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New Mountain Finance Corp
Form 10-Q
November 07, 2018

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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarter Ended September 30, 2018

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number	Exact name of registrant as specified in its charter, address of principal executive offices, telephone numbers and states or other jurisdictions of incorporation or organization	I.R.S. Employer Identification Number
814-00832	New Mountain Finance Corporation 787 Seventh Avenue, 48th Floor New York, New York 10019 Telephone: (212) 720-0300 State of Incorporation: Delaware	27-2978010

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock.

Description	Shares as of November 7, 2018
Common stock, par value \$0.01 per share	76,106,372

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

New Mountain Finance Corporation

Consolidated Statements of Assets and Liabilities

(in thousands, except shares and per share data)

(unaudited)

	September 30, 2018	December 31, 2017
Assets		
Investments at fair value		
Non-controlled/non-affiliated investments (cost of \$1,754,348 and \$1,438,889, respectively)	\$ 1,755,572	\$ 1,462,182
Non-controlled/affiliated investments (cost of \$178,262 and \$180,380, respectively)	190,569	178,076
Controlled investments (cost of \$328,406 and \$171,958, respectively)	348,618	185,402
Total investments at fair value (cost of \$2,261,016 and \$1,791,227, respectively)	2,294,759	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	146,345	34,936
Interest and dividend receivable	49,964	31,844
Receivable from unsettled securities sold	1,283	—
Receivable from affiliates	295	343
Other assets	3,928	10,023
Total assets	\$ 2,521,774	\$ 1,928,018
Liabilities		
Borrowings		
Holdings Credit Facility	\$ 465,963	\$ 312,363
Unsecured Notes	335,000	145,000
Convertible Notes	270,329	155,412
SBA-guaranteed debentures	165,000	150,000
NMFC Credit Facility	135,000	122,500
Deferred financing costs (net of accumulated amortization of \$20,646 and \$16,578, respectively)	(16,906)	(15,777)
Net borrowings	1,354,386	869,498
Payable for unsettled securities purchased	80,781	—
Management fee payable	16,058	7,065
Incentive fee payable	13,210	6,671
Interest payable	8,919	5,107
Deferred tax liability	1,880	894
Payable to affiliates	988	863
Other liabilities	12,022	2,945
Total liabilities	1,488,244	893,043
Commitments and contingencies (See Note 9)		
Net assets		
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 75,935,093 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	40,227	39,165

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Accumulated undistributed net realized losses on investments	(79,830) (76,681)
Net unrealized appreciation (depreciation) (net of provision for taxes of \$1,880 and \$894, respectively)	16,576	18,264	
Total net assets	\$ 1,033,530	\$ 1,034,975	
Total liabilities and net assets	\$ 2,521,774	\$ 1,928,018	
Number of shares outstanding	76,106,372	75,935,093	
Net asset value per share	\$ 13.58	\$ 13.63	

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Corporation

Consolidated Statements of Operations

(in thousands, except shares and per share data)

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2018	2017	2018	2017
Investment income				
From non-controlled/non-affiliated investments:				
Interest income	\$38,332	\$ 38,511	\$112,278	\$ 107,905
Dividend income	—	—	486	159
Non-cash dividend income	1,491	59	4,254	72
Other income	4,669	1,196	8,550	5,545
From non-controlled/affiliated investments:				
Interest income	817	718	1,129	2,077
Dividend income	787	816	2,423	2,662
Non-cash dividend income	4,024	3,994	12,050	8,625
Other income	315	294	1,529	888
From controlled investments:				
Interest income	1,771	409	4,342	1,293
Dividend income	5,925	3,659	14,755	11,739
Non-cash dividend income	1,721	1,342	4,683	3,016
Other income	617	238	1,477	581
Total investment income	60,469	51,236	167,956	144,562
Expenses				
Incentive fee	6,780	6,573	19,644	18,430
Management fee	10,018	8,422	28,011	24,311
Interest and other financing expenses	14,759	9,509	38,873	26,930
Professional fees	2,053	819	3,455	2,391
Administrative expenses	846	652	2,607	2,022
Other general and administrative expenses	437	346	1,365	1,214
Total expenses	34,893	26,321	93,955	75,298
Less: management and incentive fees waived (See Note 5)	(1,766)	(1,483)	(4,583)	(6,124)
Less: expenses waived and reimbursed (See Note 5)	—	—	(276)	(474)
Net expenses	33,127	24,838	89,096	68,700
Net investment income before income taxes	27,342	26,398	78,860	75,862
Income tax expense	225	106	286	341
Net investment income	27,117	26,292	78,574	75,521
Net realized gains (losses):				
Non-controlled/non-affiliated investments	3,254	(14,216)	(3,149)	(39,843)
Net change in unrealized appreciation (depreciation):				
Non-controlled/non-affiliated investments	(4,048)	19,755	(22,069)	54,365
Non-controlled/affiliated investments	829	(3,807)	10,908	(4,401)
Controlled investments	(390)	(1,305)	10,471	(1,264)
Securities purchased under collateralized agreements to resell	—	(1,549)	(12)	(2,382)
(Provision) benefit for taxes	(2)	(394)	(986)	525
Net realized and unrealized gains (losses)	(357)	(1,516)	(4,837)	7,000
Net increase in net assets resulting from operations	\$26,760	\$ 24,776	\$73,737	\$ 82,521

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Basic earnings per share	\$0.35	\$ 0.33	\$0.97	\$ 1.12
Weighted average shares of common stock outstanding - basic (See Note 11)	76,106,377	75,688,429	75,994,068	73,618,794
Diluted earnings per share	\$0.32	\$ 0.31	\$0.91	\$ 1.04
Weighted average shares of common stock outstanding - diluted (See Note 11)	89,388,999	85,512,556	86,983,697	83,442,921
Distributions declared and paid per share	\$0.34	\$ 0.34	\$1.02	\$ 1.02

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Corporation

Consolidated Statements of Changes in Net Assets
(in thousands, except shares and per share data)
(unaudited)

	Nine Months Ended	
	September 30,	September 30,
	2018	2017
Increase (decrease) in net assets resulting from operations:		
Net investment income	\$78,574	\$ 75,521
Net realized losses on investments	(3,149	) (39,843
Net change in unrealized (depreciation) appreciation of investments	(690	) 48,700
Net change in unrealized depreciation of securities purchased under collateralized agreements to resell	(12	) (2,382
(Provision) benefit for taxes	(986	) 525
Net increase in net assets resulting from operations	73,737	82,521
Capital transactions		
Net proceeds from shares sold	—	81,478
Deferred offering costs	—	(172
Distributions declared to stockholders from net investment income	(77,512	) (75,132
Reinvestment of distributions	2,330	4,907
Other	—	(81
Total net (decrease) increase in net assets resulting from capital transactions	(75,182	) 11,000
Net (decrease) increase in net assets	(1,445	) 93,521
Net assets at the beginning of the period	1,034,975	938,562
Net assets at the end of the period	\$1,033,530	\$ 1,032,083
Capital share activity		
Shares sold	—	5,750,000
Shares issued from the reinvestment of distributions	171,279	299,632
Shares reissued from repurchase program in connection with the reinvestment of distributions	—	37,573
Net increase in shares outstanding	171,279	6,087,205

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Corporation

Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Nine Months Ended	
	September 30, 2018	September 30, 2017
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$ 73,737	\$ 82,521
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	3,149	39,843
Net change in unrealized (appreciation) depreciation of investments	690	(48,700)
Net change in unrealized depreciation of securities purchased under collateralized agreements to resell	12	2,382
Amortization of purchase discount	(3,924)	(6,458)
Amortization of deferred financing costs	4,068	3,054
Amortization of premium on Convertible Notes	(83)	(83)
Non-cash investment income	(13,469)	(6,236)
(Increase) decrease in operating assets:		
Purchase of investments and delayed draw facilities	(1,046,015)	(810,119)
Proceeds from sales and paydowns of investments	599,218	542,563
Cash received for purchase of undrawn portion of revolving credit or delayed draw facilities	978	339
Cash paid for purchase of drawn portion of revolving credit facilities	(11,631)	—
Cash paid on drawn revolvers	(19,609)	(11,387)
Cash repayments on drawn revolvers	21,514	12,929
Interest and dividend receivable	(18,120)	(9,967)
Receivable from unsettled securities sold	(1,283)	(2,506)
Receivable from affiliates	48	7
Other assets	5,350	(2,954)
Increase (decrease) in operating liabilities:		
Payable for unsettled securities purchased	80,781	64,759
Management fee payable	8,993	1,087
Incentive fee payable	6,539	828
Interest payable	3,812	2,926
Deferred tax liability	986	(525)
Payable to affiliates	125	650
Other liabilities	9,416	585
Net cash flows used in operating activities	(294,718)	(144,462)
Cash flows from financing activities		
Net proceeds from shares sold	—	81,478
Distributions paid	(75,182)	(70,225)
Offering costs paid	—	(441)
Proceeds from Holdings Credit Facility	382,500	435,750
Repayment of Holdings Credit Facility	(228,900)	(393,100)
Proceeds from Convertible Notes	115,000	—
Proceeds from Unsecured Notes	190,000	55,000
Proceeds from SBA-guaranteed debentures	15,000	22,255

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Proceeds from NMFC Credit Facility	255,000	251,100	
Repayment of NMFC Credit Facility	(242,500)	(242,100))
Deferred financing costs paid	(4,791)	(1,456))
Other	—	(81))
Net cash flows provided by financing activities	406,127	138,180	
Net increase (decrease) in cash and cash equivalents	111,409	(6,282))
Cash and cash equivalents at the beginning of the period	34,936	45,928	
Cash and cash equivalents at the end of the period	\$ 146,345	\$ 39,646	
Supplemental disclosure of cash flow information			
Cash interest paid	\$ 30,162	\$ 20,064	
Income taxes paid	213	175	
Non-cash operating activities:			
Non-cash activity on investments	\$ 1,346	\$ 12,858	
Non-cash financing activities:			
Value of shares issued in connection with the distribution reinvestment plan	\$ 2,330	\$ 4,347	
Value of shares reissued from repurchase program in connection with the distribution reinvestment plan	—	560	
Accrual for offering costs	335	944	
Accrual for deferred financing costs	373	158	

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Corporation

Consolidated Schedule of Investments

September 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
Non-Controlled/Non-Affiliated Investments								
Funded Debt Investments - Canada								
Dentalcorp Perfect Smile ULC**								
Healthcare Services	Second lien (3)	9.74% (L) + 7.50%/M)	6/1/2018	6/8/2026	\$ 19,630	\$ 19,466	\$ 19,753	
	Second lien (3)(11) - Drawn	9.74% (L) + 7.50%/M)	6/1/2018	6/8/2026	1,247	1,236	1,254	
Total Funded Debt Investments - Canada					20,877	20,702	21,007	2.03 %
Funded Debt Investments - United Kingdom					\$ 20,877	\$ 20,702	\$ 21,007	2.03 %
Shine Acquisition Co. S.à.r.l / Boing US Holdco Inc.**								
Consumer Services	Second lien (3)	9.84% (L) + 7.50%/Q)	9/25/2017	10/3/2025	\$ 43,853	\$ 43,610	\$ 43,990	4.26 %
Air Newco LLC**								
Software	First lien (2)	6.88% (L) + 4.75%/M)	5/25/2018	5/31/2024	20,176	20,127	20,377	1.97 %
Total Funded Debt Investments - United Kingdom					\$ 64,029	\$ 63,737	\$ 64,367	6.23 %
Funded Debt Investments - United States								
Benevis Holding Corp.								
Healthcare Services	First lien (2)(10)	8.51% (L) + 6.32%/M)	3/15/2018	3/15/2024	\$ 58,676	\$ 58,676	\$ 58,676	
	First lien (3)(10)	8.51% (L) + 6.32%/M)	3/15/2018	3/15/2024	20,639	20,639	20,639	

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					79,315	79,315	79,315	7.67 %
Integro Parent Inc.								
Business Services	First lien (2)	8.07% (L + 5.75%/Q)	10/9/2015	10/31/2022	51,377	51,066	51,377	
	Second lien (3)	11.57% (L + 9.25%/Q)	10/9/2015	10/30/2023	10,000	9,927	9,950	
	First lien (3)(11) - Drawn	6.86% (L + 4.50%/Q)	6/8/2018	10/30/2021	464	461	464	
					\$61,841	\$61,454	\$61,791	5.98 %
CentralSquare Technologies, LLC								
Software	Second lien (3)	9.74% (L + 7.50%/M)	8/15/2018	8/31/2026	55,338	54,632	55,891	5.41 %
PhyNet Dermatology LLC								
Healthcare Services	First lien (2)	7.66% (L + 5.50%/M)	9/17/2018	8/16/2024	51,007	50,500	50,497	4.89 %
NM GRC Holdco, LLC								
Business Services	First lien (2)(10)	7.89% (L + 5.50%/Q)	2/9/2018	2/9/2024	38,833	38,655	38,639	
	First lien (3)(10)(11) - Drawn	7.89% (L + 5.50%/Q)	2/9/2018	2/9/2024	10,792	10,739	10,766	
					49,625	49,394	49,405	4.78 %
Nomad Buyer, Inc.								
Healthcare Services	First lien (2)	7.10% (L + 5.00%/M)	8/3/2018	8/1/2025	49,075	47,615	47,358	4.58 %
Associations, Inc.								
Consumer Services	First lien (2)(10)	11.25% (P + 3.00% + 3.00% PIK/Q)*	7/30/2018	7/30/2024	40,828	40,579	40,573	
	First lien (3)(10)(11) - Drawn	11.25% (P + 3.00% + 3.00% PIK/Q)*	7/30/2018	7/30/2024	3,624	3,601	3,601	
					44,452	44,180	44,174	4.27 %
Quest Software US Holdings Inc.								
Software	Second lien (2)	10.57% (L + 8.25%/Q)	5/17/2018	5/18/2026	43,697	43,272	43,468	4.21 %

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 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
Tenawa Resource Holdings LLC (13) Tenawa Resource Management LLC								
Energy	First lien (3)(10)	10.50% (Base + 8.00%/Q)	5/12/2014	10/30/2024	\$ 39,600	\$39,541	\$39,600	3.83 %
Salient CRGT Inc.								
Federal Services	First lien (2)	7.99% (L + 5.75%/M)	1/6/2015	2/28/2022	38,541	38,166	39,119	3.78 %
Frontline Technologies Group Holdings, LLC								
Education	First lien (4)(10)	8.74% (L + 6.50%/M)	9/18/2017	9/18/2023	22,443	22,299	22,443	
	First lien (2)(10)	8.74% (L + 6.50%/M)	9/18/2017	9/18/2023	16,624	16,517	16,624	
					39,067	38,816	39,067	3.78 %
Peraton Holding Corp. (fka MHVC Acquisition Corp.)								
Federal Services	First lien (2)	7.64% (L + 5.25%/Q)	4/25/2017	4/29/2024	38,963	38,799	38,768	3.75 %
Trader Interactive, LLC								
Business Services	First lien (2)(10)	8.74% (L + 6.50%/M)	6/15/2017	6/17/2024	37,353	37,130	37,353	3.61 %
Kronos Incorporated								
Software	Second lien (2)	10.59% (L + 8.25%/Q)	10/26/2012	11/1/2024	36,000	35,547	36,939	3.57 %
TDG Group Holding Company								
Consumer Services	First lien (2)(10)	7.89% (L + 5.50%/Q)	5/22/2018	5/31/2024	30,188	30,044	30,037	
	First lien (3)(10)(11) -	7.89% (L + 5.50%/Q)	5/22/2018	5/31/2024	3,363	3,346	3,346	

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	Drawn								
	First lien	7.74% (L +	5/22/2018	5/31/2024	2,055	2,045	2,045		
	(3)(10)	5.50%/M)							
					35,606	35,435	35,428	3.43 %	
Finalsite Holdings, Inc.									
Software	First lien (4)	7.72% (L +	9/28/2018	9/25/2024	22,500	22,331	22,331		
		5.50%/M)							
	First lien (2)	7.72% (L +	9/28/2018	9/25/2024	11,113	11,030	11,030		
		5.50%/M)							
					33,613	33,361	33,361	3.23 %	
Navicure, Inc.									
Healthcare Services	Second lien (3)	9.74% (L +	10/23/2017	10/31/2025	31,970	31,890	31,970	3.09 %	
		7.50%/M)							
iCIMS, Inc.									
Software	First lien (2)	8.64% (L +	9/12/2018	9/12/2024	31,636	31,322	31,320	3.03 %	
		6.50%/M)							
Ansira Holdings, Inc.									
Business Services	First lien (2)	7.99% (L +	12/19/2016	12/20/2022	25,725	25,629	25,661		
		5.75%/M)							
	First lien (3)	7.99% (L +	4/16/2018	12/20/2022	2,092	2,083	2,086		
		5.75%/M)							
	First lien (3)(11) - Drawn	7.99% (L +	12/19/2016	12/20/2022	1,793	1,797	1,788		
		5.75%/M)							
					29,610	29,509	29,535	2.86 %	
Brave Parent Holdings, Inc.									
Software	Second lien (5)	9.89% (L +	4/17/2018	4/17/2026	22,500	22,391	22,613		
		7.50%/Q)							
	Second lien (3)	9.89% (L +	7/18/2018	4/17/2026	6,837	6,803	6,871		
		7.50%/Q)							
					29,337	29,194	29,484	2.85 %	
Wirepath LLC									
Distribution & Logistics	First lien (2)	6.74% (L +	7/31/2017	8/5/2024	27,523	27,403	27,712	2.68 %	
		4.50%/M)							
EN Engineering, LLC									
Business Services	First lien (2)(10)	6.71% (L +	7/30/2015	6/30/2021	23,407	23,275	23,407		
		4.50%/M)							
	First lien (2)(10)	6.71% (L +	7/30/2015	6/30/2021	1,354	1,346	1,354		
		4.50%/M)							
					24,761	24,621	24,761	2.40 %	

