



**OAKTREE**

OCSL | Specialty Lending Corporation

Investor  
Presentation

Third Quarter 2019

Nasdaq: OCSL

## Forward Looking Statements & Legal Disclosures

Some of the statements in this presentation constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this presentation may include statements as to: our future operating results and distribution projections; the ability of Oaktree Capital Management, L.P. ("Oaktree") to find lower-risk investments to reposition our portfolio and to implement Oaktree's future plans with respect to our business; our business prospects and the prospects of our portfolio companies; the impact of the investments that we expect to make; the ability of our portfolio companies to achieve their objectives; our expected financings and investments and additional leverage we may seek to incur in the future; the adequacy of our cash resources and working capital; the timing of cash flows, if any, from the operations of our portfolio companies; and the cost or potential outcome of any litigation to which we may be a party. In addition, words such as "anticipate," "believe," "expect," "seek," "plan," "should," "estimate," "project" and "intend" indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this presentation involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" and elsewhere in our annual report on Form 10-K for the fiscal year ended September 30, 2018. Other factors that could cause actual results to differ materially include: changes in the economy, financial markets and political environment; risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or regulated investment companies; and other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

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

Unless otherwise indicated, data provided herein are dated as of June 30, 2019.

### **Calculation of Assets Under Management**

References to total "assets under management" or "AUM" represent assets managed by Oaktree and a proportionate amount of the AUM reported by DoubleLine Capital LP ("DoubleLine Capital"), in which Oaktree owns a 20% minority interest. Oaktree's methodology for calculating AUM includes (i) the net asset value (NAV) of assets managed directly by Oaktree, (ii) the leverage on which management fees are charged, (iii) undrawn capital that Oaktree is entitled to call from investors in Oaktree funds pursuant to their capital commitments, (iv) for collateralized loan obligation vehicles ("CLOs"), the aggregate par value of collateral assets and principal cash, (v) for publicly-traded business development companies, gross assets (including assets acquired with leverage), net of cash, and (vi) Oaktree's pro rata portion (20%) of the AUM reported by DoubleLine Capital. This calculation of AUM is not based on the definitions of AUM that may be set forth in agreements governing the investment funds, vehicles or accounts managed and is not calculated pursuant to regulatory definitions.

# Managed by Oaktree: A Leading Global Alternative Asset Manager

- Founded in 1995, Oaktree is a leading global investment management firm focused on credit investing
- Assets under management of \$120 billion<sup>1</sup> in contrarian, value-oriented, risk-controlled investment strategies across a variety of asset classes
- Manages assets for a wide variety of clients including many of the most significant investors in the world

## Global Footprint<sup>2</sup>



As of June 30, 2019

<sup>1</sup> Includes Oaktree's proportionate amount of DoubleLine Capital AUM resulting from its 20% minority interest therein. See Forward Looking Statements & Legal Disclosures section for important information regarding Oaktree's calculation methodology for assets under management.

<sup>2</sup> Includes offices of affiliates of Oaktree-managed funds. Oaktree is headquartered in Los Angeles.

<sup>3</sup> Excludes amount of DoubleLine Capital AUM.

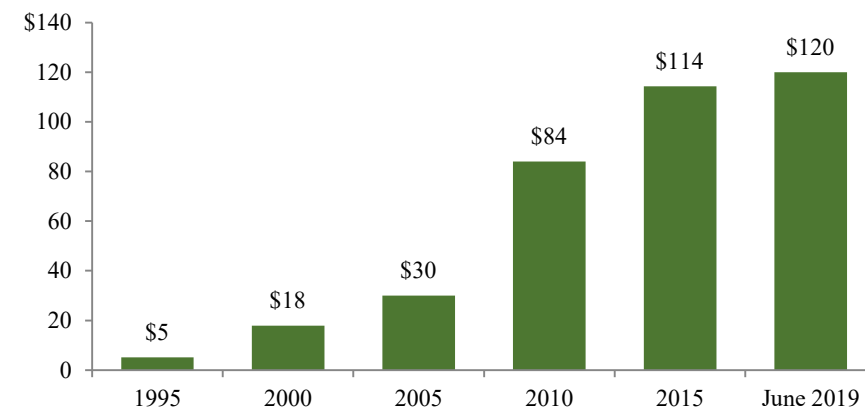
## Investment Areas (Asset Classes)<sup>3</sup>

Assets (\$ in billions)



## Historical Assets Under Management<sup>1</sup>

(\$ in billions)





# The Oaktree Advantage

- Premier credit manager and leader among alternative investment managers for more than 20 years
- \$120 billion in assets under management; \$61 billion in credit strategies
- A deep and broad credit platform drawing from more than 250 highly experienced investment professionals with significant origination, structuring and underwriting expertise

## SCALE

- An “all weather” portfolio management approach demonstrated across market cycles
- Long history of private credit investing
- Over \$14 billion invested in more than 250 directly originated loans since 2005

## TRACK RECORD

- Trusted partner to financial sponsors and management teams based on long-term commitment and focus on lending across economic cycles
- Strong market presence and established relationships with many sources of investment opportunities – private equity sponsors, capital raising advisers and borrowers
- Access to proprietary deal flow and first look at investment opportunities

## RELATIONSHIPS

- Expertise to structure comprehensive, flexible and creative credit solutions for companies of all sizes across numerous industry sectors
- Capacity to invest in large deals and to sole underwrite transactions

## FLEXIBILITY

## Management Team



### *Edgar Lee, Chief Executive Officer & Chief Investment Officer*

- Managing Director and Portfolio Manager of Oaktree's Strategic Credit Strategy
- 11 year career with Oaktree; Founder of the Strategic Credit Strategy which has grown from \$250 million to \$3 billion in AUM in five years
- Extensive experience investing across asset classes and market cycles; established relationships with investment teams across Oaktree's platform



### *Matt Pendo, Chief Operating Officer*

- Managing Director, Head of Oaktree's Corporate Development and Capital Markets
- Joined Oaktree in 2015
- CIO of TARP (Troubled Asset Relief Program) of the U.S. Department of the Treasury
- 30 years of investment banking experience at leading Wall Street firms



### *Mel Carlisle, Chief Financial Officer*

- Managing Director, Head of Oaktree's Distressed Debt and Strategic Credit Fund Accounting Groups
- 23 year career with Oaktree
- Prior experience includes public accounting at PwC and fund accounting at TCW Group, Inc.



### *Kim Larin, Chief Compliance Officer*

- Managing Director, Head of Oaktree's Investment Compliance and Code of Ethics
- 16 year career with Oaktree
- Chief Compliance Officer of the Oaktree Mutual Funds

**Strategic Credit team of over 20 tenured investment professionals supported by  
Oaktree's dedicated valuation team**

# Oaktree's Investment Philosophy

Oaktree's Underwriting Criteria and Investment Process Have Been Demonstrated Across Market Cycles

## Primacy of Risk Control

- Control primarily for risk, rather than return
- May underperform in the most bullish markets, but prudence across investing environments and limiting losses has been foremost in our investment approach over time and throughout cycles

## Avoid Losers & Winners Take Care of Themselves

- Avoidance of investments that could impair capital over long term
- Opportunistic generation of meaningfully higher return potential in certain environments

## Market Inefficiency

- The private credit market is a relatively less efficient, less well trafficked market, providing opportunities for incremental return relative to risk
- Willingness to invest and lend during times of market stress, when others are retreating

## Benefits Of Specialization

- Expertise in creative, efficient structuring and institutional knowledge of bankruptcies and restructurings enables a focus on risk control that competitors lack

## Emphasis On Consistency

- An emphasis on consistency is a core tenet of Oaktree's investment philosophy and approach
- We allow the market to dictate opportunities; we need not rely on macro forecasts

