UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

COMMISSION FILE NUMBER: 1-33901

Oaktree Specialty Lending Corporation

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods as the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☑ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☐ NO ☐

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

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 Act) YES ☐ NO ☑

The registrant had 140,960,651 shares of common stock outstanding as of August 7, 2018.

OAKTREE SPECIALTY LENDING CORPORATION
FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2018

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PART I — FINANCIAL INFORMATION

Item 1. ***Consolidated Financial Statements.***

Oaktree Specialty Lending Corporation

Consolidated Statements of Assets and Liabilities
(in thousands, except per share amounts)

	June 30, 2018 (unaudited)	September 30, 2017
ASSETS		
Investments at fair value:		
Control investments (cost June 30, 2018: $266,097; cost September 30, 2017: $444,826)	$ 223,421	$ 305,271
Affiliate investments (cost June 30, 2018: $1,080; cost September 30, 2017: $33,743)	2,161	36,983
Non-control/Non-affiliate investments (cost June 30, 2018: $1,416,632; cost September 30, 2017: $1,279,096)	1,294,936	1,199,501
Total investments at fair value (cost June 30, 2018: $1,683,809; cost September 30, 2017: $1,757,665)	**1,520,518**	**1,541,755**
Cash and cash equivalents	56,615	53,018
Restricted cash	499	6,895
Interest, dividends and fees receivable	8,102	6,892
Due from portfolio companies	15,757	5,670
Receivables from unsettled transactions	22,538	—
Deferred financing costs	5,620	1,304
Other assets	3,108	514
Total assets	**$ 1,632,757**	**$ 1,616,048**
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 2,714	$ 2,417
Base management fee and Part I incentive fee payable	7,094	6,750
Due to affiliate	4,230	1,815
Interest payable	6,338	3,167
Amounts payable to syndication partners	301	1
Director fees payable	—	184
Payables from unsettled transactions	166,903	58,691
Credit facilities payable	211,000	255,995
Unsecured notes payable (net of $3,851 and $4,737 of unamortized financing costs as of June 30, 2018 and September 30, 2017, respectively)	386,132	406,115
Secured borrowings at fair value (proceeds June 30, 2018: $12,623; proceeds September 30, 2017: $13,489)	9,950	13,256
Total liabilities	**794,662**	**748,391**
Commitments and contingencies (Note 15)		
Net assets:		
Common stock, $0.01 par value, 250,000 shares authorized; 140,961 shares issued and outstanding as of June 30, 2018 and September 30, 2017	1,409	1,409
Additional paid-in-capital	1,579,278	1,579,278
Net unrealized depreciation on investments, secured borrowings and foreign currency	(160,267)	(215,677)
Net realized loss on investments, secured borrowings and unsecured notes payable	(563,004)	(478,010)
Accumulated overdistributed net investment income	(19,321)	(19,343)
Total net assets (equivalent to $5.95 and $6.16 per common share as of June 30, 2018 and September 30, 2017, respectively) (Note 12)	**838,095**	**867,657**
Total liabilities and net assets	**$ 1,632,757**	**$ 1,616,048**

See notes to Consolidated Financial Statements.

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

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Interest income:				
Control investments	$ 2,737	$ 3,710	$ 9,011	$ 11,104
Affiliate investments	161	977	2,027	2,961
Non-control/Non-affiliate investments	23,629	33,892	71,727	106,409
Interest on cash and cash equivalents	107	214	440	497
Total interest income	**26,634**	**38,793**	**83,205**	**120,971**
PIK interest income:				
Control investments	1,045	1,523	3,446	5,445
Affiliate investments	52	195	416	592
Non-control/Non-affiliate investments	360	855	1,408	2,928
Total PIK interest income	**1,457**	**2,573**	**5,270**	**8,965**
Fee income:				
Control investments	697	307	945	929
Affiliate investments	—	12	48	741
Non-control/Non-affiliate investments	1,728	2,085	6,405	7,155
Total fee income	**2,425**	**2,404**	**7,398**	**8,825**
Dividend and other income:				
Control investments	1,331	1,080	4,629	3,384
Non-control/Non-affiliate investments	—	67	—	87
Total dividend and other income	**1,331**	**1,147**	**4,629**	**3,471**
Total investment income	**31,847**	**44,917**	**100,502**	**142,232**
Expenses:				
Base management fee	5,909	7,912	16,885	24,561
Part I incentive fee	2,733	3,482	6,810	10,713
Professional fees	924	952	4,837	3,739
Board of Directors fees	154	205	507	595
Interest expense	8,291	11,262	26,405	37,163
Administrator expense	466	407	1,351	1,557
General and administrative expenses	488	1,367	2,326	4,154
Loss on legal settlements	—	—	—	3
Total expenses	**18,965**	**25,587**	**59,121**	**82,485**
Fees waived	(1,548)	(60)	(1,634)	(182)
Insurance recoveries	—	—	—	(1,259)
Net expenses	**17,417**	**25,527**	**57,487**	**81,044**
Net investment income	**14,430**	**19,390**	**43,015**	**61,188**
Unrealized appreciation (depreciation) on investments and foreign currency:				
Control investments	97,000	(2,479)	89,825	12,030
Affiliate investments	72	(839)	(2,159)	(1,501)
Non-control/Non-affiliate investments	1,810	(9,953)	(34,696)	8,368
Net unrealized appreciation (depreciation) on investments and foreign currency	**98,882**	**(13,271)**	**52,970**	**18,897**
Net unrealized (appreciation) depreciation on secured borrowings	**377**	**124**	**2,440**	**(294)**
Realized gain (loss) on investments and secured borrowings:				
Control investments	(91,470)	(13,058)	(91,470)	(58,994)
Affiliate investments	—	—	2,048	—
Non-control/Non-affiliate investments	2,033	758	4,548	(92,295)
Net realized loss on investments and secured borrowings	**(89,437)**	**(12,300)**	**(84,874)**	**(151,289)**
Redemption premium on unsecured notes payable	—	—	(120)	—
Net increase (decrease) in net assets resulting from operations	**$ 24,252**	**$ (6,057)**	**$ 13,431**	**$ (71,498)**
Net investment income per common share — basic and diluted	**$ 0.10**	**$ 0.14**	**$ 0.31**	**$ 0.43**
Earnings (loss) per common share — basic and diluted (Note 5)	**$ 0.17**	**$ (0.04)**	**$ 0.10**	**$ (0.50)**
Weighted average common shares outstanding — basic and diluted	140,961	140,961	140,961	141,599
Distributions per common share	**$ 0.095**	**$ 0.02**	**$ 0.305**	**$ 0.34**

See notes to Consolidated Financial Statements.

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

	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Operations:		
Net investment income	$ 43,015	$ 61,188
Net unrealized appreciation on investments	52,970	18,897
Net unrealized (appreciation) depreciation on secured borrowings	2,440	(294)
Net realized loss on investments and secured borrowings	(84,874)	(151,289)
Redemption premium on unsecured notes payable	(120)	—
Net increase (decrease) in net assets resulting from operations	**13,431**	**(71,498)**
Stockholder transactions:		
Contributions from stockholders	—	287
Distributions to stockholders	(42,993)	(47,827)
Net decrease in net assets from stockholder transactions	**(42,993)**	**(47,540)**
Capital share transactions:		
Issuance of common stock under dividend reinvestment plan	1,239	2,264
Repurchases of common stock under dividend reinvestment program	(1,239)	(2,264)
Repurchases of common stock under stock repurchase program	—	(12,500)
Net decrease in net assets from capital share transactions	**—**	**(12,500)**
Total decrease in net assets	**(29,562)**	**(131,538)**
Net assets at beginning of period	867,657	1,142,288
Net assets at end of period	**$ 838,095**	**$ 1,010,750**
Net asset value per common share	**$ 5.95**	**$ 7.17**
Common shares outstanding at end of period	140,961	140,961

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Operating activities:		
Net increase (decrease) in net assets resulting from operations	$ 13,431	$ (71,498)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by operating activities:		
Net unrealized appreciation on investments	(52,970)	(18,897)
Net unrealized appreciation (depreciation) on secured borrowings	(2,440)	294
Net realized loss on investments and secured borrowings	84,874	151,289
Redemption premium on unsecured notes payable	120	—
PIK interest income, net of PIK interest income collected	(3,977)	(4,966)
Non-cash fee income	—	(189)
Accretion of original issue discount on investments	(4,779)	(10,077)
Accretion of original issue discount on unsecured notes payable	198	200
Amortization of deferred financing costs	2,745	3,234
Purchases of investments and net revolver activity	(836,885)	(400,295)
Principal payments received on investments (scheduled payments)	28,222	21,326
Principal payments received on investments (payoffs)	594,379	577,909
Proceeds from the sale of investments	212,374	58,853
Changes in operating assets and liabilities:		
(Increase) decrease in restricted cash	6,396	(2,614)
(Increase) decrease in interest, dividends and fees receivable	(1,210)	7,410
Increase in due from portfolio companies	(10,087)	(2,410)
(Increase) decrease in receivables from unsettled transactions	(22,538)	5,346
Decrease in insurance recoveries receivable	—	19,729
Increase in other assets	(2,594)	(1,463)
Increase in accounts payable, accrued expenses and other liabilities	297	450
Increase (decrease) in base management fee and Part I incentive fee payable	344	(6,873)
Increase (decrease) in due to affiliate	2,415	(834)
Increase in interest payable	3,171	4,317
Increase in payables from unsettled transactions	108,212	17,515
Decrease in director fees payable	(184)	(362)
Decrease in legal settlements payable	—	(19,500)
Increase (decrease) in amounts payable to syndication partners	300	(754)
Net cash provided by operating activities	**119,814**	**327,140**
Financing activities:		
Contributions received in cash	—	287
Distributions paid in cash	(41,754)	(45,563)
Repayments of borrowings under SBA debentures payable	—	(65,300)
Borrowings under credit facilities	309,000	219,082
Repayments of borrowings under credit facilities	(353,995)	(389,882)
Repurchase of unsecured notes	(21,188)	—
Repayments of secured borrowings	(866)	(5,119)
Repurchases of common stock under stock repurchase program	—	(12,500)
Repurchases of common stock under dividend reinvestment plan	(1,239)	(2,264)
Deferred financing costs paid	(6,175)	(182)
Net cash used by financing activities	**(116,217)**	**(301,441)**
Net increase in cash and cash equivalents	**3,597**	**25,699**
Cash and cash equivalents, beginning of period	53,018	117,923
Cash and cash equivalents, end of period	**$ 56,615**	**$ 143,622**
Supplemental information:		
Cash paid for interest	$ 20,291	$ 29,413
Non-cash operating activities:		
Purchases of investments from restructurings	$ —	$ (165,759)
Proceeds from investment restructurings	$ —	$ 165,759
Non-cash financing activities:		
Issuance of shares of common stock under dividend reinvestment plan	$ 1,239	$ 2,264

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
June 30, 2018
(dollar amounts in thousands)
(unaudited)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Control Investments (3)(15)					
First Star Bermuda Aviation Limited (11)(16)		Airlines			
First Lien Term Loan, 9% cash 3% PIK due 8/19/2018			$ 11,868	$ 11,563	$ 11,868
100% equity interest (6)				5,192	5,646
				16,755	**17,514**
First Star Speir Aviation Limited (11)(16)		Airlines			
First Lien Term Loan, 9% cash due 12/15/2020			32,510	24,686	32,510
100% equity interest (6)				8,500	4,385
				33,186	**36,895**
Keypath Education, Inc. (26)		Advertising			
First Lien Term Loan, LIBOR+7% (1% floor) cash due 4/3/2022 (13)	9.33%		19,960	19,960	19,960
First Lien Revolver, LIBOR+7% (1% floor) cash due 4/3/2022 (13)	9.33%		—	—	—
9,073 Class A Units in FS AVI Holdco, LLC				10,648	7,984
				30,608	**27,944**
New IPT, Inc.		Oil & gas equipment services			
First Lien Term Loan, LIBOR+5% (1% floor) cash due 3/17/2021 (13)	7.33%		4,107	4,107	4,107
Second Lien Term Loan, LIBOR+5.1% (1% floor) cash due 9/17/2021 (13)	7.43%		1,753	1,753	1,753
First Lien Revolver, LIBOR+5% (1% floor) cash due 3/17/2021 (13)	7.33%		1,009	1,009	1,009
50.087 Class A Common Units in New IPT Holdings, LLC				—	2,291
				6,869	**9,160**
Senior Loan Fund JV I, LLC (11)(17)(18)		Multi-sector holdings			
Class A Mezzanine Secured Deferrable Floating Rate Notes due 2036 in SLF Repack Issuer 2016 LLC (13)	7.93%		100,444	100,444	100,444
Class B Mezzanine Secured Deferrable Fixed Rate Notes, 10% cash due 2036 in SLF Repack Issuer 2016 LLC			29,532	29,532	29,532
87.5% LLC equity interest (6)(25)				16,172	1,932
				146,148	**131,908**
TransTrade Operators, Inc.		Air freight & logistics			
First Lien Term Loan, 5% cash due 12/31/2017 (22)(24)			15,973	15,574	—
First Lien Revolver, 8% cash due 12/31/2017 (22)(24)			7,757	7,757	—
596.67 Series A Common Units				—	—
4,000 Series A Preferred Units in TransTrade Holdings LLC				4,000	—
5,200,000 Series B Preferred Units in TransTrade Holdings LLC				5,200	—
				32,531	—
Total Control Investments (26.7% of net assets)				**$ 266,097**	**$ 223,421**
Affiliate Investments (4)					
Caregiver Services, Inc.		Healthcare services			
1,080,399 Shares of Series A Preferred Stock, 10%				$ 1,080	$ 2,161
				1,080	**2,161**
Total Affiliate Investments (0.3% of net assets)				**$ 1,080**	**$ 2,161**

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
June 30, 2018
(dollar amounts in thousands)
(unaudited)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Non-Control/Non-Affiliate Investments (7)					
4 Over International, LLC		Commercial printing			
First Lien Term Loan, LIBOR+6% (1% floor) cash due 6/7/2022 (13)	7.98%		$ 5,953	$ 5,900	$ 5,952
First Lien Revolver, LIBOR+6% (1% floor) cash due 6/7/2021 (10)(13)	7.98%			(17)	—
				5,883	**5,952**
99 Cents Only Stores LLC		General merchandise stores			
First Lien Term Loan LIBOR+5% cash 1.5% PIK due 1/13/2022 (13)(21)	7.32%		23,801	22,861	22,631
				22,861	**22,631**
Access CIG LLC		Diversified support services			
Second Lien Term Loan, LIBOR+7.75% cash due 2/14/2026 (13)(21)	9.84%		14,235	14,114	14,283
Second Lien Delayed Draw Term Loan, LIBOR+7.75% cash due 2/14/2026 (13)(21)	9.84%			—	2
				14,114	**14,285**
ACON Equity Partners III, LP		Multi-sector holdings			
0.13% limited partnership interest (11)(25)				653	680
				653	**680**
Aden & Anais Merger Sub, Inc.		Apparel, accessories & luxury goods			
51,645 Common Units in Aden & Anais Holdings, Inc.				5,165	—
				5,165	**—**
Advanced Pain Management		Healthcare services			
First Lien Term Loan, LIBOR+8.5% (1.25% floor) cash due 8/31/2018 (13)(22)	10.67%		24,654	22,596	—
				22,596	**—**
AdVenture Interactive, Corp. (26)		Advertising			
9,073 shares of common stock				13,611	6,557
				13,611	**6,557**
AI Ladder (Luxembourg) Subco S.a.r.l		Electrical components & equipment			
First Lien Term Loan B, LIBOR+4.5% cash due 5/4/2025 (11)(13)(21)	6.82%		40,000	38,800	39,933
				38,800	**39,933**
AirStrip Technologies, Inc.		Internet software & services			
22,858.71 Series C-1 Preferred Stock Warrants (exercise price $34.99757) expiration date 5/11/2025				90	—
				90	**—**
Airxcel, Inc.		Household appliances			
First Lien Term Loan, LIBOR+4.5% cash due 4/28/2025 (13)(21)	6.59%		8,000	7,922	7,990
				7,922	**7,990**
Algeco Scotsman Global Finance Plc		Construction & engineering			
Fixed Rate Bond 10% cash due 8/15/2023 (11)(21)			15,000	14,522	15,188
Fixed Rate Bond 8% cash due 2/15/2023 (11)(21)			16,000	15,893	16,320
				30,415	**31,508**
Allen Media LLC		Movies & entertainment			
First Lien Term Loan, LIBOR+9.25% (1% floor) cash due 3/22/2025 (13)	11.34%		63,015	61,502	61,755
				61,502	**61,755**
Allied Universal Holdco LLC		Security & alarm services			
First Lien Term Loan, LIBOR+3.75% (1% floor) cash due 7/28/2022 (13)(21)	5.84%		11,878	11,944	11,724
Second Lien Term Loan, LIBOR+8.5% (1% floor) cash due 7/28/2023 (13)(21)	10.60%		1,149	1,168	1,143
				13,112	**12,867**

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation
Consolidated Schedule of Investments
June 30, 2018
(dollar amounts in thousands)
(unaudited)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Altice Finco SA		Integrated telecommunication services			
Fixed Rate Bond 8.125% cash due 1/15/2024 (11)(21)			$ 3,000	$ 3,056	$ 3,000
Fixed Rate Bond 7.625% cash due 2/15/2025 (11)(21)			2,000	2,014	1,793
				5,070	**4,793**
Ancile Solutions, Inc.		Internet software & services			
First Lien Term Loan, LIBOR+7% (1% floor) cash due 6/30/2021 (13)	9.33%		9,715	9,545	9,647
				9,545	**9,647**
Aptos, Inc.		Data processing & outsourced services			
First Lien Term Loan B, LIBOR+6.75% (1% floor) cash due 9/1/2022 (13)	8.84%		5,342	5,266	5,288
				5,266	**5,288**
APX Group Inc		Electrical components & equipment			
Fixed Rate Bond 6.375% cash due 12/1/2019 (21)			6,904	6,880	6,921
				6,880	**6,921**
Aretec Group Inc		Investment banking & brokerage			
Second Lien Exit Term Loan, LIBOR+5.5% (1% Floor) cash due 5/23/2021 (13)(21)	6.50%		15,266	15,323	15,323
				15,323	**15,323**
Asset International, Inc.		Research & consulting services			
Second Lien Term Loan LIBOR+9.25% (1% floor) cash due 6/29/2025 (13)	11.58%		15,000	14,679	14,842
				14,679	**14,842**
Asurion, LLC		Property & casualty insurance			
First Lien Term Loan B2, LIBOR+6.5% (1% floor) cash due 8/4/2025 (13)(21)	8.59%		22,000	21,945	22,358
				21,945	**22,358**
Avantor Inc.		Commodity chemicals			
Fixed Rate Bond 6% cash due 10/1/2024 (21)			8,000	7,982	7,934
Fixed Rate Bond 9% cash due 10/1/2025 (21)			3,000	2,971	3,030
				10,953	**10,964**
BeyondTrust Holdings LLC		Application software			
3.01% Class A membership interests				4,500	5,979
				4,500	**5,979**
Blackhawk Network Holdings, Inc.		Data processing & outsourced services			
Second Lien Term Loan, LIBOR+7% (1% Floor) cash due 6/15/2026 (13)(21)	9.13%		26,250	25,969	26,524
				25,969	**26,524**
Blueline Rental Finance Corp		Industrial machinery			
Fixed Rate Bond 9.25% cash due 3/15/2024 (21)			5,000	5,354	5,332
				5,354	**5,332**
BMC Software Finance, Inc.		Internet software & services			
First Lien Term Loan, LIBOR+3.25% (1% floor) cash due 9/10/2022 (13)(21)	5.34%		16,750	16,849	16,718
				16,849	**16,718**
Cablevision Systems Corp.		Integrated telecommunication services			
Fixed Rate Bond 10.875% cash due 10/15/2025 (11)(21)			5,897	6,983	6,813
				6,983	**6,813**

See notes to Consolidated Financial Statements.

(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
California Pizza Kitchen, Inc.		Restaurants			
First Lien Term Loan, LIBOR+6% (1% floor) cash due 8/23/2022 (13) (21)	8.10%		$ 4,913	$ 4,873	$ 4,822
				4,873	**4,822**
Cenegenics, LLC		Healthcare services			
First Lien Term Loan, 9.75% cash 2% PIK due 9/30/2019 (22)			28,988	27,738	16,027
First Lien Revolver, 15% cash due 9/30/2019 (22)			2,203	2,203	1,085
452,914.87 Common Units in Cenegenics, LLC				598	—
345,380.141 Preferred Units in Cenegenics, LLC				300	—
				30,839	**17,112**
CITGO Holding Inc.		Oil & gas refining & marketing			
Fixed Rate Bond 10.75% cash due 2/15/2020 (13)(21)			21,300	22,712	22,764
				22,712	**22,764**
Comprehensive Pharmacy Services LLC		Pharmaceuticals			
20,000 Common Shares in MCP CPS Group Holdings, Inc.				2,000	2,848
				2,000	**2,848**
Conviva Inc.		Application software			
417,851 Series D Preferred Stock Warrants (exercise price $1.1966) expiration date 2/28/2021				105	454
				105	**454**
Covia Holdings Corporation		Oil & gas equipment & services			
First Lien Term Loan, LIBOR+3.75% (1% Floor) cash due 6/1/2025 (11)(13)(21)	6.05%		8,000	8,000	8,011
				8,000	**8,011**
DAE Aviation Holdings		Aerospace & Defense			
Fixed Rate Bond 10% cash due 7/15/2023 (21)			1,500	1,621	1,626
				1,621	**1,626**
Datto Inc.		Technology distributors			
First Lien Term Loan LIBOR+8% (1% floor) cash due 12/7/2022 (13)	10.05%		35,000	34,379	34,370
First Lien Revolver LIBOR+8% (1% floor) cash due 12/7/2022 (10) (13)	10.05%			(42)	(42)
				34,337	**34,328**
DFT Intermediate LLC		Specialized finance			
First Lien Term Revolver, LIBOR+5.5% (1% floor) cash due 3/1/2022 (13)	7.83%		3,300	3,224	3,300
				3,224	**3,300**
Dodge Data & Analytics LLC		Data processing & outsourced services			
First Lien Term Loan, LIBOR+8.75% (1% floor) cash due 10/31/2019 (13)	11.06%		7,018	7,018	6,981
500,000 Class A Common Units in Skyline Data, News and Analytics LLC				500	240
				7,518	**7,221**
Dominion Diagnostics, LLC		Healthcare services			
Subordinated Term Loan, 11% cash 1% PIK due 10/8/2019 (22)			20,001	15,957	1,040
First Lien Term Loan, LIBOR+5% (1% floor) cash due 4/8/2019 (13)	7.35%		47,180	35,524	38,164
First Lien Revolver, LIBOR+5% (1% floor) cash due 4/8/2019 (10)(13)			—	—	(799)
				51,481	**38,405**
Edmentum, Inc.		Education services			
Unsecured Senior PIK Note, 8.5% PIK due 6/9/2020 (23)			2,594	2,434	—
Unsecured Junior PIK Note, 10% PIK due 6/9/2020 (23)			12,180	10,227	—
Unsecured Revolver, 5% cash due 6/9/2020 (22)			2,664	2,631	533
126,127.80 Class A Common Units				126	—
				15,418	**533**

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Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
EOS Fitness Opco Holdings, LLC		Leisure facilities			
First Lien Term Loan, LIBOR+8.25% (0.75% floor) cash due 12/30/2019 (13)	10.24%		$ 3,552	$ 3,552	$ 3,587
First Lien Revolver, LIBOR+8.25% (0.75% floor) cash due 12/30/2019 (13)	10.24%			—	—
487.5 Class A Preferred Units, 12%				488	737
12,500 Class B Common Units				13	829
				4,053	**5,153**
Eton		Research & consulting services			
Second Lien Term Loan, LIBOR+7.5% cash due 3/16/2026 (13)(21)	9.48%		20,000	19,901	20,125
				19,901	**20,125**
ExamSoft Worldwide, Inc.		Internet software & services			
180,707 Class C Units in ExamSoft Investor LLC				181	—
				181	**—**
Garretson Firm Resolution Group, Inc.		Diversified support services			
First Lien Revolver, PRIME+5.5% cash due 5/22/2020 (13)(22)			711	711	625
4,950,000 Preferred Units in GRG Holdings, LP, 8%				495	—
50,000 Common Units in GRG Holdings, LP				5	—
				1,211	**625**
Gentiva Health Services, Inc.		Health care services			
Second Lien Term Loan, LIBOR+7% 6/21/2026 (13)(21)	9.30%		14,500	14,400	14,718
				14,400	**14,718**
GKD Index Partners LLC		Specialized finance			
First Lien Term Loan, LIBOR+7.25% (1% Floor) cash due 6/29/2023 (13)	9.58%		24,844	24,597	24,596
First Lien Revolver, LIBOR+7.25% (1% Floor) cash due 6/29/2023 (13)	9.58%		578	566	566
				25,163	**25,162**
GOBP Holdings Inc.		Food retail			
Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 10/21/2022 (13)(21)	10.34%		4,214	4,182	4,256
				4,182	**4,256**
Golden State Medical Supply, Inc.		Pharmaceuticals			
Mezzanine Term Loan, 10% cash 2.5% PIK due 4/24/2021			15,001	15,001	14,988
				15,001	**14,988**
HC2 Holdings Inc.		Multi-sector holdings			
Fixed Rate Bond 11% cash due 12/1/2019 (11)(21)			10,500	10,584	10,710
				10,584	**10,710**
HealthEdge Software, Inc.		Application software			
482,453 Series A-3 Preferred Stock Warrants (exercise price $1.450918) expiration date 9/30/2023				213	771
				213	**771**
I Drive Safely, LLC		Education services			
125,079 Class A Common Units of IDS Investments, LLC				1,000	—
				1,000	**—**
IBG Borrower LLC		Apparel, accessories & luxury goods			
Second Lien Delayed Draw Term Loan, LIBOR+7% (1% floor) cash due 8/2/2022 (13)	9.38%		14,884	13,100	12,986
				13,100	**12,986**

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Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
InMotion Entertainment Group, LLC		Consumer electronics			
First Lien Term Loan A, LIBOR+7.25% (1.25% floor) cash due 10/1/2021 (13)	9.59%		$ 11,741	$ 11,700	$ 11,741
First Lien Term Loan B, LIBOR+7.25% (1.25% floor) cash due 10/1/2021 (13)	9.59%		5,118	5,027	5,118
First Lien Revolver, LIBOR+6.75% (1.25% floor) cash due 10/1/2018 (13)	9.09%		4,904	4,897	4,904
CapEx Line, LIBOR+7.75% (1.25% floor) cash due 10/1/2018 (13)	10.09%		766	758	766
1,000,000 Class A Units in InMotion Entertainment Holdings, LLC				1,000	1,955
				23,382	**24,484**
Integral Development Corporation		Other diversified financial services			
1,078,284 Common Stock Warrants (exercise price $0.9274) expiration date 7/10/2024				113	—
				113	**—**
Internet Pipeline, Inc.		Internet software & services			
Incremental First Lien Term Loan, LIBOR+6.25% (1% floor) cash due 8/1/2022 (13)	8.34%		5,523	5,465	5,541
				5,465	**5,541**
Janrain, Inc.		Internet software & services			
218,008 Common Stock Warrants (exercise price $1.3761) expiration date 12/5/2024				45	—
				45	**—**
Jones Energy, Inc.		Oil & gas exploration & production			
Fixed Rate Bond 9.25% cash due 3/15/2023 (21)			12,000	11,795	12,060
				11,795	**12,060**
Kason Corporation		Industrial machinery			
Mezzanine Term Loan, 11.5% cash 1.75% PIK due 10/28/2019			6,086	6,086	5,717
498.6 Class A Preferred Units in Kason Investment, LLC, 8%				499	490
5,540 Class A Common Units in Kason Investment, LLC				55	—
				6,640	**6,207**
Kellermeyer Bergensons Services, LLC		Diversified support services			
Second Lien Term Loan, LIBOR+8.5% (1% floor) cash due 4/29/2022 (13)	10.86%		6,105	5,919	6,189
				5,919	**6,189**
KIK Custom Products Inc		Household products			
First Lien Term Loan B, LIBOR+4% (1% floor) cash due 5/15/2023 (11)(13)(21)	6.09%		8,000	7,960	7,966
				7,960	**7,966**
L Squared Capital Partners LLC		Multi-sector holdings			
2% limited partnership interest (11)(25)				2,633	2,723
				2,633	**2,723**
Lanai Holdings III, Inc.		Healthcare distributors			
First Lien Term Loan B, LIBOR+4.75% (1% floor) cash due 8/29/2022 (13)(21)	7.11%		20,151	19,706	19,294
				19,706	**19,294**
Lannett Company, Inc.		Pharmaceuticals			
First Lien Term Loan A, LIBOR+4.75% (1% Floor) cash due 11/25/2020 (11)(13)(21)	6.84%		1,941	1,944	1,938
				1,944	**1,938**

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Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Lift Brands Holdings, Inc.		Leisure facilities			
2,000,000 Class A Common Units in Snap Investments, LLC				$ 1,399	$ 3,013
				1,399	**3,013**
Long's Drugs Incorporated		Pharmaceuticals			
50 Series A Preferred Shares in Long's Drugs Incorporated				385	665
25 Series B Preferred Shares in Long's Drugs Incorporated				210	584
				595	**1,249**
Lytx Holdings, LLC		Research & consulting services			
3,500 Class A Units				—	—
3,500 Class B Units				—	1,423
				—	**1,423**
Maverick Healthcare Group, LLC (20)		Healthcare equipment			
First Lien Term Loan A, LIBOR+7.5% cash (1.75% floor) cash due 1/15/2018 (13)(22)	9.59%		$ 11,667	9,123	8,749
First Lien Term Loan B, LIBOR+11% cash (1.75% floor) cash due 1/15/2018 (13)(22)	13.09%		49,099	39,110	—
CapEx Line, LIBOR+7.75% (1.75% floor) cash due 1/15/2018 (13)(22)	9.84%		910	685	682
				48,918	**9,431**
Mayfield Agency Borrower Inc.		Property & casualty insurance			
First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 2/28/2025 (13)(21)	6.59%		7,500	7,464	7,519
Second Lien Term Loan, LIBOR+8.5% (1% floor) cash due 3/2/2026 (13)	10.59%		37,500	36,959	37,313
				44,423	**44,832**
McAfee, LLC		Internet software & services			
First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 9/30/2024 (13)(21)	6.59%		7,940	7,870	7,992
Second Lien Term Loan LIBOR+8.5% (1% floor) cash due 9/29/2025 (13)(21)	10.59%		8,000	8,047	8,156
				15,917	**16,148**
McDermott Technology (Americas), Inc.		Oil & gas equipment services			
First Lien Term Loan B, LIBOR+5% (1% floor) cash due 5/12/2025 (11)(13)(21)	7.09%		31,222	30,786	31,419
				30,786	**31,419**
MHE Intermediate Holdings, LLC		Diversified support services			
First Lien Term Loan, LIBOR+5% (1% floor) cash due 3/8/2024 (13)	7.33%		2,970	2,944	2,963
				2,944	**2,963**
Micro Holding Corp.		Internet software & services			
First Lien Term Loan, LIBOR+3.75% (1% floor) cash due 9/13/2024 (13)(21)	5.84%		5,955	5,929	5,961
				5,929	**5,961**
Ministry Brands, LLC		Internet software & services			
Second Lien Term Loan, LIBOR+9.25% (1% floor) cash due 6/2/2023 (13)	11.75%		7,056	6,976	7,099
Second Lien Delayed Draw Term Loan, LIBOR+9.25% (1% floor) cash due 6/2/2023 (13)	11.75%		1,944	1,922	1,956
First Lien Revolver PRIME+5% (1% floor) cash due 12/2/2022 (13)	9.00%		300	291	300
				9,189	**9,355**
Morphe LLC		Personal products			
First Lien Term Loan, LIBOR+6% (1% floor) cash due 2/10/2023 (13)	8.33%		19,750	19,564	19,750
				19,564	**19,750**
Natural Resource Partners LP		Precious metals & minerals			
Fixed Rate Bond 10.5% cash due 3/15/2022 (11)(21)			7,000	7,362	7,595
				7,362	**7,595**

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Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Navicure, Inc.		Healthcare technology			
Second Lien Term Loan, LIBOR+7.5% (1% floor) cash due 10/31/2025 (13)	9.59%		$ 14,500	$ 14,366	$ 14,573
				14,366	**14,573**
Numericable SFR SA		Integrated telecommunication services			
Fixed Rate Bond 7.375% cash due 5/1/2026 (11)(21)			5,000	5,119	4,907
				5,119	**4,907**
OmniSYS Acquisition Corporation		Diversified support services			
100,000 Common Units in OSYS Holdings, LLC				1,000	898
				1,000	**898**
Onvoy, LLC		Integrated telecommunication services			
Second Lien Term Loan, LIBOR+10.5% (1% floor) cash due 2/10/2025 (13)	12.83%		16,750	16,750	13,481
19,666.67 Class A Units in GTCR Onvoy Holdings, LLC				1,967	166
13,664.73 Series 3 Class B Units in GTCR Onvoy Holdings, LLC				—	—
				18,717	**13,647**
P2 Upstream Acquisition Co.		Application software			
First Lien Revolver, LIBOR+4% (1% floor) cash due 11/1/2018 (10)(13)(21)				—	(63)
				—	**(63)**
Pingora MSR Opportunity Fund I-A, LP		Thrift & mortgage finance			
1.86% limited partnership interest (11)(25)				5,790	4,976
				5,790	**4,976**
QuorumLabs, Inc.		Internet software & services			
2,727,939 Common Stock Warrants (exercise price $0.0001) expiration date 7/8/2025				375	—
				375	**—**
Refac Optical Group		Specialty stores			
First Lien Term Loan A, LIBOR+8% cash due 9/30/2018 (13)	10.10%		2,688	2,669	2,688
First Lien Term Loan B, LIBOR+9% cash 1.75% PIK due 9/30/2018 (13)	11.10%		34,896	34,829	34,896
First Lien Term Loan C, 12.5% cash due 9/30/2018			3,416	3,416	3,414
First Lien Revolver, LIBOR+8% cash due 9/30/2018 (13)	10.10%		3,520	3,516	3,520
1,550.9435 Shares of Common Stock in Refac Holdings, Inc.				1	—
550.9435 Shares of Series A-2 Preferred Stock in Refac Holdings, Inc., 10%				305	—
1,000 Shares of Series A Preferred Stock Units in Refac Holdings, Inc., 10%				999	397
				45,735	**44,915**
Salient CRGT Inc.		IT consulting & other services			
First Lien Term Loan, LIBOR+5.75% (1% floor) cash due 2/28/2022 (13)(21)	7.84%		3,262	3,213	3,311
				3,213	**3,311**
Sequa Corp		Aerospace & defense			
Second Lien Term Loan, LIBOR+9% (1% Floor) cash due 4/28/2022 (13)(21)	11.10%		2,000	2,025	2,005
				2,025	**2,005**
ShareThis, Inc.		Internet software & services			
345,452 Series C Preferred Stock Warrants (exercise price $3.0395) expiration date 3/4/2024				367	4
				367	**4**
Standard Media Group LLC		Broadcasting			
First Lien Term Loan, LIBOR+4% (1% floor) cash due 6/22/2025 (13)(21)	6.31%		10,000	9,950	10,013
				9,950	**10,013**

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Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Sterling Capital Partners IV, L.P.		Multi-sector holdings			
0.2% limited partnership interest (11)(25)				$ 1,738	$ 1,246
				1,738	**1,246**
Strategic Materials Holdings Corp.		Environmental & facilities services			
Second Lien Term Loan, LIBOR+7.75% (1% floor) cash due 10/31/2025 (13)	10.11%		$ 9,000	8,917	8,797
				8,917	**8,797**
Swordfish Merger Sub LLC		Auto parts & equipment			
Second Lien Term Loan, LIBOR+6.75% (1% floor) cash due 2/2/2026 (13)(21)	8.74%		12,500	12,440	12,521
				12,440	**12,521**
TerSera Therapeutics, LLC		Pharmaceuticals			
Second Lien Term Loan, LIBOR+9.25% (1% floor) cash due 3/30/2024 (13)	11.58%		15,000	14,635	14,883
Second Lien Incremental Delayed Draw Term Loan, LIBOR+9.25% cash due 3/30/2024 (10)(13)				—	(95)
668,879 Common Units of TerSera Holdings LLC				1,500	2,401
				16,135	**17,189**
Thing5, LLC		Data processing & outsourced services			
First Lien Term Loan, LIBOR+7.5% (1% floor) cash 2% PIK due 10/11/2020 (12)(13)(22)	9.84%		46,927	46,755	34,390
First Lien Revolver, LIBOR+7.5% (1% floor) cash due 10/11/2020 (13)(22)	9.67%		4,000	4,000	4,000
2,000,000 Units in T5 Investment Vehicle, LLC				2,000	—
				52,755	**38,390**
TigerText, Inc.		Internet software & services			
299,110 Series B Preferred Stock Warrants (exercise price $1.3373) expiration date 12/8/2024				60	493
				60	**493**
TravelCLICK, Inc.		Internet software & services			
Second Lien Term Loan, LIBOR+7.75% (1% floor) cash due 11/6/2021 (13)(21)	9.84%		1,510	1,374	1,511
				1,374	**1,511**
Tribe Buyer LLC		Human resource & employment services			
First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 2/16/2024 (13)(21)	6.59%		6,982	6,982	7,017
				6,982	**7,017**
Truck Hero, Inc.		Auto parts & equipment			
First Lien Term Loan, LIBOR+3.75% (1% floor) cash due 4/22/2024 (13)(21)	5.84%		4,987	4,988	4,993
Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 4/21/2025 (13)	10.34%		21,500	21,191	21,769
				26,179	**26,762**
UOS, LLC		Trucking			
First Lien Term Loan, LIBOR+5.5% (1% floor) cash due 4/18/2023 (13)(21)	7.59%		6,864	7,006	7,044
				7,006	**7,044**
Valet Merger Sub, Inc.		Environmental & facilities services			
First Lien Term Loan, LIBOR+6.25% (1% floor) cash due 9/24/2021 (13)	8.34%		50,274	49,737	50,274
First Lien Revolver, LIBOR+7% (1% floor) cash due 9/24/2021 (13)	9.08%		3,357	3,243	3,357
				52,980	**53,631**

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Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Veritas US Inc.		Internet software & services			
First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 1/27/2023 (13)(21)	6.71%		$ 34,639	$ 35,011	$ 31,824
				35,011	**31,824**
Verra Mobility, Corp.		Data processing & outsourced services			
Second Lien Term Loan, LIBOR+7.75% cash due 2/27/2026 (13)(21)	9.84%		8,750	8,696	8,761
				8,696	**8,761**
Vertex Aerospace Services Corp		Aerospace & defense			
First Lien Term Loan B, LIBOR+4.75% cash due 6/14/2025 (13)(21)	6.84%		16,000	15,920	16,120
				15,920	**16,120**
Vine Oil & Gas LP		Oil & gas exploration & production			
First Lien Term Loan B, LIBOR+6.875% (1% floor) cash due 11/25/2021 (13)(21)	8.97%		23,000	22,913	23,115
				22,913	**23,115**
Vitalyst Holdings, Inc.		IT consulting & other services			
675 Series A Preferred Units of PCH Support Holdings, Inc., 10%				675	548
7,500 Class A Common Stock Units of PCH Support Holdings, Inc.				75	—
				750	**548**
Weatherford International		Oil & gas equipment services			
Fixed Rate Bond 9.875% cash due 2/15/2024 (11)(21)			12,000	11,460	12,176
				11,460	**12,176**
WeddingWire, Inc.		Internet software & services			
Earn-out (19)(21)				—	70
				—	**70**
Windstream Services, LLC		Integrated telecommunication services			
Fixed Rate Bond 8.625% cash due 10/31/2025 (11)(21)			5,000	4,863	4,775
				4,863	**4,775**
WP CPP Holdings LLC		Aerospace & defense			
First Lien Term Loan, LIBOR+3.75% cash due 4/30/2025 (13)(21)	6.28%		10,000	9,976	10,061
Second Lien Term Loan, LIBOR+7.75% cash due 4/30/2026 (13)(21)	10.28%		10,000	9,901	10,025
				19,877	**20,086**
xMatters, Inc.		Internet software & services			
600,000 Common Stock Warrants (exercise price $0.593333) expiration date 2/26/2025				709	285
				709	**285**
Yeti Acquisition, LLC		Leisure products			
2,000,000 Common Stock Units of Yeti Holdings, Inc.				—	3,940
				—	**3,940**
Zep Inc.		Housewares & Specialties			
Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 8/11/2025 (13)	10.58%		30,000	29,866	29,625
				29,866	**29,625**
Zephyr Bidco Limited		Specialized finance			
Second Lien Term Loan, UK LIBOR+7.50% cash due 6/8/2026 (GBP) (11)(13)(21)	8.18%		£ 18,000	23,559	23,705
				23,559	**23,705**
Total Non-Control/Non-Affiliate Investments (154.5% of net assets)				**$ 1,416,632**	**$ 1,294,936**
Total Portfolio Investments (181.4% of net assets)				**$ 1,683,809**	**$ 1,520,518**
Cash and Cash Equivalents					
JP Morgan Prime Money Market Fund				$ 43,097	$ 43,097
Other cash accounts				13,518	13,518
Total Cash and Cash Equivalents (6.8% of net assets)				**$ 56,615**	**$ 56,615**
Total Portfolio Investments, Cash and Cash Equivalents (188.2% of net assets)				**$ 1,740,424**	**$ 1,577,133**

See notes to Consolidated Financial Statements.

(1) All debt investments are income producing unless otherwise noted. All equity investments are non-income producing unless otherwise noted.

