

New Mountain Finance Corp  
Form 497  
September 20, 2018

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**Filed Pursuant to Rule 497  
Securities Act File No. 333-218040**

**This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but the information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting an offer to buy these securities in any jurisdiction where the offer and sale is not permitted.**

**Subject to Completion, Dated September 20, 2018**

**PRELIMINARY PROSPECTUS SUPPLEMENT  
(to Prospectus dated July 13, 2018)**

\$

## **New Mountain Finance Corporation**

**% Notes due 2023**

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New Mountain Finance Corporation ("NMFC", the "Company", "we", "us" and "our") is a Delaware corporation that was originally incorporated on June 29, 2010. We are a closed-end, 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 (the "1940 Act"). Our investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. Our first lien debt may include traditional first lien senior secured loans or unitranche loans. Unitranche loans combine characteristics of traditional first lien senior secured loans as well as second lien and subordinated loans. Unitranche loans will expose us to the risks associated with second lien and subordinated loans to the extent we invest in the "last out" tranche. In some cases, our investments may also include equity interests. Our primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance.

The investments that we invest in are almost entirely rated below investment grade or may be unrated, which are often referred to as "leveraged loans", "high yield" or "junk" debt investments, and may be considered "high risk" or speculative compared to debt investments that are rated investment grade. Such issuers are considered more likely than investment grade issuers to default on their payments of interest and principal and such risk of default could reduce our net asset value and income distributions. Our investments are also primarily floating rate debt investments that contain interest reset provisions that may make it more difficult for borrowers to make debt repayments to us if interest rates rise. In addition, some of our debt investments will not fully amortize during their lifetime, which could result in a loss or a substantial amount of unpaid principal and interest due upon maturity. Our debt investments may also lose significant market value before a default occurs. Furthermore, an active trading market may not exist for these securities. This illiquidity may make it more difficult to value our investments.

We are offering \$ \_\_\_\_\_ in aggregate principal amount of \_\_\_\_\_ % notes due 2023, or the "Notes." The Notes will mature on October 1, 2023. We will pay interest quarterly on the Notes on January 1, April 1, July 1 and October 1 of each year, beginning on January 1, 2019. We may redeem the Notes in whole or in part at any time or from time to time, at the redemption price set forth under "Specific Terms of the Notes and the Offering Optional Redemption" in this prospectus supplement. The Notes will be issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.

We intend to apply to list the Notes on the New York Stock Exchange, or NYSE, and we expect trading in the Notes on the NYSE to begin within 30 days of the original issue date under the symbol "NMFV." The Notes are expected to trade "flat," which means that purchasers will not pay, and sellers will not receive, any accrued and unpaid interest on the Notes that is not reflected in the trading price. Currently, there is no public market for the Notes.

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The Notes will be our unsecured obligations. As of September 18, 2018, we had \$1,286.3 million of indebtedness outstanding, \$731.0 million of which was secured indebtedness and \$555.3 million of which was unsecured indebtedness. The Notes will be our direct unsecured obligations and rank *pari passu*, or equally in right of payment, with all outstanding and future unsecured, unsubordinated indebtedness issued by us.

**An investment in the Notes involves risks that are described in the "Supplementary Risk Factors" section beginning on page S-21 in this prospectus supplement and the "Risk Factors" section beginning on page 27 of the accompanying prospectus.**

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in the Notes. Please read this prospectus supplement and the accompanying prospectus before investing and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission (<http://www.sec.gov>), which is available free of charge by contacting us by mail at 787 Seventh Avenue, 48th Floor, New York, New York 10019 or on our website at <http://www.newmountainfinance.com>. Information contained on our website is not incorporated by reference into this prospectus supplement and the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement and the accompanying prospectus.

**Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

	Per Note	Total
Public Offering Price	\$	\$
Sales Load paid by us (Underwriting Discounts and Commissions)(1)	\$	\$
Proceeds to us (before expenses)(2)	\$	\$

(1) See "Underwriting" for details of compensation to be received by the underwriters. Reflects an underwriting discount that may vary between sales to retail investors and sales to institutional investors.

(2) All expenses of the offering will be borne by us. We will incur approximately \$0.3 million of estimated expenses in connection with this offering.

We have granted the underwriters an option to purchase up to an additional \$ million aggregate principal amount of Notes on the same terms and conditions as set forth above, exercisable within 30 days from the date of this prospectus supplement. If the underwriters exercise this option in full, the total public offering price will be \$ , the total sales load (discounts and commissions) paid by us will be \$ , and total proceeds, before expenses, will be \$ .

**THE NOTES ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.**

Delivery of the Notes in book-entry form only through The Depository Trust Company will be made on or about September , 2018.

*Sole Bookrunning Manager*

**Keefe, Bruyette & Woods**

A Stifel Company

*Co-Lead Managers*

**Janney Montgomery  
Scott**

**BB&T Capital  
Markets**

**William  
Blair & Co.**

**Ladenburg  
Thalman**

**Oppenheimer & Co.**

*Co-Manager*

**Wedbush Securities**

Prospectus Supplement dated September

, 2018

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

**You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized any other person to provide you with different information from that contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to buy, these securities by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information contained in this prospectus supplement and the accompanying prospectus is complete and accurate only as of their respective dates, regardless of the time of their delivery or sale of these securities. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information different from or additional to the information in that prospectus.**

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from the information contained in the accompanying prospectus, the information in this prospectus supplement shall control. Please carefully read this prospectus supplement and the accompanying prospectus together with any exhibits and the additional information described under "Available Information", "Prospectus Supplement Summary" and "Supplementary Risk Factors" in this prospectus supplement and the "Available Information", "Summary" and "Risk Factors" sections of the accompanying prospectus before you make an investment decision. Unless otherwise indicated, all information included in this prospectus supplement assumes no exercise by the underwriters of their option to purchase up to an additional \$                      aggregate principal amount of Notes.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights some of the information in this prospectus supplement and the accompanying prospectus. It may not contain all the information that is important to you. For a more complete understanding, we encourage you to read this entire prospectus supplement and the accompanying prospectus and the documents to which we have referred in this prospectus supplement, together with the accompanying prospectus, including the risks set forth under "Supplementary Risk Factors" in this prospectus supplement and "Risk Factors" in the accompanying prospectus, and the other information included in this prospectus supplement and the accompanying prospectus.*

*In this prospectus supplement, unless the context otherwise requires, references to:*

*"NMFC", the "Company", "we", "us" and "our" refers to New Mountain Finance Corporation, a Delaware corporation, which was incorporated on June 29, 2010, including, where appropriate, its wholly-owned direct and indirect subsidiaries;*

*"NMF Holdings" and "Predecessor Operating Company" refers to New Mountain Finance Holdings, L.L.C., a Delaware limited liability company;*

*"NMF SLF" refers to New Mountain Finance SPV Funding, L.L.C., a Delaware limited liability company;*

*"NMNLC" refers to New Mountain Net Lease Corporation, a Maryland corporation;*

*"SBIC I GP" refers to New Mountain Finance SBIC G.P. L.L.C., a Delaware limited liability company;*

*"SBIC I" refers to New Mountain Finance SBIC L.P., a Delaware limited partnership;*

*"SBIC II GP" refers to New Mountain Finance SBIC II G.P. L.L.C., a Delaware limited liability company;*

*"SBIC II" refers to New Mountain Finance SBIC II L.P., a Delaware limited partnership;*

*"Guardian AIV" refers to New Mountain Guardian AIV, L.P.;*

*"AIV Holdings" refers to New Mountain Finance AIV Holdings Corporation, a Delaware corporation which was incorporated on March 11, 2011, of which Guardian AIV was the sole stockholder;*

*"Investment Adviser" refers to New Mountain Finance Advisers BDC, L.L.C., our investment adviser;*

*"Administrator" refers to New Mountain Finance Administration, L.L.C., our administrator;*

*"New Mountain Capital" refers to New Mountain Capital Group, L.L.C. and its affiliates;*

*"Predecessor Entities" refers to New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P., together with their respective direct and indirect wholly-owned subsidiaries prior to our initial public offering;*

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*"NMFC Credit Facility" refers to our Senior Secured Revolving Credit Agreement with Goldman Sachs Bank USA, Morgan Stanley Bank, N.A. and Stifel Bank & Trust, dated June 4, 2014, as amended (together with the related guarantee and security agreement);*

*"Holdings Credit Facility" refers to NMF Holdings' Third Amended and Restated Loan and Security Agreement with Wells Fargo Bank, National Association, dated October 24, 2017, as amended;*

*"Predecessor Holdings Credit Facility" refers to NMF Holdings' Amended and Restated Loan and Security Agreement with Wells Fargo Bank, National Association, dated May 19, 2011, as amended;*

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*"SLF Credit Facility" refers to NMF SLF's Loan and Security Agreement with Wells Fargo Bank, National Association, dated October 27, 2010, as amended;*

*"2014 Convertible Notes" refers to our 5.00% convertible notes due 2019 issued on June 3, 2014 and September 30, 2016 under an indenture dated June 3, 2014, between us and U.S. Bank National Association, as trustee;*

*"2016 Unsecured Notes" refers to our 5.313% unsecured notes due May 15, 2021 issued on May 6, 2016 and September 30, 2016 to institutional investors in a private placement;*

*"2017A Unsecured Notes" refers to our 4.760% unsecured notes due July 15, 2022 issued on June 30, 2017 to institutional investors in a private placement;*

*"2018A Unsecured Notes" refers to our 4.870% unsecured notes due January 30, 2023 issued on January 30, 2018 to institutional investors in a private placement;*

*"2018B Unsecured Notes" refers to our 5.36% unsecured notes due June 28, 2023 issued on July 5, 2018 to institutional investors in a private placement;*

*"2018 Convertible Notes" refers to our 5.75% convertible notes due 2023 issued on August 20, 2018 under an indenture and a first supplemental indenture, both dated August 20, 2018, between us and U.S. Bank National Association, as trustee; and*

*"Unsecured Notes" refers to the 2016 Unsecured Notes, the 2017A Unsecured Notes, the 2018A Unsecured Notes and the 2018B Unsecured Notes.*

*For the periods prior to and as of December 31, 2013, all financial information provided in this prospectus supplement and accompanying prospectus reflect our organizational structure prior to the restructuring on May 8, 2014 described under "Description of Restructuring" in the accompanying prospectus, where NMF Holdings functioned as the operating company.*

### **Overview**

#### ***New Mountain Finance Corporation***

We are a Delaware corporation that was originally incorporated on June 29, 2010 and completed our initial public offering ("IPO") on May 19, 2011. We are a closed-end, non-diversified management investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). As such, we are obligated to comply with certain regulatory requirements. We have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). NMFC is also registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

The Investment Adviser is a wholly-owned subsidiary of New Mountain Capital. New Mountain Capital is a firm with a track record of investing in the middle market. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity and credit investment vehicles. The Investment Adviser manages our day-to-day operations and provides us with investment advisory and management services. The Administrator, a wholly-owned subsidiary of New Mountain Capital, provides the administrative services necessary to conduct our day-to-day operations.

Our wholly-owned subsidiary, NMF Holdings, is a Delaware limited liability company whose assets are used to secure NMF Holdings' credit facility. For additional information about our organizational structure prior to May 8, 2014, see "Description of Restructuring" in the accompanying prospectus. NMF Ancora Holdings Inc. ("NMF Ancora"), NMF QID NGL Holdings, Inc. ("NMF QID") and NMF YP Holdings Inc. ("NMF YP"), our wholly-owned subsidiaries, are structured as Delaware entities that serve as tax blocker corporations which hold



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equity or equity-like investments in portfolio companies organized as limited liability companies (or other forms of pass-through entities). We consolidate our tax

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blocker corporations for accounting purposes. The tax blocker corporations are not consolidated for income tax purposes and may incur income tax expense as a result of their ownership of the portfolio companies. Additionally, our wholly-owned subsidiary, New Mountain Finance Servicing, L.L.C. ("NMF Servicing"), serves as the administrative agent on certain investment transactions. SBIC I, and its general partner, SBIC I GP, are organized in Delaware as a limited partnership and limited liability company, respectively. During the year ended December 31, 2017, SBIC II and its general partner, SBIC II GP, were organized in Delaware as a limited partnership and limited liability company, respectively. SBIC I, SBIC I GP, SBIC II and SBIC II GP are our consolidated wholly-owned direct and indirect subsidiaries. SBIC I and SBIC II each received a license from the United States ("U.S.") Small Business Administration (the "SBA") to operate as a small business investment company ("SBIC") under Section 301(c) of the Small Business Investment Act of 1958, as amended (the "1958 Act"). Our wholly-owned subsidiary, NMNLC, a Maryland corporation, was formed to acquire commercial real properties that are subject to "triple net" leases and has qualified and intends to continue to qualify as a real estate investment trust ("REIT") within the meaning of Section 856(a) of the Code.

Our investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. The first lien debt may include traditional first lien senior secured loans or unitranche loans. Unitranche loans combine characteristics of traditional first lien senior secured loans as well as second lien and subordinated loans. Unitranche loans will expose us to the risks associated with second lien and subordinated loans to the extent we invest in the "last out" tranche. In some cases, our investments may also include equity interests. Our primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance. Similar to us, SBIC I's and SBIC II's investment objectives are to generate current income and capital appreciation under our investment criteria. However, SBIC I's and SBIC II's investments must be in SBA eligible small businesses. Our portfolio may be concentrated in a limited number of industries. As of June 30, 2018, our top five industry concentrations were business services, software, healthcare services, education and investment funds.

The investments that we invest in are almost entirely rated below investment grade or may be unrated, which are often referred to as "leveraged loans", "high yield" or "junk" debt investments, and may be considered "high risk" or speculative compared to debt investments that are rated investment grade. Such issuers are considered more likely than investment grade issuers to default on their payments of interest and principal, and such risk of default could reduce our net asset value and income distributions. Our investments are also primarily floating rate debt investments that contain interest reset provisions that may make it more difficult for borrowers to make debt repayments to us if interest rates rise. In addition, some of our debt investments will not fully amortize during their lifetime, which could result in a loss or a substantial amount of unpaid principal and interest due upon maturity. Our debt investments may also lose significant market value before a default occurs. Furthermore, an active trading market may not exist for these securities. This illiquidity may make it more difficult to value our investments.

As of June 30, 2018, our net asset value was \$1,032.6 million and our portfolio had a fair value of approximately \$2,098.0 million in 89 portfolio companies, with a weighted average yield to maturity at cost for income producing investments ("YTM at Cost") of approximately 11.1% and a weighted average yield to maturity at cost for all investments ("YTM at Cost for Investments") of approximately 10.9%. The YTM at Cost calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. The YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or

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losses and exited at par at maturity. YTM at Cost and YTM at Cost for Investments calculations exclude the impact of existing leverage. YTM at Cost and YTM at Cost for Investments uses the London Interbank Offered Rate ("LIBOR") curves at each quarter's end date. The actual yield to maturity may be higher or lower due to the future selection of the LIBOR contracts by the individual companies in our portfolio or other factors.

**Recent Developments**

On July 5, 2018, we entered into a third supplement (the "Supplement") to our Amended and Restated Note Purchase Agreement, dated September 30, 2016 (the "NPA"). Pursuant to the Supplement, on July 5, 2018, we issued to an institutional investor identified therein, in a private placement, \$50.0 million in aggregate principal amount of 2018B Unsecured Notes as an additional series of notes under the NPA. Except as set forth in the Supplement, the 2018B Unsecured Notes have the same terms as the \$90.0 million in aggregate principal amount of the 2016 Unsecured Notes, the \$55.0 million in aggregate principal amount of the 2017A Unsecured Notes and the \$90.0 million in aggregate principal amount of the 2018A Unsecured Notes (collectively, the "Prior Notes") that we previously issued pursuant to the NPA, the first supplement and the second supplement thereto, respectively. The Supplement includes certain additional covenants and terms, including, without limitation, a requirement that we not exceed a debt-to-equity ratio of 1.65 to 1.00 at the time of incurring additional indebtedness and a requirement that we not exceed a secured debt ratio of 0.70 to 1.00 at any time. The 2018B Unsecured Notes will rank equal in priority with our other unsecured indebtedness, including the Prior Notes, the 2014 Convertible Notes and the 2018 Convertible Notes. Interest on the 2018B Unsecured Notes will be payable semi-annually in arrears on January 15 and July 15 of each year, commencing on January 15, 2019.

On July 5, 2018, we entered into Amendment No. 4 (the "Amendment") to our NMFC Credit Facility. The Amendment reduces the minimum asset coverage ratio that we must maintain at the time of any borrowing under the NMFC Credit Facility and as of each quarter end from 2.00 to 1.00 to 1.50 to 1.00. The Amendment also includes a requirement that we not exceed a debt-to-equity ratio of 1.65 to 1.00 at the time of incurring additional indebtedness and a requirement that we not exceed a secured debt ratio of 0.70 to 1.00 at any time.

On August 1, 2018, our board of directors declared a third quarter 2018 distribution of \$0.34 per share payable on September 28, 2018 to holders of record as of September 14, 2018.

We had approximately \$169.6 million of originations and commitments since the end of the second quarter through August 3, 2018. This was offset by approximately \$178.9 million of repayments and \$3.4 million of sales during the same period.

On August 20, 2018, we closed an offering of \$100.0 million aggregate principal amount of the 2018 Convertible Notes, pursuant to an indenture and a first supplemental indenture, both dated August 20, 2018 (collectively, the "Convertible Notes Indenture"), between us and U.S. Bank National Association, as trustee. On August 30, 2018, we closed an offering of an additional \$15.0 million aggregate principal amount of the 2018 Convertible Notes. These additional 2018 Convertible Notes constitute a further issuance of, rank equally in right of payment with, and form a single series with the \$100.0 million aggregate principal amount of 2018 Convertible Notes that we issued on August 20, 2018. The 2018 Convertible Notes bear interest at an annual rate of 5.75%, payable semi-annually on February 15 and August 15 of each year, commencing on February 15, 2019. The 2018 Convertible Notes will mature on August 15, 2023 unless earlier converted or repurchased at the holder's option.

**The Investment Adviser**

The Investment Adviser, a wholly-owned subsidiary of New Mountain Capital, manages our day-to-day operations and provides us with investment advisory and management services. In particular, the Investment Adviser is responsible for identifying attractive investment opportunities, conducting

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research and due diligence on prospective investments, structuring our investments and monitoring and servicing our investments. We currently do not have, and do not intend to have, any employees. The Investment Adviser also manages New Mountain Guardian Partners II, L.P., a Delaware limited partnership, and New Mountain Guardian Partners II Offshore, L.P., a Cayman Islands exempted limited partnership, (together "Guardian II"), which commenced operations in April 2017. As of June 30, 2018, the Investment Adviser was supported by over 140 employees and senior advisors of New Mountain Capital.

The Investment Adviser is managed by a five member investment committee (the "Investment Committee"), which is responsible for approving purchases and sales of our investments above \$10.0 million in aggregate by issuer. The Investment Committee currently consists of Steven B. Klinsky, Robert A. Hamwee, Adam B. Weinstein and John R. Kline. The fifth and final member of the Investment Committee will consist of a New Mountain Capital Managing Director who will hold the position on the Investment Committee on an annual rotating basis. Peter N. Masucci served on the Investment Committee from August 2017 to July 2018. Beginning in August 2018, Andre V. Moura was appointed to the Investment Committee for a one year term. In addition, our executive officers and certain investment professionals of the Investment Adviser are invited to all Investment Committee meetings. Purchases and dispositions below \$10.0 million may be approved by our Chief Executive Officer. These approval thresholds are subject to change over time. We expect to benefit from the extensive and varied relevant experience of the investment professionals serving on the Investment Committee, which includes expertise in private equity, primary and secondary leveraged credit, private mezzanine finance and distressed debt.

**Competitive Advantages**

We believe that we have the following competitive advantages over other capital providers to middle market companies:

***Proven and Differentiated Investment Style With Areas of Deep Industry Knowledge***

In making its investment decisions, the Investment Adviser applies New Mountain Capital's long-standing, consistent investment approach that has been in place since its founding more than 15 years ago. We focus on companies in defensive growth niches of the middle market space where we believe few debt funds have built equivalent research and operational size and scale.

We benefit directly from New Mountain Capital's private equity investment strategy that seeks to identify attractive investment sectors from the top down and then works to become a well positioned investor in these sectors. New Mountain Capital focuses on companies and industries with sustainable strengths in all economic cycles, particularly ones that are defensive in nature, that have secular tailwinds and can maintain pricing power in the midst of a recessionary and/or inflationary environment. New Mountain Capital focuses on companies within sectors in which it has significant expertise (examples include software, education, niche healthcare, business services, federal services and distribution & logistics) while typically avoiding investments in companies with products or services that serve markets that are highly cyclical, have the potential for long-term decline, are overly-dependent on consumer demand or are commodity-like in nature.

In making its investment decisions, the Investment Adviser has adopted the approach of New Mountain Capital, which is based on three primary investment principles:

1. A generalist approach, combined with proactive pursuit of the highest quality opportunities within carefully selected industries, identified via an intensive and structured ongoing research process;
2. Emphasis on strong downside protection and strict risk controls; and
3. Continued search for superior risk adjusted returns, combined with timely, intelligent exits and outstanding return performance.

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***Experienced Management Team and Established Platform***

The Investment Adviser's team members have extensive experience in the leveraged lending space. Steven B. Klinsky, New Mountain Capital's Founder, Chief Executive Officer and Managing Director and Chairman of our board of directors, was a general partner of Forstmann Little & Co., a manager of debt and equity funds totaling multiple billions of dollars in the 1980s and 1990s. He was also a co-founder of Goldman, Sachs & Co.'s Leverage Buyout Group in the period from 1981 to 1984. Robert A. Hamwee, our Chief Executive Officer and Managing Director of New Mountain Capital, was formerly President of GSC Group, Inc. ("GSC"), where he was the portfolio manager of GSC's distressed debt funds and led the development of GSC's CLOs. John R. Kline, our President and Chief Operating Officer and Managing Director of New Mountain Capital, worked at GSC as an investment analyst and trader for GSC's control distressed and corporate credit funds and at Goldman, Sachs & Co. in the Credit Risk Management and Advisory Group.

Many of the debt investments that we have made to date have been in the same companies with which New Mountain Capital has already conducted months of intensive acquisition due diligence related to potential private equity investments. We believe that private equity underwriting due diligence is usually more robust than typical due diligence for loan underwriting. In its underwriting of debt investments, the Investment Adviser is able to utilize the research and hands-on operating experience that New Mountain Capital's private equity underwriting teams possess regarding the individual companies and industries. Business and industry due diligence is led by a team of investment professionals of the Investment Adviser that generally consists of three to seven individuals, typically based on their relevant company and/or industry specific knowledge. Additionally, the Investment Adviser is also able to utilize its relationships with operating management teams and other private equity sponsors. We believe this differentiates us from many of our competitors.

***Significant Sourcing Capabilities and Relationships***

We believe the Investment Adviser's ability to source attractive investment opportunities is greatly aided by both New Mountain Capital's historical and current reviews of private equity opportunities in the business segments we target. To date, a significant majority of the investments that we have made are in the debt of companies and industry sectors that were first identified and reviewed in connection with New Mountain Capital's private equity efforts, and the majority of our current pipeline reflects this as well. Furthermore, the Investment Adviser's investment professionals have deep and longstanding relationships in both the private equity sponsor community and the lending/agency community which they have and will continue to utilize to generate investment opportunities.

***Risk Management through Various Cycles***

New Mountain Capital has emphasized tight control of risk since its inception. To date, New Mountain Capital has never experienced a bankruptcy of any of its portfolio companies in its private equity efforts. The Investment Adviser seeks to emphasize tight control of risk with our investments in several important ways, consistent with New Mountain Capital's historical approach. In particular, the Investment Adviser:

Emphasizes the origination or purchase of debt in what the Investment Adviser believes are defensive growth companies, which are less likely to be dependent on macro-economic cycles;

Targets investments in companies that are preeminent market leaders in their own industries, and when possible, investments in companies that have strong management teams whose skills are difficult for competitors to acquire or reproduce; and

Targets investments in companies with significant equity value in excess of our debt investments.

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*Access to Non Mark to Market, Seasoned Leverage Facility*

The amount available under the Holdings Credit Facility is generally not subject to reduction as a result of mark to market fluctuations in our portfolio investments. None of our credit facilities mature prior to June 2022. For a detailed discussion of our credit facilities, see "Management's Discussion and Analysis of Financial Conditions and Results of Operations – Liquidity and Capital Resources" in this prospectus supplement.

**Market Opportunity**

We believe that the size of the market for investments that we target, coupled with the demands of middle market companies for flexible sources of capital at competitive terms and rates, create an attractive investment environment for us.

*Large pool of uninvested private equity capital available for new buyouts.* We expect that private equity firms will continue to pursue acquisitions and will seek to leverage their equity investments with mezzanine loans and/or senior loans (including traditional first and second lien, as well as unitranche loans) provided by companies such as ours.

*The leverage finance market has a high level of financing needs over the next several years due to significant bank debt maturities.* We believe that the large dollar volume of loans that need to be refinanced will present attractive opportunities to invest capital in a manner consistent with our stated objectives.

*Middle market companies continue to face difficulties in accessing the capital markets.* We believe opportunities to serve the middle market will continue to exist. While many middle market companies were formerly able to raise funds by issuing high-yield bonds, we believe this approach to financing has become more difficult as institutional investors have sought to invest in larger, more liquid offerings.

*Increased regulatory scrutiny of banks has reduced middle market lending.* We believe that many traditional bank lenders to middle market businesses have either exited or de-emphasized their service and product offerings in the middle market. These traditional lenders have instead focused on lending and providing other services to large corporate clients. We believe this has resulted in fewer key players and the reduced availability of debt capital to the companies we target.

*Conservative loan to value.* As a result of the credit crisis, many lenders are requiring larger equity contributions from financial sponsors. Larger equity contributions create an enhanced margin of safety for lenders because leverage is a lower percentage of the implied enterprise value of the company.

*Attractive pricing.* Reduced access to, and availability of, debt capital typically increases the interest rates, or pricing, of loans for middle market lenders. Recent primary debt transactions in this market often include upfront fees, original issue discount, prepayment protections and, in some cases, warrants to purchase common stock, all of which should enhance the profitability of new loans to lenders.

**Operating and Regulatory Structure**

We are a closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act and are required to maintain an asset coverage ratio, as defined in the 1940 Act, of at least 150.0%, which was reduced from 200% effective as of June 9, 2018 by approval of our stockholders. Changing the asset coverage ratio permits us to double our leverage, which may result in increased leverage risk and increased expenses. We include the assets and liabilities



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of our consolidated subsidiaries for purposes of satisfying the requirements under the 1940 Act. See "Regulation Senior Securities" in the accompanying prospectus.

We have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as a RIC under Subchapter M of the Code. See "Certain Material U.S. Federal Income Tax Considerations" in this prospectus supplement and "Material U.S. Federal Income Tax Considerations" in the accompanying prospectus. As a RIC, we generally will not be subject to corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we timely distribute to our stockholders as dividends if we meet certain source-of-income, distribution and asset diversification requirements. We intend to distribute to our stockholders substantially all of our annual taxable income except that we may retain certain net capital gains for reinvestment.

### **Risks**

An investment in the Notes involves risk, including the risk of leverage and the risk that our operating policies and strategies may change without prior notice. See "Supplementary Risk Factors" in this prospectus supplement and "Risk Factors" in the accompanying prospectus, and the other information included in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in the Notes. The value of our assets, as well as the market price of our securities, will fluctuate. Our investments may be risky, and you may lose all or part of your investment. Investing in us involves other risks, including the following:

Our amount of debt outstanding will increase as a result of this offering, which could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes and our other debt;

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes;

The Notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future;

The Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries;

The optional redemption provision may materially adversely affect your return on the Notes;

A downgrade, suspension or withdrawal of a credit rating assigned by a rating agency to us or our unsecured debt, if any, or change in the debt markets could cause the liquidity or market value of the Notes to decline significantly;

The indenture governing the Notes contains limited restrictive covenants and provides only limited protection in the event of a change of control;

Provisions of the Notes could discourage an acquisition of us by a third party;

An active trading market for the Notes may not develop or be maintained, which could limit the market price of the Notes or your ability to sell them;

The price of the Notes may fluctuate significantly, and this may make it difficult for you to resell the Notes when you want or at prices you find attractive;



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We may suffer credit losses;

We do not expect to replicate the Predecessor Entities' historical performance or the historical performance of other entities managed or supported by New Mountain Capital;

There is uncertainty as to the value of our portfolio investments because most of our investments are, and may continue to be, in private companies and recorded at fair value;

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Our ability to achieve our investment objective depends on key investment personnel of the Investment Adviser. If the Investment Adviser were to lose any of its key investment personnel, our ability to achieve our investment objective could be significantly harmed;

The Investment Adviser has limited experience managing a BDC or a RIC, which could adversely affect our business;

We operate in a highly competitive market for investment opportunities and may not be able to compete effectively;

Our investments in securities rated below investment grade are speculative in nature and are subject to additional risk factors such as increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates;

Our business, results of operations and financial condition depend on our ability to manage future growth effectively;

We borrow money, which could magnify the potential for gain or loss on amounts invested in us and increase the risk of investing in us;

Changes in interest rates may affect our cost of capital and net investment income;

Regulations governing the operations of BDCs will affect our ability to raise additional equity capital as well as our ability to issue senior securities or borrow for investment purposes, any or all of which could have a negative effect on our investment objectives and strategies;

We may experience fluctuations in our annual and quarterly results due to the nature of our business;

Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse to your interests;

We will be subject to corporate-level U.S. federal income tax on all of our income if we are unable to maintain tax treatment as a RIC under Subchapter M of the Code, which would have a material adverse effect on our financial performance;

We cannot predict how tax reform legislation will affect us, our investments, or our stockholders, and any such legislation could adversely affect our business;

Recent legislation allows us to incur additional leverage, which could increase the risk of investing in the Company;

Internal and external cyber threats, as well as other disasters, could impair our ability to conduct business effectively;

Our investments in portfolio companies may be risky, and we could lose all or part of any of our investments;

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The lack of liquidity in our investments may adversely affect our business;

Economic recessions, downturns or government spending cuts could impair our portfolio companies and harm our operating results;

The market price of our common stock may fluctuate significantly; and

Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.

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**Company Information**

Our administrative and executive offices are located at 787 Seventh Avenue, 48th Floor, New York, New York 10019, and our telephone number is (212) 720-0300. We maintain a website at [www.newmountainfinance.com](http://www.newmountainfinance.com). Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus.

**Presentation of Historical Financial Information and Market Data**

***Historical Financial Information***

Unless otherwise indicated, historical references contained in this prospectus for periods prior to and as of December 31, 2013 in "Selected Financial and Other Data", "Selected Quarterly Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Senior Securities" relate to NMF Holdings. The consolidated financial statements of New Mountain Finance Holdings, L.L.C., formerly known as New Mountain Guardian (Leveraged), L.L.C., and New Mountain Guardian Partners, L.P. are NMF Holdings' historical consolidated financial statements.

***Market Data***

Statistical and market data used in this prospectus supplement and the accompanying prospectus has been obtained from governmental and independent industry sources and publications. We have not independently verified the data obtained from these sources, and we cannot assure you of the accuracy or completeness of the data. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements contained in this prospectus supplement and accompanying prospectus. See "Cautionary Statement Regarding Forward-Looking Statements" in this prospectus supplement and the accompanying prospectus.

Table of Contents**SPECIFIC TERMS OF THE NOTES AND THE OFFERING**

*This prospectus supplement sets forth certain terms of the Notes that we are offering pursuant to this prospectus supplement and supplements the accompanying prospectus that is attached to the back of this prospectus supplement. This section outlines the specific legal and financial terms of the Notes. You should read this section together with the section titled "Description of the Notes" in this prospectus supplement and the more general description of the notes in the accompanying prospectus under the heading "Description of Debt Securities" before investing in the Notes. Capitalized terms used in this prospectus supplement and not otherwise defined shall have the meanings ascribed to them in the indenture governing the Notes.*

<b>Issuer</b>	New Mountain Finance Corporation
<b>Title of the Securities</b>	% Notes due 2023
<b>Aggregate Principal Amount Being Offered</b>	\$
<b>Overallotment Option</b>	We have granted the underwriters an option to purchase up to an additional \$ aggregate principal amount of Notes to cover overallotments, if any, exercisable within 30 days from the date of this prospectus supplement.
<b>Initial Public Offering Price</b>	% of the aggregate principal amount, which reflects that, for the first interest payment, plus accrued and unpaid interest, if any, from September , 2018.
<b>Maturity</b>	October 1, 2023.
<b>Principal Payable at Maturity</b>	100% of the aggregate principal amount; the principal amount of each Note will be payable on its stated maturity date
<b>Type of Note</b>	Fixed rate note
<b>Listing</b>	We intend to apply to list the Notes on the New York Stock Exchange within 30 days of the original issue date under the symbol "NMFX."
<b>Interest Rate</b>	% per year
<b>Day Count Basis</b>	360-day year of twelve 30-day months
<b>Original Issue Date of the Notes</b>	September , 2018
<b>Stated Maturity Date</b>	October 1, 2023
<b>Date Interest Starts Accruing on the Notes</b>	September , 2018
<b>Interest Payment Dates</b>	Interest will be payable in cash on January 1, April 1, July 1 and October 1 of each year, beginning January 1, 2019. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.
<b>Interest Periods</b>	The initial interest period will be the period from and including September , 2018 to, but excluding, the next interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date.
<b>Regular Record Dates for Interest</b>	Each December 15, March 15, June 15 and September 15.