## Selectivity

- Oaktree's platform provides an extensive reach across credit markets providing access to deal flow and the ability to be highly selective

**Emphasis on fundamental credit analysis, consistency and downside protection are key tenets of Oaktree's investment philosophy, all of which are strongly aligned with the interests of Oaktree Specialty Lending shareholders**

# Oaktree's Approach to Direct Lending

## Emphasis on Proprietary Deals

- Focus on proprietary investment opportunities as well as partnering with other lenders as appropriate
- Leverage the networks and relationships of Oaktree's over 250 investment professionals
- Dedicated sourcing professionals are in continuous contact with private equity sponsors, management teams, capital raising advisors and corporations

## Focus on High-quality Companies and Extensive Diligence

- Focus on companies with resilient business models, strong underlying fundamentals, significant asset or enterprise value and seasoned management teams
- Leverage deep credit and deal structuring expertise to lend to companies that have unique needs, complex business models or specific business challenges
- Maintain discipline around fundamental credit analysis with a focus on downside protection
- Conduct extensive diligence on underlying collateral value whether cash flows, hard assets or intellectual property

## Employ Innovative Loan Structures to Manage Risk

- Leverage Oaktree's significant expertise in identifying structural risks and developing creative solutions in an effort to enhance downside protection
- Limited experience and expertise of other lenders with credit agreements may reduce competition for certain opportunities
- Include covenant protections designed to ensure lenders can get back to the table and "stop the clock" before a deal reaches impairment

## Disciplined Portfolio Management

- Reduce the impact of individual investment risks by diversifying portfolios across industry sectors
- Monitor the portfolio on an ongoing basis to manage risk and take preemptive action to resolve potential problems

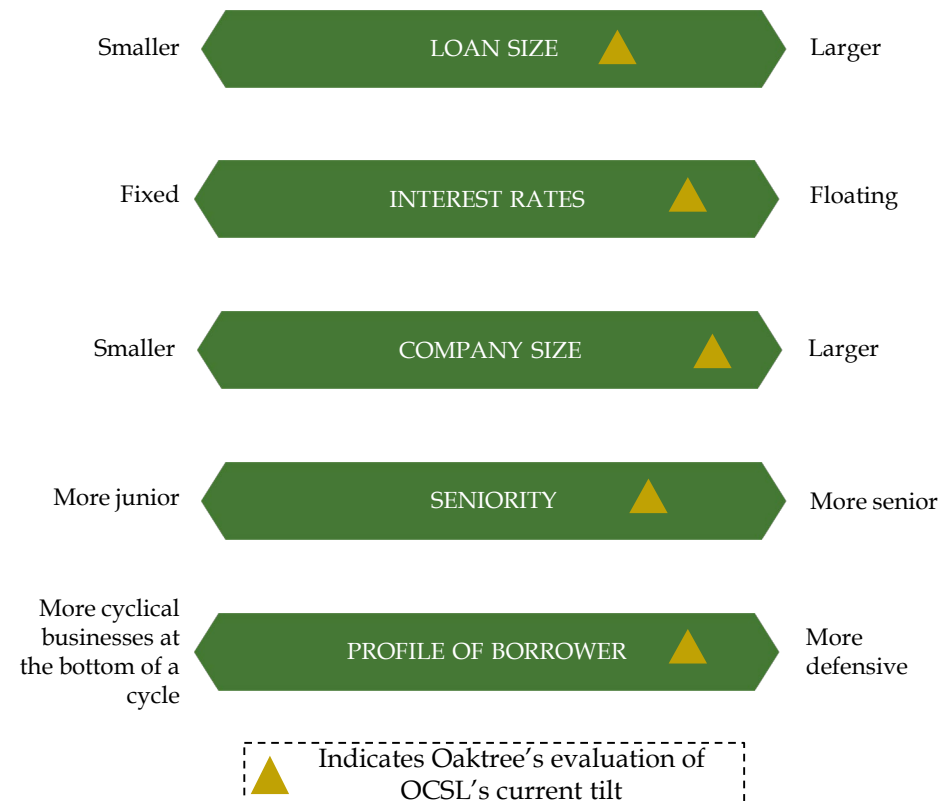
# Market Environment Dictates Oaktree's View on Optimal Portfolio Positioning

## Middle Market Environment

- Average debt multiples (debt/EBITDA) of middle market loans are high: 5.7x in 1H19 vs. 4.2x in 2012
- Purchase price multiples (equity/EBITDA) of middle market LBOs remain elevated: 12.6x for 1H19 vs. 9.3x in 2007, the peak of the last credit cycle
- Loan documents have become increasingly borrower friendly: covenant-lite issuances accounted for ~67% of middle market loan volume for the LTM period ended March 31, 2019 vs. ~10% in 2012
- Average spreads remain low: all-in spreads of institutional loans backing middle market LBOs were LIBOR + 585 bps in 1H19 vs. LIBOR + 651 bps in 2012



## Portfolio Positioning



**We continue to take a disciplined and selective approach to investing given the current competitive market environment**



# Oaktree's Extensive Origination Capabilities

## Extensive, Global Credit Platform to Source Deal Flow

- Strong market presence and established relationships with financial sponsors, management teams, capital raising advisors, banks and individual issuers
- Emphasis on proprietary deals: Frequent “first look” opportunities, well positioned for difficult and complex transactions
- Established reputation as a “go-to” source for borrowers, large and small, due to longstanding track record in direct lending; with over \$14 billion invested in more than 250 directly originated loans since 2005<sup>1</sup>

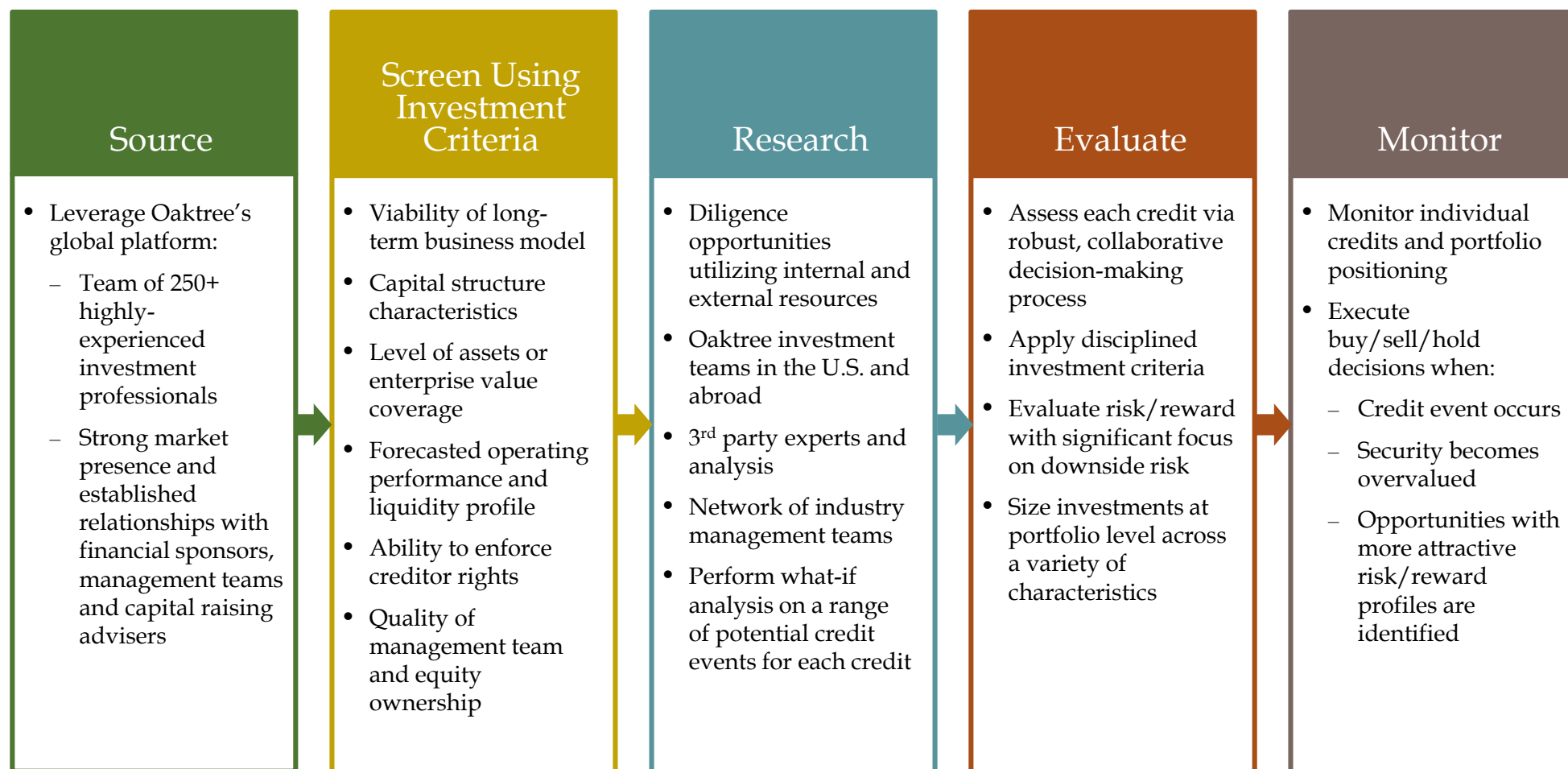
## Ability to Address a Wide Range of Borrower Needs

