

Edgar Filing: New Mountain Finance Corp - Form 10-Q

New Mountain Finance Corp
Form 10-Q
November 04, 2015

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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarter Ended September 30, 2015

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

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

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

Indicate by check mark whether the registrant has submitted electronically 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 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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

<input checked="" type="radio"/> Large accelerated filer	<input type="radio"/> Accelerated filer
<input type="radio"/> Non-accelerated filer	<input type="radio"/> Smaller reporting company

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

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

Description	Shares as of November 4, 2015
Common stock, \$0.01 par value	64,005,387

Table of ContentsFORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2015
TABLE OF CONTENTS

	PAGE
<u>PART I. FINANCIAL INFORMATION</u>	<u>3</u>
<u>Item 1. Financial Statements</u>	<u>3</u>
<u>New Mountain Finance Corporation</u>	
<u>Consolidated Statements of Assets and Liabilities as of September 30, 2015 (unaudited) and December 31, 2014 (unaudited)</u>	<u>3</u>
<u>Consolidated Statements of Operations for the three months and nine months ended September 30, 2015 (unaudited) and September 30, 2014 (unaudited)</u>	<u>4</u>
<u>Consolidated Statements of Changes in Net Assets for the nine months ended September 30, 2015 (unaudited) and September 30, 2014 (unaudited)</u>	<u>5</u>
<u>Consolidated Statements of Cash Flows for the nine months ended September 30, 2015 (unaudited) and September 30, 2014 (unaudited)</u>	<u>6</u>
<u>Consolidated Schedule of Investments as of September 30, 2015 (unaudited)</u>	<u>7</u>
<u>Consolidated Schedule of Investments as of December 31, 2014</u>	<u>17</u>
<u>Notes to the Consolidated Financial Statements of New Mountain Finance Corporation</u>	<u>25</u>
<u>Report of Independent Registered Public Accounting Firm</u>	<u>58</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>59</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>88</u>
<u>Item 4. Controls and Procedures</u>	<u>89</u>
<u>PART II. OTHER INFORMATION</u>	<u>90</u>
<u>Item 1. Legal Proceedings</u>	<u>90</u>
<u>Item 1A. Risk Factors</u>	<u>90</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>90</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>90</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>90</u>
<u>Item 5. Other Information</u>	<u>90</u>
<u>Item 6. Exhibits</u>	<u>91</u>
<u>Signatures</u>	<u>93</u>

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

New Mountain Finance Corporation

Consolidated Statements of Assets and Liabilities

(in thousands, except shares and per share data)

(unaudited)

	September 30, 2015	December 31, 2014
Assets		
Investments at fair value		
Non-controlled/non-affiliated investments (cost of \$1,361,806 and \$1,422,891, respectively)	\$ 1,343,861	\$ 1,402,210
Non-controlled/affiliated investments (cost \$88,532 and \$23,000, respectively)	88,446	22,461
Controlled investments (cost \$41,129 and \$0, respectively)	45,673	—
Total investments at fair value (cost \$1,491,467 and \$1,445,891, respectively)	1,477,980	1,424,671
Securities purchased under collateralized agreements to resell	30,000	30,000
Cash and cash equivalents	24,612	23,445
Interest and dividend receivable	15,900	11,744
Deferred financing costs (net of accumulated amortization of \$8,047 and \$5,867, respectively)	14,429	14,052
Receivable from unsettled securities sold	4,669	8,912
Receivable from affiliates	371	490
Other assets	2,014	1,606
Total assets	\$ 1,569,975	\$ 1,514,920
Liabilities		
Holdings Credit Facility	\$ 385,538	\$ 468,108
Convertible Notes	115,000	115,000
SBA-guaranteed debentures	103,795	37,500
NMFC Credit Facility	67,500	50,000
Management fee payable	5,136	5,144
Incentive fee payable	5,034	4,803
Interest payable	2,719	1,352
Payable for unsettled securities purchased	2,428	26,460
Deferred tax liability	1,710	493
Payable to affiliates	134	822
Other liabilities	2,284	3,068
Total liabilities	691,278	712,750
Commitments and contingencies (see Note 9)		
Net assets		
Preferred stock, par value \$0.01 per share, 2,000,000 shares authorized, none issued	—	—
Common stock, par value \$0.01 per share, 100,000,000 shares authorized, and 64,005,387 and 57,997,890 shares issued and outstanding, respectively	640	580
Paid in capital in excess of par	899,854	817,129
Accumulated undistributed net investment income	3,264	2,530
Accumulated undistributed net realized gains on investments	623	14,131
	(25,684	) (32,200

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Net unrealized (depreciation) appreciation on investments (net of provision for taxes of \$1,710 and \$493, respectively)

Total net assets	\$878,697	\$802,170
Total liabilities and net assets	\$1,569,975	\$1,514,920
Number of shares outstanding	64,005,387	57,997,890
Net asset value per share	\$13.73	\$13.83

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

3

Table of Contents

New Mountain Finance Corporation

Consolidated Statements of Operations

(in thousands, except shares and per share data)