(2) See Note 3 in the accompanying notes to the Consolidated Financial Statements for portfolio composition by geographic region.

(3) Control Investments generally are defined by the Investment Company Act of 1940, as amended ("1940 Act"), as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation.

(4) Affiliate Investments generally are defined by the 1940 Act as investments in companies in which the Company owns between 5% and 25% of the voting securities.

(5) Equity ownership may be held in shares or units of companies related to the portfolio companies.

(6) Income producing through payment of dividends or distributions.

(7) Non-Control/Non-Affiliate Investments are investments that are neither Control Investments nor Affiliate Investments.

(8) Principal includes accumulated payment in kind ("PIK") interest and is net of repayments. “£” signifies the investment is denominated in British Pounds. All other investments are denominated in U.S. dollars.

(9) Interest rates may be adjusted from period to period on certain term loans and revolvers. These rate adjustments may be either temporary in nature due to tier pricing arrangements or financial or payment covenant violations in the original credit agreements or permanent in nature per loan amendment or waiver documents.

(10) Investment has undrawn commitments. Unamortized fees are classified as unearned income which reduces cost basis, which may result in a negative cost basis. A negative fair value may result from the unfunded commitment being valued below par.

(11) Investment is not a "qualifying asset" as defined under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets. As of June 30, 2018, qualifying assets represented 72.8% of the Company's total assets and non-qualifying assets represented 27.2% of the Company's total assets.

(12) The sale of a portion of this loan does not qualify for true sale accounting under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 860 - *Transfers and Servicing* ("ASC 860"), and therefore, the entire debt investment remains in the Consolidated Schedule of Investments. Accordingly, the fair value of the Company's debt investments as of June 30, 2018 includes $10.0 million related to the Company's secured borrowings. (See Note 14 in the accompanying notes to the Consolidated Financial Statements.)

(13) The interest rate on the principal balance outstanding for all floating rate loans is indexed to the London Interbank Offered Rate ("LIBOR") and/or an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each of these loans, the Company has provided the applicable margin over LIBOR or the alternate based rate based on each respective credit agreement and the cash interest rate as of period end. All LIBOR shown above is in U.S. dollars unless otherwise noted.

(14) With the exception of investments held by the Company’s wholly-owned subsidiaries that each formerly held a license from the U.S. Small Business Administration (“SBA”) to operate as a small business investment company (“SBIC”), each of the Company's investments is pledged as collateral under one or more of its credit facilities. A single investment may be divided into parts that are individually pledged as collateral to separate credit facilities.

(15) As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" of and to "Control" this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company (including through a management agreement). See Schedule 12-14 in the accompanying notes to the Consolidated Financial Statements for transactions during the nine months ended June 30, 2018 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to control.

(16) First Star Bermuda Aviation Limited and First Star Speir Aviation 1 Limited are wholly-owned holding companies formed by the Company in order to facilitate its investment strategy. In accordance with Accounting Standards Update ("ASU") 2013-08, the Company has deemed the holding companies to be investment companies under accounting principles generally accepted in the United States ("GAAP") and therefore deemed it appropriate to consolidate the financial results and financial position of the holding companies and to recognize dividend income versus a combination of interest income and dividend income. Accordingly, the debt and equity investments in the wholly-owned holding companies are disregarded for accounting purposes since the economic substance of these instruments are equity investments in the operating entities.

(17) See Note 3 in the accompanying notes to the Consolidated Financial Statements for portfolio composition.

(18) The Class A Mezzanine Secured Deferrable Floating Rate Notes bear interest at a rate of LIBOR plus the applicable margin as defined in the indenture. The Class A Mezzanine Secured Deferrable Floating Rate Notes and Class B Mezzanine Secured Deferrable Fixed Rate Notes are collectively referred to as the "mezzanine notes".

(19) During the three months ended June 30, 2018, the Company exited its investments in WeddingWire, Inc. ("WeddingWire") in exchange for cash and the right to receive contingent payments in the future based on the performance of WeddingWire, which is referred to as an "earn-out" in the consolidated schedule of investments.

(20) Payments on the Company's investment in Maverick Healthcare Group, LLC ("Maverick Healthcare") are currently past due. In May 2017, the Company entered into a forbearance agreement with Maverick Healthcare in which the Company has temporarily agreed not to take action against Maverick Healthcare. The forbearance agreement, as amended in June 2018, currently extends to March 15, 2019.

(21) As of June 30, 2018, these investments are categorized as Level 2 within the fair value hierarchy established by FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"). All other investments are categorized as Level 3 as of June 30, 2018 and were valued using significant unobservable inputs.

(22) This investment was on cash non-accrual status as of June 30, 2018. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

(23) This investment was on PIK non-accrual status as of June 30, 2018. PIK non-accrual status is inclusive of other non-cash income, where applicable.

(24) As of June 30, 2018, payments on the Company's investment in TransTrade Operators, Inc. were past due.

(25) This investment was valued using net asset value as a practical expedient for fair value. Consistent with FASB guidance under ASC 820, these investments are excluded from the hierarchical levels.

(26) AdVenture Interactive, Corp. completed a reorganization in which it separated its marketing services business from its online program management business. In connection with the reorganization, FS AVI Holdco LLC was formed as a separate entity and is the parent company to Keypath Education, Inc., which represents the former marketing services business, and the Company's first lien term loan and revolver with AdVenture Interactive, Corp. were assigned to Keypath Education, Inc. Subsequent to the reorganization, AdVenture Interactive, Corp. holds preferred units in Keypath Education Holdings, LLC, which conducts the online program management business. Subsequent to the reorganization, the Company is not deemed to control Keypath Education Holdings, LLC under the 1940 Act. This investment was reclassified from Control investments to Non-Control/Non-Affiliate Investments as of and for the three months ended June 30, 2018.

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation

Consolidated Schedule of Investments
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(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Control Investments (3)(15)					
AdVenture Interactive, Corp.		Advertising			
9,073 shares of common stock				$ 13,611	$ 13,818
				13,611	**13,818**
Ameritox Ltd.		Healthcare services			
First Lien Term Loan, LIBOR+5% (1% floor) cash 3% PIK due 4/11/2021 (13)(23)	6.33%		$ 38,338	37,539	4,445
14,090,126.4 Class A Preferred Units in Ameritox Holdings II, LLC				14,090	—
1,602,260.83 Class B Preferred Units in Ameritox Holdings II, LLC				1,602	—
4,930.03 Class A Units in Ameritox Holdings II, LLC				29,049	—
				82,280	**4,445**
Eagle Hospital Physicians, LLC		Healthcare services			
Earn-out (19)				7,851	4,986
				7,851	**4,986**
First Star Bermuda Aviation Limited (11)(16)		Airlines			
First Lien Term Loan, 9% cash 3% PIK due 8/19/2018			11,868	11,868	11,868
100% equity interest (6)				2,693	2,323
				14,561	**14,191**
First Star Speir Aviation Limited (11)(16)		Airlines			
First Lien Term Loan, 9% cash due 12/15/2020			41,395	34,542	41,395
100% equity interest (6)				8,500	3,926
				43,042	**45,321**
Keypath Education, Inc. (20)		Advertising			
First Lien Term Loan, LIBOR+7% (1% floor) cash due 4/3/2022 (13)	8.33%		19,960	19,960	19,960
First Lien Revolver, LIBOR+7% (1% floor) cash due 4/3/2022 (13)	8.33%		—	—	—
9,073 Class A Units in FS AVI Holdco, LLC				10,648	7,918
				30,608	**27,878**
New IPT, Inc.		Oil & gas equipment services			
First Lien Term Loan, LIBOR+5% (1% floor) cash due 3/17/2021 (13)	6.33%		4,107	4,107	4,107
Second Lien Term Loan, LIBOR+5.1% (1% floor) cash due 9/17/2021 (13)	6.43%		2,504	2,504	2,504
First Lien Revolver, LIBOR+5% (1% floor) cash due 3/17/2021 (13)	6.33%		1,009	1,009	1,009
50.087 Class A Common Units in New IPT Holdings, LLC				—	736
				7,620	**8,356**
Senior Loan Fund JV I, LLC (11)(17)(18)		Multi-sector holdings			
Class A Mezzanine Secured Deferrable Floating Rate Notes due 2036 in SLF Repack Issuer 2016 LLC (13)	6.88%		101,030	101,030	101,030
Class B Mezzanine Secured Deferrable Fixed Rate Notes, 15% PIK due 2036 in SLF Repack Issuer 2016 LLC			27,641	27,641	27,641
87.5% LLC equity interest (6)(25)				16,172	5,525
				144,843	**134,196**
Traffic Solutions Holdings, Inc.		Construction and engineering			
First Lien Term Loan, LIBOR+7% (1% floor) cash 2% PIK due 4/1/2021 (13)	8.34%		36,567	36,539	36,568
First Lien Revolver, LIBOR+6% (1% floor) cash due 4/1/2021 (13)	7.34%		1,250	1,247	1,250
LC Facility, 6% cash due 4/1/2021			4,752	4,748	4,752
746,114 Series A Preferred Units, 10%				20,029	7,700
746,114 Shares of Common Stock				5,316	—
				67,879	**50,270**
TransTrade Operators, Inc.		Air freight & logistics			
First Lien Term Loan, 5% cash due 12/31/2017 (23)			15,973	15,574	1,810
First Lien Revolver, 8% cash due 12/31/2017 (23)			7,757	7,757	—
596.67 Series A Common Units				—	—
4,000 Series A Preferred Units in TransTrade Holdings LLC				4,000	—
5,200,000 Series B Preferred Units in TransTrade Holdings LLC				5,200	—
				32,531	**1,810**
Total Control Investments (35.2% of net assets)				**$ 444,826**	**$ 305,271**

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation

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Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Affiliate Investments (4)					
AmBath/ReBath Holdings, Inc.		Home improvement retail			
First Lien Term Loan B, 12.5% cash 2.5% PIK due 8/31/2018			$ 22,955	$ 22,944	$ 22,957
4,668,788 Shares of Preferred Stock				—	1,827
				22,944	**24,784**
Caregiver Services, Inc.		Healthcare services			
Second Lien Term Loan, 10% cash 2% PIK due 6/30/2019			9,719	9,719	9,665
1,080,399 Shares of Series A Preferred Stock, 10%				1,080	2,534
				10,799	**12,199**
Total Affiliate Investments (4.3% of net assets)				**$ 33,743**	**$ 36,983**
Non-Control/Non-Affiliate Investments (7)					
4 Over International, LLC		Commercial printing			
First Lien Term Loan, LIBOR+6% (1% floor) cash due 6/7/2022 (13)	7.24%		6,045	6,001	6,045
First Lien Revolver, LIBOR+6% (1% floor) cash due 6/7/2021 (10)(13)	7.24%			(17)	—
				5,984	**6,045**
Access Medical Acquisition, Inc.		Healthcare services			
450,000 Shares of Class A Common Stock in CMG Holding Company, LLC (6)				151	970
				151	**970**
Accudyne Industries, LLC		Oil & gas equipment services			
First Lien Term Loan, LIBOR+3.75% (1% floor) cash due 8/18/2024 (13)(22)	5.01%		19,915	19,977	19,990
				19,977	**19,990**
ACON Equity Partners III, LP		Multi-sector holdings			
0.13% limited partnership interest (11)(25)				785	962
				785	**962**
Aden & Anais Merger Sub, Inc.		Apparel, accessories & luxury goods			
51,645 Common Units in Aden & Anais Holdings, Inc.				5,165	1,241
				5,165	**1,241**
Advanced Pain Management		Healthcare services			
First Lien Term Loan, LIBOR+8.5% (1.25% floor) cash due 2/26/2018 (13)(23)	9.75%		24,000	23,409	1,157
				23,409	**1,157**
AirStrip Technologies, Inc.		Internet software & services			
22,858.71 Series C-1 Preferred Stock Warrants (exercise price $34.99757) expiration date 5/11/2025				90	—
				90	**—**
Allied Universal Holdco LLC		Security & alarm services			
First Lien Term Loan, LIBOR+3.75% (1% floor) cash due 7/28/2022 (13)(22)	5.08%		11,970	12,043	11,958
Second Lien Term Loan, LIBOR+8.5% (1% floor) cash due 7/27/2023 (13)(22)	9.81%		1,149	1,171	1,145
				13,214	**13,103**
Ancile Solutions, Inc.		Internet software & services			
First Lien Term Loan, LIBOR+7% (1% floor) cash due 6/30/2021 (13)	8.33%		10,330	10,104	10,248
				10,104	**10,248**
Aptean, Inc.		Internet software & services			
Second Lien Term Loan, LIBOR+9.5% (1% floor) cash due 12/20/2023 (13)	10.84%		5,900	5,821	5,952
				5,821	**5,952**

See notes to Consolidated Financial Statements.

(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Aptos, Inc.		Data processing & outsourced services			
First Lien Term Loan B, LIBOR+6.75% (1% floor) cash due 9/1/2022 (13)	8.08%		$ 5,445	$ 5,354	$ 5,391
				5,354	**5,391**
Argon Medical Devices, Inc.		Healthcare equipment			
Second Lien Term Loan, LIBOR+9.5% (1% floor) cash due 6/23/2022 (13)	10.74%		43,000	43,000	43,002
				43,000	**43,002**
ASHCO, LLC		Specialty stores			
First Lien Term Loan, LIBOR+5% (1% floor) cash due 12/15/2023 (13)	6.24%		12,000	11,762	11,335
				11,762	**11,335**
Baird Capital Partners V, LP		Multi-sector holdings			
0.4% limited partnership interest (11)(25)				994	601
				994	**601**
Beecken Petty O'Keefe Fund IV, L.P.		Multi-sector holdings			
0.5% limited partnership interest (11)(25)				1,014	1,310
				1,014	**1,310**
BeyondTrust Software, Inc.		Application software			
First Lien Term Loan, LIBOR+7% (1% floor) cash due 9/25/2019 (13)	8.33%		26,677	26,174	26,676
First Lien Revolver, LIBOR+7% (1% floor) cash due 9/25/2019 (10) (13)	8.33%			(54)	—
3.01% Class A membership interests in BeyondTrust Holdings LLC				4,500	5,660
				30,620	**32,336**
BJ's Wholesale Club, Inc.		Hypermarkets & super centers			
First Lien Term Loan, LIBOR+3.75% (1% floor) cash due 1/26/2024 (13)(22)	4.99%		11,970	11,979	11,504
				11,979	**11,504**
BMC Acquisition, Inc.		Other diversified financial services			
500 Series A Preferred Shares				500	763
50,000 Common Shares (6)				1	67
				501	**830**
BMC Software Finance, Inc.		Internet software & services			
First Lien Term Loan, LIBOR+4% (1% floor) cash due 9/10/2022 (13) (22)	5.24%		16,881	16,999	16,993
				16,999	**16,993**
Bunker Hill Capital II (QP), L.P.		Multi-sector holdings			
0.51% limited partnership interest (11)(25)				826	1,056
				826	**1,056**
Cablevision Systems Corp.		Integrated telecommunication services			
Fixed Rate Bond 10.875% cash due 10/15/2025 (22)			5,897	7,077	7,298
				7,077	**7,298**
California Pizza Kitchen, Inc.		Restaurants			
First Lien Term Loan, LIBOR+6% (1% floor) cash due 8/23/2022 (13)	7.24%		4,950	4,910	4,917
				4,910	**4,917**
CCC Information Services Inc.		Internet software & services			
Second Lien Term Loan, LIBOR+6.75% (1% floor) cash due 3/13/2025 (13)	7.99%		2,500	2,559	2,581
				2,559	**2,581**
Cenegenics, LLC		Healthcare services			
First Lien Term Loan, 9.75% cash 2% PIK due 9/30/2019 (23)			28,600	27,737	15,811
First Lien Revolver, 15% cash due 9/30/2019 (23)			2,203	2,203	1,218
452,914.87 Common Units in Cenegenics, LLC				598	—
345,380.141 Preferred Units in Cenegenics, LLC				300	—
				30,838	**17,029**

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation

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Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Comprehensive Pharmacy Services LLC		Pharmaceuticals			
20,000 Common Shares in MCP CPS Group Holdings, Inc.				$ 2,000	$ 2,776
				2,000	**2,776**
Conviva Inc.		Application software			
417,851 Series D Preferred Stock Warrants (exercise price $1.1966) expiration date 2/28/2021				105	169
				105	**169**
Credit Infonet, Inc.		Data processing & outsourced services			
Subordinated Term Loan, 12.25% cash 0.75% PIK due 10/26/2020			$ 13,940	13,940	13,941
				13,940	**13,941**
DFT Intermediate LLC		Specialized finance			
First Lien Term Revolver, LIBOR+5.5% (1% floor) cash due 3/1/2022 (13)	6.74%		3,300	3,224	3,278
				3,224	**3,278**
DigiCert, Inc.		Internet software & services			
Second Lien Term Loan, LIBOR+9% (1% floor) cash due 10/21/2022 (13)	10.24%		61,500	60,980	61,500
				60,980	**61,500**
Dodge Data & Analytics LLC		Data processing & outsourced services			
First Lien Term Loan, LIBOR+8.75% (1% floor) cash due 10/31/2019 (13)	10.13%		7,348	7,348	6,881
500,000 Class A Common Units in Skyline Data, News and Analytics LLC				500	202
				7,848	**7,083**
Dominion Diagnostics, LLC		Healthcare services			
Subordinated Term Loan, 11% cash 1% PIK due 10/8/2019 (23)			19,866	17,625	8,534
First Lien Term Loan, LIBOR+5% (1% floor) cash due 4/8/2019 (13)	6.30%		49,414	37,574	44,592
First Lien Revolver, LIBOR+5% (1% floor) cash due 4/8/2019 (13)	6.30%			—	—
				55,199	**53,126**
DTZ U.S. Borrower, LLC		Real estate services			
First Lien Term Loan, LIBOR+3.25% (1% floor) cash due 11/4/2021 (13)(22)	4.57%		12,967	13,011	13,014
				13,011	**13,014**
Edge Fitness, LLC		Leisure facilities			
Delayed Draw Term Loan, LIBOR+7.75% (1% floor) cash due 6/30/2020 (13)	9.05%		3,398	3,398	3,397
				3,398	**3,397**
Edmentum, Inc.		Education services			
Unsecured Senior PIK Note, 8.5% PIK due 6/9/2020			2,434	2,434	1,922
Unsecured Junior PIK Note, 10% PIK due 6/9/2020 (24)			11,304	10,227	379
Unsecured Revolver, 5% cash due 6/9/2020				—	—
126,127.80 Class A Common Units				126	—
				12,787	**2,301**
EOS Fitness Opco Holdings, LLC		Leisure facilities			
First Lien Term Loan, LIBOR+8.75% (0.75% floor) cash due 12/30/2019 (13)	9.99%		3,675	3,675	3,711
First Lien Revolver, LIBOR+8.75% (0.75% floor) cash due 12/30/2019 (13)	9.99%			—	50
487.5 Class A Preferred Units, 12%				488	678
12,500 Class B Common Units				13	463
				4,176	**4,902**

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation

Consolidated Schedule of Investments
September 30, 2017
(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Everi Payments Inc.		Casinos & gaming			
First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 5/9/2024 (13) (22)	5.74%		$ 11,970	$ 11,996	$ 12,093
				11,996	**12,093**
ExamSoft Worldwide, Inc.		Internet software & services			
180,707 Class C Units in ExamSoft Investor LLC				181	135
				181	**135**
Garretson Firm Resolution Group, Inc.		Diversified support services			
First Lien Revolver, PRIME+5.5% cash due 5/22/2020 (13)	9.75%		25	25	25
4,950,000 Preferred Units in GRG Holdings, LP, 8%				495	198
50,000 Common Units in GRG Holdings, LP				5	—
				525	**223**
GOBP Holdings Inc.		Food retail			
Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 10/21/2022 (13)	9.58%		4,214	4,176	4,251
				4,176	**4,251**
Golden State Medical Supply, Inc.		Pharmaceuticals			
Mezzanine Term Loan, 10% cash 2.5% PIK due 4/24/2021			15,001	15,001	14,835
				15,001	**14,835**
HC2 Holdings Inc.		Multi-sector holdings			
Fixed Rate Bond 11% cash due 12/1/2019 (11)(22)			10,500	10,666	10,631
				10,666	**10,631**
HealthEdge Software, Inc.		Application software			
482,453 Series A-3 Preferred Stock Warrants (exercise price $1.450918) expiration date 9/30/2023				213	768
				213	**768**
Hyland Software Inc.		Internet software & services			
Second Lien Term Loan, LIBOR+7% (1% floor) cash due 7/7/2025 (13)	8.24%		2,000	1,991	1,980
				1,991	**1,980**
I Drive Safely, LLC		Education services			
125,079 Class A Common Units of IDS Investments, LLC				1,000	—
				1,000	**—**
Idera, Inc.		Internet software & services			
First Lien Term Loan B, LIBOR+5% (1% floor) cash due 6/27/2024 (13)	6.24%		6,926	6,910	6,978
				6,910	**6,978**
Impact Sales, LLC		Advertising			
First Lien Term Loan, LIBOR+7% (1% floor) cash due 12/30/2021 (13)	8.30%		11,166	10,955	11,145
Delayed Draw Term Loan, LIBOR+7% (1% floor) cash due 12/30/2021 (13)	8.30%		513	443	506
				11,398	**11,651**
InMotion Entertainment Group, LLC		Consumer electronics			
First Lien Term Loan A, LIBOR+7.75% (1.25% floor) cash due 10/1/2018 (13)	9.09%		12,259	12,223	12,259
First Lien Term Loan B, LIBOR+7.75% (1.25% floor) cash due 10/1/2018 (13)	9.09%		5,344	5,265	5,344
First Lien Revolver, LIBOR+6.25% cash due 10/1/2018 (13)	6.25%		3,904	3,897	3,904
CapEx Line, LIBOR+7.75% (1.25% floor) cash due 10/1/2018 (13)	9.09%		797	789	797
1,000,000 Class A Units in InMotion Entertainment Holdings, LLC				1,000	1,761
				23,174	**24,065**

See notes to Consolidated Financial Statements.

Consolidated Schedule of Investments
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Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Integral Development Corporation		Other diversified financial services			
First Lien Term Loan, LIBOR+9.5% (1% floor) cash due 7/10/2019 (13)	10.80%		$ 11,500	$ 11,466	$ 10,815
1,078,284 Common Stock Warrants (exercise price $0.9274) expiration date 7/10/2024				113	—
				11,579	**10,815**
Internet Pipeline, Inc.		Internet software & services			
Incremental First Lien Term Loan, LIBOR+6.25% (1% floor) cash due 8/1/2022 (13)	7.48%		5,565	5,513	5,677
				5,513	**5,677**
Janrain, Inc.		Internet software & services			
218,008 Common Stock Warrants (exercise price $1.3761) expiration date 12/5/2024				45	—
				45	**—**
Kason Corporation		Industrial machinery			
Mezzanine Term Loan, 11.5% cash 1.75% PIK due 10/28/2019			6,006	6,006	5,850
498.6 Class A Preferred Units in Kason Investment, LLC, 8%				499	569
5,540 Class A Common Units in Kason Investment, LLC				55	—
				6,560	**6,419**
Kellermeyer Bergensons Services, LLC		Diversified support services			
Second Lien Term Loan, LIBOR+8.50% (1% floor) cash due 4/29/2022 (13)	9.81%		6,105	5,907	5,983
				5,907	**5,983**
L Squared Capital Partners LLC		Multi-sector holdings			
2% limited partnership interest (11)(25)				2,660	2,660
				2,660	**2,660**
Lift Brands, Inc.		Leisure facilities			
First Lien Term Loan, LIBOR+7.5% (1% floor) cash due 12/23/2019 (13)	8.83%		21,371	21,358	21,370
First Lien Revolver, LIBOR+7.5% (1% floor) cash due 12/23/2019 (10)(13)	8.83%			(3)	(1)
2,000,000 Class A Common Units in Snap Investments, LLC				2,004	2,922
				23,359	**24,291**
Loftware, Inc.		Internet software & services			
Mezzanine Term Loan, 11% cash 1% PIK due 7/18/2020			6,198	6,198	6,198
300,000 Class A Common Units in RPLF Holdings, LLC				300	220
				6,498	**6,418**
Long's Drugs Incorporated		Pharmaceuticals			
Second Lien Term Loan, LIBOR+11.25% cash due 2/19/2022 (13)	12.49%		26,909	26,909	27,447
50 Series A Preferred Shares in Long's Drugs Incorporated				813	1,267
				27,722	**28,714**
LSF9 Atlantis Holdings, LLC		Computer & electronics retail			
First Lien Term Loan, LIBOR+6% (1% floor) cash due 5/1/2023 (13)	7.24%		6,459	6,399	6,498
				6,399	**6,498**
Lytx Holdings, LLC		Research & consulting services			
3,500 Class A Units				2,478	2,459
3,500 Class B Units				—	559
				2,478	**3,018**

See notes to Consolidated Financial Statements.

(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Maverick Healthcare Group, LLC (21)		Healthcare equipment			
First Lien Term Loan A, LIBOR+7.5% cash (1.75% floor) cash due 4/30/2017 (13)(23)	9.25%		$ 16,309	$ 16,204	$ 14,209
First Lien Term Loan B, LIBOR+11% cash (1.75% floor) cash due 4/30/2017 (13)(23)	12.75%		41,739	39,110	14,531
CapEx Line, LIBOR+7.75% (1.75% floor) cash due 4/30/2017 (13)(23)	9.50%		1,272	1,261	1,124
First Lien Revolver, PRIME+6.5% cash due 4/30/2017 (13)(23)	10.75%		55	40	55
				56,615	**29,919**
McAfee, LLC		Internet software & services			
First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 9/30/2024 (13)	5.83%		8,000	7,921	8,083
				7,921	**8,083**
Metamorph US 3, LLC		Internet software & services			
First Lien Term Loan, LIBOR+5.5% (1% floor) cash 2% PIK due 12/1/2020 (13)(23)	6.74%		9,969	9,550	3,816
First Lien Revolver, LIBOR+6.5% (1% floor) cash due 12/1/2020 (10) (13)(23)	7.74%		2,205	2,203	(74)
				11,753	**3,742**
MHE Intermediate Holdings, LLC		Diversified support services			
First Lien Term Loan, LIBOR+5% (1% floor) cash due 3/8/2024 (13)	6.33%		2,993	2,964	2,993
				2,964	**2,993**
Micro Holding Corp.		Internet software & services			
First Lien Term Loan, LIBOR+3.5% (1% floor) cash due 9/15/2024 (13)	4.82%		6,000	5,970	5,978
				5,970	**5,978**
Milestone Partners IV, L.P.		Multi-sector holdings			
0.82% limited partnership interest (11)(25)				948	1,527
				948	**1,527**
Ministry Brands, LLC		Internet software & services			
First Lien Term Loan, LIBOR+5% (1% floor) cash due 12/2/2022 (13)	6.24%		3,891	3,857	3,891
First Lien Delayed Draw Term Loan, LIBOR+5% (1% floor) cash due 12/2/2022 (13)	6.24%		1,352	1,336	1,352
Second Lien Term Loan, LIBOR+9.25% (1% floor) cash due 6/2/2023 (13)	10.49%		7,056	6,964	7,056
Second Lien Delayed Draw Term Loan, LIBOR+9.25% (1% floor) cash due 6/2/2023 (13)	10.49%		1,944	1,918	1,944
First Lien Revolver LIBOR+5% (1% floor) cash due 12/2/2022 (10) (13)	6.24%			(9)	—
				14,066	**14,243**
Moelis Capital Partners Opportunity Fund I-B, LP		Multi-sector holdings			
1.0% limited partnership interest (11)(25)				1,045	1,457
				1,045	**1,457**
Motion Recruitment Partners LLC		Human resources & employment services			
First Lien Revolver, LIBOR+6% (1% floor) cash due 2/13/2020 (10) (13)	7.24%			(6)	—
				(6)	**—**
Natural Resource Partners LP		Precious metals & minerals			
Fixed Rate Bond 10.5% cash due 3/15/2022 (11)(22)			7,000	7,459	7,464
				7,459	**7,464**
OmniSYS Acquisition Corporation		Diversified support services			
First Lien Term Loan, LIBOR+7.5% (1% floor) cash due 11/21/2018 (13)	8.83%		5,500	5,495	5,468
First Lien Revolver, LIBOR+7.5% (1% floor) cash due 11/21/2018 (10) (13)	8.83%			—	(15)
100,000 Common Units in OSYS Holdings, LLC				1,000	903
				6,495	**6,356**

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation

Consolidated Schedule of Investments
September 30, 2017
(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
OnCourse Learning Corporation		Education services			
264,312 Class A Units in CIP OCL Investments, LLC				$ 2,726	$ 1,988
				2,726	**1,988**
Onvoy, LLC		Integrated telecommunication services			
Second Lien Term Loan, LIBOR+10.5% (1% floor) cash due 2/10/2025 (13)	11.83%		$ 16,750	16,750	16,704
19,666.67 Class A Units in GTCR Onvoy Holdings, LLC				1,967	2,088
13,664.73 Series 3 Class B Units in GTCR Onvoy Holdings, LLC				—	—
				18,717	**18,792**
P2 Upstream Acquisition Co.		Application software			
First Lien Revolver, LIBOR+4% (1% floor) cash due 11/1/2018 (10) (13)	5.33%			—	(238)
				—	**(238)**
Ping Identity Corporation		Internet software & services			
First Lien Term Loan, LIBOR+9.25% (1% floor) cash due 6/30/2021 (13)	10.49%		42,500	41,557	43,176
First Lien Revolver, LIBOR+9.25% (1% floor) cash due 6/30/2021 (10)(13)	10.49%			(55)	40
				41,502	**43,216**
Pingora MSR Opportunity Fund I-A, LP		Thrift & mortgage finance			
1.86% limited partnership interest (11)(25)				7,240	6,129
				7,240	**6,129**
Poseidon Merger Sub, Inc.		Advertising			
Second Lien Term Loan, LIBOR+8.5% (1% floor) cash due 8/15/2023 (13)	9.81%		30,000	29,101	30,300
				29,101	**30,300**
PowerPlan Holdings, LLC		Internet software & services			
First Lien Term Loan, LIBOR+5.25% (1% floor) cash due 2/23/2022 (13)	6.49%		4,988	4,941	4,987
				4,941	**4,987**
PSC Industrial Holdings Corp.		Diversified support services			
Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 12/3/2021 (13)	9.49%		7,000	6,839	7,000
				6,839	**7,000**
QuorumLabs, Inc.		Internet software & services			
2,727,939 Common Stock Warrants (exercise price $0.0001) expiration date 7/8/2025				375	—
				375	—
RCPDirect, L.P.		Multi-sector holdings			
0.9% limited partnership interest (11)(25)				354	559
				354	**559**
RCPDirect II, LP		Multi-sector holdings			
0.4% limited partnership interest (11)(25)				617	719
				617	**719**
Refac Optical Group		Specialty stores			
First Lien Term Loan A, LIBOR+8% cash due 9/30/2018 (13)	9.23%		4,027	3,997	4,027
First Lien Term Loan B, LIBOR+9% cash, 1.75% PIK due 9/30/2018 (13)	10.23%		34,621	34,533	34,275
First Lien Term Loan C, 12.5% cash due 9/30/2018			3,416	3,416	3,314
First Lien Revolver, LIBOR+8% cash due 9/30/2018 (13)	9.23%		3,520	3,516	3,520
1,550.9435 Shares of Common Stock in Refac Holdings, Inc.				1	—
550.9435 Shares of Series A-2 Preferred Stock in Refac Holdings, Inc., 10%				305	—
1,000 Shares of Series A Preferred Stock Units in Refac Holdings, Inc., 10%				999	397
				46,767	**45,533**

See notes to Consolidated Financial Statements.

Oaktree Specialty Lending Corporation

Consolidated Schedule of Investments
September 30, 2017
(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Riverlake Equity Partners II, LP		Multi-sector holdings			
1.92% limited partnership interest (11)(25)				$ 870	$ 625
				870	**625**
Riverside Fund IV, LP		Multi-sector holdings			
0.34% limited partnership interest (11)(25)				219	397
				219	**397**
Riverside Fund V, L.P.		Multi-sector holdings			
0.48% limited partnership interest (11)(25)				1,452	1,405
				1,452	**1,405**
Sailpoint Technologies, Inc.		Application software			
First Lien Term Loan, LIBOR+7% (1% floor) cash due 8/16/2021 (13)	8.33%		$ 20,870	20,529	20,870
First Lien Revolver, LIBOR+7% (1% floor) cash due 8/16/2021 (10) (13)	8.33%			(22)	—
				20,507	**20,870**
Salient CRGT Inc.		IT consulting & other services			
First Lien Term Loan, LIBOR+5.75% (1% floor) cash due 2/28/2022 (13)	6.99%		3,440	3,377	3,416
				3,377	**3,416**
Schulman Associates Institutional Board Review, Inc.		Research & consulting services			
Second Lien Term Loan, LIBOR+8% (1% floor) cash due 6/3/2021 (13)	9.30%		17,000	17,000	17,000
				17,000	**17,000**
Scientific Games International, Inc.		Casinos & gaming			
First Lien Term Loan B4, LIBOR+3.25% cash due 8/14/2024 (13)(22)	4.58%		11,368	11,313	11,402
				11,313	**11,402**
ShareThis, Inc.		Internet software & services			
345,452 Series C Preferred Stock Warrants (exercise price $3.0395) expiration date 3/4/2024				367	8
				367	**8**
SPC Partners V, L.P.		Multi-sector holdings			
0.571% limited partnership interest (11)(25)				1,762	1,857
				1,762	**1,857**
Staples, Inc.		Distributors			
First Lien Term Loan, LIBOR+4% (1% floor) cash due 8/12/2024 (13) (22)	5.31%		10,000	9,976	9,967
Fixed Rate Bond 8.5% cash due 9/15/2025 (22)			5,000	4,988	4,863
				14,964	**14,830**
Sterling Capital Partners IV, L.P.		Multi-sector holdings			
0.2% limited partnership interest (11)(25)				1,770	1,297
				1,770	**1,297**
Survey Sampling International, LLC		Research & consulting services			
Second Lien Term Loan, LIBOR+9% (1% floor) cash due 12/16/2021 (13)	10.27%		18,700	18,475	18,513
				18,475	**18,513**
Systems, Inc.		Industrial machinery			
First Lien Term Loan, LIBOR+5.25% (1% floor) cash due 3/3/2022 (13)	6.57%		8,668	8,553	8,625
First Lien Revolver, LIBOR+5.25% (1% floor) cash due 3/3/2022 (10) (13)	6.57%			(40)	(40)
				8,513	**8,585**
Tailwind Capital Partners II, L.P.		Multi-sector holdings			
0.3% limited partnership interest (11)(25)				1,583	1,956
				1,583	**1,956**

See notes to Consolidated Financial Statements.

Consolidated Schedule of Investments
September 30, 2017
(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Teaching Strategies, LLC		Education services			
Second Lien Term Loan, LIBOR+9.5% (1% floor) cash due 8/27/2023 (13)	10.83%		$ 33,500	$ 33,500	$ 33,964
				33,500	**33,964**
Terraform Power Operating		Multi-utilities			
Fixed Rate Bond 6.375% cash due 2/1/2023 (11)(22)			6,000	6,201	6,255
				6,201	**6,255**
TerSera Therapeutics, LLC		Pharmaceuticals			
Second Lien Term Loan, LIBOR+9.25% (1% floor) cash due 3/30/2024 (13)	10.58%		15,000	14,586	14,629
668,879 Common Units of TerSera Holdings LLC				1,500	1,816
				16,086	**16,445**
Thing5, LLC		Data processing & outsourced services			
First Lien Term Loan, LIBOR+7.5% (1% floor) cash 2% PIK due 10/11/2020 (12)(13)	8.83%		47,530	47,530	40,900
First Lien Revolver, LIBOR+7.5% (1% floor) cash due 10/11/2020 (13)	8.83%		1,000	1,000	1,000
2,000,000 Units in T5 Investment Vehicle, LLC				2,000	—
				50,530	**41,900**
TigerText, Inc.		Internet software & services			
299,110 Series B Preferred Stock Warrants (exercise price $1.3373) expiration date 12/8/2024				60	409
				60	**409**
TravelCLICK, Inc.		Internet software & services			
Second Lien Term Loan, LIBOR+7.75% (1% floor) cash due 11/6/2021 (13)	8.99%		2,697	2,475	2,710
				2,475	**2,710**
Truck Hero, Inc.		Auto parts & equipment			
Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 4/21/2025 (13)	9.58%		21,500	21,191	21,715
				21,191	**21,715**
UOS, LLC		Trucking			
First Lien Term Loan, LIBOR+5.5% (1% floor) cash due 4/18/2023 (13)	6.74%		6,916	7,081	7,106
				7,081	**7,106**
Valet Merger Sub, Inc.		Environmental & facilities services			
First Lien Term Loan, LIBOR+7% (1% floor) cash due 9/24/2021 (13)	8.24%		50,661	50,016	50,660
First Lien Revolver, LIBOR+7% (1% floor) cash due 9/24/2021 (10) (13)	8.24%			(115)	—
				49,901	**50,660**
Veritas US Inc.		Internet software & services			
First Lien Term Loan, LIBOR+4.5% (1% floor) cash due 1/27/2023 (13)(22)	5.83%		34,947	35,379	35,336
				35,379	**35,336**
Virgin Media		Integrated telecommunication services			
Fixed Rate Bond 5.5% cash due 8/15/2026 (11)(22)			2,000	2,038	2,108
Fixed Rate Bond 5.25% cash due 1/15/2026 (11)(22)			3,000	3,009	3,161
				5,047	**5,269**
Vitalyst Holdings, Inc.		IT consulting & other services			
675 Series A Preferred Units of PCH Support Holdings, Inc., 10%				675	511
7,500 Class A Common Stock Units of PCH Support Holdings, Inc.				75	—
				750	**511**

See notes to Consolidated Financial Statements.

(dollar amounts in thousands)

Portfolio Company/Type of Investment (1)(2)(5)(9)(14)	Cash Interest Rate (13)	Industry	Principal (8)	Cost	Fair Value
Webster Capital III, L.P.		Multi-sector holdings			
0.754% limited partnership interest (11)(25)				$ 1,020	$ 1,296
				1,020	**1,296**
WeddingWire, Inc.		Internet software & services			
First Lien Term Loan, LIBOR+8.5% (1% floor) cash due 2/20/2020 (13)	9.84%		$ 25,781	25,781	25,911
First Lien Revolver, LIBOR+8.5% (1% floor) cash due 2/20/2020 (13)	9.84%			—	15
483,645 Common Shares of WeddingWire, Inc.				1,200	1,607
				26,981	**27,533**
xMatters, Inc.		Internet software & services			
600,000 Common Stock Warrants (exercise price $0.593333) expiration date 2/26/2025				709	368
				709	**368**
Yeti Acquisition, LLC		Leisure products			
3,000,000 Common Stock Units of Yeti Holdings, Inc.				—	5,900
				—	**5,900**
Zep Inc.		Housewares & Specialties			
Second Lien Term Loan, LIBOR+8.25% (1% floor) cash due 8/11/2025 (13)	9.48%		30,000	29,852	29,775
				29,852	**29,775**
Total Non-Control/Non-Affiliate Investments (138.2% of net assets)				**$ 1,279,096**	**$ 1,199,501**
Total Portfolio Investments (177.7% of net assets)				**$ 1,757,665**	**$ 1,541,755**
Cash and Cash Equivalents					
JP Morgan Prime Money Market Fund				$ 48,808	$ 48,808
Other cash accounts				4,210	4,210
Total Cash and Cash Equivalents (6.1% of net assets)				**$ 53,018**	**$ 53,018**
Total Portfolio Investments, Cash and Cash Equivalents (183.8% of net assets)				**$ 1,810,683**	**$ 1,594,773**

See notes to Consolidated Financial Statements.

(1) All debt investments are income producing unless otherwise noted. All equity investments are non-income producing unless otherwise noted.

(2) See Note 3 in the accompanying notes to the Consolidated Financial Statements for portfolio composition by geographic region.

(3) Control Investments generally are defined by the 1940 Act, as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation.

(4) Affiliate Investments generally are defined by the 1940 Act as investments in companies in which the Company owns between 5% and 25% of the voting securities.

(5) Equity ownership may be held in shares or units of companies related to the portfolio companies.

(6) Income producing through payment of dividends or distributions.

(7) Non-Control/Non-Affiliate Investments are investments that are neither Control Investments nor Affiliate Investments.

(8) Principal includes accumulated PIK interest and is net of repayments.

(9) Interest rates may be adjusted from period to period on certain term loans and revolvers. These rate adjustments may be either temporary in nature due to tier pricing arrangements or financial or payment covenant violations in the original credit agreements or permanent in nature per loan amendment or waiver documents.

(10) Investment has undrawn commitments. Unamortized fees are classified as unearned income which reduces cost basis, which may result in a negative cost basis. A negative fair value may result from the unfunded commitment being valued below par.

(11) Investment is not a "qualifying asset" as defined under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets. As of September 30, 2017, qualifying assets represented 83.6% of the Company's total assets and non-qualifying assets represented 16.4% of the Company's total assets.

(12) The sale of a portion of this loan does not qualify for true sale accounting under ASC 860, and therefore, the entire debt investment remains in the Consolidated Schedule of Investments. Accordingly, the fair value of the Company's debt investments as of September 30, 2017 includes $13.3 million related to the Company's secured borrowings. (See Note 14 in the accompanying notes to the Consolidated Financial Statements.)

(13) The interest rate on the principal balance outstanding for all floating rate loans is indexed to LIBOR and/or an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each of these loans, the Company has provided the applicable margin over LIBOR or the alternate based rate based on each respective credit agreement and the cash interest rate as of period end.