- Capability to invest across the capital structure
- Certainty to borrowers by seeking to provide fully underwritten finance commitments
- Capacity to fund large loans
- Expertise in performing credit, as well as restructuring and turnaround situations

**Extensive origination capabilities leads to greater ability to source quality investments**

<sup>1</sup> As of June 30, 2019.

# Oaktree's Credit Investment Process



## Corporate Highlights

- Provide customized, one-stop credit solutions to companies with limited access to public or syndicated capital markets
- Leverage the extensive firm-wide resources and expertise of Oaktree for originations, due diligence, and credit selection
- Provide complete and flexible capital solutions – first lien and second lien loans, unsecured and mezzanine loans, and preferred equity
  - Companies across a variety of industries that possess resilient business models with strong underlying fundamentals
  - Medium to larger middle-market companies, including those with unique needs or specific business challenges
  - Businesses with significant asset or enterprise value and seasoned management teams
- Structure a diverse portfolio with high conviction investments positioned to generate attractive risk-adjusted returns across market cycles

### Highlights ○ As of June 30, 2019

**Portfolio** ○ \$1.5 billion in total investments  
105 companies

**Total Assets** ○ \$1.5 billion

**Asset Type** ○ 54% First Lien  
26% Second Lien  
11% Unsecured and Equity  
9% Joint Venture

**Ticker** ○ Nasdaq: OCSL



## Highlights for the Quarter Ended June 30, 2019

### **1 Net asset value per share ("NAV") increased to \$6.60, up \$0.05 from the prior quarter**

- NAV has grown by approximately \$92 million (\$0.65 per share) or 11% since June 30, 2018
- **Sixth** consecutive quarter of NAV growth

### **2 Net investment income of \$0.12 per share**

- 15% increase from the quarter ended June 30, 2018
- Board of Directors declared a dividend of \$0.095 per share, payable on September 30, 2019 to stockholders of record as of September 13, 2019, consistent with the prior five quarters

### **3 Continued progress rotating portfolio**

- Exited approximately \$27 million of non-core investments, including an investment on non-accrual during the quarter ended June 30, 2019
- Non-core investments have been reduced by \$620 million or 69% since September 30, 2017
- Core investments have more than doubled to \$1.1 billion since September 30, 2017

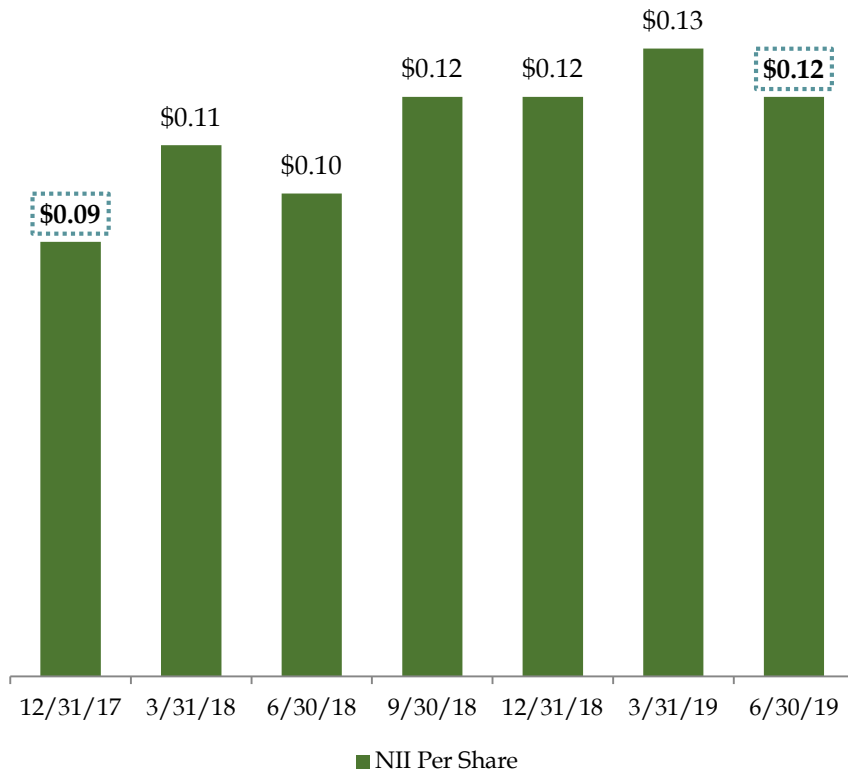
### **4 Maintained defensive posture and conservative financial position**

- Continuing to be patient and disciplined given current competitive market environment
- 0.58x leverage (debt-to-equity) is below target leverage range of 0.70x to 0.85x
- Well positioned with \$330 million of dry powder available to invest