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 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
Keystone Acquisition Corp. Healthcare Services	First lien (2)	7.64% (L + 5.25%/Q)	5/10/2017	5/1/2024	\$ 19,800	\$19,633	\$19,936	
	Second lien (3)	11.64% (L + 9.25%/Q)	5/10/2017	5/1/2025	4,500	4,460	4,539	
					24,300	24,093	24,475	2.37 %
SW Holdings, LLC								
Business Services	Second lien (4)(10)	11.14% (L + 8.75%/Q)	6/30/2015	12/30/2021	18,161	18,044	18,161	
	Second lien (3)(10)	11.14% (L + 8.75%/Q)	4/16/2018	12/30/2021	6,181	6,126	6,181	
					24,342	24,170	24,342	2.36 %
iPipeline, Inc. (Internet Pipeline, Inc.)								
Software	First lien (4)(10)	7.00% (L + 4.75%/M)	8/4/2015	8/4/2022	17,451	17,344	17,451	
	First lien (4)(10)	7.00% (L + 4.75%/M)	6/16/2017	8/4/2022	4,543	4,525	4,543	
	First lien (2)(10)	7.00% (L + 4.75%/M)	9/25/2017	8/4/2022	1,152	1,148	1,152	
	First lien (4)(10)	7.00% (L + 4.75%/M)	9/25/2017	8/4/2022	507	505	507	
					23,653	23,522	23,653	2.29 %
AAC Holding Corp.								
Education	First lien (2)(10)	10.36% (L + 8.25%/M)	9/30/2015	9/30/2020	22,592	22,440	22,184	2.15 %
CRCI Longhorn Holdings, Inc.								
Business Services	Second lien (3)	9.37% (L + 7.25%/M)	8/2/2018	8/10/2026	21,849	21,767	21,958	2.12 %
Avatar Topco, Inc. (23)								
EAB Global, Inc.								

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Education Help/Systems Holdings, Inc.	Second lien (3)	10.00% (L + 7.50%/Q)	11/17/2017	11/17/2025	21,450	21,153	21,236	2.05 %
Software DCA Investment Holding, LLC	Second lien (5)	9.99% (L + 7.75%/M)	3/23/2018	3/27/2026	20,231	20,134	20,332	1.97 %
Healthcare Services	First lien (2)(10)	7.64% (L + 5.25%/Q)	7/2/2015	7/2/2021	17,319	17,232	17,319	
	First lien (3)(10)(11) - Drawn	7.64% (L + 5.25%/Q)	12/20/2017	7/2/2021	2,901	2,784	2,901	
SSH Group Holdings, Inc.					20,220	20,016	20,220	1.96 %
Education DiversiTech Holdings, Inc.	Second lien (2)	10.59% (L + 8.25%/Q)	7/26/2018	7/30/2026	20,116	20,017	20,116	1.95 %
Distribution & Logistics FR Arsenal Holdings II Corp.	Second lien (3)	9.89% (L + 7.50%/Q)	5/18/2017	6/2/2025	19,500	19,328	19,403	1.88 %
Business Services AgKnowledge Holdings Company, Inc.	First lien (2)(10)	9.63% (L + 7.25%/Q)	9/29/2016	9/8/2022	18,592	18,443	18,592	1.80 %
Business Services Integral Ad Science, Inc.	Second lien (2)(10)	10.50% (L + 8.25%/M)	7/23/2014	7/23/2020	18,500	18,433	18,500	1.79 %
Software BackOffice Associates Holdings, LLC	First lien (3)(10)	9.50% (L + 6.00% + 1.25% PIK/Q)*	7/19/2018	7/19/2024	18,617	18,436	18,431	1.78 %
Business Services Navex Topco, Inc.	First lien (2)(10)	9.75% (L + 7.50%/M)	8/25/2017	8/25/2023	18,388	18,251	16,470	1.59 %
Software TIBCO Software Inc.	Second lien (2)	9.12% (L + 7.00%/M)	8/9/2018	9/4/2026	16,807	16,723	16,933	1.64 %
Software Hill International, Inc.**	Subordinated (3)	11.38%/S	11/24/2014	12/1/2021	15,000	14,759	16,031	1.55 %

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Business Services	First lien (2)(10)	8.14% (L + 5.75%/Q)	6/21/2017	6/21/2023	15,603	15,538	15,603	1.51 %
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QC McKissock Investment, LLC (14) McKissock, LLC								
Education	First lien (2)(10)	8.14% (L + 5.75%/Q)	8/6/2014	8/5/2021	\$ 6,367	\$6,344	\$6,367	
	First lien (2)(10)	8.14% (L + 5.75%/Q)	8/24/2018	8/5/2021	3,658	3,623	3,658	
	First lien (2)(10)	8.14% (L + 5.75%/Q)	8/6/2014	8/5/2021	3,035	3,026	3,035	
	First lien (2)(10)	8.14% (L + 5.75%/Q)	8/6/2014	8/5/2021	980	976	980	
	First lien (2)(10)	8.14% (L + 5.75%/Q)	8/3/2018	8/5/2021	844	836	844	
	First lien (2)(10)	8.14% (L + 5.75%/Q)	5/23/2018	8/5/2021	574	565	574	
					15,458	15,370	15,458	1.50 %
OEConnection LLC								
Business Services	Second lien (3)	10.25% (L + 8.00%/M)	11/22/2017	11/22/2025	15,160	14,966	15,160	1.47 %
Netsmart Inc. / Netsmart Technologies, Inc.								
Healthcare Information Technology Xactly Corporation	Second lien (2)	9.84% (L + 7.50%/Q)	4/18/2016	10/19/2023	15,000	14,716	14,925	1.44 %
Software	First lien (4)(10)	9.50% (L + 7.25%/M)	7/31/2017	7/29/2022	14,690	14,570	14,690	1.42 %
Transcendia Holdings, Inc.								
Packaging	Second lien (3)	10.24% (L + 8.00%/M)	6/28/2017	5/30/2025	14,500	14,324	14,391	1.39 %
NorthStar Financial Services Group, LLC								

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Software TW-NHME Holdings Corp. (20) National HME, Inc.	Second lien (5)	9.56% (L + 7.50%/M)	5/23/2018	5/25/2026	13,450	13,418	13,652	1.32 %
Healthcare Services Alegeus Technologies Holding Corp.	Second lien (3)(10)	11.55% (L + 9.25%/Q)(24)	7/14/2015	7/14/2022	27,300	27,073	13,650	1.32 %
Healthcare Services Castle Management Borrower LLC	First lien (2)	8.37% (L + 6.25%/Q)	9/5/2018	9/5/2024	13,444	13,376	13,376	1.29 %
Business Services Project Accelerate Parent, LLC	First lien (2)(10)	8.57% (L + 6.25%/Q)	5/31/2018	2/15/2024	13,380	13,316	13,313	1.29 %
Business Services Ministry Brands, LLC	Second lien (3)(10)	10.62% (L + 8.50%/M)	1/2/2018	1/2/2026	13,473	13,315	13,305	1.29 %
Software	Second lien (3)(10)	11.75% (L + 9.25%/Q)	12/7/2016	6/2/2023	7,840	7,794	7,840	
	First lien (3)	6.24% (L + 4.00%/M)	12/7/2016	12/2/2022	2,970	2,959	2,970	
	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	9.25% (P + 4.00%/Q)	12/7/2016	12/2/2022	300	299	300	
PPVA Black Elk (Equity) LLC					13,270	13,199	13,270	1.28 %
Business Services CHA Holdings, Inc.	Subordinated (3)(10)	—	5/3/2013	—	14,500	14,500	12,180	1.18 %
Business Services	Second lien (4)	11.14% (L + 8.75%/Q)	4/3/2018	4/10/2026	7,012	6,944	7,117	
	Second lien (3)	11.14% (L + 8.75%/Q)	4/3/2018	4/10/2026	4,453	4,410	4,519	
					11,465	11,354	11,636	1.13 %

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Zywave, Inc.								
Software	Second lien (4)(10)	11.31% (L + 9.00%/Q)	11/22/2016	11/17/2023	\$ 11,000	\$ 10,934	\$ 11,000	
	First lien (3)(10)(11) - Drawn	7.24% (L + 5.00%/M)	11/22/2016	11/17/2022	150	149	150	
					11,150	11,083	11,150	1.08 %
Vectra Co.								
Business Products	Second lien (3)	9.49% (L + 7.25%/M)	2/23/2018	3/8/2026	10,788	10,750	10,802	1.05 %
Amerijet Holdings, Inc.								
Distribution & Logistics	First lien (4)(10)	10.24% (L + 8.00%/M)	7/15/2016	7/15/2021	9,133	9,091	9,143	
	First lien (4)(10)	10.24% (L + 8.00%/M)	7/15/2016	7/15/2021	1,522	1,515	1,524	
					10,655	10,606	10,667	1.03 %
Masergy Holdings, Inc.								
Business Services	Second lien (2)	9.89% (L + 7.50%/Q)	12/14/2016	12/16/2024	10,500	10,451	10,544	1.02 %
FPC Holdings, Inc.								
Distribution & Logistics	Second lien (3)	11.39% (L + 9.00%/Q)	3/28/2018	5/19/2023	10,116	9,740	10,318	1.00 %
VT Topco, Inc.								
Business Services	Second lien (4)	9.34% (L + 7.00%/Q)	8/14/2018	7/31/2026	10,000	9,975	10,150	0.98 %
Idera, Inc.								
Software	Second lien (4)	11.25% (L + 9.00%/M)	6/27/2017	6/27/2025	10,000	9,866	10,125	0.98 %
Affinity Dental Management, Inc.								
Healthcare Services	First lien (2)(10)	8.57% (L + 6.00%/Q)	9/15/2017	9/15/2023	4,344	4,307	4,344	
	First lien (3)(10)(11) - Drawn	8.50% (L + 6.00%/Q)	9/15/2017	9/15/2023	5,277	5,239	5,277	
					9,621	9,546	9,621	0.93 %

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WD Wolverine Holdings, LLC								
Healthcare Services	First lien (2)	7.74% (L + 5.50%/M)	2/22/2017	8/16/2022	9,575	9,342	9,503	0.92 %
J.D. Power (fka J.D. Power and Associates)								
Business Services	Second lien (3)	10.74% (L + 8.50%/M)	6/9/2016	9/7/2024	9,333	9,238	9,380	0.91 %
JAMF Holdings, Inc.								
Software	First lien (3)(10)	10.32% (L + 8.00%/Q)	11/13/2017	11/11/2022	8,757	8,683	8,670	0.84 %
Pathway Vet Alliance LLC (fka Pathway Partners Vet Management Company LLC)								
Consumer Services	Second lien (4)	10.24% (L + 8.00%/M)	10/4/2017	10/10/2025	7,597	7,562	7,559	
	Second lien (4)	10.24% (L + 8.00%/M)	10/4/2017	10/10/2025	403	401	401	
					8,000	7,963	7,960	0.77 %
Autodata, Inc. (Autodata Solutions, Inc.)								
Business Services	Second lien (3)	9.49% (L + 7.25%/M)	12/12/2017	12/12/2025	7,406	7,388	7,489	0.72 %
MH Sub I, LLC (Micro Holding Corp.)								
Software	Second lien (3)	9.67% (L + 7.50%/M)	8/16/2017	9/15/2025	7,000	6,936	7,092	0.69 %

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DG Investment Intermediate Holdings 2, Inc. (aka Convergint Technologies Holdings, LLC)								
Business Services	Second lien (3)	8.99% (L + 6.75%/M)	1/29/2018	2/2/2026	\$6,732	\$6,701	\$6,783	0.66 %
CP VI Bella Midco, LLC								
Healthcare Services	Second lien (3)	8.99% (L + 6.75%/M)	1/25/2018	12/29/2025	6,732	6,701	6,713	0.65 %
Restaurant Technologies, Inc.								
Business Services	Second lien (4)	8.90% (L + 6.50%/M)	9/24/2018	10/1/2026	6,722	6,705	6,705	0.65 %
DealerSocket, Inc.								
Software	First lien (2)	6.99% (L + 4.75%/M)	4/16/2018	4/26/2023	6,694	6,649	6,627	0.64 %
First American Payment Systems, L.P.								
Business Services	First lien (2)	6.87% (L + 4.75%/M)	1/3/2017	1/5/2024	6,500	6,448	6,549	0.63 %
Solera LLC / Solera Finance, Inc.								
Software	Subordinated (3)	10.50%/S	2/29/2016	3/1/2024	5,000	4,809	5,488	0.53 %
Applied Systems, Inc.								

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Software	Second lien (3)	9.39% (L + 7.00%/Q)	9/14/2017	9/19/2025	4,923	4,923	5,045	0.49	%
ADG, LLC									
Healthcare Services	Second lien (3)(10)	11.24% (L + 9.00%/M)	10/3/2016	3/28/2024	5,000	4,940	4,684	0.45	%
York Risk Services Holding Corp.									
Business Services	Subordinated (3)	8.50%/S	9/17/2014	10/1/2022	3,000	3,000	2,648	0.25	%
Ensemble S Merger Sub, Inc.									
Software	Subordinated (3)	9.00%/S	9/21/2015	9/30/2023	2,000	1,951	2,095	0.20	%
Education Management Corporation(12)									
Education Management II									
Education	First Lien (2)	10.75% (P + 5.50%/Q) (24)	1/5/2015	7/2/2020	211	205	24		
	First Lien (3)	10.75% (P + 5.50%/Q) (24)	1/5/2015	7/2/2020	119	116	14		
	First Lien (2)	13.75% (P + 8.50%/Q) (24)	1/5/2015	7/2/2020	475	437	4		
	First Lien (3)	13.75% (P + 8.50%/Q) (24)	1/5/2015	7/2/2020	268	246	2		
					1,073	1,004	44	—	%
Total Funded Debt Investments - United States					\$1,630,057	\$1,617,214	\$1,610,653	155.84	%
Total Funded Debt Investments Equity - Hong Kong Bach Special Limited (Bach Preference Limited)**					\$1,714,963	\$1,701,653	\$1,696,027	164.10	%
Education	Preferred shares	—	9/1/2017	—	64,530	\$6,373	\$6,453	0.62	%

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	(3)(10)(22)								
Total Shares - Hong Kong Equity - United States Avatar Topco, Inc.					6,373	6,453	0.62	%	
Education	Preferred shares (3)(10)(23)	—	11/17/2017	—	35,750	\$38,908	\$38,781	3.75	%

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Tenawa Resource Holdings LLC (13) QID NGL LLC									
Energy	Preferred shares (7)(10)	—	10/30/2017	—	1,241,412	\$1,241	\$2,782		
	Ordinary shares (7)(10)	—	5/12/2014	—	5,290,997	5,291	11,266		
						6,532	14,048	1.36	%
Ancora Acquisition LLC									
Education	Preferred shares (6)(10)	—	8/12/2013	—	372	83	393	0.04	%
Education Management Corporation (12)									
Education	Preferred shares (2)	—	1/5/2015	—	3,331	200	—		
	Preferred shares (3)	—	1/5/2015	—	1,879	113	—		
	Ordinary shares (2)	—	1/5/2015	—	2,994,065	100	4		
	Ordinary shares (3)	—	1/5/2015	—	1,688,976	56	2		
						469	6	—	%
TW-NHME Holdings Corp. (20)									
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	—		

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						1,388	—	—	%
Total Shares - United States						\$47,380	\$53,228	5.15	%
Total Shares Warrants - United States ASP LCG Holdings, Inc.						\$53,753	\$59,681	5.77	%
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	—	—	—	%
Total Warrants - United States						\$37	\$495	0.05	%
Total Funded Investments						\$1,755,443	\$1,756,203	169.92	%
Unfunded Debt Investments - Canada Dentalcorp Perfect Smile ULC**									
Healthcare Services	Second lien (3)(11) - Undrawn	—	6/1/2018	6/6/2020	\$ 3,661	\$2	\$23	—	%
Total Unfunded Debt Investments - Canada					\$ 3,661	\$2	\$23	—	%
Unfunded Debt Investments - United States DCA Investment Holding, LLC									
Healthcare Services	First lien (3)(10)(11) - Undrawn	—	7/2/2015	7/2/2021	\$ 2,100	\$(21) \$—		
	First lien (3)(10)(11) - Undrawn	—	12/20/2017	12/20/2019	10,563	—	—		
					12,663	(21) —	—	%