(14) With the exception of investments held by the Company's wholly-owned subsidiaries that each held a license from the SBA to operate as a SBIC as of September 30, 2017, each of the Company's investments is pledged as collateral under one or more of its credit facilities. A single investment may be divided into parts that are individually pledged as collateral to separate credit facilities. These licenses were surrendered in January 2018 (see Note 6 in the accompanying notes to the Consolidated Financial Statements).

(15) As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" of and to "Control" this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company (including through a management agreement).

(16) First Star Bermuda Aviation Limited and First Star Speir Aviation 1 Limited are wholly-owned holding companies formed by the Company in order to facilitate its investment strategy. In accordance with ASU 2013-08, the Company has deemed the holding companies to be investment companies under GAAP and therefore deemed it appropriate to consolidate the financial results and financial position of the holding companies and to recognize dividend income versus a combination of interest income and dividend income. Accordingly, the debt and equity investments in the wholly-owned holding companies are disregarded for accounting purposes since the economic substance of these instruments are equity investments in the operating entities.

(17) See Note 3 in the accompanying notes to the Consolidated Financial Statements for portfolio composition.

(18) In December 2016, the Company restructured its investment in Senior Loan Fund JV I, LLC. As part of the restructuring, the Company exchanged its subordinated notes for Class A Mezzanine Secured Deferrable Floating Rate Notes and Class B Mezzanine Secured Deferrable Fixed Rate Notes issued by a newly formed, wholly owned subsidiary, SLF Repack Issuer 2016 LLC. The Class A Mezzanine Secured Deferrable Floating Rate Notes bear interest at a rate of LIBOR plus the applicable margin as defined in the indenture. The Class A Mezzanine Secured Deferrable Floating Rate Notes and Class B Mezzanine Secured Deferrable Fixed Rate Notes are collectively referred to as the "mezzanine notes".

(19) In June 2017, the Company sold all of its investments in Eagle Physicians in exchange for cash and the right to receive contingent payments in the future based on the performance of Eagle Physicians, which is referred to as an "earn-out" in the consolidated schedule of investments. Prior to the sale of its investments in Eagle Physicians, the Company may have been deemed to control Eagle Physicians within the meaning of the 1940 Act due to the fact that the Company owned greater than 25% of the voting securities in Eagle Physicians. After the sale and as of September 30, 2017, the Company no longer owns any of the voting securities in Eagle Physicians and is not deemed to control Eagle Physicians within the meaning of the 1940 Act.

(20) In June 2017, AdVenture Interactive, Corp. completed a reorganization in which it separated its marketing services business from its online program management business. In connection with the reorganization, FS AVI Holdco LLC was formed as a separate entity and is the parent to Keypath Education, Inc., which represents the former marketing services business, and the Company's first lien term loan and revolver with AdVenture Interactive, Corp. were assigned to Keypath Education, Inc. Subsequent to the reorganization, AdVenture Interactive, Corp. holds preferred units in Keypath Education Holdings, LLC, which conducts the online program management business. The Company is not deemed to control Keypath Education Holdings, LLC under the 1940 Act.

(21) The Company's investment in Maverick Healthcare is currently past due. In May 2017, the Company entered into a forbearance agreement with Maverick Healthcare in which the Company has temporarily agreed not to take action against Maverick Healthcare.

(22) As of September 30, 2017, these investments are categorized as Level 2 within the fair value hierarchy established by ASC 820. All other investments are categorized as Level 3 as of September 30, 2017 and were valued using significant unobservable inputs.

(23) This investment was on cash non-accrual status as of September 30, 2017. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

(24) This investment was on PIK non-accrual status as of September 30, 2017. PIK non-accrual status is inclusive of other non-cash income, where applicable.

(25) This investment was valued using net asset value as a practical expedient for fair value. Consistent with FASB guidance under ASC 820, these investments are excluded from the hierarchical levels.

See notes to Consolidated Financial Statements.

Note 1. Organization

Oaktree Specialty Lending Corporation (formerly known as Fifth Street Finance Corp. through October 17, 2017) (together with its consolidated subsidiaries, the "Company") is a specialty finance company that is a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a business development company under the 1940 Act. The Company has qualified and elected to be treated as a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended (the "Code"), for tax purposes.

The Company seeks to generate current income and capital appreciation by providing companies with flexible and innovative financing solutions, including first and second lien loans, unsecured and mezzanine loans and preferred equity. The Company may also seek to generate capital appreciation and income through secondary investments at discounts to par in either private or syndicated transactions.

As of October 17, 2017, the Company is externally managed by Oaktree Capital Management, L.P. (“Oaktree”), a subsidiary of Oaktree Capital Group, LLC (“OCG”), a global investment manager specializing in alternative investments, pursuant to an investment advisory agreement between the Company and Oaktree (the “New Investment Advisory Agreement”). Oaktree Fund Administration, LLC (“Oaktree Administrator”), a subsidiary of Oaktree, provides certain administrative and other services necessary for the Company to operate pursuant to an administration agreement between the Company and Oaktree Administrator (the “New Administration Agreement”). See Note 11.

Prior to October 17, 2017, the Company was externally managed by Fifth Street Management LLC (the "Former Adviser”), an indirect, partially-owned subsidiary of Fifth Street Asset Management Inc. (“FSAM”), and FSC CT LLC (the "Former Administrator"), a subsidiary of the Former Adviser, also provided certain administrative and other services necessary for the Company to operate pursuant to an administration agreement (the "Former Administration Agreement").

On September 7, 2017, stockholders of the Company approved the New Investment Advisory Agreement to take effect upon the closing of the transactions contemplated by the Asset Purchase Agreement (the “Purchase Agreement”), by and among Oaktree, the Former Adviser, and, for certain limited purposes, FSAM, and Fifth Street Holdings L.P., the direct, partial owner of the Former Adviser (the “Transaction”). Upon the closing of the Transaction on October 17, 2017, Oaktree became the investment adviser to each of Oaktree Strategic Income Corporation (formerly known as Fifth Street Senior Floating Rate Corp.) (“OCSI”) and the Company. The closing of the Transaction resulted in an assignment for purposes of the 1940 Act of the fourth amended and restated investment advisory agreement between the Former Adviser and the Company (the "Former Investment Advisory Agreement") and, as a result, its immediate termination.

Note 2. Significant Accounting Policies

Basis of Presentation:

The Consolidated Financial Statements of the Company have been prepared in accordance with GAAP and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X. In the opinion of management, all adjustments of a normal recurring nature considered necessary for the fair presentation of the Consolidated Financial Statements have been made. All intercompany balances and transactions have been eliminated. The Company is an investment company following the accounting and reporting guidance in FASB ASC Topic 946, *Financial Services - Investment Companies* ("ASC 946").

Use of Estimates:

The preparation of the financial statements in conformity with GAAP requires management to make certain estimates and assumptions affecting amounts reported in the financial statements and accompanying notes. These estimates are based on the information that is currently available to the Company and on various other assumptions that the Company believes to be reasonable under the circumstances. Changes in the economic and political environments, financial markets and any other parameters used in determining these estimates could cause actual results to differ and such differences could be material. Significant estimates include the valuation of investments and revenue recognition.

Consolidation:

The accompanying Consolidated Financial Statements include the accounts of Oaktree Specialty Lending Corporation and its consolidated subsidiaries. Each consolidated subsidiary is wholly-owned and, as such, consolidated into the Consolidated Financial Statements. Certain subsidiaries that hold investments are treated as pass through entities for tax purposes. The assets of certain of the consolidated subsidiaries are not directly available to satisfy the claims of the creditors of Oaktree Specialty Lending Corporation or any of its other subsidiaries. As of June 30, 2018, the consolidated subsidiaries were Fifth Street Fund of Funds LLC ("Fund of Funds"), Fifth Street Mezzanine Partners IV, L.P. ("FSMP IV"), Fifth Street Mezzanine Partners V, L.P. ("FSMP V" and together with

FSMP IV, the "Excluded Subsidiaries"), FSMP IV GP, LLC, FSMP V GP, LLC and FSFC Holdings, Inc. ("Holdings"). In addition, the Company consolidates various holding companies held in connection with its equity investments in certain portfolio investments.

As an investment company, portfolio investments held by the Company are not consolidated into the Consolidated Financial Statements but rather are included on the Statements of Assets and Liabilities as investments at fair value.

Fair Value Measurements:

The Company is required to report its investments for which current market values are not readily available at fair value. The Company values its investments in accordance with ASC 820, which defines fair value as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. ASC 820 prioritizes the use of observable market prices derived from such prices over entity-specific inputs. Where observable prices or inputs are not available or reliable, valuation techniques are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the investments or market and the investments' complexity.

Hierarchical levels, defined by ASC 820 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

- Level 1 — Unadjusted, quoted prices in active markets for identical assets or liabilities as of the measurement date.
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data at the measurement date for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

If inputs used to measure fair value fall into different levels of the fair value hierarchy an investment's level is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. This includes investment securities that are valued using "bid" and "ask" prices obtained from independent third party pricing services or directly from brokers. These investments may be classified as Level 3 because the quoted prices may be indicative in nature for securities that are in an inactive market, may be for similar securities or may require adjustments for investment-specific factors or restrictions.

Financial instruments with readily available quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment inherent in measuring fair value. As such, Oaktree obtains and analyzes readily available market quotations provided by independent pricing services for all of the Company's first lien and second lien ("senior secured") debt investments for which quotations are available. In determining the fair value of a particular investment, pricing services use observable market information, including both binding and non-binding indicative quotations.

Oaktree evaluates the quotations provided by independent pricing services and company specific data that could affect the credit quality and/or fair value of the investment. Investments for which market quotations are readily available may be valued at such market quotations. In order to validate market quotations, Oaktree looks at a number of factors to determine if the quotations are representative of fair value, including the source and nature of the quotations. Oaktree does not adjust the prices unless it has a reason to believe market quotations are not reflective of the fair value of an investment. Examples of events that would cause market quotations to not reflect fair value could include cases when a security trades infrequently causing a quoted purchase or sale price to become stale or in the event of a "fire sale" by a distressed seller. In these instances, the Company values such investments by using the valuation procedure that it uses with respect to assets for which market quotations are not readily available (as discussed below).

If the quotation provided by the pricing service is based on only one or two market sources, the Company performs additional procedures to corroborate such information, which may include the market yield technique discussed below and a quantitative and qualitative assessment of the credit quality and market trends affecting the portfolio company.

The Company performs detailed valuations of its debt and equity investments for which market quotations are not readily available or are deemed not to represent fair value of the investments. The Company typically uses three different valuation techniques. The first valuation technique is the transaction precedent technique, which utilizes recent or expected future transactions of the investment to determine fair value, to the extent applicable. The second valuation technique is an analysis of the enterprise value ("EV") of the portfolio company. EV means the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time. The EV analysis is typically performed to determine (i) the value of equity investments, (ii) whether there is credit impairment for debt investments and (iii) the value for debt investments that the Company is deemed to control under the 1940 Act. To estimate the EV of a portfolio company, Oaktree analyzes various factors, including the portfolio company's historical and projected financial results, macroeconomic impacts on the company, and competitive dynamics in the company's industry. Oaktree also utilizes some or all of the following information based on the individual circumstances of the portfolio company: (i) valuations of comparable public companies, (ii) recent sales of private and public comparable companies in similar industries or having similar business or earnings characteristics, (iii) purchase price multiples as a multiple of their earnings or cash flow, (iv) the portfolio company's ability to meet its forecasts and its business prospects, (v) a discounted cash flow analysis, (vi) estimated liquidation or collateral value of the portfolio company's assets and (vii) offers from third parties to buy the portfolio company. The Company may probability weight potential sale outcomes with respect to a portfolio company when uncertainty exists as of the valuation date. The third valuation technique is a market yield technique, which is typically performed for non-credit impaired debt investments. In the market yield technique, a current price is imputed for the investment based upon an assessment of the expected market yield for a similarly structured investment with a similar level of risk, and the Company considers the current contractual interest rate, the capital structure and other terms of the investment relative to risk of the company and the specific investment. A key determinant of risk, among other things, is the leverage through the investment relative to the EV of the portfolio company. As debt investments held by the Company are substantially illiquid with no active transaction market, the Company depends on primary market data, including newly funded transactions and industry specific market movements, as well as secondary market data with respect to high yield debt instruments and syndicated loans, as inputs in determining the appropriate market yield, as applicable.

In accordance with ASC 820-10, certain investments that qualify as investment companies in accordance with ASC 946 may be valued using net asset value as a practical expedient for fair value. Consistent with FASB guidance under ASC 820, these investments are excluded from the hierarchical levels.

The Company estimates the fair value of privately held warrants using a Black Scholes pricing model, which includes an analysis of various factors and subjective assumptions, including the current stock price (by using an EV analysis as described above), the expected period until exercise, expected volatility of the underlying stock price, expected dividends and the risk free rate. Changes in the subjective input assumptions can materially affect the fair value estimates.

The Company's Board of Directors undertakes a multi-step valuation process each quarter in connection with determining the fair value of the Company's investments:

- The quarterly valuation process begins with each portfolio company or investment being initially valued by Oaktree's valuation team in conjunction with Oaktree's portfolio management team and investment professionals responsible for each portfolio investment;
- Preliminary valuations are then reviewed and discussed with management of Oaktree;
- Separately, independent valuation firms engaged by the Board of Directors prepare valuations of the Company's investments, on a selected basis, for which market quotations are not readily available or are readily available but deemed not reflective of the fair value of the investment, and submit the reports to the Company and provide such reports to Oaktree and the Audit Committee of the Board of Directors;
- Oaktree compares and contrasts its preliminary valuations to the valuations of the independent valuation firms and prepares a valuation report for the Audit Committee;
- The Audit Committee reviews the preliminary valuations with Oaktree, and Oaktree responds and supplements the preliminary valuations to reflect any discussions between Oaktree and the Audit Committee;
- The Audit Committee makes a recommendation to the full Board of Directors regarding the fair value of the investments in the Company's portfolio; and
- The Board of Directors discusses valuations and determines the fair value of each investment in the Company's portfolio.

The fair value of the Company's investments as of June 30, 2018 and September 30, 2017 was determined in good faith by the Board of Directors. The Board of Directors has and will continue to engage independent valuation firms to provide assistance regarding the determination of the fair value of a portion of the Company's portfolio securities for which market quotations are not readily available or are readily available but deemed not reflective of the fair value of the investment each quarter, and the Board of Directors may reasonably rely on that assistance. However, the Board of Directors is responsible for the ultimate valuation of the portfolio investments at fair value as determined in good faith pursuant to the Company's valuation policy and a consistently applied valuation process.

The Company has not elected the fair value option to report other selected financial assets and liabilities at fair value. With the exception of the line items entitled "deferred financing costs," "other assets," "credit facilities payable" and "unsecured notes payable," which are reported at amortized cost, all assets and liabilities approximate fair value on the Consolidated Statement of Assets and Liabilities. The carrying value of the line items titled "interest, dividends, and fees receivable," "due from portfolio companies," "receivables from unsettled transactions," "accounts payable, accrued expenses and other liabilities," "base management fee and Part I incentive fee payable," "due to affiliate," "interest payable," "amounts payable to syndication partners," "director fees payable" and "payables from unsettled transactions" approximate fair value due to their short maturities.

Foreign Currency Translation

The accounting records of the Company are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the prevailing foreign exchange rate on the reporting date. The Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments and investment related assets and liabilities from the fluctuations arising from changes in market prices of securities held. The Company's investments in foreign securities may involve certain risks, including foreign exchange restrictions, expropriation, taxation or other political, social or economic risks, all of which could affect the market and/or credit risk of the investment. In addition, changes in the relationship of foreign currencies to the U.S. dollar can significantly affect the value of these investments and therefore the earnings of the Company.

Investment Income:

Interest Income

Interest income, adjusted for accretion of original issue discount ("OID"), is recorded on an accrual basis to the extent that such amounts are expected to be collected. Cash interest payments received on investments may be recognized as income or a return of capital depending upon management's judgment. The Company stops accruing interest on investments when it is determined that interest is no longer collectible. Investments that are expected to pay regularly scheduled interest in cash are generally placed on non-accrual status when there is reasonable doubt that principal or interest cash payments will be collected. A non-accrual investment is restored to accrual status if past due principal and interest are paid in cash, and the portfolio company, in management's judgment, is likely to continue timely payment of its remaining obligations.

In connection with its investment in a portfolio company, the Company sometimes receives nominal cost equity that is valued as part of the negotiation process with the portfolio company. When the Company receives nominal cost equity, the Company allocates its cost basis in the investment between debt securities and the nominal cost equity at the time of origination. Any resulting discount from recording the loan, or otherwise purchasing a security at a discount, is accreted into interest income over the life of the loan.

For the Company's secured borrowings, the interest earned on the entire loan balance is recorded within interest income and the interest earned by the buyer from the partial loan sales is recorded within interest expense in the Consolidated Statements of Operations.

PIK Interest Income

The Company's investments in debt securities may contain PIK interest provisions. PIK interest, which represents contractually deferred interest added to the loan balance that is generally due at the end of the loan term, is generally recorded on the accrual basis to the extent such amounts are expected to be collected. The Company generally ceases accruing PIK interest if there is insufficient value to support the accrual or if the Company does not expect the portfolio company to be able to pay all principal and interest due. The Company's decision to cease accruing PIK interest involves subjective judgments and determinations based on available information about a particular portfolio company, including whether the portfolio company is current with respect to its payment of principal and interest on its loans and debt securities; financial statements and financial projections for the portfolio company; the Company's assessment of the portfolio company's business development success; information obtained by the Company in connection with periodic formal update interviews with the portfolio company's management and, if appropriate, the private equity sponsor; and information about the general economic and market conditions in which the portfolio company operates. Based on this and other information, the Company determines whether to cease accruing PIK interest on a loan or debt security. The Company's determination to cease accruing PIK interest is generally made well before the Company's full write-down of a loan or debt security. In addition, if it is subsequently determined that the Company will not be able to collect any previously accrued PIK interest, the fair value of the loans or debt securities would be reduced by the amount of such previously accrued, but uncollectible, PIK interest. The accrual of PIK interest on the Company's debt investments increases the recorded cost bases of these investments in the consolidated financial statements and, as a result, increases the cost bases of these investments for purposes of computing the capital gain incentive fee payable by the Company to Oaktree beginning in the fiscal year ending September 30, 2019. To maintain its status as a RIC, certain income from PIK interest may be required to be distributed to the Company's stockholders, even though the Company has not yet collected the cash and may never do so.

Fee Income

The Company receives a variety of fees in the ordinary course of business, including servicing, advisory, amendment, structuring and prepayment fees, which are classified as fee income and recognized as they are earned.

The Company may structure exit fees across certain of its portfolio investments to be received upon the future exit of those investments. These fees are typically paid to the Company upon the earliest to occur of (i) a sale of the borrower or substantially all of its assets of the borrower, (ii) the maturity date of the loan or (iii) the date when full prepayment of the loan occurs. The receipt of such fees is contingent upon the occurrence of one of the events listed above for each of the investments. A percentage of these fees is included in net investment income over the life of the loan.

Dividend Income

The Company generally recognizes dividend income on the ex-dividend date. Distributions received from equity investments are evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, the Company will not record distributions from equity investments as dividend income unless there are sufficient earnings at the portfolio company prior to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment.

Cash and Cash Equivalents and Restricted Cash:

Cash and cash equivalents and restricted cash consist of demand deposits and highly liquid investments with maturities of three months or less when acquired. The Company places its cash and cash equivalents and restricted cash with financial institutions and, at times, cash held in bank accounts may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit. Cash and cash equivalents are classified as Level 1 assets and are included on the Company's Consolidated Schedule of Investments.

As of September 30, 2017, included in cash and cash equivalents was $25.2 million held in bank accounts of the Excluded Subsidiaries. These cash and cash equivalents were permitted only for certain uses, including funding operating expenses of the Excluded Subsidiaries. This cash was not permitted to be used to fund the Company's investments that were held outside the Excluded Subsidiaries or for other corporate purposes of the Company. As of June 30, 2018, there were no cash and cash equivalents held in bank accounts of the Excluded Subsidiaries.

As of September 30, 2017, included in restricted cash was $6.8 million that was held at U.S. Bank, National Association in connection with the Company's Sumitomo Facility (as defined in Note 6). The Company was restricted in terms of access to this cash until the occurrence of the periodic distribution dates and, in connection therewith, the Company’s submission of its required periodic reporting schedules and verifications of the Company’s compliance with the terms of the credit agreement.

Due from Portfolio Companies:

Due from portfolio companies consists of amounts payable to the Company from its portfolio companies, including proceeds from the sale of portfolio companies not yet received or being held in escrow, and excluding those amounts attributable to interest, dividends or fees receivable. These amounts are recognized as they become payable to the Company (*e.g.*, principal payments on the scheduled amortization payment date).

Receivables/Payables From Unsettled Transactions:

Receivables/payables from unsettled transactions consists of amounts receivable to or payable by the Company for transactions that have not settled at the reporting date.

Deferred Financing Costs:

Deferred financing costs consist of fees and expenses paid in connection with the closing or amending of credit facilities and debt offerings. Deferred financing costs in connection with credit facilities are capitalized as an asset at the time of payment. Deferred financing costs in connection with all other debt arrangements are a direct deduction from the related debt liability at the time of payment. Deferred financing costs are amortized using the effective interest method over the terms of the respective debt arrangement. This amortization expense is included in interest expense in the Company's Consolidated Statements of Operations. Upon early termination or modification of a credit facility, all or a portion of unamortized fees related to such facility may be accelerated into interest expense.

Offering Costs:

Offering costs consist of fees and expenses incurred in connection with the offer and sale of the Company's securities, including legal, accounting and printing fees. The Company charges offering costs to capital at the time of an offering. There were no offering costs charged to capital during the nine months ended June 30, 2018 and 2017.

Income Taxes:

The Company has elected to be subject to tax as a RIC under Subchapter M of the Code and operates in a manner so as to qualify for the tax treatment applicable to RICs. In order to be subject to tax as a RIC, among other things, the Company is required to meet certain source of income and asset diversification requirements and timely distribute dividends to its stockholders of an amount generally at least equal to 90% of investment company taxable income, as defined by the Code and determined without regard to any deduction for dividends paid, for each taxable year. As a RIC, the Company is not subject to federal income tax on the portion of its taxable income and gains distributed currently to stockholders as a dividend. Depending on the level of taxable income earned during a taxable year, the Company may choose to retain taxable income in excess of current year dividend distributions and would distribute such taxable income in the next taxable year. The Company would then incur a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income, determined on a calendar year basis, could exceed estimated current calendar year dividend distributions, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. The Company anticipates timely distribution of its taxable income within the tax rules under Subchapter M of the Code. The Company did not incur a U.S. federal excise tax for calendar years 2016 and 2017 and does not expect to incur a U.S. federal excise tax for calendar year 2018.

The Company holds certain portfolio investments through taxable subsidiaries, including Fund of Funds and Holdings. The purpose of the Company's taxable subsidiaries is to permit the Company to hold equity investments in portfolio companies which are "pass through" entities for U.S. federal income tax purposes in order to comply with the RIC tax requirements. The taxable subsidiaries are consolidated for financial reporting purposes, and portfolio investments held by them are included in the Company's Consolidated Financial Statements as portfolio investments and recorded at fair value. The taxable subsidiaries are not consolidated with the Company for U.S. federal income tax purposes and may generate income tax expense, or benefit, and the related tax assets and liabilities, as a result of their ownership of certain portfolio investments. This income tax expense, if any, would be reflected in the Company's Consolidated Statements of Operations. The Company uses the liability method to account for its taxable subsidiaries' income taxes. Using this method, the Company recognizes deferred tax assets and liabilities for the estimated future tax effects attributable to temporary differences between financial reporting and tax bases of assets and liabilities. In addition, the Company recognizes deferred tax benefits associated with net operating loss carry forwards that it may use to offset future tax obligations. The Company measures deferred tax assets and liabilities using the enacted tax rates expected to apply to taxable income in the years in which it expects to recover or settle those temporary differences.

FASB ASC Topic 740, *Accounting for Uncertainty in Income Taxes* ("ASC 740"), provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the Company's Consolidated Financial Statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Management's determinations regarding ASC 740 may be subject to review and adjustment at a later date based upon factors including an ongoing analysis of tax laws, regulations and interpretations thereof. The Company recognizes the tax benefits of uncertain tax positions only where the position is "more-likely-than-not" to be sustained assuming examination by tax authorities. Management has analyzed the Company's tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years 2015, 2016 or 2017. The Company identifies its major tax jurisdictions as U.S. Federal and California, and the Company is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

Secured Borrowings:

The Company follows the guidance in ASC 860 when accounting for loan participations and other partial loan sales. Such guidance provides accounting and reporting standards for transfers and servicing of financial assets and requires a participation or other partial loan sales to meet the definition of a "participating interest," as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest or which are not eligible for sale accounting remain on the Company's Consolidated Statements of Assets and Liabilities and the proceeds are recorded as a secured borrowing until the definition is met. Secured borrowings are carried at fair value to correspond with the related investments, which are carried at fair value. See Note 14 for additional information.

Amounts Payable to Syndication Partners:

The Company acts as administrative agent for certain loans it originates and then syndicates. As administrative agent, the Company receives interest, principal and/or other payments from borrowers that is redistributed to syndication partners. If not redistributed by the reporting date, such amounts are classified in restricted cash and a payable is recorded to syndication partners on the Consolidated Statements of Assets and Liabilities.

Fair Value Option:

The Company adopted certain principles under FASB ASC Topic 825 *Financial Instruments – Fair Value Option* ("ASC 825") and elected the fair value option for its secured borrowings, which had a cost basis of $12.6 million and $13.5 million in the aggregate as of each of June 30, 2018 and September 30, 2017, respectively. The Company believes that by electing the fair value option for these financial instruments, it provides consistent measurement of the assets and liabilities which relate to the partial loan sales mentioned above.

Recent Accounting Pronouncements:

In May 2014, the FASB issued *ASU 2014-09, Revenue from Contracts with Customers* ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in GAAP when it becomes effective. In March 2016, the FASB issued *ASU 2016-08, Revenue from Contracts with Customers (Topic 606) - Principal versus Agent Considerations*. This ASU is intended to clarify revenue recognition accounting when a third party is involved in providing goods or services to a customer. In April 2016, the FASB issued *ASU 2016-10, Revenue from Contracts with Customers (Topic 606) - Identifying Performance Obligations and Licensing*. This ASU is intended to clarify two aspects of Topic 606: identifying performance obligations and licensing implementation guidance. In May 2016, the FASB issued *ASU 2016-12, Revenue from Contracts with Customers (Topic 606) - Narrow-Scope Improvements and Practical Expedients*. This ASU amends certain aspects of ASU 2014-09, addresses certain implementation issues identified and clarifies the new revenue standards' core revenue recognition principles. The new standards will be effective for the Company on October 1, 2018 and early adoption is permitted on the original effective date of January 1, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. The majority of Company's revenues is accounted for under FASB ASC Topic 320, *Investments - Debt and Equity Securities*, which is excluded from this standard. For the revenue subject to the new standard, the Company has not yet selected a transition method nor has it determined the effect of this standard on its Consolidated Financial Statements and related disclosures.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall* ("ASU 2016-01"), which makes limited amendments to the guidance in GAAP on the classification and measurement of financial instruments. The new standard significantly revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods therein. Early adoption is permitted specifically for the amendments pertaining to the presentation of certain fair value changes for financial liabilities measured at fair value. Early adoption of all other amendments is not permitted. Upon adoption, the Company will be required to make a cumulative-effect adjustment to the Consolidated Statement of Assets and Liabilities as of the beginning of the first reporting period in which the guidance is effective. The Company did not early adopt the new guidance during the three months ended June 30, 2018. The Company is evaluating the effect that ASU 2016-01 will have on its Consolidated Financial Statements and related disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230)* which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included within cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new guidance is effective for fiscal years beginning after December 15, 2017, including interim periods therein, and early adoption is permitted. The amendment should be adopted retrospectively. The Company did not early adopt the new guidance during the three months ended June 30, 2018. The new guidance is not expected to have a material effect on the Company's Consolidated Financial Statements other than a change in presentation of individual line items on the Consolidated Statement of Cash Flows.

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

Note 3. Portfolio Investments

As of June 30, 2018, 181.4% of net assets, or $1.5 billion, was invested in 116 portfolio companies, including the Company's investment in Class A mezzanine secured deferrable floating rate notes, Class B mezzanine secured deferrable fixed rate notes and limited liability company ("LLC") equity interests in Senior Loan Fund JV I, LLC (together with its consolidated subsidiaries, "SLF JV I"), which had a fair value of $100.4 million, $29.5 million and $1.9 million, respectively. As of June 30, 2018, 6.8% of net assets, or $57.1 million, was invested in cash and cash equivalents (including restricted cash). In comparison, as of September 30, 2017, 177.7% of net assets, or $1.5 billion, was invested in 125 portfolio investments, including the Company's investment in Class A mezzanine secured deferrable floating rate notes, Class B mezzanine secured deferrable fixed rate notes and LLC equity interests in SLF JV I, which had a fair value of $101.0 million, $27.6 million and $5.5 million, respectively, and 6.9% of net assets, or $59.9 million, was invested in cash and cash equivalents (including restricted cash). As of June 30, 2018, 76.0% of the Company's portfolio at fair value consisted of senior secured debt investments and 19.4% consisted of subordinated notes, including debt investments in SLF JV I. As of September 30, 2017, 78.0% of the Company's portfolio at fair value consisted of senior secured debt investments and 14.4% consisted of subordinated notes, including debt investments in SLF JV I.

The Company also held equity investments in certain of its portfolio companies consisting of common stock, preferred stock, warrants, limited partnership interests or LLC equity interests. These instruments generally do not produce a current return but are held for potential investment appreciation and capital gain.

During the three and nine months ended June 30, 2018, the Company recorded net realized losses on investments and secured borrowings of $89.4 million and $84.9 million, respectively. During the three and nine months ended June 30, 2017, the Company recorded net realized losses on investments and secured borrowings of $12.3 million and $151.3 million, respectively. During the three and nine months ended June 30, 2018, the Company recorded net unrealized appreciation on investments, secured borrowings and foreign currency of $99.3 million and $55.4 million, respectively. During the three and nine months ended June 30, 2017, the Company recorded net unrealized appreciation (depreciation) on investments, secured borrowings and foreign currency of $(13.1) million and $18.6 million, respectively.

The composition of the Company's investments as of June 30, 2018 and September 30, 2017 at cost and fair value was as follows:

	June 30, 2018		September 30, 2017	
	Cost	Fair Value	Cost	Fair Value
Investments in debt securities	$ 1,449,098	$ 1,320,770	$ 1,426,301	$ 1,296,138
Investments in equity securities	88,563	67,840	186,521	111,421
Debt investments in SLF JV I	129,976	129,976	128,671	128,671
Equity investment in SLF JV I	16,172	1,932	16,172	5,525
Total	**$ 1,683,809**	**$ 1,520,518**	**$ 1,757,665**	**$ 1,541,755**

The composition of the Company's debt investments as of June 30, 2018 and September 30, 2017 at fixed rates and floating rates was as follows:

	June 30, 2018		September 30, 2017	
	Fair Value	% of Debt Portfolio	Fair Value	% of Debt Portfolio
Fixed rate debt securities, including debt investments in SLF JV I	$ 247,480	17.06 %	$ 233,869	16.41 %
Floating rate debt securities, including debt investments in SLF JV I	1,203,266	82.94	1,190,940	83.59
Total	**$ 1,450,746**	**100.00%**	**$ 1,424,809**	**100.00%**

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

The following table presents the financial instruments carried at fair value as of June 30, 2018 on the Company's Consolidated Statement of Assets and Liabilities for each of the three levels of hierarchy established by ASC 820:

	Level 1	Level 2	Level 3	Measured at Net Asset Value (a)	Total
Investments in debt securities (senior secured)	$ —	$ 492,770	$ 662,780	$ —	$ 1,155,550
Investments in debt securities (subordinated, including debt investments in SLF JV I)	—	142,944	152,252	—	295,196
Investments in equity securities (preferred)	—	—	5,583	—	5,583
Investments in equity securities (common and warrants, including LLC equity interests of SLF JV I)	—	—	52,634	11,555	64,189
Total investments at fair value	**—**	**635,714**	**873,249**	**11,555**	**1,520,518**
Cash equivalents	43,097	—	—	—	43,097
Total assets at fair value	**$ 43,097**	**$ 635,714**	**$ 873,249**	**$ 11,555**	**$ 1,563,615**
Secured borrowings relating to senior secured debt investments	—	—	9,950	—	9,950
Total liabilities at fair value	**$ —**	**$ —**	**$ 9,950**	**$ —**	**$ 9,950**

(a) In accordance with ASC 820-10, certain investments that are measured using the net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. These investments are generally not redeemable. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities.

The following table presents the financial instruments carried at fair value as of September 30, 2017 on the Company's Consolidated Statement of Assets and Liabilities for each of the three levels of hierarchy established by ASC 820:

	Level 1	Level 2	Level 3	Measured at Net Asset Value (a)	Total
Investments in debt securities (senior secured)	$ —	$ 142,257	$ 1,060,442	$ —	$ 1,202,699
Investments in debt securities (subordinated, including debt investments in SLF JV I)	—	41,778	180,331	—	222,109
Investments in equity securities (preferred)	—	—	16,445	—	16,445
Investments in equity securities (common and warrants, including LLC equity interests of SLF JV I)	—	—	69,164	31,338	100,502
Total investments at fair value	**—**	**184,035**	**1,326,382**	**31,338**	**1,541,755**
Cash equivalents	48,808	—	—	—	48,808
Total assets at fair value	**$ 48,808**	**$ 184,035**	**$ 1,326,382**	**$ 31,338**	**$ 1,590,563**
Secured borrowings relating to senior secured debt investments	—	—	13,256	—	13,256
Total liabilities at fair value	**$ —**	**$ —**	**$ 13,256**	**$ —**	**$ 13,256**

(a) In accordance with ASC 820-10, certain investments that are measured using the net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. These investments are generally not redeemable. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities.

When a determination is made to classify a financial instrument within Level 3 of the valuation hierarchy, the determination is based upon the fact that the unobservable factors are significant to the overall fair value measurement. However, Level 3 financial instruments typically include, in addition to the unobservable or Level 3 components, observable components (i.e. components that are actively quoted and can be validated by external sources). Accordingly, the appreciation (depreciation) in the tables below includes changes in fair value due in part to observable factors that are part of the valuation methodology. Transfers between levels are recognized at the beginning of the reporting period.

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

The following table provides a roll-forward in the changes in fair value from March 31, 2018 to June 30, 2018 for all investments and secured borrowings for which the Company determined fair value using unobservable (Level 3) factors:

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

(a) There was a transfer from Level 2 to Level 3 for one investment during the quarter ended June 30, 2018 as a result of a decreased number of market quotes available and/or decreased market liquidity.

The following table provides a roll-forward in the changes in fair value from March 31, 2017 to June 30, 2017 for all investments and secured borrowings for which the Company determined fair value using unobservable (Level 3) factors:

	Investments					Liabilities
	Senior Secured Debt	Subordinated Debt (including debt investments in SLF JV I)	Preferred Equity	Common Equity and Warrants	Total	Secured Borrowings
Fair value as of March 31, 2017	$ 1,334,882	$ 259,431	$ 50,794	$ 103,420	$ 1,748,527	$ 14,008
New investments & net revolver activity	87,640	2,441	—	7,856	97,937	—
Redemptions/repayments	(147,504)	(30,495)	—	(1,220)	(179,219)	(309)
Net accrual of PIK interest income	854	1,352	83	—	2,289	—
Accretion of OID	4,897	—	—	—	4,897	—
Net change in unearned income	33	19	—	—	52	—
Net unrealized appreciation (depreciation) on investments	(4,026)	1,103	(5,012)	(3,991)	(11,926)	—
Net unrealized depreciation on secured borrowings	—	—	—	—	—	(124)
Realized loss on investments	(8,958)	—	—	(3,407)	(12,365)	—
Fair value as of June 30, 2017	**$ 1,267,818**	**$ 233,851**	**$ 45,865**	**$ 102,658**	**$ 1,650,192**	**$ 13,575**
Net unrealized appreciation (depreciation) relating to Level 3 assets & liabilities still held as of June 30, 2017 and reported within net unrealized appreciation (depreciation) on investments and foreign currency and net unrealized (appreciation) depreciation on secured borrowings in the Consolidated Statement of Operations for the three months ended June 30, 2017	$ (5,771)	$ (473)	$ (3,095)	$ (4,521)	$ (13,860)	$ (124)

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

The following table provides a roll-forward in the changes in fair value from September 30, 2017 to June 30, 2018 for all investments and secured borrowings for which the Company determined fair value using unobservable (Level 3) factors:

	Investments					Liabilities
	Senior Secured Debt	**Subordinated Debt (including debt investments in SLF JV I)**	**Preferred Equity**	**Common Equity and Warrants**	**Total**	**Secured Borrowings**
Fair value as of September 30, 2017	$ 1,060,442	$ 180,331	$ 16,445	$ 69,164	$ 1,326,382	$ 13,256
New investments & net revolver activity	254,313	2,663	—	2,500	259,476	—
Redemptions/repayments/sales	(594,234)	(22,735)	(12,397)	(22,048)	(651,414)	(866)
Transfers out (a)	(37,368)	—	—	—	(37,368)	—
Net accrual of PIK interest income	1,588	2,279	—	—	3,867	—
Accretion of OID	2,156	—	—	—	2,156	—
Net unrealized appreciation (depreciation) on investments	12,494	(10,285)	25,576	30,644	58,429	—
Net unrealized depreciation on secured borrowings	—	—	—	—	—	(2,440)
Realized loss on investments	(36,611)	(1)	(24,041)	(27,626)	(88,279)	—
Fair value as of June 30, 2018	**$ 662,780**	**$ 152,252**	**$ 5,583**	**$ 52,634**	**$ 873,249**	**$ 9,950**
Net unrealized appreciation (depreciation) relating to Level 3 assets & liabilities still held as of June 30, 2018 and reported within net unrealized appreciation (depreciation) on investments and foreign currency and net unrealized (appreciation) depreciation on secured borrowings in the Consolidated Statement of Operations for the nine months ended June 30, 2018	$ (24,252)	$ (10,286)	$ (354)	$ (6,110)	$ (41,002)	$ (2,440)

(a) There were transfers out of Level 3 to Level 2 for certain investments during the nine months ended June 30, 2018 as a result of an increased number of market quotes available and/or increased market liquidity.

The following table provides a roll-forward in the changes in fair value from September 30, 2016 to June 30, 2017 for all investments and secured borrowings for which the Company determined fair value using unobservable (Level 3) factors:

	Investments					Liabilities
	Senior Secured Debt	**Subordinated Debt (including debt investments in SLF JV I)**	**Preferred Equity**	**Common Equity and Warrants**	**Total**	**Secured Borrowings**
Fair value as of September 30, 2016	$ 1,689,535	$ 285,277	$ 47,749	$ 106,540	$ 2,129,101	$ 18,400
New investments & net revolver activity	296,724	130,508	—	37,272	464,504	—
Redemptions/repayments	(637,317)	(180,538)	(652)	(6,197)	(824,704)	(5,119)
Net accrual of PIK interest income	1,026	2,470	1,470	—	4,966	—
Accretion of OID	10,167	—	—	—	10,167	—
Net change in unearned income	146	41	—	—	187	—
Net unrealized appreciation (depreciation) on investments	27,429	15,950	4,250	(30,204)	17,425	—
Net unrealized appreciation on secured borrowings	—	—	—	—	—	294
Realized loss on investments	(119,892)	(19,857)	(6,952)	(4,753)	(151,454)	—
Fair value as of June 30, 2017	**$ 1,267,818**	**$ 233,851**	**$ 45,865**	**$ 102,658**	**$ 1,650,192**	**$ 13,575**
Net unrealized appreciation (depreciation) relating to Level 3 assets & liabilities still held as of June 30, 2017 and reported within net unrealized appreciation (depreciation) on investments and foreign currency and net unrealized (appreciation) depreciation on secured borrowings in the Consolidated Statement of Operations for the nine months ended June 30, 2017	$ (85,327)	$ (1,296)	$ (903)	$ (25,842)	$ (113,368)	$ 294

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

Significant Unobservable Inputs for Level 3 Investments

The following table provides quantitative information related to the significant unobservable inputs for Level 3 investments and secured borrowings, which are carried at fair value, as of June 30, 2018:

Asset	Fair Value	Valuation Technique	Unobservable Input		Range	Weighted Average (c)
Senior secured debt	$ 334,735	Market yield technique	Market yield	**(a)**	7.4% - 20.3%	12.1%
	102,215	Enterprise value technique	EBITDA multiple	**(b)**	3.4x - 7.6x	4.9x
	32,510	Enterprise value technique	Asset multiple	**(b)**	0.9x - 1.1x	1.0x
	37,031	Transactions precedent technique	Transaction price	**(d)**	N/A - N/A	N/A
	156,290	Market quotations	Broker quoted price	**(e)**	N/A - N/A	N/A
Subordinated debt	20,703	Market yield technique	Market yield	**(a)**	13.3% - 20.0%	15.2%
	1,573	Enterprise value technique	EBITDA multiple	**(a)**	4.8x - 6.9x	5.5x
SLF JV I debt investments	129,976	Enterprise value technique	N/A	**(f)**	N/A - N/A	N/A
Preferred & common equity	14,543	Enterprise value technique	Revenue multiple	**(b)**	0.5x - 11.0x	2.2x
	33,572	Enterprise value technique	EBITDA multiple	**(b)**	3.4x - 17.9x	7.6x
	5,646	Transactions precedent technique	Transaction price	**(d)**	N/A - N/A	N/A
	4,455	Enterprise value technique	Asset multiple	**(b)**	0.9x - 1.1x	1.0x
Total	**$ 873,249**					
Secured borrowings	9,950	Enterprise value technique	EBITDA multiple	**(b)**	5.5x - 5.7x	5.6x
Total	**$ 9,950**					

(a) Used when market participant would take into account market yield when pricing the investment or secured borrowings.
(b) Used when market participant would use such multiples when pricing the investment.
(c) Weighted averages are calculated based on fair value of investments or secured borrowings.
(d) Used when there is an observable transaction or pending event for the investment.
(e) The Company generally uses prices provided by an independent pricing service which are non-binding indicative prices on or near the valuation date as the primary basis for the fair value determinations for quoted senior secured debt investments. Since these prices are non-binding, they may not be indicative of fair value. The company performs additional procedures to corroborate such information, which may include the market yield technique and a quantitative and qualitative assessment of the credit quality and market trends affecting the portfolio company. Each quoted price is evaluated by the Audit Committee of the Company's Board of Directors in conjunction with additional information compiled by Oaktree.
(f) The Company determined the value based on the total assets less the total liabilities senior to the mezzanine notes held at SLF JV I in an amount not exceeding par under the enterprise value technique.