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Investment income(1)				
From non-controlled/non-affiliated investments:				
Interest income	\$31,628	\$32,353	\$97,249	\$51,141
Dividend income	(509	) 214	(407	) 1,186
Other income	1,619	1,667	3,496	2,372
From non-controlled/affiliated investments:				
Interest income	1,594	—	3,820	—
Dividend income	892	297	2,701	297
Other income	1,020	175	1,642	179
From controlled investments:				
Interest income	517	—	1,487	—
Dividend income	673	—	1,864	—
Other income	13	—	36	—
Investment income allocated from New Mountain Finance Holdings, L.L.C.(2)				
Interest income	—	—	—	40,515
Dividend income	—	—	—	2,368
Other income	—	—	—	795
Total investment income	37,447	34,706	111,888	98,853
Expenses				
Incentive fee(1)	5,034	4,520	14,969	7,267
Capital gains incentive fee(1)	(490	) (2,667	) —	(1,904
Total incentive fees(1)	4,544	1,853	14,969	5,363
Management fee(1)	6,373	5,021	19,039	7,763
Interest and other financing expenses(1)	5,788	5,237	16,863	7,796
Professional fees(1)	808	890	2,456	1,530
Administrative expenses(1)	647	549	1,804	909
Other general and administrative expenses(1)	370	448	1,252	687
Net expenses allocated from New Mountain Finance Holdings, L.L.C. (2)	—	—	—	20,808
Total expenses	18,530	13,998	56,383	44,856
Less: management fee waived (see Note 5) (1)	(1,237	) —	(3,866) —
Less: expenses waived and reimbursed (see Note 5) (1)	(333	) (322	) (733	) (380
Net expenses	16,960	13,676	51,784	44,476
Net investment income before income taxes	20,487	21,030	60,104	54,377
Income tax (benefit) expense(1)	(172	) 230	130	230
Net investment income	20,659	20,800	59,974	54,147
Net realized (losses) gains:				
Non-controlled/non-affiliated investments(1)	(37	) 768	(13,508	) (299
	—	—	—	8,568

Investments allocated from New Mountain Finance Holdings, L.L.C. (2)
Net change in unrealized (depreciation) appreciation:

Non-controlled/non-affiliated investments(1)	(8,360	) (14,220	) 2,148	(8,512)
Non-controlled/affiliated investments(1)	313	(52	) 1,041	(52)
Controlled investments(1)	(2,190	) —	4,544	—	
Investments allocated from New Mountain Finance Holdings, L.L.C. (2)	—	—	—	940	
(Provision) benefit for taxes(1)	(581	) 115	(1,217	) (271)
Net increase in net assets resulting from operations	9,804	7,411	52,982	54,521	
Basic earnings per share	\$0.17	\$0.14	\$0.91	\$1.09	
Weighted average shares of common stock outstanding - basic (See Note 11)	58,725,338	52,071,071	58,269,543	50,262,656	
Diluted earnings per share	\$0.17	\$0.14	\$0.86	\$1.05	
Weighted average shares of common stock outstanding - diluted (See Note 11)	66,002,469	59,290,154	65,514,142	53,594,541	
Dividends declared and paid per share	\$0.34	\$0.46	\$1.02	\$1.14	

(1) For the nine months ended September 30, 2014, the amounts reported relate to the period from May 8, 2014 to September 30, 2014.

(2) For the nine months ended September 30, 2014, the amounts reported relate to the period from January 1, 2014 to May 7, 2014.

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

Table of Contents

New Mountain Finance Corporation

Consolidated Statements of Changes in Net Assets

(in thousands)

(unaudited)

	Nine Months Ended	
	September 30, 2015	September 30, 2014
Increase (decrease) in net assets resulting from operations:		
Net investment income(1)	\$59,974	\$31,277
Net investment income allocated from New Mountain Finance Holdings, L.L.C. (2)	—	22,870
Net realized losses on investments(1)	(13,508	) (299
Net realized gains on investments allocated from New Mountain Finance Holdings, L.L.C. (2)	—	8,568
Net change in unrealized appreciation (depreciation) of investments(1)	7,733	(8,564
Net change in unrealized appreciation (depreciation) of investments allocated from New Mountain Finance Holdings, L.L.C.(2)	—	940
Provision for taxes(1)	(1,217	) (271
Net increase in net assets resulting from operations	52,982	54,521
Capital transactions		
Net proceeds from shares sold	79,415	58,644
Deferred offering costs(1)	(285	) (126
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.(2)	—	(250
Value of shares issued for exchanged units	—	38,840
Dividends declared to stockholders from net investment income	(59,240	) (51,673
Dividends declared to stockholders from net realized gains	—	(6,247
Reinvestment of dividends	3,655	3,641
Total net increase in net assets resulting from capital transactions	23,545	42,829
Net increase in net assets	76,527	97,350
Net assets at the beginning of the period	802,170	650,107
Net assets at the end of the period	\$878,697	\$747,457

(1) For the nine months ended September 30, 2014, the amounts reported relate to the period from May 8, 2014 to September 30, 2014.

(2) For the nine months ended September 30, 2014, the amounts reported relate to the period from January 1, 2014 to May 7, 2014.

