

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

FORM 8-K

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

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

Oaktree Specialty Lending Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

814-00755
(Commission
File Number)

26-1219283
(IRS Employer
Identification No.)

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

90071
(Zip Code)

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

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging Growth Company

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

Item 2.02. Results of Operations and Financial Condition.

On August 7, 2019, Oaktree Specialty Lending Corporation (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended June 30, 2019. A copy of the press release is attached hereto as Exhibit 99.1.

On August 7, 2019, the Company will host a conference call to discuss its financial results for the fiscal quarter ended June 30, 2019. In connection therewith, the Company provided an investor presentation on its website at <http://www.oaktreespecialtylending.com>. A copy of the investor presentation is attached hereto as Exhibit 99.2.

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

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

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

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

SIGNATURE

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

OAKTREE SPECIALTY LENDING CORPORATION

Date: August 7, 2019

By: /s/ Mel Carlisle
Name: Mel Carlisle
Title: Chief Financial Officer and Treasurer



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

LOS ANGELES, CA, August 7, 2019—Oaktree Specialty Lending Corporation (NASDAQ: OCSL) (“Oaktree Specialty Lending” or the “Company”), a specialty finance company, today announced its unaudited financial results for the fiscal quarter ended June 30, 2019.

Financial Highlights for the Quarter Ended June 30, 2019

- **Total investment income** of \$36.7 million (\$0.26 per share), down from \$38.2 million (\$0.27 per share) for the second fiscal quarter of 2019, primarily reflecting lower original issue discount (“OID”) accretion, partially offset by the call protection and prepayment fees earned in connection with the exit of two investments.
- **Net investment income** of \$16.6 million (\$0.12 per share), down from \$17.7 million (\$0.13 per share) for the second fiscal quarter of 2019, primarily reflecting lower investment income, partially offset by lower operating expenses.
- **Net asset value (“NAV”) per share** of \$6.60, up from \$6.55 for the second fiscal quarter of 2019, primarily driven by income earned in excess of dividends paid and net appreciation on investments.
- **Originated** \$66.8 million of new investment commitments and received \$138.3 million of proceeds from prepayments, exits, other paydowns and sales.
- **A quarterly distribution was declared** of \$0.095 per share, payable on September 30, 2019 to stockholders of record on September 13, 2019.

Edgar Lee, Chief Executive Officer and Chief Investment Officer, said, “The third quarter was highlighted by continued strong financial results and portfolio performance. NAV increased for the sixth consecutive quarter to \$6.60 per share, an 11% increase over the same period one year ago, and net investment income remained solid at \$0.12 per share. We made further progress in reducing risk in the portfolio, successfully exiting \$27 million of non-core investments, while adding \$67 million of new investments that are consistent with our late-cycle investment approach. Importantly, with leverage of only 0.58x and \$330 million of dry powder, we are well capitalized and have ample capacity to invest in new opportunities.”

Distribution Declaration

The 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.

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

Results of Operations

	For the three months ended		
	June 30, 2019	March 31, 2019	June 30, 2018
<i>(\$ in thousands, except per share data)</i>			
Operating results:			
Interest income	\$ 32,910	\$ 34,309	\$ 26,634
PIK interest income	1,198	2,280	1,457
Fee income	1,826	1,132	2,425
Dividend income	735	523	1,331
Total investment income	36,669	38,244	31,847
Net expenses	20,061	20,535	17,417
Net investment income	16,608	17,709	14,430
Net realized and unrealized gains (losses), net of taxes	3,378	46,776	9,822
Net increase (decrease) in net assets resulting from operations	\$ 19,986	\$ 64,485	\$ 24,252
Net investment income per common share	\$ 0.12	\$ 0.13	\$ 0.10
Net realized and unrealized gains (losses), net of taxes per common share	\$ 0.02	\$ 0.33	\$ 0.07
Earnings (loss) per common share — basic and diluted	\$ 0.14	\$ 0.46	\$ 0.17

	As of		
	June 30, 2019	March 31, 2019	September 30, 2018
<i>(\$ in thousands, except per share data and ratios)</i>			
Select balance sheet and other data:			
Investment portfolio at fair value	\$ 1,455,031	\$ 1,504,888	\$ 1,491,201
Total debt outstanding	537,278	592,178	637,213
Net assets	930,050	923,456	858,035
Net asset value per share	6.60	6.55	6.09
Total leverage	0.58x	0.64x	0.75x

Total investment income for the quarter ended June 30, 2019 was \$36.7 million and included \$32.9 million of interest income from portfolio investments, \$1.2 million of payment-in-kind (“PIK”) interest income, \$1.8 million of fee income and \$0.7 million of dividend income. Total investment income was lower as compared to the quarter ended March 31, 2019, primarily due to lower OID accretion, partially offset by the call protection and prepayment fees earned in connection with the exit of two investments during the quarter. PIK interest income represented 3.3% of total investment income for the quarter ended June 30, 2019.