Under the market yield technique, the significant unobservable input used in the fair value measurement of the Company's investments in debt securities and secured borrowings as of June 30, 2018 is the market yield. Increases or decreases in the market yield may result in a lower or higher fair value measurement, respectively.

Under the enterprise value technique, the significant unobservable input used in the fair value measurement of the Company's investments in debt or equity securities as of June 30, 2018 is the earnings before interest, taxes, depreciation and amortization ("EBITDA"), revenue or asset multiple, as applicable. Increases or decreases in the valuation multiples in isolation may result in a higher or lower fair value measurement, respectively.

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

The following table provides quantitative information related to the significant unobservable inputs for Level 3 investments and secured borrowings, which are carried at fair value, as of September 30, 2017:

Asset	Fair Value	Valuation Technique	Unobservable Input		Range			Weighted Average (c)
Senior secured debt	$ 632,835	Market yield technique	Capital structure premium	(a)	0.0%	-	2.0%	0.7%
			Tranche specific risk premium/(discount)	(a)	(2.5)%	-	10.5%	2.9%
			Size premium	(a)	0.5%	-	2.0%	1.0%
			Industry premium/(discount)	(a)	(1.2)%	-	2.6%	0.4%
	58,815	Enterprise value technique	Revenue multiple	(b)	0.2x	-	0.6x	0.5x
	107,313	Enterprise value technique	EBITDA multiple	(b)	0.1x	-	7.2x	4.6x
	98,800	Transactions precedent technique	Transaction price	(d)	N/A	-	N/A	N/A
	162,679	Market quotations	Broker quoted price	(e)	N/A	-	N/A	N/A
Subordinated debt	40,825	Market yield technique	Capital structure premium	(a)	2.0%	-	2.0%	2.0%
			Tranche specific risk premium	(a)	1.8%	-	5.9%	3.4%
			Size premium	(a)	2.0%	-	2.0%	2.0%
			Industry premium/(discount)	(a)	(0.5)%	-	2.6%	0.6%
	10,835	Enterprise value technique	EBITDA multiple	(b)	6.3x	-	7.0x	6.4x
SLF JV I debt investments	128,671	Enterprise value technique	N/A	(f)	N/A	-	N/A	N/A
Preferred & common equity	85,609	Enterprise value technique	EBITDA multiple	(b)	0.1x	-	15.6x	6.8x
			Revenue multiple	(b)	0.9x		10.9x	2.7x
Total	**$ 1,326,382**							
Secured borrowings	13,256	Market yield technique	Tranche specific risk premium (discount)	(a)	(2.0)%	-	6.5%	5.7%
			Size premium	(a)	2.0%	-	2.0%	2.0%
			Industry premium	(a)	0.2%	-	0.2%	0.2%
Total	**$ 13,256**							

(a) Used when market participant would take into account this premium or discount when pricing the investment or secured borrowings based on a market yield.
(b) Used when market participant would use such multiples when pricing the investment.
(c) Weighted averages are calculated based on fair value of investments or secured borrowings.
(d) Used when there is an observable transaction or pending event for the investment.
(e) The Company generally uses prices provided by an independent pricing service which are non-binding indicative prices on or near the valuation date as the primary basis for the fair value determinations for quoted senior secured debt investments. Since these prices are non-binding, they may not be indicative of fair value. The company performs additional procedures to corroborate such information, which may include the market yield technique and a quantitative and qualitative assessment of the credit quality and market trends affecting the portfolio company. Each quoted price is evaluated by the Audit Committee of the Company's Board of Directors in conjunction with additional information compiled by Oaktree.
(f) The Company determined the value based on the total assets less the total liabilities senior to the mezzanine notes held at SLF JV I in an amount not exceeding par under the enterprise value technique

Under the market yield technique, the significant unobservable inputs used in the fair value measurement of the Company's investments in debt securities and secured borrowings as of September 30, 2017 are capital structure premium, tranche specific risk premium (discount), size premium and industry premium (discount). Increases or decreases in any of those inputs in isolation may result in a lower or higher fair value measurement, respectively.

Under the enterprise value technique, the significant unobservable input used in the fair value measurement of the Company's investments in debt or equity securities as of September 30, 2017 is the EBITDA or revenue multiple, as applicable. Increases or decreases in the valuation multiples in isolation may result in a higher or lower fair value measurement, respectively.

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

Financial Instruments Disclosed, But Not Carried, At Fair Value

The following table presents the carrying value and fair value of the Company's financial liabilities disclosed, but not carried, at fair value as of June 30, 2018 and the level of each financial liability within the fair value hierarchy:

	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Credit facility payable	$ 211,000	$ 211,000	$ —	$ —	$ 211,000
Unsecured notes payable (net of unamortized financing costs)	386,132	393,156	—	162,615	230,541
Total	**$ 597,132**	**$ 604,156**	**$ —**	**$ 162,615**	**$ 441,541**

The following table presents the carrying value and fair value of the Company's financial liabilities disclosed, but not carried, at fair value as of September 30, 2017 and the level of each financial liability within the fair value hierarchy:

	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Credit facilities payable	$ 255,995	$ 255,995	$ —	$ —	$ 255,995
Unsecured notes payable (net of unamortized financing costs)	406,115	414,067	—	163,517	250,550
Total	**$ 662,110**	**$ 670,062**	**$ —**	**$ 163,517**	**$ 506,545**

The principal values of the credit facilities payable approximate their fair values due to their variable interest rates and are included in Level 3 of the hierarchy.

The Company uses the non-binding indicative quoted price as of the valuation date to estimate the fair value of its 4.875% unsecured notes due 2019 ("2019 Notes"), which are included in Level 3 of the hierarchy.

The Company uses the unadjusted quoted price as of the valuation date to calculate the fair value of its 5.875% unsecured notes due 2024 ("2024 Notes") and its 6.125% unsecured notes due 2028 ("2028 Notes"), which currently trade under the symbol "OSLE" on the New York Stock Exchange and the symbol "OCSLL" on the Nasdaq Global Select Market, respectively. Although these securities are publicly traded, the market is relatively inactive, and accordingly, these securities are included in Level 2 of the hierarchy.

Portfolio Composition

Summaries of the composition of the Company's investment portfolio at cost as a percentage of total investments and at fair value as a percentage of total investments and total net assets are shown in the following tables:

	June 30, 2018		September 30, 2017	
Cost:		% of Total Investments		% of Total Investments
Senior secured debt	$ 1,255,591	74.57%	$ 1,313,432	74.73%
Subordinated debt	193,507	11.49	112,869	6.42
Debt investments in SLF JV I	129,976	7.72	128,671	7.32
LLC equity interests of SLF JV I	16,172	0.96	16,172	0.92
Purchased equity	73,686	4.38	112,558	6.40
Equity grants	4,064	0.24	48,805	2.78
Limited partnership interests	10,813	0.64	25,158	1.43
Total	**$ 1,683,809**	**100.00%**	**$ 1,757,665**	**100.00%**

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

Fair Value:	June 30, 2018	% of Total Investments	% of Total Net Assets	September 30, 2017	% of Total Investments	% of Total Net Assets
Senior secured debt	$ 1,155,550	76.00 %	137.88 %	$ 1,202,699	78.01 %	138.61 %
Subordinated debt	165,220	10.87 %	19.71 %	93,438	6.06 %	10.77 %
Debt investments in SLF JV I	129,976	8.55 %	15.51 %	128,671	8.35 %	14.83 %
LLC equity interests of SLF JV I	1,932	0.13 %	0.23 %	5,525	0.36 %	0.64 %
Purchased equity	51,757	3.40 %	6.18 %	78,655	5.10 %	9.07 %
Equity grants	6,460	0.42 %	0.77 %	6,954	0.45 %	0.80 %
Limited partnership interests	9,623	0.63 %	1.15 %	25,813	1.67 %	2.97 %
Total	**$ 1,520,518**	**100.00%**	**181.43%**	**$ 1,541,755**	**100.00%**	**177.69%**

The Company primarily invests in portfolio companies located in North America. The geographic composition is determined by the location of the corporate headquarters of the portfolio company, which may not be indicative of the primary source of the portfolio company's business. The following tables show the portfolio composition by geographic region at cost as a percentage of total investments and at fair value as a percentage of total investments and total net assets:

Cost:	June 30, 2018	% of Total Investments	September 30, 2017	% of Total Investments
Northeast	$ 477,092	28.33 %	$ 648,105	36.87 %
Midwest	290,559	17.26 %	258,895	14.73 %
West	288,841	17.15 %	328,673	18.70 %
Southwest	260,855	15.49 %	271,484	15.45 %
Southeast	196,774	11.69 %	176,460	10.04 %
International	162,808	9.67 %	62,649	3.56 %
Northwest	6,880	0.41 %	11,399	0.65 %
Total	**$ 1,683,809**	**100.00%**	**$ 1,757,665**	**100.00%**

Fair Value:	June 30, 2018	% of Total Investments	% of Total Net Assets	September 30, 2017	% of Total Investments	% of Total Net Assets
Northeast	$ 429,378	28.23 %	51.24 %	$ 539,803	35.01 %	62.22 %
West	275,809	18.14 %	32.91 %	297,716	19.31 %	34.31 %
Midwest	241,199	15.86 %	28.78 %	224,111	14.54 %	25.83 %
Southeast	201,906	13.28 %	24.09 %	179,460	11.64 %	20.68 %
Southwest	196,147	12.90 %	23.40 %	224,233	14.54 %	25.84 %
International	169,158	11.13 %	20.18 %	64,780	4.20 %	7.47 %
Northwest	6,921	0.46 %	0.83 %	11,652	0.76 %	1.34 %
Total	**$ 1,520,518**	**100.00%**	**181.43%**	**$ 1,541,755**	**100.00%**	**177.69%**

The composition of the Company's portfolio by industry at cost as a percentage of total investments and at fair value as a percentage of total investments and total net assets as of June 30, 2018 and September 30, 2017 was as follows:

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

	June 30, 2018		September 30, 2017	
Cost:		% of Total Investments		% of Total Investments
Multi-sector holdings (1)	$ 161,755	9.60 %	$ 173,427	9.87 %
Healthcare services	120,396	7.15	210,527	11.98
Internet software & services	101,106	6.00	270,192	15.37
Data processing & outsourced services	100,205	5.95	77,673	4.42
Property & casualty insurance	66,369	3.94	—	—
Environmental & facilities services	61,897	3.68	49,902	2.84
Movies & entertainment	61,502	3.65	—	—
Oil & gas equipment services	57,116	3.39	27,598	1.57
Specialized finance	51,946	3.09	3,224	0.18
Airlines	49,941	2.97	57,602	3.28
Healthcare equipment	48,918	2.91	99,614	5.67
Specialty stores	45,737	2.72	58,530	3.33
Electrical components & equipment	45,680	2.71	—	—
Advertising	44,219	2.63	84,720	4.82
Integrated telecommunication services	40,752	2.42	30,840	1.75
Aerospace & defense	39,443	2.34	—	—
Auto parts & equipment	38,619	2.29	21,191	1.21
Pharmaceuticals	35,674	2.12	60,810	3.46
Oil & gas exploration & production	34,707	2.06	—	—
Research & consulting services	34,581	2.05	37,952	2.16
Technology distributors	34,337	2.04	—	—
Air freight and logistics	32,530	1.93	32,530	1.85
Construction & engineering	30,414	1.81	67,879	3.86
Housewares & specialties	29,866	1.77	29,852	1.70
Diversified support services	25,188	1.50	22,724	1.29
Consumer electronics	23,382	1.39	23,176	1.32
General merchandise stores	22,861	1.36	—	—
Oil & gas refining & marketing	22,712	1.35	—	—
Healthcare distributors	19,706	1.17	—	—
Personal products	19,564	1.16	—	—
Apparel, accessories & luxury goods	18,265	1.08	5,165	0.29
Education services	16,418	0.98	50,013	2.85
Investment banking & brokerage	15,323	0.91	—	—
Healthcare technology	14,366	0.85	—	—
Security & alarm services	13,112	0.78	13,214	0.75
Industrial machinery	11,994	0.71	15,074	0.86
Commodity chemicals	10,953	0.65	—	—
Broadcasting	9,950	0.59	—	—
Household products	7,960	0.47	—	—
Household appliances	7,922	0.47	—	—
Precious metals & minerals	7,363	0.44	7,459	0.42
Trucking	7,006	0.42	7,081	0.40
Human resources & employment services	6,982	0.41	—	—
Commercial printing	5,883	0.35	5,983	0.34
Thrift & mortgage finance	5,790	0.34	7,240	0.41
Leisure facilities	5,450	0.32	30,931	1.76
Restaurants	4,873	0.29	4,910	0.28
Application software	4,818	0.29	51,444	2.93
Food retail	4,182	0.25	4,176	0.24
IT consulting & other services	3,963	0.24	4,127	0.23
Other diversified financial services	113	0.01	12,079	0.69
Distributors	—	—	14,963	0.85
Casinos & gaming	—	—	23,309	1.33
Home improvement retail	—	—	22,944	1.31
Real estate services	—	—	13,011	0.74
Hypermarkets & super centers	—	—	11,979	0.68
Computer & electronics retail	—	—	6,399	0.36
Multi-utilities	—	—	6,201	0.35
Total	**$ 1,683,809**	**100.00%**	**$ 1,757,665**	**100.00%**

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

	June 30, 2018			September 30, 2017		
Fair Value:		% of Total Investments	% of Total Net Assets		% of Total Investments	% of Total Net Assets
Multi-sector holdings (1)	$ 147,265	9.69 %	17.56 %	$ 164,511	10.67 %	18.96 %
Internet software & services	97,558	6.40	11.64	265,076	17.20	30.56
Data processing & outsourced services	86,183	5.67	10.28	68,314	4.43	7.87
Healthcare services	72,396	4.76	8.64	93,912	6.09	10.82
Property & casualty insurance	67,189	4.42	8.02	—	—	—
Environmental & facilities services	62,428	4.11	7.45	50,659	3.29	5.84
Movies & entertainment	61,755	4.06	7.37	—	—	—
Oil & gas equipment services	60,767	4.00	7.25	28,347	1.84	3.27
Airlines	54,408	3.58	6.49	59,511	3.86	6.86
Specialized finance	52,167	3.43	6.22	3,278	0.21	0.38
Electrical components & equipment	46,854	3.08	5.59	—	—	—
Specialty stores	44,915	2.95	5.36	56,867	3.69	6.55
Aerospace & defense	39,837	2.62	4.75	—	—	—
Auto parts & equipment	39,283	2.58	4.69	21,715	1.41	2.50
Pharmaceuticals	38,213	2.51	4.56	62,770	4.07	7.23
Research & consulting services	36,390	2.39	4.34	38,531	2.50	4.44
Oil & gas exploration & production	35,175	2.31	4.20	—	—	—
Integrated telecommunication services	34,934	2.30	4.17	31,358	2.03	3.61
Advertising	34,501	2.27	4.12	83,648	5.43	9.64
Technology distributors	34,328	2.26	4.10	—	—	—
Construction & engineering	31,508	2.07	3.76	50,269	3.26	5.79
Housewares & specialties	29,625	1.95	3.53	29,775	1.93	3.43
Diversified support services	24,960	1.64	2.98	22,554	1.46	2.60
Consumer electronics	24,484	1.61	2.92	24,066	1.56	2.77
Oil & gas refining & marketing	22,764	1.50	2.72	—	—	—
General merchandise stores	22,631	1.49	2.70	—	—	—
Personal products	19,750	1.30	2.36	—	—	—
Healthcare distributors	19,294	1.27	2.30	—	—	—
Investment banking & brokerage	15,323	1.01	1.83	—	—	—
Healthcare technology	14,573	0.96	1.74	—	—	—
Apparel, accessories & luxury goods	12,986	0.85	1.55	1,241	0.08	0.14
Security & alarm services	12,867	0.85	1.54	13,103	0.85	1.51
Industrial machinery	11,539	0.76	1.38	15,004	0.97	1.73
Commodity chemicals	10,964	0.72	1.31	—	—	—
Broadcasting	10,013	0.66	1.19	—	—	—
Healthcare equipment	9,431	0.62	1.13	72,922	4.73	8.40
Leisure facilities	8,167	0.54	0.97	32,591	2.11	3.76
Household appliances	7,990	0.53	0.95	—	—	—
Household products	7,966	0.52	0.95	—	—	—
Precious metals & minerals	7,595	0.50	0.91	7,464	0.48	0.86
Application software	7,142	0.47	0.85	53,905	3.50	6.21
Trucking	7,044	0.46	0.84	7,106	0.46	0.82
Human resources & employment services	7,017	0.46	0.84	—	—	—
Commercial printing	5,952	0.39	0.71	6,045	0.39	0.70
Thrift & mortgage finance	4,976	0.33	0.59	6,129	0.40	0.71
Restaurants	4,822	0.32	0.58	4,917	0.32	0.57
Food retail	4,256	0.28	0.51	4,251	0.28	0.49
Leisure products	3,940	0.26	0.47	5,900	0.38	0.68
IT consulting & other services	3,860	0.25	0.46	3,927	0.25	0.45
Education services	533	0.04	0.06	38,254	2.48	4.41
Air freight and logistics	—	—	—	1,810	0.12	0.21
Home improvement retail	—	—	—	24,784	1.61	2.86
Casinos & gaming	—	—	—	23,495	1.52	2.71
Distributors	—	—	—	14,829	0.96	1.71
Real estate services	—	—	—	13,014	0.84	1.50
Other diversified financial services	—	—	—	11,646	0.76	1.34
Hypermarkets & super centers	—	—	—	11,504	0.75	1.33
Computer & electronics retail	—	—	—	6,498	0.42	0.75
Multi-utilities	—	—	—	6,255	0.41	0.72
Total	**$ 1,520,518**	**100.00%**	**181.43%**	**$ 1,541,755**	**100.00%**	**177.69%**

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

As of June 30, 2018 and September 30, 2017, the Company had no single investment that represented greater than 10% of the total investment portfolio at fair value. Income, consisting of interest, dividends, fees, other investment income and realization of gains or losses, can fluctuate upon repayment or sale of an investment and in any given period can be highly concentrated among several investments. For the three and nine months ended June 30, 2018 and June 30, 2017, no individual investment produced investment income that exceeded 10% of total investment income.

Senior Loan Fund JV I LLC

In May 2014, the Company entered into an LLC agreement with Trinity Universal Insurance Company, a subsidiary of Kemper Corporation ("Kemper"), to form SLF JV I. On July 1, 2014, SLF JV I began investing in senior secured loans of middle-market companies and other corporate debt securities. The Company co-invests in these securities with Kemper through its investment in SLF JV I. SLF JV I is managed by a four person Board of Directors, two of whom are selected by the Company and two of whom are selected by Kemper. All portfolio decisions and investment decisions in respect of SLF JV I must be approved by the SLF JV I investment committee, which consists of one representative selected by the Company and one representative selected by Kemper (with approval from a representative of each required). Since the Company does not have a controlling financial interest in SLF JV I, the Company does not consolidate SLF JV I. As of June 30, 2018, SLF JV I is capitalized pro rata with LLC equity interests as transactions are completed and may be capitalized with additional mezzanine notes issued to the Company and Kemper by SLF Repack Issuer 2016 LLC, which mature on October 12, 2036. As of June 30, 2018 and September 30, 2017, the Company and Kemper owned, in the aggregate, 87.5% and 12.5%, respectively, of the LLC equity interests of SLF JV I and the outstanding mezzanine notes.

SLF JV I has a senior revolving credit facility with Deutsche Bank AG, New York Branch (as amended, the "Deutsche Bank I Facility"), which permitted up to $200.0 million of borrowings as of June 30, 2018 and September 30, 2017. Borrowings under the Deutsche Bank I Facility are secured by all of the assets of the special purpose financing subsidiary of SLF JV I. On June 28, 2018, SLF JV I amended the Deutsche Bank I Facility, which extended the expiration of the reinvestment period from July 7, 2018 to June 28, 2021 and the maturity date from July 7, 2023 to June 28, 2026 and decreased the interest rate from the 3-month LIBOR plus 2.25% per annum during the reinvestment period and the 3-month LIBOR plus 2.40% per annum during the amortization period to the 3-month LIBOR plus 1.85% per annum during the reinvestment period and the 3-month LIBOR plus 2.00% per annum during the amortization period. Under the Deutsche Bank I Facility, $164.6 million and $71.5 million of borrowings were outstanding as of June 30, 2018 and September 30, 2017, respectively.

Prior to December 21, 2017, SLF JV I also had an additional $200.0 million senior credit facility with Deutsche Bank AG, New York Branch (the "Deutsche Bank II Facility"). Effective December 21, 2017, SLF JV I merged its financing subsidiaries and, in connection with such merger, terminated the Deutsche Bank II Facility. As of September 30, 2017, there were $41.6 million of borrowings outstanding under the Deutsche Bank II Facility.

As of June 30, 2018 and September 30, 2017, SLF JV I had total assets of $357.2 million and $276.8 million, respectively. As of June 30, 2018, the Company's investment in SLF JV I consisted of LLC equity interests of $1.9 million, at fair value, and Class A mezzanine secured deferrable floating rate notes and Class B mezzanine secured deferrable fixed rate notes of $100.4 million and $29.5 million, at fair value, respectively. As of September 30, 2017, the Company's investment in SLF JV I consisted of LLC equity interests of $5.5 million, at fair value, and Class A mezzanine secured deferrable floating rate notes and Class B mezzanine secured deferrable fixed rate notes of $101.0 million and $27.6 million, at fair value, respectively. In connection with the restructuring in December 2016 of the Company's and Kemper's investment in SLF JV I, the Company and Kemper exchanged their holdings of subordinated notes of SLF JV I for the mezzanine notes issued by SLF Repack Issuer 2016 LLC, a newly formed, wholly owned special purpose issuer subsidiary of SLF JV I, which are secured by SLF JV I's LLC equity interests in the special purpose entities serving as borrowers under the Deutsche Bank I Facility and, prior to its termination, the Deutsche Bank II Facility. The mezzanine notes are senior in right of payment to the SLF JV I LLC equity interests and any contributions made by the Company to fund investments of SLF JV I through SLF Repack Issuer 2016 LLC. SLF JV I's portfolio consisted of middle-market and other corporate debt securities of 44 and 32 "eligible portfolio companies" (as defined in Section 2(a)(46) of the 1940 Act) as of June 30, 2018 and September 30, 2017, respectively. The portfolio companies in SLF JV I are in industries similar to those in which the Company may invest directly.

As of each of June 30, 2018 and September 30, 2017, the Company and Kemper had funded approximately $165.5 million to SLF JV I, of which $144.8 million was from the Company. As of June 30, 2018, the Company and Kemper had the option to fund additional mezzanine notes, subject to additional equity funding to SLF JV I. As of each of June 30, 2018 and September 30, 2017, the Company had commitments to fund LLC equity interests in SLF JV I of $17.5 million, of which $1.3 million was unfunded.

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

Below is a summary of SLF JV I's portfolio, followed by a listing of the individual loans in SLF JV I's portfolio as of June 30, 2018 and September 30, 2017:

	June 30, 2018	September 30, 2017
Senior secured loans (1)	$333,447	$245,063
Weighted average interest rate on senior secured loans (2)	6.92%	7.70%
Number of borrowers in SLF JV I	44	32
Largest exposure to a single borrower (1)	$17,758	$18,374
Total of five largest loan exposures to borrowers (1)	$69,929	$82,728

(1) At principal amount.
(2) Computed using the annual interest rate on accruing senior secured loans.

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

SLF JV I Portfolio as of June 30, 2018

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1)(4)	Cash Interest Rate	Principal	Cost	Fair Value (2)
Accudyne Industries, LLC	Industrial machinery	First Lien	8/18/2024	LIBOR+3.25% (1% floor)	5.34%	$ 9,550	$ 9,550	$ 9,542
AdVenture Interactive, Corp. (3)	Advertising	927 Common Stock Shares					1,390	670
AI Ladder Luxembourg Subco Sarl (3)	Electrical components & equipment	First Lien B	5/4/2025	LIBOR+4.5%	6.82%	11,300	10,961	11,281
Air Newco LP	IT consulting & other services	First Lien B	5/31/2024	LIBOR+4.75%	6.78%	10,000	9,975	10,075
AL Midcoast Holdings LLC	Oil & gas storage & transportation	First Lien B	6/28/2025	LIBOR+5.5%	7.84%	10,000	9,900	10,000
Allied Universal Holdco LLC (3)	Security & alarm services	First Lien	7/28/2022	LIBOR+3.75% (1% floor)	5.84%	6,929	6,977	6,839
Alvogen Pharma US, Inc.	Pharmaceuticals	First Lien B	4/1/2022	LIBOR+4.75% (1% floor)	6.84%	10,000	10,000	10,037
Asset International, Inc.	Research & Consulting Services	First Lien	12/29/2024	LIBOR+4.5% (1% floor)	6.83%	6,965	6,836	6,934
Blackhawk Network Holdings, Inc.	Data processing & outsourced services	First Lien	5/22/2025	LIBOR+3%	5.07%	10,000	9,975	9,985
Brazos Delaware II, LLC	Oil & gas equipment & services	First Lien B	5/21/2025	LIBOR+4%	6.09%	7,500	7,463	7,519
BJ's Wholesale Club, Inc.	Hypermarkets & super centers	First Lien	1/26/2024	LIBOR+3.5% (1% floor)	5.53%	4,909	4,914	4,914
Chloe Ox Parent LLC	Healthcare services	First Lien	12/14/2024	LIBOR+5% (1% floor)	6.83%	9,975	9,881	10,000
Clearent Newco, LLC	Application software	First Lien	3/20/2024	LIBOR+4% (1% floor)	6.32%	6,912	6,813	6,813
		Delayed Draw	3/20/2024	PRIME+4% (1% floor)	8.25%	—	(29)	(28)
		First Lien Revolver	3/20/2023	PRIME+4% (1% floor)	7.75%	559	545	544
Total Clearent Newco, LLC						**7,471**	**7,329**	**7,329**
Compuware Corporation	Internet software & services	First Lien B3	12/15/2021	LIBOR+3.5% (1% floor)	5.59%	10,692	10,602	10,729
DFT Intermediate LLC	Specialized finance	First Lien	3/1/2023	LIBOR+5.5% (1% floor)	7.83%	10,616	10,404	10,616
Dodge Data & Analytics LLC (3)	Data processing & outsourced services	First Lien	10/31/2019	LIBOR+8.75% (1% floor)	11.06%	8,919	8,939	8,872
DTZ U.S. Borrower, LLC	Real estate services	First Lien	11/4/2021	LIBOR+3.25% (1% floor)	5.61%	6,911	6,938	6,912
EOS Fitness Opco Holdings, LLC (3)	Leisure facilities	First Lien	12/30/2019	LIBOR+8.25% (0.75% floor)	10.24%	17,758	17,625	17,936
Eton (3)	Research & consulting services	Second Lien	3/16/2026	LIBOR+7.50%	9.48%	6,000	5,970	6,037
Everi Payments Inc.	Casinos & gaming	First Lien	5/9/2024	LIBOR+3.5% (1% floor)	5.09%	4,950	4,927	4,955
Falmouth Group Holdings Corp.	Specialty chemicals	First Lien	12/13/2021	LIBOR+6.75% (1% floor)	8.92%	4,528	4,497	4,531
Garretson Resolution Group, Inc. (5)	Diversified support services	First Lien	5/22/2021	LIBOR+6.5% (1% floor)		5,797	5,772	5,096
Gigamon Inc.	Systems software	First Lien	12/18/2024	LIBOR+4.5% (1% floor)	6.83%	7,960	7,886	8,030
IBC Capital Ltd.	Metal & glass containers	First Lien B	9/11/2023	LIBOR+3.75%	6.08%	8,977	8,955	8,996
InMotion Entertainment Group, LLC (3)	Consumer electronics	First Lien A	10/1/2021	LIBOR+7.25% (1.25% floor)	9.59%	8,500	8,516	8,500
		First Lien B	10/1/2021	LIBOR+7.25% (1.25% floor)	9.59%	8,500	8,424	8,500
Total InMotion Entertainment Group, LLC						**17,000**	**16,940**	**17,000**

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

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1)(4)	Cash Interest Rate	Principal	Cost	Fair Value (2)
Keypath Education, Inc. (3)	Advertising	First Lien	4/3/2022	LIBOR+7% (1.00% floor)	9.33%	$ 2,040	$ 2,039	$ 2,040
		927 shares Common Stock					1,088	815
Total Keypath Education, Inc.						**2,040**	**3,127**	**2,855**
McDermott Technology Americas Inc. (3)	Oil & gas equipment & services	First Lien B	4/3/2025	LIBOR+5% (1% floor)	7.09%	9,975	9,777	10,038
Morphe LLC (3)	Personal products	First Lien	2/10/2023	LIBOR+6% (1% floor)	8.33%	4,444	4,402	4,444
NAVEX Global, Inc.	Internet software & services	First Lien	11/19/2021	LIBOR+4.25% (1% floor)	6.34%	5,913	5,888	5,939
New IPT, Inc. (3)	Oil & gas equipment & services	First Lien	3/17/2021	LIBOR+5% (1% floor)	7.33%	1,794	1,794	1,794
		Second Lien	9/17/2021	LIBOR+5.1% (1% floor)	7.43%	766	765	765
		21.876 Class A Common Units				—	—	1,001
Total New IPT, Inc.						**2,560**	**2,559**	**3,560**
Northern Star Industries Inc.	Electrical components & equipment	First Lien	3/31/2025	LIBOR+4.75% (1% floor)	7.08%	6,982	6,949	6,991
Novetta Solutions, LLC	Internet software & services	First Lien	9/30/2022	LIBOR+5% (1% floor)	7.10%	6,071	6,025	5,904
OCI Beaumont LLC	Commodity chemicals	First Lien	2/16/2025	LIBOR+4.25% (1% floor)	6.33%	7,980	7,970	8,059
Refac Optical Group (3)	Specialty stores	First Lien A	9/30/2018	LIBOR+8%	10.10%	3,086	3,081	3,086
Salient CRGT, Inc. (3)	IT consulting & other services	First Lien	2/28/2022	LIBOR+5.75% (1% floor)	7.84%	2,330	2,295	2,365
Scientific Games International, Inc.	Casinos & gaming	First Lien B-5	8/14/2024	LIBOR+2.75% (1% floor)	4.84%	6,598	6,567	6,563
SHO Holding I Corporation	Footwear	First Lien	11/18/2022	LIBOR+5% (1% floor)	7.36%	8,529	8,505	7,804
TravelCLICK, Inc. (3)	Internet software & services	Second Lien	11/6/2021	LIBOR+7.75% (1% floor)	9.84%	2,871	2,871	2,873
TV Borrower US, LLC	Integrated telecommunications services	First Lien	2/22/2024	LIBOR+4.75% (1% floor)	7.08%	2,024	2,015	2,029
Uber Technologies Inc.	Application software	First Lien	4/4/2025	LIBOR+4% (1% floor)	6.00%	10,000	9,951	10,048
Uniti Group LP	Specialized REITs	First Lien B	10/24/2022	LIBOR+3% (1% floor)	5.09%	6,484	6,231	6,207
Valet Merger Sub, Inc. (3)	Environmental & facilities services	First Lien	9/24/2021	LIBOR+6.25% (1% floor)	8.34%	12,899	12,789	12,899
Veritas US Inc.	Internet software & services	First Lien	1/27/2023	LIBOR+4.5% (1% floor)	6.71%	6,982	6,929	6,416
Verra Mobility, Corp.	Data processing & outsourced services	First Lien B	2/28/2025	LIBOR+3.75% (1% floor)	5.84%	10,972	10,990	11,050
						$ 333,447	**$333,527**	**$ 333,965**

(1) Represents the interest rate as of June 30, 2018. All interest rates are payable in cash, unless otherwise noted.
(2) Represents the current determination of fair value as of June 30, 2018 utilizing a similar technique as the Company in accordance with ASC 820. However, the determination of such fair value is not included in the Company's Board of Directors' valuation process described elsewhere herein.
(3) This investment is held by both the Company and SLF JV I as of June 30, 2018.
(4) The interest rate on the principal balance outstanding for all floating rate loans is indexed to LIBOR and/or an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each of these loans, the Company has provided the applicable margin over LIBOR or the alternate base rate based on each respective credit agreement.
(5) This investment was on cash non-accrual status as of June 30, 2018. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

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

SLF JV I Portfolio as of September 30, 2017

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1)(4)	Cash Interest Rate	Principal	Cost	Fair Value (2)
AdVenture Interactive, Corp. (3)	Advertising	927 Common Stock Shares					$ 1,088	$ 1,412
Allied Universal Holdco LLC (3)	Security & alarm services	First Lien	7/28/2022	LIBOR+3.75% (1% floor)	5.08%	$ 6,982	7,040	6,976
Ameritox Ltd. (3)(5)	Healthcare services	First Lien	4/11/2021	LIBOR+5% (1% floor) 3% PIK	6.33%	5,759	5,638	668
		301,913.06 Class B Preferred Units					302	—
		928.96 Class A Common Units					5,474	—
Total Ameritox Ltd.						**5,759**	**11,414**	**668**
BeyondTrust Software, Inc. (3)	Application software	First Lien	9/25/2019	LIBOR+7% (1% floor)	8.33%	15,330	15,231	15,329
BJ's Wholesale Club, Inc. (3)	Hypermarkets & super centers	First Lien	1/26/2024	LIBOR+3.75% (1% floor)	4.99%	4,988	4,993	4,793
Compuware Corporation	Internet software & services	First Lien B3	12/15/2021	LIBOR+4.25% (1% floor)	5.49%	11,154	11,041	11,293
DFT Intermediate LLC (3)	Specialized finance	First Lien	3/1/2023	LIBOR+5.5% (1% floor)	6.74%	10,723	10,474	10,652
Digital River, Inc.	Internet software & services	First Lien	2/12/2021	LIBOR+6.5% (1% floor)	7.82%	4,524	4,541	4,546
Dodge Data & Analytics LLC (3)	Data processing & outsourced services	First Lien	10/31/2019	LIBOR+8.75% (1% floor)	10.13%	9,339	9,372	8,744
DTZ U.S. Borrower, LLC (3)	Real estate services	First Lien	11/4/2021	LIBOR+3.25% (1% floor)	4.57%	6,964	6,998	6,990
Edge Fitness, LLC	Leisure facilities	First Lien	12/31/2019	LIBOR+7.75% (1% floor)	9.05%	10,600	10,602	10,600
EOS Fitness Opco Holdings, LLC (3)	Leisure facilities	First Lien	12/30/2019	LIBOR+8.75% (0.75% floor)	9.99%	18,374	18,182	18,557
Everi Payments Inc.(3)	Casinos & gaming	First Lien	5/9/2024	LIBOR+4.5% (1% floor)	5.74%	4,988	4,964	5,039
Falmouth Group Holdings Corp.	Specialty chemicals	First Lien	12/13/2021	LIBOR+6.75% (1% floor)	8.08%	4,610	4,578	4,610
Garretson Resolution Group, Inc.	Diversified support services	First Lien	5/22/2021	LIBOR+6.5% (1% floor)	7.83%	5,836	5,818	5,766
InMotion Entertainment Group, LLC (3)	Consumer electronics	First Lien	10/1/2018	LIBOR+7.75% (1.25% floor)	9.09%	8,875	8,884	8,875
		First Lien B	10/1/2018	LIBOR+7.75% (1.25% floor)	9.09%	8,875	8,828	8,871
Total InMotion Entertainment Group, LLC						**17,750**	**17,712**	**17,746**
Keypath Education, Inc. (3)	Advertising	First Lien	4/3/2022	LIBOR+7% (1.00% floor)	8.33%	2,040	2,040	2,039
		927 shares Common Stock					1,391	809
						2,040	**3,431**	**2,848**
Lift Brands, Inc. (3)	Leisure facilities	First Lien	12/23/2019	LIBOR+7.5% (1% floor)	8.83%	18,276	18,257	18,275
Metamorph US 3, LLC (3)(5)	Internet software & services	First Lien	12/1/2020	LIBOR+5.5% (1% floor) 2% PIK	6.74%	9,969	9,481	3,786
Motion Recruitment Partners LLC	Human resources & employment services	First Lien	2/13/2020	LIBOR+6% (1% floor)	7.24%	4,330	4,281	4,330
NAVEX Global, Inc.	Internet software & services	First Lien	11/19/2021	LIBOR+4.75% (1% floor)	5.49%	5,959	5,925	5,982
New IPT, Inc. (3)	Oil & gas equipment & services	First Lien	3/17/2021	LIBOR+5% (1% floor)	6.33%	1,794	1,794	1,794
		Second Lien	9/17/2021	LIBOR+5.1% (1% floor)	6.43%	1,094	1,094	1,094
		21.876 Class A Common Units					—	321
Total New IPT, Inc.						**2,888**	**2,888**	**3,209**

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

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1)(4)	Cash Interest Rate	Principal	Cost	Fair Value (2)
Novetta Solutions, LLC	Internet software & services	First Lien	9/30/2022	LIBOR+5% (1% floor)	6.34%	$ 6,118	$ 6,066	$ 5,950
OmniSYS Acquisition Corporation (3)	Diversified support services	First Lien	11/21/2018	LIBOR+7.5% (1% floor)	8.83%	10,896	10,900	10,833
Refac Optical Group (3)	Specialty stores	First Lien A	9/30/2018	LIBOR+8%	9.23%	4,623	4,605	4,623
Salient CRGT, Inc. (3)	IT consulting & other services	First Lien	2/28/2022	LIBOR+5.75% (1% floor)	6.99%	2,457	2,412	2,440
Scientific Games International, Inc. (3)	Casinos & gaming	First Lien	8/14/2024	LIBOR+3.25% (1% floor)	4.58%	6,632	6,598	6,651
SHO Holding I Corporation	Footwear	First Lien	10/27/2022	LIBOR+5% (1% floor)	6.24%	8,594	8,566	8,487
TravelCLICK, Inc. (3)	Internet software & services	Second Lien	11/6/2021	LIBOR+7.75% (1% floor)	8.99%	5,127	5,127	5,153
TV Borrower US, LLC	Integrated telecommunications services	First Lien	2/22/2024	LIBOR+4.75% (1% floor)	6.08%	3,582	3,565	3,607
Valet Merger Sub, Inc. (3)	Environmental & facilities services	First Lien	9/24/2021	LIBOR+7% (1% floor)	8.24%	12,998	12,862	12,998
Vubiquity, Inc.	Application software	First Lien	8/12/2021	LIBOR+5.5% (1% floor)	6.83%	2,653	2,636	2,633
						$ 245,063	**$251,648**	**$ 235,526**

(1) Represents the interest rate as of September 30, 2017. All interest rates are payable in cash, unless otherwise noted.
(2) Represents the current determination of fair value as of September 30, 2017 utilizing a similar technique as the Company in accordance with ASC 820. However, the determination of such fair value is not included in the Company's Board of Directors' valuation process described elsewhere herein.
(3) This investment is held by both the Company and SLF JV I as of September 30, 2017.
(4) The interest rate on the principal balance outstanding for all floating rate loans is indexed to LIBOR and/or an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each of these loans, the Company has provided the applicable margin over LIBOR or the alternate base rate based on each respective credit agreement.
(5) This investment was on cash non-accrual status as of September 30, 2017. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

Both the cost and fair value of the Class A mezzanine secured deferrable floating rate notes of SLF JV I held by the Company were $100.4 million and $101.0 million as of June 30, 2018 and September 30, 2017, respectively. The Company earned interest of $1.7 million and $5.1 million on its investments in these notes for the three and nine months ended June 30, 2018, respectively. The Company earned interest of $1.7 million and $3.5 million on its investments in these notes for the three and nine months ended June 30, 2017, respectively. Both the cost and fair value of the Class B mezzanine secured deferrable fixed rate notes of SLF JV I held by the Company were $29.5 million and $27.6 million as of June 30, 2018 and September 30, 2017, respectively. The Company earned PIK interest of $1.0 million and $3.0 million on its investments in these notes for the three and nine months ended June 30, 2018. The Company earned PIK interest of $1.0 million and $2.0 million on its investments in these notes for the three and nine months ended June 30, 2017, respectively. On June 28, 2018, the Class B mezzanine secured deferrable fixed rate notes of SLF JV I were amended to bear interest at a fixed cash rate of 10% per annum. Prior to such amendment, these notes bore interest at a fixed PIK rate of 15% per annum. Prior to their repayment, the subordinated notes of SLF JV I bore interest at a rate of LIBOR plus 8.0% per annum, and the Company earned interest income of $2.9 million on its investments in these notes for the period from September 30, 2016 through their redemption in December 2016. The cost and fair value of the LLC equity interests in SLF JV I held by the Company was $16.2 million and $1.9 million, respectively, as of June 30, 2018, and $16.2 million and $5.5 million, respectively, as of September 30, 2017. The Company earned dividend income of $1.6 million for the three and nine months ended June 30, 2018, with respect to its investment in the LLC equity interests of SLF JV I. The Company earned dividend income of $0.4 million and $1.1 million for the three and nine months ended June 30, 2017, respectively, with respect to its investment in the LLC equity interests of SLF JV I. The LLC equity interests of SLF JV I are income producing to the extent SLF JV I has residual cash to be distributed on a quarterly basis.