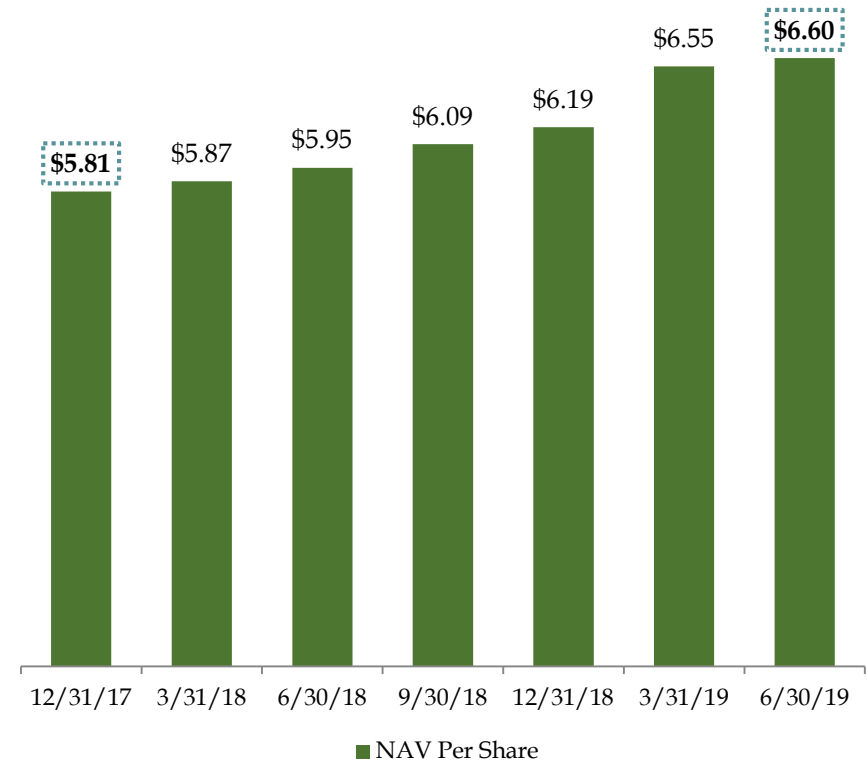
## Key Earnings Metrics

### Net Investment Income Per Share



NII has increased by 25% since December 31, 2017

### NAV Per Share



NAV has appreciated 13% since December 31, 2017



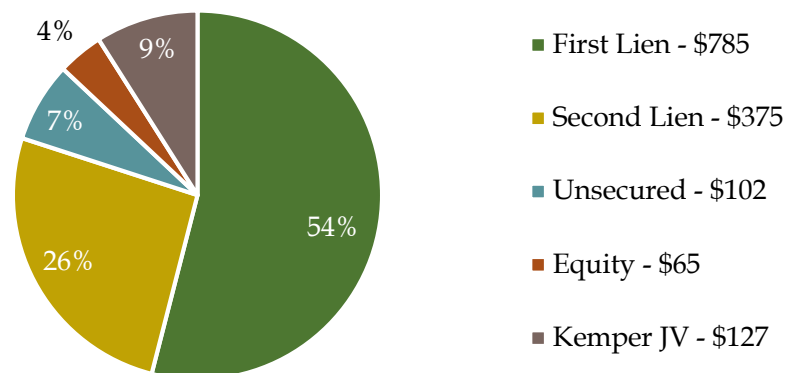
# Portfolio Summary as of June 30, 2019

## Portfolio Characteristics (at fair value)

- \$1.5 billion invested in 105 companies
- 93% of the total portfolio consists of debt investments
- \$15 million average debt investment size<sup>1</sup>
- 8.7% weighted average yield on debt investments
- 88% of debt portfolio consists of floating rate investments

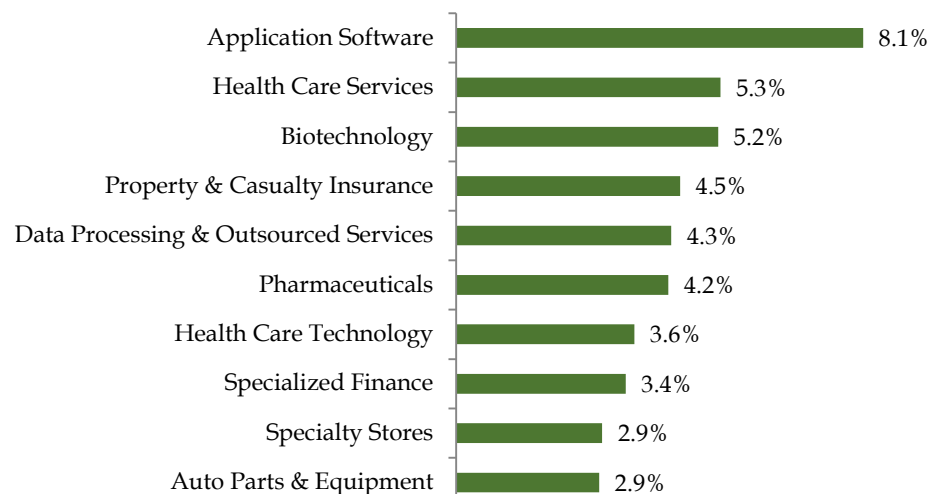
## Portfolio Composition

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



## Top 10 Industries<sup>2</sup>

(As % of total portfolio, at fair value)



Note: Numbers may not sum due to rounding.

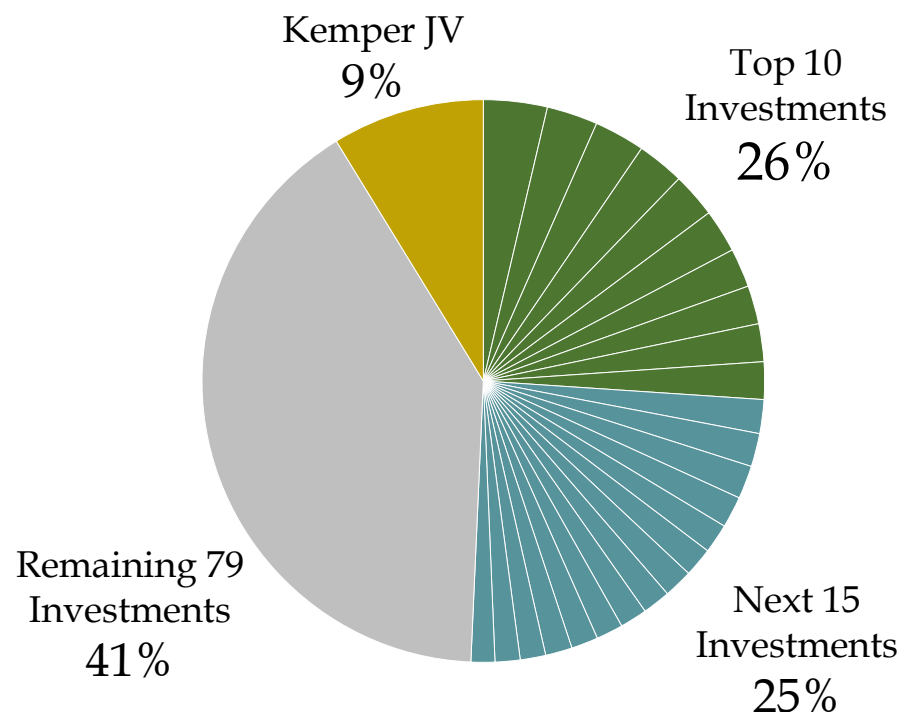
<sup>1</sup> Excludes investments in Senior Loan Fund JV I, LLC ("Kemper JV"), a joint venture that invests primarily in middle market and other corporate debt securities.

<sup>2</sup> Excludes multi-sector holdings, which is primarily comprised of investments in the Kemper JV.

# Portfolio Diversity

## Diversity by Investment Size

(As % of total portfolio at fair value)



## Portfolio by Industry<sup>1,2</sup>

(As % of total portfolio at fair value)

Industry Group	% of Portfolio
Software	11.3%
Healthcare Providers & Services	9.6%
IT Services	9.0%
Biotechnology	5.7%
Insurance	4.9%
Pharmaceuticals	4.6%
Healthcare Technology	3.9%
Diversified Financial Services	3.9%
Oil, Gas & Consumable Fuels	3.3%
Specialty Retail	3.2%
Commercial Services & Supplies	3.2%
Auto Components	3.1%
Remaining 24 Industries	34.3%