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iPipeline, Inc. (Internet Pipeline, Inc.)								
Software	First lien (3)(10)(11) - Undrawn	—	8/4/2015	8/4/2021	\$ 1,000	\$(10)	\$ —	—%
Ministry Brands, LLC								
Software	First lien (3)(10)(11) - Undrawn	—	12/7/2016	12/2/2022	700	(4)	—	—%
Zywave, Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	11/22/2016	11/17/2022	1,850	(14)	—	—%
Trader Interactive, LLC								
Business Services	First lien (3)(10)(11) - Undrawn	—	6/15/2017	6/15/2023	1,673	(13)	—	—%
Xactly Corporation								
Software	First lien (3)(10)(11) - Undrawn	—	7/31/2017	7/29/2022	992	(10)	—	—%
Integro Parent Inc.								
Business Services	First lien (3)(11) - Undrawn	—	6/8/2018	10/30/2021	6,279	(31)	—	—%
Affinity Dental Management, Inc.								
Healthcare Services	First lien (3)(10)(11) - Undrawn	—	9/15/2017	3/15/2019	6,307	(16)	—	
	First lien (3)(10)(11) - Undrawn	—	9/15/2017	3/15/2023	1,737	(17)	—	
					8,044	(33)	—	—%
Frontline Technologies Group Holdings, LLC								
Education		—	9/18/2017	9/18/2019	7,738	(58)	—	—%

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	First lien (3)(10)(11) - Undrawn							
NM GRC Holdco, LLC								
Business Services	First lien (3)(10)(11) - Undrawn	—	2/9/2018	2/9/2020	771	(2)	(2)	—%
Salient CRGT Inc.								
Federal Services	First lien (3)(11) - Undrawn	—	6/26/2018	11/29/2021	6,125	(490)	(4)	—%
DealerSocket, Inc.								
Software	First lien (3)(11) - Undrawn	—	4/16/2018	4/26/2023	560	(4)	(6)	—%
JAMF Holdings, Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	11/13/2017	11/11/2022	750	(8)	(8)	—%
Ansira Holdings, Inc.								
Business Services	First lien (3)(11) - Undrawn	—	12/19/2016	4/16/2020	5,433	(27)	(14)	—%
Integral Ad Science, Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	7/19/2018	7/19/2023	1,429	(14)	(14)	—%
TDG Group Holding Company								
Consumer Services	First lien (3)(10)(11) - Undrawn	—	5/22/2018	5/31/2024	2,989	(15)	(15)	—%
Finalsite Holdings, Inc.								
Software	First lien (3)(11) - Undrawn	—	9/25/2018	9/25/2024	2,521	(19)	(19)	—%
iCIMS, Inc.								
Software	First lien (3)(11) - Undrawn	—	9/12/2018	9/12/2024	1,977	(20)	(20)	—%

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Associations, Inc.								
Consumer Services	First lien (3)(10)(11) - Undrawn	—	7/30/2018	7/30/2021	\$6,556	\$(41)	\$(41))
	First lien (3)(10)(11) - Undrawn	—	7/30/2018	7/30/2024	2,033	(13)	(13))
					8,589	(54)	(54)	) (0.01)
PhyNet Dermatology LLC								
Healthcare Services	First lien (3)(11) - Undrawn	—	9/17/2018	8/16/2020	45,305	(227)	(227)	) (0.02)
BackOffice Associates Holdings, LLC								
Business Services	First lien (3)(10)(11) - Undrawn	—	8/25/2017	8/25/2023	2,586	(23)	(271)	) (0.03)
Total Unfunded Debt Investments - United States					\$119,974	\$(1,097)	\$(654)	) (0.06)
Total Unfunded Debt Investments					\$123,635	\$(1,095)	\$(631)	) (0.06)
Total Non-Controlled/Non-Affiliated Investments						\$1,754,348	\$1,755,572	169.8
Non-Controlled/Affiliated Investments (25)								
Funded Debt Investments - United States								
Permian Holdco 1, Inc.								
Permian Holdco 2, Inc.								
Permian Holdco 3, Inc.								
Energy	First lien (3)(10)(11) - Drawn	8.62% (L + 6.50%/M)	6/14/2018	6/30/2022	\$15,000	\$15,000	\$15,000	
	First lien (3)(10)	14.84% (L + 7.50% +	6/14/2018	6/30/2022	9,975	9,975	9,975	

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		5.00%							
		PIK/Q)*							
	Subordinated	14.00%	10/31/2016	10/15/2021	2,225	2,225	2,225		
	(3)(10)	PIK/Q*							
	Subordinated	14.00%	10/31/2016	10/15/2021	1,146	1,146	1,146		
	(3)(10)	PIK/Q*							
					28,346	28,346	28,346		2.74
Total Funded Debt Investments					\$28,346	\$28,346	\$28,346		2.74
- United States									
Equity - United States									
HI Technology Corp.									
Business Services	Preferred		3/21/2017	—	2,768,000	\$105,155	\$117,080		11.33
	shares	—							
	(3)(10)(21)								
NMFC Senior Loan Program I									
LLC**									
Investment Fund	Membership		6/13/2014	—	—	23,000	23,000		2.23
	interest	—							
	(3)(10)								
Sierra Hamilton Holdings									
Corporation									
Energy	Ordinary		7/31/2017	—	25,000,000	11,501	11,271		
	shares	—							
	(2)(10)								
	Ordinary		7/31/2017	—	2,786,000	1,281	1,256		
	shares	—							
	(3)(10)								
						12,782	12,527		1.21
Permian Holdco 1, Inc.									
Energy	Preferred		10/31/2016	—	1,714,735	7,629	9,431		
	shares	—							
	(3)(10)(16)								
	Ordinary		10/31/2016	—	1,366,452	1,350	185		
	shares	—							
	(3)(10)								
Total Shares - United States						8,979	9,616		0.93
Total Funded Investments						\$149,916	\$162,223		15.70
						\$178,262	\$190,569		18.44

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Schedule of Investments (Continued)

September 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
Unfunded Debt								
Investments - United States								
Permian Holdco 3, Inc.								
Energy	First lien (3)(10)(11) - Undrawn	—	6/14/2018	6/30/2022	\$ 5,000	\$—	\$—	— %
Total Unfunded Debt Investments - United States					\$ 5,000	\$—	\$—	— %
Total Non-Controlled/Affiliated Investments						\$ 178,262	\$ 190,569	18.44 %
Controlled Investments (26)								
Funded Debt Investments - United States								
Edmentum Ultimate Holdings, LLC (15)								
Edmentum, Inc. (fka Plato, Inc.) (Archipelago Learning, Inc.)								
Education	First lien (2)	10.84% (L + 4.50% + 4.00% PIK/Q)*	8/6/2018	6/9/2021	\$ 8,428	\$ 7,076	\$ 7,121	
	Second lien (3)(10)	7.00% PIK/Q*	2/23/2018	12/9/2021	10,987	10,325	10,164	
	Second lien (3)(10)(11) - Drawn	5.00% PIK/Q*	6/9/2015	12/9/2021	156	156	156	
	Subordinated (3)(10)	8.50% PIK/Q*	6/9/2015	6/9/2020	4,787	4,783	4,787	
	Subordinated (2)(10)	10.00% PIK/Q*	6/9/2015	6/9/2020	18,063	18,063	14,451	
			6/9/2015	6/9/2020	4,444	4,444	3,555	

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	Subordinated (3)(10)	10.00% PIK/Q*			46,865	44,847	40,234	3.89	%
UniTek Global Services, Inc.									
Business Services	First lien (2)(10)	7.89% (L + 5.50%/Q)	6/29/2018	8/20/2024	12,573	12,573	12,573	1.22	%
Total Funded Debt Investments - United States Equity - Canada NM APP Canada Corp.**					\$ 59,438	\$ 57,420	\$ 52,807	5.11	%
Net Lease	Membership interest (8)(10)	—	9/13/2016	—	—	\$ 7,345	\$ 8,517	0.82	%
Total Shares - Canada Equity - United States NMFC Senior Loan Program II LLC**						\$ 7,345	\$ 8,517	0.82	%
Investment Fund	Membership interest (3)(10)	—	5/3/2016	—	—	\$ 79,400	\$ 79,400	7.68	%
UniTek Global Services, Inc.									
Business Services	Preferred shares (2)(10)(17)	—	1/13/2015	—	24,030,774	1,651	22,399		
	Preferred shares (3)(10)(17)	—	1/13/2015	—	6,640,963	5,983	6,190		
	Preferred shares (3)(10)(19)	—	8/17/2018	—	6,733,852	6,734			
	Preferred shares (3)(10)(18)	—	6/30/2017	—	12,486,341	12,486	12,486		
	Ordinary shares (2)(10)	—	1/13/2015	—	2,096,477	1,925	10,610		
	Ordinary shares (3)(10)	—	1/13/2015	—	1,993,749	532	10,090		
						49,311	68,509	6.63	%

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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
NMFC Senior Loan Program III LLC**								
Investment Fund	Membership interest (3)(10)	—	5/4/2018	—	—	\$66,800	\$66,800	6.46 %
NM NL Holdings LP**								
Net Lease	Membership interest (8)(10)	—	6/20/2018	—	—	20,065	19,901	1.93 %
NM GLCR LLC								
Net Lease	Membership interest (8)(10)	—	2/1/2018	—	—	14,750	14,653	1.42 %
NM CLFX LP								
Net Lease	Membership interest (8)(10)	—	10/6/2017	—	—	12,538	12,540	1.21 %
NM KRLN LLC								
Net Lease	Membership interest (8)(10)	—	11/15/2016	—	—	7,510	8,554	0.83 %
NM DRVT LLC								
Net Lease	Membership interest (8)(10)	—	11/18/2016	—	—	5,152	5,547	0.54 %
NM APP US LLC								
Net Lease	Membership interest (8)(10)	—	9/13/2016	—	—	5,080	5,401	0.52 %
NM JRA LLC								
Net Lease	Membership interest (8)(10)	—	8/12/2016	—	—	2,043	2,251	0.22 %
Edmentum Ultimate Holdings, LLC (15)								
Education	Ordinary shares (3)(10)	—	6/9/2015	—	123,968	11	320	
	Ordinary shares (2)(10)	—	6/9/2015	—	107,143	9	276	
						20	596	0.06 %
NM GP Holdco LLC**								
Net Lease	Membership interest (8)(10)	—	6/20/2018	—	—	203	197	0.02 %

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Total Shares - United States						\$262,872	\$284,349	27.51	%
Total Shares						\$270,217	\$292,866	28.34	%
Warrants - United States									
Edmentum Ultimate Holdings, LLC (15) Education	Warrants (3)(10)	—	2/23/2018	5/5/2026	1,141,846	\$769	\$2,945	0.28	%
UniTek Global Services, Inc. Business Services	Warrants (3)(10)	—	6/30/2017	12/31/2018	526,925	—	—	—	%
Total Warrants - United States						\$769	\$2,945	0.28	%
Total Funded Investments						\$328,406	\$348,618	33.73	%
Unfunded Debt Investments - United States									
UniTek Global Services, Inc.	First lien								
Business Services	(3)(10)(11) - Undrawn	—	6/29/2018	2/20/2019	\$ 2,515	\$—	\$—	—	%

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(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
Edmentum Ultimate Holdings, LLC (15) Edmentum, Inc. (fka Plato, Inc.) (Archipelago Learning, Inc.)	Second lien (3)(10)(11) - Undrawn	—	6/9/2015	12/9/2021	\$ 7,434	\$—	\$—	— %
Total Unfunded Debt Investments - United States					\$ 9,949	\$—	\$—	— %
Total Controlled Investments						\$328,406	\$348,618	33.73 %
Total Investments						\$2,261,016	\$2,294,759	222.03 %

(1) New Mountain Finance Corporation (the “Company”) generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”). These investments are generally subject to certain limitations on resale, and may be deemed to be “restricted securities” under the Securities Act.

(2) Investment is pledged as collateral for the Holdings Credit Facility, a revolving credit facility among the Company as Collateral Manager, New Mountain Finance Holdings, L.L.C. (“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. See Note 7. Borrowings, for details.

(3) Investment is pledged as collateral for the NMFC Credit Facility, a revolving credit facility among the Company as the Borrower and Goldman Sachs Bank USA as the Administrative Agent and the Collateral Agent and Goldman Sachs Bank USA, Morgan Stanley Bank, N.A. and Stifel Bank & Trust as Lenders. See Note 7. Borrowings, for details.

(4) Investment is held in New Mountain Finance SBIC, L.P.

(5) Investment is held in New Mountain Finance SBIC II, L.P.

(6) Investment is held in NMF Ancora Holdings, Inc.

(7) Investment is held in NMF QID NGL Holdings, Inc.

(8) Investment is held in New Mountain Net Lease Corporation.

(9) 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 London Interbank Offered Rate (L), the Prime Rate (P)

and the alternative base rate (Base) and which resets monthly (M), quarterly (Q), semi-annually (S) or annually (A). For each investment the current interest rate provided reflects the rate in effect as of September 30, 2018.

(10) The fair value of the Company's investment is determined using unobservable inputs that are significant to the overall fair value measurement. See Note 4. Fair Value, for details.

Par Value amounts represent the drawn or undrawn (as indicated in type of investment) portion of revolving credit facilities or delayed draws. Cost amounts represent the cash received at settlement date net of the impact of paydowns and cash paid for drawn revolvers or delayed draws.

(12) The Company holds investments in Education Management Corporation and one related entity of Education Management Corporation. The Company holds series A-1 convertible preferred stock and common stock in Education Management Corporation and holds a tranche A first lien term loan and a tranche B first lien term loan in Education Management II LLC, which is an indirect subsidiary of Education Management Corporation.

(13) The Company holds investments in two related entities of Tenawa Resource Holdings LLC. The Company holds 4.77% of the common units in QID NGL LLC (which at closing represented 98.1% of the ownership in the common units in Tenawa Resource Holdings LLC), class A preferred units in QID NGL LLC and a first lien investment in Tenawa Resource Management LLC, a wholly-owned subsidiary of Tenawa Resource Holdings LLC.

(14) The Company holds investments in QC McKissock Investment, LLC and one related entity of QC McKissock Investment, LLC. The Company holds a first lien term loan in QC McKissock Investment, LLC (which at closing represented 71.1% of the ownership in the Series A common units of McKissock Investment Holdings, LLC) and holds first lien term loans and a delayed draw term loan in McKissock, LLC, a wholly-owned subsidiary of McKissock Investment Holdings, LLC.

(15) The Company holds investments in Edmentum Ultimate Holdings, LLC and its related entities. The Company holds subordinated notes, ordinary equity, and warrants in Edmentum Ultimate Holdings, LLC and holds a first lien term loan, second lien revolver and a second lien term loan in Edmentum, Inc. and Archipelago Learning, Inc., which are wholly-owned subsidiaries of Edmentum Ultimate Holdings, LLC.

(16) The Company holds preferred equity in Permian Holdco 1, Inc. that is entitled to receive cumulative preferential dividends at a rate of 12.0% per annum payable in additional shares.

(17) The Company holds preferred equity in UniTek Global Services, Inc. that is entitled to receive cumulative preferential dividends at a rate of 13.5% per annum payable in additional shares.

(18) The Company holds preferred equity in UniTek Global Services, Inc. that is entitled to receive cumulative preferential dividends at a rate of 19.0% per annum payable in additional shares.

(19) The Company holds preferred equity in UniTek Global Services, Inc. that is entitled to received cumulative preferential dividends at a rate of 20.0% per annum payable in additional shares.

The accompanying notes are an integral part of these consolidated financial statements.