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

Below is certain summarized financial information for SLF JV I as of June 30, 2018 and September 30, 2017 and for the three and nine months ended June 30, 2018 and 2017:

	June 30, 2018	September 30, 2017
Selected Balance Sheet Information:		
Investments in loans at fair value (cost June 30, 2018: $333,527; cost September 30, 2017: $251,648)	$ 333,965	$ 235,526
Receivables from secured financing arrangements at fair value (cost June 30, 2018: $9,801; cost September 30, 2017: $9,783)	7,033	8,305
Cash and cash equivalents	4,482	24,389
Restricted cash	4,519	5,097
Other assets	7,221	3,485
Total assets	**$ 357,220**	**$ 276,802**
Senior credit facilities payable	$ 164,610	$ 113,053
Debt securities payable at fair value (proceeds June 30, 2018: $148,543; proceeds September 30, 2017: $147,052)	148,543	147,052
Other liabilities	41,858	10,383
Total liabilities	**$ 355,011**	**$ 270,488**
Members' equity	2,209	6,314
Total liabilities and members' equity	**$ 357,220**	**$ 276,802**

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Selected Statements of Operations Information:				
Interest income	$ 4,888	$ 5,489	$ 14,545	$ 17,945
Other income	10	61	59	389
Total investment income	**4,898**	**5,550**	**14,604**	**18,334**
Interest expense	5,334	5,348	15,394	16,720
Other expenses	135	84	407	579
Total expenses (1)	**5,469**	**5,432**	**15,801**	**17,299**
Net unrealized appreciation (depreciation)	14,277	(769)	15,270	(13,816)
Net realized gain (loss)	(16,363)	16	(16,384)	13,350
Net income	**$ (2,657)**	**$ (635)**	**$ (2,311)**	**$ 569**

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(1) There are no management fees or incentive fees charged at SLF JV I.

SLF JV I has elected to fair value the debt securities issued to the Company and Kemper under ASC 825. The debt securities are valued based on the total assets less the total liabilities senior to the mezzanine notes of SLF JV I in an amount not exceeding par under the enterprise value technique.

During the nine months ended June 30, 2018 and 2017, the Company did not sell any investments to SLF JV I.

First Star Speir Aviation

The Company determined that First Star Speir Aviation Limited has met the conditions of a significant subsidiary for the quarter ended June 30, 2018 under at least one of the significance conditions of 1-02(w) of Regulation S-X for which the Company is required to provide certain summarized financial information. Accordingly, summarized financial information is presented below for First Star Speir Aviation Limited for the nine months ended June 30, 2018 and June 30, 2017.

Summarized financial information	For the nine months ended June 30, 2018	For the nine months ended June 30, 2017
Revenue	$ 4,392	$ 4,477
Gross profit	2,007	2,013
Loss from continuing operations	(949)	(1,717)
Net loss	(949)	(1,717)

Note 4. Fee Income

The Company receives a variety of fees in the ordinary course of business, including servicing, advisory, amendment, structuring and prepayment fees, which are classified as fee income and recognized as they are earned.

For the three months ended June 30, 2018, the Company recorded total fee income of $2.4 million, $0.4 million of which was recurring in nature. For the nine months ended June 30, 2018, the Company recorded total fee income of $7.4 million, $1.2 million of which was recurring in nature. For the three months ended June 30, 2017, the Company recorded total fee income of $2.4 million, $0.6 million of which was recurring in nature. For the nine months ended June 30, 2017, the Company recorded total fee income of $8.8 million, $2.1 million of which was recurring in nature. Recurring fee income primarily consists of servicing fees.

Note 5. Share Data and Distributions

Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share, pursuant to FASB ASC Topic 260-10 *Earnings per Share*, for the three and nine months ended June 30, 2018 and June 30, 2017:

(Share amounts in thousands)	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Earnings (loss) per common share — basic and diluted:				
Net increase (decrease) in net assets resulting from operations	$ 24,252	$ (6,057)	$ 13,431	$ (71,498)
Weighted average common shares outstanding — basic and diluted	140,961	140,961	140,961	141,599
Earnings (loss) per common share — basic and diluted	**$ 0.17**	**$ (0.04)**	**$ 0.10**	**$ (0.50)**

Distributions

Distributions to common stockholders are recorded on the ex-dividend date. The Company is required to distribute dividends each taxable year to its stockholders of an amount generally at least equal to 90% of its investment company taxable income, determined without regard to any deduction for dividends paid, in order to be eligible for tax benefits allowed to a RIC under Subchapter M of the Code. The Company anticipates paying out as a distribution all or substantially all of those amounts. The amount to be paid out as a dividend is determined by the Board of Directors and is based on management's estimate of the Company's annual taxable income. Net realized capital gains, if any, are generally distributed, although the Company may decide to retain such net realized capital gains for investment.

The Company has adopted a dividend reinvestment plan ("DRIP") that provides for reinvestment of any distributions the Company declares in cash on behalf of its stockholders, unless a stockholder elects to receive cash. As a result, if the Company's Board of Directors authorizes, and the Company declares, a cash distribution, then the Company's stockholders who have not "opted out" of the Company's DRIP will have their cash distribution automatically reinvested in additional shares of the Company's common stock, rather than receiving the cash distribution. If the Company's shares are trading at a premium to net asset value, the Company typically issues new shares to implement the DRIP with such shares issued at the greater of the most recently computed net asset value per share of common stock or 95% of the current market price per share of common stock on the payment date for such distribution (or such lesser discount that still exceeds the most recently computed net asset value per share of common stock). If the Company's shares are trading at a discount to net asset value, the Company typically purchases shares in the open market in connection with the Company's obligations under the DRIP.

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

For income tax purposes, the Company estimates that its distributions for the 2018 calendar year will be composed primarily of ordinary income and the actual character of such distributions will be appropriately reported to the Internal Revenue Service and stockholders for the 2018 calendar year. To the extent that the Company's taxable earnings for a fiscal and taxable year fall below the amount of dividend distributions paid for the fiscal and taxable year, a portion of the total amount of the Company's distributions for the fiscal and taxable year may be deemed a return of capital for tax purposes to the Company's stockholders.

The following table reflects the distributions per share that the Company has paid, including shares issued under the DRIP, on its common stock during the nine months ended June 30, 2018 and 2017:

Date Declared	Record Date	Payment Date	Amount per Share	Cash Distribution	DRIP Shares Issued (1)	DRIP Shares Value
August 7, 2017	December 15, 2017	December 29, 2017	$ 0.125	$ 17.3 million	58,456	$ 0.3 million
February 5, 2018	March 15, 2018	March 30, 2018	0.085	11.5 million	122,884	0.5 million
May 3, 2018	June 15, 2018	June 29, 2018	0.095	13.0 million	87,283	0.4 million
Total for the nine months ended June 30, 2018			**$ 0.305**	**$ 41.8 million**	**268,623**	**$ 1.2 million**

Date Declared	Record Date	Payment Date	Amount per Share	Cash Distribution	DRIP Shares Issued (1)	DRIP Shares Value (2)
August 3, 2016	October 14, 2016	October 31, 2016	$ 0.06	$ 8.2 million	81,391	$ 0.4 million
August 3, 2016	November 15, 2016	November 30, 2016	0.06	8.2 million	80,962	0.4 million
October 18, 2016	December 15, 2016	December 30, 2016	0.06	7.7 million	70,316	0.4 million
October 18, 2016	January 13, 2017	January 31, 2017	0.06	8.0 million	73,940	0.4 million
October 18, 2016	February 15, 2017	February 28, 2017	0.06	8.0 million	86,120	0.4 million
February 6, 2017	March 15, 2017	March 31, 2017	0.02	2.7 million	27,891	0.1 million
February 6, 2017	June 15, 2017	June 30, 2017	0.02	2.7 million	20,502	0.1 million
Total for the nine months ended June 30, 2017			**$ 0.34**	**$ 45.5 million**	**441,122**	**$ 2.3 million**

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(1) Shares were purchased on the open market and distributed.
(2) Totals do not sum due to rounding.

Common Stock Offering

There were no common stock offerings during the three and nine months ended June 30, 2018 and June 30, 2017.

Stock Repurchase Program

On November 28, 2016, the Company's Board of Directors approved a common stock repurchase program authorizing the Company to repurchase up to $12.5 million in the aggregate of its outstanding common stock through November 28, 2017. During the nine months ended June 30, 2017, the Company repurchased 2,298,247 shares of its common stock for $12.5 million, including commissions, under the common stock repurchase plan, and the authorization was fully utilized.

Note 6. Borrowings

ING Facility

On November 30, 2017, the Company entered into a senior secured revolving credit facility (as amended, the "ING Facility") pursuant to a Senior Secured Revolving Credit Agreement (as amended, the "ING Credit Agreement") with the lenders party thereto, ING Capital LLC, as administrative agent, ING Capital LLC, JPMorgan Chase Bank, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as joint lead arrangers and joint bookrunners, and JPMorgan Chase Bank, N.A. and Bank of America, N.A., as syndication agents. The ING Facility provides that the Company may use the proceeds of the loans and issuances of letters of credit under the ING Facility for general corporate purposes, including acquiring and funding leveraged loans, mezzanine loans, high-yield securities, convertible securities, preferred stock, common stock and other investments. The ING Credit Agreement further allows the Company to request letters of credit from ING Capital LLC, as the issuing bank.

The ING Facility permits up to $600 million of borrowings and includes an "accordion" feature that permits the Company, under certain circumstances, to increase the size of the ING Facility up to $800 million. Borrowings under the ING Credit Agreement bear interest at a rate equal to, at the Company's election, either (a) LIBOR (1-, 2-, 3- or 6-month, at the Company's option) plus a margin of

2.25%, 2.50% or 2.75% per annum depending on the Company’s senior debt coverage ratio as calculated under the ING Credit Agreement, with no LIBOR floor or (b) an alternate base rate plus a margin of 1.25%, 1.50% or 1.75% per annum depending on the Company’s senior debt coverage ratio as calculated under the ING Credit Agreement. The period during which the Company may make drawings under the ING Facility expires on November 29, 2020 (the “Revolving Termination Date”) and the final maturity date of the ING Facility will occur one year following the Revolving Termination Date.

The ING Facility is secured by substantially all of the Company’s assets (excluding, among other things, investments held in and by certain subsidiaries of the Company or investments in certain portfolio companies of the Company) and guaranteed by certain subsidiaries of the Company pursuant to a Guarantee, Pledge and Security Agreement (“ING Security Agreement”) entered into in connection with the ING Credit Agreement, among the Company, the other obligors party thereto, and ING Capital LLC, as collateral agent to the secured parties. The Company pledged its entire equity interest in certain immaterial subsidiaries to the collateral agent pursuant to the terms of the ING Security Agreement. As of June 30, 2018, except for assets that were held by the Excluded Subsidiaries, substantially all of the Company's assets were pledged as collateral under the ING Facility.

The ING Credit Agreement and related agreements governing the ING Facility require the Company to, among other things, (i) make representations and warranties regarding the collateral as well as each of the Company’s portfolio companies’ businesses, (ii) agree to certain indemnification obligations, and (iii) comply with various affirmative and negative covenants, reporting requirements and other customary requirements for similar revolving credit facilities, including covenants related to: (A) limitations on the incurrence of additional indebtedness and liens, (B) limitations on certain investments, (C) limitations on certain asset transfers and restricted payments, (D) maintaining a certain minimum stockholders’ equity, (E) maintaining a ratio of total assets (less total liabilities) to total indebtedness, of the Company and its subsidiaries (subject to certain exceptions), of not less than 2.0:1.0, (F) maintaining a ratio of consolidated EBITDA to consolidated interest expense, of the Company and its subsidiaries (subject to certain exceptions), of not less than (1) 2.0 to 1.0 for the first year following the closing date and (2) 2.25:1.00 thereafter, (G) maintaining a minimum liquidity and net worth, and (H) limitations on the creation or existence of agreements that prohibit liens on certain properties of the Company and certain of its subsidiaries. The ING Facility also includes usual and customary default provisions such as the failure to make timely payments under the ING Facility, the occurrence of a change in control, and the failure by the Company to materially perform under the ING Credit Agreement and related agreements governing the ING Facility, which, if not complied with, could accelerate repayment under the ING Facility. As of June 30, 2018, the Company was in compliance with all financial covenants under the ING Facility.

Each loan or letter of credit originated under the ING Facility is subject to the satisfaction of certain conditions. The Company cannot be assured that it will be able to borrow funds under the ING Facility at any particular time or at all.

From May 27, 2010 through November 30, 2017, the Company was party to a secured syndicated revolving credit facility with certain lenders party thereto from time to time and ING Capital LLC, as administrative agent (as amended, the “Prior ING Facility”). In connection with the entry into the ING Credit Agreement, the Company repaid all outstanding borrowings under the Prior ING Facility following which the Prior ING Facility was terminated. Obligations under the Prior ING Facility would have otherwise matured on August 6, 2018. During the nine months ended June 30, 2018, the Company expensed $0.2 million of unamortized deferred financing costs related to the Prior ING Facility.

As of June 30, 2018, the Company had $211.0 million of borrowings outstanding under the ING Facility, which had a fair value of $211.0 million. The Company's borrowings under the ING Facility bore interest at a weighted average interest rate of 4.053% for the period from November 30, 2017 to June 30, 2018. As of September 30, 2017, the Company had $226.5 million of borrowings outstanding under the Prior ING Facility. The Company’s borrowings under the Prior ING Facility bore interest at a weighted average interest rate of 3.705% and 3.093% for the period from October 1, 2017 to November 30, 2017 and the nine months ended June 30, 2017, respectively. For the three and nine months ended June 30, 2018, the Company recorded interest expense of $2.7 million and $7.9 million, in the aggregate, related to the Prior ING Facility and the ING Facility. For the three months and nine months ended June 30, 2017, the Company recorded interest expense of $3.1 million and $10.5 million, respectively, related to the Prior ING Facility.

Sumitomo Facility

On September 16, 2011, a consolidated wholly-owned bankruptcy remote, special purpose subsidiary of the Company, entered into a Loan and Servicing Agreement (as subsequently amended, the "Sumitomo Agreement") with respect to a credit facility (as amended, "Sumitomo Facility") with Sumitomo Mitsui Banking Corporation, an affiliate of Sumitomo Mitsui Financial Group, Inc., as administrative agent, and each of the lenders from time to time party thereto.

Prior to its termination on November 24, 2017, the Sumitomo Facility permitted up to $125 million of borrowings (subject to collateral requirements). Borrowings under the Sumitomo Facility bore interest at a rate of either (i) LIBOR (1-month) plus 2.00% per annum, with no LIBOR floor, if the borrowings under the Sumitomo Facility were greater than 35% of the aggregate available borrowings under the Sumitomo Facility or (ii) LIBOR (1-month) plus 2.25% per annum, if the borrowings under the Sumitomo

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

Facility were less than or equal to 35% of the aggregate available borrowings under the Sumitomo Facility. The period during which the Company could have made and reinvested borrowings under the Sumitomo Facility expired on September 16, 2017. On November 24, 2017, the borrower under the Sumitomo Facility, repaid all outstanding borrowings thereunder, following which the Sumitomo Facility was terminated. Obligations under the Sumitomo Facility would have otherwise matured on the earlier of August 6, 2018 or the date on which the Prior ING Facility was repaid, refinanced or terminated.

The Company's borrowings under the Sumitomo Facility bore interest at a weighted average interest rate of 3.501% and 3.033% for the period from October 1, 2017 through termination on November 24, 2017 and the nine months ended June 30, 2017, respectively. For the nine months ended June 30, 2018, the Company recorded interest expense of $0.7 million, including $0.5 million of debt issuance costs that were expensed, related to the Sumitomo Facility. For the three and nine months ended June 30, 2017, the Company recorded interest expense of $0.7 million and $1.9 million, respectively, related to the Sumitomo Facility.

Excluded Subsidiaries

As of June 30, 2018 and September 30, 2017, FSMP IV and FSMP V had no SBA-guaranteed debentures outstanding. On January 17, 2018, the SBA approved FSMP IV's and FSMP V's requests to surrender their licenses to operate as a SBIC, previously issued in 2010 and 2012, respectively, and the licenses were surrendered in January 2018.

During the nine months ended June 30, 2017, the outstanding SBA-guaranteed debentures held by the Excluded Subsidiaries carried a weighted average interest rate of 3.023% (excluding the SBA annual charge). For the three and nine months ended June 30, 2017, the Company recorded aggregate interest expense of $1.4 million and $6.3 million, respectively, related to the SBA-guaranteed debentures of the Excluded Subsidiaries.

See Notes 13 through 14 for discussion of additional debt obligations of the Company.

Note 7. Interest and Dividend Income

See Note 2 "Investment Income" for a description of the Company's accounting treatment of investment income.

Accumulated PIK interest activity for the three and nine months ended June 30, 2018 and June 30, 2017 was as follows:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
PIK balance at beginning of period	$ 72,031	$ 65,307	$ 69,417	$ 62,631
Gross PIK interest accrued	6,042	4,999	18,697	15,934
PIK income reserves (1)	(4,585)	(2,426)	(13,427)	(6,969)
PIK interest received in cash	(94)	(283)	(1,293)	(3,999)
PIK balance at end of period	**$ 73,394**	**$ 67,597**	**$ 73,394**	**$ 67,597**

(1) PIK income is generally reserved for when a loan is placed on PIK non-accrual status.

As of each of June 30, 2018 and September 30, 2017, there were eight investments on which the Company had stopped accruing cash and/or PIK interest or OID income. The percentages of the Company's debt investments at cost and fair value by accrual status as of June 30, 2018 and September 30, 2017 were as follows:

	June 30, 2018				September 30, 2017			
	Cost	% of Debt Portfolio	Fair Value	% of Debt Portfolio	Cost	% of Debt Portfolio	Fair Value	% of Debt Portfolio
Accrual	$ 1,371,573	86.86%	$ 1,383,615	95.37%	$ 1,344,535	86.46%	$ 1,357,794	95.29%
PIK non-accrual (1)	12,661	0.80	—	—	10,227	0.66	379	0.03
Cash non-accrual (2)	194,840	12.34	67,131	4.63	200,210	12.88	66,636	4.68
Total	**$ 1,579,074**	**100.00%**	**$ 1,450,746**	**100.00%**	**$ 1,554,972**	**100.00%**	**$ 1,424,809**	**100.00%**

(1) PIK non-accrual status is inclusive of other non-cash income, where applicable.
(2) Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

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

Note 8. Taxable/Distributable Income and Dividend Distributions

Taxable income differs from net increase (decrease) in net assets resulting from operations primarily due to: (1) unrealized appreciation (depreciation) on investments and secured borrowings, as gains and losses are not included in taxable income until they are realized; (2) origination and exit fees received in connection with investments in portfolio companies; (3) organizational and deferred offering costs; (4) recognition of interest income on certain loans; (5) income or loss recognition on exited investments; and (6) certain items related to investments in controlled foreign corporations.

Listed below is a reconciliation of "net increase (decrease) in net assets resulting from operations" to taxable income for the three and nine months ended June 30, 2018 and 2017.

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Net increase (decrease) in net assets resulting from operations	$ 24,252	$ (6,057)	$ 13,431	$ (71,498)
Net unrealized (appreciation) depreciation on investments, secured borrowings and foreign currency	(99,259)	13,147	(55,410)	(18,603)
Book/tax difference due to loan fees	(335)	(152)	(122)	(17)
Book/tax difference due to exit fees	—	—	—	1,081
Book/tax difference due to organizational and deferred offering costs	(22)	(22)	(66)	(63)
Book/tax difference due to interest income on certain loans	—	—	—	(168)
Book/tax difference due to capital losses not recognized	88,599	14,010	84,756	154,444
Other book/tax differences	(1,331)	(2,439)	(6,501)	(5,489)
Taxable/Distributable Income (1)	**$ 11,904**	**$ 18,487**	**$ 36,088**	**$ 59,687**

(1) The Company's taxable income for the three and nine months ended June 30, 2018 is an estimate and will not be finally determined until the Company files its tax return. Therefore, the final taxable income may be different than the estimate.

As of September 30, 2017, the Company's last tax year end, the components of accumulated undistributed income on a tax basis were as follows:

Undistributed ordinary income, net	$ 24,409
Net realized capital losses	(465,077)
Unrealized losses, net	(97,839)

The Company uses the liability method to account for its taxable subsidiaries' income taxes. Using this method, the Company recognizes deferred tax assets and liabilities for the estimated future tax effects attributable to temporary differences between financial reporting and tax bases of assets and liabilities. In addition, the Company recognizes deferred tax benefits associated with net loss carry forwards that it may use to offset future tax obligations. The Company measures deferred tax assets and liabilities using the enacted tax rates expected to apply to taxable income in the years in which it expects to recover or settle those temporary differences.

As of September 30, 2017, the Company had a net capital loss carryforward of $466.6 million, which can be used to offset future capital gains. If not utilized against future gains, $10.3 million of this amount is due to expire on September 30, 2019 and $454.8 million will not expire, of which $71.5 million is available to offset future short-term capital gains and $384.3 million is available to offset future long-term capital gains. During the year ended September 30, 2017, $1.5 million of capital loss carried forward expired.

As a RIC, the Company is also subject to a U.S. federal excise tax based on distribution requirements of its taxable income on a calendar year basis. The Company did not incur a U.S. federal excise tax for calendar years 2016 and 2017 and does not expect to incur a U.S. federal excise tax for calendar year 2018.

The aggregate cost of investments for income tax purposes was $1.8 billion as of September 30, 2017. As of September 30, 2017, the aggregate gross unrealized appreciation for all investments in which there was an excess of value over cost for income tax purposes was $51.7 million. As of September 30, 2017, the aggregate gross unrealized depreciation for all investments in which there was an excess of cost for income tax purposes over value was $277.8 million. Net unrealized depreciation based on the aggregate cost of investments for income tax purposes was $226.1 million.

Note 9. Realized Gains or Losses and Net Unrealized Appreciation or Depreciation on Investments and Secured Borrowings

Realized Gains or Losses

Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption and the cost basis of the investment without regard to unrealized appreciation or depreciation previously recognized, and include investments written-off during the period, net of recoveries. Realized losses may also be recorded in connection with the Company's determination that certain investments are considered worthless securities and/or meet the conditions for loss recognition per the applicable tax rules.

During the three months ended June 30, 2018, the Company recorded an aggregate net realized loss on investments and secured borrowings of $89.4 million, which consisted of the following:

($ in millions)

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

During the three months ended June 30, 2017, the Company recorded an aggregate net realized loss on investments and secured borrowings of $12.3 million, which consisted of the following:

($ in millions)

Portfolio Company	Net Realized Gain (Loss)
Eagle Hospital Physicians, LLC	$ (13.1)
Other, net	0.8
Total, net	**$ (12.3)**

During the nine months ended June 30, 2018, the Company recorded an aggregate net realized loss on investments and secured borrowings of $84.9 million, which consisted of the following:

($ in millions)

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

During the nine months ended June 30, 2017, the Company recorded an aggregate net realized loss on investments and secured borrowings of $151.3 million, which consisted of the following:

($ in millions)

Portfolio Company	Net Realized Gain (Loss)
AdVenture Interactive, Corp.	(47.4)
Answers Corporation	(37.3)
Express Group Holdings LLC	(22.3)
Senior Loan Fund JV I, LLC	(19.9)
Eagle Hospital Physicians, LLC	(13.1)
Integrated Petroleum Technologies, Inc.	(11.1)
Other, net	(0.2)
Total, net	**$ (151.3)**

Net Unrealized Appreciation or Depreciation on Investments and Secured Borrowings

Net unrealized appreciation or depreciation reflects the net change in the valuation of the portfolio pursuant to the Company's valuation guidelines and the reclassification of any prior period unrealized appreciation or depreciation.

During the three months ended June 30, 2018 and June 30, 2017, the Company recorded net unrealized appreciation (depreciation) on investments and secured borrowings of $99.3 million and $(13.1) million, respectively. For the three months ended June 30, 2018, this consisted of $97.2 million of net reclassifications to realized losses (resulting in unrealized appreciation), $0.8 million of net unrealized appreciation on debt investments, $0.9 million of net unrealized appreciation on equity investments and $0.4 million of net unrealized depreciation on secured borrowings. For the three months ended June 30, 2017, this consisted of $4.9 million of net unrealized depreciation on debt investments and $8.6 million of net unrealized depreciation on equity investments, offset by $0.2 million of net reclassifications to realized losses (resulting in unrealized appreciation) and $0.1 million of net unrealized depreciation on secured borrowings.

During the nine months ended June 30, 2018 and June 30, 2017, the Company recorded net unrealized appreciation on investments and secured borrowings of $55.4 million and $18.6 million, respectively. For the nine months ended June 30, 2018, this consisted of $90.3 million of net reclassifications to realized losses (resulting in unrealized appreciation) and $2.4 million of net unrealized depreciation on secured borrowings, offset by $33.1 million of net unrealized depreciation on debt investments and $4.2 million of net unrealized depreciation on equity investments. For the nine months ended June 30, 2017, this consisted of $136.6 million of net reclassifications to realized losses (resulting in unrealized appreciation), offset by $86.2 million of net unrealized depreciation on debt investments, $31.5 million of net unrealized depreciation on equity investments and $0.3 million of net unrealized appreciation on secured borrowings.

Note 10. Concentration of Credit Risks

The Company deposits its cash with financial institutions and at times such balances may be in excess of the FDIC insurance limit. The Company limits its exposure to credit loss by depositing its cash with high credit quality financial institutions and monitoring their financial stability.

Note 11. Related Party Transactions

As of June 30, 2018 and September 30, 2017, the Company had a liability on its Consolidated Statements of Assets and Liabilities in the amount of $7.1 million and $6.8 million, respectively, reflecting the unpaid portion of the base management fees and incentive fees payable to Oaktree and the Former Adviser, respectively.

New Investment Advisory Agreement

Effective October 17, 2017 and as of June 30, 2018, the Company is party to the New Investment Advisory Agreement with Oaktree. Under the New Investment Advisory Agreement, the Company pays Oaktree a fee for its services under the New Investment Advisory Agreement consisting of two components: a base management fee and an incentive fee. The cost of both the base management fee payable to Oaktree and any incentive fees earned by Oaktree is ultimately borne by common stockholders of the Company.

Unless earlier terminated as described below, the New Investment Advisory Agreement will remain in effect until October 17, 2019 and thereafter from year-to-year if approved annually by the Board of Directors of the Company or by the affirmative vote of the holders of a majority of the Company's outstanding voting securities, including, in either case, approval by a majority of the directors of the Company who are not interested persons. The New Investment Advisory Agreement will automatically terminate in the event of its assignment. The New Investment Advisory Agreement may be terminated by either party without penalty upon 60 days' written notice to the other. The New Investment Advisory Agreement may also be terminated, without penalty, upon the vote of a majority of the outstanding voting securities of the Company.

Base Management Fee

Under the New Investment Advisory Agreement, the base management fee on total gross assets, including any investment made with borrowings, but excluding cash and cash equivalents, is 1.50%. The base management fee is payable quarterly in arrears and the fee for any partial month or quarter is appropriately prorated.

For the three months ended June 30, 2018 and the period from October 17, 2017 to June 30, 2018, the base management fee (net of waivers) incurred under the New Investment Advisory Agreement was $5.9 million and $15.7 million, respectively, which was payable to Oaktree. For each of the three months ended June 30, 2018 and the period from October 17, 2017 to June 30, 2018, Oaktree waived a portion of the base management fee, which resulted in waivers of less than $0.1 million, which amounts may be subject to recovery by Oaktree.

Incentive Fee

The incentive fee consists of two parts. Under the New Investment Advisory Agreement, the first part of the incentive fee (the "incentive fee on income") is calculated and payable quarterly in arrears based upon the "pre-incentive fee net investment income" of the Company for the immediately preceding quarter. The payment of the incentive fee on income is subject to payment of a preferred return to investors each quarter (i.e., a "hurdle rate"), expressed as a rate of return on the value of the Company's net assets at the end of the most recently completed quarter, of 1.50%, subject to a "catch up" feature.

For this purpose, "pre-incentive fee net investment income" means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies, other than fees for providing managerial assistance) accrued during the fiscal quarter, minus the Company's operating expenses for the quarter (including the base management fee, expenses payable under the New Administration Agreement and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as OID debt, instruments with PIK interest and zero coupon securities), accrued income that the Company has not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

Under the New Investment Advisory Agreement, the calculation of the incentive fee on income for each quarter is as follows:

- No incentive fee is payable to Oaktree in any quarter in which the Company's pre-incentive fee net investment income does not exceed the preferred return rate of 1.50% (the "preferred return") on net assets;
- 100% of the Company's pre-incentive fee net investment income, if any, that exceeds the preferred return but is less than or equal to 1.8182% in any fiscal quarter is payable to Oaktree. This portion of the incentive fee on income is referred to as the "catch-up" provision, and it is intended to provide Oaktree with an incentive fee of 17.5% on all of the Company's pre-incentive fee net investment income when the Company's pre-incentive fee net investment income exceeds 1.8182% on net assets in any fiscal quarter; and
- For any quarter in which the Company's pre-incentive fee net investment income exceeds 1.8182% on net assets, the subordinated incentive fee on income is equal to 17.5% of the amount of the Company's pre-incentive fee net investment income, as the preferred return and catch-up will have been achieved.

There is no accumulation of amounts on the hurdle rate from quarter to quarter and accordingly there is no clawback of amounts previously paid if subsequent quarters are below the quarterly hurdle.

For the three months ended June 30, 2018 and the period from October 17, 2017 to June 30, 2018, the first part of the incentive fee (net of waivers) incurred under the New Investment Advisory Agreement was $1.2 million and $5.3 million, respectively. To ensure compliance of the transactions contemplated by the Purchase Agreement with Section 15 (f) of the 1940 Act, Oaktree entered into a two-year contractual fee waiver with the Company that will waive, to the extent necessary, any management or incentive fees payable under the New Investment Advisory Agreement that exceed what would have been paid to the Former Adviser in the aggregate under the Former Investment Advisory Agreement. Amounts potentially subject to waiver are accrued quarterly on a cumulative basis and, to the extent required, any fees will be waived or reimbursed as soon as practicable after the end of the two-year period. As of June 30, 2018, Oaktree had accrued an aggregate amount of $1.5 million of incentive fees potentially subject to waiver, which was included in base management fee and Part I incentive fee payable.

Under the New Investment Advisory Agreement, the second part of the incentive fee will be determined and payable in arrears as of the end of each fiscal year (or upon termination of the investment advisory agreement, as of the termination date) commencing with the fiscal year ending September 30, 2019 and will equal 17.5% of the Company's realized capital gains, if any, on a cumulative basis from the beginning of the fiscal year ending September 30, 2019 through the end of each fiscal year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees under the New Investment Advisory Agreement. Any realized capital gains, realized capital losses, unrealized capital appreciation and unrealized capital depreciation with respect to the Company's portfolio as of the end of the fiscal year ending September 30, 2018 will be excluded from the calculations of the second part of the incentive fee.

Indemnification

The New Investment Advisory agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of their respective duties or by reason of the reckless disregard of their respective duties and obligations, Oaktree and its officers, managers, partners, members (and their members, including the owners of their members), agents, employees, controlling persons and any other person or entity affiliated with it, are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of Oaktree's services under the New Investment Advisory Agreement or otherwise as investment adviser.

Collection and Disbursement of Fees Owed to the Former Adviser

Under the Former Investment Advisory Agreement described below, both the base management fee and incentive fee on income were calculated and paid to the Former Adviser at the end of each quarter. In order to ensure that the Former Adviser received the compensation earned during the quarter ended December 31, 2017, the initial payment of the base management fee and incentive fee on income under the New Investment Advisory Agreement covered the entire quarter in which the New Investment Advisory Agreement became effective, and was calculated at a blended rate that reflected fee rates under the respective investment advisory agreements for the portion of the quarter in which the Former Adviser and Oaktree were serving as investment adviser. This structure allowed Oaktree to pay the Former Adviser in early 2018, the pro rata portion of the fees that were earned by, but not paid to, the Former Adviser for services rendered to the Company prior to October 17, 2017.

Former Investment Advisory Agreement

The following is a description of the Former Investment Advisory Agreement, which was terminated on October 17, 2017. The Former Investment Advisory Agreement, dated March 20, 2017, was effective January 1, 2017 through its termination on October 17, 2017. The Former Investment Advisory Agreement amended and restated the Company's third amended and restated investment advisory agreement with the Former Adviser, which was effective as of January 1, 2016, to impose a total return hurdle provision and reduce the "preferred return."

Through October 17, 2017, the Company paid the Former Adviser a fee for its services under the Former Investment Advisory Agreement consisting of two components: a base management fee and an incentive fee. The cost of both the base management fee paid to the Former Adviser and any incentive fees earned by the Former Adviser were ultimately borne by common stockholders of the Company.

Base Management Fee

As of January 1, 2016, the base management fee was calculated at an annual rate of 1.75% of the Company's gross assets, including any borrowings for investment purposes but excluding cash and cash equivalents. The base management fee was payable quarterly in arrears and the fee for any partial month or quarter was appropriately prorated.

For the period from October 1, 2017 to October 17, 2017 and the three and nine months ended June 30, 2017, the base management fee (net of waivers) incurred under the investment advisory agreements with the Former Adviser was $1.1 million, $7.9 million and $24.4 million, respectively, all of which were payable to the Former Adviser. For each of the period from October 1, 2017 to October 17, 2017 and the three and nine months ended June 30, 2017, the Former Adviser voluntarily waived a portion of the base management fee, which resulted in waivers of less than $0.1 million.

Incentive Fee

The incentive fee paid to the Former Adviser had two parts. The first part was calculated and payable quarterly in arrears based on the Company's pre-incentive fee net investment income for the immediately preceding fiscal quarter. Pre-incentive fee net investment income, expressed as a rate of return on the value of the Company's net assets at the end of the immediately preceding quarter, was compared to a "hurdle rate" of 1.75% per quarter (2% for periods prior to January 1, 2017), subject to a "catch-up" provision measured as of the end of each quarter. The Company's net investment income used to calculate this part of the incentive fee was also included in the amount of its gross assets used to calculate the 1.75% base management fee.

From January 1, 2017 to October 17, 2017, in the event the cumulative incentive fee on income accrued from January 1, 2017 (after giving effect to any reduction(s) pursuant to this paragraph for any prior fiscal quarters but not the quarter of calculation) exceeded 20.0% of the cumulative net increase in net assets resulting from operations since January 1, 2017, then the incentive fee on income for the quarter was reduced by an amount equal to (1) 25% of the incentive fee on income calculated for such quarter (prior to giving effect to any reduction pursuant to this paragraph) less (2) any base management fees waived by the Former Adviser for such fiscal quarter. For this purpose, the "cumulative net increase in net assets resulting from operations" was an amount, if positive, equal to the sum of pre-incentive fee net investment income, base management fees, realized gains and losses and unrealized capital appreciation and depreciation of the Company from January 1, 2017.

There was no accumulation of amounts on the hurdle rate from quarter to quarter and accordingly there was no clawback of amounts previously paid if subsequent quarters were below the quarterly hurdle and there was no delay of payment if prior quarters were below the quarterly hurdle.

The second part of the incentive fee was determined and payable in arrears as of the end of each fiscal year (or upon termination of the Former Investment Advisory Agreement, as of the termination date) and equaled 20% of the Company's realized capital gains, if any, on a cumulative basis from inception through the end of each fiscal year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees.

For the period from October 1, 2017 to October 17, 2017, no incentive fee was incurred under the Former Investment Advisory Agreement. For the three and nine months ended June 30, 2017, incentive fees incurred under the investment advisory agreement with the Former Adviser were $3.5 million and $10.7 million, respectively.

GAAP Accruals

GAAP requires the Company to accrue for the theoretical capital gain incentive fee that would be payable after giving effect to the net unrealized capital appreciation. A fee so calculated and accrued would not be payable under applicable law and may never be paid based upon the computation of capital gain incentive fees in subsequent periods. Amounts ultimately paid under the New Investment Advisory Agreement will be consistent with the formula reflected in the New Investment Advisory Agreement. The Company did not accrue for capital gain incentive fees as of June 30, 2018 because the capital gain incentive fee under the New Investment Advisory Agreement will not be charged until the fiscal year ending September 30, 2019.

Administrative Services

The Company entered into the New Administration Agreement with Oaktree Administrator on October 17, 2017. Pursuant to the New Administration Agreement, Oaktree Administrator provides administrative services to the Company necessary for the operations of the Company, which include providing office facilities, equipment, clerical, bookkeeping and record keeping services at such facilities and such other services as Oaktree Administrator, subject to review by the Company's Board of Directors, shall from time to time deem to be necessary or useful to perform its obligations under the New Administration Agreement. Oaktree Administrator may, on behalf of the Company, conduct relations and negotiate agreements with custodians, trustees, depositories, attorneys, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks and such other persons in any such other capacity deemed to be necessary or desirable. Oaktree Administrator makes reports to the Company's Board of Directors of its performance of obligations under the New Administration Agreement and furnishes advice and recommendations with respect to such other aspects of the Company's business and affairs, in each case, as it shall determine to be desirable or as reasonably required by the Company's Board of Directors; provided that Oaktree Administrator shall not provide any investment advice or recommendation.

Oaktree Administrator also provides portfolio collection functions for interest income, fees and warrants and is responsible for the financial and other records that the Company is required to maintain and prepares, prints and disseminates reports to the Company's stockholders and all other materials filed with the SEC. In addition, Oaktree Administrator assists the Company in determining and publishing the Company's net asset value, overseeing the preparation and filing of the Company's tax returns, and generally overseeing the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others. Oaktree Administrator may also offer to provide, on the Company's behalf, managerial assistance to the Company's portfolio companies.

For providing these services, facilities and personnel, the Company reimburses Oaktree Administrator the allocable portion of overhead and other expenses incurred by Oaktree Administrator in performing its obligations under the New Administration Agreement, including the Company's allocable portion of the rent of the Company's principal executive offices at market rates and the Company's allocable portion of the costs of compensation and related expenses of its Chief Financial Officer, Chief Compliance Officer, their staffs and other non-investment professionals at Oaktree that perform duties for the Company. Such reimbursement is at cost, with no profit to, or markup by, Oaktree Administrator. The New Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other. The New Administration Agreement may also be terminated, without penalty, upon the vote of a majority of the Company's outstanding voting securities.

Prior to its termination by its terms on October 17, 2017 and throughout the Company's 2017 fiscal year, the Company was party to the Former Administration Agreement with the Former Administrator. The Former Administrator was a wholly-owned subsidiary of the Former Adviser. Pursuant to the Former Administration Agreement, the Former Administrator provided services substantially similar to those provided by Oaktree Administrator as described above. For providing these services, facilities and personnel, the Company reimbursed the Former Administrator the allocable portion of overhead and other expenses incurred by it in performing its obligations under the Former Administration Agreement.

For the three months ended June 30, 2018, the Company accrued administrative expenses of $0.5 million, including $0.1 million of general and administrative expenses. For the nine months ended June 30, 2018, the Company accrued administrative expenses of $1.7 million, including $0.3 million of general and administrative expenses. Of the accrued administrative expenses of $1.7 million for the nine months ended June 30, 2018, $0.2 million was due to the Former Administrator for administrative expenses incurred prior to October 17, 2017 and $1.5 million was due to Oaktree Administrator. For the three months ended June 30, 2017, the Company accrued administrative expenses of $0.6 million, including $0.2 million of general and administrative expenses, which were due to the Former Administrator. For the nine months ended June 30, 2017, the Company accrued administrative expenses of $2.7 million, including $1.1 million of general and administrative expenses, which were due to the Former Administrator.

As of June 30, 2018 and September 30, 2017, $4.2 million and $1.8 million was included in "Due to affiliate" in the Consolidated Statements of Assets and Liabilities, respectively, reflecting the unpaid portion of administrative expenses payable to Oaktree Administrator and the Former Administrator, respectively.

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

Note 12. Financial Highlights

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Net asset value per share at beginning of period	$5.87	$7.23	$6.16	$7.97
Net investment income (4)	0.10	0.14	0.31	0.43
Net unrealized appreciation (depreciation) on investments and secured borrowings (4)	0.71	(0.09)	0.39	0.13
Net realized gain (loss) on investments, secured borrowings and unsecured notes payable (4)	(0.63)	(0.09)	(0.60)	(1.07)
Distributions to stockholders (4)	(0.10)	(0.02)	(0.31)	(0.34)
Net issuance/repurchases of common stock (4)	—	—	—	0.05
Net asset value per share at end of period	**$5.95**	**$7.17**	**$5.95**	**$7.17**
Per share market value at beginning of period	$4.21	$4.62	$5.47	$5.81
Per share market value at end of period	$4.78	$4.86	$4.78	$4.86
Total return (1)	15.82%	5.63%	(6.84)%	(10.50)%
Common shares outstanding at beginning of period	140,960,651	140,960,651	140,960,651	143,258,785
Common shares outstanding at end of period	140,960,651	140,960,651	140,960,651	140,960,651
Net assets at beginning of period	$827,234	$1,019,626	$867,657	$1,142,288
Net assets at end of period	$838,095	$1,010,750	$838,095	$1,010,750
Average net assets (2)	$837,286	$1,016,037	$837,878	$1,043,283
Ratio of net investment income to average net assets (5)	6.91%	7.65%	6.86%	7.84%
Ratio of total expenses to average net assets (5)	9.08%	10.10%	9.43%	10.57%
Ratio of net expenses to average net assets (5)	8.34%	10.08%	9.17%	10.39%
Ratio of portfolio turnover to average investments at fair value	19.26%	8.67%	51.32%	19.68%
Weighted average outstanding debt (3)	$546,297	$905,994	$590,921	$1,032,076
Average debt per share (4)	$3.88	$6.43	$4.19	$7.29
Asset coverage ratio	237.18%	231.29%	237.18%	231.29%

(1) Total return equals the increase or decrease of ending market value over beginning market value, plus distributions, divided by the beginning market value, assuming dividend reinvestment prices obtained under the Company's DRIP.