Net expenses for the quarter totaled \$20.1 million, down from the quarter ended March 31, 2019. The decrease in net expenses was primarily driven by lower interest expense as a result of a lower level of borrowings during the quarter, partially offset by higher accrued capital gains incentive fees (net of fees waived). The capital gains incentive fees are required to be accrued under U.S. GAAP, but payment is not contractually due under the terms of the investment advisory agreement, unless and until realized capital gains exceed realized capital losses and unrealized capital depreciation on a cumulative basis.

Net realized and unrealized gains, net of taxes, were \$3.4 million, primarily reflecting unrealized appreciation on certain debt and equity investments.

Portfolio and Investment Activity

(\$ in thousands)	As of		
	June 30, 2019	March 31, 2019	June 30, 2018
Investments at fair value	\$ 1,455,031	\$ 1,504,888	\$ 1,520,518
Number of portfolio companies	105	110	116
Average portfolio company debt size	\$ 15,400	\$ 15,000	\$ 14,500
Asset class:			
Senior secured debt	79.7%	78.9%	76.0%
Unsecured debt	7.0%	8.0%	10.9%
Equity	4.3%	4.2%	3.8%
SLF JV I	8.8%	8.4%	8.7%
Limited partnership interests	0.2%	0.5%	0.6%
Non-accrual debt investments:			
Non-accrual investments at fair value	\$ 86,796	\$ 85,854	\$ 67,131
Non-accrual investments as a percentage of debt investments	6.4%	6.1%	4.6%
Number of investments on non-accrual	5	6	8
Interest rate type:			
Percentage floating-rate	88.5%	86.3%	82.9%
Percentage fixed-rate	11.5%	13.7%	17.1%
Yields:			
Weighted average yield on debt investments (1)	8.7%	9.0%	8.8%
Cash component of weighted average yield on debt investments	8.0%	8.3%	8.5%
Weighted average yield on total portfolio investments (2)	8.2%	8.3%	8.4%
Investment activity:			
New investment commitments	\$ 66,800	\$ 100,000	\$ 379,800
New funded investment activity (3)	\$ 74,100	\$ 111,100	\$ 389,000
Proceeds from prepayments, exits, other paydowns and sales	\$ 138,300	\$ 120,700	\$ 280,700
Net new investments (4)	\$ (64,200)	\$ (9,600)	\$ 108,300
Number of new investment commitments in new portfolio companies	3	5	24
Number of new investment commitments in existing portfolio companies	4	1	4
Number of portfolio company exits	8	4	28

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

As of June 30, 2019, the fair value of the investment portfolio was \$1.5 billion and was comprised of investments in 105 companies. These included debt investments in 82 companies, the investment in Senior Loan Fund JV I, LLC ("SLF JV I") and equity investments in 35 companies, including in SLF JV I and two private equity funds. Thirteen of these equity investments were in companies in which Oaktree Specialty Lending also had a debt investment.

At fair value, 93.4% of the Company's portfolio as of June 30, 2019 consisted of debt investments, including 54.0% of first liens, 25.8% of second liens and 13.6% of unsecured debt investments, including the debt investments in SLF JV I.

As of June 30, 2019, there were five investments on which the Company had stopped accruing cash and/or PIK interest or OID income that, in the aggregate, represented 10.5% of the Company's debt portfolio at cost and 6.4% at fair value. During the three months ended June 30, 2019, the Company exited one investment which was on non-accrual status.

As of June 30, 2019, SLF JV I had \$348.7 million in assets, including senior secured loans to 51 portfolio companies. The joint venture generated income of \$2.3 million for Oaktree Specialty Lending during the quarter ended June 30, 2019. During the quarter ended June 30, 2019, SLF JV I increased the size of its senior revolving credit facility from \$200 million to \$250 million. As of June 30, 2019, SLF JV I had \$62.9 million of undrawn capacity on its senior revolving credit facility.