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**Specified Currency**  
**Place of Payment**  
**Ranking of Notes**

U.S. Dollars  
New York City or such other office designated by the Trustee  
The Notes will be our general, unsecured obligations and will rank:

equal in right of payment with all of our existing and future unsecured indebtedness, including \$155.3 million, \$285.0 million and \$115.0 million in aggregate principal amount of 2014 Convertible Notes, Unsecured Notes and 2018 Convertible Notes, respectively, outstanding as of September 18, 2018;

senior in right of payment to all of our future indebtedness that is expressly subordinated in right of payment to the Notes;

effectively subordinated to our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness, including \$135.0 million outstanding under the NMFC Credit Facility as of September 18, 2018; and

structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries, including \$431.0 million outstanding under the Holdings Credit Facility and \$165.0 million outstanding under the SBA-guaranteed debentures as of September 18, 2018. As of September 18, 2018, we had \$1,286.3 million of indebtedness outstanding, \$731.0 million of which was secured indebtedness and \$555.3 million of which was unsecured indebtedness.

**Denominations**

We will issue the Notes in book-entry form only in denominations of \$25 principal amount and integral multiples thereof.

**Business Day**

Any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York or U.S. Bank National Association, as trustee under the indenture to govern the Notes, is authorized or required by law or executive order to close or be closed.

**Optional Redemption**

We may redeem in whole or in part at any time, or from time to time, at our option on or after October 1, 2020 upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount thereof plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to but not including the date fixed for redemption.

You may be prevented from exchanging or transferring the Notes when they are subject to redemption. In case any Notes are to be redeemed in part only, the redemption notice will provide that, upon surrender of such Note, you will receive, without a charge, a new Note or Notes of authorized denominations representing the principal amount of your remaining unredeemed Notes. Any exercise of our option to redeem the Notes will be done in compliance with the indenture and the 1940 Act.

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	<p>If we redeem only some of the Notes, the Trustee or The Depository Trust Company, or DTC, as applicable, will determine the method for selection of the particular Notes to be redeemed, in accordance with the indenture governing the Notes and in accordance with the rules of any national securities exchange or quotation system on which the Notes are listed. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.</p>
<b>Sinking Fund</b>	<p>The Notes will not be subject to any sinking fund.</p>
<b>Repayment at Option of Holders</b>	<p>Holders will not have the option to have the Notes repaid prior to the stated maturity date.</p>
<b>Defeasance and Covenant Defeasance</b>	<p>The Notes are subject to defeasance. The Notes are subject to covenant defeasance by us.</p>
<b>Form of Notes</b>	<p>The Notes will be represented by global securities that will be deposited and registered in the name of DTC or its nominee. Except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations which are participants in DTC.</p>
<b>Trustee, Paying Agent and Security Registrar</b>	<p>U.S. Bank National Association</p>
<b>Other Covenants</b>	<p>In addition to the covenants described in the prospectus attached to this prospectus supplement, the following covenants shall apply to the Notes:</p>

We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to us by the SEC. These provisions generally prohibit us from making additional borrowings, including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 150% (subject to certain disclosure requirements) after such borrowings.

If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the Trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable United States generally accepted accounting principles, as applicable.

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We will be subject to (i) a Debt to Equity Ratio covenant with respect to the incurrence of any additional indebtedness and (ii) a Secured Debt Ratio covenant as follows:

*Debt to Equity Ratio:* Immediately after the issuance of any senior security representing indebtedness (as determined pursuant to the 1940 Act), and after giving pro forma effect thereto and the application of the proceeds thereof, we will not permit the Debt to Equity Ratio (as defined under the caption "Description of the Notes Covenants Debt to Equity Ratio"), to be greater than 1.65 to 1.00.

*Maximum Secured Debt:* We will not permit the Secured Debt Ratio (as defined under the caption "Description of the Notes Covenants Maximum Secured Debt") at any time to exceed 0.70 to 1.00.

**Events of Default**

You will have rights if an Event of Default occurs with respect to the Notes and is not cured. The term "Event of Default" in respect of the Notes means any of the following:

We do not pay the principal, or any premium on, any Note when due and payable at maturity;

We do not pay interest on any Note when due and payable, and such default is not cured within 30 days of its due date;

We remain in breach of any other covenant in respect of the Notes for 60 days after we receive a written notice of default stating we are in breach (the notice must be sent by either the trustee or holders of at least 25% of the principal amount of the outstanding Notes);

We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and remain undischarged or unstayed for a period of 90 days; or

On the last business day of each of twenty-four consecutive calendar months, the Notes have an asset coverage of less than 100%, giving effect to any exemptive relief granted to us by the SEC

**Global Clearance and Settlement Procedures**

Interests in the Notes will trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. None of the issuer, the Trustee or the paying agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

**Further Issuances**

We have the ability to issue additional debt securities under the indenture with terms different from the Notes and, without the consent of the holders thereof, to reopen the Notes and issue additional Notes.



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**Use of Proceeds**

We estimate that the net proceeds we will receive from the sale of the \$            million aggregate principal amount of Notes in this offering will be approximately \$            million (or approximately \$            million if the underwriters fully exercise their overallotment option), after deducting the discounts, commissions and expenses payable by us.

We intend to use the net proceeds from this offering to repay outstanding indebtedness under the NMFC Credit Facility and then, to the extent any net proceeds remain, the Holdings Credit Facility. However, through re-borrowing under our credit facilities, we also intend to use the amount of the net proceeds from this offering to make new investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus and use available capital for other general corporate purposes, including working capital requirements. See "Use of Proceeds".

**Governing Law**

The Notes and the indenture are governed by and construed in accordance with the laws of the State of New York.

**Available Information**

We have filed with the SEC a registration statement on Form N-2 together with all amendments and related exhibits under the Securities Act. The registration statement contains additional information about us and the securities being offered by this prospectus supplement and the accompanying prospectus.

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act. This information is available at the SEC's public reference room at 100 F Street, NE, Washington, District of Columbia 20549 and on the SEC's website at <http://www.sec.gov>. The public may obtain information on the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. This information is also available free of charge by contacting us at New Mountain Finance Corporation, 787 Seventh Avenue, 48th Floor, New York, New York 10019, by telephone at (212) 720-0300, or on our website at [www.newmountainfinance.com](http://www.newmountainfinance.com). Information contained on our website or on the SEC's web site about us is not incorporated into this prospectus supplement and the accompanying prospectus and you should not consider information contained on our website or on the SEC's website to be part of this prospectus supplement and the accompanying prospectus.

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The selected financial data should be read in conjunction with the respective consolidated financial statements and related consolidated notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus supplement and the accompanying prospectus. Financial information for the years ended December 31, 2017, December 31, 2016, December 31, 2015, December 31, 2014 and December 31, 2013 has been derived from the Predecessor Operating Company and our financial statements and the related notes thereto that were audited by Deloitte & Touche LLP, an independent registered public accounting firm. The financial information at and for the six months ended June 30, 2018 was derived from our unaudited consolidated financial statements and related consolidated notes. In the opinion of management, all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods, have been included. Our results for the interim periods may not be indicative of our results for any future interim period or the full year. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities" in this prospectus supplement and the accompanying prospectus for more information.

The below selected financial and other data is for NMFC.

(in thousands except shares and per share data)

	<b>Six Months Ended June 30,</b>		<b>Year Ended December 31,</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	
<b>New Mountain Finance Corporation</b>							
<b>Statement of Operations Data:</b>							
Investment income	\$ 107,487	\$ 197,806	\$ 168,084	\$ 153,855	\$ 91,923	\$	
Investment income allocated from NMF Holdings					43,678	90,876	
Net expenses	56,030	95,602	79,976	71,360	34,727		
Net expenses allocated from NMF Holdings					20,808	40,355	
Net investment income	51,457	102,204	88,108	82,495	80,066	50,521	
Net realized (losses) gains on investments	(6,403)	(39,734)	(16,717)	(12,789)	357		
Net realized and unrealized gains (losses) allocated from NMF Holdings					9,508	11,443	
Net change in unrealized appreciation (depreciation) of investments	2,919	50,794	40,131	(35,272)	(43,863)		
Net change in unrealized (depreciation) appreciation of securities purchased under collateralized agreements to resell	(12)	(4,006)	(486)	(296)			
Net change in unrealized (depreciation) appreciation of investment in NMF Holdings							(44)
(Provision) benefit for taxes	(984)	140	642	(1,183)	(493)		
Net increase in net assets resulting from operations	46,997	109,398	111,678	32,955	45,575	61,920	
<b>Per share data:</b>							
Net asset value	\$ 13.57	\$ 13.63	\$ 13.46	\$ 13.08	\$ 13.83	\$ 14.38	
Net increase in net assets resulting from operations (basic)	0.62	1.47	1.72	0.55	0.88	1.76	
Net increase in net assets resulting from operations (diluted)(1)	0.58	1.38	1.60	0.55	0.86	1.76	
Distributions declared(2)	0.68	1.36	1.36	1.36	1.48	1.48	

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New Mountain Finance Corporation	Six Months Ended		Year Ended December 31,			
	June 30, 2018	2017	2016	2015	2014	2013
<b>Balance sheet data:</b>						
Total assets(3)	\$ 2,205,941	\$ 1,928,018	\$ 1,656,018	\$ 1,588,146	\$ 1,500,868	\$ 650,107
Holdings Credit Facility	390,463	312,363	333,513	419,313	468,108	N/A
Convertible Notes	155,357	155,412	155,523	115,000	115,000	N/A
SBA-guaranteed debentures	163,000	150,000	121,745	117,745	37,500	N/A
Unsecured Notes	235,000	145,000	90,000			N/A
NMFC Credit Facility	150,000	122,500	10,000	90,000	50,000	N/A
Total net assets	1,032,646	1,034,975	938,562	836,908	802,170	650,107
<b>Other data:</b>						
Total return based on market value(4)	5.52%	5.54%	19.68%	(4.00)%	9.66%	11.62%
Total return based on net asset value(5)	4.59%	11.77%	13.98%	4.32%	6.56%	13.27%
Number of portfolio companies at period end	89	84	78	75	71	N/A
Total new investments for the period(6)	\$ 560,460	\$ 999,677	\$ 558,068	\$ 612,737	\$ 720,871	N/A
Investment sales and repayments for the period(6)	\$ 296,835	\$ 767,360	\$ 547,078	\$ 483,936	\$ 384,568	N/A
Weighted average YTM at Cost on debt portfolio at period end (unaudited)(7)	11.1%	10.9%	11.1%	10.7%	10.7%	N/A
Weighted average YTM at Cost for Investments at period end (unaudited)(8)	10.9%	10.9%	10.5%	10.7%	10.6%	N/A
Weighted average shares outstanding for the period (basic)	75,936,986	74,171,268	64,918,191	59,715,290	51,846,164	35,092,722
Weighted average shares outstanding for the period (diluted)	85,761,113	83,995,395	72,863,387	66,968,089	56,157,835	35,092,722
Portfolio turnover(6)	14.57%	41.98%	36.07%	33.93%	29.51%	N/A

- (1) In applying the if-converted method, conversion is not assumed for purposes of computing diluted earnings per share if the effect would be anti-dilutive. For the year ended December 31, 2015, there was anti-dilution. For the six months ended June 30, 2018 and the years ended December 31, 2017, December 31, 2016 and December 31, 2014, there was no anti-dilution. For the year ended December 31, 2013, due to reflecting earnings for the full year of operations of the Predecessor Operating Company assuming 100.0% NMFC ownership of Predecessor Operating Company and assuming all of New Mountain Finance AIV Holdings Corporation's ("AIV Holdings") units in the Predecessor Operating Company were exchanged for public shares of NMFC during the year then ended, the earnings per share would be \$1.79.
- (2) Distributions declared in the year ended December 31, 2014 include a \$0.12 per share special dividend related to realized capital gains attributable to NMF Holdings' warrant investments in Learning Care Group (US), Inc. Distributions declared in the year ended December 31, 2013 include a \$0.12 per share special dividend related to a distribution received attributable to NMF Holdings' investment in YP Equity Investors LLC.
- (3) On January 1, 2016, we adopted Accounting Standards Update No. 2015-03, *Interest Imputation of Interest Subtopic 835-30 Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). Upon adoption, we revised our presentation of deferred financing costs from an asset to a liability, which is a direct deduction to our debt on the Consolidated Statements of Assets and Liabilities. In addition, as of December 31, 2015 and December 31, 2014, we retrospectively revised our presentation of \$14.0 million and \$14.1 million, respectively, of deferred financing costs that were previously presented as an asset, which resulted in a decrease to total assets and total liabilities as of December 31, 2015 and December 31, 2014. For the years ended December 31, 2013 and December 31, 2012, NMFC was a holding company with no direct operations of its own and its sole asset was its ownership in the Predecessor Operating Company and, as such, ASU 2015-03 did not apply to NMFC.
- (4) Total return is calculated assuming a purchase of common stock at the opening of the first day of the period and a sale on the closing of the last business day of the respective period ends. Dividends and distributions, if any, are assumed for purposes of this calculation,

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to be reinvested at prices obtained under our dividend reinvestment plan.

- (5) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the period and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter.
- (6) For the year ended December 31, 2014, amounts include our investment activity and the investment activity of the Predecessor Operating Company.
- (7) The weighted average YTM at Cost calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at the adjusted cost on the respective period ends and held until their

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respective maturities with no prepayments or losses and exited at par at maturity. Adjusted cost reflects the cost for post-IPO investments in accordance with GAAP and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).

- (8) The weighted average YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased at the adjusted cost on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. Adjusted cost reflects the cost for post-IPO investments in accordance with GAAP and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).

As of May 8, 2014, NMFC assumed all operating activities previously undertaken by NMF Holdings. The following table sets forth selected financial and other data for NMF Holdings when it was the Predecessor Operating Company.

*(in thousands except units and per unit data)*

	<b>Year Ended December 31, 2013</b>
<b>New Mountain Finance Holdings, L.L.C.</b>	
<b>Statement of Operations Data:</b>	
Total investment income	\$ 114,912
Net expenses	51,235
Net investment income	63,677
Net realized and unrealized gains (losses)	15,247
Net increase in net assets resulting from operations	78,924
<b>Per unit data:</b>	
Net asset value	\$ 14.38
Net increase in net assets resulting from operations (basic and diluted)	1.79
Distributions declared(1)	1.48
<b>Balance sheet data:</b>	
Total assets	\$ 1,147,841
Holdings Credit Facility	221,849
SLF Credit Facility	214,668
Total net assets	688,516
<b>Other data:</b>	
Total return at net asset value(2)	13.27%
Number of portfolio companies at period end	59
Total new investments for the period	\$ 529,307
Investment sales and repayments for the period	\$ 426,561
Weighted average YTM at Cost on debt portfolio at period end (unaudited)(3)	11.0%
Weighted average YTM at Cost for Investments at period end (unaudited)(5)	11.0%
Weighted average YTM on debt portfolio at period end (unaudited)(4)	10.6%
Weighted average common membership units outstanding for the period	44,021,920
Portfolio turnover	40.52%

- (1) Distributions declared in the year ended December 31, 2013 include a \$0.12 per unit special dividend related to a distribution received attributable to NMF Holdings' investment in YP Equity Investors LLC. Actual cash payments on the distributions declared to AIV Holdings only, for the quarter ended March 31, 2013 was made on April 5, 2013.

- (2) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the year and a sale at net asset value on the last day of the respective period ends. Dividends and distributions, if any, are assumed for purposes of this calculation, to

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be reinvested at the net asset value on the last day of the respective quarter. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter.

- (3) The weighted average YTM at Cost calculation assumes that all investments not on non-accrual are purchased at the adjusted cost on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. Adjusted cost reflects the GAAP cost for post-IPO investments and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).
- (4) The weighted average YTM calculation assumes that all investments not on non-accrual are purchased at fair value on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. The weighted average YTM was not calculated subsequent to December 31, 2013.
- (5) The weighted average YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased at the adjusted cost on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. Adjusted cost reflects the cost for post-IPO investments in accordance with GAAP and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).

Table of Contents**SELECTED QUARTERLY FINANCIAL DATA**

The selected quarterly financial data should be read in conjunction with our respective consolidated financial statements and related consolidated notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus supplement and the accompanying prospectus. The following table sets forth certain quarterly financial data for the quarter ended June 30, 2018, March 31, 2018 and each of the quarters for the fiscal years ended December 31, 2017 and December 31, 2016. This data is derived from our unaudited financial statements. Results for any quarter are not necessarily indicative of results for the full year or for any future quarter. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities" included in this prospectus supplement and the accompanying prospectus for more information.

The below selected quarterly financial data is for NMFC.

(in thousands except for per share data)

Quarter Ended	Total Investment Income		Net Investment Income		Total Net Realized Gains (Losses) and Net Changes in Unrealized Appreciation (Depreciation) of Investments(1)		Net Increase in Net Assets Resulting from Operations	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
June 30, 2018	\$ 54,598	\$ 0.72	\$ 25,721	\$ 0.34	\$ (2,588)	\$ (0.04)	\$ 23,133	\$ 0.30
March 31, 2018	52,889	0.70	25,736	0.34	(1,892)	(0.03)	23,844	0.31
December 31, 2017	\$ 53,244	\$ 0.70	\$ 26,683	\$ 0.35	\$ 194	\$	\$ 26,877	\$ 0.35
September 30, 2017	51,236	0.68	26,292	0.35	(1,516)	(0.02)	24,776	0.33
June 30, 2017	50,019	0.66	25,798	0.34	1,530	0.02	27,328	0.36
March 31, 2017	43,307	0.62	23,431	0.34	6,986	0.10	30,417	0.44
December 31, 2016	\$ 43,784	\$ 0.64	\$ 22,980	\$ 0.34	\$ 10,875	\$ 0.16	\$ 33,855	\$ 0.50
September 30, 2016	41,834	0.66	21,729	0.34	3,350	0.05	25,079	0.39
June 30, 2016	41,490	0.65	21,832	0.34	22,861	0.36	44,693	0.70
March 31, 2016	40,976	0.64	21,567	0.34	(13,516)	(0.21)	8,051	0.13

- (1) Includes securities purchased under collateral agreements to resell, benefit (provision) for taxes and the accretive effect of common stock issuances per share, if applicable.

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**SUPPLEMENTARY RISK FACTORS**

*Investing in the Notes involves a number of significant risks. In addition to the other information contained in this prospectus supplement and the accompanying prospectus, you should consider carefully the following information before making an investment in the Notes. The risks set out below are not the only risks we face and you should read the risks set out in the accompanying prospectus. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline and you may lose all or part of your investment.*

**RISKS RELATING TO THE NOTES**

***Our amount of debt outstanding will increase as a result of this offering, which could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes and our other debt.***

As of September 18, 2018, we had \$1,286.3 million of indebtedness outstanding, \$731.0 million of which was secured indebtedness and \$555.3 million of which was unsecured indebtedness. The use of debt could have significant consequences on our future operations, including:

making it more difficult for us to meet our payment and other obligations under the Notes and our other outstanding debt;

resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which event of default could result in all of our debt becoming immediately due and payable;

reducing the availability of our cash flow to fund investments, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;

subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our credit facilities; and

limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes and our other debt. Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations under the Notes and our other debt and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including the Notes, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Notes and our other debt.

***If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes.***

Any default under the agreements governing our indebtedness or other indebtedness to which we may be a party that is not waived by the required lenders or holders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate



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sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our secured credit facilities could elect to terminate their commitments, cease making further loans, and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek to obtain waivers from the required holders of our debt to avoid being in default. If we breach our covenants under our debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders. If this occurs, we would be in default and our lenders or debt holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations could proceed against the collateral securing the debt. Because our credit facilities, 2014 Convertible Notes, Unsecured Notes and 2018 Convertible Notes have, and any future credit facilities will likely have, customary cross-default provisions, if the indebtedness thereunder or under any future credit facility is accelerated, we may be unable to repay or finance the amounts due.

***The Notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future.***

The Notes will not be secured by any of our assets or any of the assets of our subsidiaries. As a result, the Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have outstanding as of the date of this prospectus supplement or that we or they may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. As of September 18, 2018, we had \$1,286.3 million of indebtedness outstanding, \$731.0 million of which was secured indebtedness, and therefore effectively senior to the Notes to the extent of the value of such assets, and \$555.3 million of which was unsecured indebtedness.

***The Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries.***

The Notes are obligations exclusively of NMFC and not of any of our subsidiaries. None of our subsidiaries is a guarantor of the Notes and the Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors, including trade creditors, and holders of preferred stock, if any, of our subsidiaries will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such subsidiaries. Even if we were recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the Notes will be subordinated structurally to all indebtedness and other liabilities, including trade payables, of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish as financing vehicles or otherwise. All of the existing indebtedness of our subsidiaries would be structurally senior to the Notes. In addition, our subsidiaries may incur substantial additional indebtedness in the future, all of which would be structurally senior to the Notes.

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***The optional redemption provision may materially adversely affect your return on the Notes.***

The Notes will be redeemable in whole or in part upon certain conditions at any time, or from time to time, at our option on or after October 1, 2020. We may choose to redeem the Notes at times when prevailing interest rates are lower than the interest rate paid on the Notes. In this circumstance, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the Notes being redeemed.

***A downgrade, suspension or withdrawal of a credit rating assigned by a rating agency to us or our unsecured debt, if any, or change in the debt markets could cause the liquidity or market value of the Notes to decline significantly.***

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the Notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor any underwriter undertakes any obligation to maintain our credit ratings or to advise holders of Notes of any changes in our credit ratings. There can be no assurance that our credit ratings will remain for any given period of time or that such credit ratings will not be lowered or withdrawn entirely by the rating agencies if in their judgment future circumstances relating to the basis of the credit ratings, such as adverse changes in our company, so warrant. The conditions of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Notes.

***The indenture governing the Notes contains limited restrictive covenants and provides only limited protection in the event of a change of control.***

The indenture under which the Notes will be issued contains limited financial covenants and does not contain operating covenants or any other restrictive covenants that would limit our or our subsidiaries' ability to engage in certain transactions that may adversely affect your investment in the Notes. In particular, without limitation, the indenture does not place any restrictions on our or any of our subsidiaries' ability to:

unless, after giving effect to such incurrence, we will have a Debt to Equity Ratio of not greater than 1.65 to 1.00 (as set forth under "Description of the Notes Certain Covenants Debt to Equity Ratio" in this prospectus supplement), incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the Notes with respect to the assets of our subsidiaries;

pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes, including subordinated indebtedness;

sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);

enter into transactions with affiliates;

create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;

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make investments; or

create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

However, we must maintain a Secured Debt Ratio of not greater than 0.70 to 1.00 at all times. See "Description of the Notes – Certain Covenants – Maximum Secured Debt" In this prospectus supplement.

***An active trading market for the Notes may not develop or be maintained, which could limit the market price of the Notes or your ability to sell them.***

The Notes are a new issue of debt securities for which there currently is no trading market. We intend to apply to list the Notes on the NYSE within 30 days of the original issue date. Although we expect the Notes to be listed on the NYSE, we cannot provide any assurances that an active trading market will develop for the Notes or that you will be able to sell your Notes. If the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, general economic conditions, our financial condition, performance and prospects and other factors. The underwriters have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The underwriters may discontinue any market-making in the Notes at any time at their sole discretion. Accordingly, we cannot assure you that an active trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the price you receive when you sell will be favorable. To the extent an active trading market does not develop, the liquidity and trading price for the Notes may be harmed. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period of time.

**RISKS RELATED TO OUR BUSINESS AND STRUCTURE**

***Our ability to achieve our investment objective depends on key investment personnel of the Investment Adviser. If the Investment Adviser were to lose any of its key investment personnel, our ability to achieve our investment objective could be significantly harmed.***

We depend on the investment judgment, skill and relationships of the investment professionals of the Investment Adviser, particularly Steven B. Klinsky, Robert A. Hamwee and John R. Kline, as well as other key personnel to identify, evaluate, negotiate, structure, execute, monitor and service our investments. The Investment Adviser, as an affiliate of New Mountain Capital, is supported by New Mountain Capital's team, which as of June 30, 2018 consisted of approximately 140 employees and senior advisors of New Mountain Capital and its affiliates to fulfill its obligations to us under the Investment Management Agreement. The Investment Adviser may also depend upon New Mountain Capital to obtain access to investment opportunities originated by the professionals of New Mountain Capital and its affiliates. Our future success depends to a significant extent on the continued service and coordination of the key investment personnel of the Investment Adviser. The departure of any of these individuals could have a material adverse effect on our ability to achieve our investment objective.

The Investment Committee, which provides oversight over our investment activities, is provided by the Investment Adviser. The Investment Committee currently consists of five members. The loss of any member of the Investment Committee or of other senior professionals of the Investment Adviser and its affiliates without suitable replacement could limit our ability to achieve our investment objective and operate as we anticipate. This could have a material adverse effect on our financial condition, results of operation and cash flows. To achieve our investment objective, the Investment Adviser may hire, train, supervise and manage new investment professionals to participate in its investment selection and monitoring process. If the Investment Adviser is unable to find investment professionals or do so in a timely manner, our business, financial condition and results of operations could be adversely affected.

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*We borrow money, which could magnify the potential for gain or loss on amounts invested in us and increase the risk of investing in us.*

We borrow money as part of our business plan. Borrowings, also known as leverage, magnify the potential for gain or loss on invested equity capital and may, consequently, increase the risk of investing in us. We expect to continue to use leverage to finance our investments, through senior securities issued by banks and other lenders. Lenders of these senior securities have fixed dollar claims on our assets that are superior to claims of our common stockholders and we would expect such lenders to seek recovery against our assets in the event of a default. If the value of our assets decreases, leveraging would cause our net asset value to decline more sharply than it otherwise would have had it not leveraged. Similarly, any decrease in our income would cause our net income to decline more sharply than it would have had it not borrowed. Such a decline could adversely affect our ability to make common stock distribution payments. In addition, because our investments may be illiquid, we may be unable to dispose of them or to do so at a favorable price in the event we need to do so if we are unable to refinance any indebtedness upon maturity and, as a result, we may suffer losses. Leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities.

Our ability to service any debt that we incur depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. Moreover, as the Investment Adviser's management fee is payable to the Investment Adviser based on gross assets, including those assets acquired through the use of leverage, the Investment Adviser may have a financial incentive to incur leverage which may not be consistent with our interests and the interests of our common stockholders. In addition, holders of our common stock will, indirectly, bear the burden of any increase in our expenses as a result of leverage, including any increase in the management fee payable to the Investment Adviser.

At June 30, 2018, we had \$390.5 million, \$150.0 million, \$155.3 million, \$235.0 million, and \$163.0 million of indebtedness outstanding under the Holdings Credit Facility, the NMFC Credit Facility, the 2014 Convertible Notes, the Unsecured Notes and the SBA-guaranteed debentures, respectively. The Holdings Credit Facility, the NMFC Credit Facility, the SBA-guaranteed debentures and the Unsecured Notes had weighted average interest rates of 4.0%, 4.4%, 3.2% and 5.1%, respectively, for the six months ended June 30, 2018. The interest rate on the 2014 Convertible Notes is 5.0% per annum.

**Illustration.** The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses and adjusted for unsettled securities purchased. The calculations in the table below are hypothetical. Actual returns may be higher or lower than those appearing below. The calculation assumes (i) \$2,205.9 million in total assets, (ii) a weighted average cost of borrowings of 4.3%, which assumes the weighted average interest rates as of June 30, 2018 for the Holdings Credit Facility, the NMFC Credit Facility, Unsecured Notes and the SBA-guaranteed debentures and the interest rate as of June 30, 2018 for the 2014 Convertible Notes, (iii) \$1,093.8 million in debt outstanding and (iv) \$1,032.6 million in net assets. This table excludes the impact of our July 5, 2018 issuance of the 2018B Unsecured Notes and our August 20, 2018 issuance of the 2018 Convertible Notes as each issuance occurred after June 30, 2018.

**Assumed Return on Our Portfolio**

(net of expenses)

	<b>(10.0)%</b>	<b>(5.0)%</b>	<b>0%</b>	<b>5.0%</b>	<b>10.0%</b>
Corresponding return to stockholder	(25.9)%	(15.2)%	(4.5)%	6.2%	16.8%

*If we are unable to obtain additional debt financing, or if our borrowing capacity is materially reduced, our business could be materially adversely affected.*

We may want to obtain additional debt financing, or need to do so upon maturity of our credit facilities, in order to obtain funds which may be made available for investments. The Holdings Credit

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Facility, the NMFC Credit Facility, the 2014 Convertible Notes and the 2018 Convertible Notes mature on October 24, 2022, June 4, 2022, June 15, 2019 and August 15, 2023, respectively. Our \$90.0 million in aggregate principal amount of the 2016 Unsecured Notes will mature on May 15, 2021, our \$55.0 million in aggregate principal amount of the 2017A Unsecured Notes will mature on July 15, 2022, our \$90.0 million in aggregate principal amount of the 2018A Unsecured Notes will mature on January 30, 2023 and our \$50.0 million in aggregate principal amount of 2018B Unsecured Notes will mature on June 28, 2023. The SBA-guaranteed debentures have ten year maturities and will begin to mature on March 1, 2025. If we are unable to increase, renew or replace any such facilities and enter into new debt financing facilities or other debt financing on commercially reasonable terms, our liquidity may be reduced significantly. In addition, if we are unable to repay amounts outstanding under any such facilities and are declared in default or are unable to renew or refinance these facilities, we may not be able to make new investments or operate our business in the normal course. These situations may arise due to circumstances that we may be unable to control, such as lack of access to the credit markets, a severe decline in the value of the U.S. dollar, an economic downturn or an operational problem that affects us or third parties, and could materially damage our business operations, results of operations and financial condition.

**RISKS RELATED TO OUR OPERATIONS**

*Regulations governing the operations of BDCs will affect our ability to raise additional equity capital as well as our ability to issue senior securities or borrow for investment purposes, any or all of which could have a negative effect on our investment objectives and strategies.*

Our business requires a substantial amount of capital. We may acquire additional capital from the issuance of senior securities, including borrowing under a credit facility or other indebtedness. In addition, we may also issue additional equity capital, which would in turn increase the equity capital available to us. However, we may not be able to raise additional capital in the future on favorable terms or at all.

We may issue debt securities, preferred stock, and we may borrow money from banks or other financial institutions, which we refer to collectively as "senior securities", up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150.0% after each issuance of senior securities. As a result of our SEC exemptive relief, we are permitted to exclude our SBA-guaranteed debentures from the definition of senior securities in the 150.0% asset coverage ratio we are required to maintain under the 1940 Act. If our asset coverage ratio is not at least 150.0% we would be unable to issue senior securities, and if we had senior securities outstanding (other than any indebtedness issued in consideration of a privately arranged loan, such as any indebtedness outstanding under the Holdings Credit Facility and NMFC Credit Facility), we would be unable to make distributions to our stockholders. However, at June 30, 2018, our only senior securities outstanding were indebtedness under the Holdings Credit Facility, NMFC Credit Facility, 2014 Convertible Notes and Unsecured Notes and therefore at June 30, 2018, we would not have been precluded from paying distributions. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous.

The Holdings Credit Facility matures on October 24, 2022 and permits borrowings of \$495.0 million as of June 30, 2018. The Holdings Credit Facility had \$390.5 million in debt outstanding as of June 30, 2018. The NMFC Credit Facility matures on June 4, 2022 and permits borrowings of \$150.0 million as of June 30, 2018. The NMFC Credit Facility had \$150.0 million in debt outstanding as of June 30, 2018. The 2014 Convertible Notes mature on June 15, 2019. The 2014 Convertible Notes had \$155.3 million in debt outstanding as of June 30, 2018. The 2018 Convertible Notes were issued on August 20, 2018 and mature on August 15, 2023. The 2016 Unsecured Notes, 2017A Unsecured Notes and 2018A Unsecured Notes mature on May 15, 2021, July 15, 2022 and January 30, 2023, respectively,

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and had \$90.0 million, \$55.0 million and \$90.0 million, respectively, in debt outstanding as of June 30, 2018. The \$50.0 million in aggregate principal amount of 2018B Unsecured Notes were issued on July 5, 2018 and mature on June 28, 2023. The SBA-guaranteed debentures have ten year maturities and will begin to mature on March 1, 2025. As of June 30, 2018, \$163.0 million of SBA-guaranteed debentures were outstanding.

In addition, we may in the future seek to securitize other portfolio securities to generate cash for funding new investments. To securitize loans, 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. If we are unable to successfully securitize its loan portfolio, which must be done in compliance with the relevant restrictions in the Holdings Credit Facility, our ability to grow our business or fully execute our business strategy could be impaired and our earnings, if any, could decrease. The securitization market is subject to changing market conditions, and we may not be able to access this market when it would be otherwise deemed appropriate. Moreover, the successful securitization of our portfolio might expose us to losses as the residual investments in which we do not sell interests will tend to be those that are riskier and more apt to generate losses. The 1940 Act also may impose restrictions on the structure of any securitization.

We may also obtain capital through the issuance of additional equity capital. As a BDC, we generally are not able to issue or sell our common stock at a price below net asset value per share. If our common stock trades at a discount to our net asset value per share, this restriction could adversely affect our ability to raise equity capital. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below our net asset value per share of the common stock if our board of directors and independent directors determine that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any underwriting commission or discount). If we raise additional funds by issuing more shares of our common stock, or if we issue senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders may decline and you may experience dilution.

**RISKS RELATING TO OUR INVESTMENTS**

*Our portfolio may be concentrated in a limited number of industries, which may subject us to a risk of significant loss if there is a downturn in a particular industry in which a number of our investments are concentrated.*

Our portfolio may be concentrated in a limited number of industries. For example, as of June 30, 2018, our investments in the business services and the software industries represented approximately 32.8% and 15.7%, respectively, of the fair value of our portfolio. A downturn in any particular industry in which we are invested could significantly impact the portfolio companies operating in that industry, and accordingly, the aggregate returns that we realize from our investment in such portfolio companies.