(2) Calculated based upon the weighted average net assets for the period.

(3) Calculated based upon the weighted average of loans payable for the period.

(4) Calculated based upon weighted average shares outstanding for the period.

(5) Interim periods are annualized.

Note 13. Unsecured Notes

2019 Notes

On February 26, 2014, the Company issued $250.0 million in aggregate principal amount of its 4.875% unsecured 2019 Notes for net proceeds of $244.4 million after deducting OID of $1.4 million, underwriting commissions and discounts of $3.7 million and offering costs of $0.5 million. The OID on the 2019 Notes is amortized based on the effective interest method over the term of the notes.

The 2019 Notes were issued pursuant to an indenture, dated April 30, 2012, as supplemented by the supplemental indenture, dated February 26, 2014 (collectively, the "2019 Notes Indenture"), between the Company and Deutsche Bank Trust Company Americas (the "Trustee"). The 2019 Notes are the Company's general unsecured obligations that rank senior in right of payment to all of the Company's existing and future indebtedness that is expressly subordinated in right of payment to the 2019 Notes. The 2019 Notes rank equally in right of payment with all of the Company's existing and future liabilities that are not so subordinated. The 2019 Notes effectively rank junior to any of the Company's secured indebtedness (including unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness. The 2019 Notes rank structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries, financing vehicles or similar facilities.

Interest on the 2019 Notes is paid semi-annually on March 1 and September 1 at a rate of 4.875% per annum. The 2019 Notes mature on March 1, 2019 and may be redeemed in whole or in part at any time or from time to time at the Company's option prior to maturity.

The 2019 Notes Indenture contains certain covenants, including covenants requiring the Company's compliance with (regardless of whether the Company is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, as well as covenants requiring the Company to provide financial information to the holders of the 2019 Notes and the Trustee if the Company ceases to be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These covenants are subject to limitations and exceptions that are described in the 2019 Notes Indenture. The Company may repurchase the 2019 Notes in accordance with the 1940 Act and the rules promulgated thereunder. In addition, holders of the 2019 Notes can require the Company to repurchase the 2019 Notes at 100% of their principal amount upon the occurrence of certain change of control events as described in the 2019 Notes Indenture. The 2019 Notes were issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. During the nine months ended June 30, 2018, the Company repurchased and subsequently canceled $21.2 million of the 2019 Notes. The Company recognized a loss of $0.1 million in connection with such transaction. There were no repurchases during the nine months ended June 30, 2017.

For each of the three and nine months ended June 30, 2018, the Company recorded interest expense of $3.0 million and $9.5 million, respectively, related to the 2019 Notes. For the three and nine months ended June 30, 2017, the Company recorded interest expense of $3.3 million and $10.0 million, respectively, related to the 2019 Notes.

As of June 30, 2018, there were $228.8 million of 2019 Notes outstanding, which had a carrying value and fair value of $228.1 million and $230.5 million, respectively.

2024 Notes

On October 18, 2012, the Company issued $75.0 million in aggregate principal amount of its 5.875% unsecured 2024 Notes for net proceeds of $72.5 million after deducting underwriting commissions of $2.2 million and offering costs of $0.3 million.

The 2024 Notes were issued pursuant to an indenture, dated April 30, 2012, as supplemented by the first supplemental indenture, dated October 18, 2012 (collectively, the "2024 Notes Indenture"), between the Company and the Trustee. The 2024 Notes are the Company's unsecured obligations and rank senior in right of payment to the Company's existing and future indebtedness that is expressly subordinated in right of payment to the 2024 Notes; equal in right of payment to the Company's existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company's secured indebtedness (including existing unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries or financing vehicles.

Interest on the 2024 Notes is paid quarterly in arrears on January 30, April 30, July 30 and October 30 at a rate of 5.875% per annum. The 2024 Notes mature on October 30, 2024 and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after October 30, 2017. The 2024 Notes currently trade on the New York Stock Exchange under the symbol “OSLE” with a par value of $25.00 per note.

The 2024 Notes Indenture contains certain covenants, including covenants requiring the Company's compliance with (regardless of whether the Company is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions and with the restrictions on dividends, distributions and purchase of capital stock set forth in Section 18(a)(1)(B) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring the Company to provide financial information to the holders of the 2024 Notes and the Trustee if the Company ceases to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 2024 Notes Indenture. The Company may repurchase the 2024 Notes in accordance with the 1940 Act and the rules promulgated thereunder. Any 2024 Notes repurchased by the Company may, at the Company's option, be surrendered to the Trustee for cancellation, but may not be reissued or resold by the Company. Any 2024 Notes surrendered for cancellation will be promptly canceled and no longer outstanding under the 2024 Notes Indenture. During the nine months ended June 30, 2018 and 2017, the Company did not repurchase any of the 2024 Notes in the open market.

For each of the three and nine months ended June 30, 2018, the Company recorded interest expense of $1.2 million and $3.5 million, respectively, related to the 2024 Notes. For the three and nine months ended June 30, 2017, the Company recorded interest expense of $1.2 million and $3.5 million, respectively, related to the 2024 Notes.

As of June 30, 2018, there were $75.0 million of 2024 Notes outstanding, which had a carrying value and fair value of $73.7 million and $77.4 million, respectively.

2028 Notes

In April and May 2013, the Company issued $86.3 million in aggregate principal amount of its 6.125% unsecured 2028 Notes for net proceeds of $83.4 million after deducting underwriting commissions of $2.6 million and offering costs of $0.3 million.

The 2028 Notes were issued pursuant to an indenture, dated April 30, 2012, as supplemented by the second supplemental indenture, dated April 4, 2013 (collectively, the "2028 Notes Indenture"), between the Company and the Trustee. The 2028 Notes are the Company's unsecured obligations and rank senior in right of payment to the Company's existing and future indebtedness that is expressly subordinated in right of payment to the 2028 Notes; equal in right of payment to the Company's existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company's secured indebtedness (including existing unsecured indebtedness that it later secures) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries or financing vehicles.

Interest on the 2028 Notes is paid quarterly in arrears on January 30, April 30, July 30 and October 30 at a rate of 6.125% per annum. The 2028 Notes mature on April 30, 2028 and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after April 30, 2018. The 2028 Notes currently trade on the NASDAQ Global Select Market under the symbol "OCSLL" with a par value of $25.00 per note.

The 2028 Notes Indenture contains certain covenants, including covenants requiring the Company's compliance with (regardless of whether it is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, as well as covenants requiring the Company to provide financial information to the holders of the 2028 Notes and the Trustee if it ceases to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 2028 Notes Indenture. The Company may repurchase the 2028 Notes in accordance with the 1940 Act and the rules promulgated thereunder. Any 2028 Notes repurchased by the Company may, at its option, be surrendered to the Trustee for cancellation, but may not be reissued or resold by the Company. Any 2028 Notes surrendered for cancellation will be promptly canceled and no longer outstanding under the 2028 Notes Indenture. During the nine months ended June 30, 2018 and 2017, the Company did not repurchase any of the 2028 Notes in the open market.

For each of the three and nine months ended June 30, 2018, the Company recorded interest expense of $1.4 million and $4.1 million, respectively, related to the 2028 Notes. For the three and nine months ended June 30, 2017, the Company recorded interest expense of $1.4 million and $4.1 million, respectively, related to the 2028 Notes.

As of June 30, 2018, there were $86.3 million of 2028 Notes outstanding, which had a carrying value and fair value of $84.4 million and $85.2 million, respectively.

Note 14. Secured Borrowings

See Note 2 "Secured Borrowings" for a description of the Company's accounting treatment of secured borrowings.

As of June 30, 2018, there were $12.6 million of secured borrowings outstanding. As of June 30, 2018, secured borrowings at fair value totaled $10.0 million and the fair value of the investment that is associated with these secured borrowings was $34.4 million. These secured borrowings were the result of the Company's completion of partial loan sales totaling $22.8 million of a senior secured debt investment during the fiscal year ended September 30, 2014 that did not meet the definition of a participating interest. As a result, sale treatment was not allowed and these partial loan sales were treated as secured borrowings. The Company receives loan servicing fees as it continues to serve as administrative agent for this investment. As a result, the Company earns servicing fees in connection with the loans that were partially sold. During the nine months ended June 30, 2018, there were $0.9 million of net repayments on secured borrowings. During the nine months ended June 30, 2017, there were $5.1 million of net repayments on secured borrowings.

For the nine months ended June 30, 2018, the secured borrowings bore interest at a weighted average interest rate of 6.44%. For the nine months ended June 30, 2017, the secured borrowings bore interest at an annual interest rate of 8.09%. For the three and nine months ended June 30, 2018, the Company recorded interest expense of $0.1 million and $0.6 million, respectively, related to the secured borrowings. For the three and nine months ended June 30, 2017, the Company recorded interest expense of $0.3 million and $0.9 million, respectively, related to the secured borrowings.

Note 15. Commitments and Contingencies

SEC Examination and Investigation

On March 23, 2016, the Division of Enforcement of the SEC sent document subpoenas and document preservation notices to the Company, FSAM, FSCO GP LLC - General Partner of Fifth Street Opportunities Fund, L.P. ("FSOF") and OCSI. The subpoenas sought production of documents relating to a variety of issues principally related to the activities of the Former Adviser, including those raised in an ordinary-course examination of the Former Adviser by the SEC's Office of Compliance Inspections and Examinations that began in October 2015, and in the previously disclosed securities class actions and other previously disclosed litigation. The subpoenas were issued pursuant to a formal order of private investigation captioned In the Matter of the Fifth Street Group of Companies, No. HO-12925, dated March 23, 2016, which addresses (among other things) (i) the valuation of the Company's portfolio companies and investments, (ii) the expenses allocated or charged to the Company and OCSI, (iii) FSOF's trading in the securities of publicly traded business development companies, (iv) statements to the Board of Directors, other representatives of pooled investment vehicles, investors, or prospective investors concerning the fair value of the Company's portfolio companies or investments as well as expenses allocated or charged to the Company and OCSI, (v) various issues relating to adoption and implementation of policies and procedures under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), (vi) statements and/or potential omissions in the entities' SEC filings, (vii) the entities' books, records, and accounts and whether they fairly and accurately reflected the entities' transactions and dispositions of assets, and (viii) several other issues relating to corporate books and records. The formal order cites various provisions of the Securities Act of 1933, as amended, the Exchange Act and the Advisers Act, as well as rules promulgated under those Acts, as the bases of the investigation. The Company is cooperating with the Division of Enforcement investigation, has produced requested documents, and has been communicating with Division of Enforcement personnel. Oaktree is not subject to these subpoenas.

Off-Balance Sheet Arrangements

The Company may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of its companies. As of June 30, 2018, the Company's only off-balance sheet arrangements consisted of $63.7 million of unfunded commitments, which was comprised of $57.6 million to provide debt financing to certain of its portfolio companies, $1.3 million to provide equity financing to SLF JV I and $4.8 million related to unfunded limited partnership interests. As of September 30, 2017, the Company's only off-balance sheet arrangements consisted of $118.1 million of unfunded commitments, which was comprised of $107.3 million to provide debt financing to certain of its portfolio companies, $1.3 million to provide equity financing to SLF JV I and $9.5 million related to unfunded limited partnership interests. Such commitments are subject to its portfolio companies' satisfaction of certain financial and nonfinancial covenants and may involve, to varying degrees, elements of credit risk in excess of the amount recognized in the Company's Consolidated Statements of Assets and Liabilities.

A list of unfunded commitments by investment (consisting of revolvers, term loans with delayed draw components, SLF JV I LLC equity interests, and limited partnership interests) as of June 30, 2018 and September 30, 2017 is shown in the table below:

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

	June 30, 2018	September 30, 2017
TerSera Therapeutics, LLC	$ 12,187	$ —
P2 Upstream Acquisition Co.	10,000	10,000
InMotion Entertainment Group, LLC	6,534	7,544
Valet Merger Sub, Inc.	5,969	9,326
EOS Fitness Opco Holdings, LLC	5,000	5,000
Pingora MSR Opportunity Fund I, LP (limited partnership interest)	4,210	2,760
Dominion Diagnostics, LLC	4,180	4,180
Keypath Education, Inc.	3,000	3,000
Datto Inc	2,356	—
4 Over International, LLC	2,232	2,232
New IPT, Inc.	2,229	2,229
Senior Loan Fund JV 1, LLC	1,328	1,328
TransTrade Operators, Inc. (1)(2)(3)	1,052	1,052
Access CIG LLC	765	—
Ministry Brands, LLC	700	1,708
GKD Index Partners LLC	578	—
Refac Optical Group (3)	480	2,080
Sterling Capital Partners IV, L.P. (limited partnership interest)	359	490
Cenegenics, LLC (1)(2)	297	297
ACON Equity Partners III, LP (limited partnership interest)	219	239
Lift Brands Holdings, Inc.	—	15,000
Edge Fitness, LLC	—	8,353
Impact Sales, LLC	—	3,234
WeddingWire, Inc.	—	3,000
Motion Recruitment Partners LLC	—	2,900
Traffic Solutions Holdings, Inc.	—	2,998
OmniSYS Acquisition Corporation	—	2,500
SPC Partners VI, L.P. (limited partnership interest)	—	2,000
Metamorph US 3, LLC (2)(4)	—	1,470
Riverside Fund V, LP (limited partnership interest)	—	539
Webster Capital III, L.P. (limited partnership)	—	736
Tailwind Capital Partners II, L.P. (limited partnership interest)	—	391
Beecken Petty O'Keefe Fund IV, L.P. (limited partnership interest)	—	472
Moelis Capital Partners Opportunity Fund I-B, L.P. (limited partnership interest)	—	365
Riverside Fund IV, LP (limited partnership interest)	—	254
Bunker Hill Capital II (QP), LP (limited partnership interest)	—	183
SPC Partners V, L.P. (limited partnership interest)	—	159
Riverlake Equity Partners II, LP (limited partnership interest)	—	129
Milestone Partners IV, LP (limited partnership interest)	—	180
BeyondTrust Software, Inc.	—	5,995
Systems, Inc.	—	3,030
Thing5, LLC (1)	—	3,000
Edmentum, Inc. (1)(2)	—	2,664
Ping Identity Corporation	—	2,500
Sailpoint Technologies, Inc.	—	1,500
Garretson Firm Resolution Group, Inc. (1)	—	508
RCP Direct II, LP (limited partnership interest)	—	364
RCP Direct, LP (limited partnership interest)	—	184
Total	**$ 63,675**	**$ 118,073**

(1) This investment was on cash or PIK non-accrual status as of June 30, 2018.
(2) This investment was on cash or PIK non-accrual status as of September 30, 2017.
(3) This portfolio company does not have the ability to draw on this unfunded commitment as of June 30, 2018.
(4) This investment was disposed of as of June 30, 2018.

Note 16. Subsequent Events

The Company's management evaluated subsequent events through the date of issuance of the Consolidated Financial Statements. There have been no subsequent events that occurred during such period that would require disclosure in, or would be required to be recognized in the Consolidated Financial Statements as of and for the three and nine months ended June 30, 2018, except as discussed below:

On July 10, 2018, the Company entered into Amendment No. 1 (the "Amendment") to the ING Facility. The Amendment revised the definition of "Senior Coverage Ratio," which is used to determine the margin above LIBOR for the Company's borrowings under the ING Facility, to exclude the aggregate principal amount of the 2019 Notes from such calculation. In addition, the Amendment revised the ING Facility to provide the Company with additional flexibility with respect to refinancing or prepaying the 2024 Notes in certain circumstances.

On August 1, 2018, the Company's Board of Directors declared a quarterly distribution of $0.095 per share, payable on September 28, 2018 to stockholders of record on September 15, 2018.

Oaktree Specialty Lending Corporation

Schedule of Investments in and Advances to Affiliates
(in thousands, except share and per share amounts, percentages and as otherwise indicated)
Nine months ended June 30, 2018
(unaudited)

Portfolio Company/Type of Investment (1)	Cash Interest Rate	Industry	Principal	Net Realized Gain (Loss)	Amount of Interest, Fees or Dividends Credited in Income (2)	Fair Value at October 1, 2017	Gross Additions (3)	Gross Reductions (4)	Fair Value at June 30, 2018	% of Total Net Assets
Control Investments										
AdVenture Interactive, Corp.		Advertising								
9,073 shares of common units			$ —	$ —	$ —	$ 13,818	$ 136	$ (13,954)	$ —	—%
										—%
Ameritox Ltd.		Healthcare services								
First Lien Term Loan, LIBOR+5% (1% floor) cash 3% PIK due 4/11/2021			—	(30,103)	75	4,445	33,094	(37,539)	—	—%
14,090,126.4 Class A Preferred Units in Ameritox Holdings II, LLC			—	(14,090)	—	—	14,090	(14,090)	—	—%
1,602,260.83 Class B Preferred Units in Ameritox Holdings II, LLC			—	(1,602)	—	—	1,602	(1,602)	—	—%
4,930.03 Class A Units in Ameritox Holdings II, LLC			—	(29,049)	—	—	29,049	(29,049)	—	—%
Eagle Hospital Physicians, LLC		Healthcare services								
Earn-out			—	(848)	—	4,986	3,017	(8,003)	—	—%
First Star Bermuda Aviation Limited (6)		Airlines								
First Lien Term Loan, 9% cash 3% PIK due 8/19/2018			11,868	—	1,284	11,868	305	(305)	11,868	1.4%
100% equity interest			—	—	—	2,323	5,543	(2,220)	5,646	0.7%
First Star Speir Aviation Limited (6)		Airlines								
First Lien Term Loan, 9% cash due 12/15/2020			32,510	—	1,775	41,395	973	(9,858)	32,510	3.9%
100% equity interest			—	—	—	3,926	3,547	(3,088)	4,385	0.5%
Keypath Education, Inc.		Advertising								
First Lien Term Loan, LIBOR+7% (1% floor) cash due 4/3/2022	9.33%		19,960	—	1,330	19,960	—	—	19,960	2.4%
First Lien Revolver, LIBOR+7% (1% floor) cash due 4/3/2022			—	—	13	—	—	—	—	—%
9,073 Class A Units in FS AVI Holdco, LLC			—	—	—	7,918	66	—	7,984	1.0%
New IPT, Inc.		Oil & gas equipment services								
First Lien Term Loan, LIBOR+5% (1% floor) cash due 3/17/2021	7.33%		4,107	—	219	4,107	—	—	4,107	0.5%
Second Lien Term Loan, LIBOR+5.1% (1% floor) cash due 9/17/2021	7.43%		1,753	—	118	2,504	—	(751)	1,753	0.2%
First Lien Revolver, LIBOR+5% (1% floor) cash due 3/17/2021	7.33%		1,009	—	58	1,009	—	—	1,009	0.1%
50.087 Class A Common Units in New IPT Holdings, LLC			—	—	—	736	1,555	—	2,291	0.3%
Senior Loan Fund JV I, LLC (5)		Multi-sector holdings								
Class A Mezzanine Secured Deferrable Floating Rate Notes due 2036 in SLF Repack Issuer 2016 LLC	7.93%		100,444	—	6,621	101,030	—	(586)	100,444	12.0%
Class B Mezzanine Secured Deferrable Fixed Rate Notes, 15% PIK due 2036 in SLF Repack Issuer 2016 LLC			29,532	—	3,115	27,641	2,069	(178)	29,532	3.5%
87.5% equity interest			—	—	—	5,525	—	(3,593)	1,932	0.2%

Portfolio Company/Type of Investment (1)	Cash Interest Rate	Industry	Principal	Net Realized Gain (Loss)	Amount of Interest, Fees or Dividends Credited in Income (2)	Fair Value at October 1, 2017	Gross Additions (3)	Gross Reductions (4)	Fair Value at June 30, 2018	% of Total Net Assets
Traffic Solutions Holdings, Inc.		Construction & engineering								
First Lien Term Loan, LIBOR+7% (1% floor) cash 2% PIK due 4/1/2021			$ —	$ —	$ 3,174	$ 36,568	$ 393	$ (36,961)	$ —	—%
First Lien Revolver, LIBOR+6% (1% floor) cash due 4/1/2021			—	—	85	1,250	753	(2,003)	—	—%
LC Facility, 6% cash due 4/1/2021			—	—	164	4,752	4	(4,756)	—	—%
746,114 Series A Preferred Units, 10%			—	(10,462)	—	7,700	12,329	(20,029)	—	—%
746,114 Common Stock Unit			—	(5,316)	—	—	5,316	(5,316)	—	—%
TransTrade Operators, Inc. (7)		Air freight and logistics								
First Lien Term Loan, 5% cash due 12/31/2017			15,973	—	—	1,810	—	(1,810)	—	—%
First Lien Revolver, 8% cash due 12/31/2017			7,757	—	—	—	740	(740)	—	—%
596.67 Series A Common Units			—	—	—	—	—	—	—	—%
4,000 Series A Preferred Units in TransTrade Holdings LLC			—	—	—	—	—	—	—	—%
5,200,000 Series B Preferred Units in TransTrade Holding LLC			—	—	—	—	—	—	—	—%
Total Control Investments			**$224,913**	**$(91,470)**	**$ 18,031**	**$ 305,271**	**$ 114,581**	**$ (196,431)**	**$ 223,421**	26.7%
Affiliate Investments										
AmBath/ReBath Holdings, Inc.		Home improvement retail								
First Lien Term Loan B, 12.5% cash 2.5% PIK due 8/31/2018			—	—	1,738	22,957	308	(23,265)	—	—%
4,668,788 shares of Preferred Stock			—	2,048	—	1,827	221	(2,048)	—	—%
Caregiver Services, Inc.		Healthcare services								
Second Lien Term Loan, 10% cash 2% PIK due 6/30/2019			—	—	753	9,665	216	(9,881)	—	—%
1,080,399 shares of Series A Preferred Stock, 10%			—	—	—	2,534	—	(373)	2,161	0.3%
Total Affiliate Investments			**$ —**	**$ 2,048**	**$ 2,491**	**$ 36,983**	**$ 745**	**$ (35,567)**	**$ 2,161**	0.3%
Total Control & Affiliate Investments			**$224,913**	**$(89,422)**	**$ 20,522**	**$ 342,254**	**$ 115,326**	**$ (231,998)**	**$ 225,582**	26.9%

This schedule should be read in connection with the Company's Consolidated Financial Statements, including the Consolidated Schedules of Investments and Notes to the Consolidated Financial Statements.

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(1) The principal amount and ownership detail are shown in the Company's Consolidated Schedules of Investments.
(2) Represents the total amount of interest (net of non-accrual amounts), fees and dividends credited to income for the portion of the period an investment was included in the Control or Affiliate categories.
(3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments, accrued PIK interest (net of non-accrual amounts) and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in unrealized depreciation as well as the movement of an existing portfolio company into this category or out of a different category.
(4) Gross reductions include decreases in the cost basis of investment resulting from principal payments or sales and exchanges of one or more existing securities for one or more new securities. Gross reductions also include net increases in unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.
(5) Together with Kemper, the Company co-invests through SLF JV I. SLF JV I is capitalized as transactions are completed and all portfolio and investment decisions in respect to SLF JV I must be approved by the SLF JV I investment committee consisting of representatives of the Company and Kemper (with approval from a representative of each required).
(6) First Star Bermuda Aviation Limited and First Star Speir Aviation Limited are wholly-owned holding companies formed by the Company in order to facilitate its investment strategy. In accordance with ASU 2013-08, the Company has deemed the holding companies to be investment companies under GAAP and therefore deemed it appropriate to consolidate the financial results and financial position of the holding companies and to recognize dividend income versus a combination of interest income and dividend income. Accordingly, the debt and equity investments in the wholly-owned holding companies are disregarded for accounting purposes since the economic substance of these instruments are equity investments in the operating entities.
(7) This investment was on cash non-accrual status as of June 30, 2018 and September 30, 2017.

Oaktree Specialty Lending Corporation

Schedule of Investments in and Advances to Affiliates
(in thousands, except share and per share amounts, percentages and as otherwise indicated)
Nine months ended June 30, 2017
(unaudited)

Portfolio Company/Type of Investment (1)	Cash Interest Rate	Industry	Principal	Net Realized Gain (Loss)	Amount of Interest, Fees or Dividends Credited in Income (2)	Fair Value at October 1, 2016	Gross Additions (3)	Gross Reductions (4)	Fair Value at June 30, 2017	% of Total Net Assets
Control Investments										
AdVenture Interactive, Corp.		Advertising								
First Lien Term Loan, LIBOR+6.75% (1.25% floor) cash due 3/22/2018			$ —	$ —	$ —	$ —	$ —	$ —	$ —	—%
First Lien Revolver, LIBOR+6.75% (1.25% floor) cash due 3/22/2018			—	—	—	—	—	—	—	—%
9,073 shares of common stock			—	—	—	—	24,258	(10,648)	13,610	1.3%
Ameritox Ltd.		Healthcare services								
First Lien Term Loan, LIBOR+5% (1% floor) cash 3% PIK due 4/11/2021	6.15%		40,107	—	2,435	31,039	9,151	(82)	40,108	3.9%
14,090,126.4 Class A Preferred A Units in Ameritox Holdings II, LLC			—	—	—	15,437	1,424	(2,667)	14,194	1.4%
1,602,260.83 Class B Preferred A Units in Ameritox Holdings II, LLC			—	—	—	1,755	162	(1,917)	—	—%
4,930.03 Common Units in Ameritox Holdings II, LLC			—	—	—	13,113	—	(13,113)	—	—%
Eagle Hospital Physicians, LLC		Healthcare services								
First Lien Term Loan A, 8% PIK due 4/30/2017			—	(5,015)	571	13,875	1,058	(14,933)	—	—%
First Lien Term Loan B, 8.1% PIK due 4/30/2017			—	(3,970)	81	3,887	4,189	(8,076)	—	—%
First Lien Revolver, 8% cash due 4/30/2017			—	—	183	1,913	2,185	(4,098)	—	—%
4,100,000 Class A Common Units			—	(4,100)	—	7,421	4,100	(11,521)	—	—%
Earn-out			—	—	—	—	7,851	—	7,851	0.8%
Express Group Holdings LLC		Oil & gas equipment services								
First Lien Term Loan, LIBOR+6% (1% floor) cash due 9/3/2019			—	(12,072)	(110)	1,193	12,073	(13,266)	—	—%
First Lien Revolver, LIBOR+4.5% (1% floor) cash due 3/4/2019			—	(4,664)	(2)	6,090	5,211	(11,301)	—	—%
Last-In Revolver, PRIME+3.5% (3.5% floor) cash due 10/7/2016			—	—	106	3,000	—	(3,000)	—	—%
14,033,391 Series B Preferred Units			—	(3,982)	—	—	3,982	(3,982)	—	—%
280,668 Series A Preferred Units			—	(1,593)	—	—	1,593	(1,593)	—	—%
1,456,344 Common Stock Units			—	—	—	—	—	—	—	—%
First Star Aviation, LLC (6)		Airlines								
10,104,401 Common Units			—	(3,767)	—	2,413	87	(2,500)	—	—%
First Star Bermuda Aviation Limited (6)		Airlines								
First Lien Term Loan, 9% cash 3% PIK due 8/19/2018			11,868	—	729	11,851	138	(121)	11,868	1.2%
4,293,736 Common Units			—	—	—	5,729	(455)	(3,464)	1,810	0.2%
First Star Speir Aviation Limited (6)		Airlines								
First Lien Term Loan, 9% cash due 12/15/2020			41,395	—	2,060	54,214	2,068	(16,189)	40,093	3.9%
2,058,411.64 Common Units			—	—	—	2,839	—	(2,839)	—	—%
Keypath Education, Inc.		Advertising								
First Lien Term Loan, LIBOR+7% (1.25% floor) cash due 3/22/2018	8.29%		19,960	—	412	—	19,960	—	19,960	2.0%
First Lien Revolver, LIBOR+7% (1.25% floor) cash due 3/22/2018			—	—	4	—	—	—	—	—%
9,073 Class A Units in FS AVI Holdco, LLC			—	—	—	—	10,648	—	10,648	1.0%

Portfolio Company/Type of Investment (1)	Cash Interest Rate	Industry	Principal	Net Realized Gain (Loss)	Amount of Interest, Fees or Dividends Credited in Income (2)	Fair Value at October 1, 2016	Gross Additions (3)	Gross Reductions (4)	Fair Value at June 30, 2017	% of Total Net Assets
New IPT, Inc.		Oil & gas equipment services								
First Lien Term Loan, LIBOR+5% (1% floor) cash due 3/17/2021	6.15%		$ 4,107	$ 26	$ 72	$ —	$ 4,107	$ —	$ 4,107	0.4%
Second Lien Term Loan, LIBOR+5.1% (1% floor) cash due 9/17/2021	6.25%		2,504	—	46	—	2,504	—	2,504	0.2%
First Lien Revolver, LIBOR+5% (1% floor) cash due 3/17/2021	6.15%		1,009	—	21	—	1,009	—	1,009	0.1%
50.087 Class A Common Units in New IPT Holdings, LLC			—	—	—	—	—	—	—	—%
Senior Loan Fund JV I, LLC (5)		Multi-sector holdings								
Subordinated Note, LIBOR+8% cash due 5/2/2021			—	(19,857)	2,859	129,004	16,546	(145,550)	—	—%
Class A Mezzanine Secured Deferrable Floating Rate Notes due 2036 in SLF Repack Issuer 2016 LLC	6.55%		101,030	—	3,465	—	101,030	—	101,030	9.9%
Class B Mezzanine Secured Deferrable Fixed Rate Notes, 15% PIK due 2036 in SLF Repack Issuer 2016 LLC			26,642	—	1,978	—	26,642	—	26,642	2.6%
87.5% equity interest			—	—	1,050	13,708	433	(906)	13,235	1.3%
Traffic Solutions Holdings, Inc.		Construction & engineering								
First Lien Term Loan, LIBOR+7% (1% floor) cash 2% PIK due 4/1/2021	8.15%		36,468	—	3,151	36,328	985	(845)	36,468	3.6%
First Lien Revolver, LIBOR+6% (1% floor) cash due 4/1/2021	7.15%		750	—	98	2,800	760	(2,810)	750	0.1%
LC Facility, 6% cash due 4/1/2021			3,518	—	172	3,518	12	(12)	3,518	0.3%
746,114 Series A Preferred Units, 10%			—	—	1,471	20,094	3,201	(161)	23,134	2.3%
746,114 Common Stock Unit			—	—	—	—	2,284	—	2,284	0.2%
TransTrade Operators, Inc. (7)		Air freight and logistics								
First Lien Term Loan, 11% cash 3% PIK due 12/31/2017			15,973	—	8	7,046	644	(2,160)	5,530	0.5%
First Lien Revolver, 8% cash due 12/31/2017			7,582	—	—	—	2,505	(2,505)	—	—%
Total Control Investments			**$312,913**	**$(58,994)**	**$ 20,860**	**$ 388,267**	**$ 272,345**	**$ (280,259)**	**$ 380,353**	37.3%
Affiliate Investments										
AmBath/ReBath Holdings, Inc.		Home improvement retail								
First Lien Term Loan B, 12.5% cash 2.5% PIK due 8/31/2018			23,309	—	3,422	24,268	818	(1,806)	23,280	2.3%
4,668,788 shares of Preferred Stock			—	—	—	1,873	349	(271)	1,951	0.2%
Caregiver Services, Inc.		Healthcare services								
Second Lien Term Loan, 10% cash 2% PIK due 6/30/2019			9,669	—	873	9,549	156	(116)	9,589	0.9%
1,080,399 shares of Series A Preferred Stock, 10%			—	—	—	4,079	—	(1,550)	2,529	0.2%
Total Affiliate Investments			**$ 32,978**	**$ —**	**$ 4,295**	**$ 39,769**	**$ 1,323**	**$ (3,743)**	**$ 37,349**	3.7%
Total Control & Affiliate Investments			**$345,891**	**$(58,994)**	**$ 25,155**	**$ 428,036**	**$ 273,668**	**$ (284,002)**	**$ 417,702**	41.0%

This schedule should be read in connection with the Company's Consolidated Financial Statements, including the Consolidated Schedules of Investments and Notes to the Consolidated Financial Statements.

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(1) The principal amount and ownership detail are shown in the Company's Consolidated Schedules of Investments.
(2) Represents the total amount of interest, fees and dividends credited to income for the portion of the year an investment was included in the Control or Affiliate categories.
(3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest (net of non-accrual amounts) and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in unrealized depreciation as well as the movement of an existing portfolio company into this category or out of a different category.
(4) Gross reductions include decreases in the cost basis of investment resulting from principal payments or sales and exchanges of one or more existing securities for one or more new securities. Gross reductions also include net increases in unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.

(5) Together with Kemper, the Company co-invests through SLF JV I. SLF JV I is capitalized as transactions are completed and all portfolio and investment decisions in respect to SLF JV I must be approved by the SLF JV I investment committee consisting of representatives of the Company and Kemper (with approval from a representative of each required).

(6) First Star Aviation, LLC, First Star Bermuda Aviation Limited and First Star Speir Aviation 1 Limited are wholly-owned holding companies formed by the Company in order to facilitate its investment strategy. In accordance with ASU 2013-08, the Company has deemed the holding companies to be investment companies under GAAP and therefore deemed it appropriate to consolidate the financial results and financial position of the holding companies and to recognize dividend income versus a combination of interest income and dividend income. Accordingly, the debt and equity investments in the wholly-owned holding companies are disregarded for accounting purposes since the economic substance of these instruments are equity investments in the operating entities.

(7) This investment was on cash non-accrual status as of June 30, 2017.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion should be read in connection with our Consolidated Financial Statements and the notes thereto included elsewhere in this quarterly report on Form 10-Q.

Some of the statements in this quarterly report on Form 10-Q constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this quarterly report on Form 10-Q may include statements as to:

- our future operating results and distribution projections;
- the ability of Oaktree Capital Management, L.P., or Oaktree, to find lower-risk investments to reposition our portfolio and to implement Oaktree's future plans with respect to our business;
- our business prospects and the prospects of our portfolio companies;
- the impact of the investments that we expect to make;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments and additional leverage we may seek to incur in the future;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies; and
- the cost or potential outcome of any litigation to which we may be a party.

In addition, words such as "anticipate," "believe," "expect," "seek," "plan," "should," "estimate," "project" and "intend" indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Item 1A. Risk Factors" in each of our annual report on Form 10-K for the year ended September 30, 2017 and our quarterly report on Form 10-Q for the quarter ended March 31, 2018 and elsewhere in this quarterly report on Form 10-Q.

Other factors that could cause actual results to differ materially include:

- changes in the economy, financial markets and political environment;
- risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters;
- future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or regulated investment companies, or RICs; and
- other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

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

Except as otherwise specified, references to the "Company," "we," "us," and "our," refer to Oaktree Specialty Lending Corporation and its consolidated subsidiaries.

All dollar amounts in tables are in thousands, except share and per share amounts, percentages and as otherwise indicated.

Business Overview

We are a specialty finance company dedicated to providing customized, one-stop credit solutions to companies with limited access to public or syndicated capital markets. We are a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, we have qualified and elected to be treated as a RIC under the Internal Revenue Code of 1986, as amended, or the Code, for tax purposes.

As of October 17, 2017, we are externally managed by Oaktree, a subsidiary of Oaktree Capital Group, LLC, or OCG, a global investment manager specializing in alternative investments, pursuant to an investment advisory agreement between us and Oaktree, or the New Investment Advisory Agreement. Oaktree Fund Administration, LLC, or Oaktree Administrator, a subsidiary of Oaktree, also provides certain administrative and other services necessary for us to operate pursuant to an administration agreement, or the New

Administration Agreement. See “Note 11. Related Party Transactions-New Investment Advisory Agreement” and “-Administrative Services” in the notes to the accompanying Consolidated Financial Statements for a description of the New Investment Advisory Agreement, New Administration Agreement and the investment advisory agreements and administration agreement that were in effect prior to October 17, 2017.

We generally lend to and invest in small and mid-sized companies. Our investment objective is to maximize our portfolio’s total return by generating current income from our debt investments and, to a lesser extent, capital appreciation from our equity investments.

Oaktree intends to reposition our portfolio into investments that are better aligned with Oaktree's overall approach to credit investing and that it believes have the potential to generate attractive returns across market cycles. We expect that Oaktree will focus on middle-market companies, which we define as companies with enterprise values of between $100 million and $750 million. Going forward, we expect our portfolio to include a mix of approximately 40% to 60% of first and 35% to 55% of second lien loans, including asset backed loans, unitranche loans, mezzanine loans, approximately 5% to 15% of unsecured loans and 0% to 10% of preferred equity and certain equity co-investments. Our portfolio may also include certain structured finance and other non-traditional structures. We expect to target investments of $30 million to $50 million, on average, although we may invest more or less in certain portfolio companies. We generally invest in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as “high yield” and “junk,” have predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal.

Since becoming our investment adviser, Oaktree has performed a comprehensive review of our portfolio and categorized our portfolio into core investments, non-core performing investments and underperforming investments. Certain additional information on such categorization and our portfolio composition is included in investor presentations that we file with the SEC.

Oaktree intends to rotate us out of approximately $357 million, at fair value, of investments it has identified as non-core investments. Oaktree will also seek to redeploy non-income generating investments comprised of equity investments, limited partnership interests and loans currently on non-accrual status into Oaktree-originated investments with higher yields.

Business Environment and Developments

We believe that the shift of commercial banks away from lending to middle-market companies following the 2008 financial crisis, including as a result of the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the adoption of the Basel III Accord continues to create opportunities for non-bank lenders such as us. We believe middle-market companies represent a significant opportunity for direct lending as there are nearly 200,000 middle-market businesses, representing one-third of private sector gross domestic product and accounting for approximately 48 million jobs according to the National Center for the Middle Market. In addition, since 2012, lending to middle-market companies has averaged over $170 billion annually according to Thomson Reuters.

We believe that quantitative easing and other similar monetary policies implemented by central banks worldwide in reaction to the 2008 financial crisis have created significant inflows of capital, including from private equity sponsors, focused on yield-driven products such as sub-investment grade debt. While we believe that private equity sponsors continue to have a large pool of available capital and will continue to pursue acquisitions in the middle market, increased competition from other lenders to middle-market companies together with increased capital focused on the sector have led to spread compression across the middle market, resulting in spreads near historically low levels.

We believe that the fundamentals of middle-market companies remain strong, which drove the highest lending level in three years. In this environment, we believe attractive risk-adjusted returns can be achieved by investing in companies that cannot efficiently access traditional debt capital markets. We believe that the Company has the resources and experience to source, diligence and structure investments in these companies and is well placed to generate attractive returns for investors.

New Investment Advisory Agreement with Oaktree

Upon the closing of the transactions, or the Transaction, contemplated by the Asset Purchase Agreement by and among Oaktree, Fifth Street Management LLC, or the Former Adviser, and, for certain limited purposes, Fifth Street Asset Management Inc., or FSAM, the indirect, partial owner of our Former Adviser, and Fifth Street Holdings L.P., the direct, partial owner of our Former Adviser, on October 17, 2017, Oaktree became the investment adviser to each of Oaktree Strategic Income Corporation, or OCSI, and us, and Oaktree paid gross cash consideration of $320 million to our Former Adviser. The closing of the Transaction resulted in an assignment for purposes of the 1940 Act of our investment advisory agreement with the Former Adviser, or the Former Investment Advisory Agreement, and, as a result, its immediate termination. See “Note 11. Related Party Transactions-New Investment Advisory Agreement” and “-Administrative Services” in the notes to the accompanying Consolidated Financial Statements.

In order to ensure that the Transaction complied with Section 15(f) of the 1940 Act, Oaktree and our Former Adviser agreed to certain conditions. First, for a period of three years after the closing of the Transaction, at least 75% of the members of our Board of

Directors must not be interested persons of Oaktree or our Former Adviser. Second, an "unfair burden" must not be imposed on us as a result of the closing of the Transaction or any express or implied terms, conditions or understandings applicable thereto during the two-year period after the closing of the Transaction. In addition, for the two-year period commencing on October 17, 2017, Oaktree agreed to waive, to the extent necessary, any management or incentive fees payable under the New Investment Advisory Agreement that exceed what would have been paid to the Former Adviser in the aggregate under the Former Investment Advisory Agreement.

Critical Accounting Policies

Basis of Presentation

Our Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X. In the opinion of management, all adjustments of a normal recurring nature considered necessary for the fair presentation of the Consolidated Financial Statements have been made. All intercompany balances and transactions have been eliminated. We are an investment company following the accounting and reporting guidance in Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 946, *Financial Services-Investment Companies*, or ASC 946.

Investment Valuation

We report our investments for which current market values are not readily available at fair value. We value our investments in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, or ASC 820, which defines fair value as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. ASC 820 prioritizes the use of observable market prices derived from such prices over entity-specific inputs. Where observable prices or inputs are not available or reliable, valuation techniques are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the investments or market and the investments' complexity.

Hierarchical levels, defined by ASC 820 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

- Level 1 — Unadjusted, quoted prices in active markets for identical assets or liabilities as of the measurement date.
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data at the measurement date for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

If inputs used to measure fair value fall into different levels of the fair value hierarchy, an investment's level is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. This includes investment securities that are valued using "bid" and "ask" prices obtained from independent third party pricing services or directly from brokers. These investments may be classified as Level 3 because the quoted prices may be indicative in nature for securities that are in an inactive market, may be for similar securities or may require adjustments for investment-specific factors or restrictions.