The Company intends to rotate out of approximately \$273 million, at fair value, of investments it has identified as non-core investments. It will also seek to redeploy non-income generating investments comprised of equity investments, limited partnership interests and loans currently on non-accrual status into proprietary investments with higher yields. Certain additional information on such categorization and the portfolio composition is included in investor presentations that the Company files with the Securities and Exchange Commission ("SEC").

Liquidity and Capital Resources

As of June 30, 2019, the Company had \$5.6 million of cash and cash equivalents, total principal value of debt outstanding of \$542.6 million and \$330.2 million of undrawn capacity on its credit facility, subject to borrowing base and other limitations. The weighted average interest rate on debt outstanding was 5.1% as of June 30, 2019.

As of June 30, 2019, the Company's total leverage ratio was 0.58x debt-to-equity.

Conference Call Information

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

For those individuals unable to listen to the live broadcast of the conference call, a replay will be available on Oaktree Specialty Lending's website, or by dialing (877) 344-7529 (U.S. callers) or +1 (412) 317-0088 (non-U.S. callers), access code 10133101, beginning approximately one hour after the broadcast.

About Oaktree Specialty Lending Corporation

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

Forward-Looking Statements

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

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

Contacts

Investor Relations:
Oaktree Specialty Lending Corporation
Michael Moticchio
(212) 284-1900
ocsl-ir@oaktreecapital.com

Media Relations:
Financial Profiles, Inc.
Moirá Conlon
(310) 478-2700
mediainquiries@oaktreecapital.com

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

	June 30, 2019 (unaudited)	March 31, 2019 (unaudited)	September 30, 2018
ASSETS			
Investments at fair value:			
Control investments (cost June 30, 2019: \$190,181; cost March 31, 2019: \$211,964; cost September 30, 2018: \$213,470)	\$ 175,052	\$ 193,416	\$ 196,874
Affiliate investments (cost June 30, 2019: \$5,064; cost March 31, 2019: \$3,678; cost September 30, 2018: \$1,080)	5,964	4,578	2,161
Non-control/Non-affiliate investments (cost June 30, 2019: \$1,337,252; cost March 31, 2019: \$1,390,882; cost September 30, 2018: \$1,392,383)	<u>1,274,015</u>	<u>1,306,894</u>	<u>1,292,166</u>
Total investments at fair value (cost June 30, 2019: \$1,532,497; cost March 31, 2019: \$1,606,524; cost September 30, 2018: \$1,606,933)	1,455,031	1,504,888	1,491,201
Cash and cash equivalents	5,637	12,815	13,380
Restricted cash	—	337	109
Interest, dividends and fees receivable	13,156	9,822	10,272
Due from portfolio companies	1,850	1,407	1,357
Receivables from unsettled transactions	4	1,818	26,760
Deferred financing costs	6,759	6,848	5,209
Derivative assets at fair value	—	563	162
Other assets	2,579	2,819	3,008
Total assets	<u>\$1,485,016</u>	<u>\$1,541,317</u>	<u>\$ 1,551,458</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable, accrued expenses and other liabilities	\$ 1,078	\$ 1,505	\$ 3,581
Base management fee and incentive fee payable	9,987	8,922	8,223
Due to affiliate	3,431	1,940	3,274
Interest payable	2,267	2,117	3,365
Payable to syndication partners	—	586	109
Payables from unsettled transactions	—	9,900	37,236
Derivative liability at fair value	206	—	—
Deferred tax liability	719	713	422
Credit facility payable	369,825	424,825	241,000
Unsecured notes payable (net of \$2,808, \$2,908 and \$3,483 of unamortized financing costs as of June 30, 2019, March 31, 2019 and September 30, 2018, respectively)	158,442	158,342	386,485
Secured borrowings at fair value (proceeds June 30, 2019: \$11,502; proceeds March 31, 2019: \$11,502; proceeds September 30, 2018: \$12,314)	9,011	9,011	9,728
Total liabilities	<u>554,966</u>	<u>617,861</u>	<u>693,423</u>
Commitments and contingencies			
Net assets:			
Common stock, \$0.01 par value per share, 250,000 shares authorized; 140,961 shares issued and outstanding as of June 30, 2019, March 31, 2019 and September 30, 2018	1,409	1,409	1,409
Additional paid-in-capital	1,492,739	1,492,739	1,492,739
Accumulated overdistributed earnings	<u>(564,098)</u>	<u>(570,692)</u>	<u>(636,113)</u>
Total net assets (equivalent to \$6.60, \$6.55 and \$6.09 per common share as of June 30, 2019, March 31, 2019 and September 30, 2018, respectively)	930,050	923,456	858,035
Total liabilities and net assets	<u>\$1,485,016</u>	<u>\$1,541,317</u>	<u>\$ 1,551,458</u>