Specifically, companies in the business services industry are subject to general economic downturns and business cycles, and will often suffer reduced revenues and rate pressures during periods of economic uncertainty. In addition, companies in the software industry often have narrow product lines and small market shares. Because of rapid technological change, the average selling prices of products and some services provided by software companies have historically decreased over their productive lives. As a result, the average selling prices of products and services offered by software companies in which we invest may decrease over time. If an industry in which we have significant investments suffers from adverse business or economic conditions, as these industries have to varying degrees, a material portion of our investment portfolio could be affected adversely, which, in turn, could adversely affect our financial position and results of operations.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus contain forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "potential", "project", "seek", "should", "target", "will", "would" or variations of these words and similar expressions are intended to identify forward-looking statements. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus involve risks and uncertainties, including statements as to:

the preliminary estimates of our net asset value and adjusted net investment income;

our future operating results;

our business prospects and the prospects of our portfolio companies;

the impact of investments that we expect to make;

our contractual arrangements and relationships with third parties;

the dependence of our future success on the general economy and its impact on the industries in which we invest;

the ability of our portfolio companies to achieve their objectives;

our expected financings and investments;

the adequacy of our cash resources and working capital; and

the timing of cash flows, if any, from the operations of our portfolio companies.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

an economic downturn could impair our portfolio companies' ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;

a contraction of available credit and/or an inability to access the equity markets could impair our lending and investment activities;

interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;

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currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and

the risks, uncertainties and other factors we identify in "Supplementary Risk Factors" in this prospectus supplement and "Risk Factors" in the accompanying prospectus, and elsewhere in this prospectus supplement, the accompanying prospectus and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement or the accompanying prospectus should not be

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regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in "Supplementary Risk Factors" in this prospectus supplement and "Risk Factors" in the accompanying prospectus, and elsewhere in this prospectus supplement and the accompanying prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus supplement. However, we will update this prospectus supplement to reflect any material changes to the information contained herein. The forward-looking statements and projections contained in this prospectus supplement are excluded from the safe harbor protection provided by Section 27A of the Securities Act.

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**CAPITALIZATION**

The following table sets forth our capitalization as of June 30, 2018:

on an actual basis;

on an as adjusted basis to give effect to the issuance of (i) \$50.0 million in aggregate principal amount of 5.36% Series 2018B Notes due June 28, 2023 issued on July 5, 2018 to an institutional investor in a private placement; and (ii) \$115.0 million aggregate principal amount of 2018 Convertible Notes due August 15, 2023 issued in August 2018; and

on a further adjusted basis to give effect to the assumed sale of \$ million aggregate principal amount of Notes (assuming no exercise of the overallotment option), excluding accrued interest, after deducting the underwriting discounts and commissions of approximately \$ million payable by us and estimated offering expenses of approximately \$0.3 million payable by us, and without giving effect to the use of the cash proceeds from such sale as described in "Use of Proceeds".

You should read this table together with "Use of Proceeds" and the financial statements and related notes thereto included elsewhere in this prospectus supplement and the accompanying prospectus.

(in thousands)	Actual (unaudited)	As Adjusted (unaudited)	As Further Adjusted (unaudited)
<b>Assets:</b>			
Cash and cash equivalents	\$ 33,948	\$ 33,948	\$
Investments at fair value	2,098,018	2,098,018	
Other assets	73,975	73,590	
<b>Total assets</b>	<b>2,205,941</b>	<b>2,205,556</b>	
<b>Liabilities:</b>			
Net outstanding borrowings	\$ 1,078,711	\$ 913,711	\$
Additional notes offered		50,000	
Convertible Notes		115,000	
Other liabilities	94,584	94,199	
<b>Total liabilities</b>	<b>\$ 1,173,295</b>	<b>\$ 1,172,910</b>	<b>\$</b>
<b>Net assets</b>	<b>\$ 1,032,646</b>	<b>\$ 1,032,646</b>	<b>\$</b>
<b>Net assets:</b>			
Preferred stock, par value \$0.01 per share; 2,000,000 shares authorized, none issued	\$	\$	\$
Common stock, par value \$0.01 per share; 100,000,000 shares authorized, 76,106,372 shares issued and outstanding, respectively	761	761	
Paid in capital in excess of par	1,055,796	1,055,796	
Accumulated undistributed net investment income	38,986	38,986	

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Accumulated undistributed net realized losses on investments	(83,084)	(83,084)
Net unrealized (depreciation) appreciation (net of provision for taxes)	20,187	20,187
Total net assets	1,032,646	1,032,646

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**USE OF PROCEEDS**

We estimate that the net proceeds we will receive from the sale of the \$            million aggregate principal amount of Notes in this offering will be approximately \$            (or approximately \$            if the underwriters fully exercise their overallotment option), after deducting the discounts, commissions and expenses payable by us.

We intend to use the net proceeds from this offering to repay outstanding indebtedness under the NMFC Credit Facility and then, to the extent any net proceeds remain, the Holdings Credit Facility. However, through re-borrowing under our credit facilities, we intend to make new investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus and use available capital for other general corporate purposes, including working capital requirements. We are continuously identifying, reviewing and, to the extent consistent with our investment objective, funding new investments. As a result, we typically raise capital as we deem appropriate to fund such new investments.

Under the NMFC Credit Facility, which matures in June 2022, we had \$145.0 million outstanding as of September 18, 2018. Borrowings under the NMFC Credit Facility generally bear interest at a rate of LIBOR plus 2.50% per annum or the prime rate plus 1.50% per annum. Under the Holdings Credit Facility, which matures in December 2022, we had \$345.0 million outstanding as of September 18, 2018. Borrowings under the Holdings Credit Facility bear interest at a rate of LIBOR plus 1.75% per annum for broadly syndicated loans and LIBOR plus 2.25% per annum for all other investments. As of September 18, 2018, we had \$155.3 million, \$285.0 million, \$165.0 million and \$115.0 million outstanding in connection with the 2014 Convertible Notes, the Unsecured Notes, the SBA-guaranteed debentures and the 2018 Convertible Notes, respectively. For additional information regarding our outstanding indebtedness, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources" in this prospectus supplement and the accompanying prospectus.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The information contained in this section should be read in conjunction with the Selected Financial and Other Data and our Financial Statements and notes thereto appearing elsewhere in this prospectus supplement and the accompanying prospectus. The following discussion and other parts of this prospectus supplement and the accompanying prospectus contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed under "Supplementary Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" appearing elsewhere in this prospectus supplement and "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" in the accompanying prospectus.*

**Overview**

We are a Delaware corporation that was originally incorporated on June 29, 2010 and completed our IPO on May 19, 2011. We are a closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act. As such, we are obligated to comply with certain regulatory requirements. We have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as a RIC under Subchapter M of the Code. NMFC is also registered as an investment adviser under the Advisers Act. Since our IPO, and through June 30, 2018, we raised approximately \$614.6 million in net proceeds from additional offerings of common stock.

The Investment Adviser is a wholly-owned subsidiary of New Mountain Capital. New Mountain Capital is a firm with a track record of investing in the middle market. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity and credit investment vehicles. The Investment Adviser manages our day-to-day operations and provides us with investment advisory and management services. The Administrator provides the administrative services necessary to conduct our day-to-day operations.

Our wholly-owned subsidiary, NMF Holdings, is a Delaware limited liability company whose assets are used to secure NMF Holdings' credit facility. NMF Ancora, NMF QID and NMF YP, our wholly-owned subsidiaries, are structured as Delaware entities that serve as tax blocker corporations which hold equity or equity-like investments in portfolio companies organized as limited liability companies (or other forms of pass-through entities). We consolidate our tax blocker corporations for accounting purposes. The tax blocker corporations are not consolidated for income tax purposes and may incur income tax expense as a result of their ownership of the portfolio companies. Additionally, our wholly-owned subsidiary, NMF Servicing, serves as the administrative agent on certain investment transactions. SBIC I and its general partner, SBIC I GP, were organized in Delaware as a limited partnership and limited liability company, respectively. SBIC II and its general partner, SBIC II GP, were also organized in Delaware as a limited partnership and limited liability company, respectively. SBIC I, SBIC I GP, SBIC II and SBIC II GP are our consolidated wholly-owned direct and indirect subsidiaries. SBIC I and SBIC II received licenses from the SBA to operate as SBICs under Section 301(c) of the 1958 Act. Our wholly-owned subsidiary, NMNLC, a Maryland corporation, was formed to acquire commercial real properties that are subject to "triple net" leases and has qualified and intends to continue to qualify as a real estate investment trust, or REIT, within the meaning of Section 856(a) of the Code.

Our investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. The first lien debt may include traditional first lien senior secured loans or unitranche loans. Unitranche loans combine characteristics of traditional first lien senior secured loans as well as second lien and subordinated loans. Unitranche loans will expose us to the risks associated with second lien and subordinated loans to the extent we invest in the "last out" tranche. In some cases, our investments may also include equity interests.

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Our primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance. Similar to us, SBIC I's and SBIC II's investment objectives are to generate current income and capital appreciation under our investment criteria. However, SBIC I's and SBIC II's investments must be in SBA eligible small businesses. Our portfolio may be concentrated in a limited number of industries. As of June 30, 2018, our top five industry concentrations were business services, software, healthcare services, education and investment funds.

As of June 30, 2018, our net asset value was \$1,032.6 million and our portfolio had a fair value of approximately \$2,098.0 million in 89 portfolio companies, with a weighted average yield to maturity at cost for income producing investments ("YTM at Cost") of approximately 11.1% and a weighted average yield to maturity at cost for all investments ("YTM at Cost for Investments") of approximately 10.9%. The YTM at Cost calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. The YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased as cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. YTM at Cost and YTM at Cost for Investments calculations exclude the impact of existing leverage. YTM at Cost and YTM at Cost for Investments uses the London Interbank Offered Rate ("LIBOR") curves at each quarter's end date. The actual yield to maturity may be higher or lower due to the future selection of the LIBOR contracts by the individual companies in our portfolio or other factors.

**Recent Developments**

On July 5, 2018, we entered into a third supplement (the "Supplement") to our Amended and Restated Note Purchase Agreement, dated September 30, 2016 (the "NPA"). Pursuant to the Supplement, on July 5, 2018, we issued to an institutional investor identified therein, in a private placement, \$50.0 million in aggregate principal amount of 5.36% Series 2018B Notes due June 28, 2023 (the "2018B Unsecured Notes") as an additional series of notes under the NPA. Except as set forth in the Supplement, the 2018B Unsecured Notes have the same terms as the \$90.0 million in aggregate principal amount of the 5.313% Notes due May 15, 2021, the \$55.0 million in aggregate principal amount of the 4.76% Series 2017A Notes due July 15, 2022 and the \$90.0 million in aggregate principal amount of 4.87% Series 2018A Notes due January 30, 2023 (collectively, the "Prior Notes") that we previously issued pursuant to the NPA, the first supplement and the second supplement thereto, respectively. The Supplement includes certain additional covenants and terms, including, without limitation, a requirement that we not exceed a debt-to-equity ratio of 1.65 to 1.00 at the time of incurring additional indebtedness and a requirement that we not exceed a secured debt ratio of 0.70 to 1.00 at any time. The 2018B Unsecured Notes will rank equal in priority with our other unsecured indebtedness, including the Prior Notes. Interest on the 2018B Unsecured Notes will be payable semi-annually in arrears on January 15 and July 15 of each year, commencing on January 15, 2019.

On July 5, 2018, we entered into Amendment No. 4 (the "Amendment") to our NMFC Credit Facility (as defined below). The Amendment reduces the minimum asset coverage ratio that we must maintain at the time of any borrowing under the NMFC Credit Facility (as defined below) and as of each quarter end from 2.00 to 1.00 to 1.50 to 1.00. The Amendment also includes a requirement that we not exceed a debt-to-equity ratio of 1.65 to 1.00 at the time of incurring additional indebtedness and a requirement that we not exceed a secured debt ratio of 0.70 to 1.00 at any time.

On August 1, 2018, our board of directors declared a third quarter 2018 distribution of \$0.34 per share payable on September 28, 2018 to holders of record as of September 14, 2018.

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We had approximately \$169.6 million of originations and commitments since the end of the second quarter through August 3, 2018. This was offset by approximately \$178.9 million of repayments and \$3.4 million of sales during the same period.

On August 20, 2018, we closed an offering of \$100.0 million aggregate principal amount of the 2018 Convertible Notes, pursuant to the Convertible Notes Indenture. On August 30, 2018, we closed an offering of an additional \$15.0 million aggregate principal amount of the 2018 Convertible Notes. These additional 2018 Convertible Notes constitute a further issuance of, rank equally in right of payment with, and form a single series with the \$100.0 million aggregate principal amount of 2018 Convertible Notes that we issued on August 20, 2018. The 2018 Convertible Notes bear interest at an annual rate of 5.75%, payable semi-annually on February 15 and August 15 of each year, commencing on February 15, 2019. The 2018 Convertible Notes will mature on August 15, 2023 unless earlier converted or repurchased at the holder's option.

### **Critical Accounting Policies**

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies.

### ***Basis of Accounting***

We consolidate our wholly-owned direct and indirect subsidiaries: NMF Holdings, NMF Servicing, NMNLC, SBIC I, SBIC I GP, SBIC II, SBIC II GP, NMF Ancora, NMF QID and NMF YP. We are an investment company following accounting and reporting guidance as described in Accounting Standards Codification Topic 946, *Financial Services - Investment Companies*, ("ASC 946").

### ***Valuation and Leveling of Portfolio Investments***

At all times consistent with GAAP and the 1940 Act, we conduct a valuation of assets, which impacts our net asset value.

We value our assets on a quarterly basis, or more frequently if required under the 1940 Act. In all cases, our board of directors is ultimately and solely responsible for determining the fair value of our portfolio investments on a quarterly basis in good faith, including investments that are not publicly traded, those whose market prices are not readily available and any other situation where our portfolio investments require a fair value determination. Security transactions are accounted for on a trade date basis. Our quarterly valuation procedures are set forth in more detail below:

- (1) Investments for which market quotations are readily available on an exchange are valued at such market quotations based on the closing price indicated from independent pricing services.
- (2) Investments for which indicative prices are obtained from various pricing services and/or brokers or dealers are valued through a multi-step valuation process, as described below, to determine whether the quote(s) obtained is representative of fair value in accordance with GAAP.
  - a. Bond quotes are obtained through independent pricing services. Internal reviews are performed by the investment professionals of the Investment Adviser to ensure that the quote obtained is representative of fair value in accordance with GAAP and, if so, the quote is used. If the Investment Adviser is unable to sufficiently validate the quote(s) internally and if the investment's par value or its fair value exceeds the materiality

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threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below); and

- b. For investments other than bonds, we look at the number of quotes readily available and perform the following procedures:
  - i. Investments for which two or more quotes are received from a pricing service are valued using the mean of the mean of the bid and ask of the quotes obtained;
  - ii. Investments for which one quote is received from a pricing service are validated internally. The investment professionals of the Investment Adviser analyze the market quotes obtained using an array of valuation methods (further described below) to validate the fair value. If the Investment Adviser is unable to sufficiently validate the quote internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below).

(3)

Investments for which quotations are not readily available through exchanges, pricing services, brokers, or dealers are valued through a multi-step valuation process:

- a. Each portfolio company or investment is initially valued by the investment professionals of the Investment Adviser responsible for the credit monitoring;
- b. Preliminary valuation conclusions will then be documented and discussed with our senior management;
- c. If an investment falls into (3) above for four consecutive quarters and if the investment's par value or its fair value exceeds the materiality threshold, then at least once each fiscal year, the valuation for each portfolio investment for which we do not have a readily available market quotation will be reviewed by an independent valuation firm engaged by our board of directors; and
- d. When deemed appropriate by our management, an independent valuation firm may be engaged to review and value investment(s) of a portfolio company, without any preliminary valuation being performed by the Investment Adviser. The investment professionals of the Investment Adviser will review and validate the value provided.

For investments in revolving credit facilities and delayed draw commitments, the cost basis of the funded investments purchased is offset by any costs/netbacks received for any unfunded portion on the total balance committed. The fair value is also adjusted for the price appreciation or depreciation on the unfunded portion. As a result, the purchase of a commitment not completely funded may result in a negative fair value until it is called and funded.

The values assigned to investments are based upon available information and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot be reasonably determined until the individual positions are liquidated. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period and the fluctuations could be material.

GAAP fair value measurement guidance classifies the inputs used in measuring fair value into three levels as follows:

Level I Quoted prices (unadjusted) are available in active markets for identical investments and we have the ability to access such quotes as of the reporting date. The type of investments which would generally be included in Level I include active exchange-traded equity securities and exchange-traded derivatives. As required by Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), we, to the extent that we hold such investments, do not adjust the quoted price





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for these investments, even in situations where we hold a large position and a sale could reasonably impact the quoted price.

**Level II** Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Level II inputs include the following:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);

Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including foreign exchange forward contracts); and

Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

**Level III** Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment.

The inputs used to measure fair value may fall into different levels. In all instances when the inputs fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level of input that is significant to the fair value measurement in its entirety. As such, a Level III fair value measurement may include inputs that are both observable and unobservable. Gains and losses for such assets categorized within the Level III table below may include changes in fair value that are attributable to both observable inputs and unobservable inputs.

The inputs into the determination of fair value require significant judgment or estimation by management and consideration of factors specific to each investment. A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in the transfer of certain investments within the fair value hierarchy from period to period. Reclassifications impacting the fair value hierarchy are reported as transfers in/out of the respective leveling categories as of the beginning of the period in which the reclassifications occur. The following table summarizes the levels in the fair value hierarchy that our portfolio investments fall into as of June 30, 2018:

<b>(in thousands)</b>	<b>Total</b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>
First lien	\$ 828,387	\$	\$ 117,309	\$ 711,078
Second lien	713,974		332,109	381,865
Subordinated	67,801		26,675	41,126
Equity and other	487,856	14		487,842
<b>Total investments</b>	<b>\$ 2,098,018</b>	<b>\$ 14</b>	<b>\$ 476,093</b>	<b>\$ 1,621,911</b>

We generally use the following framework when determining the fair value of investments where there are little, if any, market activity or observable pricing inputs. We typically determine the fair value of our performing debt investments utilizing an income approach. Additional consideration is given using a market based approach, as well as reviewing the overall underlying portfolio company's performance and associated financial risks. The following outlines additional details on the approaches considered:

**Company Performance, Financial Review, and Analysis:** Prior to investment, as part of our due diligence process, we evaluate the overall performance and financial stability of the portfolio company. Post investment, we analyze each portfolio company's current operating performance and relevant financial trends versus prior year and budgeted results, including, but not limited to, factors affecting its revenue and earnings before interest, taxes, depreciation, and amortization ("EBITDA") growth, margin



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trends, liquidity position, covenant compliance and changes to its capital structure. We also attempt to identify and subsequently track any developments at the portfolio company, within its customer or vendor base or within the industry or the macroeconomic environment, generally, that may alter any material element of our original investment thesis. This analysis is specific to each portfolio company. We leverage the knowledge gained from our original due diligence process, augmented by this subsequent monitoring, to continually refine our outlook for each of our portfolio companies and ultimately form the valuation of our investment in each portfolio company. When an external event such as a purchase transaction, public offering or subsequent sale occurs, we will consider the pricing indicated by the external event to corroborate the private valuation.

For debt investments, we may employ the Market Based Approach (as described below) to assess the total enterprise value of the portfolio company, in order to evaluate the enterprise value coverage of our debt investment. For equity investments or in cases where the Market Based Approach implies a lack of enterprise value coverage for the debt investment, we may additionally employ a discounted cash flow analysis based on the free cash flows of the portfolio company to assess the total enterprise value.

After enterprise value coverage is demonstrated for our debt investments through the method(s) above, the Income Based Approach (as described below) may be employed to estimate the fair value of the investment.

**Market Based Approach:** We may estimate the total enterprise value of each portfolio company by utilizing market value cash flow (EBITDA) multiples of publicly traded comparable companies and comparable transactions. We consider numerous factors when selecting the appropriate companies whose trading multiples are used to value our portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, and relevant risk factors, as well as size, profitability and growth expectations. We may apply an average of various relevant comparable company EBITDA multiples to the portfolio company's latest twelve month ("LTM") EBITDA or projected EBITDA to calculate the enterprise value of the portfolio company. Significant increases or decreases in the EBITDA multiple will result in an increase or decrease in enterprise value, which may result in an increase or decrease in the fair value estimate of the investment. In applying the market based approach as of June 30, 2018, we used the relevant EBITDA multiple ranges set forth in the table below to determine the enterprise value of our portfolio companies. We believe these were reasonable ranges in light of current comparable company trading levels and the specific portfolio companies involved.

**Income Based Approach:** We also may use a discounted cash flow analysis to estimate the fair value of the investment. Projected cash flows represent the relevant security's contractual interest, fee and principal payments plus the assumption of full principal recovery at the investment's expected maturity date. These cash flows are discounted at a rate established utilizing a yield calibration approach, which incorporates changes in the credit quality (as measured by relevant statistics) of the portfolio company, as compared to changes in the yield associated with comparable credit quality market indices, between the date of origination and the valuation date. Significant increases or decreases in the discount rate would result in a decrease or increase in the fair value measurement. In applying the income based approach as of June 30, 2018, we used the discount ranges set forth in the table below to value investments in our portfolio companies.

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The unobservable inputs used in the fair value measurement of our Level III investments as of June 30, 2018 were as follows:

(in thousands)	Fair Value as of June 30, 2018	Approach	Unobservable Input	Range		Weighted Average		
				Low	High			
First lien	\$ 527,399	Market & income approach	EBITDA multiple	2.0x	19.8x	11.5x		
			Revenue multiple	3.5x	6.3x	5.5x		
			Discount rate	7.3%	12.9%	9.8%		
			100,379	Market quote	Broker quote	N/A	N/A	N/A
83,300	Other	N/A(1)	N/A	N/A	N/A			
Second lien	211,125	Market & income approach	EBITDA multiple	8.0x	16.0x	11.4x		
			Revenue multiple	1.0x	1.1x	1.1x		
			Discount rate	9.7%	12.8%	11.3%		
			170,740	Market quote	Broker quote	N/A	N/A	N/A
Subordinated	41,126	Market & income approach	EBITDA multiple	5.5x	12.5x	9.4x		
			Discount rate	8.1%	21.8%	15.6%		
Equity and other	487,347	Market & income approach	EBITDA multiple	0.4x	18.0x	11.9x		
			Revenue multiple	1.0x	1.1x	1.1x		
			Discount rate	7.0%	26.1%	12.7%		
			495	Black Scholes analysis	Expected life in years	7.8	7.8	7.8
					Volatility	35.8%	35.8%	35.8%
					Discount rate	2.9%	2.9%	2.9%
\$ 1,621,911								

(1)

Fair value was determined based on transaction pricing or recent acquisition or sale as the best measure of fair value with no material changes in operations of the related portfolio company since the transaction date.

### ***NMFC Senior Loan Program I LLC***

NMFC Senior Loan Program I LLC ("SLP I") was formed as a Delaware limited liability company on May 27, 2014 and commenced operations on June 10, 2014. SLP I is a portfolio company held by us. SLP I is structured as a private investment fund, in which all of the investors are qualified purchasers, as such term is defined under the 1940 Act. Transfer of interests in SLP I is subject to restrictions and, as a result, such interests are not readily marketable. SLP I operates under a limited liability company agreement (the "SLP I Agreement") and will continue in existence until July 31, 2020, subject to earlier termination pursuant to certain terms of the SLP I Agreement. The term may be extended pursuant to certain terms of the SLP I Agreement and SLP I's re-investment period is through July 31, 2018. SLP I invests in senior secured loans issued by companies within our core industry verticals. These investments are typically broadly syndicated first lien loans.

SLP I is capitalized with \$93.0 million of capital commitments and \$265.0 million of debt from a revolving credit facility and is managed by us. Our capital commitment is \$23.0 million, representing less than 25.0% ownership, with third party investors representing the remaining capital commitments. As of June 30, 2018, SLP I had total investments with an aggregate fair value of approximately \$347.2 million, debt outstanding of \$251.6 million and capital that had been called and funded of \$93.0 million. As of December 31, 2017, SLP I had total investments with an aggregate fair value of approximately \$348.7 million, debt outstanding of \$223.7 million and capital that had been called and funded of \$93.0 million. Our investment in SLP I is disclosed on our Consolidated Schedule of Investments as of June 30, 2018 and December 31, 2017.

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We, as an investment adviser registered under the Advisers Act, act as the collateral manager to SLP I and are entitled to receive a management fee for our investment management services provided to SLP I. As a result, SLP I is classified as our affiliate. No management fee is charged on our investment in SLP I in connection with the administrative services provided to SLP I. For the three and

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six months ended June 30, 2018, we earned approximately \$0.3 million and \$0.6 million, respectively, in management fees related to SLP I, which is included in other income. For the three and six months ended June 30, 2017, we earned approximately \$0.3 million and \$0.6 million, respectively, in management fees related to SLP I, which is included in other income. As of June 30, 2018 and December 31, 2017, approximately \$0.9 million and \$0.3 million, respectively, of management fees related to SLP I was included in receivable from affiliates. For the three and six months ended June 30, 2018, we earned approximately \$0.8 million and \$1.6 million, respectively, of dividend income related to SLP I, which is included in dividend income. For the three and six months ended June 30, 2017, we earned approximately \$0.8 million and \$1.8 million, respectively, of dividend income related to SLP I, which is included in dividend income. As of June 30, 2018 and December 31, 2017, approximately \$1.0 million and \$0.8 million, respectively, of dividend income related to SLP I was included in interest and dividend receivable.

***NMFC Senior Loan Program II LLC***

NMFC Senior Loan Program II LLC ("SLP II") was formed as a Delaware limited liability company on March 9, 2016 and commenced operations on April 12, 2016. SLP II is structured as a private joint venture investment fund between us and SkyKnight Income, LLC ("SkyKnight") and operates under a limited liability company agreement (the "SLP II Agreement"). The purpose of the joint venture is to invest primarily in senior secured loans issued by portfolio companies within our core industry verticals. These investments are typically broadly syndicated first lien loans. All investment decisions must be unanimously approved by the board of managers of SLP II, which has equal representation from us and SkyKnight. SLP II has a three year investment period and will continue in existence until April 12, 2021. The term may be extended for up to one year pursuant to certain terms of the SLP II Agreement.

SLP II is capitalized with equity contributions which were called from its members, on a pro-rata basis based on their equity commitments, as transactions are completed. Any decision by SLP II to call down on capital commitments requires approval by the board of managers of SLP II. As of June 30, 2018, we and SkyKnight have committed and contributed \$79.4 million and \$20.6 million, respectively, of equity to SLP II. Our investment in SLP II is disclosed on our Consolidated Schedule of Investments as of June 30, 2018 and December 31, 2017.

On April 12, 2016, SLP II closed its \$275.0 million revolving credit facility with Wells Fargo Bank, National Association, which matures on April 12, 2021 and currently bears interest at a rate of LIBOR plus 1.60% per annum. As of June 30, 2018 and December 31, 2017, SLP II had total investments with an aggregate fair value of approximately \$368.9 million and \$382.5 million, respectively, and debt outstanding under its credit facility of \$267.9 million and \$266.3 million, respectively. As of June 30, 2018 and December 31, 2017, none of SLP II's investments were on non-accrual. Additionally, as of June 30, 2018 and December 31, 2017, SLP II had unfunded commitments in the form of delayed draws of \$7.0 million and \$4.9 million, respectively. Below is a summary of SLP II's portfolio, along with a listing of the individual investments in SLP II's portfolio as of June 30, 2018 and December 31, 2017:

<b>(in thousands)</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
First lien investments(1)	374,972	386,100
Weighted average interest rate on first lien investments(2)	6.51%	6.05%
Number of portfolio companies in SLP II	33	35
Largest portfolio company investment(1)	17,183	17,369
Total of five largest portfolio company investments(1)	80,614	81,728

(1) Reflects principal amount or par value of investments.

(2) Computed as the all in interest rate in effect on accruing investments divided by the total principal amount of investments.

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The following table is a listing of the individual investments in SLP II's portfolio as of June 30, 2018:

Portfolio Company and Type of Investment	Industry	Interest Rate(1)	Maturity Date	Principal Amount or Par Value (in thousands)	Cost (in thousands)	Fair Value(2) (in thousands)
<b>Funded Investments First lien:</b>						
Access CIG, LLC	Business Services	5.84% (L + 3.75%)	2/27/2025	\$ 8,870	\$ 8,827	\$ 8,898
ADG, LLC	Healthcare Services	6.84% (L + 4.75%)	9/28/2023	16,948	16,815	16,694
ASG Technologies Group, Inc.	Software	5.59% (L + 3.50%)	7/31/2024	5,449	5,424	5,427
Beaver-Visitec International Holdings, Inc.	Healthcare Products	7.09% (L + 5.00%)	8/21/2023	14,738	14,622	14,756
Brave Parent Holdings, Inc.	Software	6.33% (L + 4.00%)	4/18/2025	8,500	8,479	8,543
CHA Holdings, Inc.	Business Services	6.58% (L + 4.50%)	4/10/2025	9,857	9,808	9,931
CommerceHub, Inc.	Software	5.86% (L + 3.75%)	5/21/2025	2,500	2,487	2,512
DigiCert, Inc.	Business Services	6.84% (L + 4.75%)	10/31/2024	9,975	9,929	9,977
FPC Holdings, Inc.	Distribution & Logistics	6.59% (L + 4.50%)	11/18/2022	14,963	14,532	15,084
Globallogic Holdings Inc.	Business Services	6.08% (L + 3.75%)	6/20/2022	4,665	4,637	4,677
Greenway Health, LLC	Software	6.08% (L + 3.75%)	2/16/2024	14,849	14,788	14,869
Idera, Inc.	Software	6.60% (L + 4.50%)	6/28/2024	12,555	12,443	12,750
J.D. Power (fka J.D. Power and Associates)	Business Services	6.34% (L + 4.25%)	9/7/2023	13,290	13,244	13,340
Keystone Acquisition Corp.	Healthcare Services	7.58% (L + 5.25%)	5/1/2024	5,360	5,313	5,356
LSCS Holdings, Inc.	Healthcare Services	6.52% (L + 4.25%)	3/17/2025	6,384	6,373	6,384
LSCS Holdings, Inc.	Healthcare Services	6.34% (L + 4.25%)	3/17/2025	1,264	1,263	1,264
Market Track, LLC	Business Services	6.58% (L + 4.25%)	6/5/2024	11,880	11,828	11,880
Medical Solutions Holdings, Inc.	Healthcare Services	5.84% (L + 3.75%)	6/14/2024	4,454	4,434	4,457
Ministry Brands, LLC	Software	6.10% (L + 4.00%)	12/2/2022	2,127	2,118	2,127
Ministry Brands, LLC	Software	6.10% (L + 4.00%)	12/2/2022	12,348	12,295	12,348
Navex Global, Inc.	Software	6.34% (L + 4.25%)	11/19/2021	14,820	14,668	14,885
Navicure, Inc.	Healthcare Services	5.84% (L + 3.75%)	11/1/2024	10,935	10,885	10,935
NorthStar Financial Services Group, LLC	Software	5.59% (L + 3.50%)	5/25/2025	7,500	7,463	7,519
Pathway Vet Alliance LLC (fka Pathway Partners Vet Management Company LLC)	Consumer Services	6.34% (L + 4.25%)	10/10/2024	286	285	287
Pathway Vet Alliance LLC (fka Pathway Partners Vet Management Company LLC)	Consumer Services	6.34% (L + 4.25%)	10/10/2024	9,654	9,609	9,678
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	7.59% (L + 5.25%)	4/29/2024	10,395	10,350	10,473
Poseidon Intermediate, LLC	Software	6.35% (L + 4.25%)	8/15/2022	14,805	14,802	14,879
Project Accelerate Parent, LLC	Business Services	6.25% (L + 4.25%)	1/2/2025	14,963	14,892	15,037
PSC Industrial Holdings Corp.	Industrial Services	5.84% (L + 3.75%)	10/11/2024	10,448	10,352	10,448



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Quest Software US Holdings Inc.		6.58%					
	Software	(L + 4.25%)	5/16/2025	15,000	14,926	14,994	
Salient CRGT Inc.	Federal	7.84%					
	Services	(L + 5.75%)	2/28/2022	13,982	13,875	14,192	
Severin Acquisition, LLC		7.11%					
	Software	(L + 4.75%)	7/30/2021	14,812	14,760	14,868	
Sierra Acquisition, Inc.	Food &	5.59%					
	Beverage	(L + 3.50%)	11/11/2024	3,731	3,714	3,750	
WP CityMD Bidco LLC	Healthcare	5.83%					
	Services	(L + 3.50%)	6/7/2024	14,887	14,855	14,822	
YI, LLC	Healthcare	6.33%					
	Services	(L + 4.00%)	11/7/2024	1,464	1,470	1,475	
YI, LLC	Healthcare	6.33%					
	Services	(L + 4.00%)	11/7/2024	12,099	12,089	12,190	
Zywave, Inc.		7.34%					
	Software	(L + 5.00%)	11/17/2022	17,183	17,117	17,183	
<b>Total Funded Investments</b>				<b>\$ 367,940</b>	<b>\$ 365,771</b>	<b>\$ 368,889</b>	
<b>Unfunded Investments First lien:</b>							
Access CIG, LLC	Business						
	Services		8/27/2018	\$ 1,108	\$	3	
CHA Holdings, Inc.	Business						
	Services		10/10/2019	2,143	(11)	16	
LSCS Holdings, Inc.	Healthcare						
	Services		9/17/2018	336	(2)		
Ministry Brands, LLC	Software						
			10/18/2019	1,869	(9)		
YI, LLC	Healthcare						
	Services		11/7/2018	1,576	(8)	12	
<b>Total Unfunded Investments</b>				<b>\$ 7,032</b>	<b>\$ (30)</b>	<b>\$ 31</b>	
				<b>\$ 374,972</b>	<b>\$ 365,741</b>	<b>\$ 368,920</b>	

- (1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of June 30, 2018.
- (2) Represents the fair value in accordance with ASC 820. Our board of directors does not determine the fair value of the investments held by SLP II.