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- (20) The Company holds equity investments in TW-NHME Holdings Corp., and holds a second lien term loan investment in National HME, Inc., a wholly-owned subsidiary of TW-NHME Holdings Corp.
- (21) The Company holds convertible preferred equity in HI Technology Corp that is accruing dividends at a rate of 15.0% per annum.
- (22) The Company holds preferred equity in Bach Special Limited (Bach Preference Limited) that is entitled to receive cumulative preferential dividends at a rate of 12.25% per annum payable in additional shares.
- The Company holds preferred equity in Avatar Topco, Inc., and holds a second lien term loan investment in EAB
- (23) Global, Inc., a wholly-owned subsidiary of Avatar Topco, Inc. The preferred equity is entitled to receive cumulative preferential dividends at a rate of L + 11.00% per annum.
- (24) Investment or a portion of the investment is on non-accrual status. See Note 3. Investments, for details.
- Denotes investments in which the Company is an "Affiliated Person", as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), due to owning or holding the power to vote 5.0% or more of the outstanding
- (25) voting securities of the investment but not controlling the company. Fair value as of September 30, 2018 and December 31, 2017, along with transactions during the nine months ended September 30, 2018 in which the issuer was a non-controlled/affiliated investment, is as follows:

Portfolio Company	Fair Value at December 31, 2017	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at September 30, 2018	Interest Income	Dividend Income	Other Income
Edmentum Ultimate Holdings, LLC/Edmentum Inc.	\$ 24,858	\$ —	\$ (24,858)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
HI Technology Corp.	105,155	—	—	—	11,925	117,080	—	11,250	—
NMFC Senior Loan Program I LLC	23,000	—	—	—	—	23,000	—	2,423	891
Permian Holdco 1, Inc. / Permian Holdco 2, Inc. / Permian Holdco 3, Inc.	12,733	26,468	(25)	—	(1,214)	37,962	1,129	800	638
Sierra Hamilton Holdings Corporation	12,330	—	—	—	197	12,527	—	—	—
Total									
Non-Controlled/Affiliated Investments	\$ 178,076	\$ 26,468	\$ (24,883)	\$ —	\$ 10,908	\$ 190,569	\$ 1,129	\$ 14,473	\$ 1,529

Gross additions include increases in the cost basis of investments resulting from new portfolio investments, (A) payment-in-kind ("PIK") interest or dividends, the amortization of discounts, reorganizations or restructurings and the movement of an existing portfolio company into this category from a different category.

Gross redemptions include decreases in the cost basis of investments resulting from principal collections related to (B) investment repayments or sales, reorganizations or restructurings and the movement of an existing portfolio company out of this category into a different category.

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Schedule of Investments (Continued)

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(in thousands, except shares)

(unaudited)

(26) Denotes investments in which the Company is in “Control”, as defined in the 1940 Act, due to owning or holding the power to vote 25.0% or more of the outstanding voting securities of the investment. Fair value as of September 30, 2018 and December 31, 2017, along with transactions during the nine months ended September 30, 2018 in which the issuer was a controlled investment, is as follows:

Portfolio Company	Fair Value at December 31, 2017	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains (Losses) (C)	Net Change in Realized Appreciation (Depreciation) (D)	Fair Value at September 30, 2018	Interest Income	Dividend Income	Other Income
Edmentum Ultimate Holdings, LLC/Edmentum Inc.	\$—	\$48,856	\$(6,921)	\$—	-\$1,840	\$43,775	\$2,795	\$—	\$422
NM APP CANADA CORP	7,962	—	—	—	555	8,517	—	617	—
NM APP US LLC	5,138	—	—	—	263	5,401	—	423	—
NM CLFX LP	12,538	—	—	—	2	12,540	—	1,146	—
NM DRVT LLC	5,385	—	—	—	162	5,547	—	379	—
NM JRA LLC	2,191	—	—	—	60	2,251	—	163	—
NM GLCR LLC	—	14,750	—	—	(97)	14,653	—	1,205	—
NM KRLN LLC	8,195	—	—	—	359	8,554	—	554	—
NM NL Holdings, L.P.	—	20,064	—	—	(163)	19,901	—	765	—
NM GP Holdco, LLC	—	203	—	—	(6)	197	—	—	—
NMFC Senior Loan Program II LLC	79,400	—	—	—	—	79,400	—	8,543	—
NMFC Senior Loan Program III LLC	—	66,800	—	—	—	66,800	—	960	—
UniTek Global Services, Inc.	64,593	32,216	(23,223)	—	7,496	81,082	1,547	4,683	1,055
Total Controlled Investments	\$185,402	\$182,889	\$(30,144)	\$—	-\$10,471	\$348,618	\$4,342	\$19,438	\$1,477

Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK (A) interest or dividends, the amortization of discounts, reorganizations or restructurings and the movement of an existing portfolio company into this category from a different category.

Gross redemptions include decreases in the cost basis of investments resulting from principal collections related to (B) investment repayments or sales, reorganizations or restructurings and the movement of an existing portfolio company out of this category into a different category.

* All or a portion of interest contains PIK interest.

** Indicates assets that the Company deems to be “non-qualifying assets” under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70.0% of the Company’s total assets at the time of acquisition of any additional non-qualifying assets. As of September 30, 2018, 12.1% of the Company’s total investments were non-qualifying assets.

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Investment Type	September 30, 2018	
	Percent of Total	Investments at Fair Value
First lien	44.88	%
Second lien	29.72	%
Subordinated	2.82	%
Equity and other	22.58	%
Total investments	100.00	%

Industry Type	September 30, 2018	
	Percent of Total	Investments at Fair Value
Business Services	27.98	%
Software	19.35	%
Healthcare Services	14.48	%
Education	9.06	%
Investment Fund	7.37	%
Consumer Services	5.73	%
Energy	4.54	%
Federal Services	3.39	%
Net Lease	3.38	%
Distribution & Logistics	2.97	%
Healthcare Information Technology	0.65	%
Packaging	0.63	%
Business Products	0.47	%
Total investments	100.00	%

Interest Rate Type	September 30, 2018	
	Percent of Total	Investments at Fair Value
Floating rates	88.86	%
Fixed rates	11.14	%
Total investments	100.00	%

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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
Non-Controlled/Non-Affiliated Investments								
Funded Debt Investments - United Kingdom								
Air Newco LLC**								
Software	Second lien (3)	10.94% (L + 9.50%/Q)	1/30/2015	1/31/2023	\$40,000	\$39,033	\$39,000	3.77 %
Shine Acquisition Co. S.à.r.l / Boing US Holdco Inc.**								
Consumer Services	Second lien (3)	8.88% (L + 7.50%/Q)	9/25/2017	10/3/2025	40,353	40,056	40,656	3.93 %
Total Funded Debt Investments - United Kingdom					\$80,353	\$79,089	\$79,656	7.70 %
Funded Debt Investments - United States								
AmWINS Group, Inc.								
Business Services	Second lien (3)	8.32% (L + 6.75%/M)	1/19/2017	1/25/2025	\$57,000	\$56,804	\$57,606	5.57 %
Alegeus Technologies, LLC								
Healthcare Services	Second lien (3)(10)	10.19% (L + 8.50%/Q)	4/28/2017	10/30/2023	23,500	23,500	23,500	
	Second lien (4)(10)	10.19% (L + 8.50%/Q)	4/28/2017	10/30/2023	22,500	22,500	22,500	
					46,000	46,000	46,000	4.44 %
PetVet Care Centers LLC								
Consumer Services	First lien (2)(10)	7.69% (L + 6.00%/Q)	6/8/2017	6/8/2023	34,527	34,409	34,872	
	First lien (3)(10)(11) - Drawn	7.55% (L + 6.00%/Q)	6/8/2017	6/8/2023	8,646	8,616	8,733	
	First lien (3)(10)(11) +	9.50% (P +	6/8/2017	6/8/2023	2,200	2,192	2,200	

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	- Drawn	5.00%/Q)			45,373	45,217	45,805	4.43 %
Integro Parent Inc.								
Business Services	First lien (2)	7.16% (L + 5.75%/Q)	10/9/2015	10/31/2022	34,873	34,601	34,786	
	Second lien (3)	10.63% (L + 9.25%/Q)	10/9/2015	10/30/2023	10,000	9,920	9,800	
					44,873	44,521	44,586	4.31 %
Severin Acquisition, LLC								
Software	Second lien (4)(10)	10.32% (L + 8.75%/M)	7/31/2015	7/29/2022	15,000	14,891	15,000	
	Second lien (3)(10)	10.32% (L + 8.75%/M)	2/1/2017	7/29/2022	14,518	14,361	14,518	
	Second lien (4)(10)	10.32% (L + 8.75%/M)	11/5/2015	7/29/2022	4,154	4,123	4,154	
	Second lien (4)(10)	10.82% (L + 9.25%/M)	2/1/2016	7/29/2022	3,273	3,248	3,273	
	Second lien (3)(10)	10.57% (L + 9.00%/M)	10/14/2016	7/29/2022	2,361	2,341	2,361	
	Second lien (3)(10)	10.82% (L + 9.25%/M)	8/8/2016	7/29/2022	1,825	1,810	1,825	
	Second lien (4)(10)	10.82% (L + 9.25%/M)	8/8/2016	7/29/2022	300	298	300	
					41,431	41,072	41,431	4.00 %
Salient CRGT Inc.								
Federal Services	First lien (2)	7.32% (L + 5.75%/M)	1/6/2015	2/28/2022	40,894	40,421	41,251	3.99 %
Tenawa Resource Holdings LLC (13) Tenawa Resource Management LLC								
Energy	First lien (3)(10)	10.50% (Base + 8.00%/Q)	5/12/2014	10/30/2024	39,900	39,835	39,900	3.86 %

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VetCor Professional Practices LLC Consumer Services	First lien (4)	7.69% (L + 6.00%/Q)	5/15/2015	4/20/2021	\$ 19,111	\$ 18,996	\$ 19,134	
	First lien (2)	7.69% (L + 6.00%/Q)	5/15/2015	4/20/2021	7,714	7,603	7,724	
	First lien (3)(11) - Drawn	7.69% (L + 6.00%/Q)	2/24/2017	4/20/2021	6,005	5,891	6,013	
	First lien (4)	7.69% (L + 6.00%/Q)	5/15/2015	4/20/2021	2,650	2,632	2,654	
	First lien (2)	7.69% (L + 6.00%/Q)	6/24/2016	4/20/2021	1,632	1,606	1,634	
	First lien (4)	7.69% (L + 6.00%/Q)	3/31/2016	4/20/2021	495	487	496	
	First lien (3)(11) - Drawn	7.69% (L + 6.00%/Q)	5/15/2015	4/20/2021	1,426	1,412	1,428	
					39,033	38,627	39,083	3.78 %
Frontline Technologies Group Holdings, LLC Education	First lien (2)(10)	8.09% (L + 6.50%/Q)	9/18/2017	9/18/2023	16,750	16,629	16,625	
	First lien (4)(10)	8.09% (L + 6.50%/Q)	9/18/2017	9/18/2023	22,613	22,450	22,444	
					39,363	39,079	39,069	3.77 %
Kronos Incorporated Software	Second lien (2)	9.63% (L + 8.25%/Q)	10/26/2012	11/1/2024	36,000	35,508	37,449	3.62 %
Valet Waste Holdings, Inc. Business Services	First lien (2)(10)	8.57% (L + 7.00%/M)	9/24/2015	9/24/2021	29,325	29,078	29,325	

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	First lien (2)(10)	8.57% (L + 7.00%/M)	7/27/2017	9/24/2021	3,731	3,697	3,731	
					33,056	32,775	33,056	3.19 %
Evo Payments International, LLC								
	Business Services	Second lien (2)	10.57% (L + 9.00%/M)	12/8/2016	12/23/2024	25,000	24,824	25,250
		Second lien (3)	10.57% (L + 9.00%/M)	12/8/2016	12/23/2024	5,000	5,052	5,050
					30,000	29,876	30,300	2.93 %
Wirepath LLC Distribution & Logistics								
	Business Services	First lien (2)	6.87% (L + 5.25%/Q)	7/31/2017	8/5/2024	27,731	27,598	28,112
								2.72 %
Ansira Holdings, Inc.								
	Business Services	First lien (2)	8.19% (L + 6.50%/Q)	12/19/2016	12/20/2022	25,920	25,809	25,855
		First lien (3)(11) - Drawn	8.19% (L + 6.50%/Q)	12/19/2016	12/20/2022	2,107	2,097	2,102
					28,027	27,906	27,957	2.70 %
TW-NHME Holdings Corp. (20)								
National HME, Inc.								
	Healthcare Services	Second lien (4)(10)	10.95% (L + 9.25%/Q)	7/14/2015	7/14/2022	21,500	21,301	21,646
		Second lien (3)(10)	10.95% (L + 9.25%/Q)	7/14/2015	7/14/2022	5,800	5,737	5,839
					27,300	27,038	27,485	2.66 %
Navicure, Inc. Healthcare Services Trader Interactive, LLC								
	Business Services	First lien (2)(10)	7.50% (L + 6.00%/M)	6/15/2017	6/17/2024	27,190	26,999	26,986
								2.61 %
Marketo, Inc. Software								
	Software	First lien (3)(10)	11.19% (L + 9.50%/Q)	8/16/2016	8/16/2021	26,820	26,509	26,820
								2.59 %
Keystone Acquisition Corp. Healthcare Services								
	Healthcare Services	First lien (2)	6.94% (L + 5.25%/Q)	5/10/2017	5/1/2024	19,950	19,764	20,087
		Second lien (3)	10.94% (L + 9.25%/Q)	5/10/2017	5/1/2025	4,500	4,457	4,511
					24,450	24,221	24,598	2.38 %

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iPipeline, Inc. (Internet Pipeline, Inc.)								
Software	First lien (4)(10)	8.82% (L + 7.25%/M)	8/4/2015	8/4/2022	\$ 17,589	\$17,464	\$ 17,589	
	First lien (4)(10)	7.74% (L + 6.25%/M)	6/16/2017	8/4/2022	4,577	4,556	4,554	
	First lien (2)(10)	7.74% (L + 6.25%/M)	9/25/2017	8/4/2022	1,161	1,155	1,155	
	First lien (4)(10)	7.74% (L + 6.25%/M)	9/25/2017	8/4/2022	511	508	508	
					23,838	23,683	23,806	2.30 %
AAC Holding Corp.								
Education	First lien (2)(10)	9.62% (L + 8.25%/M)	9/30/2015	9/30/2020	23,161	22,953	23,161	2.24 %
BackOffice Associates Holdings, LLC								
Business Services	First lien (2)(10)	8.06% (L + 6.50%/M)	8/25/2017	8/25/2023	22,869	22,679	22,669	2.19 %
TWDiamondback Holdings Corp. (15) Diamondback Drugs of Delaware, L.L.C. (TWDiamondback II Holdings LLC)								
Distribution & Logistics	First lien (4)(10)	10.49% (L + 8.75%/Q)	11/19/2014	11/19/2019	19,895	19,895	19,895	

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	First lien (3)(10)	10.44% (L + 8.75%/Q)	11/19/2014	11/19/2019	2,158	2,158	2,158	
	First lien (4)(10)	10.44% (L + 8.75%/Q)	11/19/2014	11/19/2019	605	605	605	
EN Engineering, LLC					22,658	22,658	22,658	2.19 %
Business Services	First lien (2)(10)	7.69% (L + 6.00%/Q)	7/30/2015	6/30/2021	20,893	20,760	20,893	
	First lien (2)(10)	7.69% (L + 6.00%/Q)	7/30/2015	6/30/2021	1,208	1,200	1,208	
Avatar Topco, Inc (23)					22,101	21,960	22,101	2.14 %
EAB Global, Inc.								
Education	Second lien (3)	8.99% (L + 7.50%/M)	11/17/2017	11/17/2025	21,450	21,132	21,236	2.05 %
DigiCert Holdings, Inc.								
Business Services	Second lien (3)	9.38% (L + 8.00%/Q)	9/20/2017	10/31/2025	20,176	20,077	20,347	1.97 %
DiversiTech Holdings, Inc.								
Distribution & Logistics	Second lien (3)	9.20% (L + 7.50%/Q)	5/18/2017	6/2/2025	19,500	19,315	19,744	1.91 %
ABILITY Network Inc.								
Healthcare Information Technology KeyPoint Government Solutions, Inc.	Second lien (3)	9.21% (L + 7.75%/M)	12/11/2017	12/12/2025	18,851	18,839	18,945	1.83 %
Federal Services	First lien (2)(10)	7.35% (L + 6.00%/Q)	4/18/2017	4/18/2024	18,413	18,243	18,597	1.80 %
AgKnowledge Holdings Company, Inc.								
Business Services	Second lien (2)(10)	9.82% (L + 8.25%/M)	7/23/2014	7/23/2020	18,500	18,409	18,500	1.79 %
VF Holding Corp. Software			7/7/2016	6/28/2024	17,086	17,396	17,598	1.70 %

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	Second lien (3)(10)	10.57% (L + 9.00%/M)							
DCA Investment Holding, LLC									
Healthcare Services	First lien (2)(10)	6.94% (L + 5.25%/Q)	7/2/2015	7/2/2021	17,453	17,344	17,453	1.69	%
OEConnection LLC									
Business Services	Second lien (3)	9.69% (L + 8.00%/Q)	11/22/2017	11/22/2025	16,841	16,548	16,841	1.63	%
TIBCO Software Inc.									
Software	Subordinated (3)	11.38%/S	11/24/2014	12/1/2021	15,000	14,714	16,378	1.58	%
American Tire Distributors, Inc.									
Distribution & Logistics	Subordinated (3)	10.25%/S	2/10/2015	3/1/2022	15,520	15,267	16,063	1.55	%
Hill International, Inc.**									
Business Services	First lien (2)(10)	7.32% (L + 5.75%/M)	6/21/2017	6/21/2023	15,721	15,648	15,642	1.51	%