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

	Three months ended June 30, 2019	Three months ended March 31, 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	\$ 2,852	\$ 2,737	\$ 9,050	\$ 9,011
Affiliate investments	70	22	161	105	2,027
Non-control/Non-affiliate investments	29,850	31,231	23,629	93,248	71,727
Interest on cash and cash equivalents	131	204	107	605	440
Total interest income	32,910	34,309	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	2,280	360	4,243	1,408
Total PIK interest income	1,198	2,280	1,457	4,310	5,270
Fee income:					
Control investments	6	7	697	19	945
Affiliate investments	5	5	—	14	48
Non-control/Non-affiliate investments	1,815	1,120	1,728	4,127	6,405
Total fee income	1,826	1,132	2,425	4,160	7,398
Dividend income:					
Control investments	735	523	1,331	1,711	4,629
Total dividend income	735	523	1,331	1,711	4,629
Total investment income	36,669	38,244	31,847	113,189	100,502
Expenses:					
Base management fee	5,548	5,731	5,909	16,847	16,885
Part I incentive fee	3,787	3,813	2,733	11,328	6,810
Part II incentive fee	607	8,170	—	10,597	—
Professional fees	721	499	924	2,186	4,837
Directors fees	143	142	154	428	507
Interest expense	7,592	8,970	8,291	25,466	26,405
Administrator expense	384	406	466	1,553	1,351
General and administrative expenses	645	705	488	1,981	2,326
Total expenses	19,427	28,436	18,965	70,386	59,121
Fees waived	634	(7,901)	(1,548)	(8,831)	(1,634)
Net expenses	20,061	20,535	17,417	61,555	57,487
Net investment income	16,608	17,709	14,430	51,634	43,015
Unrealized appreciation (depreciation):					
Control investments	3,419	3,868	97,000	1,467	89,825
Affiliate investments	—	(181)	72	(181)	(2,159)
Non-control/Non-affiliate investments	20,744	17,108	1,810	37,068	(34,696)
Secured borrowings	—	(76)	377	(95)	2,440
Foreign currency forward contracts	(768)	753	—	(367)	—
Net unrealized appreciation (depreciation)	23,395	21,472	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)	25,899	2,033	21,548	4,548
Foreign currency forward contracts	1,268	(686)	—	1,783	—
Net realized gains (losses)	(19,844)	25,213	(89,437)	23,331	(84,874)
Redemption premium on unsecured notes payable	—	—	—	—	(120)
Provision for income tax (expense) benefit	(173)	91	—	(668)	—
Net realized and unrealized gains (losses), net of taxes	3,378	46,776	9,822	60,555	(29,584)
Net increase (decrease) in net assets resulting from operations	\$ 19,986	\$ 64,485	\$ 24,252	\$ 112,189	\$ 13,431
Net investment income per common share — basic and diluted	\$ 0.12	\$ 0.13	\$ 0.10	\$ 0.37	\$ 0.31
Earnings (loss) per common share — basic and diluted	\$ 0.14	\$ 0.46	\$ 0.17	\$ 0.80	\$ 0.10
Weighted average common shares outstanding — basic and diluted	140,961	140,961	140,961	140,961	140,961



OAKTREE

OCSL | Specialty Lending Corporation

Third Quarter
Fiscal Year 2019
Earnings
Presentation

August 7, 2019

Nasdaq: OCSL

Forward Looking Statements

Some of the statements in this presentation constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this presentation may include statements as to: our future operating results and distribution projections; the ability of Oaktree Capital Management, L.P. (“Oaktree”) to find lower-risk investments to reposition our portfolio and to implement Oaktree’s future plans with respect to our business; our business prospects and the prospects of our portfolio companies; the impact of the investments that we expect to make; the ability of our portfolio companies to achieve their objectives; our expected financings and investments and additional leverage we may seek to incur in the future; the adequacy of our cash resources and working capital; the timing of cash flows, if any, from the operations of our portfolio companies; and the cost or potential outcome of any litigation to which we may be a party. In addition, words such as “anticipate,” “believe,” “expect,” “seek,” “plan,” “should,” “estimate,” “project” and “intend” indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this presentation involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in “Risk Factors” and elsewhere in our annual report on Form 10-K for the fiscal year ended September 30, 2018 and our quarterly report on Form 10-Q for the quarter ended December 31, 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.