Financial instruments with readily available quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment inherent in measuring fair value. As such, Oaktree obtains and analyzes readily available market quotations provided by independent pricing services for all of our first lien and second lien, or senior secured, debt investments for which quotations are available. In determining the fair value of a particular investment, pricing services use observable market information, including both binding and non-binding indicative quotations.

Oaktree evaluates the quotations provided by independent pricing services and company specific data that could affect the credit quality and/or fair value of the investment. Investments for which market quotations are readily available may be valued at such market quotations. In order to validate market quotations, Oaktree looks at a number of factors to determine if the quotations are representative of fair value, including the source and nature of the quotations. Oaktree does not adjust the prices unless it has a reason to believe market quotations are not reflective of the fair value of an investment. Examples of events that would cause market quotations to not reflect fair value could include cases when a security trades infrequently causing a quoted purchase or sale price to become stale or in the event of a "fire sale" by a distressed seller. In these instances, we value such investments by using the valuation procedure that we use with respect to assets for which market quotations are not readily available (as discussed below).

If the quotation provided by the pricing service is based on only one or two market sources, we perform additional procedures to corroborate such information, which may include the market yield technique discussed below and a quantitative and qualitative assessment of the credit quality and market trends affecting the portfolio company.

We perform detailed valuations of our debt and equity investments for which market quotations are not readily available or are deemed not to represent fair value of the investments. We typically use three different valuation techniques. The first valuation technique is the transaction precedent technique, which utilizes recent or expected future transactions of the investment to determine fair value, to the extent applicable. The second valuation technique is an analysis of the enterprise value, or EV, of the portfolio company. EV means the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time. The EV analysis is typically performed to determine (i) the value of equity investments, (ii) whether there is credit impairment for debt investments and (iii) the value for debt investments that we are deemed to control under the 1940 Act. To estimate the EV of a portfolio company, Oaktree analyzes various factors, including the portfolio company's historical and projected financial results, macroeconomic impacts on the company, and competitive dynamics in the company's industry. Oaktree also utilizes some or all of the following information based on the individual circumstances of the portfolio company: (i) valuations of comparable public companies, (ii) recent sales of private and public comparable companies in similar industries or having similar business or earnings characteristics, (iii) purchase price multiples as a multiple of their earnings or cash flow, (iv) the portfolio company's ability to meet its forecasts and its business prospects, (v) a discounted cash flow analysis, (vi) estimated liquidation or collateral value of the portfolio company's assets and (vii) offers from third parties to buy the portfolio company. We may probability weight potential sale outcomes with respect to a portfolio company when uncertainty exists as of the valuation date. The third valuation technique is a market yield technique, which is typically performed for non-credit impaired debt investments. In the market yield technique, a current price is imputed for the investment based upon an assessment of the expected market yield for a similarly structured investment with a similar level of risk, and we consider the current contractual interest rate, the capital structure and other terms of the investment relative to risk of the company and the specific investment. A key determinant of risk, among other things, is the leverage through the investment relative to the EV of the portfolio company. As debt investments held by us are substantially illiquid with no active transaction market, we depend on primary market data, including newly funded transactions and industry-specific market movements, as well as secondary market data with respect to high yield debt instruments and syndicated loans, as inputs in determining the appropriate market yield, as applicable.

In accordance with ASC 820-10, certain investments that qualify as investment companies in accordance with ASC 946 may be valued using net asset value as a practical expedient for fair value. Consistent with FASB guidance under ASC 820, these investments are excluded from the hierarchical levels.

We estimate the fair value of privately held warrants using a Black Scholes pricing model, which includes an analysis of various factors and subjective assumptions, including the current stock price (by using an EV analysis as described above), the expected period until exercise, expected volatility of the underlying stock price, expected dividends and the risk-free rate. Changes in the subjective input assumptions can materially affect the fair value estimates.

Our Board of Directors undertakes a multi-step valuation process each quarter in connection with determining the fair value of our investments:

- The quarterly valuation process begins with each portfolio company or investment being initially valued by Oaktree's valuation team in conjunction with Oaktree's portfolio management team and investment professionals responsible for each portfolio investment;
- Preliminary valuations are then reviewed and discussed with management of Oaktree;
- Separately, independent valuation firms engaged by our Board of Directors prepare valuations of our investments, on a selected basis, for which market quotations are not readily available or are readily available but deemed not reflective of the fair value of the investment, and submit the reports to us and provide such reports to Oaktree and the Audit Committee of our Board of Directors;
- Oaktree compares and contrasts its preliminary valuations to the valuations of the independent valuation firms and prepares a valuation report for the Audit Committee;
- The Audit Committee reviews the preliminary valuations with Oaktree, and Oaktree responds and supplements the preliminary valuations to reflect any discussions between Oaktree and the Audit Committee;
- The Audit Committee makes a recommendation to our full Board of Directors regarding the fair value of the investments in our portfolio; and
- Our Board of Directors discusses valuations and determines the fair value of each investment in our portfolio.

The fair value of our investments as of June 30, 2018 and September 30, 2017 was determined in good faith by our Board of Directors. Our Board of Directors has and will continue to engage independent valuation firms to provide assistance regarding the determination of the fair value of a portion of our portfolio securities for which market quotations are not readily available or are readily available but deemed not reflective of the fair value of the investment each quarter, and the Board of Directors may reasonably rely on that assistance. As of June 30, 2018, 89.4% of our portfolio at fair value was valued either based on market quotations, the transactions precedent approach or by independent valuation firms. However, our Board of Directors is responsible for the ultimate valuation of the portfolio investments at fair value as determined in good faith pursuant to our valuation policy and a consistently applied valuation process.

As of June 30, 2018 and September 30, 2017, approximately 93.1% and 95.4%, respectively, of our total assets represented investments at fair value.

Revenue Recognition

Interest and Dividend Income

Interest income, adjusted for accretion of original issue discount, or OID, is recorded on the accrual basis to the extent that such amounts are expected to be collected. We stop accruing interest on investments when it is determined that interest is no longer collectible. Investments that are expected to pay regularly scheduled interest in cash are generally placed on non-accrual status when there is reasonable doubt that principal or interest cash payments will be collected. Cash interest payments received on investments may be recognized as income or a return of capital depending upon management's judgment. A non-accrual investment is restored to accrual status if past due principal and interest are paid in cash, and the portfolio company, in management's judgment, is likely to continue timely payment of its remaining obligations. As of June 30, 2018, there were eight investments on which we had stopped accruing cash and/or payment in kind, or PIK, interest or OID income.

In connection with our investment in a portfolio company, we sometimes receive nominal cost equity that is valued as part of the negotiation process with the portfolio company. When we receive nominal cost equity, we allocate our cost basis in the investment between debt securities and the nominal cost equity at the time of origination. Any resulting discount from recording the loan, or otherwise purchasing a security at a discount, is accreted into interest income over the life of the loan.

We generally recognize dividend income on the ex-dividend date. Distributions received from equity investments are evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, we will not record distributions from such equity investments as dividend income unless there are sufficient earnings at the portfolio company prior to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment.

Fee Income

We receive a variety of fees in the ordinary course of business, including servicing, advisory, amendment, structuring and prepayment fees, which are classified as fee income and recognized as they are earned.

PIK Interest

Our investments in debt securities may contain PIK interest provisions. PIK interest, which represents contractually deferred interest added to the loan balance that is generally due at the end of the loan term, is generally recorded on the accrual basis to the extent such amounts are expected to be collected. We generally cease accruing PIK interest if there is insufficient value to support the accrual or if we do not expect the portfolio company to be able to pay all principal and interest due. Our decision to cease accruing PIK interest involves subjective judgments and determinations based on available information about a particular portfolio company, including whether the portfolio company is current with respect to its payment of principal and interest on its loans and debt securities; financial statements and financial projections for the portfolio company; our assessment of the portfolio company's business development success; information obtained by us in connection with periodic formal update interviews with the portfolio company's management and, if appropriate, the private equity sponsor; and information about the general economic and market conditions in which the portfolio company operates. Based on this and other information, we determine whether to cease accruing PIK interest on a loan or debt security when it is determined that PIK interest is no longer collectible. Our determination to cease accruing PIK interest on a loan or debt security is generally made well before our full write-down of such loan or debt security. In addition, if it is subsequently determined that we will not be able to collect any previously accrued PIK interest, the fair value of our loans or debt securities would be reduced by the amount of such previously accrued, but uncollectible, PIK interest. The accrual of PIK interest on our debt investments increases the recorded cost bases of these investments in our Consolidated Financial Statements and, as a result, increases the cost bases of these investments for purposes of computing the capital gains incentive fee payable by us to Oaktree.

To maintain our status as a RIC, certain income from PIK interest may be required to be distributed to our stockholders as distributions, even though we have not yet collected the cash and may never do so. Accumulated PIK interest was $73.4 million, or 4.8%, of the fair value of our portfolio of investments as of June 30, 2018 and $69.4 million, or 4.5%, of fair value of our portfolio investments as of September 30, 2017. The net increases in loan balances as a result of contractual PIK arrangements are separately identified in our Consolidated Statements of Cash Flows.

Portfolio Composition

Our investments principally consist of loans, purchased equity investments and equity grants in privately-held companies and Senior Loan Fund JV I LLC, or, together with its consolidated subsidiaries, SLF JV I. Our loans are typically secured by a first, second or subordinated lien on the assets of the portfolio company and generally have terms of up to ten years (but an expected average life of between three and four years). We believe the environment for direct lending remains active, and, as a result, a number of our portfolio companies were able to refinance and repay their loans during the nine months ended June 30, 2018.

During the nine months ended June 30, 2018, we originated $786.0 million of investment commitments in 46 new and six existing portfolio companies and funded $817.0 million of investments.

During the nine months ended June 30, 2018, we received $807.4 million of proceeds from prepayments, exits, other paydowns and sales and exited 62 portfolio companies.

A summary of the composition of our investment portfolio at cost and fair value as a percentage of total investments is shown in the following tables:

	June 30, 2018	September 30, 2017
Cost:		
Senior secured debt	74.57 %	74.73 %
Subordinated debt	11.49	6.42
Debt investments in SLF JV I	7.72	7.32
LLC equity interests of SLF JV I	0.96	0.92
Purchased equity	4.38	6.40
Equity grants	0.24	2.78
Limited partnership interests	0.64	1.43
Total	**100.00%**	**100.00%**

	June 30, 2018	September 30, 2017
Fair value:		
Senior secured debt	76.00 %	78.01 %
Subordinated debt	10.87	6.06
Debt investments in SLF JV I	8.55	8.35
LLC equity interests of SLF JV I	0.13	0.36
Purchased equity	3.40	5.10
Equity grants	0.42	0.45
Limited partnership interests	0.63	1.67
Total	**100.00%**	**100.00%**

The industry composition of our portfolio at cost and fair value as a percentage of total investments was as follows:

	June 30, 2018	September 30, 2017
Cost:		
Multi-sector holdings (1)	9.60 %	9.87 %
Healthcare services	7.15	11.98
Internet software & services	6.00	15.37
Data processing & outsourced services	5.95	4.42
Property & casualty insurance	3.94	—
Environmental & facilities services	3.68	2.84
Movies & entertainment	3.65	—
Oil & gas equipment services	3.39	1.57
Specialized finance	3.09	0.18
Airlines	2.97	3.28
Healthcare equipment	2.91	5.67
Specialty stores	2.72	3.33
Electrical components & equipment	2.71	—
Advertising	2.63	4.82
Integrated telecommunication services	2.42	1.75
Aerospace & defense	2.34	—
Auto parts & equipment	2.29	1.21
Pharmaceuticals	2.12	3.46
Oil & gas exploration & production	2.06	—
Research & consulting services	2.05	2.16
Technology distributors	2.04	—
Air freight and logistics	1.93	1.85
Construction & engineering	1.81	3.86
Housewares & specialties	1.77	1.70
Diversified support services	1.50	1.29
Consumer electronics	1.39	1.32
General merchandise stores	1.36	—
Oil & gas refining & marketing	1.35	—
Healthcare distributors	1.17	—
Personal products	1.16	—
Apparel, accessories & luxury goods	1.08	0.29
Education services	0.98	2.85
Investment banking & brokerage	0.91	—
Healthcare technology	0.85	—
Security & alarm services	0.78	0.75
Industrial machinery	0.71	0.86
Commodity chemicals	0.65	—
Broadcasting	0.59	—
Household products	0.47	—
Household appliances	0.47	—
Precious metals & minerals	0.44	0.42
Trucking	0.42	0.40
Human resources & employment services	0.41	—
Commercial printing	0.35	0.34
Thrift & mortgage finance	0.34	0.41
Leisure facilities	0.32	1.76
Restaurants	0.29	0.28
Application software	0.29	2.93
Food retail	0.25	0.24
IT consulting & other services	0.24	0.23
Other diversified financial services	0.01	0.69
Distributors	—	0.85
Casinos & gaming	—	1.33
Home improvement retail	—	1.31
Real estate services	—	0.74
Hypermarkets & super centers	—	0.68
Computer & electronics retail	—	0.36
Multi-utilities	—	0.35
Total	**100.00%**	**100.00%**

	June 30, 2018	September 30, 2017
Fair value:		
Multi-sector holdings (1)	9.69 %	10.67 %
Internet software & services	6.40	17.20
Data processing & outsourced services	5.67	4.43
Healthcare services	4.76	6.09
Property & casualty insurance	4.42	—
Environmental & facilities services	4.11	3.29
Movies & entertainment	4.06	—
Oil & gas equipment services	4.00	1.84
Airlines	3.58	3.86
Specialized finance	3.43	0.21
Electrical components & equipment	3.08	—
Specialty stores	2.95	3.69
Aerospace & defense	2.62	—
Auto parts & equipment	2.58	1.41
Pharmaceuticals	2.51	4.07
Research & consulting services	2.39	2.50
Oil & gas exploration & production	2.31	—
Integrated telecommunication services	2.30	2.03
Advertising	2.27	5.43
Technology distributors	2.26	—
Construction & engineering	2.07	3.26
Housewares & specialties	1.95	1.93
Diversified support services	1.64	1.46
Consumer electronics	1.61	1.56
Oil & gas refining & marketing	1.50	—
General merchandise stores	1.49	—
Personal products	1.30	—
Healthcare distributors	1.27	—
Investment banking & brokerage	1.01	—
Healthcare technology	0.96	—
Apparel, accessories & luxury goods	0.85	0.08
Security & alarm services	0.85	0.85
Industrial machinery	0.76	0.97
Commodity chemicals	0.72	—
Broadcasting	0.66	—
Healthcare equipment	0.62	4.73
Leisure facilities	0.54	2.11
Household appliances	0.53	—
Household products	0.52	—
Precious metals & minerals	0.50	0.48
Application software	0.47	3.50
Trucking	0.46	0.46
Human resources & employment services	0.46	—
Commercial printing	0.39	0.39
Thrift & mortgage finance	0.33	0.40
Restaurants	0.32	0.32
Food retail	0.28	0.28
Leisure products	0.26	0.38
IT consulting & other services	0.25	0.25
Education services	0.04	2.48
Air freight and logistics	—	0.12
Home improvement retail	—	1.61
Casinos & gaming	—	1.52
Distributors	—	0.96
Real estate services	—	0.84
Other diversified financial services	—	0.76
Hypermarkets & super centers	—	0.75
Computer & electronics retail	—	0.42
Multi-utilities	—	0.41
Total	**100.00%**	**100.00%**

(1) This industry includes our investment in SLF JV I.

Loans and Debt Securities on Non-Accrual Status

As of each of June 30, 2018 and September 30, 2017, there were eight investments on which we had stopped accruing cash and/or PIK interest or OID income.

The percentages of our debt investments at cost and fair value by accrual status as of June 30, 2018 and September 30, 2017 were as follows:

	June 30, 2018				September 30, 2017			
	Cost	% of Debt Portfolio	Fair Value	% of Debt Portfolio	Cost	% of Debt Portfolio	Fair Value	% of Debt Portfolio
Accrual	$ 1,371,573	86.86%	$ 1,383,615	95.37%	$ 1,344,535	86.46%	$ 1,357,794	95.29%
PIK non-accrual (1)	12,661	0.80	—	—	10,227	0.66	379	0.03
Cash non-accrual (2)	194,840	12.34	67,131	4.63	200,210	12.88	66,636	4.68
Total	**$ 1,579,074**	**100.00%**	**$ 1,450,746**	**100.00%**	**$ 1,554,972**	**100.00%**	**$ 1,424,809**	**100.00%**

(1) PIK non-accrual status is inclusive of other non-cash income, where applicable.
(2) Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

Senior Loan Fund JV I, LLC

In May 2014, we entered into a limited liability company, or LLC, agreement with Trinity Universal Insurance Company, a subsidiary of Kemper Corporation, or Kemper, to form SLF JV I. On July 1, 2014, SLF JV I began investing in senior secured loans of middle-market companies and other corporate debt securities. We co-invest in these securities with Kemper through our investment in SLF JV I. SLF JV I is managed by a four person board of directors, two of whom are selected by us and two of whom are selected by Kemper. All portfolio decisions and investment decisions in respect of SLF JV I must be approved by the SLF JV I investment committee, which consists of one representative selected by us and one representative selected by Kemper (with approval from a representative of each required). SLF JV I is capitalized pro rata with LLC equity interests as transactions are completed and may be capitalized with additional Class A mezzanine senior secured deferrable floating rate notes and Class B mezzanine senior secured deferrable fixed rate notes, or, collectively, the mezzanine notes, issued to us and Kemper by SLF Repack Issuer 2016 LLC, a wholly-owned subsidiary of SLF JV I. The mezzanine notes mature on October 12, 2036. As of June 30, 2018 and September 30, 2017, we and Kemper owned, in the aggregate, 87.5% and 12.5%, respectively, of the LLC equity interests of SLF JV I and the outstanding mezzanine notes.

SLF JV I's portfolio consisted of middle-market and other corporate debt securities of 44 and 32 "eligible portfolio companies" (as defined in the Section 2(a)(46) of the 1940 Act) as of June 30, 2018 and September 30, 2017, respectively. The portfolio companies in SLF JV I are in industries similar to those in which we may invest directly.

SLF JV I has a senior revolving credit facility with Deutsche Bank AG, New York Branch, or, as amended, the Deutsche Bank I Facility, which permitted up to $200.0 million of borrowings as of each of June 30, 2018 and September 30, 2017. Borrowings under the Deutsche Bank I Facility are secured by all of the assets of the special purpose financing subsidiary of SLF JV I. On June 28, 2018, SLF JV I amended the Deutsche Bank I Facility, which extended the expiration of the reinvestment period from July 7, 2018 to June 28, 2021 and the maturity date from July 7, 2023 to June 28, 2026 and decreased the interest rate from the 3-month London Interbank Offered Rate, or LIBOR, plus 2.25% per annum during the reinvestment period and the 3-month LIBOR plus 2.40% per annum during the amortization period to the 3-month LIBOR plus 1.85% per annum during the reinvestment period and 3-month LIBOR plus 2.00% per annum during the amortization period. There was $164.6 million and $71.5 million outstanding under the Deutsche Bank I Facility as of June 30, 2018 and September 30, 2017, respectively.

Prior to December 21, 2017, SLF JV I also had an additional $200.0 million senior credit facility with Deutsche Bank AG, New York Branch, or the Deutsche Bank II Facility. Effective December 21, 2017, SLF JV I merged its financing subsidiaries and, in connection with such merger, terminated the Deutsche Bank II Facility. As of September 30, 2017, there were $41.6 million of borrowings outstanding under the Deutsche Bank II Facility.

As of June 30, 2018 and September 30, 2017, SLF JV I had total assets of $357.2 million and $276.8 million, respectively. As of June 30, 2018, our investment in SLF JV I consisted of LLC equity interests of $1.9 million, at fair value, and Class A mezzanine secured deferrable floating rate notes and Class B mezzanine secured deferrable fixed rate notes of $100.4 million and $29.5 million, at fair value, respectively. As of September 30, 2017, our investment in SLF JV I consisted of LLC equity interests of $5.5 million, at fair value, and

Class A mezzanine secured deferrable floating rate notes and Class B mezzanine secured deferrable fixed rate notes of $101.0 million and $27.6 million, at fair value, respectively. In connection with the restructuring of our and Kemper's investment in SLF JV I in December 2016, we and Kemper exchanged our holdings of subordinated notes of SLF JV I for the mezzanine notes issued by SLF Repack Issuer 2016 LLC, a newly formed, wholly-owned, special purpose issuer subsidiary of SLF JV I, which are secured by SLF JV I's LLC equity interests in the special purpose entities serving as borrowers under the Deutsche Bank I Facility and, prior to its termination, the Deutsche Bank II Facility. The mezzanine notes are senior in right of payment to the SLF JV I LLC equity interests and any contributions we make to fund investments of SLF JV I through SLF Repack Issuer 2016 LLC.

As of each of June 30, 2018 and September 30, 2017, we and Kemper had funded approximately $165.5 million to SLF JV I, of which $144.8 million was from us. As of June 30, 2018, we and Kemper had the option to fund additional mezzanine notes, subject to additional equity funding to SLF JV I. As of each of June 30, 2018 and September 30, 2017, we had commitments to fund LLC equity interests in SLF JV I of $17.5 million, of which $1.3 million was unfunded.

Below is a summary of SLF JV I's portfolio, followed by a listing of the individual loans in SLF JV I's portfolio as of June 30, 2018 and September 30, 2017:

	June 30, 2018	September 30, 2017
Senior secured loans (1)	$333,447	$245,063
Weighted average interest rate on senior secured loans (2)	6.92%	7.70%
Number of borrowers in SLF JV I	44	32
Largest exposure to a single borrower (1)	$17,758	$18,374
Total of five largest loan exposures to borrowers (1)	$69,929	$82,728

(1) At principal amount.
(2) Computed using the annual interest rate on accruing senior secured loans.

SLF JV I Portfolio as of June 30, 2018

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1)(4)	Cash Interest Rate	Principal	Cost	Fair Value (2)
Accudyne Industries, LLC	Industrial machinery	First Lien	8/18/2024	LIBOR+3.25% (1% floor)	5.34%	$ 9,550	$ 9,550	$ 9,542
AdVenture Interactive, Corp. (3)	Advertising	927 Common Stock Shares					1,390	670
AI Ladder Luxembourg Subco Sarl (3)	Electrical components & equipment	First Lien B	5/4/2025	LIBOR+4.5%	6.82%	11,300	10,961	11,281
Air Newco LP	IT consulting & other services	First Lien B	5/31/2024	LIBOR+4.75%	6.78%	10,000	9,975	10,075
AL Midcoast Holdings LLC	Oil & gas storage & transportation	First Lien B	6/28/2025	LIBOR+5.5%	7.84%	10,000	9,900	10,000
Allied Universal Holdco LLC (3)	Security & alarm services	First Lien	7/28/2022	LIBOR+3.75% (1% floor)	5.84%	6,929	6,977	6,839
Alvogen Pharma US, Inc.	Pharmaceuticals	First Lien B	4/1/2022	LIBOR+4.75% (1% floor)	6.84%	10,000	10,000	10,037
Asset International, Inc.	Research & Consulting Services	First Lien	12/29/2024	LIBOR+4.5% (1% floor)	6.83%	6,965	6,836	6,934
Blackhawk Network Holdings, Inc.	Data processing & outsourced services	First Lien	5/22/2025	LIBOR+3%	5.07%	10,000	9,975	9,985
Brazos Delaware II, LLC	Oil & gas equipment & services	First Lien B	5/21/2025	LIBOR+4%	6.09%	7,500	7,463	7,519
BJ's Wholesale Club, Inc.	Hypermarkets & super centers	First Lien	1/26/2024	LIBOR+3.5% (1% floor)	5.53%	4,909	4,914	4,914
Chloe Ox Parent LLC	Healthcare services	First Lien	12/14/2024	LIBOR+5% (1% floor)	6.83%	9,975	9,881	10,000
Clearent Newco, LLC	Application software	First Lien	3/20/2024	LIBOR+4% (1% floor)	6.32%	6,912	6,813	6,813
		Delayed Draw	3/20/2024	PRIME+4% (1% floor)	8.25%	—	(29)	(28)
		First Lien Revolver	3/20/2023	PRIME+4% (1% floor)	7.75%	559	545	544
Total Clearent Newco, LLC						**7,471**	**7,329**	**7,329**
Compuware Corporation	Internet software & services	First Lien B3	12/15/2021	LIBOR+3.5% (1% floor)	5.59%	10,692	10,602	10,729
DFT Intermediate LLC	Specialized finance	First Lien	3/1/2023	LIBOR+5.5% (1% floor)	7.83%	10,616	10,404	10,616
Dodge Data & Analytics LLC (3)	Data processing & outsourced services	First Lien	10/31/2019	LIBOR+8.75% (1% floor)	11.06%	8,919	8,939	8,872
DTZ U.S. Borrower, LLC	Real estate services	First Lien	11/4/2021	LIBOR+3.25% (1% floor)	5.61%	6,911	6,938	6,912
EOS Fitness Opco Holdings, LLC (3)	Leisure facilities	First Lien	12/30/2019	LIBOR+8.25% (0.75% floor)	10.24%	17,758	17,625	17,936
Eton (3)	Research & consulting services	Second Lien	3/16/2026	LIBOR+7.50%	9.48%	6,000	5,970	6,037
Everi Payments Inc.	Casinos & gaming	First Lien	5/9/2024	LIBOR+3.5% (1% floor)	5.09%	4,950	4,927	4,955
Falmouth Group Holdings Corp.	Specialty chemicals	First Lien	12/13/2021	LIBOR+6.75% (1% floor)	8.92%	4,528	4,497	4,531
Garretson Resolution Group, Inc. (5)	Diversified support services	First Lien	5/22/2021	LIBOR+6.5% (1% floor)		5,797	5,772	5,096
Gigamon Inc.	Systems software	First Lien	12/18/2024	LIBOR+4.5% (1% floor)	6.83%	7,960	7,886	8,030
IBC Capital Ltd.	Metal & glass containers	First Lien B	9/11/2023	LIBOR+3.75%	6.08%	8,977	8,955	8,996
InMotion Entertainment Group, LLC (3)	Consumer electronics	First Lien A	10/1/2021	LIBOR+7.25% (1.25% floor)	9.59%	8,500	8,516	8,500
		First Lien B	10/1/2021	LIBOR+7.25% (1.25% floor)	9.59%	8,500	8,424	8,500
Total InMotion Entertainment Group, LLC						**17,000**	**16,940**	**17,000**

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1)(4)	Cash Interest Rate	Principal	Cost	Fair Value (2)
Keypath Education, Inc. (3)	Advertising	First Lien	4/3/2022	LIBOR+7% (1.00% floor)	9.33%	$ 2,040	$ 2,039	$ 2,040
		927 shares Common Stock					1,088	815
Total Keypath Education, Inc.						**2,040**	**3,127**	**2,855**
McDermott Technology Americas Inc. (3)	Oil & gas equipment & services	First Lien B	4/3/2025	LIBOR+5% (1% floor)	7.09%	9,975	9,777	10,038
Morphe LLC (3)	Personal products	First Lien	2/10/2023	LIBOR+6% (1% floor)	8.33%	4,444	4,402	4,444
NAVEX Global, Inc.	Internet software & services	First Lien	11/19/2021	LIBOR+4.25% (1% floor)	6.34%	5,913	5,888	5,939
New IPT, Inc. (3)	Oil & gas equipment & services	First Lien	3/17/2021	LIBOR+5% (1% floor)	7.33%	1,794	1,794	1,794
		Second Lien	9/17/2021	LIBOR+5.1% (1% floor)	7.43%	766	765	765
		21.876 Class A Common Units				—	—	1,001
Total New IPT, Inc.						**2,560**	**2,559**	**3,560**
Northern Star Industries Inc.	Electrical components & equipment	First Lien	3/31/2025	LIBOR+4.75% (1% floor)	7.08%	6,982	6,949	6,991
Novetta Solutions, LLC	Internet software & services	First Lien	9/30/2022	LIBOR+5% (1% floor)	7.10%	6,071	6,025	5,904
OCI Beaumont LLC	Commodity chemicals	First Lien	2/16/2025	LIBOR+4.25% (1% floor)	6.33%	7,980	7,970	8,059
Refac Optical Group (3)	Specialty stores	First Lien A	9/30/2018	LIBOR+8%	10.10%	3,086	3,081	3,086
Salient CRGT, Inc. (3)	IT consulting & other services	First Lien	2/28/2022	LIBOR+5.75% (1% floor)	7.84%	2,330	2,295	2,365
Scientific Games International, Inc.	Casinos & gaming	First Lien B-5	8/14/2024	LIBOR+2.75% (1% floor)	4.84%	6,598	6,567	6,563
SHO Holding I Corporation	Footwear	First Lien	11/18/2022	LIBOR+5% (1% floor)	7.36%	8,529	8,505	7,804
TravelCLICK, Inc. (3)	Internet software & services	Second Lien	11/6/2021	LIBOR+7.75% (1% floor)	9.84%	2,871	2,871	2,873
TV Borrower US, LLC	Integrated telecommunications services	First Lien	2/22/2024	LIBOR+4.75% (1% floor)	7.08%	2,024	2,015	2,029
Uber Technologies Inc.	Application software	First Lien	4/4/2025	LIBOR+4% (1% floor)	6.00%	10,000	9,951	10,048
Uniti Group LP	Specialized REITs	First Lien B	10/24/2022	LIBOR+3% (1% floor)	5.09%	6,484	6,231	6,207
Valet Merger Sub, Inc. (3)	Environmental & facilities services	First Lien	9/24/2021	LIBOR+6.25% (1% floor)	8.34%	12,899	12,789	12,899
Veritas US Inc.	Internet software & services	First Lien	1/27/2023	LIBOR+4.5% (1% floor)	6.71%	6,982	6,929	6,416
Verra Mobility, Corp.	Data processing & outsourced services	First Lien B	2/28/2025	LIBOR+3.75% (1% floor)	5.84%	10,972	10,990	11,050
						$ 333,447	**$ 333,527**	**$ 333,965**

(1) Represents the current interest rate as of June 30, 2018. All interest rates are payable in cash, unless otherwise noted.
(2) Represents the current determination of fair value as of June 30, 2018 utilizing a similar technique as us in accordance with ASC 820. However, the determination of such fair value is not included in our Board of Directors' valuation process described elsewhere herein.
(3) This investment is held by both us and SLF JV I as of June 30, 2018.
(4) The interest rate on the principal balance outstanding for all floating rate loans is indexed to LIBOR and/or an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each of these loans, we have provided the applicable margin over LIBOR or the alternate base rate based on each respective credit agreement.
(5) This investment was on cash non-accrual status as of June 30, 2018. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

SLF JV I Portfolio as of September 30, 2017

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1) (4)	Cash Interest Rate	Principal	Cost	Fair Value (2)
AdVenture Interactive, Corp. (3)	Advertising	927 Common Stock Shares					$ 1,088	$ 1,412
Allied Universal Holdco LLC (3)	Security & alarm services	First Lien	7/28/2022	LIBOR+3.75% (1% floor)	5.08%	$ 6,982	7,040	6,976
Ameritox Ltd. (3)(5)	Healthcare services	First Lien	4/11/2021	LIBOR+5% (1% floor) 3% PIK	6.33%	5,759	5,638	668
		301,913.06 Class B Preferred Units					302	—
		928.96 Class A Common Units					5,474	—
Total Ameritox, Ltd.						**5,759**	**11,414**	**668**
BeyondTrust Software, Inc. (3)	Application software	First Lien	9/25/2019	LIBOR+7% (1% floor)	8.33%	15,330	15,231	15,329
BJ's Wholesale Club, Inc. (3)	Hypermarkets & super centers	First Lien	1/26/2024	LIBOR+3.75% (1% floor)	4.99%	4,988	4,993	4,793
Compuware Corporation	Internet software & services	First Lien B3	12/15/2021	LIBOR+4.25% (1% floor)	5.49%	11,154	11,041	11,293
DFT Intermediate LLC (3)	Specialized finance	First Lien	3/1/2023	LIBOR+5.5% (1% floor)	6.74%	10,723	10,474	10,652
Digital River, Inc.	Internet software & services	First Lien	2/12/2021	LIBOR+6.5% (1% floor)	7.82%	4,524	4,541	4,546
Dodge Data & Analytics LLC (3)	Data processing & outsourced services	First Lien	10/31/2019	LIBOR+8.75% (1% floor)	10.13%	9,339	9,372	8,744
DTZ U.S. Borrower, LLC (3)	Real estate services	First Lien	11/4/2021	LIBOR+3.25% (1% floor)	4.57%	6,964	6,998	6,990
Edge Fitness, LLC	Leisure facilities	First Lien	12/31/2019	LIBOR+7.75% (1% floor)	9.05%	10,600	10,602	10,600
EOS Fitness Opco Holdings, LLC (3)	Leisure facilities	First Lien	12/30/2019	LIBOR+8.75% (0.75% floor)	9.99%	18,374	18,182	18,557
Everi Payments Inc.(3)	Casinos & gaming	First Lien	5/9/2024	LIBOR+4.5% (1% floor)	5.74%	4,988	4,964	5,039
Falmouth Group Holdings Corp.	Specialty chemicals	First Lien	12/13/2021	LIBOR+6.75% (1% floor)	8.08%	4,610	4,578	4,610
Garretson Resolution Group, Inc.	Diversified support services	First Lien	5/22/2021	LIBOR+6.5% (1% floor)	7.83%	5,836	5,818	5,766
InMotion Entertainment Group, LLC (3)	Consumer electronics	First Lien	10/1/2018	LIBOR+7.75% (1.25% floor)	9.09%	8,875	8,884	8,875
		First Lien B	10/1/2018	LIBOR+7.75% (1.25% floor)	9.09%	8,875	8,828	8,871
Total InMotion Entertainment Group, LLC						**17,750**	**17,712**	**17,746**
Keypath Education, Inc. (3)	Advertising	First Lien	4/3/2022	LIBOR+7% (1.00% floor)	8.33%	2,040	2,040	2,039
		927 shares Common Stock					1,391	809
						2,040	**3,431**	**2,848**
Lift Brands, Inc. (3)	Leisure facilities	First Lien	12/23/2019	LIBOR+7.5% (1% floor)	8.83%	18,276	18,257	18,275
Metamorph US 3, LLC (3)(5)	Internet software & services	First Lien	12/1/2020	LIBOR+5.5% (1% floor) 2% PIK	6.74%	9,969	9,481	3,786
Motion Recruitment Partners LLC	Human resources & employment services	First Lien	2/13/2020	LIBOR+6% (1% floor)	7.24%	4,330	4,281	4,330
NAVEX Global, Inc.	Internet software & services	First Lien	11/19/2021	LIBOR+4.75% (1% floor)	5.49%	5,959	5,925	5,982
New IPT, Inc. (3)	Oil & gas equipment & services	First Lien	3/17/2021	LIBOR+5% (1% floor)	6.33%	1,794	1,794	1,794
		Second Lien	9/17/2021	LIBOR+5.1% (1% floor)	6.43%	1,094	1,094	1,094
		21.876 Class A Common Units					—	321
Total New IPT, Inc.						**2,888**	**2,888**	**3,209**

Portfolio Company	Industry	Investment Type	Maturity Date	Current Interest Rate(1) (4)	Cash Interest Rate	Principal	Cost	Fair Value (2)
Novetta Solutions, LLC	Internet software & services	First Lien	9/30/2022	LIBOR+5% (1% floor)	6.34%	$ 6,118	$ 6,066	$ 5,950
OmniSYS Acquisition Corporation (3)	Diversified support services	First Lien	11/21/2018	LIBOR+7.5% (1% floor)	8.83%	10,896	10,900	10,833
Refac Optical Group (3)	Specialty stores	First Lien A	9/30/2018	LIBOR+8%	9.23%	4,623	4,605	4,623
Salient CRGT, Inc. (3)	IT consulting & other services	First Lien	2/28/2022	LIBOR+5.75% (1% floor)	6.99%	2,457	2,412	2,440
Scientific Games International, Inc. (3)	Casinos & gaming	First Lien	8/14/2024	LIBOR+3.25% (1% floor)	4.58%	6,632	6,598	6,651
SHO Holding I Corporation	Footwear	First Lien	10/27/2022	LIBOR+5% (1% floor)	6.24%	8,594	8,566	8,487
TravelCLICK, Inc. (3)	Internet software & services	Second Lien	11/6/2021	LIBOR+7.75% (1% floor)	8.99%	5,127	5,127	5,153
TV Borrower US, LLC	Integrated telecommunications services	First Lien	2/22/2024	LIBOR+4.75% (1% floor)	6.08%	3,582	3,565	3,607
Valet Merger Sub, Inc. (3)	Environmental & facilities services	First Lien	9/24/2021	LIBOR+7% (1% floor)	8.24%	12,998	12,862	12,998
Vubiquity, Inc.	Application software	First Lien	8/12/2021	LIBOR+5.5% (1% floor)	6.83%	2,653	2,636	2,633
						$ 245,063	**$ 251,648**	**$ 235,526**

(1) Represents the current interest rate as of September 30, 2017. All interest rates are payable in cash, unless otherwise noted.
(2) Represents the current determination of fair value as of September 30, 2017 utilizing a similar technique as us in accordance with ASC 820. However, the determination of such fair value is not included in our Board of Directors' valuation process described elsewhere herein.
(3) This investment is held by both us and SLF JV I as of September 30, 2017.
(4) The interest rate on the principal balance outstanding for all floating rate loans is indexed to LIBOR and an alternate base rate (e.g., prime rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each of these loans, we have provided the applicable margin over LIBOR based on each respective credit agreement.
(5) This investment is on cash non-accrual status as of September 30, 2017. Cash non-accrual status is inclusive of PIK and other non-cash income, where applicable.

Both the cost and fair value of the Class A mezzanine secured deferrable floating rate notes of SLF JV I held by us were $100.4 million and $101.0 million as of June 30, 2018 and September 30, 2017, respectively. We earned cash interest of $1.7 million and $5.1 million on our investments in these notes for the three and nine months ended June 30, 2018, respectively. We earned interest of $1.7 million and $3.5 million on our investments in these notes for the three and nine months ended June 30, 2017, respectively. Both the cost and fair value of the Class B mezzanine secured deferrable fixed rate notes of SLF JV I held by us were $29.5 million and $27.6 million as of June 30, 2018 and September 30, 2017, respectively. We earned PIK interest of $1.0 million and $3.0 million on our investments in these notes for the three and nine months ended June 30, 2018, respectively. We earned PIK interest of $1.0 million and $2.0 million on our investments in these notes for the three and nine months ended June 30, 2017, respectively. On June 28, 2018, the Class B mezzanine secured deferrable fixed rate notes of SLF JV I were amended to bear interest at a fixed cash rate of 10% per annum. Prior to such amendment, these notes bore interest at a fixed PIK rate of 15% per annum. Prior to their repayment, the subordinated notes of SLF JV I bore interest at a rate of LIBOR plus 8.0% per annum, and we earned interest income of $2.9 million on our investments in these notes for the period from September 30, 2016 through their redemption in December 2016. The cost and fair value of the LLC equity interests in SLF JV I held by us was $16.2 million and $1.9 million, respectively, as of June 30, 2018, and $16.2 million and $5.5 million, respectively, as of September 30, 2017. We earned dividend income of $1.6 million for the three and nine months ended June 30, 2018, with respect to our investment in the LLC equity interests of SLF JV I. We earned dividend income of $0.4 million and $1.1 million for the three and nine months ended June 30, 2017, respectively, with respect to our investment in the LLC equity interests of SLF JV I. The LLC equity interests of SLF JV I are dividend producing to the extent SLF JV I has residual cash to be distributed on a quarterly basis.

Below is certain summarized financial information for SLF JV I as of June 30, 2018 and September 30, 2017 and for the three and nine months ended June 30, 2018 and 2017:

	June 30, 2018	September 30, 2017
Selected Balance Sheet Information:		
Investments in loans at fair value (cost June 30, 2018: $333,527; cost September 30, 2017: $251,648)	$ 333,965	$ 235,526
Receivables from secured financing arrangements at fair value (cost June 30, 2018: $9,801; cost September 30, 2017: $9,783)	7,033	8,305
Cash and cash equivalents	4,482	24,389
Restricted cash	4,519	5,097
Other assets	7,221	3,485
Total assets	**$ 357,220**	**$ 276,802**
Senior credit facilities payable	$ 164,610	$ 113,053
Debt securities payable at fair value (proceeds June 30, 2018: $148,543; proceeds September 30, 2017: $147,052)	148,543	147,052
Other liabilities	41,858	10,383
Total liabilities	**355,011**	**270,488**
Members' equity	2,209	6,314
Total liabilities and members' equity	**$ 357,220**	**$ 276,802**

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Selected Statements of Operations Information:				
Interest income	$ 4,888	$ 5,489	$ 14,545	$ 17,945
Other income	10	61	59	389
Total investment income	**4,898**	**5,550**	**14,604**	**18,334**
Interest expense	5,334	5,348	15,394	16,720
Other expenses	135	84	407	579
Total expenses (1)	**5,469**	**5,432**	**15,801**	**17,299**
Net unrealized appreciation (depreciation)	14,277	(769)	15,270	(13,816)
Net realized gain (loss)	(16,363)	16	(16,384)	13,350
Net income	**$ (2,657)**	**$ (635)**	**$ (2,311)**	**$ 569**

(1) There are no management fees or incentive fees charged at SLF JV I.

SLF JV I has elected to fair value the debt securities issued to us and Kemper under ASC Topic 825, *Financial Instruments,* or ASC 825. The debt securities are valued based on the total assets less the total liabilities senior to the mezzanine notes of SLF JV I in an amount not exceeding par under the enterprise value technique.