**OCSL's portfolio is diverse across borrowers and industries**

As of June 30, 2019

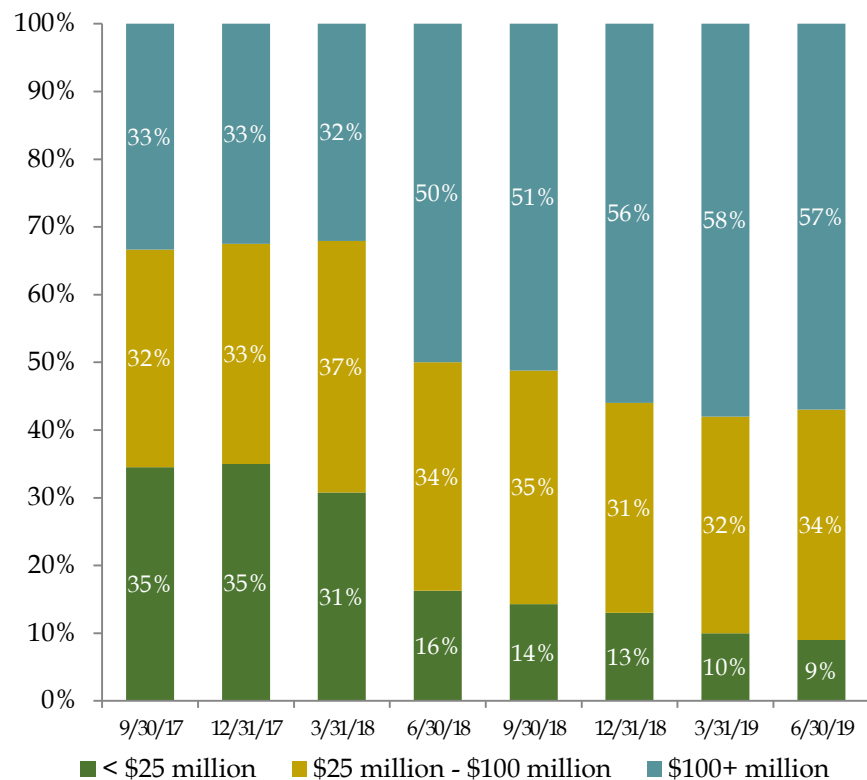
Note: Numbers may not sum due to rounding.

<sup>1</sup> Excludes investments in the Kemper JV.

<sup>2</sup> Based on GICS industry classifications.

# Debt Portfolio Company Metrics

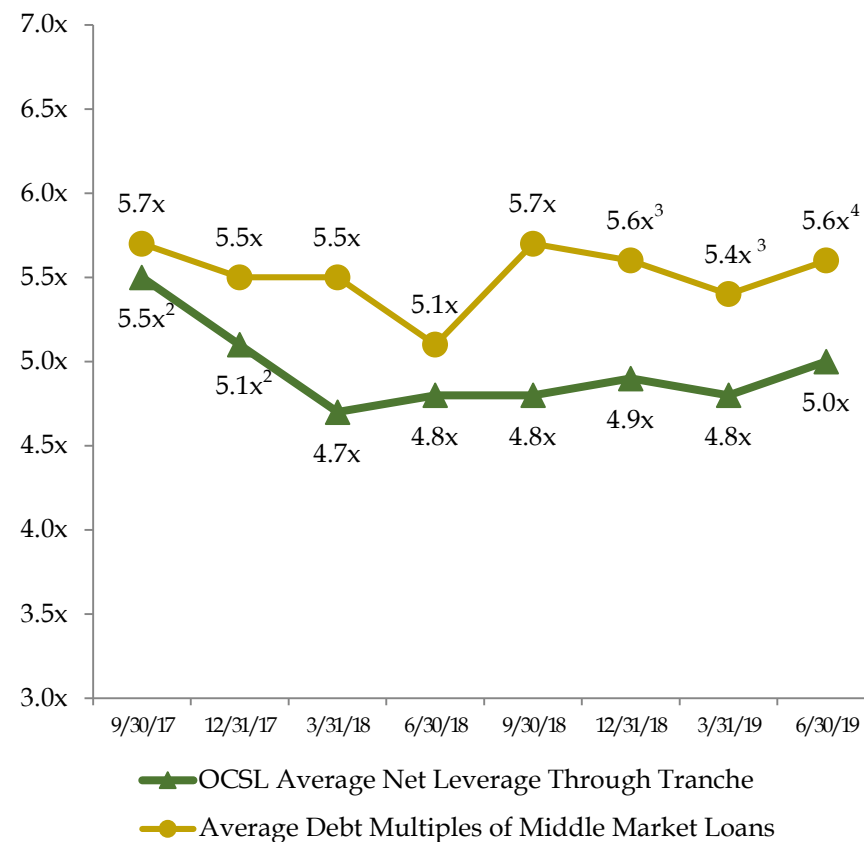
## Debt Portfolio Company EBITDA<sup>1</sup>



Median Debt Portfolio Company EBITDA (\$ in millions)

9/30/17	6/30/18	9/30/18	6/30/19
\$50	\$99	\$103	\$130

## Debt Portfolio Company Leverage<sup>1</sup>



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

Source: S&P Global Market Intelligence.

<sup>1</sup> Excludes negative EBITDA borrowers, investments in aviation subsidiaries and recurring revenue software investments.

<sup>2</sup> Excludes one investment on non-accrual and one venture capital investment.

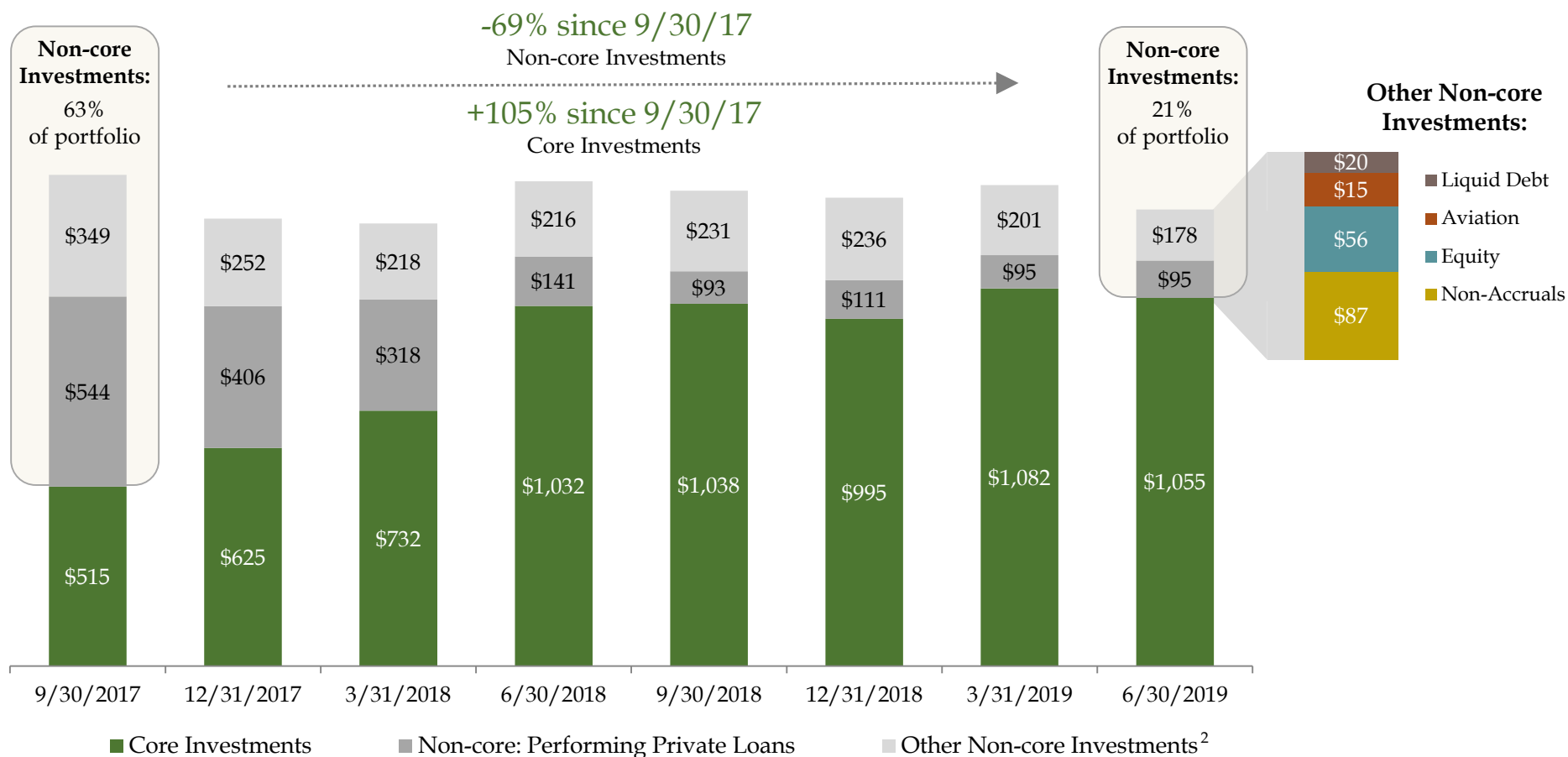
<sup>3</sup> Represents average debt multiples for respective LTM periods, as there were not enough middle market observations during each respective quarter to produce a meaningful average.