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

Table of Contents

New Mountain Finance Corporation

Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Nine Months Ended	
	September 30, 2015	September 30, 2014
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$52,982	\$54,521
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash (used in) provided by operating activities:		
Net investment income allocated from New Mountain Finance Holdings, L.L.C.(2)	—	(22,870)
Net realized losses on investments(1)	13,508	299
Net realized gains on investments allocated from New Mountain Finance Holdings, L.L.C. (2)	—	(8,568)
Net change in unrealized (appreciation) depreciation of investments(1)	(7,733)	8,564
Net change in unrealized (appreciation) depreciation of investments allocated from New Mountain Finance Holdings, L.L.C. (2)	—	(940)
Amortization of purchase discount(1)	(1,787)	(1,073)
Amortization of deferred financing costs(1)	2,180	1,029
Non-cash investment income(1)	(4,374)	(1,029)
(Increase) decrease in operating assets:		
Cash and cash equivalents from New Mountain Finance Holdings, L.L.C.(3)	—	957
Restricted cash and cash equivalents(1)	—	(1,784)
Purchase of investments and delayed draw facilities(1)	(397,745)	(325,038)
Proceeds from sales and paydowns of investments(1)	344,753	159,792
Cash received for purchase of undrawn portion of revolving credit or delayed draw facilities(1)	157	29
Cash paid for purchase of drawn portion of revolving credit facilities(1)	(3,227)	(2,548)
Cash paid on drawn revolvers(1)	(1,160)	—
Cash repayments on drawn revolvers(1)	4,299	380
Interest and dividend receivable(1)	(4,156)	(1,934)
Receivable from unsettled securities sold(1)	4,243	—
Receivable from affiliates(1)	119	201
Other assets(1)	(329)	(167)
Purchase of investment in New Mountain Finance Holdings, L.L.C.(2)	—	(58,644)
Distributions from New Mountain Finance Holdings, L.L.C.(2)	—	15,247
Increase (decrease) in operating liabilities:		
Management fee payable(1)	(8)	(1,034)
Incentive fee payable(1)	231	(1,805)
Interest payable(1)	1,367	2,690
Payable for unsettled securities purchased(1)	(24,032)	15,816
Deferred tax liability(1)	1,217	271
Payable to affiliates(1)	(688)	21
Capital gains incentive fee payable(1)	—	(1,904)
Other liabilities(1)	(735)	1,859
Net cash flows used in operating activities	(20,918)	(167,662)
Cash flows from financing activities		

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Net proceeds from shares sold	79,415	58,644	
Dividends paid	(55,585)	(54,279))
Offering costs paid(1)	(141)	(264))
Proceeds from Holdings Credit Facility(1)	246,330	247,830	
Repayment of Holdings Credit Facility(1)	(328,900)	(188,100))
Proceeds from Convertible Notes(1)	—	115,000	
Proceeds from SBA-guaranteed debentures(1)	66,295	—	
Proceeds from NMFC Credit Facility(1)	101,300	22,000	
Repayment of NMFC Credit Facility(1)	(83,800)	—)
Proceeds from SLF Credit Facility	—	19,867	
Repayment of SLF Credit Facility	—	(30,000))
Deferred financing costs paid(1)	(2,829)	(5,179))
Net cash flows provided by financing activities	22,085	185,519	
Net increase in cash and cash equivalents	1,167	17,857	
Cash and cash equivalents at the beginning of the period	23,445	—	
Cash and cash equivalents at the end of the period	\$24,612	\$17,857	
Supplemental disclosure of cash flow information			
Cash interest paid	\$12,764	\$3,866	
Income taxes paid	151	—	
Non-cash operating activities:			
Non-cash activity on investments	\$60,652	\$—	
Non-cash financing activities:			
New Mountain Finance AIV Holdings Corporation exchange of New Mountain Finance Holdings, L.L.C. units for shares	\$—	\$38,840	
Value of shares issued in connection with dividend reinvestment plan	3,655	3,641	
Accrual for offering costs(1)	739	729	
Accrual for deferred financing costs(1)	103	576	
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.(2)	—	(250))

(1) For the nine months ended September 30, 2014, the amounts reported relate to the period from May 8, 2014 to September 30, 2014.

(2) For the nine months ended September 30, 2014, the amounts reported relate to the period from January 1, 2014 to May 7, 2014.

(3) Represents the cash and cash equivalent balance of New Mountain Finance Holdings, L.L.C.'s at the date of restructuring. See Note 1, Formation and Business Purpose.

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

Table of Contents

New Mountain Finance Corporation

Consolidated Schedule of Investments

September 30, 2015

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Non-Controlled/Non-Affiliated Investments							
Funded Debt Investments - Australia							
Project Sunshine IV Pty Ltd**							
Media	First lien (2)	8.00% (Base Rate + 7.00%)	9/23/2019	\$11,689	\$11,634	\$11,733	1.34 %
Total Funded Debt Investments - Australia				\$11,689	\$11,634	\$11,733	1.34 %
Funded Debt Investments - Luxembourg							
Pinnacle Holdco S.à.r.l. / Pinnacle (US) Acquisition Co Limited**							
Software	Second lien (2)	10.50% (Base Rate + 9.25%)	7/30/2020	\$24,630	\$24,333	\$22,044	
	Second lien (3)	10.50% (Base Rate + 9.25%)	7/30/2020	8,204	8,323	7,342	
Total Funded Debt Investments - Luxembourg				32,834	32,656	29,386	3.34 %
Funded Debt Investments - Netherlands				\$32,834	\$32,656	\$29,386	3.34 %
Eiger Acquisition B.V. (Eiger Co-Borrower, LLC)**							
Software	Second lien (3)	10.13% (Base Rate + 9.13%)	2/17/2023	\$10,000	\$9,286	\$9,050	1.03 %
Total Funded Debt Investments - Netherlands				\$10,000	\$9,286	\$9,050	1.03 %
Funded Debt Investments - United Kingdom							
Air Newco LLC**							
Software	Second lien (3)	10.50% (Base Rate + 9.50%)	1/31/2023	\$32,500	\$31,718	\$31,525	3.59 %
Total Funded Debt Investments - United Kingdom				\$32,500	\$31,718	\$31,525	3.59 %

Funded Debt Investments -
United States
TIBCO Software Inc.