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Netsmart Inc. / Netsmart Technologies, Inc. Healthcare Information Technology Transcendia Holdings, Inc.	Second lien (2)	10.98% (L + 9.50%/Q)	4/18/2016	10/19/2023	\$ 15,000	\$14,686	\$15,075	1.46 %
Packaging SW Holdings, LLC	Second lien (3)	9.57% (L + 8.00%/M)	6/28/2017	5/30/2025	14,500	14,309	14,391	1.39 %
Business Services Peraton Holding Corp. (fka MHVC Acquisition Corp.)	Second lien (4)(10)	10.44% (L + 8.75%/Q)	6/30/2015	12/30/2021	14,265	14,167	14,331	1.38 %
Federal Services Ministry Brands, LLC	First lien (2)	6.95% (L + 5.25%/Q)	4/25/2017	4/29/2024	14,030	13,987	14,135	1.37 %
Software	First lien (3)	6.38% (L + 5.00%/Q)	12/7/2016	12/2/2022	2,993	2,980	2,993	
	First lien (3)(10)(11) - Drawn	6.57% (L + 5.00%/M)	12/7/2016	12/2/2022	1,000	995	1,000	
	Second lien (3)(10)	10.63% (L + 9.25%/Q)	12/7/2016	6/2/2023	7,840	7,788	7,840	
	Second lien (3)(10)	10.63% (L + 9.25%/Q)	12/7/2016	6/2/2023	2,160	2,146	2,160	
					13,993	13,909	13,993	1.35 %
nThrive, Inc. (fka Precyse Acquisition Corp.) Healthcare Services	Second lien (2)(10)	11.32% (L + 9.75%/M)	4/19/2016	4/20/2023	13,000	12,813	12,702	1.23 %

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FR Arsenal Holdings II Corp.									
Business Services	First lien (2)(10)	8.81% (L + 7.25%/Q)	9/29/2016	9/8/2022	12,356	12,252	12,373	1.19 %	
Amerijet Holdings, Inc.									
Distribution & Logistics	First lien (4)(10)	9.57% (L + 8.00%/M)	7/15/2016	7/15/2021	10,403	10,344	10,458		
	First lien (4)(10)	9.57% (L + 8.00%/M)	7/15/2016	7/15/2021	1,734	1,724	1,743		
					12,137	12,068	12,201	1.18 %	
SSH Group Holdings, Inc.									
Education	First lien (2)(10)	6.69% (L + 5.00%/Q)	10/13/2017	10/2/2024	8,407	8,366	8,365		
	Second lien (3)(10)	10.69% (L + 9.00%/Q)	10/13/2017	10/2/2025	3,363	3,330	3,329		
					11,770	11,696	11,694	1.13 %	
ProQuest LLC									
Business Services	Second lien (3)	10.55% (L + 9.00%/M)	12/14/2015	12/15/2022	11,620	11,440	11,620	1.12 %	
Xactly Corporation									
Software	First lien (4)(10)	8.82% (L + 7.25%/M)	7/31/2017	7/29/2022	11,600	11,492	11,484	1.11 %	
Zywave, Inc.									
Software	Second lien (4)(10)	10.42% (L + 9.00%/Q)	11/22/2016	11/17/2023	11,000	10,927	11,011		
	First lien (3)(10)(11) - Drawn	8.50% (P + 4.00%/Q)	11/22/2016	11/17/2022	200	199	200		
	First lien (3)(10)(11) - Drawn	6.57% (L + 5.00%/Q)	11/22/2016	11/17/2022	250	248	250		
					11,450	11,374	11,461	1.11 %	
QC McKissock Investment, LLC (14)									
McKissock, LLC									
Education	First lien (2)(10)	7.94% (L + 6.25%/Q)	8/6/2014	8/5/2021	6,415	6,386	6,415		
	First lien (2)(10)	7.94% (L + 6.25%/Q)	8/6/2014	8/5/2021	3,058	3,046	3,058		
	First lien (2)(10)	7.94% (L + 6.25%/Q)	8/6/2014	8/5/2021	987	983	987		
					10,460	10,415	10,460	1.01 %	
Masergy Holdings, Inc.									
Business Services	Second lien (2)	10.19% (L + 8.50%/Q)	12/14/2016	12/16/2024	10,000	9,943	10,144	0.98 %	
Idera, Inc.									

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Software	Second lien (4)	10.57% (L + 9.00%/M)	6/27/2017	6/27/2025	10,000	9,856	10,100	0.97 %
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Portfolio Company, Location and Industry(1) Quest Software US Holdings Inc.	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Software	First lien (2)	6.92% (L + 5.50%/Q)	10/31/2016	10/31/2022	\$9,899	\$9,775	\$10,071	0.97 %
PowerPlan Holdings, Inc.	Software	Second lien (2)(10)	2/23/2015	2/23/2023	10,000	9,927	10,000	0.97 %
WD Wolverine Holdings, LLC	Healthcare Services	First lien (2)	2/22/2017	8/16/2022	9,813	9,534	9,512	0.92 %
Pelican Products, Inc.	Business Products	Second lien (2)	4/9/2014	4/9/2021	9,500	9,533	9,500	0.92 %
J.D. Power (fka J.D. Power and Associates)	Business Services	Second lien (3)	6/9/2016	9/7/2024	9,333	9,230	9,473	0.91 %
Harley Marine Services, Inc.	Distribution & Logistics	Second lien (2)	12/18/2013	12/20/2019	9,000	8,929	8,955	0.86 %
JAMF Holdings, Inc.	Software	First lien (3)(10)	11/13/2017	11/11/2022	8,757	8,672	8,670	0.84 %

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Autodata, Inc. (Autodata Solutions, Inc.)										
Business Services	Second lien (3)	8.82% (L + 7.25%/Q)	12/12/2017	12/12/2025	7,406	7,387	7,387	0.71	%	
MH Sub I, LLC (Micro Holding Corp.)										
Software	Second lien (3)	9.09% (L + 7.50%/Q)	8/16/2017	9/15/2025	7,000	6,932	7,048	0.68	%	
First American Payment Systems, L.P.										
Business Services	First lien (2)	7.14% (L + 5.75%/M)	1/3/2017	1/5/2024	6,844	6,783	6,880	0.66	%	
Solera LLC / Solera Finance, Inc.										
Software	Subordinated (3)	10.50%/S	2/29/2016	3/1/2024	5,000	4,791	5,650	0.55	%	
Pathway Partners Vet Management Company LLC										
Consumer Services	Second lien (4)	9.57% (L + 8.00%/M)	10/4/2017	10/10/2025	5,556	5,527	5,527	0.53	%	
Applied Systems, Inc.										
Software	Second lien (3)	8.69% (L + 7.00%/Q)	9/14/2017	9/19/2025	4,923	4,923	5,106	0.49	%	
ADG, LLC										
Healthcare Services	Second lien (3)(10)	10.57% (L + 9.00%/M)	10/3/2016	3/28/2024	5,000	4,934	5,038	0.49	%	
Vencore, Inc. (fka The SI Organization Inc.)										
Federal Services	Second lien (3)	10.44% (L + 8.75%/Q)	6/14/2016	5/23/2020	4,400	4,350	4,450	0.43	%	
Affinity Dental Management, Inc.										

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Healthcare Services	First lien (2)(10)	7.59% (L) + 6.00%/Q)	9/15/2017	9/15/2023	4,344	4,302	4,301	0.41	%
York Risk Services Holding Corp.									
Business Services Ensemble S Merger Sub, Inc.	Subordinated (3)	8.50%/S	9/17/2014	10/1/2022	3,000	3,000	2,940	0.28	%
Software Education Management Corporation (12)	Subordinated (3)	9.00%/S	9/21/2015	9/30/2023	2,000	1,946	2,125	0.20	%
Education Management II LLC									
Education	First lien (2)	5.85% (L) + 4.50%/Q)	1/5/2015	7/2/2020	211	205	82		
	First lien (3)	5.85% (L) + 4.50%/Q)	1/5/2015	7/2/2020	119	116	46		
	First lien (2)	8.85% (L) + 7.50%/Q)	1/5/2015	7/2/2020	475	437	10		
	First lien (3)	8.85% (L) + 7.50%/Q)	1/5/2015	7/2/2020	268	247	6		
Total Funded Debt					1,073	1,005	144	0.01	%
Investments - United States					\$1,319,560	\$1,309,577	\$1,325,328	128.05	%
Total Funded Debt					\$1,399,913	\$1,388,666	\$1,404,984	135.75	%
Investments									

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Equity - Hong Kong Bach Special Limited (Bach Preference Limited)**	Preferred shares (3)(10)(22)	—	9/1/2017	—	58,807 \$5,807	\$5,806	0.56 %
Total Shares - Hong Kong					\$5,807	\$5,806	0.56 %
Equity - United States Avatar Topco, Inc. (23)	Preferred shares (3)(10)(23)	—	11/17/2017	—	35,720 \$35,220	\$35,204	3.40 %
Tenawa Resource Holdings LLC (13) QID NGL LLC	Ordinary shares (7)(10) Preferred shares (7)(10)	—	5/12/2014	—	5,296 \$5,297	8,154	
		—	10/30/2017	—	620,701 5,912	1,007 9,161	0.88 %
TWDiamondback Holdings Corp. (15)	Preferred shares (4)(10)	—	11/19/2014	—	200 2,000	4,508	0.44 %
Distribution & Logistics							
TW-NHME Holdings Corp. (20)	Preferred shares	—	7/14/2015	—	100 1,000	944	
Healthcare Services							

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	(4)(10) Preferred shares	—	1/5/2016	—	16	158	149		
	(4)(10) Preferred shares	—	6/30/2016	—	6	68	58		
	(4)(10)					1,226	1,151	0.11	%
Ancora Acquisition LLC									
Education	Preferred shares (6)(10)	—	8/12/2013	—	372	83	393	0.04	%
Education Management Corporation (12)									
Education	Preferred shares (2)	—	1/5/2015	—	3,332	200	—		
	Preferred shares (3)	—	1/5/2015	—	1,879	13	—		
	Ordinary shares (2)	—	1/5/2015	—	2,994	1,065	10		
	Ordinary shares (3)	—	1/5/2015	—	1,688	5,076	6		
						469	16	0.00	%
Total Shares - United States						\$44,910	\$50,433	4.87	%
Total Shares Warrants - United States						\$50,717	\$56,239	5.43	%
ASP LCG Holdings, Inc.									
Education	Warrants (3)(10)	—	5/5/2014	5/5/2026	622	\$37	\$1,089	0.11	%
Ancora Acquisition LLC									
Education	Warrants (6)(10)	—	8/12/2013	8/12/2020	20	—	—	—	%
YP Equity Investors, LLC									
Media	Warrants (5)(10)	—	5/3/2012	5/8/2022	5	—	—	—	%
Total Warrants - United States						\$37	\$1,089	0.11	%
Total Funded Investments						\$1,439,420	\$1,462,312	141.29	%

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Unfunded Debt								
Investments - United States								
PetVet Care Centers LLC								
Consumer Services	First lien (3)(10)(11) - Undrawn	—	6/8/2017	6/8/2019	\$ 4,439	\$(16)	\$ 44	0.00 %
VetCor Professional Practices LLC								
Consumer Services	First lien (3)(11) - Undrawn	—	5/15/2015	4/20/2021	1,274	(13)	2	
	First lien (3)(11) - Undrawn	—	12/29/2017	12/29/2019	8,552	(75)	11	
					9,826	(88)	13	0.00 %
DCA Investment Holding, LLC								
Healthcare Services	First lien (3)(10)(11) - Undrawn	—	7/2/2015	7/2/2021	2,100	(21)	—	
	First lien (3)(10)(11) - Undrawn	—	12/20/2017	12/20/2019	13,465	(118)	—	
					15,565	(139)	—	— %
iPipeline, Inc. (Internet Pipeline, Inc.)								
Software	First lien (3)(10)(11) - Undrawn	—	8/4/2015	8/4/2021	1,000	(10)	—	— %
Valet Waste Holdings, Inc.								
Business Services	First lien (3)(10)(11) -	—	9/24/2015	9/24/2021	3,750	(47)	—	— %

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Zywave, Inc.	Undrawn								
Software	First lien (3)(10)(11) - Undrawn	—	11/22/2016	11/17/2022	1,550	(12)	—	—	%
Marketo, Inc.									
Software	First lien (3)(10)(11) - Undrawn	—	8/16/2016	8/16/2021	1,788	(27)	—	—	%
Ansira Holdings, Inc.									
Business Services	First lien (3)(11) - Undrawn	—	12/19/2016	12/20/2018	1,700	(9)	(4)	(0.00)%	
JAMF Holdings, Inc.									
Software	First lien (3)(10)(11) - Undrawn	—	11/13/2017	11/11/2022	750	(8)	(8)	(0.00)%	
Xactly Corporation									
Software	First lien (3)(10)(11) - Undrawn	—	7/31/2017	7/29/2022	992	(10)	(10)	(0.00)%	
Pathway Partners Vet Management Company LLC									
Consumer Services	Second lien (4)(11) - Undrawn	—	10/4/2017	10/10/2019	2,444	(12)	(12)	(0.00)%	
Trader Interactive, LLC									
Business Services	First lien (3)(10)(11) - Undrawn	—	6/15/2017	6/15/2023	1,673	(13)	(13)	(0.00)%	
BackOffice Associates Holdings, LLC									
Business Services	First lien (3)(10)(11) - Undrawn	—	8/25/2017	8/24/2018	3,448	(13)	(13)		
	First lien (3)(10)(11) - Undrawn	—	8/25/2017	8/25/2023	2,586	(23)	(23)		
					6,034	(36)	(36)	(0.00)%	

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Affinity Dental Management, Inc.							
Healthcare Services	First lien (3)(10)(11) - Undrawn	—	9/15/2017	3/15/2019	\$ 11,584	\$(29)	\$(29)
	First lien (3)(10)(11) - Undrawn	—	9/15/2017	3/15/2023	1,738	(17)	(17)
					13,322	(46)	(46)
Frontline Technologies Group Holdings, LLC							
Education	First lien (3)(10)(11) - Undrawn	—	9/18/2017	9/18/2019	7,738	(58)	(58)
Total Unfunded Debt Investments - United States					\$72,571	\$(531)	\$(130)
Total Non-Controlled/Non-Affiliated Investments						\$1,438,889	\$1,462,182
Non-Controlled/Affiliated Investments(24)							
Funded Debt Investments - United States							
Edmentum Ultimate Holdings, LLC (16)							
Edmentum, Inc. (fka Plato, Inc.) (Archipelago Learning, Inc.)							
Education	Second lien (3)(10)(11) - Drawn	5.00%/M	6/9/2015	6/9/2020	\$3,172	\$3,172	\$3,172
	Subordinated (3)(10)	8.50% PIK/Q*	6/9/2015	6/9/2020	4,491	4,486	4,491
	Subordinated (2)(10)	10.00% PIK/Q*	6/9/2015	6/9/2020	16,760	16,760	13,408
	Subordinated (3)(10)	10.00% PIK/Q*	6/9/2015	6/9/2020	4,123	4,123	3,298

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					28,546	28,541	24,369
Permian Holdco 1, Inc.							
Permian Holdco 2, Inc.							
Energy	Subordinated (3)(10)	14.00% PIK/Q*	10/31/2016	10/15/2021	2,007	2,007	2,007
	Subordinated (3)(10)(11) - Drawn	14.00% PIK/Q*	10/31/2016	10/15/2021	696	696	696
					2,703	2,703	2,703
Total Funded Debt Investments					\$31,249	\$31,244	\$27,072
- United States							
Equity - United States							
HI Technology Corp.							
Business Services	Preferred shares (3)(10)(21)	—	3/21/2017	—	2,768,000	\$105,155	\$105,155
NMFC Senior Loan Program I LLC**							
Investment Fund	Membership interest (3)(10)	—	6/13/2014	—	—	23,000	23,000
Sierra Hamilton Holdings Corporation							
Energy	Ordinary shares (2)(10)	—	7/31/2017	—	25,000,000	1,501	11,094
	Ordinary shares (3)(10)	—	7/31/2017	—	2,786,000	1,281	1,236
						12,782	12,330
Permian Holdco 1, Inc.							
Energy	Preferred shares (3)(10)(17)	—	10/31/2016	—	1,569,226	6,829	8,631
	Ordinary shares (3)(10)	—	10/31/2016	—	1,366,452	1,350	1,399
						8,179	10,030

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

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
Edmentum Ultimate Holdings, LLC (16)								
Education	Ordinary shares (3)(10)	—	6/9/2015	—	123,968	\$11	\$262	
	Ordinary shares (2)(10)	—	6/9/2015	—	107,143	9	227	
						20	489	0.05 %
Total Shares - United States						\$149,136	\$151,004	14.59 %
Total Funded Investments						\$180,380	\$178,076	17.21 %
Unfunded Debt								
Investments - United States								
Edmentum Ultimate Holdings, LLC (16)								
Edmentum, Inc. (fka Plato, Inc.) (Archipelago Learning, Inc.)								
Education	Second lien (3)(10)(11) - Undrawn	—	6/9/2015	6/9/2020	\$1,709	\$—	\$—	— %
Permian Holdco 1, Inc. Permian Holdco 2, Inc.								
Energy	Subordinated (3)(10)(11) - Undrawn	—	10/31/2016	10/15/2021	342	—	—	— %
Total Unfunded Debt								
Investments - United States						\$2,051	\$—	— %
Total Non-Controlled/Affiliated Investments						\$180,380	\$178,076	17.21 %
Controlled Investments(25)								

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Funded Debt Investments
- United States
UniTek Global Services,
Inc.