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The following table is a listing of the individual investments in SLP II's portfolio as of December 31, 2017:

Portfolio Company and Type of Investment	Industry	Interest Rate(1)	Maturity Date	Principal Amount or Par Value (in thousands)	Cost (in thousands)	Fair Value(2) (in thousands)
<b>Funded Investments</b>	<b>First lien</b>					
ADG, LLC	Healthcare Services	6.32% (L + 4.75%)	9/28/2023	\$ 17,034	\$ 16,890	\$ 16,779
ASG Technologies Group, Inc.	Software	6.32% (L + 4.75%)	7/31/2024	7,481	7,446	7,547
Beaver-Visitec International Holdings, Inc.	Healthcare Products	6.69% (L + 5.00%)	8/21/2023	14,812	14,688	14,813
DigiCert, Inc.	Business Services	6.13% (L + 4.75%)	10/31/2024	10,000	9,951	10,141
Emerald 2 Limited	Business Services	5.69% (L + 4.00%)	5/14/2021	1,266	1,211	1,267
Evo Payments International, LLC	Business Services	5.57% (L + 4.00%)	12/22/2023	17,369	17,292	17,492
Explorer Holdings, Inc.	Healthcare Services	5.13% (L + 3.75%)	5/2/2023	2,940	2,917	2,973
Globallogic Holdings Inc.	Business Services	6.19% (L + 4.50%)	6/20/2022	9,677	9,611	9,755
Greenway Health, LLC	Software	5.94% (L + 4.25%)	2/16/2024	14,925	14,858	15,074
Idera, Inc.	Software Business	6.57% (L + 5.00%)	6/28/2024	12,619	12,499	12,556
J.D. Power (fka J.D. Power and Associates)	Business Services	5.94% (L + 4.25%)	9/7/2023	13,357	13,308	13,407
Keystone Acquisition Corp.	Healthcare Services	6.94% (L + 5.25%)	5/1/2024	5,386	5,336	5,424
Market Track, LLC	Business Services	5.94% (L + 4.25%)	6/5/2024	11,940	11,884	11,940
McGraw-Hill Global Education Holdings, LLC	Education	5.57% (L + 4.00%)	5/4/2022	9,850	9,813	9,844
Medical Solutions Holdings, Inc.	Healthcare Services	5.82% (L + 4.25%)	6/14/2024	6,965	6,932	7,043
Ministry Brands, LLC	Software	6.38% (L + 5.00%)	12/2/2022	2,138	2,128	2,138
Ministry Brands, LLC	Software	6.38% (L + 5.00%)	12/2/2022	7,768	7,735	7,768
Navex Global, Inc.	Software	5.82% (L + 4.25%)	11/19/2021	14,897	14,724	14,971
Navicure, Inc.	Healthcare Services	5.11% (L + 3.75%)	11/1/2024	15,000	14,926	15,000
OEConnection LLC	Business Services	5.69% (L + 4.00%)	11/22/2024	15,000	14,925	14,981
Pathway Partners Vet Management Company LLC	Consumer Services	5.82% (L + 4.25%)	10/10/2024	6,963	6,929	6,980
Pathway Partners Vet Management Company LLC	Consumer Services	5.82% (L + 4.25%)	10/10/2024	291	290	292
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	6.95% (L + 5.25%)	4/29/2024	10,448	10,399	10,526
Poseidon Intermediate, LLC	Software	5.82% (L + 4.25%)	8/15/2022	14,881	14,877	14,955
Project Accelerate Parent, LLC	Business Services	5.94% (L + 4.25%)	1/2/2025	15,000	14,925	15,038
PSC Industrial Holdings Corp.	Industrial Services	5.71% (L + 4.25%)	10/11/2024	10,500	10,398	10,500
Quest Software US Holdings Inc.	Software	6.92% (L + 5.50%)	10/31/2022	9,899	9,775	10,071
Salient CRGT Inc.	Federal Services	7.32% (L + 5.75%)	2/28/2022	14,433	14,310	14,559
Severin Acquisition, LLC	Software	6.32% (L + 4.75%)	7/30/2021	14,888	14,827	14,813

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Shine Acquisitoin Co. S.à.r.l / Boing US Holdco Inc.	Consumer Services	4.88% (L + 3.50%)	10/3/2024	15,000	14,964	15,108
Sierra Acquisition, Inc.	Food & Beverage	5.68% (L + 4.25%)	11/11/2024	3,750	3,731	3,789
TMK Hawk Parent, Corp.	Distribution & Logistics	4.88% (L + 3.50%)	8/28/2024	1,671	1,667	1,686
University Support Services LLC (St. George's University Scholastic Services LLC)	Education	5.82% (L + 4.25%)	7/6/2022	1,875	1,875	1,900
Vencore, Inc. (fka SI Organization, Inc., The)	Federal Services	6.44% (L + 4.75%)	11/23/2019	10,686	10,673	10,835
WP CityMD Bidco LLC	Healthcare Services	5.69% (L + 4.00%)	6/7/2024	14,963	14,928	15,009
YI, LLC	Healthcare Services	5.69% (L + 4.00%)	11/7/2024	8,240	8,204	8,230
Zywave, Inc.	Software	6.61% (L + 5.00%)	11/17/2022	17,325	17,252	17,325
<b>Total Funded Investments</b>				<b>\$ 381,237</b>	<b>\$ 379,098</b>	<b>\$ 382,529</b>
<b>Unfunded Investments First lien</b>						
Pathway Partners Vet Management Company LLC	Consumer Services		10/10/2019	\$ 2,728	\$ (14)	\$ 7
TMK Hawk Parent, Corp.	Distribution & Logistics		3/28/2018	75		1
YI, LLC	Healthcare Services		11/7/2018	2,060	(9)	(3)
<b>Total Unfunded Investments</b>				<b>\$ 4,863</b>	<b>\$ (23)</b>	<b>\$ 5</b>
<b>Total Investments</b>				<b>\$ 386,100</b>	<b>\$ 379,075</b>	<b>\$ 382,534</b>

(1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of December 31, 2017.

(2) Represents the fair value in accordance with ASC 820. Our board of directors does not determine the fair value of the investments held by SLP II.

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Below is certain summarized financial information for SLP II as of June 30, 2018 and December 31, 2017 and for the three and six months ended June 30, 2018 and June 30, 2017:

<b>Selected Balance Sheet Information:</b>	<b>June 30, 2018</b>		<b>December 31, 2017</b>	
	<b>(in thousands)</b>		<b>(in thousands)</b>	
Investments at fair value (cost of \$365,741 and \$379,075, respectively)	\$	368,920	\$	382,534
Cash and other assets		7,581		8,065
<b>Total assets</b>	<b>\$</b>	<b>376,501</b>	<b>\$</b>	<b>390,599</b>
Credit facility	\$	267,870	\$	266,270
Deferred financing costs		(1,678)		(1,966)
Payable for unsettled securities purchased				15,964
Distribution payable		3,960		3,500
Other liabilities		2,838		2,891
<b>Total liabilities</b>		<b>272,990</b>		<b>286,659</b>
Members' capital	\$	103,511	\$	103,940
<b>Total liabilities and members' capital</b>	<b>\$</b>	<b>376,501</b>	<b>\$</b>	<b>390,599</b>

<b>Selected Statement of Operations Information:</b>	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>
	<b>(in thousands)</b>		<b>(in thousands)</b>	
Interest income	\$ 6,134	\$ 5,630	\$ 11,764	\$ 10,803
Other income	36	102	58	316
<b>Total investment income</b>	<b>6,170</b>	<b>5,732</b>	<b>11,822</b>	<b>11,119</b>
Interest and other financing expenses	2,553	2,074	4,981	3,923
Other expenses	140	212	364	374
<b>Total expenses</b>	<b>2,693</b>	<b>2,286</b>	<b>5,345</b>	<b>4,297</b>
<b>Net investment income</b>	<b>3,477</b>	<b>3,446</b>	<b>6,477</b>	<b>6,822</b>
Net realized gains on investments	180	814	633	1,922
Net change in unrealized appreciation (depreciation) of investments	(957)	(535)	(280)	(641)
Net increase in members' capital	\$ 2,700	\$ 3,725	\$ 6,830	\$ 8,103

For the three and six months ended June 30, 2018, we earned approximately \$3.2 million and \$5.8 million, respectively, of dividend income related to SLP II, which is included in dividend income. For the three and six months ended June 30, 2017, we earned approximately \$3.2 million and \$6.6 million, respectively, of dividend income related to SLP II, which is included in dividend income. As of June 30, 2018 and

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December 31, 2017, approximately \$3.2 million and \$2.8 million, respectively, of dividend income related to SLP II was included in interest and dividend receivable.

We have determined that SLP II is an investment company under ASC 946; however, in accordance with such guidance we will generally not consolidate our investment in a company other than a wholly-owned investment company subsidiary. Furthermore, Accounting Standards Codification Topic 810, *Consolidation* ("ASC 810"), concludes that in a joint venture where both members have equal decision

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making authority, it is not appropriate for one member to consolidate the joint venture since neither has control. Accordingly, we do not consolidate SLP II.

**NMFC Senior Loan Program III LLC**

NMFC Senior Loan Program III LLC ("SLP III") was formed as a Delaware limited liability company and commenced operations on April 25, 2018. SLP III is structured as a private joint venture investment fund between us and SkyKnight Income II, LLC ("SkyKnight II") and operates under a limited liability company agreement (the "SLP III Agreement"). The purpose of the joint venture is to invest primarily in senior secured loans issued by portfolio companies within the our core industry verticals. These investments are typically broadly syndicated first lien loans. All investment decisions must be unanimously approved by the board of managers of SLP III, which has equal representation from us and SkyKnight II. SLP III has a five year investment period and will continue in existence until April 25, 2025. The investment period may be extended for up to one year pursuant to certain terms of the SLP III Agreement.

SLP III is capitalized with equity contributions which are called from its members, on a pro-rata basis based on their equity commitments, as transactions are completed. Any decision by SLP III to call down on capital commitments requires approval by the board of managers of SLP III. As of June 30, 2018, we and SkyKnight II have committed \$80.0 million and \$20.0 million, respectively, of equity to SLP III. As of June 30, 2018, the Company and SkyKnight II have contributed \$42.8 million and \$10.7 million, respectively, of equity to SLP III. Our investment in SLP III is disclosed on the our Consolidated Schedule of Investments as of June 30, 2018.

On May 2, 2018, SLP III closed its \$300.0 million revolving credit facility with Citibank, N.A., which matures on May 2, 2023 and bears interest at a rate of LIBOR plus 1.70% per annum. As of June 30, 2018, SLP III had total investments with an aggregate fair value of approximately \$157.3 million and debt outstanding under its credit facility of \$90.4 million. As of June 30, 2018, none of SLP III's investments were on non-accrual. Additionally, as of June 30, 2018, SLP III had unfunded commitments in the form of delayed draws of \$12.1 million. Below is a summary of SLP III's portfolio, along with a listing of the individual investments in SLP III's portfolio as of June 30, 2018:

<b>(in thousands)</b>	<b>June 30, 2018</b>
First lien investments(1)	169,218
Weighted average interest rate on first lien investments(2)	5.95%
Number of portfolio companies in SLP III	19
Largest portfolio company investment(1)	19,000
Total of five largest portfolio company investments(1)	79,000

(1) Reflects principal amount or par value of investment.

(2) Computed as the all in interest rate in effect on accruing investments divided by the total principal amount of investments.

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The following table is a listing of the individual investments in SLP III's portfolio as of June 30, 2018:

Portfolio Company and Type of Investment	Industry	Interest Rate(1)	Maturity Date	Principal Amount or Par Value (in thousands)	Cost (in thousands)	Fair Value(2) (in thousands)
<b>Funded Investments First lien</b>						
Access CIG, LLC	Business Services	5.84% (L + 3.75%)	2/27/2025	\$ 1,222	\$ 1,222	\$ 1,222
Brave Parent Holdings, Inc.	Software	6.33% (L + 4.00%)	4/18/2025	8,500	8,479	8,543
Certara Holdco, Inc.	Healthcare I.T.	5.83% (L + 3.50%)	8/15/2024	1,282	1,285	1,287
CommerceHub, Inc.	Software	5.86% (L + 3.75%)	5/21/2025	15,000	14,925	15,074
Dentalcorp of Canada ULC	Healthcare Services	5.76% (L + 3.75%)	6/6/2025	12,000	11,970	12,026
Greenway Health, LLC	Software	6.08% (L + 3.75%)	2/16/2024	10,326	10,332	10,339
Heartland Dental, LLC	Healthcare Services	5.84% (L + 3.75%)	4/30/2025	16,522	16,441	16,470
Market Track, LLC	Business Services	6.58% (L + 4.25%)	6/5/2024	1,188	1,182	1,188
Ministry Brands, LLC	Software	6.10% (L + 4.00%)	12/2/2022	4,619	4,597	4,619
National Intergovernmental Purchasing Alliance Company	Business Services	6.08% (L + 3.75%)	5/23/2025	15,000	14,987	14,981
Netsmart Technologies, Inc.	Healthcare I.T.	5.84% (L + 3.75%)	4/19/2023	10,491	10,491	10,570
NorthStar Financial Services Group, LLC	Software	5.59% (L + 3.50%)	5/25/2025	15,000	14,925	15,038
Pathway Vet Alliance LLC	Consumer Services	6.34% (L + 4.25%)	10/10/2024	192	191	192
Pelican Products, Inc.	Business Products	5.48% (L + 3.50%)	5/1/2025	5,000	4,988	5,008
Quest Software US Holdings Inc.	Software	6.58% (L + 4.25%)	5/16/2025	15,000	14,926	14,994
Sierra Enterprises, LLC	Food & Beverage	5.59% (L + 3.50%)	11/11/2024	2,494	2,491	2,506
University Support Services LLC (St. George's University Scholastic Services LLC)	Education	5.59% (L + 3.50%)	7/17/2025	3,814	3,794	3,802
WP CityMD Bidco LLC	Healthcare Services	5.83% (L + 3.50%)	6/7/2024	14,962	14,962	14,897
YI, LLC	Healthcare Services	6.33% (L + 4.00%)	11/7/2024	3,988	4,003	4,018
YI, LLC	Healthcare Services	6.33% (L + 4.00%)	11/7/2024	482	482	486
<b>Total Funded Investments</b>				<b>\$ 157,082</b>	<b>\$ 156,673</b>	<b>\$ 157,264</b>
<b>Unfunded Investments First lien</b>						
Dentalcorp of Canada ULC	Healthcare Services		6/6/2020	\$ 3,000	\$	\$ 7
Heartland Dental, LLC	Healthcare Services		4/30/2020	2,478		(8)
Ministry Brands, LLC	Software		10/18/2019	1,869	(9)	
Pathway Vet Alliance LLC	Consumer Services		5/25/2020	3,083	(15)	8
University Support Services LLC (St. George's University Scholastic Services LLC)	Education		6/20/2025	1,186		(4)
YI, LLC	Healthcare Services		11/7/2018	520	4	4
<b>Total Unfunded Investments</b>				<b>\$ 12,136</b>	<b>\$ (20)</b>	<b>\$ 7</b>

<b>Total Investments</b>	<b>\$ 169,218</b>	<b>\$ 156,653</b>	<b>\$ 157,271</b>
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- (1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of June 30, 2018.
- (2) Represents the fair value in accordance with ASC 820. Our board of directors does not determine the fair value of the investments held by SLP III.

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Below is certain summarized financial information for SLP III as of June 30, 2018 and for the three and six months ended June 30, 2018:

<b>Selected Balance Sheet Information:</b>	<b>June 30, 2018</b>	
Investments at fair value (cost of \$156,653)	\$	157,271
Cash and other assets		3,407
<b>Total assets</b>	<b>\$</b>	<b>160,678</b>
Credit facility	\$	90,400
Deferred financing costs		(3,138)
Payable for unsettled securities purchased		16,689
Other liabilities		2,596
<b>Total liabilities</b>		<b>106,547</b>
Members' capital	\$	54,131
<b>Total liabilities and members' capital</b>	<b>\$</b>	<b>160,678</b>

<b>Selected Statement of Operations Information:</b>	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30, 2018(1)</b>		<b>June 30, 2018(1)</b>	
Interest income	\$	790	\$	790
Other income		22		22
<b>Total investment income</b>		<b>812</b>		<b>812</b>
Interest and other financing expenses		574		574
Other expenses		226		226
<b>Total expenses</b>		<b>800</b>		<b>800</b>
Net investment income		12		12
Net change in unrealized appreciation (depreciation) of investments		618		618
<b>Net increase in members' capital</b>	<b>\$</b>	<b>630</b>	<b>\$</b>	<b>630</b>

(1)

SLP III commenced operations on April 25, 2018.

We have determined that SLP III is an investment company under ASC 946; however, in accordance with such guidance we will generally not consolidate our investment in a company other than a wholly-owned investment company subsidiary. Furthermore, Accounting Standards Codification Topic 810, *Consolidation*, concludes that in a joint venture where both members have equal decision making authority, it is not appropriate for one member to consolidate the joint venture since neither has control. Accordingly, we do not consolidate SLP III.

*New Mountain Net Lease Corporation*

NMNLC was formed to acquire commercial real properties that are subject to "triple net" leases. NMNLC's investments are disclosed on our Consolidated Schedule of Investments as of June 30, 2018.

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Below is certain summarized property information for NMNLC as of June 30, 2018:

Portfolio Company	Tenant	Lease Expiration Date	Location	Total Square Feet (in thousands)	Fair Value as of June 30, 2018 (in thousands)
			IN / MS / NM / OR /		
NM NL Holdings, L.P.	FXI Inc.	6/30/2038	PA / Mexico	2,122	\$ 20,229
NM GLCR LP	Arctic Glacier U.S.A.	2/28/2038	CA	214	14,750
	Victor Equipment				
NM CLFX LP	Company	8/31/2033	TX	423	12,538
NM APP Canada Corp.	A.P. Plasman, Inc.	9/30/2031	Canada	436	8,475
NM KRLN LLC	Kirlin Group, LLC	6/30/2029	MD	95	8,462
NM DRVT LLC	FMH Conveyors, LLC	10/31/2031	AR	195	5,507
	Plasman Corp, LLC /				
NM APP US LLC	A-Brite LP	9/30/2033	AL / OH	261	5,274
	J.R. Automation				
NM JRA LLC	Technologies, LLC	1/31/2031	MI	88	2,240
					\$ 77,475

### *Collateralized agreements or repurchase financings*

We follow the guidance in Accounting Standards Codification Topic 860, *Transfers and Servicing – Secured Borrowing and Collateral*, ("ASC 860") when accounting for transactions involving the purchases of securities under collateralized agreements to resell (resale agreements). These transactions are treated as collateralized financing transactions and are recorded at their contracted resale or repurchase amounts, as specified in the respective agreements. Interest on collateralized agreements is accrued and recognized over the life of the transaction and included in interest income. As of June 30, 2018 and December 31, 2017, we held one collateralized agreement to resell with a cost basis of \$30.0 million and \$30.0 million, respectively, and a fair value of \$25.2 million and \$25.2 million, respectively. The collateralized agreement to resell is guaranteed by a private hedge fund. The private hedge fund is currently in liquidation under the laws of the Cayman Islands. Pursuant to the terms of the collateralized agreement, the private hedge fund was obligated to repurchase the collateral from us at the par value of the collateralized agreement. The private hedge fund has breached its agreement to repurchase the collateral under the collateralized agreement. The default by the private hedge fund did not release the collateral to us, therefore, we do not have full rights and title to the collateral. A claim has been filed with the Cayman Islands joint official liquidators to resolve this matter. The joint official liquidators have recognized our contractual rights under the collateralized agreement. We continue to exercise our rights under the collateralized agreement and continue to monitor the liquidation process of the private hedge fund. The fair value of the collateralized agreement to resell is reflective of the increased risk of the position.

### *PPVA Black Elk (Equity) LLC*

On May 3, 2013, we entered into a collateralized securities purchase and put agreement (the "SPP Agreement") with a private hedge fund. Under the SPP Agreement, we purchased twenty million Class E Preferred Units of Black Elk Energy Offshore Operations, LLC ("Black Elk") for \$20.0 million with a corresponding obligation of the private hedge fund to repurchase the preferred units for \$20.0 million plus other amounts due under the SPP Agreement. The majority owner of Black Elk was the private hedge fund. In August 2014, we received a payment of \$20.5 million, the full amount due under the SPP Agreement.

In August 2017, a trustee (the "Trustee") for Black Elk informed us that the Trustee intended to assert a fraudulent conveyance claim (the "Claim") against us and one of its affiliates seeking the return of the \$20.5 million repayment. Black Elk filed a Chapter 11 bankruptcy petition pursuant to the United States Bankruptcy Code in August 2015. The Trustee alleges that individuals affiliated with the private hedge fund conspired with Black Elk and others to improperly use proceeds from the sale of certain Black Elk assets to repay, in August 2014, the private hedge fund's obligation to us under the SPP

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Agreement. We were unaware of these claims at the time the repayment was received. The private hedge fund is currently in liquidation under the laws of the Cayman Islands.

On December 22, 2017, we settled the Trustee's \$20.5 million Claim for \$16.0 million and filed a claim with the Cayman Islands joint official liquidators of the private hedge fund for \$16.0 million that is owed to us under the SPP Agreement. The SPP Agreement was restored and is in effect since repayment has not been made. We continue to exercise our rights under the SPP Agreement and continue to monitor the liquidation process of the private hedge fund. During the six months ended June 30, 2018, we received a \$1.5 million payment from our insurance carrier in respect to the settlement. As of June 30, 2018, the SPP Agreement has a cost basis of \$14.5 million and a fair value of \$12.2 million, which is reflective of the higher inherent risk in this transaction.

**Revenue Recognition**

*Sales and paydowns of investments:* Realized gains and losses on investments are determined on the specific identification method.

*Interest and dividend income:* Interest income, including amortization of premium and discount using the effective interest method, is recorded on the accrual basis and periodically assessed for collectability. Interest income also includes interest earned from cash on hand. Upon the prepayment of a loan or debt security, any prepayment penalties are recorded as part of interest income. We have loans and certain preferred equity investments in the portfolio that contain a payment-in-kind ("PIK") interest or dividend provision. PIK interest and dividends are accrued and recorded as income at the contractual rates, if deemed collectible. The PIK interest and dividends are added to the principal or share balances on the capitalization dates and generally due at maturity or when redeemed by the issuer. For the three and six months ended June 30, 2018, we recognized PIK and non-cash interest from investments of \$1.9 million and \$3.6 million, respectively, and PIK and non-cash dividends from investments of \$7.0 million and \$13.8 million, respectively. For the three and six months ended June 30, 2017, we recognized PIK and non-cash interest from investments of \$0.8 million and \$1.7 million, respectively, and PIK and non-cash dividends from investments of \$4.8 million and \$6.3 million, respectively.

Dividend income on common equity is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies. Dividend income on preferred securities is recorded as dividend income on an accrual basis to the extent that such amounts are deemed collectible.

*Non-accrual income:* Investments are placed on non-accrual status when principal or interest payments are past due for 30 days or more and when there is reasonable doubt that principal or interest will be collected. Accrued cash and un-capitalized PIK interest or dividends are reversed when an investment is placed on non-accrual status. Previously capitalized PIK interest or dividends are not reversed when an investment is placed on non-accrual status. Interest or dividend payments received on non-accrual investments may be recognized as income or applied to principal depending upon management's judgment of the ultimate outcome. Non-accrual investments are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current.

*Other income:* Other income represents delayed compensation, consent or amendment fees, revolver fees, structuring fees, upfront fees, management fees from a non-controlled/affiliated investment and other miscellaneous fees received and are typically non-recurring in nature. Delayed compensation is income earned from counterparties on trades that do not settle within a set number of business days after trade date. Other income may also include fees from bridge loans. We may from time to time enter into bridge financing commitments, an obligation to provide interim financing to a counterparty until permanent credit can be obtained. These commitments are short-term in nature and may expire unfunded. A fee is received for providing such commitments. Structuring fees and upfront fees are recognized as income when earned, usually when paid at the closing of the investment, and are non-refundable.

Table of Contents**Monitoring of Portfolio Investments**

We monitor the performance and financial trends of our portfolio companies on at least a quarterly basis. We attempt to identify any developments within the portfolio company, the industry or the macroeconomic environment that may alter any material element of our original investment strategy.

We use an investment rating system to characterize and monitor the credit profile and expected level of returns on each investment in the portfolio. We use a four-level numeric rating scale as follows:

Investment Rating 1 Investment is performing materially above expectations;

Investment Rating 2 Investment is performing materially in-line with expectations. All new loans are rated 2 at initial purchase;

Investment Rating 3 Investment is performing materially below expectations and while significant loss is not expected, the risk of loss has increased since the original investment; and

Investment Rating 4 Investment is performing substantially below expectations and risks have increased substantially since the original investment. Payments may be delinquent. There is meaningful possibility that we will not recoup our original cost basis in the investment and may realize a substantial loss upon exit.

The following table shows the distribution of our investments on the 1 to 4 investment rating scale at fair value as of June 30, 2018:

<b>June 30, 2018</b>					
<b>(in millions)</b>					
<b>Investment Rating</b>	<b>Cost</b>	<b>Percent</b>	<b>Fair Value</b>	<b>Percent</b>	
Investment Rating 1	\$ 133.8	6.5%	\$ 139.5	6.7%	
Investment Rating 2	1,896.9	92.1%	1,944.4	92.7%	
Investment Rating 3	13.5	0.6%	6.8	0.3%	
Investment Rating 4	16.5	0.8%	7.3	0.3%	
	<b>\$ 2,060.7</b>	<b>100.0%</b>	<b>\$ 2,098.0</b>	<b>100.0%</b>	

As of June 30, 2018, all investments in our portfolio had an Investment Rating of 1 or 2 with the exception of three portfolio companies. As of June 30, 2018, one portfolio company had an Investment Rating of 3 and three portfolio companies had an Investment Rating of 4, which includes one portfolio company that had a portion of our investment included in Investment Rating 3 and a portion included in Investment Rating 4.

During the first quarter of 2018, we placed our first lien positions in Education Management II LLC on non-accrual status as the portfolio company announced its intention to wind down and liquidate the business. Our first lien positions and our preferred and commons shares in Education Management Corporation ("EDMC") have an investment rating of 4. As of June 30, 2018, our investments in EDMC with an Investment Rating of 4 had an aggregate cost basis of \$1.5 million, an aggregate fair value of less than \$0.1 million and total unearned interest income of less than \$0.1 million for the three and six months then ended.

During the second quarter of 2018, we placed a portion of our second lien position in National HME, Inc. on non-accrual status and wrote down the aggregate fair value of our preferred shares in TW-NHME Holdings Corp. (together with our second lien position, "NHME") to \$0. As of June 30, 2018, our investment in the second lien position in NHME had an aggregate cost basis of \$28.4 million, an aggregate fair value of \$13.7 million and total unearned interest income of \$0.4 million and \$0.4 million, respectively, for the three and six months then ended.

Our preferred shares and warrants in Ancora Acquisition LLC ("Ancora") have an investment rating of 4. As of June 30, 2018, our investments in Ancora had an aggregate cost basis of \$0.1 million and an aggregate fair value of less than \$0.1 million.



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#### **Portfolio and Investment Activity**

The fair value of our investments was approximately \$2,098.0 million in 89 portfolio companies at June 30, 2018 and approximately \$1,825.7 million in 84 portfolio companies at December 31, 2017.

The following table shows our portfolio and investment activity for the six months ended June 30, 2018 and June 30, 2017:

(in millions)	Six Months Ended	
	June 30, 2018	June 30, 2017
New investments in 41 and 39 portfolio companies, respectively	\$ 560.5	\$ 607.6
Debt repayments in existing portfolio companies	238.1	281.1
Sales of securities in 6 and 11 portfolio companies, respectively	58.7	49.4
Change in unrealized appreciation on 34 and 53 portfolio companies, respectively	30.0	44.6
Change in unrealized depreciation on 60 and 27 portfolio companies, respectively	(27.1)	(10.5)

#### **Recent Accounting Standards Updates**

In January 2016, the FASB issued Accounting Standards Update No. 2016-01, *Financial Instruments - Overall Subtopic 825-10 Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). ASU 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial assets and liabilities. ASU 2016-01 is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The new guidance must be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amendments related to equity securities without readily determinable fair values (including disclosure requirements) should be applied prospectively to equity investments that exist as of the date of adoption of ASU 2016-01. The adoption of ASU 2016-01 is not expected to have a material impact on our consolidated financial statements and disclosures.

#### **Results of Operations for the Three Months Ended June 30, 2018 and June 30, 2017**

##### *Revenue*

(in thousands)	Three Months Ended	
	June 30, 2018	June 30, 2017
Interest income	\$ 40,090	\$ 37,639
Total dividend income	12,346	9,670
Other income	2,162	2,710
 Total investment income	 \$ 54,598	 \$ 50,019

Our total investment income increased by approximately \$4.6 million for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017. For the three months ended June 30, 2018, total investment income of \$54.6 million consisted of approximately \$35.5 million in cash interest from investments, approximately \$1.9 million in PIK and non-cash interest from investments, approximately \$1.0 million in prepayment fees, net amortization of purchase premiums and discounts of approximately \$1.7 million, approximately \$5.3 million in cash dividends from investments, \$7.0 million in PIK and non-cash dividends from investments and approximately \$2.2 million in other income. The 9% increase in total investment income primarily results from increased interest income which is attributable to larger invested balances and rising LIBOR rates. Our larger invested balances were driven by proceeds from our June 2017 and January 2018 unsecured notes issuances to originate new investments. The increase was also attributable to an increase in dividend income of approximately \$2.6 million

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during the three months ended June 30, 2018 as compared to the three months ended June 30, 2017. The increase is primarily due to distributions from our investments in NMNLC and PIK and non-cash dividend income from five equity positions. Other income during the three months ended June 30, 2018, which represents fees that are generally non-recurring in nature, was primarily attributable to upfront, amendment and consent fees received from thirteen different portfolio companies and management fees from a non-controlled affiliated portfolio company.

### *Operating Expenses*

(in thousands)	Three Months Ended	
	June 30, 2018	June 30, 2017
Management fee	\$ 9,301	\$ 8,275
Less: management fee waiver	(1,495)	(1,485)
<b>Total management fee</b>	<b>7,806</b>	<b>6,790</b>
Incentive fee	6,430	6,449
Interest and other financing expenses	12,824	9,045
Professional fees	708	722
Administrative expenses	822	662
Other general and administrative expenses	518	402
<b>Total expenses</b>	<b>29,108</b>	<b>24,070</b>
Less: expenses waived and reimbursed	(276)	(4)
<b>Net expenses before income taxes</b>	<b>28,832</b>	<b>24,066</b>
Income tax expense	45	155
<b>Net expenses after income taxes</b>	<b>\$ 28,877</b>	<b>\$ 24,221</b>

Our total net operating expenses increased by approximately \$4.7 million for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017. Our management fee increased by approximately \$1.0 million, net of a management fee waivers for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017. The increase in management fees was attributable to larger invested balances, driven by the proceeds from our unsecured notes issuances and our use of leverage from our revolving credit facilities and SBA-guaranteed debentures to originate new investments.

Interest and other financing expenses increased by approximately \$3.8 million during the three months ended June 30, 2018 as compared to the three months ended June 30, 2017, primarily due to our issuances of our unsecured notes, higher drawn balances on our SBA-guaranteed debentures and NMFC Credit Facility (as defined below) and rising LIBOR rates. Our total professional fees, total administrative expenses and total other general and administrative expenses remained relatively flat for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017.

### *Net Realized Gains (Losses) and Net Change in Unrealized Appreciation (Depreciation)*

(in thousands)	Three Months Ended	
	June 30, 2018	June 30, 2017
Net realized (losses) gains on investments	\$ (6,609)	\$ (26,453)
Net change in unrealized appreciation (depreciation) of investments	5,087	27,852
Net change in unrealized (depreciation) appreciation securities purchased under collateralized agreements to resell		(33)
(Provision) benefit for taxes	(1,066)	164
<b>Net realized and unrealized gains (losses)</b>	<b>\$ (2,588)</b>	<b>\$ 1,530</b>





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Our net realized losses and unrealized gains resulted in a net loss of approximately \$2.6 million for the three months ended June 30, 2018 compared to net realized losses and unrealized gains resulting in a net gain of approximately \$1.5 million for the same period in 2017. As movement in unrealized appreciation or depreciation can be the result of realizations, we look at net realized and unrealized gains or losses together. The net loss for the three months ended June 30, 2018 was primarily driven by the realized loss on our investment in American Tire Distributors, Inc. ("ATD") which was sold during the quarter ended June 30, 2018 due to ATD's reported loss of its largest supplier. Our realized losses were partially offset by the overall increase in the market prices of our investments during the period. The provision for income taxes was attributable to equity investments that are held as of June 30, 2018 in three of our corporate subsidiaries. The net gain for the three months ended June 30, 2017 was primarily driven by the overall increase in the market prices of our investments during the period. With the completion of the Transtar restructuring in April 2017, \$27.6 million of previously recorded unrealized depreciation related to this investment was realized during the three months ended June 30, 2017.