Software	First lien (2)	6.50% (Base Rate + 5.50%)	12/4/2020	\$29,850	\$28,525	\$29,794		
	Subordinated (3)	11.38%	12/1/2021	15,000	14,600	15,019		
				44,850	43,125	44,813	5.10	%
Deltek, Inc.								
Software	Second lien (3)	9.50% (Base Rate + 8.50%)	6/26/2023	21,000	20,967	21,114		
	Second lien (2)	9.50% (Base Rate + 8.50%)	6/26/2023	20,000	19,615	20,108		
				41,000	40,582	41,222	4.69	%
Kronos Incorporated								
Software	Second lien (2)	9.75% (Base Rate + 8.50%)	4/30/2020	32,641	32,434	33,518		
	Second lien (3)	9.75% (Base Rate + 8.50%)	4/30/2020	5,000	4,959	5,134		
				37,641	37,393	38,652	4.40	%
Tolt Solutions, Inc. (15)								
Business Services	First lien (2)	7.00% (Base Rate + 6.00%)	3/7/2019	18,255	18,255	18,255		
	First lien (2)	12.00% (Base Rate + 11.00%)	3/7/2019	18,800	18,800	18,800		
				37,055	37,055	37,055	4.22	%
Hill International, Inc.								
Business Services	First lien (2)	7.75% (Base Rate + 6.75%)	9/28/2020	34,650	34,351	34,433	3.92	%
CRGT Inc.								
Federal Services	First lien (2)	7.50% (Base Rate + 6.50%)	12/19/2020	33,474	33,232	33,390	3.80	%
SRA International, Inc.								
Federal Services	First lien (2)	6.50% (Base Rate + 5.25%)	7/20/2018	31,765	31,196	31,884	3.63	%

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

Edgar Filing: New Mountain Finance Corp - Form 10-Q

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2015

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
TASC, Inc.							
Federal Services	First lien (2)	7.00% (Base Rate + 6.00%)	5/22/2020	\$29,323	\$28,983	\$29,433	
	Second lien (3)	12.00%	5/21/2021	2,000	1,963	2,070	
				31,323	30,946	31,503	3.59 %
Navex Global, Inc.							
Software	First lien (4)	5.75% (Base Rate + 4.75%)	11/19/2021	10,468	10,373	10,363	
	First lien (2)	5.75% (Base Rate + 4.75%)	11/19/2021	4,420	4,380	4,376	
	Second lien (4)	9.75% (Base Rate + 8.75%)	11/18/2022	11,953	11,842	11,774	
	Second lien (3)	9.75% (Base Rate + 8.75%)	11/18/2022	5,047	5,000	4,971	
				31,888	31,595	31,484	3.58 %
Rocket Software, Inc.							
Software	Second lien (2)	10.25% (Base Rate + 8.75%)	2/8/2019	30,875	30,774	30,901	3.52 %
Physio-Control International, Inc.							
Healthcare Products	Second lien (2)	10.00% (Base Rate + 9.00%)	6/5/2023	30,000	29,415	29,962	3.41 %
Valet Waste Holdings, Inc.							
Business Services	First lien (2)	8.00% (Base Rate + 7.00%)	9/24/2021	30,000	29,626	29,625	3.37 %
Aderant North America, Inc.							
Software	Second lien (2)	10.00% (Base Rate + 8.75%)	6/20/2019	24,000	23,785	23,970	
	Second lien (3)	10.00% (Base Rate + 8.75%)	6/20/2019	5,000	5,074	4,994	
				29,000	28,859	28,964	3.30 %
Ascend Learning, LLC							
Education	Second lien (3)	9.50% (Base Rate + 8.50%)	11/30/2020	29,000	28,892	28,782	3.27 %
CompassLearning, Inc.							

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Education Transtar Holding Company	First lien (2)	8.00% (Base Rate + 6.75%)	11/26/2018	30,000	29,494	28,528	3.25	%
Distribution & Logistics Ryan, LLC	Second lien (2)	10.00% (Base Rate + 8.75%)	10/9/2019	28,300	27,957	27,451	3.12	%
Business Services McGraw-Hill Global Education Holdings, LLC	First lien (2)	6.75% (Base Rate + 5.75%)	8/7/2020	27,650	27,245	27,408	3.12	%
Education KeyPoint Government Solutions, Inc.	First lien (2)(9)	9.75%	4/1/2021	24,500	24,374	26,889	3.06	%
Federal Services Pelican Products, Inc.	First lien (2)	7.75% (Base Rate + 6.50%)	11/13/2017	26,743	26,463	26,609	3.03	%
Business Products	Second lien (3)	9.25% (Base Rate + 8.25%)	4/9/2021	15,500	15,522	15,423		
	Second lien (2)	9.25% (Base Rate + 8.25%)	4/9/2021	10,000	10,117	9,950		
				25,500	25,639	25,373	2.89	%
AAC Holding Corp. Education	First lien (2)	8.25% (Base Rate + 7.25%)	9/30/2020	25,000	24,625	24,625	2.80	%
Confie Seguros Holding II Co.								
Consumer Services	Second lien (2)	10.25% (Base Rate + 9.00%)	5/8/2019	18,886	18,788	18,791		
	Second lien (3)	10.25% (Base Rate + 9.00%)	5/8/2019	5,571	5,648	5,543		
				24,457	24,436	24,334	2.77	%
PetVet Care Centers LLC								
Consumer Services	Second lien (3)	9.75% (Base Rate + 8.75%)	6/17/2021	24,000	23,782	23,760	2.70	%
Aricent Technologies Business Services	Second lien (2)	9.50% (Base Rate + 8.50%)	4/14/2022	20,000	19,879	19,700		
	Second lien (3)	9.50% (Base Rate + 8.50%)	4/14/2022	2,550	2,557	2,512		
				22,550	22,436	22,212	2.53	%