Business Services	First lien (2)(10)	10.20% (L + 8.50%/Q) 9.84% (L + 7.50% + 1.00% PIK/Q)*	1/13/2015	1/13/2019	\$10,846	\$10,846	\$10,846		
	First lien (2)(10)	15.00% PIK/Q*	1/13/2015	7/13/2019	2,003	2,003	2,003		
	Subordinated (3)(10)	15.00% PIK/Q*	1/13/2015	7/13/2019	1,198	1,198	1,198		
					14,844	14,844	14,844	1.43	%
Total Funded Debt Investments - United States					\$14,844	\$14,844	\$14,844	1.43	%
Equity - Canada NM APP Canada Corp.**									
Net Lease	Membership interest (8)(10)	—	9/13/2016	—	—	\$7,345	\$7,962	0.77	%
Total Shares - Canada Equity - United States NMFC Senior Loan Program II LLC**						\$7,345	\$7,962	0.77	%
Investment Fund	Membership interest (3)(10)	—	5/3/2016	—	—	\$79,400	\$79,400	7.67	%

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

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
UniTek Global Services, Inc.								
Business Services	Preferred shares (2)(10)(18)	—	1/13/2015	—	21,753,102	\$19,373	\$19,288	
	Preferred shares (3)(10)(18)	—	1/13/2015	—	6,011,522	5,353	5,330	
	Preferred shares (3)(10)(19)	—	6/30/2017	—	10,863,583	10,864	10,864	
	Ordinary shares (2)(10)	—	1/13/2015	—	2,096,477	1,925	7,313	
	Ordinary shares (3)(10)	—	1/13/2015	—	1,993,749	531	6,954	
						38,046	49,749	4.81 %
NM CLFX LP								
Net Lease	Membership interest (8)(10)	—	10/6/2017	—	—	12,538	12,538	1.21 %
NM KRLN LLC								
Net Lease	Membership interest (8)(10)	—	11/15/2016	—	—	7,510	8,195	0.79 %
NM DRVT LLC								
Net Lease	Membership interest (8)(10)	—	11/18/2016	—	—	5,152	5,385	0.52 %
NM APP US LLC								
Net Lease	Membership interest	—	9/13/2016	—	—	5,080	5,138	0.50 %

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	(8)(10)								
NM JRA LLC									
Net Lease	Membership interest (8)(10)	—	8/12/2016	—	—	2,043	2,191	0.21	%
Total Shares - United States						\$149,769	\$162,596	15.71	%
Total Shares Warrants - United States						\$157,114	\$170,558	16.48	%
UniTek Global Services, Inc.									
Business Services	Warrants (3)(10)	—	6/30/2017	12/31/2018	526,925	\$—	\$—	—	%
Total Warrants - United States						\$—	\$—	—	%
Total Funded Investments Unfunded Debt Investments - United States						\$171,958	\$185,402	17.91	%
UniTek Global Services, Inc.									
Business Services	First lien (3)(10)(11) - Undrawn	—	1/13/2015	1/13/2019	\$ 2,048	\$—	\$—		
	First lien (3)(10)(11) - Undrawn	—	1/13/2015	1/13/2019	758	—	—		
Total Unfunded Debt Investments - United States					2,806	—	—	—	%
Total Controlled Investments Total Investments					\$ 2,806	\$—	\$—	—	%
						\$171,958	\$185,402	17.91	%
						\$1,791,227	\$1,825,660	176.4	%

(1) New Mountain Finance Corporation (the "Company") generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"). These investments are generally subject to certain limitations on resale, and may be deemed to be "restricted securities" under the Securities Act.

(2) Investment is pledged as collateral for the Holdings Credit Facility, a revolving credit facility among the Company as Collateral Manager, New Mountain Finance Holdings, L.L.C. ("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. See Note 7. Borrowings, for details.

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

- (3) Investment is pledged as collateral for the NMFC Credit Facility, a revolving credit facility among the Company as the Borrower and Goldman Sachs Bank USA as the Administrative Agent and the Collateral Agent and Goldman Sachs Bank USA, Morgan Stanley Bank, N.A. and Stifel Bank & Trust as Lenders. See Note 7. Borrowings, for details.
- (4) Investment is held in New Mountain Finance SBIC, L.P.
- (5) Investment is held in NMF YP Holdings, Inc.
- (6) Investment is held in NMF Ancora Holdings, Inc.
- (7) Investment is held in NMF QID NGL Holdings, Inc.
- (8) Investment is held in New Mountain Net Lease Corporation.
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 London Interbank Offered Rate (L), the Prime Rate (P) and the alternative base rate (Base) and which resets monthly (M), quarterly (Q), semi-annually (S) or annually (A). For each investment the current interest rate provided reflects the rate in effect as of December 31, 2017.
- (9) The fair value of the Company's investment is determined using unobservable inputs that are significant to the overall fair value measurement. See Note 4. Fair Value, for details.
- (10) Par Value amounts represent the drawn or undrawn (as indicated in type of investment) portion of revolving credit facilities or delayed draws. Cost amounts represent the cash received at settlement date net the impact of paydowns and cash paid for drawn revolvers or delayed draws.
- (11) The Company holds investments in Education Management Corporation and one related entity of Education Management Corporation. The Company holds series A-1 convertible preferred stock and common stock in Education Management Corporation and holds a tranche A first lien term loan and a tranche B first lien term loan in Education Management II LLC, which is an indirect subsidiary of Education Management Corporation.
- (12) The Company holds investments in three related entities of Tenawa Resource Holdings LLC. The Company holds 4.77% of the common units in QID NGL LLC (which at closing represented 98.1% of the ownership in the common units in Tenawa Resource Holdings LLC), class A preferred units in QID NGL LLC and a first lien investment in Tenawa Resource Management LLC, a wholly-owned subsidiary of Tenawa Resource Holdings LLC.
- (13) The Company holds investments in QC McKissock Investment, LLC and one related entity of QC McKissock Investment, LLC. The Company holds a first lien term loan in QC McKissock Investment, LLC (which at closing represented 71.1% of the ownership in the Series A common units of McKissock Investment Holdings, LLC) and holds a first lien term loan and a delayed draw term loan in McKissock, LLC, a wholly-owned subsidiary of McKissock Investment Holdings, LLC.
- (14) The Company holds investments in TWDiamondback Holdings Corp. and one related entity of TWDiamondback Holdings Corp. The Company holds preferred equity in TWDiamondback Holdings Corp. and holds a first lien last out term loan and a delayed draw term loan in Diamondback Drugs of Delaware LLC, a wholly-owned subsidiary of TWDiamondback Holdings Corp.
- (15) The Company holds investments in Edmentum Ultimate Holdings, LLC and its related entities. The Company holds subordinated notes and ordinary equity in Edmentum Ultimate Holdings, LLC and holds a second lien revolver in Edmentum, Inc. and Archipelago Learning, Inc., which are wholly-owned subsidiaries of Edmentum Ultimate Holdings, LLC.
- (16) The Company holds preferred equity in Permian Holdco 1, Inc. that is entitled to receive cumulative preferential dividends at a rate of 12.0% per annum payable in additional shares.
- (17)
- (18)

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The Company holds preferred equity in UniTek Global Services, Inc. that is entitled to receive cumulative preferential dividends at a rate of 13.5% per annum payable in additional shares.

- (19) The Company holds preferred equity in UniTek Global Services, Inc. that is entitled to receive cumulative preferential dividends at a rate of 19.0% per annum payable in additional shares.
 - (20) The Company holds equity investments in TW-NHME Holdings Corp., and holds a second lien term loan investment in National HME, Inc., a wholly-owned subsidiary of TW-NHME Holdings Corp.
 - (21) The Company holds convertible preferred equity in HI Technology Corp that is accruing dividends at a rate of 15.0% per annum.
 - (22) The Company holds preferred equity in Bach Special Limited (Bach Preference Limited) that is entitled to receive cumulative preferential dividends at a rate of 12.25% per annum payable in additional shares.
- The Company holds preferred equity in Avatar Topco, Inc., and holds a second lien term loan investment in EAB
- (23) Global, Inc., a wholly-owned subsidiary of Avatar Topco, Inc. The preferred equity is entitled to receive cumulative preferential dividends at a rate of L + 11.00% per annum.

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

Denotes investments in which the Company is an "Affiliated Person", as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), due to owning or holding the power to vote 5.0% or more of the outstanding (24) voting securities of the investment but not controlling the company. Fair value as of December 31, 2017 and December 31, 2016 along with transactions during the year ended December 31, 2017 in which the issuer was a non-controlled/affiliated investment is as follows:

Portfolio Company	Fair Value at December 31, 2016	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains (Losses)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2017	Interest Income	Dividend Income	Other Income
Edmentum Ultimate Holdings, LLC/Edmentum Inc.	\$ 23,247	\$ 10,912	\$ (5,381)	\$ — (3,920)	\$ —	\$ 24,858	\$ 2,538	\$—	\$—
HI Technology Corp.	—	105,155	—	—	—	105,155	—	11,667	—
NMFC Senior Loan Program I LLC	23,000	—	—	—	—	23,000	—	3,498	1,156
Permian Holdco 1, Inc. / Permian Holdco 2, Inc.	11,193	1,916	—	—	(376)	12,733	270	960	30
Sierra Hamilton Holdings Corporation	—	12,782	—	—	(452)	12,330	—	—	—
Total									
Non-Controlled/Affiliated Investments	\$ 57,440	\$ 130,765	\$ (5,381)	\$ — (4,748)	\$ —	\$ 178,076	\$ 2,808	\$ 16,125	\$ 1,186

(A) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, payment-in-kind ("PIK") interest or dividends, the amortization of discounts, reorganizations or restructurings and the movement at fair value of an existing portfolio company into this category from a different category.

(B) Gross redemptions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, reorganizations or restructurings and the movement of an existing portfolio company out of this category into a different category.

(25) Denotes investments in which the Company is in "Control", as defined in the 1940 Act, due to owning or holding the power to vote 25.0% or more of the outstanding voting securities of the investment. Fair value as of December 31, 2017 and December 31, 2016 along with transactions during the year ended December 31, 2017 in which the issuer was a controlled investment, is as follows:

Portfolio Company	Fair Value at December 31, 2016	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains (Losses)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2017	Interest Income	Dividend Income	Other Income
New Mountain Net Lease Corporation	\$ 27,000	\$—	\$ (27,000)	\$ —	\$—	\$—	\$—	\$—	\$—
NM APP CANADA CORP	—	7,345	—	—	617	7,962	—	911	—
NM APP US LLC	—	5,080	—	—	58	5,138	—	594	—
NM CLFX LP	—	12,538	—	—	—	12,538	—	341	—
NM DRVT LLC	—	5,152	—	—	233	5,385	—	520	—

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NM JRA LLC	—	2,043	—	—	148	2,191	—	232	—
NM KRLN LLC	—	7,510	—	—	685	8,195	—	736	—
NMFC Senior Loan Program II LLC	71,460	7,940	—	—	—	79,400	—	12,406	—
UniTek Global Services, Inc.	56,361	14,777	(4,006)	—	(2,539)	64,593	1,709	4,415	819
Total Controlled Investments	\$ 154,821	\$ 62,385	\$ (31,006)	\$ —	—\$ (798)	\$ 185,402	\$ 1,709	\$ 20,155	\$ 819

Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK (A) interest or dividends, the amortization of discounts, reorganizations or restructurings and the movement at fair value of an existing portfolio company into this category from a different category.

Gross redemptions include decreases in the cost basis of investments resulting from principal collections related to (B) investment repayments or sales, reorganizations or restructurings and the movement of an existing portfolio company out of this category into a different category.

* All or a portion of interest contains PIK interest.

Indicates assets that the Company deems to be “non-qualifying assets” under Section 55(a) of the 1940 Act.

** Qualifying assets must represent at least 70.0% of the Company’s total assets at the time of acquisition of any additional non-qualifying assets. As of December 31, 2017, 11.0% of the Company’s total investments were non-qualifying assets.

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

Investment Type	December 31, 2017	
	Percent of Total	Investments at Fair Value
First lien	37.99	%
Second lien	37.41	%
Subordinated	3.85	%
Equity and other	20.75	%
Total investments	100.00	%

Industry Type	December 31, 2017	
	Percent of Total	Investments at Fair Value
Business Services	31.85	%
Software	16.33	%
Healthcare Services	9.60	%
Education	9.48	%
Consumer Services	7.18	%
Distribution & Logistics	6.15	%
Investment Fund	5.61	%
Federal Services	4.30	%
Energy	4.06	%
Net Lease	2.27	%
Healthcare Information Technology	1.86	%
Packaging	0.79	%
Business Products	0.52	%
Total investments	100.00	%

Interest Rate Type	December 31, 2017	
	Percent of Total	Investments at Fair Value
Floating rates	87.48	%
Fixed rates	12.52	%
Total investments	100.00	%

The accompanying notes are an integral part of these consolidated financial statements.

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New Mountain Finance Corporation

September 30, 2018

(in thousands, except share data)

(unaudited)

Note 1. Formation and Business Purpose

New Mountain Finance Corporation ("NMFC" or the "Company") is a Delaware corporation that was originally incorporated on June 29, 2010 and completed its initial public offering ("IPO") on May 19, 2011. NMFC is 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"). NMFC has elected to be treated, and intends 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"). Since NMFC's IPO, and through September 30, 2018, NMFC raised approximately \$614,581 in net proceeds from additional offerings of its common stock.

New Mountain Finance Advisers BDC, L.L.C. (the "Investment Adviser") is a wholly-owned subsidiary of New Mountain Capital Group, L.P. (together with New Mountain Capital, L.L.C. and its affiliates, "New Mountain Capital") whose ultimate owners include Steven B. Klinsky and related other vehicles. 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 the Company's day-to-day operations and provides it with investment advisory and management services. New Mountain Finance Administration, L.L.C. (the "Administrator"), a wholly-owned subsidiary of New Mountain Capital, provides the administrative services necessary to conduct the Company's day-to-day operations.

The Company's wholly-owned subsidiary, New Mountain Finance Holdings, L.L.C. ("NMF Holdings"), is a Delaware limited liability company whose assets are used to secure NMF Holdings' credit facility. NMF Ancora Holdings Inc. ("NMF Ancora"), NMF QID NGL Holdings, Inc. ("NMF QID") and NMF YP Holdings Inc. ("NMF YP"), the Company's 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). The Company consolidates its 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 portfolio companies. Additionally, the Company has a wholly-owned subsidiary, New Mountain Finance Servicing, L.L.C. ("NMF Servicing"), that serves as the administrative agent on certain investment transactions. New Mountain Finance SBIC, L.P. ("SBIC I") and its general partner, New Mountain Finance SBIC G.P., L.L.C. ("SBIC I GP"), were organized in Delaware as a limited partnership and limited liability company, respectively. New Mountain Finance SBIC II, L.P. ("SBIC II") and its general partner, New Mountain Finance SBIC II G.P., L.L.C. ("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 consolidated wholly-owned direct and indirect subsidiaries of the Company. SBIC I and SBIC II received licenses from the United States ("U.S.") Small Business Administration (the "SBA") to operate as small business investment companies ("SBICs") under Section 301(c) of the Small Business Investment Act of 1958, as amended (the "1958 Act"). The Company's wholly-owned subsidiary, New Mountain Net Lease Corporation ("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.

The Company's 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 the Company to the risks associated with second lien and subordinated loans to the extent the Company invests in the “last out” tranche. In some cases, the Company’s investments may also include equity interests. The Company's 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 the Company, SBIC I's and SBIC II's investment objectives are to generate current income and capital appreciation under the investment criteria used by the Company. However, SBIC I and SBIC II investments must be in SBA eligible small businesses. The Company’s portfolio may be concentrated in a limited number of industries. As of September 30, 2018, the Company’s top five industry concentrations were business services, software, healthcare services, education and investment funds.

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Note 2. Summary of Significant Accounting Policies

Basis of accounting—The Company’s consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Company is an investment company following accounting and reporting guidance in Accounting Standards Codification Topic 946, Financial Services—Investment Companies, (“ASC 946”). NMFC consolidates its 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.

The Company’s consolidated financial statements reflect all adjustments and reclassifications which, in the opinion of management, are necessary for the fair presentation of the results of operations and financial condition for all periods presented. All intercompany transactions have been eliminated. Revenues are recognized when earned and expenses when incurred. The financial results of the Company’s portfolio investments are not consolidated in the financial statements.