**Results of Operations for the Six Months Ended June 30, 2018 and June 30, 2017***Revenue*

(in thousands)	Six Months Ended	
	June 30, 2018	June 30, 2017
Interest income	\$ 76,829	\$ 71,637
Total dividend income	24,703	16,403
Other income	5,955	5,286
Total investment income	\$ 107,487	\$ 93,326

Our total investment income increased by approximately \$14.2 million for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017. For the six months ended June 30, 2018, total investment income of \$107.5 million consisted of approximately \$68.3 million in cash interest from investments, approximately \$3.6 million in PIK and non-cash interest from investments, approximately \$2.3 million in prepayment fees, net amortization of purchase premiums and discounts of approximately \$2.6 million, approximately \$10.9 million in cash dividends from investments, \$13.8 million in PIK and non-cash dividends from investments and approximately \$6.0 million in other income. The 15% increase in total investment income primarily results from an increase in dividend income of approximately \$8.3 million during the six months ended June 30, 2018 as compared to the six months ended June 30, 2017. The increase is primarily due to distributions from our investments in NMNLC and PIK and non-cash dividend income from five equity positions. Additionally contributing to the increase in total investment income is the increased interest income which is attributable to larger invested balances and rising LIBOR rates. Our larger invested balances were driven by the proceeds from our June 2018 and January 2018 unsecured notes issuances to originate new investments. Other income during the six months ended June 30, 2018, which represents fees that are generally non-recurring in nature, was primarily attributable to upfront, amendment and consent fees received from twenty-four different portfolio companies and management fees from a non-controlled affiliated portfolio company.

Table of Contents*Operating Expenses*

(in thousands)	Six Months Ended	
	June 30, 2018	June 30, 2017
Management fee	\$ 17,993	\$ 15,889
Less: management fee waiver	(2,817)	(2,841)
Total management fee	15,176	13,048
Incentive fee	12,864	11,857
Less: incentive fee waiver		(1,800)
Total incentive fee	12,864	10,057
Interest and other financing expenses	24,114	17,421
Professional fees	1,402	1,572
Administrative expenses	1,761	1,370
Other general and administrative expenses	928	868
Total expenses	56,245	44,336
Less: expenses waived and reimbursed	(276)	(474)
Net expenses before income taxes	55,969	43,862
Income tax expense	61	235
Net expenses after income taxes	\$ 56,030	\$ 44,097

Our total net operating expenses increased by approximately \$11.9 million for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017. Our management fee increased by approximately \$2.1 million, net of a management fee waiver, for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017. The increase in management fees was attributable to larger invested balances, driven by the proceeds from our April 2017 primary offering of our common stock, our unsecured notes issuances and our use of leverage from our revolving credit facilities and SBA-guaranteed debentures to originate new investments. Our incentive fees increased by approximately \$2.8 million, net of an incentive fee waiver, for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017, which was mainly attributable to an incentive fee waiver by the Investment Adviser for the six months ended June 30, 2017 of approximately \$1.8 million.

Interest and other financing expenses increased by approximately \$6.7 million during the six months ended June 30, 2018 as compared to the six months ended June 30, 2017, primarily due to our issuances of unsecured notes, higher drawn balances on our SBA-guaranteed debentures and NMFC Credit Facility (as defined below) and rising LIBOR rates. Our total professional fees, total administrative expenses and total other general and administrative expenses remained relatively flat for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017.

Table of Contents**Net Realized Gains (Losses) and Net Change in Unrealized Appreciation (Depreciation)**

(in thousands)	Six Months Ended	
	June 30, 2018	June 30, 2017
Net realized (losses) gains on investments	\$ (6,403)	\$ (25,627)
Net change in unrealized appreciation (depreciation) of investments	2,919	34,057
Net change in unrealized (depreciation) appreciation securities purchased under collateralized agreements to resell	(12)	(833)
(Provision) benefit for taxes	(984)	919
Net realized and unrealized gains (losses)	\$ (4,480)	\$ 8,516

Our net realized losses and unrealized gains resulted in a net loss of approximately \$4.5 million for the six months ended June 30, 2018 compared to net realized losses and unrealized gains resulting in a net gain of approximately \$8.5 million for the same period in 2017. As movement in unrealized appreciation or depreciation can be the result of realizations, we look at net realized and unrealized gains or losses together. The net loss for the six months ended June 30, 2018 was primarily driven by the realized loss on our investment in ATD, which was sold during the quarter ended June 30, 2018 due to ATD's reported loss of its largest supplier. The provision for income taxes was attributable to equity investments that are held as of June 30, 2018 in three of our corporate subsidiaries. The net gain for the six months ended June 30, 2017 was primarily driven by the overall increase in the market prices of our investments during the period. With the completion of the Transtar restructuring in April 2017, \$27.6 million of previously recorded unrealized depreciation related to this investment was realized during the three months ended June 30, 2017.

**Results of Operations for the Years Ended December 31, 2017, December 31, 2016 and December 31, 2015****Revenue**

(in thousands)	Year Ended December 31,		
	2017	2016	2015
Interest income	\$ 149,800	\$ 147,425	\$ 140,074
Total dividend income	37,250	11,200	5,771
Other income	10,756	9,459	8,010
Total investment income	\$ 197,806	\$ 168,084	\$ 153,855

Our total investment income increased by approximately \$29.7 million for the year ended December 31, 2017 as compared to the year ended December 31, 2016. The 18% increase in total investment income results in part from an increase in interest income of approximately \$2.4 million from the year ended December 31, 2016 to the year ended December 31, 2017, which is attributable to larger invested balances and prepayment fees received associated with the early repayments of eleven different portfolio companies held as of December 31, 2016. Our larger invested balances were driven by the proceeds from the April 2017 primary offering of our common stock, our June 2017 unsecured notes issuance, as well as, our use of leverage from our revolving credit facilities and SBA-guaranteed debentures to originate new investments. The increase in dividend income of approximately \$26.1 million during the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily attributable to distributions from our investments in SLP II and NMNLC and PIK and non-cash dividend income from five equity positions. The increase in other income, which represents fees that are generally non-recurring in nature, of approximately \$1.3 million during the year ended December 31, 2017 as

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compared to the year ended December 31, 2016 was primarily attributable to structuring, upfront, amendment, consent, bridge and commitment fees received from 46 different portfolio companies.

Our total investment income increased by approximately \$14.2 million for the year ended December 31, 2016 as compared to the year ended December 31, 2015. The 9% increase in total investment income primarily results from an increase in interest income of approximately \$7.4 million from the year ended December 31, 2015 to the year ended December 31, 2016, which is attributable to larger invested balances and prepayment fees received associated with the early repayments of nine different portfolio companies held as of December 31, 2015. Our larger invested balances were driven by the proceeds from the October 2016 primary offering of our common stock, our May 2016 and September 2016 unsecured notes issuances and our September 2016 convertible notes issuance, as well as, our use of leverage from our revolving credit facilities and SBA-guaranteed debentures to originate new investments. The increase in dividend income of approximately \$5.4 million during the year ended December 31, 2016 as compared to the year ended December 31, 2015 was primarily attributable to distributions from our investments in SLP I, SLP II and NMNLC and PIK dividend income from an equity position. The increase in other income, which represents fees that are generally non-recurring in nature, of approximately \$1.4 million during the year ended December 31, 2016 as compared to the year ended December 31, 2015 was primarily attributable to structuring, upfront, amendment, consent and commitment fees received from 28 different portfolio companies and management fees from a non-controlled/affiliated portfolio company and a controlled portfolio company.

### *Operating Expenses*

(in thousands)	Year Ended December 31,		
	2017	2016	2015
Management fee	\$ 32,694	\$ 27,551	\$ 25,858
Less: management fee waiver	(5,642)	(4,824)	(5,219)
<b>Total management fee</b>	<b>27,052</b>	<b>22,727</b>	<b>20,639</b>
Incentive fee	25,101	22,011	20,591
Less: incentive fee waiver	(1,800)		
<b>Total incentive fee</b>	<b>23,301</b>	<b>22,011</b>	<b>20,591</b>
Interest and other financing expenses	37,094	28,452	23,374
Professional fees	3,658	3,087	3,214
Administrative fees	2,779	2,683	2,450
Other general and administrative expenses	1,636	1,589	1,665
<b>Total expenses</b>	<b>95,520</b>	<b>80,549</b>	<b>71,933</b>
Less: expenses waived and reimbursed	(474)	(725)	(733)
<b>Net expenses before income taxes</b>	<b>95,046</b>	<b>79,824</b>	<b>71,200</b>
Income tax expense	556	152	160
<b>Net expenses after income taxes</b>	<b>\$ 95,602</b>	<b>\$ 79,976</b>	<b>\$ 71,360</b>

Our total net operating expenses increased by approximately \$15.6 million for the year ended December 31, 2017 as compared to the year ended December 31, 2016. Our management fee increased by approximately \$4.3 million, net of a management fee waiver, and incentive fees increased by approximately \$1.3 million, net of an incentive fee waiver, for the year ended December 31, 2017 as compared to the year ended December 31, 2016. The increase in management fee and incentive fee from the year ended December 31, 2016 to the year ended December 31, 2017 was attributable to larger invested balances, driven by the proceeds from our April 2017 primary offering of our common stock, our unsecured notes issuances and our use of leverage from our revolving credit facilities and

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SBA-guaranteed debentures to originate new investments. No capital gains incentive fee was accrued for the year ended December 31, 2017.

Interest and other financing expenses increased by approximately \$8.6 million during the year ended December 31, 2017, primarily due to our issuance of our unsecured notes, higher drawn balances on our SBA-guaranteed debentures and an increase in LIBOR rates. Our total professional fees, total administrative expenses, net of expenses waived and reimbursed, and total other general and administrative expenses remained relatively flat for the year ended December 31, 2017 as compared to the year ended December 31, 2016.

Our total net operating expenses increased by approximately \$8.6 million for the year ended December 31, 2016 as compared to the year ended December 31, 2015. Our management fee increased by approximately \$2.1 million, net of a management fee waiver, and incentive fees increased by approximately \$1.4 million for the year ended December 31, 2016 as compared to the year ended December 31, 2015. The increase in management fee and incentive fee from the year ended December 31, 2015 to the year ended December 31, 2016 was attributable to larger invested balances, driven by the proceeds from the October 2016 primary offering of our common stock, our May 2016 and September 2016 unsecured notes issuances and our September 2016 convertible notes issuance and our use of leverage from our revolving credit facilities and SBA-guaranteed debentures to originate new investments. No capital gains incentive fee was accrued for the year ended December 31, 2016.

Interest and other financing expenses increased by approximately \$5.1 million during the year ended December 31, 2016, primarily due to our issuance of our unsecured notes and additional issuance of our convertible notes and higher drawn balances on our SBA-guaranteed debentures and NMFC Credit Facility (as defined below). Our total professional fees, total administrative expenses, net of expenses waived and reimbursed, and total other general and administrative expenses remained relatively flat for the year ended December 31, 2016 as compared to the year ended December 31, 2015.

### *Net Realized Gains (Losses) and Net Change in Unrealized Appreciation (Depreciation)*

<b>(in thousands)</b>	<b>Year Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net realized losses on investments	\$ (39,734)	\$ (16,717)	\$ (12,789)
Net change in unrealized appreciation (depreciation) of investments	50,794	40,131	(35,272)
Net change in unrealized (depreciation) appreciation of securities purchased under collateralized agreements to resell	(4,006)	(486)	(296)
Benefit (provision) for taxes	140	642	(1,183)
<b>Net realized and unrealized gains (losses)</b>	<b>\$ 7,194</b>	<b>\$ 23,570</b>	<b>\$ (49,540)</b>

Our net realized losses and unrealized gains resulted in a net gain of approximately \$7.2 million for the year ended December 31, 2017 compared to the net realized losses and unrealized gains resulting in a net gain of approximately \$23.6 million for the same period in 2016. As movement in unrealized appreciation or depreciation can be the result of realizations, we look at net realized and unrealized gains or losses together. The net gain for the year ended December 31, 2017 was primarily driven by the overall increase in the market prices of our investments during the period. With the completion of the Transtar and Sierra restructurings in April 2017 and July 2017, respectively, \$27.6 million and \$14.5 million, respectively, of previously recorded unrealized depreciation related to these investments were realized during the year ended December 31, 2017. The benefit for income taxes was primarily attributable to equity investments that are held in three of our corporate subsidiaries as of December 31, 2017.

Our net realized losses and unrealized gains resulted in a net gain of approximately \$23.6 million for the year ended December 31, 2016 compared to the net realized and unrealized losses resulting in a

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net loss of approximately \$49.5 million for the same period in 2015. As movement in unrealized appreciation or depreciation can be the result of realizations, we look at net realized and unrealized gains or losses together. The net gain for the year ended December 31, 2016 was primarily driven by the overall increase in the market prices of our investments during the period and sales or repayments of investments with fair values in excess of December 31, 2015 valuations, resulting in net realized gains being greater than the reversal of the cumulative net unrealized gains for those investments. The net gain was offset by a \$17.9 million realized loss on an investment resulting from the modification of terms on a portfolio company that was accounted for as an extinguishment. The benefit for income taxes was primarily attributable to equity investments that are held in three of our corporate subsidiaries as of December 31, 2016.

The net loss for the year ended December 31, 2015 was primarily driven by the overall decrease in the market prices of our investments during the period and \$29.7 million of realized losses on investments resulting from the modification of terms on three portfolio companies that were accounted for as extinguishments. These losses were partially offset by sales or repayments of investments with fair values in excess of December 31, 2014 valuations, resulting in net realized gains being greater than the reversal of the cumulative net unrealized gains for those investments which included the sale of two portfolio companies resulting in realized gains of approximately \$14.2 million. The provision for income taxes was primarily attributable to equity investments that are held in three of our corporate subsidiaries as of December 31, 2015.

**Liquidity and Capital Resources**

The primary use of existing funds and any funds raised in the future is expected to be for repayment of indebtedness, investments in portfolio companies, cash distributions to our stockholders or for other general corporate purposes.

Since our IPO, and through June 30, 2018, we raised approximately \$614.6 million in net proceeds from additional offerings of our common stock.

Our liquidity is generated and generally available through advances from the revolving credit facilities, from cash flows from operations, and, we expect, through periodic follow-on equity offerings. In addition, we may from time to time enter into additional debt facilities, increase the size of existing facilities or issue additional debt securities, including unsecured debt and/or debt securities convertible into common stock. Any such incurrence or issuance would be subject to prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors. In accordance with the 1940 Act, with certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, calculated pursuant to the 1940 Act, is at least 150.0% after such borrowing. On March 23, 2018, the Small Business Credit Availability Act (the "SBCA") was signed into law, which included various changes to regulations under the federal securities laws that impact BDCs. The SBCA included changes to the 1940 Act to allow BDCs to decrease their asset coverage requirement to 150.0% from 200.0% under certain circumstances. On April 12, 2018, our board of directors, including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the SBCA and recommended the submission of a proposal for stockholders to approve the application of the 150.0% minimum asset coverage ratio to us at a special meeting of stockholders, which was held on June 8, 2018. The stockholder proposal was approved by the required votes of our stockholders at such special meeting of stockholders, and thus we became subject to the 150.0% minimum asset coverage ratio on June 9, 2018. As a result of our exemptive relief received on November 5, 2014, we are permitted to exclude our SBA-guaranteed debentures from the 150.0% asset coverage ratio that we are required to maintain under the 1940 Act. As of June 30, 2018, our asset coverage ratio was 210.9%.

At June 30, 2018 and December 31, 2017, we had cash and cash equivalents of approximately \$33.9 million and \$34.9 million, respectively. Our cash used in operating activities during the six months

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ended June 30, 2018 and June 30, 2017 was approximately \$158.3 million and \$211.2 million, respectively. We expect that all current liquidity needs will be met with cash flows from operations and other activities.

**Borrowings**

**Holdings Credit Facility** On December 18, 2014, we entered into the Second Amended and Restated Loan and Security Agreement, among us, as the Collateral Manager, NMF Holdings, as the Borrower, Wells Fargo Securities, LLC, as the Administrative Agent and Wells Fargo Bank, National Association, as the Lender and Collateral Custodian, which is structured as a revolving credit facility and matures on December 18, 2019. On October 24, 2017 we entered into the Third Amended and Restated Loan and Security Agreement (the "Holdings Credit Facility"), among us as the Collateral Manager, NMF Holdings as the Borrower and Wells Fargo Bank, National Association as the Administrative Agent and Collateral Custodian, which extended the maturity date to October 24, 2022.

The maximum amount of revolving borrowings available under the Holdings Credit Facility is \$495.0 million. Under the Holdings Credit Facility, NMF Holdings is permitted to borrow up to 25.0%, 45.0% or 70.0% of the purchase price of pledged assets, subject to approval by Wells Fargo Bank, National Association. The Holdings Credit Facility is non-recourse to us and is collateralized by all of the investments of NMF Holdings on an investment by investment basis. All fees associated with the origination or upsizing of the Holdings Credit Facility are capitalized on our Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the Holdings Credit Facility. The Holdings Credit Facility contains certain customary affirmative and negative covenants and events of default. In addition, the Holdings Credit Facility requires us to maintain a minimum asset coverage ratio. The covenants are generally not tied to market fluctuations in the prices of NMF Holdings investments, but rather to the performance of the underlying portfolio companies.

The Holdings Credit Facility bears interest at a rate of LIBOR plus 1.75% per annum for Broadly Syndicated Loans (as defined in the Loan and Security Agreement) and LIBOR plus 2.50% per annum for all other investments. Effective April 1, 2018, the Holdings Credit Facility bears interest at a rate of LIBOR plus 1.75% per annum for Broadly Syndicated Loans (as defined in the Loan and Security Agreement) and LIBOR plus 2.25% per annum for all other investments. The Holdings Credit Facility also charges a non-usage fee, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the Loan and Security Agreement).

The following table summarizes the interest expense, non-usage fees and amortization of financing costs incurred on the Holdings Credit Facility for the three and six months ended June 30, 2018 and June 30, 2017.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Interest expense	\$ 3.6	\$ 2.9	\$ 6.7	\$ 5.6
Non-usage fee	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.4
Amortization of financing costs	\$ 0.6	\$ 0.4	\$ 1.2	\$ 0.8
Weighted average interest rate	4.1%	3.2%	4.0%	3.2%
Effective interest rate	5.0%	3.9%	5.0%	3.9%
Average debt outstanding	\$ 351.5	\$ 356.3	\$ 337.3	\$ 351.2

As of June 30, 2018 and December 31, 2017, the outstanding balance on the Holdings Credit Facility was \$390.5 million and \$312.4 million, respectively, and NMF Holdings was in compliance with the applicable covenants in the Holdings Credit Facility on such dates.



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**NMFC Credit Facility** The Senior Secured Revolving Credit Agreement, as amended (together with the related guarantee and security agreement, the "NMFC Credit Facility"), dated June 4, 2014, among us, as the Borrower, Goldman Sachs Bank USA, as the Administrative Agent and Collateral Agent, and Goldman Sachs Bank USA, Morgan Stanley Bank, N.A. and Stifel Bank & Trust, as Lenders, is structured as a senior secured revolving credit facility and matures on June 4, 2019. On February 27, 2018, we entered into an amendment to the NMFC Credit Facility which extended the maturity date to June 4, 2022. The NMFC Credit Facility is guaranteed by certain of our domestic subsidiaries and proceeds from the NMFC Credit Facility may be used for general corporate purposes, including the funding of portfolio investments.

As of June 30, 2018, the maximum amount of revolving borrowings available under the NMFC Credit Facility was \$150.0 million. We are permitted to borrow at various advance rates depending on the type of portfolio investment as outlined in the Senior Secured Revolving Credit Agreement. All fees associated with the origination of the NMFC Credit Facility are capitalized on our Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the NMFC Credit Facility. The NMFC Credit Facility contains certain customary affirmative and negative covenants and events of default, including certain financial covenants related to asset coverage and liquidity and other maintenance covenants.

The NMFC Credit Facility generally bears interest at a rate of LIBOR plus 2.50% per annum or the prime rate plus 1.50% per annum, and charges a commitment fee, based on the unused facility amount multiplied by 0.375% per annum (as defined in the Senior Secured Revolving Credit Agreement).

The following table summarizes the interest expense, non-usage fees and amortization of financing costs incurred on the NMFC Credit Facility for the three and six months ended June 30, 2018 and June 30, 2017.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Interest expense	\$ 1.5	\$ 0.8	\$ 2.4	\$ 1.1
Non-usage fee	\$ (1)	\$ (1)	\$ 0.1	\$ 0.1
Amortization of financing costs	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2
Weighted average interest rate	4.5%	3.5%	4.4%	3.5%
Effective interest rate	4.9%	4.2%	5.0%	4.5%
Average debt outstanding	\$ 135.8	\$ 87.9	\$ 108.9	\$ 61.4

(1) For the three months ended June 30, 2018 and June 30, 2017, the total non-usage fee was less than \$50 thousand.

As of June 30, 2018 and December 31, 2017, the outstanding balance on the NMFC Credit Facility was \$150.0 million and \$122.5 million, respectively, and NMFC was in compliance with the applicable covenants in the NMFC Credit Facility on such dates.

**2014 Convertible Notes** On June 3, 2014, we closed a private offering of \$115.0 million aggregate principal amount of unsecured convertible notes (the "2014 Convertible Notes"), pursuant to an indenture, dated June 3, 2014 (the "2014 Convertible Notes Indenture"). The 2014 Convertible Notes were issued in a private placement only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). As of June 3, 2015, the restrictions under Rule 144A under the Securities Act were removed, allowing the 2014 Convertible Notes to be eligible and freely tradable without restrictions for resale pursuant to Rule 144(b)(1) under the Securities Act. On September 30, 2016, we closed a public offering of an additional \$40.3 million aggregate principal amount of the 2014 Convertible Notes. These additional 2014 Convertible Notes constitute a further

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issuance of, rank equally in right of payment with, and form a single series with the \$115.0 million aggregate principal amount of 2014 Convertible Notes that we issued on June 3, 2014.

The 2014 Convertible Notes bear interest at an annual rate of 5.0%, payable semi-annually in arrears on June 15 and December 15 of each year, which commenced on December 15, 2014. The 2014 Convertible Notes will mature on June 15, 2019 unless earlier converted or repurchased at the holder's option.

The following table summarizes certain key terms related to the convertible features of our 2014 Convertible Notes as of June 30, 2018.

	<b>June 30, 2018</b>
Initial conversion premium	12.5%
Initial conversion rate(1)	62.7746
Initial conversion price	\$ 15.93
Conversion premium at June 30, 2018	11.7%
Conversion rate at June 30, 2018(1)(2)	63.2794
Conversion price at June 30, 2018(2)(3)	\$ 15.80
Last conversion price calculation date	June 3, 2018

- (1) Conversion rates denominated in shares of common stock per \$1,000 principal amount of the 2014 Convertible Notes converted.
- (2) Represents conversion rate and conversion price, as applicable, taking into account certain de minimis adjustments that will be made on the conversion date.
- (3) The conversion price in effect at June 30, 2018 was calculated on the last anniversary of the issuance and will be calculated again on the next anniversary, unless the exercise price shall have changed by more than 1.0% before the anniversary.

The conversion rate will be subject to adjustment upon certain events, such as stock splits and combinations, mergers, spin-offs, increases in distributions in excess of \$0.34 per share per quarter and certain changes in control. Certain of these adjustments, including adjustments for increases in distributions, are subject to a conversion price floor of \$14.05 per share. In no event will the total number of shares of common stock issuable upon conversion exceed 71.1893 per \$1,000 principal amount of the 2014 Convertible Notes. We have determined that the embedded conversion option in the 2014 Convertible Notes is not required to be separately accounted for as a derivative under GAAP.

The 2014 Convertible Notes are unsecured obligations and rank senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the 2014 Convertible Notes; equal in right of payment to our existing and future unsecured indebtedness (including the Convertible Notes offered hereby) that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness (including existing unsecured indebtedness that we later secure) 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 our subsidiaries and financing vehicles. The issuance is considered part of the if-converted method for calculation of diluted earnings per share.

We may not redeem the 2014 Convertible Notes prior to maturity. No sinking fund is provided for the 2014 Convertible Notes. In addition, if certain corporate events occur, holders of the 2014 Convertible Notes may require us to repurchase for cash all or part of their 2014 Convertible Notes at a repurchase price equal to 100.0% of the principal amount of the 2014 Convertible Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the repurchase date.

The 2014 Convertible Notes Indenture contains certain covenants, including covenants requiring us to provide financial information to the holders of the 2014 Convertible Note and the Trustee if we cease

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to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 2014 Convertible Notes Indenture.

The following table summarizes the interest expense, amortization of financing costs and amortization of premium incurred on the 2014 Convertible Notes for the three and six months ended June 30, 2018 and June 30, 2017.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Interest expense	\$ 2.0	\$ 2.0	\$ 3.9	\$ 3.9
Amortization of financing costs	\$ 0.3	\$ 0.3	\$ 0.6	\$ 0.6
Amortization of premium	\$ (0.1)	\$ (1)	\$ (0.1)	\$ (0.1)
Effective interest rate	5.7%	5.7%	5.7%	5.7%
Average debt outstanding	\$ 155.3	\$ 155.3	\$ 155.3	\$ 155.3

(1)

For the three months ended June 30, 2017, the total amortization of premium was less than \$50 thousand.

As of June 30, 2018 and December 31, 2017, the outstanding balance on the 2014 Convertible Notes was \$155.3 million and \$155.3 million, respectively, and NMFC was in compliance with the terms of the 2014 Convertible Notes Indenture on such dates.

**Unsecured Notes** On May 6, 2016, we issued \$50.0 million in aggregate principal amount of five-year unsecured notes that mature on May 15, 2021 (the "2016 Unsecured Notes"), pursuant to a note purchase agreement, dated May 4, 2016, to an institutional investor in a private placement. On September 30, 2016, we entered into an amended and restated note purchase agreement (the "NPA") and issued an additional \$40.0 million in aggregate principal amount of 2016 Unsecured Notes to institutional investors in a private placement. On June 30, 2017, we issued \$55.0 million in aggregate principal amount of five-year unsecured notes that mature on July 15, 2022 (the "2017A Unsecured Notes"), pursuant to the NPA and a supplement to the NPA. On January 30, 2018, we issued \$90.0 million in aggregate principal amount of five year unsecured notes that mature on January 30, 2023 (the "2018A Unsecured Notes" and together with the 2016 Unsecured Notes and 2017A Unsecured Notes, the "Unsecured Notes") pursuant to the NPA and a second supplement to the NPA. The NPA provides for future issuances of Unsecured Notes in separate series or tranches. The Unsecured Notes are equal in priority with our other unsecured indebtedness, including our Convertible Notes.

The 2016 Unsecured Notes bear interest at an annual rate of 5.313%, payable semi-annually on May 15 and November 15 of each year, which commenced on November 15, 2016. The 2017A Unsecured Notes bear interest at an annual rate of 4.760%, payable semi-annually on January 15 and July 15 of each year, which commenced on January 15, 2018. The 2018A Unsecured Notes bear interest at an annual rate of 4.87%, payable semi-annually on February 15 and August 15 of each year, which commences on August 15, 2018. These interest rates are subject to increase in the event that: (i) subject to certain exceptions, the Unsecured Notes or we cease to have an investment grade rating or (ii) the aggregate amount of our unsecured debt falls below \$150.0 million. In each such event, we have the option to offer to prepay the Unsecured Notes at par, in which case holders of the Unsecured Notes who accept the offer would not receive the increased interest rate. In addition, we are obligated to offer to prepay the Unsecured Notes at par if the Investment Adviser, or an affiliate thereof, ceases to be our investment adviser or if certain change in control events occur with respect to the Investment Adviser.

The NPA contains customary terms and conditions for unsecured notes issued in a private placement, including, without limitation, an option to offer to prepay all or a portion of the Unsecured Notes at par (plus a make-whole amount, if applicable), affirmative and negative covenants such as information reporting, maintenance of our status as a BDC under the 1940 Act and a RIC under the Code, minimum stockholders' equity, minimum asset coverage ratio, and prohibitions on certain fundamental changes at

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NMFC or any subsidiary guarantor, as well as customary events of default with customary cure and notice, including, without limitation, nonpayment, misrepresentation in a material respect, breach of covenant, cross-default under other indebtedness of NMFC or certain significant subsidiaries, certain judgments and orders, and certain events of bankruptcy.

The following table summarizes the interest expense and amortization of financing costs incurred on the Unsecured Notes for the three and six months ended June 30, 2018 and June 30, 2017.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Interest expense	\$ 2.9	\$ 1.2	\$ 5.5	\$ 2.4
Amortization of financing costs	\$ 0.1	\$ 0.1	\$ 0.3	\$ 0.2
Weighted average interest rate	5.0%	5.3%	5.1%	5.3%
Effective interest rate	5.3%	5.8%	5.4%	5.8%
Average debt outstanding	\$ 235.0	\$ 90.6	\$ 220.6	\$ 90.3

As of June 30, 2018 and December 31, 2017, the outstanding balance on the Unsecured Notes was \$235.0 million and \$145.0 million, respectively, and we were in compliance with the terms of the NPA.

**SBA-guaranteed debentures** On August 1, 2014 and August 25, 2017, respectively, SBIC I and SBIC II received SBIC licenses from the SBA to operate as SBICs.

The SBIC license allows SBICs to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse to us, interest only debentures with interest payable semi-annually and have a ten year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed on a semi-annual basis at a market-driven spread over U.S. Treasury Notes with ten year maturities. The SBA, as a creditor, will have a superior claim to the assets of SBIC I and SBIC II over our stockholders in the event SBIC I and SBIC II are liquidated or the SBA exercises remedies upon an event of default.

The maximum amount of borrowings available under current SBA regulations for a single licensee is \$150.0 million as long as the licensee has at least \$75.0 million in regulatory capital, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing. In June 2018, the U.S. Senate passed the Small Business Investment Opportunity Act, which the President signed into law, that amended the 1958 Act by increasing the individual leverage limit from \$150.0 million to \$175.0 million, subject to SBA approvals.

As of June 30, 2018 and December 31, 2017, SBIC I had regulatory capital of \$75.0 million and \$75.0 million, respectively, and SBA-guaranteed debentures outstanding of \$150.0 million and \$150.0 million, respectively. As of June 30, 2018 and December 31, 2017, SBIC II had regulatory capital of \$42.5 million and \$2.5 million, respectively, and \$13.0 million and \$0, respectively, of SBA-guaranteed debentures outstanding. The SBA-guaranteed debentures incur upfront fees of 3.425%, which consists of a 1.00% commitment fee and a 2.425% issuance discount, which are amortized over the life of the

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SBA-guaranteed debentures. The following table summarizes our SBA-guaranteed debentures as of June 30, 2018.

(in millions) Issuance Date	Maturity Date	Debenture Amount	Interest Rate	SBA Annual Charge
<b>Fixed SBA-guaranteed debentures:</b>				
March 25, 2015	March 1, 2025	\$ 37.5	2.517%	0.355%
September 23, 2015	September 1, 2025	37.5	2.829%	0.355%
September 23, 2015	September 1, 2025	28.8	2.829%	0.742%
March 23, 2016	March 1, 2026	13.9	2.507%	0.742%
September 21, 2016	September 1, 2026	4.0	2.051%	0.742%
September 20, 2017	September 1, 2027	13.0	2.518%	0.742%
March 21, 2018	March 1, 2028	15.3	3.187%	0.742%
<b>Interim SBA-guaranteed debentures:</b>				
	September 1, 2028(1)	13.0	2.644%	0.222%
<b>Total SBA-guaranteed debentures</b>		<b>\$ 163.0</b>		

(1) Estimated maturity date as interim SBA-guaranteed debentures are expected to pool in September 2018.

Prior to pooling, the SBA-guaranteed debentures bear interest at an interim floating rate of LIBOR plus 0.30%. Once pooled, which occurs in March and September each year, the SBA-guaranteed debentures bear interest at a fixed rate that is set to the current 10-year treasury rate plus a spread at each pooling date.

The following table summarizes the interest expense and amortization of financing costs incurred on the SBA-guaranteed debentures for the three and six months ended June 30, 2018 and June 30, 2017.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Interest expense	\$ 1.2	\$ 0.9	\$ 2.4	\$ 1.9
Amortization of financing costs	\$ 0.2	\$ 0.1	\$ 0.3	\$ 0.2
Weighted average interest rate	3.2%	3.2%	3.2%	3.2%
Effective interest rate	3.6%	3.5%	3.5%	3.5%
Average debt outstanding	\$ 154.3	\$ 124.3	\$ 152.2	\$ 123.0

The SBIC program is designed to stimulate the flow of private investor capital into eligible smaller businesses, as defined by the SBA. Under SBA regulations, SBICs are subject to regulatory requirements, including making investments in SBA-eligible businesses, investing at least 25.0% of its investment capital in eligible small businesses, as defined under the 1958 Act, placing certain limitations on the financing terms of investments, regulating the types of financing, prohibiting investments in small businesses with certain characteristics or in certain industries and requiring capitalization thresholds that limit distributions to us. SBICs are subject to an annual periodic examination by an SBA examiner to determine the SBIC's compliance with the relevant SBA regulations and an annual financial audit of its financial statements that are prepared on a basis of accounting other than GAAP (such as ASC 820) by an independent auditor. As of June 30, 2018 and December 31, 2017, SBIC I and SBIC II were in compliance with SBA regulatory requirements.