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

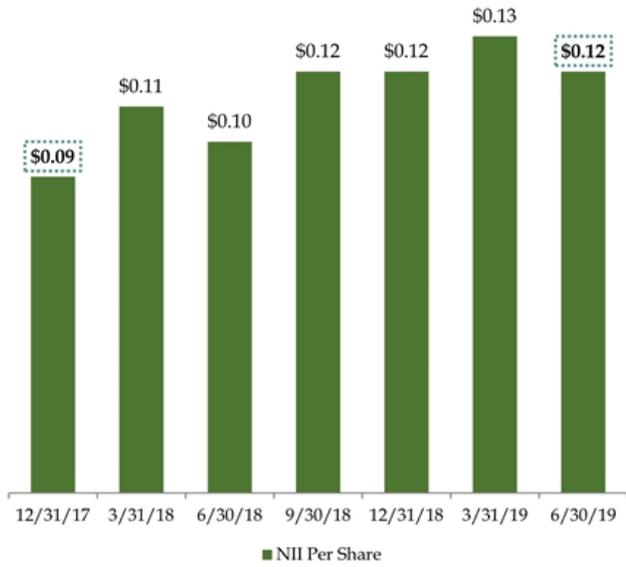
- Exited approximately \$27 million of non-core investments, including an investment on non-accrual during the quarter ended June 30, 2019
- Non-core investments have been reduced by \$620 million or 69% since September 30, 2017
- Core investments have more than doubled to \$1.1 billion since September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

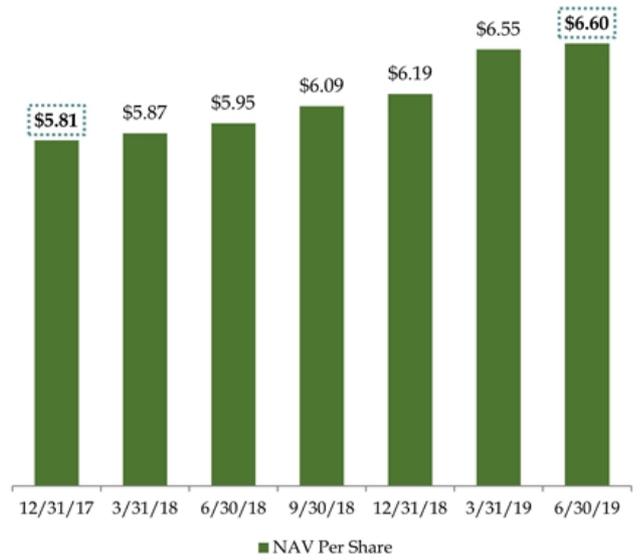
Key Earnings Metrics

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

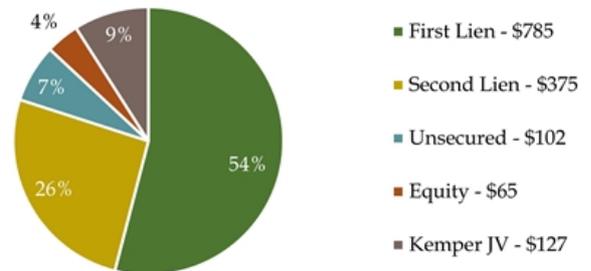
Portfolio Summary as of June 30, 2019

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 size¹
- 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 Industries²

(As % of total portfolio, at fair value)



Note: Numbers may not sum due to rounding.

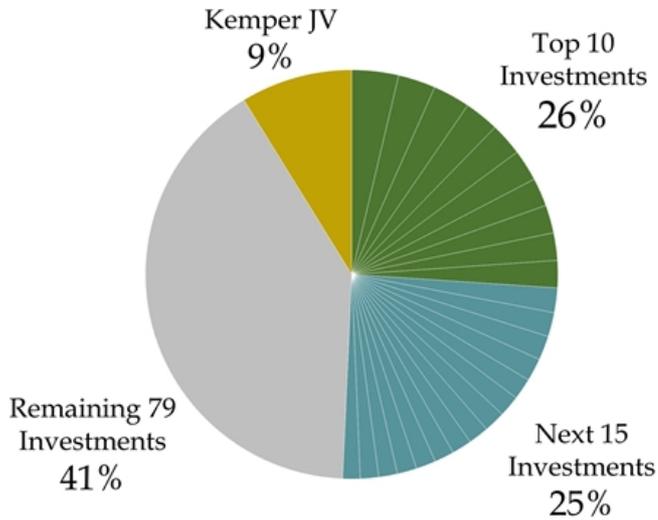
¹ Excludes investments in Senior Loan Fund JV I, LLC ("Kemper JV"), a joint venture that invests primarily in middle market and other corporate debt securities.