The Company’s interim consolidated financial statements are prepared in accordance with GAAP and pursuant to the requirements for reporting on Form 10-Q and Article 6 or 10 of Regulation S-X. Accordingly, the Company’s interim consolidated financial statements do not include all of the information and notes required by GAAP for annual financial statements. 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 period, have been included. The current period’s results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending December 31, 2018.

Investments—The Company applies fair value accounting in accordance with GAAP. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments are reflected on the Company’s Consolidated Statements of Assets and Liabilities at fair value, with changes in unrealized gains and losses resulting from changes in fair value reflected in the Company’s Consolidated Statements of Operations as “Net change in unrealized appreciation (depreciation) of investments” and realizations on portfolio investments reflected in the Company’s Consolidated Statements of Operations as “Net realized gains (losses) on investments”.

The Company values its assets on a quarterly basis, or more frequently if required under the 1940 Act. In all cases, the Company’s board of directors is ultimately and solely responsible for determining the fair value of the 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 its portfolio investments require a fair value determination. Security transactions are accounted for on a trade date basis. The Company’s 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 threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below); and
 - b. For investments other than bonds, the Company looks at the number of quotes readily available and performs 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:

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- Each portfolio company or investment is initially valued by the investment professionals of the Investment Adviser
- a. responsible for the credit monitoring;
 - b. Preliminary valuation conclusions will then be documented and discussed with the Company's senior management; 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
 - c. which the Company does not have a readily available market quotation will be reviewed by an independent valuation firm engaged by the Company's board of directors; and
 - d. When deemed appropriate by the Company's 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 the Company's investments may fluctuate from period to period and the fluctuations could be material.

See Note 3. Investments, for further discussion relating to investments.

New Mountain Net Lease Corporation

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

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

Portfolio Company	Tenant	Lease Expiration Date	Location	Total Square Feet	Fair Value as of September 30, 2018
NM NL Holdings LP / NM GP Holdco LLC	FXI Inc.	6/30/2038	IN / MS / NM / OR / PA / Mexico	2,122	\$ 20,098
NM GLCR LP	Arctic Glacier U.S.A.	2/28/2038	CA	214	14,653
NM CLFX LP	Victor Equipment Company	8/31/2033	TX	423	12,540
NM KRLN LLC	Kirlin Group, LLC	6/30/2029	MD	95	8,554
NM APP Canada Corp.	A.P. Plasman, Inc.	9/30/2031	Canada	436	8,517
NM DRVT LLC	FMH Conveyors, LLC	10/31/2031	AR	195	5,547
NM APP US LLC	Plasman Corp, LLC / A-Brite LP	9/30/2033	AL / OH	261	5,401
NM JRA LLC	J.R. Automation Technologies, LLC	1/31/2031	MI	88	2,251
					\$ 77,561

Collateralized agreements or repurchase financings—The Company follows 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 September 30, 2018 and

December 31, 2017, the Company held one collateralized agreement to resell with a cost basis of \$30,000 and \$30,000, respectively, and a fair value of \$25,200 and \$25,212, 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 the Company at the par value of the collateralized agreement. The

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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 the Company, and therefore, the Company does 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 the Company's contractual rights under the collateralized agreement. The Company continues to exercise its rights under the collateralized agreement and continues 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.

Cash and cash equivalents—Cash and cash equivalents include cash and short-term, highly liquid investments. The Company defines cash equivalents as securities that are readily convertible into known amounts of cash and so near maturity that there is insignificant risk of changes in value. These securities have original maturities of three months or less. The Company did not hold any cash equivalents as of September 30, 2018 and December 31, 2017.

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. The Company has 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 are generally due at maturity or when redeemed by the issuer. For the three and nine months ended September 30, 2018, the Company recognized PIK and non-cash interest from investments of \$2,462 and \$6,074, respectively, and PIK and non-cash dividends from investments of \$7,236 and \$20,987, respectively. For the three and nine months ended September 30, 2017, the Company recognized PIK and non-cash interest from investments of \$1,552 and \$4,747, respectively, and PIK and non-cash dividends from investments of \$5,395 and \$11,713, 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. The Company 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 by the Company 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.

Interest and other financing expenses—Interest and other financing fees are recorded on an accrual basis by the Company. See Note 7. Borrowings, for details.

Deferred financing costs—The deferred financing costs of the Company consists of capitalized expenses related to the origination and amending of the Company's borrowings. The Company amortizes these costs into expense over the

stated life of the related borrowing. See Note 7. Borrowings, for details.

Deferred offering costs—The Company's deferred offering costs consists of fees and expenses incurred in connection with equity offerings and the filing of shelf registration statements. Upon the issuance of shares, offering costs are charged as a direct reduction to net assets. Deferred offering costs are included in other assets on the Company's Consolidated Statements of Assets and Liabilities.

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Income taxes—The Company has elected to be treated, and intends to comply with the requirements to qualify annually, as a RIC under Subchapter M of the Code. As a RIC, the Company is not subject to U.S. federal income tax on the portion of taxable income and gains timely distributed to its stockholders.

To continue to qualify and be subject to tax as a RIC, the Company is required to meet certain income and asset diversification tests in addition to distributing at least 90.0% of its investment company taxable income, as defined by the Code. Since U.S. federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences between taxable income and the results of operations for financial reporting purposes may be permanent or temporary in nature. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

For U.S. federal income tax purposes, distributions paid to stockholders of the Company are reported as ordinary income, return of capital, long term capital gains or a combination thereof.

The Company will be subject to a 4.0% nondeductible federal excise tax on certain undistributed income unless the Company distributes, in a timely manner as required by the Code, an amount at least equal to the sum of (1) 98.0% of its respective net ordinary income earned for the calendar year and (2) 98.2% of its respective capital gain net income for the one-year period ending October 31 in the calendar year.

Certain consolidated subsidiaries of the Company are subject to U.S. federal and state income taxes. These taxable entities are not consolidated for income tax purposes and may generate income tax liabilities or assets from permanent and temporary differences in the recognition of items for financial reporting and income tax purposes.

For the three and nine months ended September 30, 2018, the Company recognized a total income tax provision of approximately \$227 and \$1,272, respectively, for the Company's consolidated subsidiaries. For the three and nine months ended September 30, 2018, the Company recorded current income tax expense of approximately \$225 and \$286, respectively, and deferred income tax provision of approximately \$2 and \$986, respectively. For the three and nine months ended September 30, 2017, the Company recognized a total income tax (provision) benefit of approximately \$(500) and \$184, respectively, for the Company's consolidated subsidiaries. For the three and nine months ended September 30, 2017, the Company recorded current income tax expense of approximately \$106 and \$341, respectively, and deferred income tax (provision) benefit of approximately \$(394) and \$525, respectively.

As of September 30, 2018 and December 31, 2017, the Company had \$1,880 and \$894, respectively, of deferred tax liabilities primarily relating to deferred taxes attributable to certain differences between the computation of income for U.S. federal income tax purposes as compared to GAAP.

The Company has adopted the Income Taxes topic of the Accounting Standards Codification Topic 740 ("ASC 740"). ASC 740 provides guidance for income taxes, including how uncertain income tax positions should be recognized, measured, and disclosed in the financial statements. Based on its analysis, the Company has determined that there were no uncertain income tax positions that do not meet the more likely than not threshold through December 31, 2017. The 2014 through 2017 tax years remain subject to examination by the U.S. federal, state, and local tax authorities.

Distributions—Distributions to common stockholders of the Company are recorded on the record date as set by the board of directors. The Company intends to make distributions to its stockholders that will be sufficient to enable the Company to maintain its status as a RIC. The Company intends to distribute approximately all of its net investment income on a quarterly basis and substantially all of its taxable income on an annual basis, except that the Company may retain certain net capital gains for reinvestment.

The Company has adopted a dividend reinvestment plan that provides for reinvestment of any distributions declared on behalf of its stockholders, unless a stockholder elects to receive cash.

The Company applies the following in implementing the dividend reinvestment plan. If the price at which newly issued shares are to be credited to stockholders' accounts is equal to or greater than 110.0% of the last determined net asset value of the shares, the Company will use only newly issued shares to implement its dividend reinvestment plan. Under such circumstances, the number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the distribution payable to such stockholder by the market price per share of the Company's common

stock on the New York Stock Exchange (“NYSE”) on the distribution payment date. Market price per share on that date will be the closing price for such shares on the NYSE or, if no sale is reported for such day, the average of their electronically reported bid and ask prices.

If the price at which newly issued shares are to be credited to stockholders’ accounts is less than 110.0% of the last determined net asset value of the shares, the Company will either issue new shares or instruct the plan administrator to purchase shares in the open market to satisfy the additional shares required. Shares purchased in open market transactions by the plan

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administrator will be allocated to a stockholder based on the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased in the open market. The number of shares of the Company's common stock to be outstanding after giving effect to payment of the distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of the Company's stockholders have been tabulated.

Share repurchase program—On February 4, 2016, the Company's board of directors authorized a program for the purpose of repurchasing up to \$50,000 worth of the Company's common stock. Under the repurchase program, the Company was permitted, but was not obligated, to repurchase its outstanding common stock in the open market from time to time provided that it complied with the Company's code of ethics and the guidelines specified in Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including certain price, market volume and timing constraints. In addition, any repurchases were conducted in accordance with the 1940 Act. On December 29, 2017, the Company's board of directors extended the Company's repurchase program and the Company expects the repurchase program to be in place until the earlier of December 31, 2018 or until \$50,000 of its outstanding shares of common stock have been repurchased. During the three and nine months ended September 30, 2018 and September 30, 2017, the Company did not repurchase any shares of the Company's common stock. The Company previously repurchased \$2,948 of its common stock under the share repurchase program.

Earnings per share—The Company's earnings per share ("EPS") amounts have been computed based on the weighted-average number of shares of common stock outstanding for the period. Basic EPS is computed by dividing net increase (decrease) in net assets resulting from operations by the weighted average number of shares of common stock outstanding during the period of computation. Diluted EPS is computed by dividing net increase (decrease) in net assets resulting from operations by the weighted average number of shares of common stock assuming all potential shares had been issued, and its related net impact to net assets accounted for, and the additional shares of common stock were dilutive. Diluted EPS reflects the potential dilution, using the as-if-converted method for convertible debt, which could occur if all potentially dilutive securities were exercised.

Foreign securities—The accounting records of the Company are maintained in U.S. dollars. Investment securities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies on the respective dates of the transactions. The Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with "Net change in unrealized appreciation (depreciation) of investments" and "Net realized gains (losses) on investments" in the Company's Consolidated Statements of Operations.

Investments denominated in foreign currencies may be negatively affected by movements in the rate of exchange between the U.S. dollar and such foreign currencies. This movement is beyond the control of the Company and cannot be predicted.

Use of estimates—The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Company's consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Changes in the economic environment, financial markets, and other metrics used in determining these estimates could cause actual results to differ from the estimates used, and the differences could be material.

Dividend income recorded related to distributions received from flow-through investments is an accounting estimate based on the most recent estimate of the tax treatment of the distribution.

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Note 3. Investments

At September 30, 2018, the Company's investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	\$1,028,884	\$1,030,033
Second lien	687,760	681,910
Subordinated	69,680	64,606
Equity and other	474,692	518,210
Total investments	\$2,261,016	\$2,294,759

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Business Services	\$613,010	\$642,027
Software	437,013	444,057
Healthcare Services	346,218	332,185
Education	210,248	208,008
Investment Fund	169,200	169,200
Consumer Services	131,119	131,483
Energy	96,180	104,137
Federal Services	76,475	77,883
Net Lease	74,686	77,561
Distribution & Logistics	67,077	68,100
Healthcare Information Technology	14,716	14,925
Packaging	14,324	14,391
Business Products	10,750	10,802
Total investments	\$2,261,016	\$2,294,759

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At December 31, 2017, the Company's investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	\$688,696	\$693,563
Second lien	674,536	682,950
Subordinated	70,991	70,257
Equity and other	357,004	378,890
Total investments	\$1,791,227	\$1,825,660

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Business Services	\$566,344	\$581,434
Software	291,445	298,172
Healthcare Services	174,046	175,348
Education	176,399	173,072
Consumer Services	129,311	131,116
Distribution & Logistics	107,835	112,241
Investment Fund	102,400	102,400
Federal Services	77,001	78,433
Energy	69,411	74,124
Net Lease	39,668	41,409
Healthcare Information Technology	33,525	34,020
Packaging	14,309	14,391
Business Products	9,533	9,500
Total investments	\$1,791,227	\$1,825,660

During the second quarter of 2018, the Company placed a portion of its second lien position in National HME, Inc. on non-accrual status and wrote down the aggregate fair value of its preferred shares in TW-NHME Holdings Corp. (together with the Company's second lien position, "NHME") to \$0. As of September 30, 2018, the Company's investments in NHME had an aggregate cost basis of \$28,461, an aggregate fair value of \$13,650 and total unearned interest income of \$390 and \$797, respectively, for the three and nine months then ended.

During the first quarter of 2018, the Company placed its first lien positions in Education Management II LLC ("EDMC") on non-accrual status as EDMC announced its intention to wind down and liquidate the business. As of September 30, 2018, the Company's investment in EDMC placed on non-accrual status represented an aggregate cost basis of \$1,004, an aggregate fair value of \$44 and total unearned interest income of \$28 and \$117, respectively, for the three and nine months then ended.

During the first quarter of 2017, the Company placed its entire first lien notes position in Sierra Hamilton LLC / Sierra Hamilton Finance, Inc. ("Sierra") on non-accrual status due to its ongoing restructuring. As of June 30, 2017, the Company's investment in Sierra placed on non-accrual status represented an aggregate cost basis of \$27,231, an aggregate fair value of \$12,725 and total unearned interest income of \$1,388 for the six months then ended. In July 2017, Sierra completed a restructuring which resulted in a material modification of the original terms and an extinguishment of the Company's original investment in Sierra. Prior to the extinguishment in July 2017, the Company's original investment in Sierra had an aggregate cost of \$27,307, an aggregate fair value of \$12,858 and total unearned interest income of \$1,687. The extinguishment resulted in a realized loss of \$14,449. As a result of the restructuring, the Company received common shares in Sierra Hamilton Holding Corporation. As of September 30, 2018, the Company's investment has an aggregate cost basis of \$12,782 and an aggregate fair value of \$12,527. As of September 30, 2018, the Company had unfunded commitments on revolving credit facilities and bridge facilities of \$49,735 and \$0, respectively. As of September 30, 2018, the Company had unfunded commitments in the form of delayed draws or other future funding commitments of \$88,849. The unfunded commitments on revolving credit facilities and delayed draws are disclosed on the Company's Consolidated Schedule of Investments as of September 30, 2018.

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As of December 31, 2017, the Company had unfunded commitments on revolving credit facilities and bridge facilities of \$23,716 and \$0, respectively. As of December 31, 2017, the Company had unfunded commitments in the form of delayed draws or other future funding commitments of \$53,712. The unfunded commitments on revolving credit facilities and delayed draws are disclosed on the Company's Consolidated Schedule of Investments as of December 31, 2017.

PPVA Black Elk (Equity) LLC

On May 3, 2013, the Company entered into a collateralized securities purchase and put agreement (the "SPP Agreement") with a private hedge fund. Under the SPP Agreement, the Company purchased twenty million Class E Preferred Units of Black Elk Energy Offshore Operations, LLC ("Black Elk") for \$20,000 with a corresponding obligation of the private hedge fund to repurchase the preferred units for \$20,000 plus other amounts due under the SPP Agreement. The majority owner of Black Elk was the private hedge fund. In August 2014, the Company received a payment of \$20,540, the full amount due under the SPP Agreement.

In August 2017, a trustee (the "Trustee") for Black Elk informed the Company that the Trustee intended to assert a fraudulent conveyance claim (the "Claim") against the Company and one of its affiliates seeking the return of the \$20,540 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 the Company under the SPP Agreement. The Company was 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, the Company settled the Trustee's \$20,540 Claim for \$16,000 and filed a claim with the Cayman Islands joint official liquidators of the private hedge fund for \$16,000 that is owed to the Company under the SPP Agreement. The SPP Agreement was restored and is in effect since repayment has not been made. The Company continues to exercise its rights under the SPP Agreement and continues to monitor the liquidation process of the private hedge fund. During the nine months ended September 30, 2018, the Company received a \$1,500 payment from its insurance carrier in respect to the settlement. As of September 30, 2018, the SPP Agreement has a cost basis of \$14,500 and a fair value of \$12,180, which is reflective of the higher inherent risk in this transaction.

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 the Company. 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, interests are not readily marketable. SLP I operates under a limited liability company agreement (the "SLP I Agreement") and will continue in existence until August 31, 2021, 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. SLP I's re-investment period was through July 31, 2018. In September 2018, the re-investment period was extended until August 31, 2019. SLP I invests in senior secured loans issued by companies within the Company's core industry verticals. These investments are typically broadly syndicated first lien loans.