### **Off-Balance Sheet Arrangements**

We may become 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. These instruments may include

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commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. As of June 30, 2018 and December 31, 2017, we had outstanding commitments to third parties to fund investments totaling \$115.5 million and \$77.4 million, respectively, under various undrawn revolving credit facilities, delayed draw commitments or other future funding commitments.

We may from time to time enter into financing commitment letters or bridge financing commitments, which could require funding in the future. As of June 30, 2018 and December 31, 2017, we had commitment letters to purchase investments in an aggregate par amount of \$20.1 million and \$13.9 million, respectively. As of June 30, 2018 and December 31, 2017, we had not entered into any bridge financing commitments which could require funding in the future.

As of June 30, 2018 and December 31, 2017, we owed \$9.0 million and \$12.0 million, respectively, related to a settlement agreement with a trustee of Black Elk Energy Offshore Operations, LLC. We began to make semi-annual payments of \$3.0 million in June 2018, with the final payment due in December 2019.

As of June 30, 2018, we had unfunded commitments related to an equity investment in SLP III of \$37.2 million, which may be funded at our discretion.

### **Contractual Obligations**

A summary of our significant contractual payment obligations as of June 30, 2018 is as follows:

(in millions)	<b>Contractual Obligations Payments Due by Period</b>				
	<b>Total</b>	<b>Less than 1 Year</b>	<b>1 - 3 Years</b>	<b>3 - 5 Years</b>	<b>More than 5 Years</b>
Holdings Credit Facility(1)	\$ 390.5	\$	\$	\$ 390.5	\$
Unsecured Notes(2)	235.0		90.0	145.0	
SBA-guaranteed debentures(3)	163.0				163.0
2014 Convertible Notes(4)	155.3	155.3			
NMFC Credit Facility(5)	150.0			150.0	
<b>Total Contractual Obligations</b>	<b>\$ 1,093.8</b>	<b>\$ 155.3</b>	<b>\$ 90.0</b>	<b>\$ 685.5</b>	<b>\$ 163.0</b>

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- (1) Under the terms of the \$495.0 million Holdings Credit Facility, all outstanding borrowings under that facility (\$390.5 million as of June 30, 2018) must be repaid on or before October 24, 2022. As of June 30, 2018, there was approximately \$104.5 million of possible capacity remaining under the Holdings Credit Facility.
- (2) \$90.0 million 2016 Unsecured Notes will mature on May 15, 2021 unless earlier repurchased, \$55.0 million of 2017A Unsecured Notes will mature on July 15, 2022 unless earlier repurchased and the \$90.0 million in 2018A Unsecured Notes will mature on January 30, 2023 unless earlier repurchased. The Unsecured Notes excludes our July 5, 2018 issuance of the 2018B Unsecured Notes as the issuance occurred after June 30, 2018.
- (3) Our SBA-guaranteed debentures will begin to mature on March 1, 2025.
- (4) The \$155.3 million 2014 Convertible Notes will mature on June 15, 2019 unless earlier converted or repurchased at the holder's option.
- (5)

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Under the terms of the \$150.0 million NMFC Credit Facility, all outstanding borrowings under that facility (\$150.0 million as of June 30, 2018) must be repaid on or before June 4, 2022. As of June 30, 2018, there was no capacity remaining under the NMFC Credit Facility.

We have entered into the Investment Management Agreement with the Investment Adviser in accordance with the 1940 Act. Under the Investment Management Agreement, the Investment Adviser has agreed to provide us with investment advisory and management services. We have agreed to pay for these services (1) a management fee and (2) an incentive fee based on our performance.

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We have also entered into the Administration Agreement with the Administrator. Under the Administration Agreement, the Administrator has agreed to arrange office space for us and provide office equipment and clerical, bookkeeping and record keeping services and other administrative services necessary to conduct our respective day-to-day operations. The Administrator has also agreed to maintain, or oversee the maintenance of, our financial records, our reports to stockholders and reports filed with the SEC.

If any of the contractual obligations discussed above are terminated, our costs under any new agreements that are entered into may increase. In addition, we would likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under the Investment Management Agreement and the Administration Agreement.

### **Distributions and Dividends**

Distributions declared and paid to stockholders for the six months ended June 30, 2018 totaled approximately \$51.6 million.

The following table reflects cash distributions, including dividends and returns of capital, if any, per share that have been declared by our board of directors for the two most recent fiscal years and the current fiscal year to date:

<b>Fiscal Year Ended</b>	<b>Date Declared</b>	<b>Record Date</b>	<b>Payment Date</b>	<b>Per Share Amount(1)</b>
<b><i>December 31, 2018</i></b>				
Second Quarter	May 2, 2018	June 15, 2018	June 29, 2018	\$ 0.34
First Quarter	February 21, 2018	March 15, 2018	March 29, 2018	0.34
				\$ 0.68
<b><i>December 31, 2017</i></b>				
Fourth Quarter	November 2, 2017	December 15, 2017	December 28, 2017	\$ 0.34
Third Quarter	August 4, 2017	September 15, 2017	September 29, 2017	0.34
Second Quarter	May 4, 2017	June 16, 2017	June 30, 2017	0.34
First Quarter	February 23, 2017	March 17, 2017	March 31, 2017	0.34
				\$ 1.36
<b><i>December 31, 2016</i></b>				
Fourth Quarter	November 4, 2016	December 15, 2016	December 29, 2016	\$ 0.34
Third Quarter	August 2, 2016	September 16, 2016	September 30, 2016	0.34
Second Quarter	May 3, 2016	June 16, 2016	June 30, 2016	0.34
First Quarter	February 22, 2016	March 17, 2016	March 31, 2016	0.34
				\$ 1.36

(1)

Tax characteristics of all distributions paid are reported to stockholders on Form 1099 after the end of the calendar year. For the years ended December 31, 2017 and December 31, 2016, total distributions were \$100.9 million and \$88.8 million, respectively, of which the distributions were comprised of approximately 71.50% and 89.46%, respectively, of ordinary income, 0.00% and 0.00%, respectively, of long-term capital gains and approximately 28.50% and 10.54%, respectively, of a return of capital. Future quarterly distributions, if any, will be determined by our board of directors.





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We intend to pay quarterly distributions to our stockholders in amounts sufficient to maintain our status as a RIC. We intend to distribute approximately all of our net investment income on a quarterly basis and substantially all of our taxable income on an annual basis, except that we may retain certain net capital gains for reinvestment.

We maintain an "opt out" dividend reinvestment plan on behalf of our common stockholders, pursuant to which each of our stockholders' cash distributions will be automatically reinvested in additional shares of common stock, unless the stockholder elects to receive cash.

**Related Parties**

We have entered into a number of business relationships with affiliated or related parties, including the following:

We have entered into the Investment Management Agreement with the Investment Adviser, a wholly-owned subsidiary of New Mountain Capital. Therefore, New Mountain Capital is entitled to any profits earned by the Investment Adviser, which includes any fees payable to the Investment Adviser under the terms of the Investment Management Agreement, less expenses incurred by the Investment Adviser in performing its services under the Investment Management Agreement.

We have entered into the Administration Agreement with the Administrator, a wholly-owned subsidiary of New Mountain Capital. The Administrator arranges our office space and provides office equipment and administrative services necessary to conduct our respective day-to-day operations pursuant to the Administration Agreement. We reimburse the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to us under the Administration Agreement, which includes the fees and expenses associated with performing administrative, finance, and compliance functions, and the compensation of our chief financial officer and chief compliance officer and their respective staffs. Pursuant to the Administration Agreement and further restricted by us, the Administrator may, in its own discretion, submit to us for reimbursement some or all of the expenses that the Administrator has incurred on our behalf during any quarterly period. As a result, the amount of expenses for which we will have to reimburse the Administrator may fluctuate in future quarterly periods and there can be no assurance given as to when, or if, the Administrator may determine to limit the expenses that the Administrator submits to us for reimbursement in the future. However, it is expected that the Administrator will continue to support part of our expense burden in the near future and may decide to not calculate and charge through certain overhead related amounts as well as continue to cover some of the indirect costs. The Administrator cannot recoup any expenses that the Administrator has previously waived. For the three and six months ended June 30, 2018 approximately \$0.5 million and \$1.2 million, respectively, of indirect administrative expenses were included in administrative expenses, of which approximately \$0.3 million and \$0.3 million, respectively, of indirect administrative expenses were waived by the Administrator. As of June 30, 2018, \$1.3 million of indirect administrative expenses were included in payable to affiliates.

We, the Investment Adviser and the Administrator have entered into a royalty-free Trademark License Agreement, as amended, with New Mountain Capital, pursuant to which New Mountain Capital has agreed to grant us, the Investment Adviser and the Administrator a non-exclusive, royalty-free license to use the name "New Mountain" and "New Mountain Finance".

In addition, we have adopted a formal code of ethics that governs the conduct of our officers and directors. These officers and directors also remain subject to the duties imposed by the 1940 Act, the Delaware General Corporation Law and the Delaware Limited Liability Company Act.

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The Investment Adviser and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole or in part, to our investment mandates. The Investment Adviser and its affiliates may determine that an investment is appropriate for us and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, the Investment Adviser or its affiliates may determine that we should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the SEC and its staff, and consistent with the Investment Adviser's allocation procedures. On December 18, 2017, the SEC issued an exemptive order (the "Exemptive Order"), which superseded a prior order issued on June 5, 2017, which permits us to co-invest in portfolio companies with certain funds or entities managed by the Investment Adviser or its affiliates in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act, subject to the conditions of the Exemptive Order. Pursuant to the Exemptive Order, we are permitted to co-invest with our affiliates if a "required majority" (as defined in Section 57(o) of the 1940 Act) of our independent directors make certain conclusions in connection with a co-investment transaction, including, but not limited to, that (1) the terms of the potential co-investment transaction, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching in respect of us or our stockholders on the part of any person concerned, and (2) the potential co-investment transaction is consistent with the interests of our stockholders and is consistent with our then-current investment objective and strategies.

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### SENIOR SECURITIES

Information about our senior securities as of June 30, 2018, December 31, 2017, December 31, 2016, December 31, 2015 and December 31, 2014 and information about NMF Holdings' senior securities as of December 31, 2013, 2012, 2011, 2010 and 2009 are shown in the following table. The report of Deloitte & Touche LLP, an independent registered public accounting firm, on the senior securities table as of December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010 and 2009 is attached, or incorporated by reference, as an exhibit to the registration statement of which this prospectus supplement and accompanying prospectus are a part.

Class and Year(1)	Total Amount Outstanding Exclusive of Treasury Securities(2) (in millions)	Asset Coverage Per Unit(3)	Involuntary Liquidating Preference Per Unit(4)	Average Market Value Per Unit(5)
June 30, 2018 (unaudited)				
Holdings Credit Facility	\$ 390.5	\$ 2,109		N/A
2014 Convertible Notes	155.3	2,109		N/A
Unsecured Notes(7)	235.0	2,109		N/A
NMFC Credit Facility	150.0	2,109		N/A
December 31, 2017				
Holdings Credit Facility	312.4	2,408		N/A
2014 Convertible Notes	155.3	2,408		N/A
Unsecured Notes	145.0	2,408		N/A
NMFC Credit Facility	122.5	2,408		N/A
December 31, 2016				
Holdings Credit Facility	333.5	2,593		N/A
2014 Convertible Notes	155.3	2,593		N/A
Unsecured Notes	90.0	2,593		N/A
NMFC Credit Facility	10.0	2,593		N/A
December 31, 2015				
Holdings Credit Facility	419.3	2,341		N/A
2014 Convertible Notes	115.0	2,341		N/A
NMFC Credit Facility	90.0	2,341		N/A
December 31, 2014				
Holdings Credit Facility	468.1	2,267		N/A
2014 Convertible Notes	115.0	2,267		N/A
NMFC Credit Facility	50.0	2,267		N/A
December 31, 2013				
Holdings Credit Facility	221.8	2,577		N/A
SLF Credit Facility	214.7	2,577		N/A
December 31, 2012				
Holdings Credit Facility	206.9	2,353		N/A
SLF Credit Facility	214.3	2,353		N/A
December 31, 2011				
Holdings Credit Facility	129.0	2,426		N/A
SLF Credit Facility	165.9	2,426		N/A
December 31, 2010(6)				
Holdings Credit Facility	59.7	3,074		N/A
SLF Credit Facility	56.9	3,074		N/A
December 31, 2009(6)				
Holdings Credit Facility	77.7	4,080		N/A

(1)

We have excluded our SBA-guaranteed debentures from this table as a result of the SEC exemptive relief that permits us to exclude such debentures from the definition of senior securities in the 150.0% asset coverage ratio we are required to maintain under the 1940 Act. At June 30, 2018, December 31,



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2017, December 31, 2016, December 31, 2015 and December 31, 2014, we had \$163.0 million, \$150.0 million, \$121.7 million, 117.7 million and \$37.5 million, respectively, in SBA-guaranteed debentures outstanding. At December 31, 2013, 2012, 2011, 2010 and 2009, we had no outstanding SBA-guaranteed debentures. Total asset coverage per unit including the SBA-guaranteed debentures as of June 30, 2018, December 31, 2017, December 31, 2016, December 31, 2015 and December 31, 2014 is \$1,944, \$2,169, \$2,320, \$2,128 and \$2,196, respectively, and unchanged for the prior years.

- (2) Total amount of each class of senior securities outstanding at the end of the period presented.
- (3) Asset coverage per unit is the ratio of the carrying value of our total assets, less all liabilities excluding indebtedness represented by senior securities in this table, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per \$1,000 of indebtedness and is calculated on a consolidated basis.
- (4) The amount to which such class of senior security would be entitled upon the voluntary liquidation of the issuer in preference to any security junior to it. The " " in this column indicates that the SEC expressly does not require this information to be disclosed for certain types of senior securities.
- (5) Not applicable because the senior securities are not registered for public trading.
- (6) Prior to NMFC's IPO on May 19, 2011, these credit facilities existed at the Predecessor Entities.
- (7) The Unsecured Notes does not include the issuance of \$50.0 million in aggregate principal amount of 5.36% Series 2018B Notes due June 28, 2023 issued on July 5, 2018 to an institutional investor in a private placement.

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**RATIOS OF EARNINGS TO FIXED CHARGES**

Our ratios of earnings to fixed charges for the six months ended June 30, 2018 and years ended December 31, 2017, 2016, 2015 and 2014, and the Predecessor Operating Company's ratios of earnings to fixed charges for the year ended December 31, 2013, computed as set forth below, were as follows:

	<b>For the Six Months Ended June 30, 2018</b>	<b>For the Year Ended December 31, 2017</b>	<b>For the Year Ended December 31, 2016</b>	<b>For the Year Ended December 31, 2015</b>	<b>For the Year Ended December 31, 2014</b>	<b>For the Year Ended December 31, 2013</b>
Earnings to Fixed Charges(1)	2.95	3.96	4.93	2.42	3.55	7.33

(1) Earnings include net realized and unrealized gains or losses. Net realized and unrealized gains or losses can vary substantially from period to period.

For purposes of computing the ratios of earnings to fixed charges, earnings represent net increase in net assets resulting from operations plus (or minus) income tax expense (benefit) including excise tax expense plus fixed charges. Fixed charges include interest and credit facility fees expense and amortization of debt issuance costs.

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**DESCRIPTION OF THE NOTES**

The Notes will be issued under a base indenture and a second supplemental indenture thereto, to be entered into between us and U.S. Bank National Association, as trustee. We refer to the indenture and the first supplemental indenture collectively as the "indenture" and to U.S. Bank National Association as the "trustee." The Notes are governed by the indenture, as required by federal law for all bonds and notes of companies that are publicly offered. An indenture is a contract between us and the financial institution acting as trustee on your behalf, and is subject to and governed by the Trust Indenture Act of 1939, as amended. The trustee has two main roles. First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described in the second paragraph under "Events of Default Remedies if an Event of Default Occurs" below. Second, the trustee performs certain administrative duties for us with respect to the Notes.

This section includes a summary description of the material terms of the Notes and the indenture. Because this section is a summary, however, it does not describe every aspect of the Notes and the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of the Notes. The base indenture has been attached as an exhibit to the registration statement of which this prospectus supplement is a part and the first supplemental indenture will be attached as an exhibit to a post-effective amendment to the registration statement of which this prospectus supplement is a part, in each case, as filed with the SEC. See "Available Information" in this prospectus supplement for information on how to obtain a copy of the indenture.

**General**

The Notes will mature on October 1, 2023. The principal payable at maturity will be 100% of the aggregate principal amount. The interest rate of the Notes is % per year and will be paid every January 1, April 1, July 1 and October 1, commencing on January 1, 2019 and the regular record dates for interest payments will be every December 15, March 15, June 15 and December 15, commencing on December 15, 2018. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment. The initial interest period will be the period from and including September , 2018, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.

We will issue the Notes in denominations of \$25 and integral multiples of \$25 in excess thereof. The Notes will not be subject to any sinking fund and holders of the Notes will not have the option to have the Notes repaid prior to the stated maturity date.

Except as set forth under "Covenants", neither we nor any of our subsidiaries will be subject to any financial covenants under the indenture. In addition, neither we nor any of our subsidiaries will be restricted under the indenture from paying dividends, incurring debt, or issuing or repurchasing our securities but the indenture contains a covenant regarding our asset coverage and a covenant regarding our debt-to-equity ratio that would have to be satisfied at the time of our incurrence of additional indebtedness. See "Covenants" in this prospectus supplement. In addition, we must maintain a Secured Debt Ratio (as defined below) of not greater than 0.70 to 1.00 at all times. See "Covenants Maximum Secured Debt" in this prospectus supplement. You are not afforded protection under the indenture in the event of a highly leveraged transaction or a change in control of us, except to the extent described below under "Merger or Consolidation".

We have the ability to issue indenture securities with terms different from the Notes and, without the consent of the holders of the Notes, to reopen the Notes and issue additional Notes.



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**Covenants**

In addition to any other covenants described in this prospectus supplement and the accompanying prospectus, as well as standard covenants relating to payment of principal and interest, maintaining an office where payments may be made or securities can be surrendered for payment and related matters, the following covenants will apply to the Notes:

*Asset Coverage Ratio.* We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by such provisions of Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to us by the SEC.

*Debt to Equity Ratio.* Immediately after the issuance of any senior security representing indebtedness (as determined pursuant to the the 1940 Act), and after giving pro forma effect thereto and the application of the proceeds thereof, we will not permit the Debt to Equity Ratio (as defined below), to be greater than 1.65 to 1.00.

*Maximum Secured Debt.* We will not permit the Secured Debt Ratio (as defined below) at any time to exceed 0.70 to 1.00.

As used herein:

"*Capital Leases*" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"*Debt to Equity Ratio*" means the ratio of (a) the aggregate amount of senior securities representing indebtedness of the Company and its Subsidiaries (including under the Convertible Notes), in each case as determined pursuant to the 1940 Act, and any orders of the SEC issued to or with respect to Company thereunder, including any exemptive relief granted by the SEC with respect to the indebtedness of any SBIC Subsidiary to (b) Shareholders' Equity at the last day of the immediately preceding fiscal quarter of the Company.

"*GAAP*" means generally accepted accounting principles as in effect from time to time in the United States of America.

"*Governmental Authority*" means

(a) the government of

(i) the United States of America or any state or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"*Guaranty*" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement

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condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"*Indebtedness*" with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) (i) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases and (ii) all liabilities which would appear on its balance sheet in accordance with GAAP in respect of Synthetic Leases assuming such Synthetic Leases were accounted for as Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);

(f) the aggregate Swap Termination Value of all Swap Contracts of such Person; and

(g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof.

Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"*Lien*" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"*Permitted SBIC Guaranty*" means a guarantee by the Company of Indebtedness of an SBIC Subsidiary on the SBA's then applicable form, provided that the recourse to the Company thereunder is expressly limited only to periods after the occurrence of an event or condition that is an impermissible change in the control of such SBIC Subsidiary.

"*Person*" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

"*Preferred Stock*" means any class of capital stock of a Person that is preferred over any other class of capital stock (or similar equity interests) of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

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"SBA" means the United States Small Business Administration.

"SBIC Equity Commitment" means a commitment by the Company to make one or more capital contributions to an SBIC Subsidiary.

"SBIC Subsidiary" means any direct or indirect Subsidiary (including such Subsidiary's general partner or managing entity to the extent that the only material asset of such general partner or managing entity is its equity interest in the SBIC Subsidiary) of the Company licensed as a small business investment company under the Small Business Investment Act of 1958, as amended, (or that has applied for such a license and is actively pursuing the granting thereof by appropriate proceedings promptly instituted and diligently conducted) and which is designated by the Company (as provided below) as an SBIC Subsidiary, so long as (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of such Subsidiary: (i) is guaranteed by the Company or any Subsidiary (other than a Permitted SBIC Guaranty), (ii) is recourse to or obligates the Company or any Subsidiary in any way (other than in respect of any SBIC Equity Commitment or Permitted SBIC Guaranty), or (iii) subjects any property of the Company or any Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than Equity Interests in any SBIC Subsidiary pledged to secure such Indebtedness, and (b) none of the Company or any Subsidiary has any obligation to maintain or preserve such Subsidiary's financial condition or cause such entity to achieve certain levels of operating results. Any such designation by the Company shall be effected pursuant to a certificate of a Senior Financial Officer delivered to the Trustee, which certificate shall include a statement to the effect that, to the best of such officer's knowledge, such designation complied with the foregoing conditions.

"Secured Debt" means Indebtedness of the Company and its Subsidiaries that are consolidated with the Company for purposes of GAAP (excluding any Indebtedness of any of the Company's Subsidiaries which are SBIC Subsidiaries) outstanding at any time that is secured in any manner by any Lien on assets of the Company or any such Subsidiaries.

"Secured Debt Ratio" means the ratio of (a) Secured Debt to (b) the aggregate amount of Indebtedness of the Company and its Subsidiaries that are consolidated with the Company for purposes of GAAP (including Indebtedness under the Convertible Notes and excluding any Indebtedness of any of the Company's Subsidiaries which are SBIC Subsidiaries).

"Senior Financial Officer" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"Shareholders Equity" means at any date, the amount determined on a consolidated basis, without duplication, in accordance with GAAP, of shareholders' equity or net assets, as applicable, for the Company and its Subsidiaries at such date.

"Subsidiary" means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Swap Contract" means (a) any and all interest rate swap transactions, basis swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward foreign exchange transactions, cap transactions, floor transactions, currency options, spot contracts or any other similar transactions or any of the foregoing (including, without limitation, any options to enter into any of the foregoing), and (b) any and all transactions

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of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement.

"*Swap Termination Value*" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amounts(s) determined as the mark-to-market values(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

"*Synthetic Lease*" means, at any time, any lease (including leases that may be terminated by the lessee at any time) of any property (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable U.S. GAAP.

**Optional Redemption**

The Notes may be redeemed in whole or in part at any time or from time to time at our option on or after October 1, 2020, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount of the Notes to be redeemed plus accrued and unpaid interest payments otherwise payable thereon for the then-current quarterly interest period accrued to, but excluding, the date fixed for redemption.

You may be prevented from exchanging or transferring the Notes when they are subject to redemption. In case any Notes are to be redeemed in part only, the redemption notice will provide that, upon surrender of such Note, you will receive, without a charge, a new Note or Notes of authorized denominations representing the principal amount of your remaining unredeemed Notes. Any exercise of our option to redeem the Notes will be done in compliance with the 1940 Act, to the extent applicable.

If we redeem only some of the Notes, the trustee or, with respect to global securities, DTC, will determine the method for selection of the particular Notes to be redeemed, in accordance with the indenture and the 1940 Act, to the extent applicable, and in accordance with the rules of any national securities exchange or quotation system on which the Notes are listed. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.

**Global Securities**

Each Note will be issued in book-entry form and represented by a global security that we deposit with and register in the name of DTC or its nominee. A global security may not be transferred to or registered in the name of anyone other than the depositary or its nominee, unless special termination situations arise. As a result of these arrangements, the depositary, or its nominee, will be the sole registered owner and holder of all the Notes represented by a global security, and investors will be

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permitted to own only beneficial interests in a global security. For more information about these arrangements, see " Book-Entry Procedures" below.

**Termination of a Global Security**

If a global security is terminated for any reason, interests in it will be exchanged for certificates in non-book-entry form (certificated securities). After that exchange, the choice of whether to hold the certificated Notes directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a global security transferred on termination to their own names, so that they will be holders.

**Conversion and Exchange**

The Notes are not convertible into or exchangeable for other securities.

**Payment and Paying Agents**

We will pay interest to the person listed in the trustee's records as the owner of the Notes at the close of business on a particular day in advance of each due date for interest, even if that person no longer owns the Note on the interest due date. That day, usually about two weeks in advance of the interest due date, is called the "record date." Because we will pay all the interest for an interest period to the holders on the record date, holders buying and selling the Notes must work out between themselves the appropriate purchase price. The most common manner is to adjust the sales price of the Notes to prorate interest fairly between buyer and seller based on their respective ownership periods within the particular interest period. This prorated interest amount is called "accrued interest."

**Payments on Global Securities**

We will make payments on the Notes so long as they are represented by a global security in accordance with the applicable policies of the depositary as in effect from time to time. Under those policies, we will make payments directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depositary and its participants, as described under " Book-Entry Procedures" below.

**Payments on Certificated Securities**

In the event the Notes become represented by certificated securities, we will make payments on the Notes as follows. We will pay interest that is due on an interest payment date to the holder of the Notes as shown on the trustee's records as of the close of business on the regular record date. We will make all payments of principal and premium, if any, by check at the office of the applicable trustee in New York, New York and/or at other offices that may be specified in the indenture or a notice to holders against surrender of the Note.

Alternatively, if the holder asks us to do so, we will pay any amount that becomes due on the debt security by wire transfer of immediately available funds to an account at a bank in New York City, on the due date. To request payment by wire, the holder must give the applicable trustee or other paying agent appropriate transfer instructions at least 15 business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person who is the holder on the relevant regular record date. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

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**Payment When Offices Are Closed**

If any payment is due on the Notes on a day that is not a business day, we will make the payment on the next day that is a business day. Payments made on the next business day in this situation will be treated under the indenture as if they were made on the original due date. Such payment will not result in a default under the Notes or the indenture, and no interest will accrue on the payment amount from the original due date to the next day that is a business day.

**Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on the Notes.**

**Events of Default**

You will have rights if an Event of Default occurs in respect of the Notes and the Event of Default is not cured, as described later in this subsection.

The term "Event of Default" in respect of the Notes means any of the following:

We do not pay the principal of (or premium, if any, on) any Note when due and payable at maturity;

We do not pay interest on any Note when due and payable, and such default is not cured within 30 days of its due date;

We remain in breach of any other covenant in respect of the Notes for 60 days after we receive a written notice of default stating we are in breach (the notice must be sent by either the trustee or holders of at least 25% of the principal amount of the outstanding Notes);

We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and remain undischarged or unstayed for a period of 90 days; or

On the last business day of each of twenty-four consecutive calendar months, the Notes have an asset coverage (as such term is defined in the 1940 Act) of less than 100%, giving effect to any exemptive relief granted to us by the SEC.

An Event of Default for the Notes may, but does not necessarily, constitute an Event of Default for any other series of debt securities issued under the same or any other indenture. The trustee may withhold notice to the holders of the Notes of any default, except in the payment of principal or interest, if it in good faith considers the withholding of notice to be in the best interests of the holders.

*Remedies if an Event of Default Occurs*

If an Event of Default has occurred and is continuing, the trustee or the holders of not less than 25% in principal amount of the Notes may declare the entire principal amount of all the Notes to be due and immediately payable, but this does not entitle any holder of Notes to any redemption payout or redemption premium. If an Event of Default referred to in the second to last bullet point above with respect to us has occurred, the entire principal amount of all of the Notes will automatically become due and immediately payable. This is called a declaration of acceleration of maturity. In certain circumstances, a declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the Notes if (1) we have deposited with the trustee all amounts due and owing with respect to the Notes (other than principal or any payment that has become due solely by reason of such acceleration) and certain other amounts, and (2) any other Events of Default have been cured or waived.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee protection from expenses and liability reasonably satisfactory to it (called an "indemnity"). If indemnity reasonably satisfactory to the trustee is provided, the holders of a majority in principal amount of the Notes may direct the time, method and place of conducting any lawsuit or other formal legal action



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seeking any remedy available to the trustee. The trustee may refuse to follow those directions in certain circumstances. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before you are allowed to bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the Notes, the following must occur:

You must give the trustee written notice that an Event of Default has occurred and remains uncured;

The holders of at least 25% in principal amount of all the Notes must make a written request that the trustee take action because of the default and must offer the trustee indemnity, security, or both reasonably satisfactory to it against the cost and other liabilities of taking that action;

The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity and/or security; and

The holders of a majority in principal amount of the Notes must not have given the trustee a direction inconsistent with the above notice during that 60-day period.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your Notes on or after the due date.

**Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of maturity.**

Each year, we will furnish to the trustee a written statement of certain of our officers certifying that to their knowledge we are in compliance with the indenture and the Notes, or else specifying any default.

*Waiver of Default*

The holders of a majority in principal amount of the Notes may waive any past defaults other than a default:

in the payment of principal (or premium, if any) or interest; or

in respect of a covenant that cannot be modified or amended without the consent of each holder of the Notes.

**Merger or Consolidation**

Under the terms of the indenture, we are generally permitted to consolidate or merge with another entity. We are also permitted to sell all or substantially all of our assets to another entity. However, we may not take any of these actions unless all the following conditions are met:

where we merge out of existence or convey or transfer our assets substantially as an entirety, the resulting entity must agree to be legally responsible for our obligations under the Notes;

immediately after giving effect to the transaction, no default or Event of Default shall have occurred and be continuing; and

we must deliver certain certificates and documents to the trustee.





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**Modification or Waiver**

There are three types of changes we can make to the indenture and the Notes issued thereunder:

*Changes Requiring Your Approval*

First, there are changes that we cannot make to your Notes without your specific approval. The following is a list of those types of changes:

change the stated maturity of the principal of (or premium, if any, on) or any installment of principal of, or interest on, the Notes;

reduce any amounts due on the Notes or reduce the rate of interest on the Notes;

reduce the amount of principal payable upon acceleration of the maturity of a Note following a default;

change the place or currency of payment on a Note;

impair your right to sue for payment;

reduce the percentage of holders of Notes whose consent is needed to modify or amend the indenture; and

reduce the percentage of holders of Notes whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults or reduce the percentage of holders of Notes required to satisfy quorum or voting requirements at a meeting of holders of the Notes.

*Changes Not Requiring Approval*

The second type of change does not require any vote by the holders of the Notes. This type is limited to clarifications and certain other changes that would not adversely affect holders of the Notes in any material respect.

*Changes Requiring Majority Approval*

Any other change to the indenture and the Notes would require the following approval:

if the change affects only the Notes, it must be approved by the holders of a majority in principal amount of the Notes; and

if the change affects more than one series of debt securities issued under the same indenture, it must be approved by the holders of a majority in principal amount of all of the series affected by the change, with all affected series voting together as one class for this purpose.

In each case, the required approval must be given by written consent.

The holders of a majority in principal amount of all of the series of debt securities issued under an indenture, voting together as one class for this purpose, may waive our compliance with some of our covenants in that indenture. However, we cannot obtain a waiver of a payment default or of any of the matters covered by the bullet points included above under " Changes Requiring Your Approval."

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### *Further Details Concerning Voting*

When taking a vote, we will use the following rules to decide how much principal to attribute to the Notes:

The Notes will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption or if we or any affiliate of ours

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own any Notes. The Notes will also not be eligible to vote if they have been fully defeased as described later under " Defeasance Full Defeasance" below.

We will generally be entitled to set any day as a record date for the purpose of determining the holders of the Notes that are entitled to vote or take other action under the indenture. However, the record date may not be earlier than 30 days before the date of the first solicitation of holders to vote on or take such action and not later than the date such solicitation is completed. If we set a record date for a vote or other action to be taken by holders of the Notes, that vote or action may be taken only by persons who are holders of the Notes on the record date and must be taken within eleven months following the record date.

**Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the Notes or request a waiver.**

### **Satisfaction and Discharge**

The indenture will be discharged and will cease to be of further effect with respect to the Notes when:

Either

all the Notes that have been authenticated have been delivered to the trustee for cancellation; or

all the Notes that have not been delivered to the trustee for cancellation:

have become due and payable, or

will become due and payable at their stated maturity within one year, or

are to be called for redemption within one year,

and we, in the case of the first, second and third sub-bullets above, have irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders of the Notes, in amounts as will be sufficient, to pay and discharge the entire indebtedness (including all principal, premium, if any, and interest) on such Notes delivered to the trustee for cancellation (in the case of Notes that have become due and payable on or prior to the date of such deposit) or to the stated maturity or redemption date, as the case may be;

we have paid or caused to be paid all other sums payable by us under the indenture with respect to the Notes; and

we have delivered to the trustee an officers' certificate and legal opinion, each stating that all conditions precedent provided for in the indenture relating to the satisfaction and discharge of the indenture and the Notes have been complied with.

### **Defeasance**

The following provisions will be applicable to the Notes. "Defeasance" means that, by depositing with a trustee an amount of cash and/or government securities sufficient to pay all principal and interest, if any, on the Notes when due and satisfying any additional conditions noted below, we will be deemed to have been discharged from our obligations under the Notes. In the event of a "covenant defeasance," upon depositing such funds and satisfying similar conditions discussed below we would be released from certain covenants under the indenture relating to the Notes.