<sup>4</sup> Represents average debt multiples for 1H 2019.

# Historical Portfolio Progression

## Portfolio by Category<sup>1</sup>

(\$ in millions, at fair value)



**Non-core private loans and non-accruals currently represent only 14% of OCSL's portfolio**

<sup>1</sup> Excludes investments in the Kemper JV.

<sup>2</sup> Other non-core investments includes liquid debt investments, investments in aviation entities, equity investments and non-accruals.

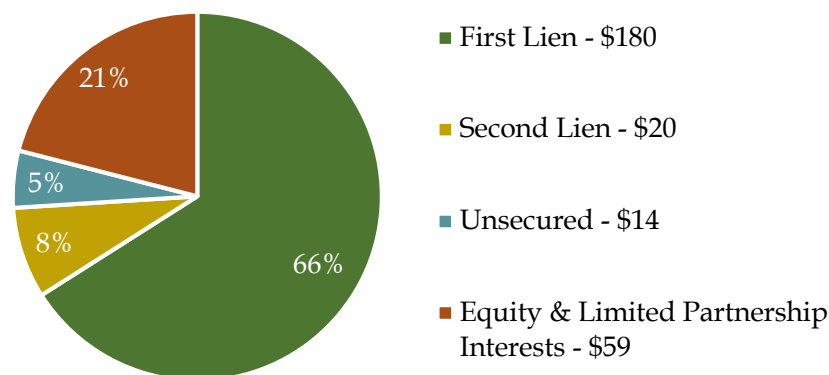
# Non-core Investment Portfolio Detail

## Non-core Investment Portfolio Characteristics

- Private Loans
  - \$95 million at fair value in seven companies
  - Net leverage through tranche: 4.0x (unchanged from prior quarter)
  - Average debt price: 95.0%
- Equity Investments<sup>1</sup>
  - \$56 million at fair value in 24 positions and limited partnership interests in two third party managed funds
  - \$6 million of exits during the quarter
- Aviation
  - \$15 million at fair value with one aircraft remaining
  - Received \$21 million from the sale of one aircraft during the quarter
- Liquid Debt Investments
  - \$20 million at fair value in three companies
  - Average debt price: 99.9%
  - Exited \$11 million at par during July
- Non-accruals
  - \$87 million at fair value in five companies
  - Average debt price: 52.6%
  - Exited Advanced Pain Management during the quarter

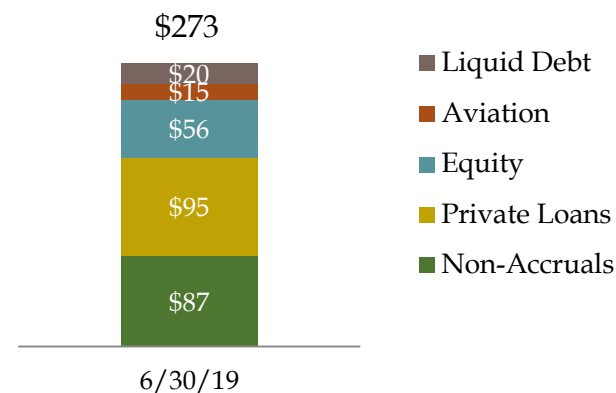
## Non-core Investments by Type

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



## Non-core Portfolio Composition

(At fair value; \$ in millions)



Note: Numbers may not sum due to rounding.

<sup>1</sup> Excludes equity positions in non-accrual debt positions and equity in aviation entities.



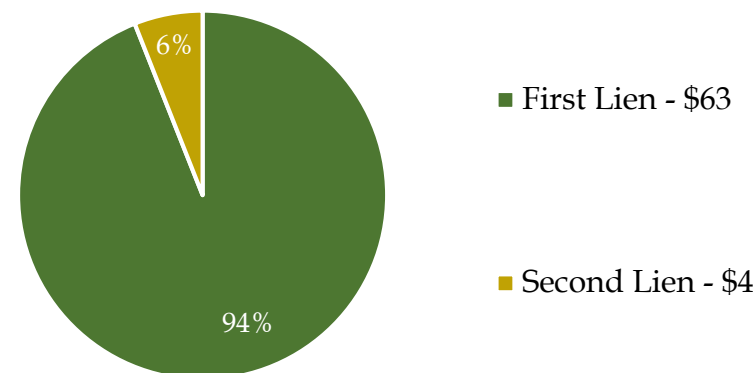
## Q3 2019 Portfolio Originations

### New Investment Highlights

- \$67 million of new investment commitments
- \$74 million of new funded investments<sup>1</sup>
- 7 portfolio companies across 5 industries
- 8.0% weighted average yield at cost of new debt investments
- 100% of new debt investment commitments at floating rates
- 94% of new investments also held by other Oaktree funds

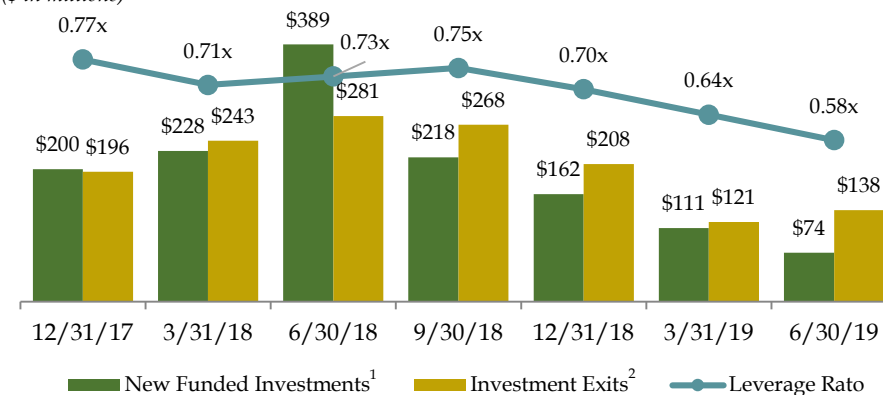
### New Investment Composition

(As % of new investment commitments; \$ in millions)



### Historical Originations and Exits

(\$ in millions)



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

<sup>1</sup> New funded investments includes drawdowns on existing revolver commitments.

<sup>2</sup> Investment exits includes proceeds from prepayments, exits, other paydowns and sales.

**Remaining patient and highly selective when evaluating new investment opportunities given competitive market environment**

## Long-Term Portfolio Objectives

- Diverse portfolio with evenly sized, high conviction investments in companies across a variety of industries that are aligned with our approach to credit investing and have potential to generate attractive returns across market cycles
- Mix of sponsor and non-sponsor owned financings
- Industries which can support levered balance sheets
- \$25 - \$45 million average target investment size
- Current capital structure provides us with the flexibility to achieve our target portfolio

### Long-term Portfolio Composition Ranges<sup>1</sup>:

Long-term Portfolio Targets		Current Portfolio
First Lien Loans	40% - 60%	59%
Second Lien Loans	35% - 55%	28%
Unsecured Debt	5% - 15%	8%
Equity & Other	0% - 10%	5%

As of June 30, 2019

Note: Numbers may not sum due to rounding.

