeds received, $85.7 million net increase in payables from unsettled transactions and the cash activities related to $43.0 million of net investment income, partially offset by funding $836.9 million of investments. During the same period, net cash used by financing activities was $116.2 million, primarily consisting of $45.0 million of net repayments under our credit facilities, $21.2 million of repurchases of unsecured notes, $0.9 million of repayments of secured borrowings, $41.8 million of cash distributions paid to our stockholders, $6.2 million of payments of deferred financing costs and $1.2 million of repurchases of common stock under our DRIP.

As of June 30, 2019, we had $5.6 million in cash and cash equivalents, portfolio investments (at fair value) of $1.5 billion, $13.2 million of interest, dividends and fees receivable, $369.8 million of borrowings outstanding under our ING Facility, $158.4 million of unsecured notes payable (net of unamortized financing costs), $9.0 million of secured borrowings (at fair value) and unfunded commitments of $79.5 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 facility, $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 |
| May 3, 2019 | June 14, 2019 | June 28, 2019 | 0.095 | 13.1 million | 61,093 | 0.3 million |

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

### *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. Additionally, on April 1, 2019, we increased the size of the ING Facility from $680 million to $700 million under the "accordion" feature.

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 June 30, 2019, with which we must comply under the ING Facility on a quarterly basis:

| Financial Covenant | Description | Target Value | March 31, 2019 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 | $923 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 | 2.54:1 |
| Interest coverage ratio | Interest coverage ratio shall not be less than 2.00:1 | 2.00:1 | 2.91:1 |
| Minimum net worth | Net worth shall not be less than $600 million | $600 million | $915 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 March 31, 2019. 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 June 30, 2019, we had $369.8 million of borrowings outstanding under the ING Facility, which had a fair value of $369.8 million. Our borrowings under the ING Facility bore interest at a weighted average interest rate of 4.615% for the nine months ended June 30, 2019. Our borrowings under the Prior ING Facility bore interest at a weighted average interest rate of 4.053% for the period from November 30, 2017 to June 30, 2018. As of September 30, 2018, we had $241.0 million of borrowings outstanding under the ING Facility.

For the three and nine months ended June 30, 2019, we recorded interest expense of $5.1 million and $12.7 million, in the aggregate, related to the ING Facility. For the three and nine months ended June 30, 2018, we recorded interest expense of $2.7 million and $7.9 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 June 30, 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 nine months ended June 30, 2018, we recorded interest expense of $0.7 million, including $0.5 million of debt issuance costs that were expensed, related to the Sumitomo Facility.

*2019 Notes*

For the nine months ended June 30, 2019 and 2018, we recorded interest expense of $5.1 million related to our 4.875% unsecured notes due 2019, or the 2019 Notes. During the three months ended March 31, 2019, we fully repaid the 2019 Notes. During the three and nine months ended June 30, 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 June 30, 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 nine months ended June 30, 2019, we recorded interest expense of $1.2 million and $3.5 million, respectively, related to our 5.875% unsecured notes due 2024, or the 2024 Notes. For the three and nine months ended June 30, 2018, we recorded interest expense of $1.2 million and $3.5 million, respectively, related to the 2024 Notes. During the nine months ended June 30, 2019 and 2018, we did not repurchase any of the 2024 Notes in the open market.

As of June 30, 2019, there were $75.0 million of 2024 Notes outstanding, which had a carrying value and fair value of $73.9 million and $76.9 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 June 30, 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 nine months ended June 30, 2019, we recorded interest expense of $1.4 million and $4.1 million, respectively, related to our 6.125% unsecured notes due 2028, or the 2028 Notes. For the three and nine months ended June 30, 2018, we recorded interest expense of $1.4 million and $4.1 million, respectively, related to the 2028 Notes. During the nine months ended June 30, 2019 and 2018, we did not repurchase any of the 2028 Notes in the open market.

As of June 30, 2019, there were $86.3 million of 2028 Notes outstanding, which had a carrying value and fair value of $84.6 million and $87.3 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 June 30, 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 June 30, 2019, there were $11.5 million of secured borrowings outstanding. As of June 30, 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 nine months ended June 30, 2019, there were $0.8 million of net repayments on secured borrowings. During the nine months ended June 30, 2018, there were $0.9 million of net repayments on secured borrowings.

For the three and nine months ended June 30, 2019, we recorded interest expense of $0.0 million and $0.1 million, respectively, related to the secured borrowings. For the three and nine months ended June 30, 2018, we recorded interest expense of $0.1 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 June 30, 2019, our only off-balance sheet arrangements consisted of $79.5 million of unfunded commitments, which was comprised of $74.7 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 June 30, 2019 and September 30, 2018 is shown in the table below:

| | June 30, 2019 | September 30, 2018 |
|---|---|---|
| Assembled Brands Capital LLC | $ 37,546 | $ — |
| P2 Upstream Acquisition Co. | 9,000 | 10,000 |
| Sorrento Therapeutics, Inc. | 7,500 | — |
| TerSera Therapeutics, LLC | 4,200 | 3,281 |
| Pingora MSR Opportunity Fund I-A, LP | 3,500 | 4,656 |
| Mindbody, Inc. | 3,048 | — |
| Thruline Marketing, Inc. | 3,000 | 3,000 |
| New IPT, Inc. | 2,229 | 2,229 |
| Thing5, LLC (1) | 1,726 | 1,298 |
| 4 Over International, LLC | 1,721 | 2,232 |
| Apptio, Inc. | 1,538 | — |
| Senior Loan Fund JV I, LLC | 1,328 | 1,328 |
| GKD Index Partners, LLC | 1,156 | 289 |
| iCIMs, Inc. | 882 | 882 |
| Ministry Brands, LLC | 800 | 700 |
| Cenegenics, LLC (1)(2) | 297 | 297 |
| Access CIG LLC | — | 765 |
| Datto Inc. | — | 2,356 |
| InMotion Entertainment Group, LLC | — | 7,534 |
| PLATO Learning Inc. (1) | — | 2,671 |
| Dominion Diagnostics, LLC | — | 4,180 |
| EOS Fitness Opco Holdings, LLC | — | 5,000 |
| **Total** | **$ 79,471** | **$ 52,698** |