² 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^{1,2}

(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

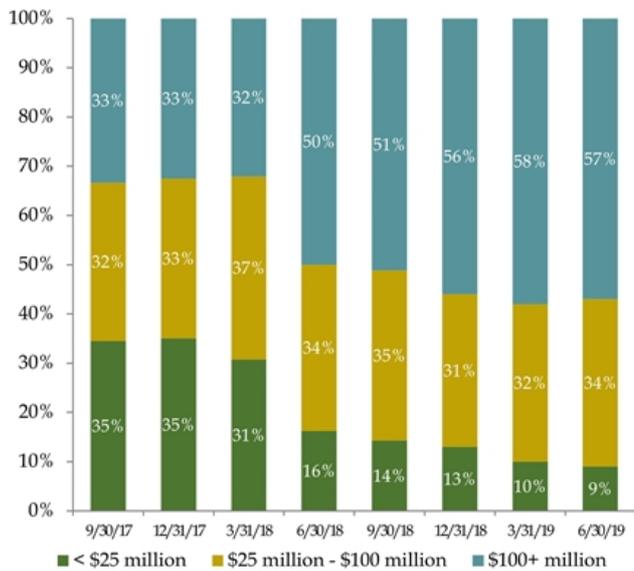
Note: Numbers may not sum due to rounding.

¹ Excludes investments in the Kemper JV.

² Based on GICS industry classifications.

Debt Portfolio Company Metrics

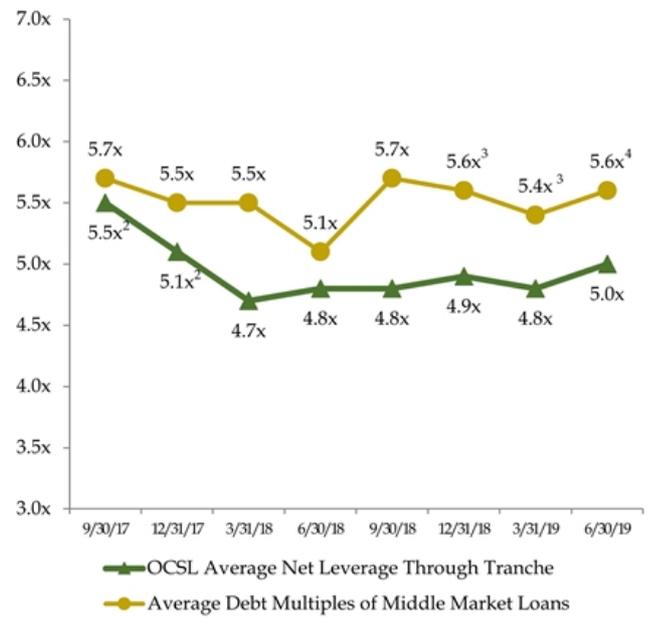
Debt Portfolio Company EBITDA¹



Median Debt Portfolio Company EBITDA (\$ in millions)

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

Debt Portfolio Company Leverage¹



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

Source: S&P Global Market Intelligence.

¹ Excludes negative EBITDA borrowers, investments in aviation subsidiaries and recurring revenue software investments.

² Excludes one investment on non-accrual and one venture capital investment.