<sup>1</sup> Long-term portfolio compositions may vary depending on market conditions. Excludes investments in the Kemper JV.

# Opportunities to Increase Return on Equity

## 1 Redeploy non-interest generating investments

- \$152 million of non-interest generating investments remain, including \$87 million of non-accruals and \$65 million of equity investments
- Received \$196 million in proceeds from exits of non-interest generating investments since September 30, 2017

## 2 Operate within target leverage range of 0.70x-0.85x debt-to-equity

- Current leverage of 0.58x debt-to-equity is below target leverage range (we would need to deploy at least \$120 million in order to reach 0.70x leverage)
- Continue to be highly selective and patient given competitive market environment

## 3 Utilize additional investment capacity at the Kemper JV

- Continued to position the JV for future growth by upsizing credit facility by \$50 million to \$250 million
- 1.3x leverage (debt-to-equity)
- \$104 million remaining investment capacity (assuming 2.0x leverage)

## 4 Rotate into higher-yielding proprietary investments

- \$20 million of broadly syndicated loans priced below LIBOR + 4.00% as of June 30, 2019
- \$12 million decrease from the prior quarter

**We believe OCSL is well-positioned to enhance return on equity**

# Capital Structure Overview

## Funding Sources

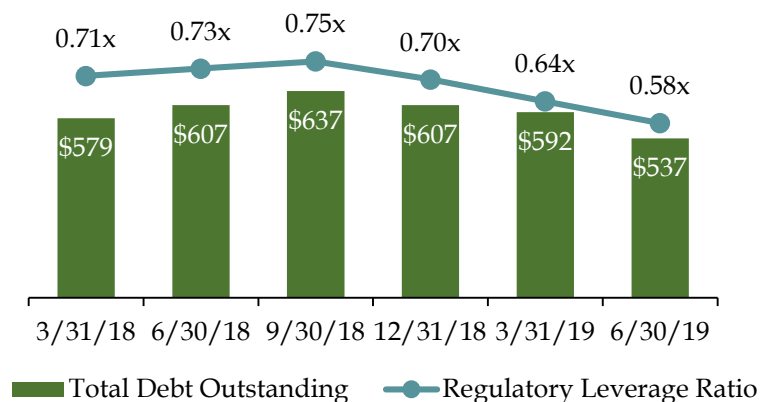
(\$ in millions)

	Committed	Principal Outstanding	Interest Rate	Maturity
Credit Facility	\$700	\$370	LIBOR+2.00% <sup>1</sup>	2/25/2024
2024 Notes	75	75	5.875%	10/30/2024
2028 Notes	86	86	6.125%	4/30/2028
<b>Total</b>	<b>\$881</b>	<b>\$531</b>		

**Target Leverage Ratio: 0.70x-0.85x debt-to-equity**

## Historical Principal Outstanding and Leverage Ratio<sup>2</sup>

(\$ in millions)



As of June 30, 2019

Note: Excludes secured borrowings.

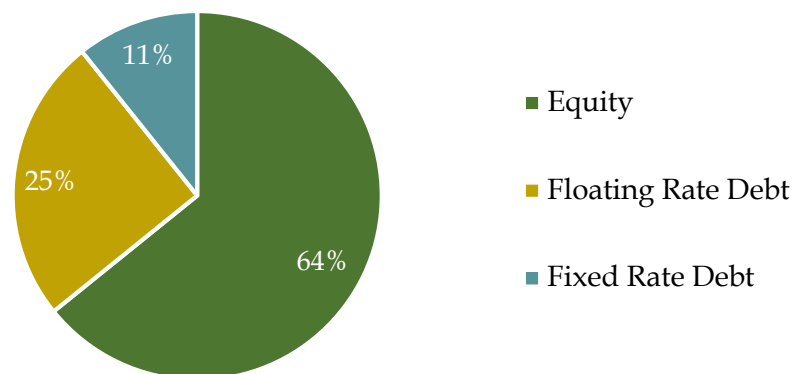
<sup>1</sup> Interest rate spread can increase up to 2.25% depending on the senior coverage ratio.

<sup>2</sup> Represents carrying value of debt, including secured borrowings.

<sup>3</sup> Facility amended, extended and upsized in February 2019 and \$20 million of additional commitments were made in April 2019.

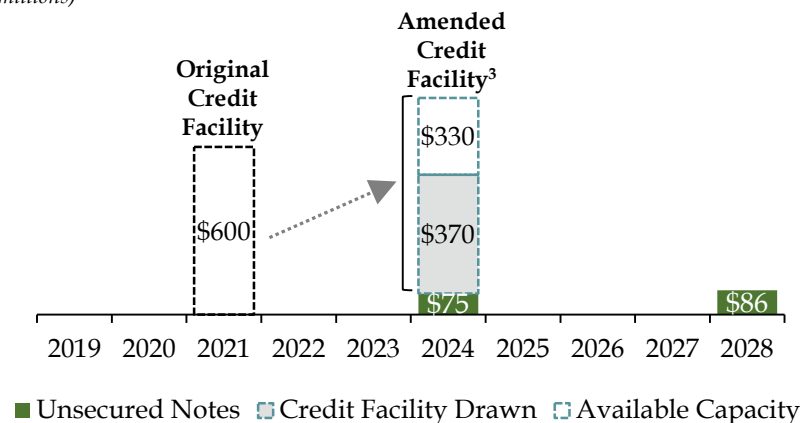
## Funding Sources by Type

(As % of total funding sources)