SLP I is capitalized with \$93,000 of capital commitments and \$265,000 of debt from a revolving credit facility and is managed by the Company. The Company's capital commitment is \$23,000, representing less than 25.0% ownership, with third party investors representing the remaining capital commitments. As of September 30, 2018, SLP I had total investments with an aggregate fair value of approximately \$328,645, debt outstanding of \$237,267 and capital that had been called and funded of \$93,000. As of December 31, 2017, SLP I had total investments with an aggregate fair value of approximately \$348,652, debt outstanding of \$223,667 and capital that had been called and funded of \$93,000. The Company's investment in SLP I is disclosed on the Company's Consolidated Schedule of Investments as of September 30, 2018 and December 31, 2017.

The Company, as an investment adviser registered under the Advisers Act, acts as the collateral manager to SLP I and is entitled to receive a management fee for its investment management services provided to SLP I. As a result, SLP I is classified as an affiliate of the Company. No management fee is charged on the Company's investment in SLP I in

connection with the administrative services provided to SLP I. For the three and nine months ended September 30, 2018, the Company earned approximately \$295 and \$891, respectively, in management fees related to SLP I, which is included in other income. For the three and nine months ended September 30, 2017, the Company earned approximately \$286 and \$865, respectively, in management fees related to SLP I, which is included in other income. As of September 30, 2018 and December 31, 2017, approximately \$295 and \$291, respectively, of management fees related to SLP I was included in receivable from affiliates. For the three and nine months ended September 30, 2018, the Company earned approximately \$787 and \$2,423, respectively, of dividend income related to SLP I, which is included in dividend income. For the three and nine months ended September 30, 2017, the Company earned approximately \$816 and \$2,662, respectively, of dividend income related to SLP I, which is included in dividend income. As of September 30, 2018 and December 31, 2017, approximately \$787 and \$836, respectively, of dividend income related to SLP I was included in interest and dividend receivable.

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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 the Company 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 the Company's 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 the Company 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 are 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 September 30, 2018, the Company and SkyKnight have committed and contributed \$79,400 and \$20,600, respectively, of equity to SLP II. The Company's investment in SLP II is disclosed on the Company's Consolidated Schedule of Investments as of September 30, 2018 and December 31, 2017.

On April 12, 2016, SLP II closed its \$275,000 revolving credit facility with Wells Fargo Bank, National Association, which matures on April 12, 2021 and bears interest at a rate of the London Interbank Offered Rate ("LIBOR") plus 1.75% per annum. Effective April 1, 2018, SLP II's revolving credit facility bears interest at a rate of LIBOR plus 1.60% per annum. As of September 30, 2018 and December 31, 2017, SLP II had total investments with an aggregate fair value of approximately \$353,281 and \$382,534, respectively, and debt outstanding under its credit facility of \$262,370 and \$266,270, respectively. As of September 30, 2018 and December 31, 2017, none of SLP II's investments were on non-accrual. Additionally, as of September 30, 2018 and December 31, 2017, SLP II had unfunded commitments in the form of delayed draws of \$8,753 and \$4,863, 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 September 30, 2018 and December 31, 2017:

	September 30, 2018	December 31, 2017
First lien investments (1)	360,933	386,100
Weighted average interest rate on first lien investments (2)	6.55 %	6.05 %
Number of portfolio companies in SLP II	32	35
Largest portfolio company investment (1)	17,183	17,369
Total of five largest portfolio company investments (1)	80,958	81,728

(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 II's portfolio as of September 30, 2018:

Portfolio Company and Type of Investment	Industry	Interest Rate (1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value (2)
Funded Investments - First lien:						
Access CIG, LLC	Business Services	5.99% (L + 3.75%)	2/27/2025	\$8,848	\$8,806	\$8,906
ADG, LLC	Healthcare Services	6.99% (L + 4.75%)	9/28/2023	16,905	16,778	16,651
Beaver-Visitec International Holdings, Inc.	Healthcare Products	6.39% (L + 4.00%)	8/21/2023	14,701	14,521	14,774
Brave Parent Holdings, Inc.	Software	6.39% (L + 4.00%)	4/18/2025	15,461	15,406	15,519
CentralSquare Technologies, LLC	Software	5.99% (L + 3.75%)	8/29/2025	15,000	14,963	15,070
CHA Holdings, Inc.	Business Services	6.89% (L + 4.50%)	4/10/2025	9,832	9,786	9,906
CommerceHub, Inc.	Software	5.99% (L + 3.75%)	5/21/2025	2,493	2,482	2,503
Drilling Info Holdings, Inc.	Business Services	6.54% (L + 4.25%)	7/30/2025	11,250	11,202	11,237
FPC Holdings, Inc.	Distribution & Logistics	6.74% (L + 4.50%)	11/18/2022	14,925	14,517	15,069
Greenway Health, LLC	Software	6.14% (L + 3.75%)	2/16/2024	14,812	14,753	14,832
Idera, Inc.	Software	6.75% (L + 4.50%)	6/28/2024	12,523	12,416	12,644
J.D. Power (fka J.D. Power and Associates)	Business Services	6.49% (L + 4.25%)	9/7/2023	13,256	13,213	13,344
Keystone Acquisition Corp.	Healthcare Services	7.64% (L + 5.25%)	5/1/2024	5,346	5,301	5,383
LSCS Holdings, Inc.	Healthcare Services	6.63% (L + 4.25%)	3/17/2025	5,321	5,312	5,321
LSCS Holdings, Inc.	Healthcare Services	6.52% (L + 4.25%)	3/17/2025	1,374	1,371	1,374
Market Track, LLC	Business Services	6.64% (L + 4.25%)	6/5/2024	11,850	11,800	11,835
Medical Solutions Holdings, Inc.	Healthcare Services	5.99% (L + 3.75%)	6/14/2024	4,443	4,424	4,459
Ministry Brands, LLC	Software	6.24% (L + 4.00%)	12/2/2022	2,121	2,113	2,121
Ministry Brands, LLC	Software	6.24% (L + 4.00%)	12/2/2022	303	301	303
Ministry Brands, LLC	Software	6.24% (L + 4.00%)	12/2/2022	12,316	12,267	12,316
Navicure, Inc.	Healthcare Services	5.99% (L + 3.75%)	11/1/2024	2,928	2,915	2,942
	Software		5/25/2025	7,500	7,464	7,523

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NorthStar Financial Services Group, LLC		5.56% (L + 3.50%)					
Pathway Vet Alliance LLC (fka Pathway Partners Vet Management Company LLC)	Consumer Services	6.49% (L + 4.25%)	10/10/2024	286	284	286	
Pathway Vet Alliance LLC (fka Pathway Partners Vet Management Company LLC)	Consumer Services	6.49% (L + 4.25%)	10/10/2024	9,630	9,586	9,654	
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	7.64% (L + 5.25%)	4/29/2024	10,369	10,325	10,317	
Poseidon Intermediate, LLC	Software	6.50% (L + 4.25%)	8/15/2022	14,767	14,764	14,841	
Premise Health Holding Corp.	Healthcare Services	6.14% (L + 3.75%)	7/10/2025	1,390	1,383	1,397	
Project Accelerate Parent, LLC	Business Services	6.37% (L + 4.25%)	1/2/2025	14,925	14,856	15,018	
PSC Industrial Holdings Corp.	Industrial Services	5.91% (L + 3.75%)	10/11/2024	10,421	10,329	10,467	
Quest Software US Holdings Inc.	Software	6.57% (L + 4.25%)	5/16/2025	15,000	14,928	15,060	
Salient CRGT Inc.	Federal Services	7.99% (L + 5.75%)	2/28/2022	13,603	13,505	13,807	
Sierra Acquisition, Inc.	Food & Beverage	5.99% (L + 3.75%)	11/11/2024	3,722	3,705	3,754	
SSH Group Holdings, Inc.	Education	6.59% (L + 4.25%)	7/30/2025	9,000	8,978	9,090	
WP CityMD Bidco LLC	Healthcare Services	5.89% (L + 3.50%)	6/7/2024	14,850	14,819	14,831	
YI, LLC	Healthcare Services	6.39% (L + 4.00%)	11/7/2024	1,457	1,462	1,457	
YI, LLC	Healthcare Services	6.39% (L + 4.00%)	11/7/2024	12,069	12,059	12,069	
Zywave, Inc.	Software	7.34% (L + 5.00%)	11/17/2022	17,183	17,120	17,183	
Total Funded Investments				\$ 352,180	\$ 350,214	\$ 353,263	
Unfunded Investments - First lien:							
Access CIG, LLC	Business Services	—	2/27/2019	\$ 1,108	\$—	\$ 7	
CHA Holdings, Inc.	Business Services	—	10/10/2019	2,143	(11)	16	
Drilling Info Holdings, Inc.	Business Services	—	7/30/2020	2,249	(10)	(6)	
Ministry Brands, LLC	Software	—	10/18/2019	1,566	(8)	—	
Premise Health Holding Corp.	Healthcare Services	—	7/10/2020	110	—	1	
YI, LLC	Healthcare Services	—	11/7/2018	1,577	(8)	—	
Total Unfunded Investments				\$ 8,753	\$(37)	\$ 18	
Total Investments				\$ 360,933	\$ 350,177	\$ 353,281	

(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 September 30, 2018.

Represents the fair value in accordance with Accounting Standards Codification Topic 820, Fair Value (2) Measurements and Disclosures (“ASC 820”). The Company's 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	Cost	Fair Value (2)
Funded Investments - First lien						
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	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

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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
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
Total Funded Investments				\$381,237	\$379,098	\$382,529
Unfunded Investments - First lien						
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)
Total Unfunded Investments				\$4,863	\$(23)	\$5
Total Investments				\$386,100	\$379,075	\$382,534

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.

(1) Represents the fair value in accordance with ASC 820. The Company's 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 September 30, 2018 and December 31, 2017 and for the three and nine months ended September 30, 2018 and September 30, 2017:

Selected Balance Sheet Information:	September 30, December 31,			
	2018	2017		
Investments at fair value (cost of \$350,177 and \$379,075, respectively)	\$ 353,281	\$ 382,534		
Cash and other assets	17,417	8,065		
Total assets	\$ 370,698	\$ 390,599		
Credit facility	\$ 262,370	\$ 266,270		
Deferred financing costs	(1,526)	(1,966)		
Payable for unsettled securities purchased	—	15,964		
Distribution payable	3,500	3,500		
Other liabilities	2,722	2,891		
Total liabilities	267,066	286,659		
Members' capital	\$ 103,632	\$ 103,940		
Total liabilities and members' capital	\$ 370,698	\$ 390,599		
Selected Statement of Operations Information:	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Interest income	\$6,358	\$ 5,858	\$18,122	\$ 16,661
Other income	39	27	97	343
Total investment income	6,397	5,885	18,219	17,004
Interest and other financing expenses	2,686	2,185	7,667	6,108
Other expenses	140	159	504	533
Total expenses	2,826	2,344	8,171	6,641
Net investment income	3,571	3,541	10,048	10,363
Net realized gains on investments	125	223	758	2,145
Net change in unrealized appreciation (depreciation) of investments	(75)	88	(355)	(553)
Net increase in members' capital	\$3,621	\$ 3,852	\$10,451	\$ 11,955

For the three and nine months ended September 30, 2018, the Company earned approximately \$2,779 and \$8,543, respectively, of dividend income related to SLP II, which is included in dividend income. For the three and nine months ended September 30, 2017, the Company earned approximately \$3,017 and \$9,627, respectively, of dividend income related to SLP II, which is included in dividend income. As of September 30, 2018 and December 31, 2017, approximately \$2,779 and \$2,779, respectively, of dividend income related to SLP II was included in interest and dividend receivable.

The Company has determined that SLP II is an investment company under ASC 946; however, in accordance with such guidance the Company will generally not consolidate its 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 making authority, it is not appropriate for one member to consolidate the joint venture since neither has control. Accordingly, the Company does 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 the

Company 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 Company's core industry verticals. These investments are typically broadly syndicated first lien loans. All investment

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decisions must be unanimously approved by the board of managers of SLP III, which has equal representation from the Company 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 September 30, 2018, the Company and SkyKnight II have committed \$80,000 and \$20,000, respectively, of equity to SLP III. As of September 30, 2018, the Company and SkyKnight II have contributed \$66,800 and \$16,700, respectively, of equity to SLP III. The Company's investment in SLP III is disclosed on the Company's Consolidated Schedule of Investments as of September 30, 2018.

On May 2, 2018, SLP III closed its \$300,000 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 September 30, 2018, SLP III had total investments with an aggregate fair value of approximately \$322,246 and debt outstanding under its credit facility of \$218,800. As of September 30, 2018, none of SLP III's investments were on non-accrual. Additionally, as of September 30, 2018, SLP III had unfunded commitments in the form of delayed draws of \$15,171. Below is a summary of SLP III's portfolio, along with a listing of the individual investments in SLP III's portfolio as of September 30, 2018:

	September 30, 2018
First lien investments (1)	336,383
Weighted average interest rate on first lien investments (2)	6.16 %
Number of portfolio companies in SLP III	34
Largest portfolio company investment (1)	19,000
Total of five largest portfolio company investments (1)	82,959

(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 September 30, 2018:

Portfolio Company and Type of Investment	Industry	Interest Rate (1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value (2)
Funded Investments - First lien						
Access CIG, LLC	Business Services	5.99% (L + 3.75%)	2/27/2025	\$ 1,219	\$1,219	\$1,227
Affordable Care Holding Corp.	Healthcare Services	7.04% (L + 4.75%)	10/24/2022	1,028	1,033	1,032
Bracket Intermediate Holding Corp.	Healthcare Services	6.57% (L + 4.25%)	9/5/2025	15,000	14,925	15,000
Brave Parent Holdings, Inc.	Software	6.39% (L + 4.00%)	4/18/2025	14,964	14,911	15,019
CentralSquare Technologies, LLC	Software	5.99% (L + 3.75%)	8/29/2025	15,000	14,963	15,070
Certara Holdco, Inc.	Healthcare I.T.	5.89% (L + 3.50%)	8/15/2024	1,279	1,284	1,283
CommerceHub, Inc.	Software	5.99% (L + 3.75%)	5/21/2025	14,964	14,892	15,019
CRCI Longhorn Holdings, Inc.	Business Services	5.62% (L + 3.50%)	8/8/2025	15,001	14,927	15,042
Dentalcorp Perfect Smile ULC	Healthcare Services	5.99% (L + 3.75%)	6/6/2025	11,971	11,941	12,082
Dentalcorp Perfect Smile ULC	Healthcare Services	5.99% (L + 3.75%)	6/6/2025	749	753	756
Drilling Info Holdings, Inc.	Business Services	6.54% (L + 4.25%)	7/30/2025	16,499	16,417	16,478
Financial & Risk US Holdings, Inc.	Business Services	6.01% (L + 3.75%)	10/1/2025	8,000	7,980	7,992
Greenway Health, LLC	Software	6.14% (L + 3.75%)	2/16/2024	14,858	14,869	14,877
Heartland Dental, LLC	Healthcare Services	5.99% (L + 3.75%)	4/30/2025	16,480	16,402	16,508
Idera, Inc.	Software	6.76% (L + 4.50%)	6/28/2024	2,294	2,294	2,322
Market Track, LLC	Business Services	6.64% (L + 4.25%)	6/5/2024	4,839	4,833	4,833
Ministry Brands, LLC	Software	6.24% (L + 4.00%)	12/2/2022	4,607	4,586	4,607
Ministry Brands, LLC	Software	6.24% (L + 4.00%)	12/2/2022	303	301	303
National Intergovernmental Purchasing Alliance Company	Business Services	6.14% (L + 3.75%)	5/23/2025	14,963	14,949	15,019
Navex Topco, Inc.	Software	5.37% (L + 3.25%)	9/5/2025	15,000	14,925	15,006
Navicure, Inc.	Healthcare Services	5.99% (L + 3.75%)	11/1/2024	2,992	2,992	3,007
Netsmart Technologies, Inc.	Healthcare I.T.		4/19/2023	10,464	10,464	10,543

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		5.99% (L + 3.75%)					
Newport Group Holdings II, Inc.	Business Services	5.90% (L + 3.75%)	9/12/2025	5,000	4,975	5,019	
NorthStar Financial Services Group, LLC	Software	5.56% (L + 3.50%)	5/25/2025	15,000	14,928	15,047	
OEConnection LLC	Business Services	6.25% (L + 4.00%)	11/22/2024	1,834	1,848	1,844	
Pathway Vet Alliance LLC	Consumer Services	6.49% (L + 4.25%)	10/10/2024	1,333	1,326	1,336	
Pelican Products, Inc.	Business Products	5.60% (L + 3.50%)	5/1/2025	4,988	4,976	4,999	
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	7.64% (L + 5.25%)	4/29/2024	12,628	12,565	12,565	
Premise Health Holding Corp.	Healthcare Services						