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

Edgar Filing: New Mountain Finance Corp - Form 10-Q

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2015

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets	
McGraw-Hill School Education Holdings, LLC								
Education	First lien (2)	6.25% (Base Rate + 5.00%)	12/18/2019	\$21,615	\$21,455	\$21,683	2.47	%
YP Holdings LLC / Print Media Holdings LLC (10): YP LLC / Print Media LLC								
Media	First lien (2)	8.00% (Base Rate + 6.75%)	6/4/2018	21,374	21,197	21,214	2.41	%
EN Engineering, LLC								
Business Services	First lien (2)	7.00% (Base Rate + 6.00%)	6/30/2021	21,375	21,166	21,161	2.41	%
Weston Solutions, Inc.								
Business Services	Subordinated (4)	16.00%	7/3/2019	20,000	20,000	20,014	2.28	%
TWDiamondback Holdings Corp. (18): Diamondback Drugs of Delaware, L.L.C. (TWDiamondback II Holdings LLC)								
Distribution & Logistics	First lien (4)	9.75% (Base Rate + 8.75%)	11/19/2019	19,895	19,895	19,895	2.26	%
American Pacific Corporation								
Specialty Chemicals and Materials	First lien (2)	7.00% (Base Rate + 6.00%)	2/27/2019	19,700	19,594	19,733	2.25	%
VetCor Professional Practices LLC								
Consumer Services	First lien (4)	7.00% (Base Rate + 6.00%)	4/20/2021	19,551	19,366	19,499		
	First lien (3)(11) - Drawn	7.00% (Base Rate + 6.00%)	4/20/2021	90	90	90		
				19,641	19,456	19,589	2.23	%
First American Payment Systems, L.P.								

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Business Services	Second lien (2)	10.75% (Base Rate + 9.50%)	4/12/2019	18,643	18,409	18,550	2.11	%
Sierra Hamilton LLC / Sierra Hamilton Finance, Inc.								
Energy	First lien (2)	12.25%	12/15/2018	25,000	25,000	16,500		
	First lien (3)	12.25%	12/15/2018	2,660	2,029	1,755		
				27,660	27,029	18,255	2.08	%
iPipeline, Inc. (Internet Pipeline, Inc.)								
Software	First lien (4)	8.25% (Base Rate + 7.25%)	8/4/2022	18,000	17,823	17,820	2.03	%
DCA Investment Holding, LLC								
Healthcare Services	First lien (2)	6.25% (Base Rate + 5.25%)	7/2/2021	17,855	17,683	17,677	2.01	%
AgKnowledge Holdings Company, Inc.								
Business Services	Second lien (2)	9.25% (Base Rate + 8.25%)	7/23/2020	18,500	18,344	17,566	2.00	%
Vertafore, Inc.								
Software	Second lien (2)	9.75% (Base Rate + 8.25%)	10/27/2017	13,855	13,849	13,962		
	Second lien (3)	9.75% (Base Rate + 8.25%)	10/27/2017	2,000	2,016	2,016		
				15,855	15,865	15,978	1.82	%
MailSouth, Inc. (d/b/a Mspark)								
Media	First lien (2)	6.75% (Base Rate + 5.00%)	12/14/2016	15,512	15,170	15,201	1.73	%
Severin Acquisition, LLC								
Software	Second lien (4)	9.25% (Base Rate + 8.25%)	7/29/2022	15,000	14,853	14,850	1.69	%
GSDM Holdings Corp.								
Healthcare Services	Subordinated (4)	10.00%	6/23/2020	15,000	14,875	14,643	1.67	%
Vision Solutions, Inc.								
Software	Second lien (2)	9.50% (Base Rate + 8.00%)	7/23/2017	14,000	13,975	14,000	1.59	%
Permian Tank & Manufacturing, Inc.								
Energy	First lien (2)	10.50%	1/15/2018	24,357	24,509	13,640	1.55	%

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

Edgar Filing: New Mountain Finance Corp - Form 10-Q

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2015

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets	
TW-NHME Holdings Corp. (23):								
National HME, Inc.								
Healthcare Services	Second lien (4)	10.25% (Base Rate + 9.25%)	7/14/2022	\$14,000	\$13,829	\$13,472	1.53	%
SW Holdings, LLC								
Business Services	Second lien (4)	9.75% (Base Rate + 8.75%)	12/30/2021	13,500	13,369	13,155	1.50	%
Poseidon Intermediate, LLC								
Software	Second lien (2)	9.50% (Base Rate + 8.50%)	8/15/2023	13,000	12,807	12,805	1.46	%
American Tire Distributors, Inc.								
Distribution & Logistics	Subordinated (3)	10.25%	3/1/2022	10,000	10,000	10,250	1.17	%
PowerPlan Holdings, Inc.								
Software	Second lien (2)	10.75% (Base Rate + 9.75%)	2/23/2023	10,000	9,905	9,970	1.13	%
Novitex Acquisition, LLC (fka ARSloane Acquisition, LLC)								
Business Services	First lien (2)	7.50% (Base Rate + 6.25%)	7/7/2020	9,788	9,577	9,201	1.05	%
Harley Marine Services, Inc.								
Distribution & Logistics	Second lien (2)	10.50% (Base Rate + 9.25%)	12/20/2019	9,000	8,862	8,910	1.01	%
Vitera Healthcare Solutions, LLC								
Software	First lien (2)	6.00% (Base Rate + 5.00%)	11/4/2020	1,965	1,950	1,951		
	Second lien (2)	9.25% (Base Rate + 8.25%)	11/4/2021	7,000	6,914	6,825		
				8,965	8,864	8,776	1.00	%
Smile Brands Group Inc.								