#### *Covenant Defeasance*

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Under current U.S. federal income tax law and the indenture, we can make the deposit described below and be released from some of the restrictive covenants in the indenture under which the Notes

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were issued. This is called "covenant defeasance." In that event, you would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay your Notes. In order to achieve covenant defeasance, the following must occur:

Since the Notes are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of the Notes a combination of cash and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the Notes on their various due dates;

We must deliver to the trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing you to be taxed on the Notes any differently than if we did not make the deposit;

We must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act, and a legal opinion and officers' certificate stating that all conditions precedent to covenant defeasance have been complied with;

Defeasance must not result in a breach or violation of, or result in a default under, the indenture or any of our other material agreements or instruments; and

No default or Event of Default with respect to the Notes shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days.

If we accomplish covenant defeasance, you can still look to us for repayment of the Notes if there were a shortfall in the trust deposit or the trustee is prevented from making payment. In fact, if one of the remaining Events of Default occurred (such as our bankruptcy) and the Notes became immediately due and payable, there might be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

### *Full Defeasance*

If there is a change in U.S. federal income tax law, as described below, we can legally release ourselves from all payment and other obligations on the Notes (called "full defeasance") if we put in place the following other arrangements for you to be repaid:

Since the Notes are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of the Notes a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the Notes on their various due dates;

We must deliver to the trustee a legal opinion confirming that there has been a change in current U.S. federal tax law or an Internal Revenue Service ("IRS") ruling that allows us to make the above deposit without causing you to be taxed on the Notes any differently than if we did not make the deposit;

We must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act, and a legal opinion and officers' certificate stating that all conditions precedent to defeasance have been complied with;

Defeasance must not result in a breach or violation of, or constitute a default under, the indenture or any of our other material agreements or instruments; and

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No default or Event of Default with respect to the Notes shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days.

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If we ever did accomplish full defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the Notes. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent.

**Form, Exchange and Transfer of Certificated Registered Securities**

If registered Notes cease to be issued in book-entry form, they will be issued:

only in fully registered certificated form;

without interest coupons; and

unless we indicate otherwise, in denominations of \$25 and amounts that are multiples of \$25.

Holders may exchange their certificated securities for Notes of smaller denominations or combined into fewer Notes of larger denominations, as long as the total principal amount is not changed and as long as the denomination is equal to or greater than \$25.

Holders may exchange or transfer their certificated securities at the office of the trustee. We have appointed the trustee to act as our agent for registering Notes in the names of holders transferring Notes. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their certificated securities, but they may be required to pay any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any certificated securities of a particular series are redeemable and we redeem less than all the Notes, we may block the transfer or exchange of those Notes selected for redemption during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any certificated Notes selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any Note that will be partially redeemed.

If registered Notes are issued in book-entry form, only the depository will be entitled to transfer and exchange the Notes as described in this subsection, since it will be the sole holder of the Notes.

**Resignation of Trustee**

The trustee may resign or be removed with respect to the Notes provided that a successor trustee is appointed to act with respect to the Notes. In the event that two or more persons are acting as trustee with respect to different series of indenture securities under the indenture, each of the trustees will be a trustee of a trust separate and apart from the trust administered by any other trustee.

**Governing Law**

The indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.



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**Indenture Provisions    Ranking**

The Notes will be our direct unsecured obligations and will rank:

equal in right of payment with all of our existing and future unsecured indebtedness, including \$155.3 million, \$285.0 million and \$115.0 million in aggregate principal amount of 2014 Convertible Notes, Unsecured Notes and 2018 Convertible Notes, respectively, outstanding as of September 18, 2018;

senior in right of payment to all of our future indebtedness that is expressly subordinated in right of payment to the Notes;

effectively subordinated to our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness, including \$135.0 million outstanding under the NMFC Credit Facility as of September 18, 2018; and

structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries, including \$431.0 million outstanding under the Holdings Credit Facility and \$165.0 million outstanding under the SBA-guaranteed debentures as of September 18, 2018.

**The Trustee under the Indenture**

U.S Bank National Association serves as the trustee, paying agent and security registrar under the indenture. Separately, our securities are held by U.S. Bank National Association pursuant to a custody agreement.

**Book-Entry Procedures**

The Notes will be represented by global securities that will be deposited and registered in the name of DTC or its nominee. This means that, except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations that are participants in DTC.

The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each issuance of the Notes, in the aggregate principal amount thereof, and will be deposited with DTC. Interests in the Notes will trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. None of the Company, the trustee or the paying agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need

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for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC").

DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's Ratings Services' rating of AA+. The DTC Rules applicable to its participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each security, or the "Beneficial Owner," is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts the Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Redemption proceeds, distributions and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from us or the trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the trustee, or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the trustee, but disbursement of such payments to Direct Participants will be the

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responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to us or to the trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered. We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

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**CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of certain material U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes. This summary is based upon the Code, Treasury Regulations and judicial decisions and administrative interpretations thereof, all as of the date hereof and all of which are subject to change or differing interpretations, possibly with retroactive effect. No assurance can be given that the Internal Revenue Service ("IRS") would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below.

This discussion applies only to a beneficial owner of Notes that acquires the Notes pursuant to this offering for a price equal to the price of the Notes shown on the front cover of the prospectus supplement, and who holds the Notes as capital assets (generally, property held for investment). This discussion does not address any U.S. federal estate or gift tax consequences or any state, local or non-U.S. tax consequences. In addition, this discussion does not address all aspects of U.S. federal income taxation that may be applicable to investors in light of their particular circumstances, or to investors subject to special treatment under U.S. federal income tax law, including, but not limited to:

banks, insurance companies or other financial institutions;

persons subject to the alternative minimum tax;

cooperatives;

tax-exempt organizations and accounts;

retirement plans and trusts;

dealers in securities;

traders in securities that elect to mark to market;

RICs and real estate investment trusts;

certain U.S. expatriates;

controlled foreign corporations and passive foreign investment companies;

U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;

persons deemed to sell the Notes under the constructive sale provisions of the Code;

persons that hold the Notes as part of a straddle, hedge, synthetic security, conversion transaction, wash sale or other integrated investment;

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persons subject to special tax accounting rules under Section 451(b) of the Code applicable to persons that maintain certain specified financial statements; or

partnerships (or entities or arrangements treated as partnerships for U.S. federal income tax purposes).

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) owns Notes, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partners in a partnership that owns the Notes should consult their tax advisors as to the particular U.S. federal income tax consequences applicable to them.

As used herein, the term "U.S. Holder" means a beneficial owner of a Note that is for U.S. federal income tax purposes:

an individual who, for U.S. federal income tax purposes, is a citizen or resident of the United States;

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a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any State thereof or the District of Columbia;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust, if (i) a U.S. court is able to exercise primary supervision over the trust's administration and one or more "United States persons" (as defined in the Code) have the authority to control all substantial decisions of such trust, or (ii) the trust has in effect a valid election to be treated as a "United States person" (as defined in the Code).

As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Note that is not a U.S. Holder or a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes). A "Non-U.S. Holder" does not include an individual present in the United States for 183 days or more in the taxable year of disposition of the Notes. Such a holder is encouraged to consult his or her own tax advisor regarding U.S. federal income tax consequences of the sale, exchange, redemption, retirement or other taxable disposition of the Notes. For the purposes of this summary, U.S. Holders and Non-U.S. Holders are referred to collectively as "Holders".

We encourage Holders to consult their tax advisors regarding the specific consequences of an investment in the Notes, including tax reporting requirements, the applicability of U.S. federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

**Tax Consequences to U.S. Holders**

The following is a summary of certain U.S. federal income tax consequences that will apply to you if you are a U.S. Holder. Certain U.S. federal income tax consequences to Non-U.S. Holders are described under "Tax Consequences to Non-U.S. Holders" below.

*Payments of interest*

A U.S. Holder generally will be required to recognize interest as ordinary income at the time it is paid or accrued on the Notes in accordance with its regular method of accounting for U.S. federal income tax purposes.

*Sale, exchange, redemption, retirement or other taxable disposition*

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between (1) the sum of cash plus the fair market value of all other property received on such disposition (except to the extent such cash or property is attributable to accrued but unpaid interest, which, to the extent not previously included in income, generally will be taxable as ordinary income, as discussed above) and (2) its adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the price the U.S. Holder paid for the Note. Such capital gain or loss will be long-term capital gain or loss if, at the time of such taxable disposition, the U.S. Holder has held the Note for more than one year. Long term capital gains recognized by non-corporate U.S. Holders generally are subject to preferential rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations.

*Unearned income Medicare contribution*

A tax of 3.8 percent is imposed on the amount of "net investment income" (or undistributed "net investment income," in the case of an estate or trust) received by taxpayers with adjusted gross income above certain threshold amounts. "Net investment income" as defined for U.S. federal Medicare contribution purposes generally includes interest payments and gain recognized from the sale, exchange,

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redemption, retirement or other taxable disposition of the Notes. U.S. Holders should consult their tax advisors regarding the effect, if any, of this tax on their investment in the Notes.

**Tax Consequences to Non-U.S. Holders**

The following is a summary of certain U.S. federal income tax consequences that will apply to you if you are a Non-U.S. Holder of the Notes. A beneficial owner of a Note that is not a partnership for U.S. federal income tax purposes or a U.S. Holder is referred to herein as a "Non-U.S. Holder".

*Payments of interest*

Subject to the discussions below under " Backup Withholding and Information Reporting" and " Foreign Account Tax Compliance Act", payments of principal and interest on the Notes to a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax, provided that, in the case of interest, the Non-U.S. Holder:

does not own, actually or constructively, 10.0% or more of the total combined voting power of all classes of our stock entitled to vote;

is not a controlled foreign corporation with respect to which we are, directly or indirectly, a "related person";

provides its name and address, and certifies, under penalties of perjury, that it is not a U.S. person (on a properly completed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or substantially similar substitute form), or holds its Notes through certain foreign intermediaries and satisfies the certification requirements of applicable Treasury Regulations; and

is not engaged in a U.S. trade or business with which such interest is effectively connected, as described below.

If a Non-U.S. Holder does not qualify for an exemption under these rules, interest income from the Notes may be subject to withholding tax at the rate of 30.0% (or lower applicable treaty rate).

If a Non-U.S. Holder is engaged in the conduct of a U.S. trade or business and interest on the Notes is effectively connected with the conduct of that U.S. trade or business (although exempt from the 30.0% withholding tax so long as the Non-U.S. Holder provides the applicable withholding agent with a properly completed IRS Form W-8ECI or substantially similar substitute form stating that interest on the Notes is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business), such interest will be subject to U.S. federal income tax on a net basis at the rates generally applicable to U.S. persons. In addition, if such Non-U.S. Holder is a foreign corporation, it may also be subject to a 30.0% (or lower applicable treaty rate) branch profits tax on its effectively connected earnings and profits for the taxable year, subject to adjustments.

A Non-U.S. Holder that is not eligible for relief under one of the exceptions described above may qualify for an exemption from, or a reduced rate of, U.S. federal income and withholding tax under a U.S. income tax treaty. In general, this exemption or reduced rate of tax applies only if the Non-U.S. Holder is eligible for the benefits of an applicable U.S. income tax treaty and provides the applicable withholding agent with a properly completed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or substantially similar substitute form.

*Sale, exchange, redemption, retirement or other taxable disposition*

Subject to the discussions below under " Backup Withholding and Information Reporting" and " Foreign Account Tax Compliance Act", any gain recognized on the sale, exchange, redemption, retirement or other taxable disposition of the Notes (except with respect to accrued and unpaid interest, which would be taxed as described under " Tax Consequences to Non-U.S. Holders Payments of

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interest" above) generally will not be subject to U.S. federal income tax unless any of the following is true:

the Non-U.S. Holder's investment in the Notes is effectively connected with its conduct of a U.S. trade or business; or

the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 or more days in the taxable year within which the sale, exchange, redemption, retirement or other disposition takes place and certain other requirements are met.

If a Non-U.S. Holder is a Holder described in the first bullet point above, the net gain derived from the sale, exchange, redemption, retirement or other taxable disposition of its Notes generally will be subject to U.S. federal income tax on a net basis at the rates applicable to U.S. persons generally. In addition, if such Non-U.S. Holder is a foreign corporation, it may also be subject to a 30.0% (or lower applicable treaty rate) branch profits tax on its effectively connected earnings and profits for the taxable year, subject to adjustments. If a Non-U.S. Holder is a Holder described in the second bullet point above, it will be subject to a flat 30.0% U.S. federal income tax on the gain derived from the sale, exchange, redemption, retirement or other taxable disposition of its Notes, which may be offset by U.S. source capital losses, even though it is not considered a resident of the United States.

Non-U.S. Holders should consult any applicable income tax treaties that may provide for different rules. In addition, Non-U.S. Holders are urged to consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes.

**Backup Withholding and Information Reporting**

*U.S. Holders*

Information returns are required to be provided to a U.S. Holder and filed with the IRS in connection with payments or interest on the Notes and proceeds received from a sale or other disposition of the Notes to a U.S. Holder unless the U.S. Holder is an exempt recipient. U.S. Holders may also be subject to backup withholding on these payments in respect of the Notes unless such U.S. Holder provides its taxpayer identification number to the applicable withholding agent and otherwise complies with applicable requirements of the backup withholding rules or provides proof of an applicable exemption.

*Non-U.S. Holders*

Information returns, including a Form 1042-S, will be filed with the IRS in connection with interest payments on the Notes, even if the Non-U.S. Holder is exempt from withholding tax. Copies of the information returns reporting the payments and amounts withheld may also be made available to the tax authorities in the country where the Non-U.S. Holder is resident under the provisions of an applicable income tax treaty or agreement. In addition, backup withholding tax and certain other information reporting requirements apply to payments of interest and certain reportable payments, unless an exemption applies. Backup withholding and other information reporting will not apply to payments made to a Non-U.S. Holder if the Non-U.S. Holder has provided under penalties of perjury the required certification of such holder's non-United States person status as discussed above (and we do not have actual knowledge or reason to know that the Non-U.S. Holder is a U.S. Holder) or if the Non-U.S. Holder is an exempt recipient. The certification procedures required to claim the exemption from withholding tax on interest described above will satisfy the certification requirements necessary to avoid backup withholding as well.

If a Non-U.S. Holder sells or redeems a Note through a U.S. broker or the U.S. office of a foreign broker, the proceeds from such sale or redemption will be subject to information reporting and backup withholding unless such holder provides a withholding certificate or other appropriate documentary evidence establishing that the holder is not a U.S. Holder to the broker and such broker does not have



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actual knowledge or reason to know that such holder is a U.S. Holder, or the holder is an exempt recipient eligible for an exemption from information reporting and backup withholding. If a Non-U.S. Holder sells or redeems a Note through the foreign office of a broker who is a U.S. person or has certain enumerated connections with the United States, the proceeds from such sale or redemption will be subject to information reporting unless the holder provides to such broker a withholding certificate or other documentary evidence establishing that The holder is not a U.S. Holder and such broker does not have actual knowledge or reason to know that such evidence is false, or the holder is an exempt recipient eligible for an exemption from information reporting. In circumstances where information reporting by the foreign office of such a broker is required, backup withholding will be required only if the broker has actual knowledge that the holder is a U.S. Holder.

A Non-U.S. Holder should consult its own tax advisor regarding the qualification for an exemption from backup withholding and information reporting and the procedures for obtaining such an exemption, if applicable. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

**Foreign Account Tax Compliance Act**

The U.S. Foreign Account Tax Compliance Act, Sections 1471 through 1474 of the Code (commonly known as "FATCA"), generally imposes a withholding tax of 30% on (i) certain payments of U.S. source interest, dividends and other fixed or determinable annual or periodical gains, profits, and income and (ii) beginning after December 31, 2018, payments of gross proceeds from the sale, exchange, redemption, retirement or other taxable disposition of property of a type that can produce U.S. source interest or dividends, in each case, to foreign financial institutions ("FFIs") unless such FFIs enter into an agreement with the U.S. Treasury to report certain required information with respect to accounts held by U.S. persons (or held by foreign entities that have U.S. persons as substantial owners), or such FFIs reside in a jurisdiction that has entered into an intergovernmental agreement with the IRS to provide such information and such FFIs comply with the terms of such intergovernmental agreement and any enabling legislation or administrative authority with respect to such intergovernmental agreement. The information required to be reported includes the identity and taxpayer identification number of each account holder that is a U.S. person and transaction activity within the holder's account. In addition, subject to certain exceptions, this legislation also imposes a 30% withholding on payments to foreign entities that are not financial institutions unless such foreign entities certify that they do not have any greater than 10% U.S. owner or provides the withholding agent with identifying information on each greater than 10% U.S. owner. FATCA withholding generally applies to interest on the Notes. FATCA withholding with respect to the gross proceeds from the sale or other disposition of the Notes will not begin until January 1, 2019. Prospective investors should consult their tax advisors regarding this legislation.

Table of Contents**UNDERWRITING**

We are offering the Notes described in this prospectus supplement and the accompanying prospectus through a number of underwriters. Keefe, Bruyette & Woods, Inc. is acting as representative of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally and not jointly agreed to purchase from us, the aggregate principal amount of Notes listed next to its name in the following table:

<b>Underwriter</b>	<b>Principal Amount</b>
Keefe, Bruyette & Woods, Inc.	\$
Janney Montgomery Scott LLC	\$
BB&T Capital Markets, a division of BB&T Securities, LLC	\$
William Blair & Company, L.L.C.	\$
Ladenburg Thalmann & Co. Inc.	\$
Oppenheimer & Co. Inc.	\$
Wedbush Securities Inc.	\$
Total	\$

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the Notes sold under the underwriting agreement if any of these Notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

**Commissions and Discounts**

An underwriting discount of % per Note will be paid by us. The underwriting discount will also apply to any Notes purchased pursuant to the overallotment option.

The following table shows the total underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. The information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	<b>Per Note</b>	<b>Without Option</b>	<b>With Option</b>
Public offering price	\$	\$	\$
Underwriting discount(1)	\$	\$	\$
Proceeds, before expenses, to us(2)	\$	\$	\$

(1) Reflects an underwriting discount that may vary between sales to retail investors and sales to institutional investors.

(2) Before deducting expenses payable by us related to this offering, estimated at \$0.3 million, including up to \$10,000 in reimbursement of underwriter's counsel expenses.

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The underwriters propose to offer some of the Notes to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the Notes to certain other Financial Industry Regulatory Authority (FINRA) members at the public offering price less a concession not in excess of \$ \_\_\_\_\_ per Note sold to retail investors and \$ \_\_\_\_\_ per Note sold to institutional investors. The underwriters may allow, and the dealers may reallow, a discount not in excess of \_\_\_\_\_ % of the aggregate principal amount of the Notes. After the initial offering of the Notes to the public, the public offering price and such concessions may be changed. No such change shall change the amount of proceeds to be received by us as set forth on the cover page of this prospectus supplement.

The expenses of the offering, including up to \$10,000 in reimbursement of underwriters' counsel fee, but not including the underwriting discount, are estimated at \$0.3 million and are payable by us.

**Overallotment Option**

We have granted an option to the underwriters to purchase up to an additional \$ \_\_\_\_\_ aggregate principal amount of the Notes offered hereby at the public offering price within 30 days from the date of this prospectus supplement solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional Notes proportionate to that underwriter's initial principal amount reflected in the above table.

**No Sales of Similar Securities**

We have agreed not to directly or indirectly sell, offer to sell, enter into any agreement to sell, or otherwise dispose of, any debt securities issued by the Company which are substantially similar to the Notes or securities convertible into such debt securities which are substantially similar to the Notes for a period of 30 days after the date of this prospectus supplement without first obtaining the written consent of the representatives. This consent may be given at any time without public notice.

**Listing**

The Notes are a new issue of securities with no established trading market. We intend to apply to list the Notes on the NYSE. We expect trading in the Notes on the NYSE to begin within 30 days after the original issue date under the symbol "NMFV." Currently there is no public market for the Notes.

We have been advised by certain of the underwriters that certain of the underwriters presently intend to make a market in the Notes after completion of this offering as permitted by applicable laws and regulations. Such underwriters are not obligated, however, to make a market in the Notes and any such market-making may be discontinued at any time in the sole discretion of such underwriters without any notice. Accordingly, no assurance can be given that an active and liquid public trading market for the Notes will develop or be maintained. If an active public trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected.

**Price Stabilization, Short Positions**

In connection with the offering, the underwriters may purchase and sell Notes in the open market. These transactions may include covering transactions and stabilizing transactions. Overallotment involves sales of securities in excess of the aggregate principal amount of securities to be purchased by the underwriters in the offering, which creates a short position for the underwriters. Covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of securities made for the purpose of preventing or retarding a decline in the market price of the securities while the offering is in progress.

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The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased Notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Any of these activities may cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of such transactions. These transactions may be affected in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time without any notice relating thereto.

**Electronic Offer, Sale and Distribution of Notes**

The underwriters may make prospectuses available in electronic (PDF) format. A prospectus in electronic (PDF) format may be made available on a web site maintained by the underwriters, and the underwriters may distribute such prospectuses electronically. The underwriters may allocate a limited principal amount of the Notes for sale to their online brokerage customers.

**Other Relationships**

The underwriters and their affiliates have provided in the past and may provide from time to time in the future in the ordinary course of their business certain commercial banking, financial advisory, investment banking and other services to NMFC or our portfolio companies for which they have received or will be entitled to receive separate fees. In particular, the underwriters or their affiliates may execute transactions with NMFC or on behalf of NMFC or any of our portfolio companies.

We intend to use the net proceeds from this offering to paydown outstanding indebtedness under the NMFC Credit Facility. An affiliate of Keefe, Bruyette and Woods, Inc. is a lender under the NMFC Credit Facility and may receive a portion of the proceeds of this offering.

The underwriters or their affiliates may also trade in our securities, securities of our portfolio companies or other financial instruments related thereto for their own accounts or for the account of others and may extend loans or financing directly or through derivative transactions to us or any of our portfolio companies.

We may purchase securities of third parties from the underwriters or their affiliates after the offering. However, we have not entered into any agreement or arrangement regarding the acquisition of any such securities, and we may not purchase any such securities. We would only purchase any such securities if among other things we identified securities that satisfied our investment needs and completed our due diligence review of such securities.

After the date of this prospectus supplement, the underwriters and their affiliates may from time to time obtain information regarding specific portfolio companies or us that may not be available to the general public. Any such information is obtained by the underwriters and their affiliates in the ordinary course of its business and not in connection with the offering of the Notes. In addition, after the offering period for the sale of the Notes, the underwriters or their affiliates may develop analyses or opinions related to NMFC or our portfolio companies and buy or sell interests in one or more of our portfolio companies on behalf of their proprietary or client accounts and may engage in competitive activities. There is no obligation on behalf of these parties to disclose their respective analyses, opinions or purchase and sale activities regarding any portfolio company or regarding us to our noteholders or any other persons.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters and their affiliates that have a

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lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The principal business address of Keefe, Bruyette & Woods, Inc. is 787 7th Avenue, Fourth Floor, New York, New York 10019.

**Other Jurisdictions**

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the Notes offered by this prospectus supplement in any jurisdiction where action for that purpose is required. The Notes offered by this prospectus supplement may not be offered or sold, directly or indirectly, nor may this prospectus supplement or any other offering material or advertisements in connection with the offer and sale of any such Notes be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus supplement comes are advised to inform themselves about and to observe any restriction relating to the offering and the distribution of this prospectus supplement. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of an offer to buy the Notes offered by this prospectus supplement and the accompanying prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

**Alternative Settlement Cycle**

We expect that delivery of the Notes will be made to investors on or about September , 2018, which will be the business day following the date hereof. Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially settle in T+ , to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery should consult their advisors.

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**LEGAL MATTERS**

Certain legal matters regarding the Notes offered hereby will be passed upon for us by Eversheds Sutherland (US) LLP, Washington, District of Columbia. Certain legal matters in connection with the Notes offered hereby will be passed upon for the underwriters by Fried, Frank, Harris, Shriver & Jacobson LLP, New York, New York. Fried, Frank, Harris, Shriver & Jacobson LLP represents New Mountain Capital, L.L.C. and its portfolio companies from time to time in the ordinary course of business.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

With respect to the unaudited interim financial information of New Mountain Finance Corporation as of June 30, 2018 and for the three and six month periods ended June 30, 2018 and 2017, which is included in this prospectus supplement, Deloitte & Touche LLP, an independent registered public accounting firm, has applied limited procedures in accordance with the standards of the Public Company Accounting Oversight Board (United States) for a review of such information. However, as stated in their report included in this prospectus supplement, they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte & Touche LLP are not subject to the liability provisions of Section 11 of the Securities Act for their reports on the unaudited interim financial information because those reports are not "reports" or a "part" of the Registration Statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

The consolidated financial statements and the related information included in the Senior Securities table and the effectiveness of internal control over financial reporting, included in this prospectus supplement, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports appearing herein and elsewhere in the registration statement. Such financial statements and information included in the Senior Securities table have been so included in reliance upon the reports of such firm, given their authority as experts in accounting and auditing.

The principal business address of Deloitte & Touche LLP is 30 Rockefeller Center Plaza, New York, New York 10112.

**AVAILABLE INFORMATION**

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the Notes offered by this prospectus supplement and the accompanying prospectus. The registration statement contains additional information about us and the Notes being offered by this prospectus supplement and the accompanying prospectus.

We are required to file with or submit to the SEC annual, quarterly and current reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, District of Columbia 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC, which are available on the SEC's website at <http://www.sec.gov>. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, District of Columbia 20549. This information will also be available free of charge by contacting us at 787 Seventh Avenue, 48th Floor, New York, New York 10019, by telephone at (212) 720-0300, or on our website at <http://www.newmountainfinance.com>. Information contained on our website or on the SEC's web site about us is not incorporated into this prospectus supplement and the accompanying prospectus and you should not consider information contained on our website or on the SEC's website to be part of this prospectus supplement and the accompanying prospectus.

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**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2018**

**New Mountain Finance Corporation**

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**New Mountain Finance Corporation**  
**Consolidated Statements of Assets and Liabilities**  
(in thousands, except shares and per share data)  
(unaudited)

	June 30, 2018	December 31, 2017
<b>Assets</b>		
Investments at fair value		
Non-controlled/non-affiliated investments (cost of \$1,579,140 and \$1,438,889, respectively)	\$ 1,584,412	\$ 1,462,182
Non-controlled/affiliated investments (cost of \$172,898 and \$180,380, respectively)	184,376	178,076
Controlled investments (cost of \$308,628 and \$171,958, respectively)	329,230	185,402
Total investments at fair value (cost of \$2,060,666 and \$1,791,227, respectively)	2,098,018	1,825,660
Securities purchased under collateralized agreements to resell (cost of \$30,000 and \$30,000, respectively)	25,200	25,212
Cash and cash equivalents	33,948	34,936
Interest and dividend receivable	42,397	31,844
Receivable from affiliates	952	343
Other assets	5,426	10,023
<b>Total assets</b>	<b>\$ 2,205,941</b>	<b>\$ 1,928,018</b>
<b>Liabilities</b>		
Borrowings		
Holdings Credit Facility	\$ 390,463	\$ 312,363
Unsecured Notes	235,000	145,000
SBA-guaranteed debentures	163,000	150,000
Convertible Notes	155,357	155,412
NMFC Credit Facility	150,000	122,500
Deferred financing costs (net of accumulated amortization of \$19,229 and \$16,578, respectively)	(15,109)	(15,777)
Net borrowings	1,078,711	869,498
Payable for unsettled securities purchased	29,903	
Management fee payable	22,240	7,065
Incentive fee payable	19,535	6,671
Interest payable	7,099	5,107
Payable to affiliates	2,488	863
Deferred tax liability	1,878	894
Other liabilities	11,441	2,945
<b>Total liabilities</b>	<b>1,173,295</b>	<b>893,043</b>
<b>Commitments and contingencies (See Note 9)</b>		
<b>Net assets</b>		
Preferred stock, par value \$0.01 per share, 2,000,000 shares authorized, none issued		
Common stock, par value \$0.01 per share, 100,000,000 shares authorized, 76,106,372 and 75,935,903 shares issued and outstanding, respectively	761	759
Paid in capital in excess of par	1,055,796	1,053,468
Accumulated undistributed net investment income	38,986	39,165
Accumulated undistributed net realized losses on investments	(83,084)	(76,681)
Net unrealized appreciation (depreciation) (net of provision for taxes of \$1,878 and \$894, respectively)	20,187	18,264



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<b>Total net assets</b>	\$	1,032,646	\$	1,034,975
<b>Total liabilities and net assets</b>	\$	2,205,941	\$	1,928,018
Number of shares outstanding		76,106,372		75,935,093
<b>Net asset value per share</b>	\$	13.57	\$	13.63

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**New Mountain Finance Corporation**  
**Consolidated Statements of Operations**  
(in thousands, except shares and per share data)  
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>Investment income</b>				
From non-controlled/non-affiliated investments:				
Interest income	\$ 38,510	\$ 36,518	\$ 73,946	\$ 69,394
Dividend income		120	486	159
Non-cash dividend income	1,439	1	2,763	13
Other income	1,013	2,084	3,881	4,349
From non-controlled/affiliated investments:				
Interest income	210	712	312	1,359
Dividend income	791	842	1,636	1,846
Non-cash dividend income	4,017	3,987	8,026	4,631
Other income	912	296	1,214	594
From controlled investments:				
Interest income	1,370	409	2,571	884
Dividend income	4,591	3,867	8,830	8,080
Non-cash dividend income	1,508	853	2,962	1,674
Other income	237	330	860	343
<b>Total investment income</b>	<b>54,598</b>	<b>50,019</b>	<b>107,487</b>	<b>93,326</b>
<b>Expenses</b>				
Incentive fee	6,430	6,449	12,864	11,857
Management fee	9,301	8,275	17,993	15,889
Interest and other financing expenses	12,824	9,045	24,114	17,421
Professional fees	708	722	1,402	1,572
Administrative expenses	822	662	1,761	1,370
Other general and administrative expenses	518	402	928	868
<b>Total expenses</b>	<b>30,603</b>	<b>25,555</b>	<b>59,062</b>	<b>48,977</b>
Less: management and incentive fees waived (See Note 5)	(1,495)	(1,485)	(2,817)	(4,641)
Less: expenses waived and reimbursed (See Note 5)	(276)	(4)	(276)	(474)
<b>Net expenses</b>	<b>28,832</b>	<b>24,066</b>	<b>55,969</b>	<b>43,862</b>
<b>Net investment income before income taxes</b>	<b>25,766</b>	<b>25,953</b>	<b>51,518</b>	<b>49,464</b>
Income tax expense	45	155	61	235
<b>Net investment income</b>	<b>25,721</b>	<b>25,798</b>	<b>51,457</b>	<b>49,229</b>
Net realized (losses) gains:				
Non-controlled/non-affiliated investments	(6,609)	(26,453)	(6,403)	(25,627)
Net change in unrealized appreciation (depreciation):				
Non-controlled/non-affiliated investments	(14,500)	26,631	(18,021)	34,610
Non-controlled/affiliated investments	8,270	(298)	10,079	(594)
Controlled investments	11,317	1,519	10,861	41
Securities purchased under collateralized agreements to resell		(33)	(12)	(833)
(Provision) benefit for taxes	(1,066)	164	(984)	919
<b>Net realized and unrealized gains (losses)</b>	<b>(2,588)</b>	<b>1,530</b>	<b>(4,480)</b>	<b>8,516</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$ 23,133</b>	<b>\$ 27,328</b>	<b>\$ 46,977</b>	<b>\$ 57,745</b>

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Basic earnings per share	\$	0.30	\$	0.36	\$	0.62	\$	0.80
Weighted average shares of common stock outstanding basic (See Note 11)		75,938,857		75,383,387		75,936,986		72,566,825
Diluted earnings per share	\$	0.29	\$	0.34	\$	0.58	\$	0.74
Weighted average shares of common stock outstanding diluted (See Note 11)		85,762,984		85,207,514		85,761,113		82,390,952
Distributions declared and paid per share	\$	0.34	\$	0.34	\$	0.68	\$	0.68
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**New Mountain Finance Corporation**  
**Consolidated Statements of Changes in Net Assets**  
(in thousands, except shares and per share data)  
(unaudited)

	Six Months Ended	
	June 30, 2018	June 30, 2017
<b>Increase (decrease) in net assets resulting from operations:</b>		
Net investment income	\$ 51,457	\$ 49,229
Net realized losses on investments	(6,403)	(25,627)
Net change in unrealized appreciation of investments	2,919	34,057
Net change in unrealized depreciation of securities purchased under collateralized agreements to resell	(12)	(833)
(Provision) benefit for taxes	(984)	919
<b>Net increase in net assets resulting from operations</b>	<b>46,977</b>	<b>57,745</b>
<b>Capital transactions</b>		
Net proceeds from shares sold		81,478
Deferred offering costs		(172)
Distributions declared to stockholders from net investment income	(51,636)	(49,398)
Reinvestment of distributions	2,330	3,208
Other		(81)
<b>Total net (decrease) increase in net assets resulting from capital transactions</b>	<b>(49,306)</b>	<b>35,035</b>
<b>Net (decrease) increase in net assets</b>	<b>(2,329)</b>	<b>92,780</b>
<b>Net assets at the beginning of the period</b>	<b>1,034,975</b>	<b>938,562</b>
<b>Net assets at the end of the period</b>	<b>\$ 1,032,646</b>	<b>\$ 1,031,342</b>
<b>Capital share activity</b>		
Shares sold		5,750,000
Shares issued from the reinvestment of distributions	171,279	180,451
Shares reissued from repurchase program in connection with the reinvestment of distributions		37,573
<b>Net increase in shares outstanding</b>	<b>171,279</b>	<b>5,968,024</b>

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**New Mountain Finance Corporation**  
**Consolidated Statements of Cash Flows**  
(in thousands)  
(unaudited)