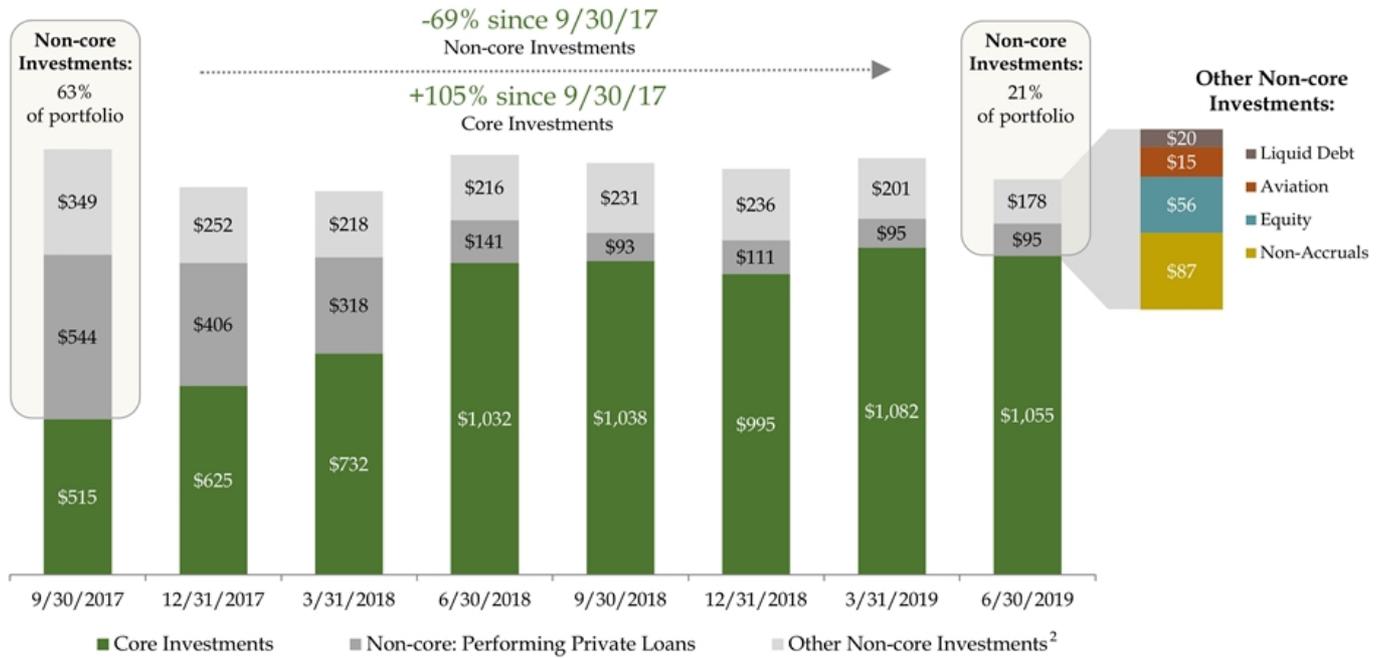
³ Represents average debt multiples for respective LTM periods, as there were not enough middle market observations during each respective quarter to produce a meaningful average.

⁴ Represents average debt multiples for 1H 2019.

Historical Portfolio Progression

Portfolio by Category¹

(\$ in millions, at fair value)



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

¹ Excludes investments in the Kemper JV.

² 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

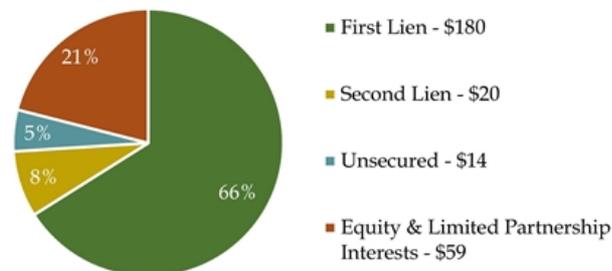
- Private Loans
 - \$95 million at fair value in seven companies
 - Net leverage through tranche: 4.0x (unchanged from prior quarter)
 - Average debt price: 95.0%
- Equity Investments¹
 - \$56 million at fair value in 24 positions and limited partnership interests in two third party managed funds
 - \$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

Note: Numbers may not sum due to rounding.

¹ Excludes equity positions in non-accrual debt positions and equity in aviation entities.

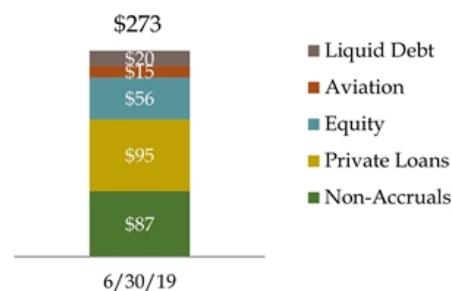
Non-core Investments by Type

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



Non-core Portfolio Composition

(At fair value; \$ in millions)



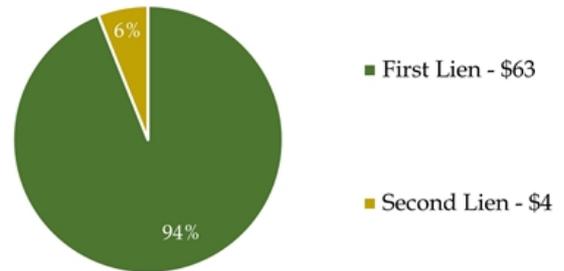
Q3 2019 Portfolio Originations

New Investment Highlights

- \$67 million of new investment commitments
- \$74 million of new funded investments¹
- 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)



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

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

¹ New funded investments includes drawdowns on existing revolver commitments.