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Healthcare Services QC McKissock Investment, LLC (17): McKissock, LLC	First lien (2)	8.50% (Base Rate + 5.25%)	8/16/2019	12,220	12,100	8,625	0.98	%
Education	First lien (2)	7.50% (Base Rate + 6.50%)	8/5/2019	4,887	4,848	4,747		
	First lien (2)	7.50% (Base Rate + 6.50%)	8/5/2019	3,155	3,130	3,065		
	First lien (2)(11) - Drawn	7.50% (Base Rate + 6.50%)	8/5/2019	576	571	559		
TTM Technologies, Inc.**				8,618	8,549	8,371	0.95	%
Business Products Brock Holdings III, Inc.	First lien (2)	6.00% (Base Rate + 5.00%)	5/31/2021	8,000	7,733	7,480	0.85	%
Industrial Services Sotera Defense Solutions, Inc. (Global Defense Technology & Systems, Inc.)	Second lien (2)	10.00% (Base Rate + 8.25%)	3/16/2018	7,000	6,948	6,528	0.74	%
Federal Services Immucor, Inc.	First lien (2)	9.00% (Base Rate + 7.50%)	4/21/2017	6,884	6,847	6,368	0.72	%
Healthcare Services Packaging Coordinators, Inc. (12)	Subordinated (2)(9)	11.13%	8/15/2019	5,000	4,960	5,175	0.59	%
Healthcare Products GCA Services Group, Inc.	Second lien (3)	9.00% (Base Rate + 8.00%)	8/1/2022	5,000	4,955	4,925	0.56	%
Business Services Sophia Holding Finance LP / Sophia Holding Finance Inc.	Second lien (3)	9.25% (Base Rate + 8.00%)	11/2/2020	4,000	3,971	3,980	0.45	%
Software York Risk Services Holding Corp.	Subordinated (3)	9.63%	12/1/2018	3,500	3,502	3,583	0.41	%
Business Services Synarc-Biocore Holdings, LLC	Subordinated (3)	8.50%	10/1/2022	3,000	3,000	2,561	0.29	%
Healthcare Services Ensemble S Merger Sub, Inc.	Second lien (3)	9.25% (Base Rate + 8.25%)	3/10/2022	2,500	2,479	2,325	0.27	%

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Software	Subordinated (3)	9.00%	9/30/2023	2,000	1,932	1,943	0.22	%
----------	---------------------	-------	-----------	-------	-------	-------	------	---

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

10

Edgar Filing: New Mountain Finance Corp - Form 10-Q

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2015

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Education Management Corporation (22): Education Management II LLC							
Education	First lien (2)	5.50% (Base Rate + 4.50%)	7/2/2020	\$ 250	\$ 237	\$ 171	
	First lien (3)	5.50% (Base Rate + 4.50%)	7/2/2020	141	134	97	
	First lien (2)	8.50% (Base Rate + 1.00% + 6.50% PIK)*	7/2/2020	430	365	247	
	First lien (3)	8.50% (Base Rate + 1.00% + 6.50% PIK)*	7/2/2020	243	206	139	
				1,064	942	654	0.07 %
ATI Acquisition Company (fka Ability Acquisition, Inc.) (13)							
Education	First lien (2)	17.25% (Base Rate + 10.00% + 4.00% PIK) (8)*	6/30/2012 - Past Due	1,665	1,434	—	
	First lien (2)	17.25% (Base Rate + 10.00% + 4.00% PIK) (8)*	6/30/2012 - Past Due	103	94	—	
				1,768	1,528	—	— %
Total Funded Debt Investments - United States				\$ 1,234,010	\$ 1,221,449	\$ 1,200,385	136.61 %
Total Funded Debt Investments Equity - United Kingdom				\$ 1,321,033	\$ 1,306,743	\$ 1,282,079	145.91 %
Packaging Coordinators, Inc. (12): PCI Pharma Holdings UK Limited**							
Healthcare Products		—	—	19,427	\$ 578	\$ 1,175	0.13 %

Edgar Filing: New Mountain Finance Corp - Form 10-Q

	Ordinary shares (2)								
Total Shares - United Kingdom					\$578	\$1,175	0.13	%	
Equity - United States									
Crowley Holdings Preferred, LLC									
Distribution & Logistics	Preferred shares (3)(20)	12.00% (10.00% + 2.00% PIK)*	—	51,799	\$51,259	\$51,645	5.88	%	
TWDiamondback Holdings Corp. (18)									
Distribution & Logistics	Preferred shares (4)	—	—	200	2,000	2,000	0.23	%	
TW-NHME Holdings Corp. (23)									
Healthcare Services	Preferred shares (4)	—	—	100	1,000	881	0.10	%	
Education Management Corporation (22)									
Education	Preferred shares (2)	—	—	3,331	200	80			
	Preferred shares (3)	—	—	1,879	113	45			
	Ordinary shares (2)	—	—	2,994,065	100	182			
	Ordinary shares (3)	—	—	1,688,976	56	102			
					469	409	0.05	%	
Ancora Acquisition LLC (13)									
Education	Preferred shares (6)	—	—	372	83	393	0.04	%	
Total Shares - United States					\$54,811	\$55,328	6.30	%	
Total Shares					\$55,389	\$56,503	6.43	%	
Warrants - United States									
YP Holdings LLC / Print Media Holdings LLC (10):									
YP Equity Investors, LLC									
Media	Warrants (5)	—	—	5	\$—	\$5,304	0.60	%	
ASP LCG Holdings, Inc.									
Education	Warrants (3)	—	—	622	37	251	0.03	%	
Ancora Acquisition LLC (13)									
Education	Warrants (6)	—	—	20	—	—	—	%	