	Six Months Ended	
	June 30, 2018	June 30, 2017
<b>Cash flows from operating activities</b>		
Net increase in net assets resulting from operations	\$ 46,977	\$ 57,745
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash provided by (used) in operating activities:		
Net realized losses on investments	6,403	25,627
Net change in unrealized appreciation of investments	(2,919)	(34,057)
Net change in unrealized depreciation of securities purchased under collateralized agreements to resell	12	833
Amortization of purchase discount	(2,592)	(2,495)
Amortization of deferred financing costs	2,651	1,991
Amortization of premium on Convertible Notes	(55)	(55)
Non-cash investment income	(8,559)	(3,864)
<b>(Increase) decrease in operating assets:</b>		
Purchase of investments and delayed draw facilities	(549,417)	(607,755)
Proceeds from sales and paydowns of investments	296,835	330,586
Cash received for purchase of undrawn portion of revolving credit or delayed draw facilities	588	189
Cash paid for purchase of drawn portion of revolving credit facilities	(11,631)	
Cash paid on drawn revolvers	(11,004)	(7,344)
Cash repayments on drawn revolvers	9,938	2,897
Interest and dividend receivable	(10,553)	(6,822)
Receivable from unsettled securities sold		990
Receivable from affiliates	(609)	(32)
Other assets	4,597	(1,543)
<b>Increase (decrease) in operating liabilities:</b>		
Payable for unsettled securities purchased	29,903	21,411
Management fee payable	15,175	7,196
Incentive fee payable	12,864	4,312
Interest payable	1,992	229
Payable to affiliates	1,625	525
Deferred tax liability	984	(919)
Other liabilities	8,469	(845)
<b>Net cash flows used in operating activities</b>	<b>(158,326)</b>	<b>(211,200)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from shares sold		81,478
Distributions paid	(49,306)	(46,190)
Offering costs paid	(40)	(289)
Proceeds from Holdings Credit Facility	152,500	278,200
Repayment of Holdings Credit Facility	(74,400)	(283,000)
Proceeds from Unsecured Notes	90,000	55,000
Proceeds from SBA-guaranteed debentures	13,000	5,000
Proceeds from NMFC Credit Facility	120,000	232,100
Repayment of NMFC Credit Facility	(92,500)	(119,600)
Deferred financing costs paid	(1,916)	(1,009)
Other		(81)
<b>Net cash flows provided by financing activities</b>	<b>157,338</b>	<b>201,609</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(988)</b>	<b>(9,591)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>34,936</b>	<b>45,928</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 33,948</b>	<b>\$ 36,337</b>

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<b>Supplemental disclosure of cash flow information</b>			
Cash interest paid	\$	18,871	\$ 14,567
Income taxes paid		216	175
<b>Non-cash operating activities:</b>			
Non-cash activity on investments	\$	1,346	\$
<b>Non-cash financing activities:</b>			
Value of shares issued in connection with the distribution reinvestment plan	\$	2,330	\$ 2,648
Value of shares reissued from repurchase program in connection with the distribution reinvestment plan			560
Accrual for offering costs		904	1,095
Accrual for deferred financing costs		170	128

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**New Mountain Finance Corporation**  
**Consolidated Schedule of Investments**  
**June 30, 2018**  
(in thousands, except shares)  
(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
<b>Non-Controlled/Non-Affiliated Investments</b>								
<b>Funded Debt Investments</b>								
<b>Canada</b>								
Dentalcorp Perfect Smile ULC**								
Healthcare Services	Second lien(3)	9.59% (L+ 7.50%/M)	6/1/2018	6/8/2026	\$ 18,000	\$ 17,820	\$ 17,820	1.73%
<b>Total Funded Debt Investments</b>	<b>Canada</b>				<b>\$ 18,000</b>	<b>\$ 17,820</b>	<b>\$ 17,820</b>	<b>1.73%</b>
<b>Funded Debt Investments</b>								
<b>United Kingdom</b>								
Shine Acquisition Co. S.à.r.l / Boing US Holdco Inc.**								
Consumer Services	Second lien(3)	9.86% (L + 7.50%/Q)	9/25/2017	10/3/2025	\$ 43,853	\$ 43,604	\$ 43,990	4.26%
Air Newco LLC**								
Software	First lien(2)	6.78% (L + 4.75%/M)	5/25/2018	5/31/2024	20,176	20,125	20,276	1.96%
<b>Total Funded Debt Investments</b>	<b>United Kingdom</b>				<b>\$ 64,029</b>	<b>\$ 63,729</b>	<b>\$ 64,266</b>	<b>6.22%</b>
<b>Funded Debt Investments</b>								
<b>United States</b>								
Benevis Holding Corp.								
Healthcare Services	First lien(2)(10)	8.66% (L + 6.32%/Q)	3/15/2018	3/15/2024	\$ 58,676	\$ 58,676	\$ 58,676	
	First lien(3)(10)	8.66% (L + 6.32%/Q)	3/15/2018	3/15/2024	20,639	20,639	20,639	
					79,315	79,315	79,315	7.68%
Integro Parent Inc.								
Business Services	First lien(2)	8.06% (L + 5.75%/Q)	10/9/2015	10/31/2022	51,509	51,181	51,251	
	Second lien(3)	11.56% (L + 9.25%/Q)	10/9/2015	10/30/2023	10,000	9,925	9,950	
					61,509	61,106	61,201	5.93%
AmWINS Group, Inc.								
Business Services	Second lien(3)	8.84% (L + 6.75%/M)	1/19/2017	1/25/2025	57,000	56,815	57,570	5.57%
Alegeus Technologies, LLC								
Healthcare Services	Second lien(3)(10)	10.83% (L + 8.50%/Q)	4/28/2017	10/30/2023	23,500	23,500	23,500	
	Second lien(4)(10)	10.83% (L + 8.50%/Q)	4/28/2017	10/30/2023	22,500	22,500	22,500	
					46,000	46,000	46,000	4.45%

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Quest Software US Holdings Inc.

Software	Second lien(2)	10.58% (L + 8.25%/Q)	5/17/2018	5/18/2026	43,697	43,263	43,806	4.24%
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VetCor Professional Practices LLC

Consumer Services	First lien(4)	10.25% (P + 5.25%/M)	5/15/2015	4/20/2021	19,013	18,914	19,013	
	First lien(2)	10.25% (P + 5.25%/M)	5/15/2015	4/20/2021	7,674	7,579	7,674	
	First lien(3)	10.25% (P + 5.25%/M)	2/24/2017	4/20/2021	5,975	5,877	5,975	
	First lien(4)	10.25% (P + 5.25%/M)	5/15/2015	4/20/2021	2,637	2,622	2,637	
	First lien(3)(11) Drawn	10.25% (P + 5.25%/M)	6/24/2016	4/20/2021	1,877	1,862	1,877	
	First lien(2)	10.25% (P + 5.25%/M)	3/31/2016	4/20/2021	1,623	1,601	1,623	
	First lien(3)(11) Drawn	10.25% (P + 5.25%/M)	12/29/2017	4/20/2021	1,395	1,381	1,395	
	First lien(4)	10.25% (P + 5.25%/M)	5/15/2015	4/20/2021	493	486	493	
					40,687	40,322	40,687	3.94%

Salient CRGT Inc.

Federal Services	First lien(2)	7.84% (L + 5.75%/M)	1/6/2015	2/28/2022	39,616	39,206	40,210	3.89%
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Tenawa Resource Holdings LLC(13)

Tenawa Resource Management LLC								
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Energy	First lien(3)(10)	10.50% (Base + 8.00%/Q)	5/12/2014	10/30/2024	39,700	39,639	39,700	3.84%
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NM GRC Holdco, LLC								
Business Services	First lien(2)(10)	7.83% (L + 5.50%/Q)	2/9/2018	2/9/2024	38,930	38,746	38,735	3.75%

Frontline Technologies Group Holdings, LLC								
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Education	First lien(4)(10)	8.59% (L + 6.50%/M)	9/18/2017	9/18/2023	22,500	22,349	22,185	
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	First lien(2)(10)	8.59% (L + 6.50%/M)	9/18/2017	9/18/2023	16,666	16,555	16,433	
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					39,166	38,904	38,618	3.74%
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**New Mountain Finance Corporation**  
**Consolidated Schedule of Investments**  
**June 30, 2018**  
(in thousands, except shares)  
(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
<b>Kronos Incorporated</b>								
Software		10.61%						
	Second lien(2)	(L + 8.25%/Q)	10/26/2012	11/1/2024	\$ 36,000	\$ 35,533	\$ 37,305	3.61%
<b>Valet Waste Holdings, Inc.</b>								
Business Services		8.34%						
	First lien(2)(10)	(L + 6.25%/M)	9/24/2015	9/24/2021	29,175	28,958	29,175	
	First lien(2)(10)	(L + 6.25%/M)	7/27/2017	9/24/2021	3,713	3,683	3,713	
	First lien(3)(10)(11) Drawn	9.09% (L + 7.00%/M)	9/24/2015	9/24/2021	1,350	1,333	1,350	
					34,238	33,974	34,238	3.32%
<b>Navicure, Inc.</b>								
Healthcare Services		9.59%						
	Second lien(3)	(L + 7.50%/M)	10/23/2017	10/31/2025	31,470	31,386	31,627	3.06%
<b>Severin Acquisition, LLC</b>								
Software		11.11%						
	Second lien(3)(10)	(L + 8.75%/Q)	2/1/2017	7/29/2022	14,518	14,375	14,663	
	Second lien(4)(10)	(L + 8.75%/Q)	7/31/2015	7/29/2022	5,000	4,967	5,000	
	Second lien(4)(10)	(L + 8.75%/Q)	11/5/2015	7/29/2022	4,154	4,126	4,154	
	Second lien(4)(10)	(L + 9.25%/Q)	2/1/2016	7/29/2022	3,273	3,250	3,273	
	Second lien(3)(10)	(L + 9.00%/Q)	10/14/2016	7/29/2022	2,361	2,343	2,361	
	Second lien(3)(10)	(L + 9.25%/Q)	8/8/2016	7/29/2022	1,825	1,811	1,825	
	Second lien(4)(10)	(L + 9.25%/Q)	8/8/2016	7/29/2022	300	298	300	
					31,431	31,170	31,576	3.06%
<b>TDG Group Holding Company</b>								
Consumer Services		7.83%						
	First lien(2)(10)	(L + 5.50%/Q)	5/22/2018	5/31/2024	30,263	30,114	30,112	
	First lien(3)(10)(11) Drawn	7.59% (L + 5.50%/M)	5/22/2018	5/31/2024	504	502	502	
					30,767	30,616	30,614	2.96%
<b>Ansira Holdings, Inc.</b>								
Business Services		7.86%						
	First lien(2)	(L + 5.75%/M)	12/19/2016	12/20/2022	25,790	25,688	25,725	
	First lien(3)	(L + 5.75%/M)	4/16/2018	12/20/2022	2,097	2,088	2,092	
	First lien(3)(11) Drawn	7.73% (L + 5.75%/M)	12/19/2016	12/20/2022	826	823	824	
					28,713	28,599	28,641	2.77%

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Wirepath LLC								
Distribution & Logistics		6.83%						
	First lien(2)	(L + 4.50%/Q)	7/31/2017	8/5/2024	27,592	27,468	27,747	2.69%
Trader Interactive, LLC								
Business Services		7.84%						
	First lien(2)(10)	(L + 5.75%/M)	6/15/2017	6/17/2024	27,054	26,875	27,054	2.62%
SW Holdings, LLC								
Business Services		11.08%						
	Second lien(4)(10)	(L + 8.75%/Q)	6/30/2015	12/30/2021	18,161	18,037	18,210	
	Second lien(3)(10)	(L + 8.75%/Q)	4/16/2018	12/30/2021	6,181	6,122	6,198	
					24,342	24,159	24,408	2.36%
Keystone Acquisition Corp.								
Healthcare Services		7.58%						
	First lien(2)	(L + 5.25%/Q)	5/10/2017	5/1/2024	19,850	19,677	19,838	
	Second lien(3)	(L + 9.25%/Q)	5/10/2017	5/1/2025	4,500	4,458	4,534	
					24,350	24,135	24,372	2.36%
iPipeline, Inc. (Internet Pipeline, Inc.)								
Software		9.35%						
	First lien(4)(10)	(L + 7.25%/M)	8/4/2015	8/4/2022	17,451	17,337	17,451	
	First lien(4)(10)	(L + 6.25%/M)	6/16/2017	8/4/2022	4,554	4,535	4,554	
	First lien(2)(10)	(L + 6.25%/M)	9/25/2017	8/4/2022	1,155	1,150	1,155	
	First lien(4)(10)	(L + 6.25%/M)	9/25/2017	8/4/2022	508	506	508	
					23,668	23,528	23,668	2.29%
AAC Holding Corp.								
Education		10.24%						
	First lien(2)(10)	(L + 8.25%/M)	9/30/2015	9/30/2020	22,782	22,611	22,782	2.21%
EN Engineering, LLC								
Business Services		8.09%						
	First lien(2)(10)	(L + 6.00%/M)	7/30/2015	6/30/2021	20,786	20,670	20,786	
	First lien(2)(10)	(L + 6.00%/M)	7/30/2015	6/30/2021	1,202	1,195	1,202	
					21,988	21,865	21,988	2.13%
Avatar Topco, Inc.(23)								
EAB Global, Inc.								
Education		10.00%						
	Second lien(3)	(L + 7.50%/Q)	11/17/2017	11/17/2025	21,450	21,146	21,021	2.04%
Brave Parent Holdings, Inc.								
Software		9.83%						
	Second lien(5)	(L + 7.50%/Q)	4/17/2018	4/17/2026	20,231	20,132	20,332	1.97%
Help/Systems Holdings, Inc.								
Software		9.84%						
	Second lien(5)	(L + 7.75%/M)	3/23/2018	3/27/2026	20,231	20,132	20,244	1.96%

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<b>TWDiamondback Holdings Corp.(15)</b>								
Diamondback Drugs of Delaware, L.L.C. (TWDiamondback II Holdings LLC)								
Distribution & Logistics								
	First lien(4)(10)	10.84% (L + 8.75%/M)	11/19/2014	11/19/2019	\$ 17,891	\$ 17,891	\$ 17,891	
	First lien(3)(10)	10.84% (L + 8.75%/M)	11/19/2014	11/19/2019	1,491	1,491	1,491	
	First lien(4)(10)	10.84% (L + 8.75%/M)	11/19/2014	11/19/2019	418	418	418	
					19,800	19,800	19,800	1.92%
<b>DiversiTech Holdings, Inc.</b>								
Distribution & Logistics								
	Second lien(3)	9.84% (L + 7.50%/Q)	5/18/2017	6/2/2025	19,500	19,324	19,793	1.92%
<b>AgKnowledge Holdings Company, Inc.</b>								
Business Services								
	Second lien(2)(10)	10.35% (L + 8.25%/M)	7/23/2014	7/23/2020	18,500	18,425	18,500	1.79%
<b>DCA Investment Holding, LLC</b>								
Healthcare Services								
	First lien(2)(10)	7.58% (L + 5.25%/Q)	7/2/2015	7/2/2021	17,363	17,269	17,363	
	First lien(3)(10)(11)							
	Drawn	7.58% (L + 5.25%/Q)	12/20/2017	7/2/2021	505	387	505	
					17,868	17,656	17,868	1.73%
<b>BackOffice Associates Holdings, LLC</b>								
Business Services								
	First lien(2)(10)	9.60% (L + 7.50%/M)	8/25/2017	8/25/2023	18,445	18,302	17,578	1.70%
<b>VF Holding Corp.</b>								
Software								
	Second lien(3)(10)	11.09% (L + 9.00%/M)	7/7/2016	6/28/2024	17,086	17,377	17,427	1.69%
<b>TIBCO Software Inc.</b>								
Software								
	Subordinated(3)	11.38%/S	11/24/2014	12/1/2021	15,000	14,744	16,219	1.57%
<b>Hill International, Inc.**</b>								
Business Services								
	First lien(2)(10)	8.08% (L + 5.75%/Q)	6/21/2017	6/21/2023	15,642	15,575	15,642	1.52%
<b>FR Arsenal Holdings II Corp.</b>								
Business Services								
	First lien(2)(10)	9.63% (L + 7.25%/Q)	9/29/2016	9/8/2022	15,278	15,156	15,306	1.48%
<b>OEConnection LLC</b>								
Business Services								
	Second lien(3)	10.10% (L + 8.00%/M)	11/22/2017	11/22/2025	15,160	14,962	15,160	1.47%
<b>Netsmart Inc. / Netsmart Technologies, Inc.</b>								
Healthcare Information Technology								
	Second lien(2)	11.57% (L + 9.50%/M)	4/18/2016	10/19/2023	15,000	14,705	15,075	1.46%
<b>Xactly Corporation</b>								
Software								
	First lien(4)(10)	9.35% (L + 7.25%/M)	7/31/2017	7/29/2022	14,690	14,563	14,543	1.41%
<b>Transcendia Holdings, Inc.</b>								
Packaging								
	Second lien(3)	10.09% (L + 8.00%/M)	6/28/2017	5/30/2025	14,500	14,318	14,391	1.39%
<b>Peraton Holding Corp. (fka MHVC Acquisition Corp.)</b>								

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Federal Services	First lien(2)	7.59% (L + 5.25%/Q)	4/25/2017	4/29/2024	13,959	13,919	14,064	1.36%
NorthStar Financial Services Group, LLC								
Software	Second lien(5)	9.59% (L + 7.50%/M)	5/23/2018	5/25/2026	13,450	13,417	13,652	1.32%
TW-NHME Holdings Corp.(20)								
National HME, Inc. Healthcare Services	Second lien(3)(10)	11.55% (L + 9.25%/Q)(24)	7/14/2015	7/14/2022	27,300	27,061	13,650	1.32%
Castle Management Borrower LLC								
Business Services	First lien(2)(10)	8.85% (L + 6.50%/Q)	5/31/2018	2/15/2024	13,413	13,346	13,346	1.29%
Project Accelerate Parent, LLC								
Business Services	Second lien(3)(10)	10.50% (L + 8.50%/M)	1/2/2018	1/2/2026	13,473	13,311	13,305	1.29%
Ministry Brands, LLC								
Software	Second lien(3)(10)	11.75% (L + 9.25%/Q)	12/7/2016	6/2/2023	7,840	7,792	7,840	
	First lien(3)	6.10% (L + 4.00%/M)	12/7/2016	12/2/2022	2,978	2,966	2,978	
	Second lien(3)(10)	11.75% (L + 9.25%/Q)	12/7/2016	6/2/2023	2,160	2,147	2,160	
	First lien(3)(10)(11)							
	Drawn	7.10% (L + 5.00%/M)	12/7/2016	12/2/2022	300	299	300	
					13,278	13,204	13,278	1.29%

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PPVA Black Elk (Equity) LLC								
Business Services	Subordinated(3)(10)		5/3/2013		\$ 14,500	\$ 14,500	\$ 12,180	1.18%
SSH Group Holdings, Inc.								
Education		7.45%						
	First lien(2)(10)	(L + 5.00%/Q)	10/13/2017	10/2/2024	8,365	8,326	8,365	
		11.45%						
	Second lien(3)(10)	(L + 9.00%/Q)	10/13/2017	10/2/2025	3,363	3,331	3,430	
					11,728	11,657	11,795	1.14%
CHA Holdings, Inc.								
Business Services		10.84%						
	Second lien(4)	(L + 8.75%/Q)	4/3/2018	4/10/2026	7,012	6,943	7,047	
		10.84%						
	Second lien(3)	(L + 8.75%/Q)	4/3/2018	4/10/2026	4,453	4,409	4,475	
					11,465	11,352	11,522	1.12%
Zywave, Inc.								
Software		11.33%						
	Second lien(4)(10)	(L + 9.00%/Q)	11/22/2016	11/17/2023	11,000	10,932	11,006	
	First lien(3)(10)(11)	7.09%						
	Drawn	(L + 5.00%/M)	11/22/2016	11/17/2022	470	466	470	
					11,470	11,398	11,476	1.11%
QC McKissock Investment, LLC(14)								
McKissock, LLC								
Education		8.08%						
	First lien(2)(10)	(L + 5.75%/Q)	8/6/2014	8/5/2021	6,383	6,358	6,383	
		8.08%						
	First lien(2)(10)	(L + 5.75%/Q)	8/6/2014	8/5/2021	3,043	3,033	3,043	
		8.08%						
	First lien(2)(10)	(L + 5.75%/Q)	8/6/2014	8/5/2021	982	978	982	
		8.08%						
	First lien(2)(10)	(L + 5.75%/Q)	5/23/2018	8/5/2021	575	565	575	
					10,983	10,934	10,983	1.06%
Amerijet Holdings, Inc.								
Distribution & Logistics		10.10%						
	First lien(4)(10)	(L + 8.00%/M)	7/15/2016	7/15/2021	9,294	9,248	9,326	
		10.10%						
	First lien(4)(10)	(L + 8.00%/M)	7/15/2016	7/15/2021	1,549	1,541	1,554	
					10,843	10,789	10,880	1.05%
Vectra Co.								
Business Products		9.34%						
	Second lien(3)	(L + 7.25%/M)	2/23/2018	3/8/2026	10,788	10,749	10,829	1.05%

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Masergy Holdings, Inc.								
Business Services		9.83%						
	Second lien(2)	(L + 7.50%/Q)	12/14/2016	12/16/2024	10,500	10,449	10,561	1.02%
Idera, Inc.								
Software		11.10%						
	Second lien(4)	(L + 9.00%/M)	6/27/2017	6/27/2025	10,000	9,862	10,150	0.98%
FPC Holdings, Inc.								
Distribution & Logistics		11.09%						
	Second lien(3)	(L + 9.00%/M)	3/28/2018	5/19/2023	10,116	9,725	10,103	0.98%
WD Wolverine Holdings, LLC								
Healthcare Services		7.59%						
	First lien(2)	(L + 5.50%/M)	2/22/2017	8/16/2022	9,663	9,414	9,566	0.93%
J.D. Power (fka J.D. Power and Associates)								
Business Services		10.59%						
	Second lien(3)	(L + 8.50%/M)	6/9/2016	9/7/2024	9,333	9,235	9,462	0.92%
JAMF Holdings, Inc.								
Software		10.36%						
	First lien(3)(10)	(L + 8.00%/Q)	11/13/2017	11/11/2022	8,757	8,679	8,670	0.84%
Pathway Vet Alliance LLC (fka Pathway Partners Vet Management Company LLC)								
Consumer Services		10.09%						
	Second lien(4)	(L + 8.00%/M)	10/4/2017	10/10/2025	7,597	7,561	7,559	
	Second lien(4)	(L + 8.00%/M)	10/4/2017	10/10/2025	403	401	401	
					8,000	7,962	7,960	0.77%
Affinity Dental Management, Inc.								
Healthcare Services		8.30%						
	First lien(2)(10)	(L + 6.00%/Q)	9/15/2017	9/15/2023	4,344	4,305	4,301	
	First lien(3)(10)(11)	8.50%						
	Drawn	(L + 6.00%/Q)	9/15/2017	9/15/2023	3,265	3,241	3,240	
					7,609	7,546	7,541	0.73%
Autodata, Inc. (Autodata Solutions, Inc.)								
Business Services		9.34%						
	Second lien(3)	(L + 7.25%/M)	12/12/2017	12/12/2025	7,406	7,388	7,503	0.73%
MH Sub I, LLC (Micro Holding Corp.)								
Software		9.59%						
	Second lien(3)	(L + 7.50%/M)	8/16/2017	9/15/2025	7,000	6,935	7,053	0.68%

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DG Investment Intermediate Holdings 2, Inc. (aka Convergint Technologies Holdings, LLC)	Business Services	9.08%						
	Second lien(3)	(L + 6.75%/Q)	1/29/2018	2/2/2026	\$ 6,732	\$ 6,700	\$ 6,817	0.66%
DigiCert Holdings, Inc.	Business Services	10.09%						
	Second lien(3)	(L + 8.00%/M)	9/20/2017	10/31/2025	6,898	6,865	6,790	0.66%
CP VI Bella Midco, LLC	Healthcare Services	8.84%						
	Second lien(3)	(L + 6.75%/M)	1/25/2018	12/29/2025	6,732	6,700	6,716	0.65%
First American Payment Systems, L.P.	Business Services	6.76%						
	First lien(2)	(L + 4.75%/M)	1/3/2017	1/5/2024	6,625	6,570	6,683	0.65%
DealerSocket, Inc.	Software	6.84%						
	First lien(2)	(L + 4.75%/M)	4/16/2018	4/26/2023	6,711	6,662	6,644	0.64%
ProQuest LLC	Business Services	11.09%						
	Second lien(3)	(L + 9.00%/M)	12/14/2015	12/15/2022	6,020	5,934	6,020	0.58%
Solera LLC / Solera Finance, Inc.	Software	10.50%/S						
	Subordinated(3)		2/29/2016	3/1/2024	5,000	4,803	5,578	0.54%
Applied Systems, Inc.	Software	9.33%						
	Second lien(3)	(L + 7.00%/Q)	9/14/2017	9/19/2025	4,923	4,923	5,093	0.49%
ADG, LLC	Healthcare Services	11.09%						
	Second lien(3)(10)	(L + 9.00%/M)	10/3/2016	3/28/2024	5,000	4,938	4,842	0.47%
York Risk Services Holding Corp.	Business Services	8.50%/S						
	Subordinated(3)		9/17/2014	10/1/2022	3,000	3,000	2,768	0.28%
Ensemble S Merger Sub, Inc.	Software	9.00%/S						
	Subordinated(3)		9/21/2015	9/30/2023	2,000	1,950	2,110	0.21%
Education Management Corporation(12)	Education Management II LLC							
	Education	10.50%						
	First Lien(2)	(P + 5.50%/Q)(24)	1/5/2015	7/2/2020	211	205	45	
	First Lien(3)	10.50%	1/5/2015	7/2/2020	119	116	25	
	First Lien(2)	13.50%	1/5/2015	7/2/2020	475	437	4	
	First Lien(3)	13.50%	1/5/2015	7/2/2020	268	246	2	
					1,073	1,004	76	0.01%
<b>Total Funded Debt</b>								
<b>Investments</b>	<b>United States</b>				<b>\$ 1,454,144</b>	<b>\$ 1,444,433</b>	<b>\$ 1,440,427</b>	<b>139.49%</b>
					<b>\$ 1,536,173</b>	<b>\$ 1,525,982</b>	<b>\$ 1,522,513</b>	<b>147.44%</b>

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**Total Funded Debt Investments**

**Equity Hong Kong**

Bach Special Limited (Bach Preference Limited)\*\*  
Education

Preferred shares(3)(10)(22)	9/1/2017	62,591 \$	6,179 \$	6,173	0.60%
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**Total Shares Hong Kong** **\$ 6,179 \$ 6,173 0.60%**

**Equity United States**

Avatar Topco, Inc.

Education	Preferred shares(3)(10)(23)	11/17/2017	35,750 \$	37,618 \$	37,530	3.63%
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Tenawa Resource Holdings LLC(13)

QID NGL LLC

Energy	Ordinary shares(7)(10)	5/12/2014	5,290,997	5,291	12,281	
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	Preferred shares(7)(10)	10/30/2017	1,002,679	1,003	1,517	
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				6,294	13,798	1.34%
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TWDiamondback Holdings Corp.(15)

Distribution & Logistics	Preferred shares(4)(10)	11/19/2014	200	2,000	4,600	0.45%
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Ancora Acquisition LLC

Education	Preferred shares(6)(10)	8/12/2013	372	83	393	0.03%
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Education Management Corporation(12)

Education	Preferred shares(2)	1/5/2015	3,331	200		
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	Preferred shares(3)	1/5/2015	1,879	113		
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	Ordinary shares(2)	1/5/2015	2,994,065	100	9	
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	Ordinary shares(3)	1/5/2015	1,688,976	56	5	
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				469	14	%
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<b>TW-NHME Holdings Corp.(20)</b>								
Healthcare Services	Preferred shares(3)(10)		7/14/2015		100	\$ 1,000	\$	
	Preferred shares(3)(10)		1/5/2016		16	158		
	Preferred shares(3)(10)		6/30/2016		6	68		
	Preferred shares(3)(10)		3/29/2018		40	162		
						1,388		%
<b>Total Shares</b>	<b>United States</b>					<b>\$ 47,852</b>	<b>\$ 56,335</b>	<b>5.45%</b>
<b>Total Shares</b>						<b>\$ 54,031</b>	<b>\$ 62,508</b>	<b>6.05%</b>
<b>Warrants United States</b>								
ASP LCG Holdings, Inc.								
Education	Warrants(3)(10)		5/5/2014	5/5/2026	622	\$ 37	\$ 495	0.05%
Ancora Acquisition LLC								
Education	Warrants(6)(10)		8/12/2013	8/12/2020	20			%
<b>Total Warrants</b>	<b>United States</b>					<b>\$ 37</b>	<b>\$ 495</b>	<b>0.05%</b>
<b>Total Funded Investments</b>						<b>\$ 1,580,050</b>	<b>\$ 1,585,516</b>	<b>153.54%</b>
<b>Unfunded Debt Investments</b>								
<b>Canada</b>								
Dentalcorp Perfect Smile ULC**								
Healthcare Services	Second lien(3)(11) Undrawn		6/1/2018	6/6/2020	\$ 4,500	\$	\$	%
<b>Total Unfunded Debt Investments</b>						<b>\$ 4,500</b>	<b>\$</b>	<b>%</b>
<b>Unfunded Debt Investments</b>								
<b>United States</b>								
VetCor Professional Practices LLC								
Consumer Services	First lien(3)(11) Undrawn		5/15/2015	4/20/2021	\$ 1,305	\$ (13)	\$	
	First lien(3)(11) Undrawn		12/29/2017	12/29/2019	6,670	(58)		
					7,975	(71)		%
DCA Investment Holding, LLC								
Healthcare Services			7/2/2015	7/2/2021	2,100	(21)		

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	First lien(3)(10)(11)							
	Undrawn							
	First lien(3)(10)(11)							
	Undrawn	12/20/2017	12/20/2019	12,960				
					15,060	(21)		%
<b>iPipeline, Inc. (Internet Pipeline, Inc.)</b>								
Software	First lien(3)(10)(11)							
	Undrawn	8/4/2015	8/4/2021	1,000	(10)			%
<b>Valet Waste Holdings, Inc.</b>								
Business Services	First lien(3)(10)(11)							
	Undrawn	9/24/2015	9/24/2021	2,400	(30)			%
<b>Ministry Brands, LLC</b>								
Software	First lien(3)(10)(11)							
	Undrawn	12/7/2016	12/2/2022	700	(4)			%
<b>Zywave, Inc.</b>								
Software	First lien(3)(10)(11)							
	Undrawn	11/22/2016	11/17/2022	1,530	(11)			%
<b>Trader Interactive, LLC</b>								
Business Services	First lien(3)(10)(11)							
	Undrawn	6/15/2017	6/15/2023	1,673	(13)			%
<b>DealerSocket, Inc.</b>								
Software	First lien(3)(11)							
	Undrawn	4/16/2018	4/26/2023	560	(4)	(6)		%
<b>JAMF Holdings, Inc.</b>								
Software	First lien(3)(10)(11)							
	Undrawn	11/13/2017	11/11/2022	750	(8)	(8)		%

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<b>Xactly Corporation</b>								
Software	First lien(3)(10)(11) Undrawn		7/31/2017	7/29/2022	\$ 992	\$ (10)	\$ (10)	%
<b>Ansira Holdings, Inc.</b>								
Business Services	First lien(3)(11) Undrawn		12/19/2016	4/16/2020	6,403	(20)	(16)	%
<b>NM GRC Holdco, LLC</b>								
Business Services	First lien(3)(10)(11) Undrawn		2/9/2018	2/9/2024	11,563	(29)	(29)	%
<b>Integro Parent Inc.</b>								
Business Services	First lien(3)(11) Undrawn		6/8/2018	10/30/2021	6,743	(34)	(34)	%
<b>TDG Group Holding Company</b>								
Consumer Services	First lien(3)(10)(11) Undrawn		5/22/2018	5/29/2020	3,363		(17)	
	First lien(3)(10)(11) Undrawn		5/22/2018	5/31/2024	4,539	(23)	(23)	
					7,902	(23)	(40)	(0.01)%
<b>Affinity Dental Management, Inc.</b>								
Healthcare Services	First lien(3)(10)(11) Undrawn		9/15/2017	3/15/2019	8,319	(21)	(62)	
	First lien(3)(10)(11) Undrawn		9/15/2017	3/15/2023	1,737	(17)	(17)	
					10,056	(38)	(79)	(0.01)%
<b>Frontline Technologies Group Holdings, LLC</b>								
Education	First lien(3)(10)(11) Undrawn		9/18/2017	9/18/2019	7,738	(58)	(108)	(0.01)%
<b>BackOffice Associates Holdings, LLC</b>								
Business Services	First lien(3)(10)(11) Undrawn		8/25/2017	8/24/2018	3,448	(13)	(162)	
	First lien(3)(10)(11) Undrawn		8/25/2017	8/25/2023	2,586	(23)	(122)	
					6,034	(36)	(284)	(0.03)%
<b>Salient CRGT Inc.</b>								
Federal Services	First lien(3)(11) Undrawn		6/26/2018	11/29/2021	6,125	(490)	(490)	(0.05)%
<b>Total Unfunded Debt Investments United States</b>					<b>\$ 95,204</b>	<b>\$ (910)</b>	<b>\$ (1,104)</b>	<b>(0.11)%</b>
<b>Total Unfunded Debt Investments</b>					<b>\$ 99,704</b>	<b>\$ (910)</b>	<b>\$ (1,104)</b>	<b>(0.11)%</b>