² Investment exits includes proceeds from prepayments, exits, other paydowns and sales.

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
<i>(\$ in thousands, except per share amounts)</i>					
Operating Results					
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
Total investment income	36,669	38,244	38,276	38,220	31,847
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 ¹	1,893	1,752	2,503	2,132	2,032
Total expenses	19,427	28,436	22,523	20,897	18,965
Fees waived	634	(7,901)	(1,564)	292	(1,548)
Net expenses	20,061	20,535	20,959	21,189	17,417
Net investment income	16,608	17,709	17,317	17,031	14,430
Net realized and unrealized gains (losses)	3,551	46,685	10,987	16,922	9,822
Provision for income taxes	(173)	91	(586)	(622)	-
Net increase/decrease in net assets resulting from operations	\$19,986	\$64,485	\$27,718	\$33,331	\$24,252
Net investment income per common share	\$0.12	\$0.13	\$0.12	\$0.12	\$0.10
Net realized and unrealized gains (losses) per common share	0.02	0.33	0.08	0.12	0.07
Earnings (loss) per common share - basic and diluted	\$0.14	\$0.46	\$0.20	\$0.24	\$0.17
Distributions per common share	\$0.095	\$0.095	\$0.095	\$0.095	\$0.095

¹ 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
Investment Portfolio (at fair value)	\$1,455,031	\$1,504,888	\$1,464,885	\$1,491,201	\$1,520,518
Total Debt Outstanding ¹	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 ²	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 ³	8.2%	8.3%	8.1%	8.1%	8.4%

¹ Net of unamortized financing costs.

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

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

Historical Portfolio Activity

(\$ in thousands)	As of				
	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
Asset Class:					
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%
Interest Rate Type for Debt Investments:					
% Floating-Rate	88.5%	86.3%	86.6%	83.2%	82.9%
% Fixed-Rate	11.5%	13.7%	13.4%	16.8%	17.1%
Investment Activity:					
New Investment Commitments	\$66,800	\$100,000	\$231,100	\$228,400	\$379,800
New Funded Investment Activity ¹	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 ²	(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

¹ New funded investment activity includes drawdowns on existing revolver commitments.

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

Net Asset Value Per Share Bridge



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

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

Capital Structure Overview

Funding Sources

(\$ in millions)

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

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

Historical Principal Outstanding and Leverage Ratio²

(\$ in millions)



As of June 30, 2019

Note: Excludes secured borrowings.

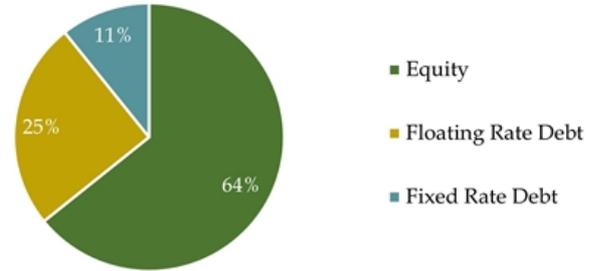
¹ Interest rate spread can increase up to 2.25% depending on the senior coverage ratio.

² Represents carrying value of debt, including secured borrowings.

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

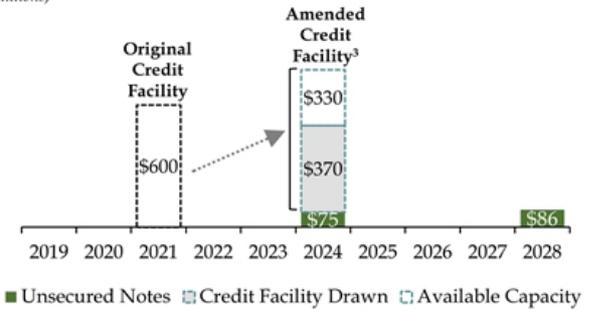
Funding Sources by Type

(As % of total funding sources)



Maturity Profile of Liabilities

(\$ in millions)



No debt maturities until 2024

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

As of June 30, 2019

Contact:
Michael Mosticchio, Investor Relations
ocsl-ir@oaktreecapital.com