During the nine months ended June 30, 2018 and 2017, we did not sell any investments to SLF JV I.

Discussion and Analysis of Results and Operations

Results of Operations

The principal measure of our financial performance is the net increase (decrease) in net assets resulting from operations, which includes net investment income, net realized gain (loss) and net unrealized appreciation (depreciation). Net investment income is the difference between our income from interest, dividends, fees, and other investment income and total expenses. Net realized gain (loss) on investments and secured borrowings is the difference between the proceeds received from dispositions of portfolio investments and secured borrowings and their stated costs. Net unrealized appreciation (depreciation) is the net change in the fair value of our investment portfolio and secured borrowings during the reporting period, including the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

Comparison of three and nine months ended June 30, 2018 and June 30, 2017

Total Investment Income

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

Total investment income for the three months ended June 30, 2018 and June 30, 2017 was $31.8 million and $44.9 million, respectively. For the three months ended June 30, 2018, this amount consisted of $28.1 million of interest income from portfolio investments (which included $1.5 million of PIK interest), $2.4 million of fee income and $1.3 million of dividend income. For the three months ended June 30, 2017, this amount consisted of $41.4 million of interest income from portfolio investments (which included $2.6 million of PIK interest), $2.4 million of fee income and $1.1 million of dividend income. The decrease of $13.1 million, or 29.1%, in our total investment income for the three months ended June 30, 2018, as compared to the three months ended June 30, 2017, was due primarily to a $13.3 million decrease in interest income, which was attributable to a decrease in the size and yield of our investment portfolio.

Total investment income for the nine months ended June 30, 2018 and June 30, 2017 was $100.5 million and $142.2 million, respectively. For the nine months ended June 30, 2018, this amount consisted of $88.5 million of interest income from portfolio investments (which included $5.3 million of PIK interest), $7.4 million of fee income and $4.6 million of dividend income. For the nine months ended June 30, 2017, this amount consisted of $129.9 million of interest income from portfolio investments (which included $9.0 million of PIK interest), $8.8 million of fee income and $3.5 million of dividend income. The decrease of $41.7 million, or 29.3%, in our total investment income for the nine months ended June 30, 2018, as compared to the nine months ended June 30, 2017, was due primarily to a $41.5 million decrease in interest income, which was attributable to a decrease in the size and yield of our investment portfolio, a $1.4 million decrease in fee income, which was attributable to lower prepayment and advisory fees earned, offset by a $1.2 million increase in dividend income, which was attributable to higher dividend income earned on our investment in SLF JV I and one of our portfolio companies during the nine months ended June 30, 2018.

Expenses

Net expenses (expenses net of fee waivers and insurance recoveries) for the three months ended June 30, 2018 and June 30, 2017 were $17.4 million and $25.5 million, respectively. Net expenses decreased for the three months ended June 30, 2018, as compared to the three months ended June 30, 2017, by $8.1 million, or 31.8%, due primarily to a $4.2 million decrease in base management fees and Part I incentive fees (net of fee waivers), which was attributable to a reduction in the size of our portfolio and lower pre-incentive fee net investment income, a $3.0 million decrease in interest expense attributable to lower levels of outstanding debt in the current quarter and a $0.9 million decrease in general and administrative expenses.

Net expenses (expenses net of fee waivers and insurance recoveries) for the nine months ended June 30, 2018 and June 30, 2017 were $57.5 million and $81.0 million, respectively. Net expenses decreased for the nine months ended June 30, 2018, as compared to the nine months ended June 30, 2017, by $23.6 million, or 29.1%, due primarily to a $13.0 million decrease in base management fees and Part I incentive fees (net of fee waivers), which was attributable to a reduction in the size of our portfolio and lower pre-incentive fee net investment income, a $10.8 million decrease in interest expense attributable to lower levels of outstanding debt, and a $1.8 million decrease in general and administrative expenses, partially offset by a $2.4 million increase in professional fees (net of insurance recoveries).

Net Investment Income

As a result of the $13.1 million decrease in total investment income and the $8.1 million decrease in net expenses, net investment income for the three months ended June 30, 2018 decreased by $5.0 million, or 25.6%, compared to the three months ended June 30, 2017.

As a result of the $41.7 million decrease in total investment income and the $23.6 million decrease in net expenses, net investment income for the nine months ended June 30, 2018 decreased by $18.2 million, or 29.7%, compared to the nine months ended June 30, 2017.

Realized Gain (Loss) on Investments and Secured Borrowings

Realized gain (loss) is the difference between the net proceeds received from dispositions of portfolio investments and secured borrowings and their stated costs. Realized losses may also be recorded in connection with our determination that certain investments are considered worthless securities and/or meet the conditions for loss recognition per the applicable tax rules.

Net realized loss on investments and secured borrowings was $89.4 million for the three months ended June 30, 2018, which was primarily driven by realizations in connection with the exit of our investments in Traffic Solutions Holdings, Inc. and Ameritox Ltd. Net realized loss on investments and secured borrowings was $12.3 million for the three months ended June 30, 2017, which was primarily driven by a realization in connection with the exit of our investment in Eagle Hospital Physicians, LLC.

Net realized loss on investments and secured borrowings was $84.9 million for the nine months ended June 30, 2018, which was primarily driven by realizations in connection with the exit of our investments in Traffic Solutions Holdings, Inc. and Ameritox Ltd. Net realized loss on investments and secured borrowings was $151.3 million for the nine months ended June 30, 2017, which was driven by realizations in connection with the restructuring or exit of investments in six portfolio companies.

See “Note 9. Realized Gains or Losses and Net Unrealized Appreciation or Depreciation on Investments and Secured Borrowings” in the Consolidated Financial Statements for more details regarding investment realization events for the three and nine months ended June 30, 2018 and June 30, 2017.

Net Unrealized Appreciation (Depreciation) on Investments and Secured Borrowings

Net unrealized appreciation or depreciation is the net change in the fair value of our investments and secured borrowings during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

During the three months ended June 30, 2018 and June 30, 2017, we recorded net unrealized appreciation (depreciation) on investments and secured borrowings of $99.3 million and $(13.1) million, respectively. For the three months ended June 30, 2018, this consisted of $97.2 million of net reclassifications to realized losses (resulting in unrealized appreciation), $0.8 million of net unrealized appreciation on debt investments, $0.9 million of net unrealized appreciation on equity investments and $0.4 million of net unrealized depreciation on secured borrowings. For the three months ended June 30, 2017, this consisted of $4.9 million of net unrealized depreciation on debt investments and $8.6 million of net unrealized depreciation on equity investments, offset by $0.2 million of net reclassifications to realized losses (resulting in unrealized appreciation) and $0.1 million of net unrealized depreciation on secured borrowings.

During the nine months ended June 30, 2018 and June 30, 2017, the Company recorded net unrealized appreciation on investments and secured borrowings of $55.4 million and $18.6 million, respectively. For the nine months ended June 30, 2018, this consisted of $90.3 million of net reclassifications to realized losses (resulting in unrealized appreciation) and $2.4 million of net unrealized depreciation on secured borrowings, offset by $33.1 million of net unrealized depreciation on debt investments and $4.2 million of net unrealized depreciation on equity investments. For the nine months ended June 30, 2017, this consisted of $136.6 million of net reclassifications to realized losses (resulting in unrealized appreciation), offset by $86.2 million of net unrealized depreciation on debt investments, $31.5 million of net unrealized depreciation on equity investments and $0.3 million of net unrealized appreciation on secured borrowings.

See “Note 9. Realized Gains or Losses and Net Unrealized Appreciation or Depreciation on Investments and Secured Borrowings” in the Consolidated Financial Statements for more details regarding unrealized appreciation (depreciation) on investments and secured borrowings for the three and nine months ended June 30, 2018 and June 30, 2017.

Financial Condition, Liquidity and Capital Resources

We have a number of alternatives available to fund our investment portfolio and our operations, including raising equity, increasing or refinancing debt and funding from operational cash flow. We generally expect to fund the growth of our investment portfolio through (i) equity offerings in public or private offerings, which offerings will depend on future market conditions, funding needs and other factors, and (ii) debt capital (to the extent permissible under the 1940 Act). We cannot assure you, however, that our efforts to do so will be successful. For example, our common stock has generally traded at prices below net asset value for the past several years, and we are currently limited in our ability to raise additional equity at prices below the then-current net asset value per shares. Additionally, to generate liquidity we may reduce investment size by syndicating a portion of any given transaction. We intend to continue to generate cash primarily from cash flows from operations, including interest earned and future borrowings. We intend to fund our future distribution obligations through operating cash flow or with funds obtained through future equity and debt offerings or credit facilities, as we deem appropriate. In the future, we may also securitize a portion of our investments. To securitize investments, we would likely create a wholly-owned subsidiary and contribute a pool of loans to the subsidiary. We would then sell interests in the subsidiary on a non-recourse basis to purchasers and we would retain all or a portion of the equity in the subsidiary.

Our primary uses of funds are investments in our targeted asset classes and cash distributions to holders of our common stock. We may from time to time repurchase or redeem some or all of our outstanding notes in open-market transactions, privately negotiated transactions or otherwise. We generally expect to target a debt to equity ratio of 0.70x to 0.85x (i.e., one dollar of equity for each $0.70 to $0.85 of debt outstanding). On March 23, 2018, the Small Business Credit Availability Act, or the SBCAA, was enacted into law. The SBCAA, among other things, amended Section 61(a) of the 1940 Act to add a new Section 61(a)(2) that reduces the asset coverage requirement applicable to business development companies from 200% to 150% so long as the business development company meets certain disclosure requirements and obtains certain approvals. Our board of directors has not taken any action to reduce the asset coverage requirements applicable to us.

For the nine months ended June 30, 2018, we experienced a net increase in cash and cash equivalents of $3.6 million. During that period, we received $119.8 million of net cash from operating activities, primarily from $836.3 million of principal payments, PIK payments and sale proceeds received and the cash activities related to $43.0 million of net investment income, partially offset by funding $836.9 million of investments and net revolvers. During the same period, net cash used by financing activities was $116.2 million, primarily consisting of $45.0 million of net repayments under our credit facilities, $21.2 million of repurchases of unsecured notes, $0.9 million of repayments of secured borrowings, $41.8 million of cash distributions paid to our stockholders, $6.2 million of payments of deferred financing costs and $1.2 million of repurchases of common stock under our dividend reinvestment plan, or DRIP.

For the nine months ended June 30, 2017, we experienced a net increase in cash and cash equivalents of $25.7 million. During that period, we received $327.1 million of net cash from operating activities, primarily from $662.1 million of principal payments, PIK payments and sale proceeds received and the cash activities related to $61.2 million of net investment income, partially offset by funding $400.3 million of investments and net revolvers. During the same period, net cash used by financing activities was $301.4 million, primarily consisting of $170.8 million of net repayments under our credit facilities, $65.3 million of repayments of borrowings under our U.S. Small Business Administration, or SBA, debentures payable, $45.6 million of cash distributions paid to our stockholders, $14.8 million of repurchases of common stock under our stock repurchase program and DRIP and $5.1 million of repayments of secured borrowings.

As of June 30, 2018, we had $57.1 million in cash and cash equivalents (including $0.5 million of restricted cash), portfolio investments (at fair value) of $1.5 billion, $8.1 million of interest, dividends and fees receivable, $144.4 million of net payables from unsettled transactions, $211.0 million of borrowings outstanding under our credit facilities, $386.1 million of unsecured notes payable (net of unamortized financing costs), $10.0 million of secured borrowings (at fair value) and unfunded commitments of $63.7 million.

As of September 30, 2017, we had $59.9 million in cash and cash equivalents (including $6.9 million of restricted cash), portfolio investments (at fair value) of $1.5 billion, $6.9 million of interest, dividends and fees receivable, $58.7 million of net payables from unsettled transactions, $256.0 million of borrowings outstanding under our credit facilities, $406.1 million of unsecured notes payable (net of unamortized financing costs), $13.3 million of secured borrowings (at fair value) and unfunded commitments of $118.1 million. As of September 30, 2017, included in restricted cash was $6.8 million that was held at U.S. Bank, National Association in connection with our credit facility with Sumitomo Mitsui Banking Corporation, or SMBC.

Significant Capital Transactions

The following table reflects the distributions per share that our Board of Directors has paid, including shares issued under our DRIP, on our common stock since October 1, 2016:

Date Declared	Record Date	Payment Date	Amount per Share	Cash Distribution	DRIP Shares Issued (1)	DRIP Shares Value
August 3, 2016	October 14, 2016	October 31, 2016	$ 0.06	$ 8.2 million	81,391	$ 0.4 million
August 3, 2016	November 15, 2016	November 30, 2016	0.06	8.2 million	80,962	0.4 million
October 18, 2016	December 15, 2016	December 30, 2016	0.06	7.7 million	70,316	0.4 million
October 18, 2016	January 13, 2017	January 31, 2017	0.06	8.0 million	73,940	0.4 million
October 18, 2016	February 15, 2017	February 28, 2017	0.06	8.0 million	86,120	0.4 million
February 6, 2017	March 15, 2017	March 31, 2017	0.02	2.7 million	27,891	0.1 million
February 6, 2017	June 15, 2017	June 30, 2017	0.02	2.7 million	20,502	0.1 million
February 6, 2017	September 15, 2017	September 29, 2017	0.125	17.0 million	118,992	0.7 million
August 7, 2017	December 15, 2017	December 29, 2017	0.125	17.3 million	58,456	0.3 million
February 5, 2018	March 15, 2018	March 30, 2018	0.085	11.5 million	122,884	0.5 million
May 3, 2018	June 15, 2018	June 29, 2018	0.095	13.0 million	87,283	0.4 million

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

On November 28, 2016, our Board of Directors approved a common stock repurchase program authorizing us to repurchase up to $12.5 million in the aggregate of our outstanding common stock through November 28, 2017. Common stock repurchases under the program were made in the open market. During the nine months ended June 30, 2017, we repurchased 2,298,247 shares of our common stock for $12.5 million, including commissions, under the common stock repurchase program, and the authorization was fully utilized.

Indebtedness

See "Note 6. Borrowings" in the Consolidated Financial Statements for more details regarding our indebtedness and secured borrowings.

Excluded Subsidiaries

As of September 30, 2017, Fifth Street Mezzanine Partners IV, L.P., or FSMP IV, and Fifth Street Mezzanine Partners V, L.P., or FSMP V, had no SBA guaranteed debentures outstanding. On January 17, 2018, the SBA approved FSMP IV's and FSMP V's requests to surrender their respective licenses to operate as a small business investment company, and the licenses were surrendered in January 2018.

For the three and nine months ended June 30, 2017, we recorded aggregate interest expense of $1.4 million and $6.3 million, respectively, related to the SBA-guaranteed debentures of both FSMP IV and FSMP V.

ING Facility

On November 30, 2017, the Company entered into a senior secured revolving credit facility, or, as amended, the ING Facility, pursuant to a Senior Secured Revolving Credit Agreement, or, as amended, the ING Credit Agreement, with the lenders party thereto, ING Capital LLC, as administrative agent, ING Capital LLC, JPMorgan Chase Bank, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as joint lead arrangers and joint bookrunners, and JPMorgan Chase Bank, N.A. and Bank of America, N.A., as syndication agents. As of June 30, 2018, the ING Facility permits up to $600 million of borrowings and includes an "accordion" feature that permits us, under certain circumstances, to increase the size of the ING Facility up to $800 million. Borrowings under the ING Credit Agreement bear interest at a rate equal to, at our election, either (a) LIBOR (1-, 2-, 3- or 6-month, at our option) plus a margin of 2.25%, 2.50% or 2.75% per annum depending on our senior debt coverage ratio as calculated under the ING Credit Agreement, with no LIBOR floor or (b) an alternate base rate plus a margin of 1.25%, 1.50% or 1.75% per annum depending on the Company's senior debt coverage ratio as calculated under the ING Credit Agreement. The period during which we may make drawings under the ING Facility expires on November 29, 2020, or the Revolving Termination Date, and the final maturity date of the ING Facility will occur one year following the Revolving Termination Date.

Each loan or letter of credit originated under the ING Facility is subject to the satisfaction of certain conditions. We cannot be assured that we will be able to borrow funds under the ING Facility at any particular time or at all.

The following table describes significant financial covenants, as of June 30, 2018, with which we must comply under the ING Facility on a quarterly basis:

Financial Covenant	Description	Target Value	March 31, 2018 Reported Value (1)
Minimum shareholders' equity	Net assets shall not be less than the greater of (a) 40% of total assets and (b) $700 million plus 50% of the aggregate net proceeds of all sales of equity interests after November 30, 2017	$700 million	$827 million
Asset coverage ratio	Asset coverage ratio shall not be less than 2.00:1	2.00:1	2.42:1
Interest coverage ratio	Interest coverage ratio shall not be less than 2.00:1	2.00:1	2.45:1
Minimum net worth	Net worth shall not be less than $650 million	$650 million	$824 million

(1) As contractually required, we report financial covenants based on the last filed quarterly or annual report, in this case our Quarterly Report on Form 10-Q for the three months ended March 31, 2018. We were in compliance with all financial covenants under the ING Facility based on the financial information contained in this Quarterly Report Form 10-Q as of and for the three months ended June 30, 2018.

From May 27, 2010 through November 30, 2017, we were party to a secured syndicated revolving credit facility with certain lenders party thereto from time to time and ING Capital LLC, as administrative agent, or, as amended, the Prior ING Facility. In connection with the entry into the ING Credit Agreement, we repaid all outstanding borrowings under the Prior ING Facility following which the Prior ING Facility was terminated. Obligations under the Prior ING Facility would have otherwise matured on August 6, 2018. As of June 30, 2018, we had $211.0 million of borrowings outstanding under the ING Facility, which had a fair value of $211.0 million. Our borrowings under the ING Facility bore interest at a weighted average interest rate of 4.053% for the period from November 30, 2017 to June 30, 2018. As of September 30, 2017, we had $226.5 million of borrowings outstanding under the Prior ING Facility. Our borrowings under the Prior ING Facility bore interest at a weighted average interest rate of 3.705% and 3.093% for the period from October 1, 2017 to November 30, 2017 and the nine months ended June 30, 2017, respectively.

For the three months ended June 30, 2018, we recorded interest expense of $2.7 million related to the ING Facility. For the nine months ended June 30, 2018, we recorded interest expense of $7.9 million, in the aggregate, related to the Prior ING Facility and the ING

Facility. For the three and nine months ended June 30, 2017, we recorded interest expense of $3.1 million and $10.5 million, respectively, related to the Prior ING Facility.

Sumitomo Facility

On September 16, 2011, a consolidated wholly-owned bankruptcy remote, special purpose subsidiary entered into a credit facility, or, as amended, the Sumitomo Facility, with SMBC, an affiliate of Sumitomo Mitsui Financial Group, Inc., as administrative agent, and each of the lenders from time to time party thereto. Prior to November 24, 2017, the Sumitomo Facility permitted up to $125 million of borrowings (subject to collateral requirements) and borrowings under the Sumitomo Facility bore interest at a rate of either (i) LIBOR (1-month) plus 2.00% per annum, with no LIBOR floor, if the borrowings under the Sumitomo Facility were greater than 35% of the aggregate available borrowings under the Sumitomo Facility or (ii) LIBOR (1-month) plus 2.25% per annum, if the borrowings under the Sumitomo Facility were less than or equal to 35% of the aggregate available borrowings under the Sumitomo Facility. On November 24, 2017, all outstanding borrowings under the Sumitomo Facility were repaid, following which the Sumitomo Facility was terminated. Obligations under the Sumitomo Facility would have otherwise matured on the earlier of August 6, 2018 or the date on which the Prior ING Facility was repaid, refinanced or terminated.

Our borrowings under the Sumitomo Facility bore interest at a weighted average interest rate of 3.501% and 3.033% for the period from October 1, 2017 through termination on November 24, 2017 and the nine months ended June 30, 2017, respectively. For the nine months ended June 30, 2018, we recorded interest expense of $0.7 million related to the Sumitomo Facility. For the three and nine months ended June 30, 2017, we recorded interest expense of $0.7 million and $1.9 million, respectively, related to the Sumitomo Facility.

2019 Notes

For each of the three and nine months ended June 30, 2018, we recorded interest expense of $3.0 million and $9.5 million, respectively, related to our 4.875% unsecured notes due 2019, or the 2019 Notes. For the three and nine months ended June 30, 2017, we recorded interest expense of $3.3 million and $10.0 million, respectively, related to the 2019 Notes. During the nine months ended June 30, 2018, we repurchased and subsequently canceled $21.2 million of the 2019 Notes. We recognized a loss of $0.1 million in connection with such transaction. We did not repurchase any 2019 Notes during the nine months ended June 30, 2017.

As of June 30, 2018, there were $228.8 million of 2019 Notes outstanding, which had a carrying value and fair value of $228.1 million and $230.5 million, respectively.

2024 Notes

For each of the three and nine months ended June 30, 2018, we recorded interest expense of $1.2 million and $3.5 million, respectively, related to our 5.875% unsecured notes due 2024, or the 2024 Notes. For the three and nine months ended June 30, 2017, we recorded interest expense of $1.2 million and $3.5 million, respectively, related to the 2024 Notes. During the nine months ended June 30, 2018 and 2017, we did not repurchase any of the 2024 Notes in the open market.

As of June 30, 2018, there were $75.0 million of 2024 Notes outstanding, which had a carrying value and fair value of $73.7 million and $77.4 million, respectively. As of June 30, 2018, the 2024 Notes were listed on the New York Stock Exchange under the trading symbol “OSLE” with a par value of $25.00 per note.

2028 Notes

For each of the three and nine months ended June 30, 2018, we recorded interest expense of $1.4 million and $4.1 million, respectively, related to our 6.125% unsecured notes due 2028, or the 2028 Notes. For the three and nine months ended June 30, 2017, we recorded interest expense of $1.4 million and $4.1 million, respectively, related to the 2028 Notes. During the nine months ended June 30, 2018 and 2017, we did not repurchase any of the 2028 Notes in the open market.

As of June 30, 2018, there were $86.3 million of 2028 Notes outstanding, which had a carrying value and fair value of $84.4 million and $85.2 million, respectively. As of June 30, 2018, the 2028 Notes were listed on the Nasdaq Global Select Market under the trading symbol “OCSLL” with a par value of $25.00 per note.

Secured Borrowings

We follow the guidance in ASC Topic 860, *Transfers and Servicing,* when accounting for loan participations and other partial loan sales. Such guidance requires a participation or other partial loan sale to meet the definition of a "participating interest," as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest remain on our Consolidated Statements of Assets and Liabilities and the proceeds are recorded as a secured borrowing until the definition is met. Secured borrowings are carried at fair value to correspond with the related investments, which are carried at fair value.

As of June 30, 2018, there were $12.6 million of secured borrowings outstanding. As of June 30, 2018, secured borrowings at fair value totaled $10.0 million and the fair value of the loan that is associated with these secured borrowings was $34.4 million. These secured borrowings were the result of the completion of partial loan sales totaling $22.8 million of a senior secured debt investment during the fiscal year ended September 30, 2014 that did not meet the definition of a participating interest. As a result, sale treatment was not allowed and these partial loan sales were treated as secured borrowings. During the nine months ended June 30, 2018, there were $0.9 million of net repayments on secured borrowings. During the nine months ended June 30, 2017, there were $5.1 million of net repayments on secured borrowings.

For the nine months ended June 30, 2018, the secured borrowings bore interest at a weighted average interest rate of 6.44%. For the nine months ended June 30, 2017, the secured borrowings bore interest at an annual interest rate of 8.09%. For the three and nine months ended June 30, 2018, we recorded interest expense of $0.1 million and $0.6 million, respectively, related to the secured borrowings. For the three and nine months ended June 30, 2017, we recorded interest expense of $0.3 million and $0.9 million, respectively, related to the secured borrowings.

Off-Balance Sheet Arrangements

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. As of June 30, 2018, our only off-balance sheet arrangements consisted of $63.7 million of unfunded commitments, which was comprised of $57.6 million to provide debt financing to certain of our portfolio companies, $1.3 million to provide equity financing to SLF JV I and $4.8 million related to unfunded limited partnership interests. As of September 30, 2017, our only off-balance sheet arrangements consisted of $118.1 million of unfunded commitments, which was comprised of $107.3 million to provide debt financing to certain of our portfolio companies, $1.3 million to provide equity financing to SLF JV I and $9.5 million related to unfunded limited partnership interests. Such commitments are subject to our portfolio companies' satisfaction of certain financial and nonfinancial covenants and may involve, to varying degrees, elements of credit risk in excess of the amount recognized in our Consolidated Statements of Assets and Liabilities.

A list of unfunded commitments by investment (consisting of revolvers, term loans with delayed draw components, SLF JV I subordinated notes and LLC equity interests, and limited partnership interests) as of June 30, 2018 and September 30, 2017 is shown in the table below:

	June 30, 2018	September 30, 2017
TerSera Therapeutics, LLC	$ 12,187	$ —
P2 Upstream Acquisition Co.	10,000	10,000
InMotion Entertainment Group, LLC	6,534	7,544
Valet Merger Sub, Inc.	5,969	9,326
EOS Fitness Opco Holdings, LLC	5,000	5,000
Pingora MSR Opportunity Fund I, LP (limited partnership interest)	4,210	2,760
Dominion Diagnostics, LLC	4,180	4,180
Keypath Education, Inc.	3,000	3,000
Datto Inc	2,356	—
4 Over International, LLC	2,232	2,232
New IPT, Inc.	2,229	2,229
Senior Loan Fund JV 1, LLC	1,328	1,328
TransTrade Operators, Inc. (1)(2)(3)	1,052	1,052
Access CIG LLC	765	—
Ministry Brands, LLC	700	1,708
GKD Index Partners LLC	578	—
Refac Optical Group (3)	480	2,080
Sterling Capital Partners IV, L.P. (limited partnership interest)	359	490
Cenegenics, LLC (1)(2)	297	297
ACON Equity Partners III, LP (limited partnership interest)	219	239
Lift Brands Holdings, Inc.	—	15,000
Edge Fitness, LLC	—	8,353
Impact Sales, LLC	—	3,234
WeddingWire, Inc.	—	3,000
Motion Recruitment Partners LLC	—	2,900
Traffic Solutions Holdings, Inc.	—	2,998
OmniSYS Acquisition Corporation	—	2,500
SPC Partners VI, L.P. (limited partnership interest)	—	2,000
Metamorph US 3, LLC (2)(4)	—	1,470
Riverside Fund V, LP (limited partnership interest)	—	539
Webster Capital III, L.P. (limited partnership)	—	736
Tailwind Capital Partners II, L.P. (limited partnership interest)	—	391
Beecken Petty O'Keefe Fund IV, L.P. (limited partnership interest)	—	472
Moelis Capital Partners Opportunity Fund I-B, L.P. (limited partnership interest)	—	365
Riverside Fund IV, LP (limited partnership interest)	—	254
Bunker Hill Capital II (QP), LP (limited partnership interest)	—	183
SPC Partners V, L.P. (limited partnership interest)	—	159
Riverlake Equity Partners II, LP (limited partnership interest)	—	129
Milestone Partners IV, LP (limited partnership interest)	—	180
BeyondTrust Software, Inc.	—	5,995
Systems, Inc.	—	3,030
Thing5, LLC (1)	—	3,000
Edmentum, Inc. (1)(2)	—	2,664
Ping Identity Corporation	—	2,500
Sailpoint Technologies, Inc.	—	1,500
Garretson Firm Resolution Group, Inc. (1)	—	508
RCP Direct II, LP (limited partnership interest)	—	364
RCP Direct, LP (limited partnership interest)	—	184
Total	**$ 63,675**	**$ 118,073**

(1) This investment was on cash or PIK non-accrual status as of June 30, 2018.
(2) This investment was on cash or PIK non-accrual status as of September 30, 2017.
(3) This portfolio company does not have the ability to draw on this unfunded commitment as of June 30, 2018.
(4) This investment was disposed of as of June 30, 2018.

Contractual Obligations

The following table reflects information pertaining to our debt outstanding under the ING Facility, the Sumitomo Facility, the 2019 Notes, the 2024 Notes, the 2028 Notes and our secured borrowings:

	Debt Outstanding as of September 30, 2017	Debt Outstanding as of June 30, 2018	Weighted average debt outstanding for the nine months ended June 30, 2018	Maximum debt outstanding for the nine months ended June 30, 2018
ING Facility (1)	$ 226,495	$ 211,000	$ 170,891	$ 226,495
Sumitomo Facility	29,500	—	5,943	29,500
2019 Notes	250,000	228,825	239,529	250,000
2024 Notes	75,000	75,000	75,000	75,000
2028 Notes	86,250	86,250	86,250	86,250
Secured borrowings	13,489	12,623	13,308	13,489
Total debt	**$ 680,734**	**$ 613,698**	**$ 590,921**	

(1) Includes the Prior ING Facility for periods prior to November 30, 2017.

The following table reflects our contractual obligations arising from the ING Facility, our secured borrowings, our 2019 Notes, our 2024 Notes and our 2028 Notes:

	Payments due by period as of June 30, 2018				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
ING Facility	$ 211,000	$ —	$ —	$ 211,000	$ —
Interest due on ING Facility	33,367	9,759	19,518	4,090	—
Secured borrowings	12,623	—	12,623	—	—
Interest due on secured borrowings	1,957	857	1,100	—	—
2019 Notes	228,825	228,825	—	—	—
Interest due on 2019 Notes	7,457	7,457	—	—	—
2024 Notes	75,000	—	—	—	75,000
Interest due on 2024 Notes	27,934	4,406	8,813	8,813	5,902
2028 Notes	86,250	—	—	—	86,250
Interest due on 2028 Notes	51,989	5,283	10,566	10,566	25,574
Total	**$ 736,402**	**$ 256,587**	**$ 52,620**	**$ 234,469**	**$ 192,726**

Regulated Investment Company Status and Distributions

We elected to be treated as a RIC under Subchapter M of the Code. As long as we continue to qualify as a RIC, we will not be subject to tax on our investment company taxable income (determined without regard to any deduction for dividends paid) or realized net capital gains, to the extent that such taxable income or gains is distributed, or deemed to be distributed as dividends, to stockholders on a timely basis.

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized appreciation or depreciation. Distributions declared and paid by us in a taxable year may differ from taxable income for that taxable year as such distributions may include the distribution of taxable income derived from the current taxable year or the distribution of taxable income derived from the prior taxable year carried forward into and distributed in the current taxable year. Distributions also may include returns of capital.

To maintain RIC tax treatment, we must, among other things, distribute dividends, with respect to each taxable year, of an amount at least equal to 90% of our investment company taxable income (i.e., our net ordinary income and our realized net short-term capital gains in excess of realized net long-term capital losses, if any), determined without regard to any deduction for dividends paid. As a RIC, we are also subject to a federal excise tax, based on distribution requirements of our taxable income on a calendar year basis. We anticipate timely distribution of our taxable income in accordance with tax rules. We did not incur a U.S. federal excise tax for calendar years 2016 and 2017 and do not expect to incur a U.S. federal excise tax for the calendar year 2018. We may incur a federal excise tax in future years.

We intend to distribute at least 90% of our annual taxable income (which includes our taxable interest and fee income) to our stockholders. The covenants contained in the ING Facility may prohibit us from making distributions to our stockholders, and, as a result, could hinder our ability to satisfy the distribution requirement associated with our ability to be subject to tax as a RIC. In addition, we may retain for investment some or all of our net capital gains (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) and treat such amounts as deemed distributions to our stockholders. If we do this, our stockholders will be treated as if they received actual distributions of the capital gains we retained and then reinvested the net after-tax proceeds in our common stock. Our stockholders also may be eligible to claim tax credits (or, in certain circumstances, tax refunds) equal to their allocable share of the tax we paid on the capital gains deemed distributed to them. To the extent our taxable earnings for a fiscal and taxable year fall below the total amount of our dividend distributions for that fiscal and taxable year, a portion of those distributions may be deemed a return of capital to our stockholders.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings applicable to us as a business development company under the 1940 Act and due to provisions in our credit facilities and debt instruments. If we do not distribute a certain percentage of our taxable income annually, we will suffer adverse tax consequences, including possible loss of our ability to be subject to tax as a RIC. We cannot assure stockholders that they will receive any distributions or distributions at a particular level.

A RIC may treat a distribution of its own stock as fulfilling its RIC distribution requirements if each stockholder elects to receive his or her entire distribution in either cash or stock of the RIC, subject to certain limitations regarding the aggregate amount of cash to be distributed to all stockholders. If these and certain other requirements are met, for U.S federal income tax purposes, the amount of the dividend paid in stock will be equal to the amount of cash that could have been received instead of stock. We have no current intention of paying dividends in shares of our stock in accordance with these guidelines.

We may generate qualified net interest income or qualified net short-term capital gains that may be exempt from U.S. withholding tax when distributed to foreign stockholders. A RIC is permitted to designate distributions of qualified net interest income and qualified short-term capital gains as exempt from U.S. withholding tax when paid to non-U.S. shareholders with proper documentation. The following table, lists the percentage of qualified net interest income and qualified short-term capital gains for the year ended September 30, 2017, the Company's last tax year end.

Year Ended	Qualified Net Interest Income	Qualified Short-Term Capital Gains
September 30, 2017	83.4%	—

Related Party Transactions

We have entered into the New Investment Advisory Agreement with Oaktree and the New Administration Agreement with Oaktree Administrator, a wholly-owned subsidiary of Oaktree. Mr. John B. Frank, an interested member of our Board of Directors, has an indirect pecuniary interest in Oaktree. Oaktree is a registered investment adviser under the Investment Advisers Act of 1940, as amended, or the Advisers Act, that is partially and indirectly owned by OCG. See “Note 11. Related Party Transactions-New Investment Advisory Agreement” and “-Administrative Services” in the notes to the accompanying Consolidated Financial Statements.

Prior to October 17, 2017, we were externally managed and advised by our Former Adviser, and our administrator was our Former Administrator, a wholly-owned subsidiary of our Former Adviser. Messrs. Bernard D. Berman, Patrick J. Dalton, Ivelin M. Dimitrov, Alexander C. Frank, Todd G. Owens and Sandeep K. Khorana, each an interested member of our Board of Directors for all or a portion of our fiscal year ended September 30, 2017 and prior to October 17, 2017, had a direct or indirect pecuniary interest in our Former Adviser. See “Note 11. Related Party Transactions-Former Investment Advisory Agreements” and “-Administrative Services” in the notes to the accompanying Consolidated Financial Statements.

Recent Developments

On July 10, 2018, we entered into Amendment No. 1, or the Amendment, to the ING Facility. The Amendment revised the definition of “Senior Coverage Ratio,” which is used to determine the margin above LIBOR for our borrowings under the ING Facility, to exclude the aggregate principal amount of the 2019 Notes from such calculation. In addition, the Amendment revised the ING Facility to provide us with additional flexibility with respect to refinancing or prepaying the 2024 Notes in certain circumstances.

On August 1, 2018, the Company's Board of Directors declared a quarterly distribution of $0.095 per share, payable on September 28, 2018 to stockholders of record on September 15, 2018.

Recently Issued Accounting Standards

See "Note 2. Significant Accounting Policies" in the Consolidated Financial Statements for a description of recent accounting pronouncements, including the expected dates of adoption and the anticipated impact on our Consolidated Financial Statements.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

We are subject to financial market risks, including changes in interest rates. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments, cash and cash equivalents and idle funds investments. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks and limits by means of reliable administrative and information systems and other policies and programs. Our investment income will be affected by changes in various interest rates, including LIBOR and prime rates, to the extent our debt investments include floating interest rates. In addition, our investments are carried at fair value as determined in good faith by our Board of Directors in accordance with the 1940 Act. Our valuation methodology utilizes discount rates in part in valuing our investments, and changes in those discount rates may have an impact on the valuation of our investments.

As of June 30, 2018, 82.9% of our debt investment portfolio (at fair value) and 80.7% of our debt investment portfolio (at cost) bore interest at floating rates. The composition of our floating rate debt investments by cash interest rate floor (excluding PIK) as of June 30, 2018 and September 30, 2017 was as follows:

	June 30, 2018		September 30, 2017	
($ in thousands)	Fair Value	% of Floating Rate Portfolio	Fair Value	% of Floating Rate Portfolio
Under 1%	$ 210,937	17.53 %	$ 201,365	16.91 %
1% to under 2%	992,329	82.47	989,575	83.09
2% to under 3%	—	—	—	—
3% and over	—	—	—	—
Total	**$ 1,203,266**	**100.00%**	**$ 1,190,940**	**100.00%**

Based on our Consolidated Statement of Assets and Liabilities as of June 30, 2018, the following table shows the approximate annualized increase (decrease) in components of net assets resulting from operations of hypothetical base rate changes in interest rates, assuming no changes in our investment and capital structure:

($ in thousands)

Basis point increase	Interest income	Interest expense	Net increase (decrease)
300	$ 34,322	$ (6,300)	$ 28,022
200	22,886	(4,200)	18,686
100	11,450	(2,100)	9,350

Basis point decrease	Interest Income	Interest Expense	Net increase (decrease)
100	$ (11,422)	$ 2,100	$ (9,322)
200	(15,360)	$ 4,200	$ (11,160)

We regularly measure exposure to interest rate risk. We assess interest rate risk and manage our interest rate exposure on an ongoing basis by comparing our interest rate sensitive assets to our interest rate sensitive liabilities. Based on this review, we determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates. The following table shows a comparison of the interest rate base for our interest-bearing cash and outstanding investments, at principal, and our outstanding borrowings as of June 30, 2018 and September 30, 2017:

	June 30, 2018		**September 30, 2017**	
($ in thousands)	**Interest Bearing Cash and Investments**	**Borrowings**	**Interest Bearing Cash and Investments**	**Borrowings**
Money market rate	$ 43,097	$ —	$ 59,913	$ —
Prime rate	1,011	—	1,061	—
LIBOR				
30 day	609,802	211,000	42,165	255,993
60 day	9,102	—	—	—
90 day	676,030	12,623	1,254,246	13,491
Fixed rate	329,872	390,075	290,427	411,250
Total	**$ 1,668,914**	**$ 613,698**	**$ 1,647,812**	**$ 680,734**

Item 4. *Controls and Procedures*

Management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2018. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Based on the evaluation of our disclosure controls and procedures as of June 30, 2018, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, in timely identifying, recording, processing, summarizing and reporting any material information relating to us that is required to be disclosed in the reports we file or submit under the Exchange Act.

There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. *Legal Proceedings*

Although we may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise, we are currently not a party to any pending material legal proceedings except as described below.

SEC Examination and Investigation

On March 23, 2016, the Division of Enforcement of the SEC sent document subpoenas and document preservation notices to us, FSAM, FSCO GP LLC - General Partner of Fifth Street Opportunities Fund, L.P., or FSOF, and OCSI. The subpoenas sought production of documents relating to a variety of issues principally related to the activities of our Former Adviser, including those raised in an ordinary-course examination of the Former Adviser by the SEC's Office of Compliance Inspections and Examinations that began in October 2015, and in the previously disclosed securities class actions and other previously disclosed litigation. The subpoenas were issued pursuant to a formal order of private investigation captioned In the Matter of the Fifth Street Group of Companies, No. HO-12925, dated March 23, 2016, which addresses (among other things) (i) the valuation of our portfolio companies and investments, (ii) the expenses allocated or charged to us and OCSI, (iii) FSOF's trading in the securities of publicly traded business development companies, (iv) statements to our board of directors, other representatives of pooled investment vehicles, investors, or prospective investors concerning the fair value of our portfolio companies or investments as well as expenses allocated or charged to us and OCSI, (v) various issues relating to adoption and implementation of policies and procedures under the Advisers Act, (vi) statements and/or potential omissions in the entities' SEC filings, (vii) the entities' books, records, and accounts and whether they fairly and accurately reflected the entities' transactions and dispositions of assets, and (viii) several other issues relating to corporate books and records. The formal order cites various provisions of the Securities Act of 1933, as amended, the Exchange Act and the Advisers Act, as well as rules promulgated under those Acts, as the bases of the investigation. We are cooperating with the Division of Enforcement investigation, have produced requested documents, and have been communicating with Division of Enforcement personnel. Oaktree is not subject to these subpoenas.

Item 1A. *Risk Factors*

Except as set forth below, there have been no material changes during the three months ended June 30, 2018 to the risk factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended September 30, 2017 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2018.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*

None.

Item 3. *Defaults Upon Senior Securities*

None.

Item 4. ***Mine Safety Disclosures***

Not applicable.

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1*	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32.2*	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OAKTREE SPECIALTY LENDING CORPORATION

By: /s/ Edgar Lee
Edgar Lee
Chief Executive Officer

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

Date: August 7, 2018

Exhibit 31.1

I, Edgar Lee, Chief Executive Officer of Oaktree Specialty Lending Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2018 of Oaktree Specialty Lending Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 7th day of August, 2018.

By: /s/ Edgar Lee

Edgar Lee
Chief Executive Officer

Exhibit 31.2

I, Mel Carlisle, Chief Financial Officer of Oaktree Specialty Lending Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2018 of Oaktree Specialty Lending Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 7th day of August, 2018.

By: /s/ Mel Carlisle

Mel Carlisle
Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the quarterly report on Form 10-Q for the quarter ended **June 30, 2018** (the “Report”) of **Oaktree Specialty Lending Corporation** (the “Registrant”), as filed with the Securities and Exchange Commission on the date hereof, I, **Edgar Lee**, the Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Edgar Lee

Name: Edgar Lee

Date: August 7, 2018

Exhibit 32.2

Certification of Chief Financial Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the quarterly report on Form 10-Q for the quarter ended **June 30, 2018** (the “Report”) of **Oaktree Specialty Lending Corporation** (the “Registrant”), as filed with the Securities and Exchange Commission on the date hereof, I, **Mel Carlisle**, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Mel Carlisle

Name: Mel Carlisle

Date: August 7, 2018