Total Warrants - United States	\$37	\$5,555	0.63	%
--------------------------------	------	---------	------	---

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

11

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2015

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Total Funded Investments					\$1,362,169	\$1,344,137	152.97 %
Unfunded Debt Investments - United States							
TWDiamondback Holdings Corp. (18):							
Diamondback Drugs of Delaware, L.L.C. (TWDiamondback II Holdings LLC)							
Distribution & Logistics	First lien (3)(11) - Undrawn	—	2/16/2016	\$2,158	\$—	\$—	
	First lien (4)(11) - Undrawn	—	2/16/2016	605	—	—	
				2,763	—	—	— %
iPipeline, Inc. (Internet Pipeline, Inc.)							
Software	First lien (3)(11) - Undrawn	—	8/4/2021	1,000	(10	) (10) — %
VetCor Professional Practices LLC							
Consumer Services	First lien (3)(11) - Undrawn	—	4/20/2021	2,610	(27	) (7)
	First lien (4)(11) - Undrawn	—	5/12/2017	2,700	(27	) (7)
				5,310	(54	) (14) — %
DCA Investment Holding, LLC							
Healthcare Services	First lien (3)(11) - Undrawn	—	7/2/2021	2,100	(21	) (21) — %
EN Engineering, LLC Business Services	First lien (2)(11) -	—	12/30/2016	3,571	(18	) (36) — %

Edgar Filing: New Mountain Finance Corp - Form 10-Q

Valet Waste Holdings, Inc.	Undrawn								
Business Services	First lien (3)(11) - Undrawn	—	9/24/2021	4,500	(56)	(56)	(0.01)	%	
QC McKissock Investment, LLC (17): McKissock, LLC									
Education	First lien (2)(11) - Undrawn	—	12/31/2015	2,304	(23)	(67)	(0.01)	%	
MailSouth, Inc. (d/b/a Mspark)									
Media	First lien (3)(11) - Undrawn	—	12/14/2016	1,900	(181)	(72)	(0.01)	%	
Total Unfunded Debt Investments				\$23,448	\$(363)	\$(276)	(0.03)	%	
Total Non-Controlled/Non-Affiliated Investments					\$1,361,806	\$1,343,861	152.94	%	
Non-Controlled/Affiliated Investments(24)									
Funded Debt Investments - United States									
Tenawa Resource Holdings LLC (16): Tenawa Resource Management LLC									
Energy	First lien (3)	10.50% (Base Rate + 8.00%)	5/12/2019	\$40,000	\$39,861	\$39,253	4.47	%	
Edmentum Ultimate Holdings, LLC (19)									
Education	Subordinated (3)	8.50% PIK*	6/9/2020	3,705	3,697	3,705			
	Subordinated (2)	10.00% PIK*	6/9/2020	13,373	13,373	10,939			
	Subordinated (3)	10.00% PIK*	6/9/2020	3,290	3,290	2,691			
Total Funded Debt Investments - United States				20,368	20,360	17,335	1.97	%	
Equity - United States				\$60,368	\$60,221	\$56,588	6.44	%	
NMFC Senior Loan Program I LLC**									
Investment Fund	Membership interest (3)	—	—	—	\$23,000	\$22,928	2.61	%	

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2015

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets	
Tenawa Resource Holdings LLC (16): QID NGL LLC								
Energy	Ordinary shares (7)	—	—	5,290,997	\$5,291	\$5,291	0.60	%
Edmentum Ultimate Holdings, LLC (19)								
Education	Ordinary shares (2)	—	—	107,143	9	1,687		
	Ordinary shares (3)	—	—	123,968	11	1,952		
					20	3,639	0.41	%
Total Shares - United States					\$28,311	\$31,858	3.62	%
Unfunded Debt Investments - United States								
Edmentum Ultimate Holdings, LLC (19): Edmentum, Inc. (fka Plato, Inc.) (Archipelago Learning, Inc.)								
Education	Second lien (3)(11) - Undrawn	—	6/9/2020	\$ 4,881	\$—	\$—	—	%
Total Unfunded Debt Investments				\$ 4,881	\$—	\$—	—	%
Total Non-Controlled/Affiliated Investments					\$88,532	\$88,446	10.06	%
Controlled Investments(25) Funded Debt Investments - United States								
UniTek Global Services, Inc.								
Business Services	First lien (2)	8.50% (Base Rate + 7.50%)	1/13/2019	\$ 6,786	\$6,786	\$6,733		
	First lien (3)		1/13/2019	4,060	4,060	4,028		