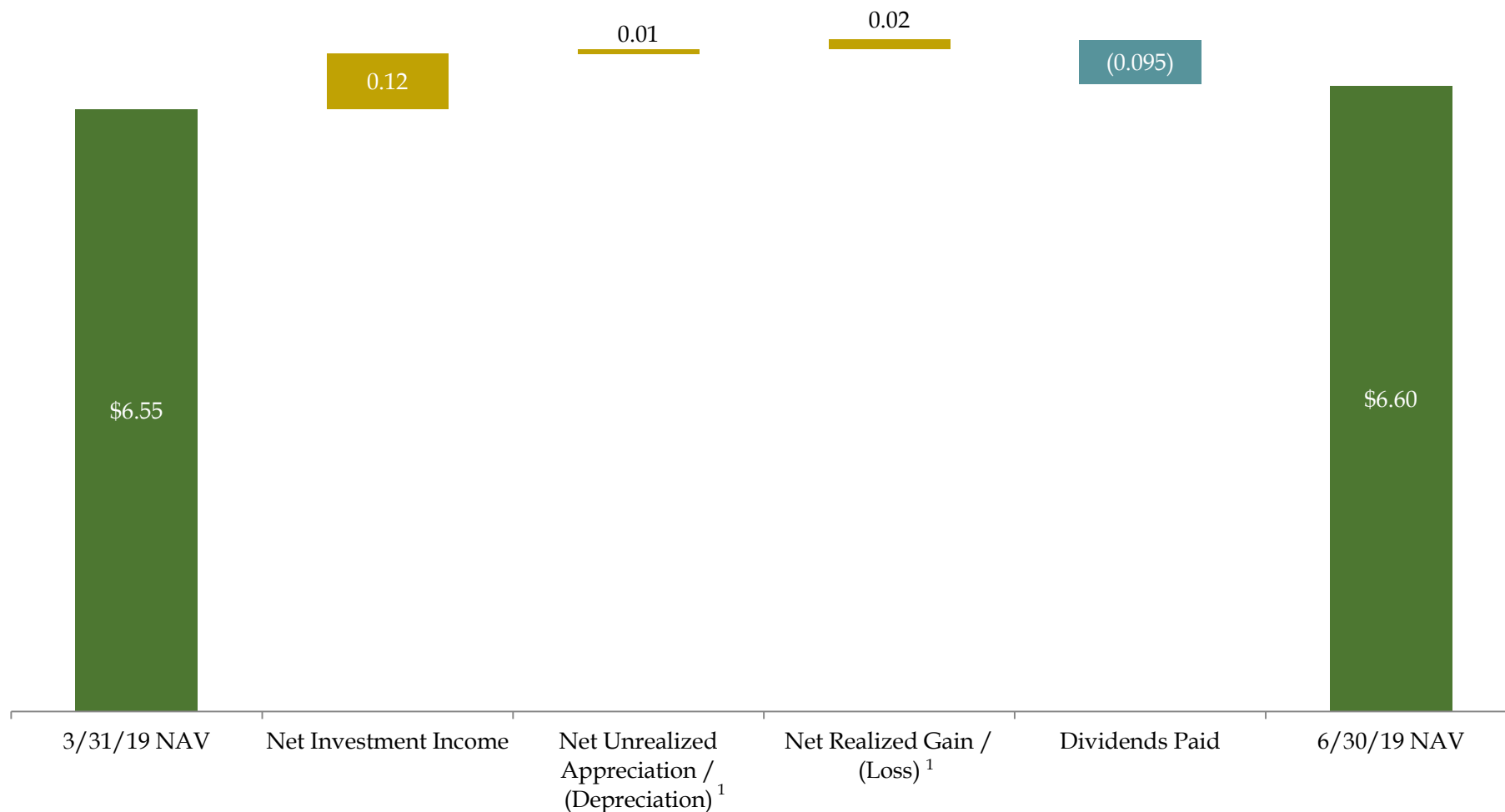
## Maturity Profile of Liabilities

(\$ in millions)



**No debt maturities until 2024**

## Net Asset Value Per Share Bridge



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

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



# Historical Financial Information

Operating Results	For the three months ended				
	6/30/2019	3/31/2019	12/31/2018	9/30/2018	6/30/2018
(\$ in thousands, except per share amounts)					
Interest income	\$32,910	\$34,309	\$35,789	\$35,306	\$26,634
PIK interest income	1,198	2,280	832	499	1,457
Fee income	1,826	1,132	1,202	2,034	2,425
Dividend income	735	523	453	381	1,331
<b>Total investment income</b>	<b>36,669</b>	<b>38,244</b>	<b>38,276</b>	<b>38,220</b>	<b>31,847</b>
Base management fee	5,548	5,731	5,568	5,767	5,909
Parts I & II incentive fees	4,394	11,983	5,548	3,675	2,733
Interest expense	7,592	8,970	8,904	9,323	8,291
Other operating expenses <sup>1</sup>	1,893	1,752	2,503	2,132	2,032
<b>Total expenses</b>	<b>19,427</b>	<b>28,436</b>	<b>22,523</b>	<b>20,897</b>	<b>18,965</b>
Fees waived	634	(7,901)	(1,564)	292	(1,548)
<b>Net expenses</b>	<b>20,061</b>	<b>20,535</b>	<b>20,959</b>	<b>21,189</b>	<b>17,417</b>
<b>Net investment income</b>	<b>16,608</b>	<b>17,709</b>	<b>17,317</b>	<b>17,031</b>	<b>14,430</b>
Net realized and unrealized gains (losses)	3,551	46,685	10,987	16,922	9,822
Provision for income taxes	(173)	91	(586)	(622)	-
<b>Net increase/decrease in net assets resulting from operations</b>	<b>\$19,986</b>	<b>\$64,485</b>	<b>\$27,718</b>	<b>\$33,331</b>	<b>\$24,252</b>
<b>Net investment income per common share</b>	<b>\$0.12</b>	<b>\$0.13</b>	<b>\$0.12</b>	<b>\$0.12</b>	<b>\$0.10</b>
Net realized and unrealized gains (losses) per common share	0.02	0.33	0.08	0.12	0.07
<b>Earnings (loss) per common share – basic and diluted</b>	<b>\$0.14</b>	<b>\$0.46</b>	<b>\$0.20</b>	<b>\$0.24</b>	<b>\$0.17</b>
Distributions per common share	\$0.095	\$0.095	\$0.095	\$0.095	\$0.095

<sup>1</sup> Includes professional fees, directors fees, administrator expenses and general and administrative expenses.

## Historical Financial Information (continued)

Select Balance Sheet and Other Data	As of				
	6/30/2019	3/31/2019	12/31/2018	9/30/2018	6/30/2018
(\$ in thousands, except per share amounts)					
Investment Portfolio (at fair value)	\$1,455,031	\$1,504,888	\$1,464,885	\$1,491,201	\$1,520,518
Total Debt Outstanding <sup>1</sup>	537,278	592,178	607,141	637,213	607,082
Total Net Assets	930,050	923,456	872,362	858,035	838,095
Net Asset Value per share	\$6.60	\$6.55	\$6.19	\$6.09	\$5.95
Total Leverage	0.58x	0.64x	0.70x	0.75x	0.73x
Weighted Average Interest Rate on Debt Outstanding	5.1%	5.1%	5.3%	5.1%	5.2%
Weighted Average Yield on Debt Investments <sup>2</sup>	8.7%	9.0%	8.7%	8.4%	8.8%
Cash Component of Weighted Average Yield on Debt Investments	8.0%	8.3%	8.0%	8.2%	8.5%
Weighted Average Yield on Total Portfolio Investments <sup>3</sup>	8.2%	8.3%	8.1%	8.1%	8.4%

<sup>1</sup> Net of unamortized financing costs.

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

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

# Historical Portfolio Activity

	As of				
(\$ in thousands)	6/30/2019	3/31/2019	12/31/2018	9/30/2018	6/30/2018
Investments at Fair Value	\$1,455,031	\$1,504,888	\$1,464,885	\$1,491,201	\$1,520,518
Number of Portfolio Companies	105	110	110	113	116
Average Portfolio Company Debt Investment Size	\$15,400	\$15,000	\$15,000	\$14,800	\$14,500
<b>Asset Class:</b>					
Senior Secured Debt	79.7%	78.9%	80.0%	75.4%	76.0%
Unsecured Debt	7.0%	8.0%	7.8%	11.0%	10.9%
Equity	4.3%	4.2%	3.3%	4.4%	3.8%
Limited Partnership Interests	0.2%	0.5%	0.5%	0.5%	0.6%
Kemper JV	8.8%	8.4%	8.4%	8.7%	8.7%
<b>Interest Rate Type for Debt Investments:</b>					
% Floating-Rate	88.5%	86.3%	86.6%	83.2%	82.9%
% Fixed-Rate	11.5%	13.7%	13.4%	16.8%	17.1%
<b>Investment Activity:</b>					
New Investment Commitments	\$66,800	\$100,000	\$231,100	\$228,400	\$379,800
New Funded Investment Activity <sup>1</sup>	74,100	111,100	162,400	218,400	389,000
Proceeds from Prepayments, Exits, Other Paydowns and Sales	138,300	120,700	208,300	267,500	280,700
Net New Investments <sup>2</sup>	(64,200)	(9,600)	(45,900)	(49,100)	108,300
Number of New Investment Commitments in New Portfolio Companies	3	5	14	13	24
Number of New Investment Commitments in Existing Portfolio Companies	4	1	3	3	4
Number of Portfolio Company Exits	8	4	14	18	28

<sup>1</sup> New funded investment activity includes drawdowns on existing revolver commitments.

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

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