(1) This investment was on cash or PIK non-accrual status as of June 30, 2019.
(2) This portfolio company does not have the ability to draw on this unfunded commitment as of June 30, 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 June 30, 2019 | Weighted average debt outstanding for the nine months ended June 30, 2019 | Maximum debt outstanding for the nine months ended June 30, 2019 |
|---|---|---|---|---|
| ING Facility | $ 241,000 | $ 369,825 | $ 295,592 | $ 439,825 |
| 2019 Notes | 228,825 | — | 126,566 | 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 | 11,856 | 12,314 |
| **Total debt** | **$ 643,389** | **$ 542,577** | **$ 595,264** | |

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

| | Payments due by period as of June 30, 2019 | | | | |
|---|---|---|---|---|---|
| **Contractual Obligations** | **Total** | **Less than 1 year** | **1-3 years** | **3-5 years** | **More than 5 years** |
| ING Facility | $ 369,825 | $ — | $ — | $ 369,825 | $ — |
| Interest due on ING Facility | 76,435 | 16,411 | 32,822 | 27,202 | — |
| Secured borrowings | 11,502 | — | 11,502 | — | — |
| Interest due on secured borrowings | 1,788 | 1,392 | 396 | — | — |
| 2024 Notes | 75,000 | — | — | — | 75,000 |
| Interest due on 2024 Notes | 23,528 | 4,406 | 8,813 | 8,813 | 1,496 |
| 2028 Notes | 86,250 | — | — | — | 86,250 |
| Interest due on 2028 Notes | 46,706 | 5,283 | 10,566 | 10,566 | 20,291 |
| **Total** | **$ 691,034** | **$ 27,492** | **$ 64,099** | **$ 416,406** | **$ 183,037** |

***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 August 2, 2019, our Board of Directors declared a quarterly distribution of $0.095 per share, payable on September 30, 2019 to stockholders of record on September 13, 2019.

## 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 fund 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 June 30, 2019, 88.5% of our debt investment portfolio (at fair value) and 86.5% 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 June 30, 2019 and September 30, 2018 was as follows:

| | June 30, 2019 | | September 30, 2018 | |
|---|---|---|---|---|
| **($ in thousands)** | **Fair Value** | **% of Floating Rate Portfolio** | **Fair Value** | **% of Floating Rate Portfolio** |
| Under 1% | $ 454,430 | 37.77 % | $ 282,999 | 23.99 % |
| 1% to under 2% | 748,627 | 62.23 | 896,574 | 76.01 |
| **Total** | **$ 1,203,057** | **100.00%** | **$ 1,179,573** | **100.00%** |

Based on our Consolidated Statement of Assets and Liabilities as of June 30, 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)**

| **Basis point increase** | **Interest Income** | **Interest Expense** | **Net increase (decrease)** |
|---|---|---|---|
| 300 | $ 34,688 | $ (11,095) | $ 23,593 |
| 200 | 23,106 | (7,397) | 15,709 |
| 100 | 11,523 | (3,698) | 7,825 |

| **Basis point decrease** | **Interest Income** | **Interest Expense** | **Net increase (decrease)** |
|---|---|---|---|
| 100 | $ (11,319) | $ 3,698 | $ (7,621) |
| 200 (1) | (18,087) | 7,397 | (10,690) |

(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 June 30, 2019 and September 30, 2018:

| | June 30, 2019 | | September 30, 2018 | |
|---|---|---|---|---|
| **($ in thousands)** | **Interest Bearing Cash and Investments** | **Borrowings** | **Interest Bearing Cash and Investments** | **Borrowings** |
| Money market rate | $ 3,146 | $ — | $ 9,108 | $ — |
| Prime rate | 62,791 | — | 1,011 | — |
| LIBOR | | | | |
| 30 day | 632,642 | 369,825 | 609,755 | 241,000 |
| 60 day | — | — | 55,949 | — |
| 90 day | 490,530 | 11,502 | 606,856 | 12,314 |
| 180 day | 20,322 | — | 15,000 | — |
| EURIBOR | | | | |
| 180 day | 19,929 | — | — | — |
| UK LIBOR | | | | |
| 30 day | 22,909 | — | — | — |
| Fixed rate | 206,645 | 161,250 | 296,031 | 390,075 |
| **Total** | **$ 1,458,914** | **$ 542,577** | **$ 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 June 30, 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 June 30, 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 June 30, 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.

**Item 1A.** ***Risk Factors***

There have been no material changes during the three months ended June 30, 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 Investment Advisory Agreement between Oaktree Specialty Lending Corporation and Oaktree Capital Management, L.P. (Incorporated by reference to Exhibit 10.2 filed with the Registrant's Form 10-Q (File No. 814-00755) filed on May 8, 2019). |
| 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: August 6, 2019

**Exhibit 31.1**

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 June 30, 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 6th day of August, 2019.

By: /s/ Edgar Lee

Edgar Lee
Chief Executive Officer

**Exhibit 31.2**

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 June 30, 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 6th day of August, 2019.

By: /s/ Mel Carlisle

Mel Carlisle
Chief Financial Officer

**Exhibit 32.1**

**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 **June 30, 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: August 6, 2019

**Exhibit 32.2**

**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 **June 30, 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: August 6, 2019