Edgar Filing: New Mountain Finance Corp - Form 10-Q

	8.50% (Base Rate + 7.50%)								
	9.50% (Base Rate + 7.50% + 1.00% PIK)*	1/13/2019	7,986	7,986	7,953				
	Subordinated (2)	15.00% PIK*	7/13/2019	1,429	1,429	1,419			
	Subordinated (3)	15.00% PIK*	7/13/2019	855	855	849			
				21,116	21,116	20,982	2.39	%	
Total Funded Debt				\$ 21,116	\$ 21,116	\$ 20,982	2.39	%	
Investments - United States									
Equity - United States									
UniTek Global Services, Inc.									
Business Services	Preferred shares (2)(21)	—	—	16,135,465	\$ 13,755	\$ 13,757			
	Preferred shares (3)(21)	—	—	4,459,075	3,801	3,802			
	Ordinary shares (2)	—	—	2,096,477	1,925	5,597			
	Ordinary shares (3)	—	—	579,366	532	1,547			
					20,013	24,703	2.81	%	
Total Shares - United States					\$ 20,013	\$ 24,703	2.81	%	
Total Funded Investments					\$ 41,129	\$ 45,685	5.20	%	
Unfunded Debt									
Investments - United States									
UniTek Global Services, Inc.									
Business Services	First lien (3)(11) - Undrawn	—	1/13/2019	\$ 2,048	\$—	\$(9)			
	First lien (3)(11) - Undrawn	—	1/13/2019	758	—	(3)			
				2,806	—	(12)	—	%	
Total Unfunded Debt				\$ 2,806	\$—	\$(12)	—	%	
Investments									
Total Controlled Investments					\$ 41,129	\$ 45,673	5.20	%	
Total Investments					\$ 1,491,467	\$ 1,477,980	168.20	%	

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2015

(in thousands, except shares)

(unaudited)

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

(2) Investment is pledged as collateral for the Holdings Credit Facility, a revolving credit facility among the Company as Collateral Manager, New Mountain Finance Holdings, L.L.C. (“NMF Holdings”) as the Borrower, Wells Fargo Securities, LLC as the Administrative Agent, and Wells Fargo Bank, National Association, as the Lender and Collateral Custodian. See Note 7, Borrowings, for details.

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

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

(5) Investment is held in NMF YP Holdings, Inc.

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

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

(8) Investment or a portion of the investment is on non-accrual status. See Note 3, Investments, for details.

(9) Securities are registered under the Securities Act.

(10) The Company holds investments in three related entities of YP Holdings LLC/Print Media Holdings LLC. The Company directly holds warrants to purchase a 4.96% membership interest of YP Equity Investors, LLC (which at closing represented an indirect 1.0% equity interest in YP Holdings LLC) and holds an investment in the Term Loan B loans issued by YP LLC and Print Media LLC, wholly-owned subsidiaries of YP Holdings LLC and Print Media Holdings LLC, respectively.

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

(12) The Company holds investments in Packaging Coordinators, Inc. and one related entity of Packaging Coordinators, Inc. The Company has a debt investment in Packaging Coordinators, Inc. and holds ordinary equity in PCI Pharma Holdings UK Limited, a wholly-owned subsidiary of Packaging Coordinators, Inc.

(13) The Company holds investments in ATI Acquisition Company and Ancora Acquisition LLC. The Company has debt investments in ATI Acquisition Company and preferred equity and warrants to purchase units of common membership interests of Ancora Acquisition LLC. The Company received its investments in Ancora Acquisition LLC as a result of its investments in ATI Acquisition Company.

(14) The Company holds an investment in CompassLearning, Inc. that is structured as a first lien last out term loan.

(15) The Company holds two first lien investments in Tolt Solutions, Inc. The debt investment with an interest rate of a base rate + 6.00% is structured as a first lien first out debt investment. The debt investment with an interest rate of a base rate + 11.00% is structured as a first lien last out debt investment.

(16) The Company holds investments in two related entities of Tenawa Resource Holdings LLC. The Company holds 5.25% of the common units in QID NGL LLC (which at closing represented 98.1% of the ownership in the common units in Tenawa Resource Holdings LLC) and holds a first lien investment in Tenawa Resource Management LLC, a wholly-owned subsidiary of Tenawa Resource Holdings LLC.

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

Edgar Filing: New Mountain Finance Corp - Form 10-Q

holds a first lien term loan and a delayed draw term loan in McKissock, LLC, a wholly-owned subsidiary of McKissock Investment Holdings, LLC.

(18) The Company holds investments in TWDiamondback Holdings Corp. and one related entity of TWDiamondback Holdings Corp. The Company holds preferred equity in TWDiamondback Holdings Corp. and holds a first lien last out term loan and a delayed draw term loan in Diamondback Drugs of Delaware LLC, a wholly-owned subsidiary of TWDiamondback Holdings Corp.

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

(20) Total shares reported assumes shares issued for the capitalization of PIK interest. Actual shares owned total 50,000 as of September 30, 2015.

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

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

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

14

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2015

(in thousands, except shares)

(unaudited)

(23) The Company holds an equity investment in TW-NHME Holdings Corp., as well as a second lien term loan investment in National HME, Inc., a wholly-owned subsidiary of TW-NHME Holdings Corp.

Denotes investments in which the Company is an "Affiliated Person", as defined in the Investment Company Act of 1940, as amended, due to owning or holding the power to vote 5.0% or more of the outstanding voting securities (24) of the investment but not controlling the company. Fair value as of December 31, 2014 and September 30, 2015 along with transactions during the nine months ended September 30, 2015 in which the issuer was a non-controlled/affiliated investment is as follows: