New Mountain Finance Corp
Form 497
February 12, 2019

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PROSPECTUS SUPPLEMENT
(to Prospectus dated July 13, 2018)

3,750,000 Shares

New Mountain Finance Corporation

Common Stock

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

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

We are offering for sale 3,750,000 shares of our common stock. We have granted the underwriters a 30-day option to purchase up to 562,500 additional shares of our common stock at the public offering price, less underwriting discounts and commissions.

Our common stock is listed on the New York Stock Exchange under the symbol "NMFC". On February 8, 2019, the last reported sales price on the New York Stock Exchange for our common stock was $13.95 per share, and the net asset value per share of our common stock on September 30, 2018 (the last date prior to the date of this prospectus supplement on which we determined our net asset value per share) was $13.58.

An investment in our common stock is very risky and highly speculative. Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. In addition, the companies in which we invest in are subject to special risks. See "Risk Factors" beginning on page S-26 of this prospectus supplement and beginning on page 27 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our common stock.

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

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

	Per Share	Total(2)
Public Offering Price	$ 13.57	$ 50,887,500
Additional supplemental payment to the underwriters by Investment Adviser(1)	$ 0.18	$ 675,000
Proceeds to us (before expenses)(1)	$ 13.75	$ 51,562,500
Sales Load payable to the underwriters by Investment Adviser (Underwriting Discounts and Commissions)(1)(2)(3)	$ 0.42	$ 1,575,000

(1) New Mountain Finance Advisers BDC, L.L.C. (the "Investment Adviser") has agreed to bear $1,575,000, or $0.42 per share, of the sales load in connection with this offering, which is reflected in the above table. In addition, the Investment Adviser has agreed to pay to the underwriters an additional supplemental payment of $675,000, or $0.18 per share, which reflects the difference between the public offering price and the proceeds per share received by us in this offering. All payments made by the Investment Adviser will not be subject to reimbursement by us. All other expenses of the offering will be borne by us. We will incur approximately $0.3 million of estimated expenses in connection with this offering.

(2) To the extent that the underwriters sell more than 3,750,000 shares of our common stock, the underwriters have the option to purchase up to an additional 562,500 shares of our common stock at the public offering price, less the sales load, within 30 days of the date of this prospectus supplement. If the underwriters exercise this option in full, the total public offering price, additional supplemental payment by the Investment Adviser, proceeds to us and sales load payable by the Investment Adviser will be $58,520,625, $776,250, $59,296,875 and $1,811,250, respectively. See "Underwriting".

(3) See "Underwriting" for details of compensation to be received by the underwriters.

The underwriters expect to deliver the shares against payment in New York, New York on or about February 14, 2019.

Joint-Lead Bookrunners

Wells Fargo Securities **Morgan Stanley** **Goldman Sachs & Co. LLC** **Keefe, Bruyette & Woods** ***A Stifel Company***

Co-Managers

Janney Montgomery Scott **Oppenheimer & Co.**

Prospectus Supplement dated February 11, 2019

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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ABOUT THIS PROSPECTUS SUPPLEMENT

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

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common stock and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from the information contained in the accompanying prospectus, the information in this prospectus supplement shall control. Please carefully read this prospectus supplement and the accompanying prospectus together with any exhibits and the additional information described under "Available Information" and in the "Prospectus Supplement Summary", "Prospectus Summary" and "Risk Factors" sections of this prospectus supplement and the accompanying prospectus before you make an investment decision. Unless otherwise indicated, all information included in this prospectus supplement assumes no exercise by the underwriters of their option to purchase up to an additional 562,500 shares of our common stock.

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PROSPECTUS SUPPLEMENT SUMMARY

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

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

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

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

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

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

"NMFDB" refers to New Mountain Finance DB, L.L.C., a Delaware limited liability company;

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

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

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

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

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

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

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

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

"New Mountain Capital" refers to New Mountain Capital Group, L.P. together with New Mountain Capital L.L.C. and its affiliates whose ultimate owners include Steven B. Klinsky and other related vehicles;

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

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

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

"DB Credit Facility" refers to our Secured Revolving Credit Agreement with Deutsche Bank AG, New York Branch, dated December 14, 2018;

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

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

"2014 Convertible Notes" refers to our 5.00% convertible notes due June 15, 2019 issued on June 3, 2014 and September 30, 2016 under an indenture dated June 3, 2014, between us and U.S. Bank National Association, as trustee;

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

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

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

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

"2018 Convertible Notes" refers to our 5.75% convertible notes due August 15, 2023 issued on August 20, 2018 and August 30, 2018 under an indenture and a first supplemental indenture, both dated August 20, 2018, between us and U.S. Bank National Association, as trustee;

"5.75% Unsecured Notes" refers to our 5.75% unsecured notes due October 1, 2023, issued on September 25, 2018 and October 17, 2018 under an indenture, dated August 20, 2018, as supplemented by a second supplemental indenture thereto, dated September 25, 2018, between us and U.S. Bank National Association, as trustee; and

"Unsecured Notes" refers to the 2016 Unsecured Notes, the 2017A Unsecured Notes, the 2018A Unsecured Notes, 2018B Unsecured Notes and the 5.75% Unsecured Notes.

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

Overview

New Mountain Finance Corporation

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

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Code of 1986, as amended (the "Code"). NMFC is also registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

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

Our wholly-owned subsidiary, NMF Holdings, is a Delaware limited liability company whose assets are used to secure NMF Holdings' credit facility. For additional information about our organizational structure prior to May 8, 2014, see "Description of Restructuring" in the accompanying prospectus. NMF Ancora Holdings Inc. ("NMF Ancora"), NMF QID NGL Holdings, Inc. ("NMF QID") and NMF YP Holdings Inc. ("NMF YP"), our wholly-owned subsidiaries, are structured as Delaware entities that serve as tax blocker corporations which hold equity or equity-like investments in portfolio companies organized as limited liability companies (or other forms of pass-through entities). We consolidate our tax blocker corporations for accounting purposes. The tax blocker corporations are not consolidated for income tax purposes and may incur income tax expense as a result of their ownership of the portfolio companies. Additionally, our wholly-owned subsidiary, New Mountain Finance Servicing, L.L.C. ("NMF Servicing"), serves as the administrative agent on certain investment transactions. SBIC I, and its general partner, SBIC I GP, are organized in Delaware as a limited partnership and limited liability company, respectively. During the year ended December 31, 2017, SBIC II and its general partner, SBIC II GP, were organized in Delaware as a limited partnership and limited liability company, respectively. SBIC I, SBIC I GP, SBIC II and SBIC II GP are our consolidated wholly-owned direct and indirect subsidiaries. SBIC I and SBIC II each received a license from the United States ("U.S.") Small Business Administration (the "SBA") to operate as a small business investment company ("SBIC") under Section 301(c) of the Small Business Investment Act of 1958, as amended (the "1958 Act"). Our wholly-owned subsidiary, NMNLC, a Maryland corporation, was formed to acquire commercial real properties that are subject to "triple net" leases and has qualified and intends to continue to qualify as a real estate investment trust ("REIT") within the meaning of Section 856(a) of the Code. During the year ended December 31, 2018, NMFDB was organized in Delaware as a limited liability company whose assets are used to secure NMFDB's credit facility.

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

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

As of September 30, 2018, our net asset value was $1,033.5 million and our portfolio had a fair value of approximately $2,294.8 million in 92 portfolio companies, with a weighted average yield to maturity at cost for income producing investments ("YTM at Cost") of approximately 11.0% and a weighted average yield to maturity at cost for all investments ("YTM at Cost for Investments") of approximately 10.9%. The YTM at Cost calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. The YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased as cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. YTM at Cost and YTM at Cost for Investments calculations exclude the impact of existing leverage. YTM at Cost and YTM at Cost for Investments uses the London Interbank Offered Rate ("LIBOR") curves at each quarter's end date. The actual yield to maturity may be higher or lower due to the future selection of the LIBOR contracts by the individual companies in our portfolio or other factors.

Recent Developments

Originations and Repayments

We had approximately $332.0 million of originations and commitments since September 30, 2018 through February 8, 2019. This was offset by approximately $79.2 million of repayments and $119.1 million of sales during the same period.

5.75% Unsecured Notes

On October 17, 2018, in connection with the registered public offering, we issued an additional $1.8 million aggregate principal amount of the 5.75% Unsecured Notes pursuant to the exercise of an overallotment option by the underwriters of the 5.75% Unsecured Notes.

Distribution

On November 1, 2018, our board of directors declared a fourth quarter 2018 distribution of $0.34 per share which was paid on December 28, 2018 to holders of record as of December 14, 2018.

Holdings Credit Facility

On November 19, 2018, we entered into the Second Amendment to Loan and Security Agreement (the *"Second Amendment"*), which amended the Holdings Credit Facility. Among other changes, the Second Amendment: increased the maximum facility amount from $495.0 million to $695.0 million; made certain technical changes to facilitate further increases should any new or existing lender and NMF Holdings mutually agree to do so; modified certain eligibility criteria and concentration limits for loans acquired by NMF Holdings; lowered the concentration limit for non-first lien loans from 50% to 35%; changed the minimum asset coverage ratio for us and our consolidated subsidiaries from 2:1 to 1.5:1, changed the cure level to 1.75:1; and changed the default basket for tax liens and other governmental liens from $50,000 to $250,000.

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On December 13, 2018, January 8, 2019 and January 25, 2019, NMF Holdings entered into certain Joinder Supplements (the *"Joinders"*) to add TIAA, FSB, Old Second National Bank and Sumitomo Mitsui Trust Bank, Limited, New York, respectively, as new lenders under the Holdings Credit Facility. After giving effect to each of the Joinders, the aggregate commitments of the lenders under the Holdings Credit Facility equals $675.0 million. The Holdings Credit Facility continues to have a revolving period ending on October 24, 2020, and will still mature on October 24, 2022.

Deutsche Bank Facility

On December 14, 2018, our newly formed wholly-owned subsidiary, NMFDB, as the borrower (the *"DB Facility Borrower"*), entered into a secured revolving credit facility with Deutsche Bank AG, New York Branch (*"Deutsche Bank"*) pursuant to a Loan Financing and Servicing Agreement (together with the exhibits and schedules thereto, the *"DB Facility Agreement"* and the secured revolving credit facility thereunder, the *"DB Credit Facility"*), by and among the DB Facility Borrower, us, as equityholder and servicer, the lenders from time to time party thereto, Deutsche Bank, as the facility agent (the *"Facility Agent"*), the other agents from time to time party thereto and U.S. Bank National Association, as collateral agent and collateral custodian. The facility amount and the commitment of Deutsche Bank is $100.0 million. With the consent of the Facility Agent (which may be made subject to conditions), Deutsche Bank and the DB Facility Borrower may in the future agree to increase the commitments and the facility amount by up to $200.0 million or add additional lenders. The lenders under the DB Credit Facility will make advances to the DB Facility Borrower during a revolving period (the *"Revolving Period"*) that will expire on December 14, 2021, provided that the Revolving Period may be extended with the consent of the lenders and may also terminate early if an event of default or other adverse events, specified in the DB Facility Agreement, occur. The maturity date for the DB Credit Facility is December 14, 2023.

Preliminary Estimates of Net Asset Value and Net Investment Income

Set forth below is a preliminary estimate of our net asset value per share as of December 31, 2018 and a preliminary estimate of our net investment income per share range for the three months ended December 31, 2018. The following estimates are not a comprehensive statement of our financial condition or results for the period ended December 31, 2018. We advise you that our actual results for the three months ended December 31, 2018 may differ materially from these estimates, which are given only as of the date of this prospectus supplement, as a result of the completion of our financial closing procedures, final adjustments and other developments, including changes in interest rates, changes in the businesses to whom we have made loans or market and industry fluctuations, which may arise between now and the time that our financial results for the three months ended December 31, 2018 are finalized. This information is inherently uncertain.

As of the date of this prospectus supplement, we estimate that our net asset value per share as of December 31, 2018 was approximately $13.20 to $13.25. We also estimate that as of the date of this prospectus supplement our net asset value per share has increased since December 31, 2018 due to changes in market conditions. The offering price per share of our common stock, net of the sales load (underwriting discounts and commissions), will be in excess of the net asset value per share of our common stock at the time we make this offering.

As of the date of this prospectus supplement, we currently expect that our net investment income per share was between $0.35 and $0.36 for the three months ended December 31, 2018.

The preliminary financial estimates provided herein have been prepared by, and are the responsibility of, management. Neither Deloitte & Touche LLP, our independent registered public accounting firm, nor any other independent accountants have audited, reviewed, compiled, or performed any procedures with respect to the accompanying preliminary financial data.

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Accordingly, Deloitte & Touche LLP does not express an opinion or any form of assurance with respect thereto and assumes no responsibility for, and disclaims any association with, this information.

Share Repurchase Program

On January 3, 2019, our board of directors extended our common stock repurchase program and we expect our common stock repurchase program to be in place until the earlier of December 31, 2019 or until $50.0 million of our outstanding shares of common stock have been repurchased.

The Investment Adviser

The Investment Adviser, a wholly-owned subsidiary of New Mountain Capital, manages our day-to-day operations and provides us with investment advisory and management services. In particular, the Investment Adviser is responsible for identifying attractive investment opportunities, conducting research and due diligence on prospective investments, structuring our investments and monitoring and servicing our investments. We currently do not have, and do not intend to have, any employees. The Investment Adviser also manages New Mountain Guardian Partners II, L.P., a Delaware limited partnership, and New Mountain Guardian Partners II Offshore, L.P., a Cayman Islands exempted limited partnership, (together "Guardian II"), which commenced operations in April 2017. As of September 30, 2018, the Investment Adviser was supported by over 140 employees and senior advisors of New Mountain Capital.

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

Competitive Advantages

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

Proven and Differentiated Investment Style With Areas of Deep Industry Knowledge

In making its investment decisions, the Investment Adviser applies New Mountain Capital's long-standing, consistent investment approach that has been in place since its founding in 1999. We focus on companies in defensive growth niches of the middle market space where we believe few debt funds have built equivalent research and operational size and scale.

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

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

1. A generalist approach, combined with proactive pursuit of the highest quality opportunities within carefully selected industries, identified via an intensive and structured ongoing research process;

2. Emphasis on strong downside protection and strict risk controls; and

3. Continued search for superior risk adjusted returns, combined with timely, intelligent exits and outstanding return performance.

Experienced Management Team and Established Platform

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

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

Significant Sourcing Capabilities and Relationships

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

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Risk Management through Various Cycles

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

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

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

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

Access to Non Mark to Market, Seasoned Leverage Facility

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

Market Opportunity

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

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

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

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

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

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

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

Operating and Regulatory Structure

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

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

Risks

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

We may suffer credit losses;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We may not be able to pay you distributions on our common stock, our distributions to you may not grow over time and a portion of our distributions to you may be a return of capital for U.S. federal income tax purposes;

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

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

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

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

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

Company Information

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

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consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus.

Presentation of Historical Financial Information and Market Data

Historical Financial Information

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

Market Data

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

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THE OFFERING

Common Stock Offered	We are offering 3,750,000 shares of our common stock. To the extent that the underwriters sell more than 3,750,000 shares of our common stock, the underwriters have the option to purchase up to an additional 562,500 shares of our common stock at the initial public offering price, less the underwriting discounts and commissions (sales load), within 30 days of the date of this prospectus supplement.
Shares of Our Common Stock Currently Outstanding	76,106,372 shares.
Shares of Our Common Stock Outstanding After This Offering	79,856,372 shares, excluding 562,500 shares of common stock issuable pursuant to the option to purchase additional shares granted to the underwriters. This amount does not include any shares which may be issuable upon conversion of existing securities.

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Use of Proceeds	Our net proceeds from this offering will be approximately $51.3 million, after deducting estimated offering expenses of approximately $0.3 million payable by us. In addition, the Investment Adviser has agreed to bear $1.6 million of sales load in connection with this offering and an additional supplemental payment of approximately $0.7 million, which reflects the difference between the public offering price and the net proceeds received by us in this offering, both of which will not be subject to reimbursement by us. If the underwriters' option to purchase additional shares is exercised in full, our net proceeds from this offering will be approximately $59.0 million, after deducting estimated offering expenses of approximately $0.3 million payable by us. In addition, if the underwriters' option to purchase additional shares is exercised in full, the Investment Adviser has agreed to bear $1.8 million of sales load in connection with this offering and an additional supplemental payment of approximately $0.8 million, which reflects the difference between the public offering price and the net proceeds received by us in this offering, both of which will not be subject to reimbursement by us. We intend to use the net proceeds from this offering primarily for new investments in portfolio companies in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus. We may also use a portion of the net proceeds from the sale of shares of our common stock sold in this offering for other general corporate purposes, including to temporarily repay indebtedness (which will be subject to reborrowing), and other working capital requirements. We are continuously identifying, reviewing and, to the extent consistent with our investment objective, funding new investments. As a result, we typically raise capital as we deem appropriate to fund such new investments. We expect that it will take up to three months for us to substantially invest the net proceeds of this offering, depending on the availability of attractive opportunities and market conditions. However, we can offer no assurance that we will be able to achieve this goal. Proceeds not immediately used for new investments or the temporary repayment of debt will be invested primarily in cash, cash equivalents, U.S. government securities and other high-quality investments that mature in one year or less from the date of the investment. These temporary investments are expected to provide a lower net return than we hope to achieve from our target investments and, accordingly, may result in lower distributions, if any, during such period. See "Use of Proceeds" in this prospectus supplement.

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New York Stock Exchange Symbol of Common Stock	"NMFC"
Investment Advisory Fees	We pay the Investment Adviser a fee for its services under an investment advisory and management agreement (the "Investment Management Agreement") consisting of two components a base management fee and an incentive fee. Pursuant to the Investment Management Agreement, the base management fee is calculated at an annual rate of 1.75% of our gross assets, which equals our total assets on the Consolidated Statements of Assets and Liabilities, less (i) the borrowings under the SLF Credit Facility and (ii) cash and cash equivalents. The base management fee is payable quarterly in arrears, and is calculated based on the average value of our gross assets, which equals our total assets, as determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"), less the borrowings under the SLF Credit Facility and cash and cash equivalents at the end of each of the two most recently completed calendar quarters, and appropriately adjusted on a pro rata basis for any equity capital raises or repurchases during the current calendar quarter. We have not invested, and currently do not invest, in derivatives. To the extent we invest in derivatives in the future, we will use the actual value of the derivatives, as reported on our Consolidated Statements of Assets and Liabilities, for purposes of calculating our base management fee. Since our IPO, the base management fee calculation has deducted the borrowings under the SLF Credit Facility. The SLF Credit Facility had historically consisted of primarily lower yielding assets at higher advance rates. As part of an amendment to our existing credit facilities with Wells Fargo Bank, National Association, the SLF Credit Facility merged with the Predecessor Holdings Credit Facility and into the Holdings Credit Facility on December 18, 2014. Post credit facility merger and to be consistent with the methodology since our IPO, the Investment Adviser will continue to waive management fees on the leverage associated with those assets that share the same underlying yield characteristics with investments leveraged under the legacy SLF Credit Facility. The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20.0% of our "Pre-Incentive Fee Adjusted Net Investment Income" for the immediately preceding quarter, subject to a "preferred return", or "hurdle", and a "catch-up" feature each as described in the Investment Management Agreement. The second part will be determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement) and will equal 20.0% of our "Adjusted Realized Capital Gains", if any, on a cumulative basis from inception through the end of the year, computed net of all "Adjusted Realized Capital Losses" and "Adjusted Unrealized Capital Depreciation" on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fee each as described in the Investment Management Agreement. The Investment Adviser cannot recoup management fees that the Investment Adviser has previously waived. See "Investment Management Agreement" in the accompanying prospectus.

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Administrator	The Administrator serves as our administrator and arranges our office space and provides us with office equipment and administrative services. The Administrator performs, or oversees the performance of, our financial records, prepares reports to our stockholders and reports filed by us with the SEC, monitors the payment of our expenses, and oversees the performance of administrative and professional services rendered to us by others. We reimburse the Administrator for our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us under an administration agreement, as amended and restated (the "Administration Agreement"). The Administrator cannot recoup any expenses that the Administrator has previously waived. For the three and nine months ended September 30, 2018 approximately \$0.5 million and \$1.7 million, respectively, of indirect administrative expenses were included in administrative expenses, of which approximately \$0.0 million and \$0.3 million, respectively, of indirect administrative expenses were waived by the Administrator. As of September 30, 2018, \$0.8 million of indirect administrative expenses were included in payable to affiliates. See "Administration Agreement" in the accompanying prospectus.
Distributions	We intend to pay quarterly distributions to our stockholders out of assets legally available for distribution. The quarterly distributions, if any, will be determined by our board of directors. The distributions we pay to our stockholders in a year may exceed our taxable income for that year and, accordingly, a portion of such distributions may constitute a return of capital, which is a return of a portion of a shareholder's original investment in our common stock, for U.S. federal income tax purposes. Generally, a return of capital will reduce an investor's basis in our stock for U.S. federal income tax purposes, which will result in a higher tax liability when the stock is sold. The specific tax characteristics of our distributions will be reported to stockholders after the end of the calendar year. See "Price Range of Common Stock and Distributions" in this prospectus supplement and the accompanying prospectus.
Taxation of NMFC	We have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as a RIC under Subchapter M of the Code. As a RIC, we generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that are timely distributed to our stockholders as dividends. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually to our stockholders at least 90.0% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. See "Price Range of Common Stock and Distributions" in this prospectus supplement and in the accompanying prospectus and "Material U.S. Federal Income Tax Considerations" in the accompanying prospectus.

Dividend Reinvestment Plan	We have adopted an "opt out" dividend reinvestment plan for our stockholders. As a result, if we declare a distribution, then your cash distributions will be automatically reinvested in additional shares of our common stock, unless you specifically "opt out" of the dividend reinvestment plan so as to receive cash distributions. Stockholders who receive distributions in the form of stock will be subject to the same U.S. federal income tax consequences as stockholders who elect to receive their distributions in cash. We will use only newly issued shares to implement the plan if the price at which newly issued shares are to be credited is equal to or greater than 110.0% of the last determined net asset value of our shares. We reserve the right to either issue new shares or purchase shares of our common stock in the open market in connection with our implementation of the plan if the price at which newly issued shares are to be credited to stockholders' accounts does not exceed 110.0% of the last determined net asset value of the shares. See "Dividend Reinvestment Plan" in the accompanying prospectus.
Trading at a Discount	Shares of closed-end investment companies frequently trade at a discount to their net asset value. The possibility that our common stock may trade at a discount to our net asset value per share is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade above, at or below net asset value.
License Agreement	We have entered into a royalty-free license agreement with New Mountain Capital, pursuant to which New Mountain Capital has agreed to grant us a non-exclusive license to use the names "New Mountain" and "New Mountain Finance". See "License Agreement" in the accompanying prospectus.
Leverage	We expect to continue to use leverage to make investments. As a result, we may continue to be exposed to the risks of leverage, which include that leverage may be considered a speculative investment technique. The use of leverage magnifies the potential for gain and loss on amounts we invest and therefore, indirectly, increases the risks associated with investing in shares of our common stock. See "Risk Factors" in this prospectus supplement and the accompanying prospectus.
Anti-Takeover Provisions	Our board of directors is divided into three classes of directors serving staggered three-year terms. This structure is intended to provide us with a greater likelihood of continuity of management, which may be necessary for us to realize the full value of our investments. A staggered board of directors also may serve to deter hostile takeovers or proxy contests, as may certain other measures that we may adopt. These measures may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders. See "Description of Capital Stock Delaware Law and Certain Certificate of Incorporation and Bylaw Provisions; Anti-Takeover Measures" in the accompanying prospectus.

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Available Information	We have filed with the SEC a registration statement on Form N-2 together with all amendments and related exhibits under the Securities Act of 1933, as amended (the "Securities Act"). The registration statement contains additional information about us and the shares of common stock being offered by this prospectus supplement and the accompanying prospectus. We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This information is available on the SEC's website at *http://www.sec.gov*. This information is also available free of charge by contacting us at New Mountain Finance Corporation, 787 Seventh Avenue, 48th Floor, New York, New York 10019, by telephone at (212) 720-0300, or on our website at *www.newmountainfinance.com*. Information contained on our website or on the SEC's website about us is not incorporated into this prospectus supplement and the accompanying prospectus and you should not consider information contained on our website or on the SEC's website to be part of this prospectus supplement and the accompanying prospectus.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement and the accompanying prospectus contains a reference to fees or expenses paid by "you", "NMFC", or "us" or that "we", "NMFC", or the "Company" will pay fees or expenses, we will pay such fees and expenses out of our net assets and, consequently, you will indirectly bear such fees or expenses as an investor in us. However, you will not be required to deliver any money or otherwise bear personal liability or responsibility for such fees or expenses.

Stockholder transaction expenses:		
Sales load borne by us (as a percentage of offering price)		None(1)
Offering expenses borne by us (as a percentage of offering price)		0.55%(2)
Dividend reinvestment plan fees	$	15.00(3)
Total stockholder transaction expenses (as a percentage of offering price)		0.55%
Annual expenses (as a percentage of net assets attributable to common stock):		
Base management fees		3.94%(4)
Incentive fees payable under the Investment Management Agreement		2.41%(5)
Interest payments on borrowed funds		5.98%(6)
Other expenses		0.95%(7)
Acquired fund fees and expenses		1.30%(8)
Total annual expenses		14.58%(9)

(1) The Investment Adviser has agreed to bear all of the sales load in connection with this offering, which is not reflected in the above table and will not be subject to reimbursement by us. There is no guaranty that there will be any sales of our common stock pursuant to this prospectus supplement or the accompanying prospectus.

(2) The offering expenses of this offering are estimated to be approximately $0.3 million.

(3) If a participant elects by written notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a $15.00 transaction fee plus a $0.10 per share brokerage commission from the proceeds. The expenses of the dividend reinvestment plan are included in "other expenses." The plan administrator's fees will be paid by us. There will be no brokerage charges or other charges to stockholders who participate in the plan.

(4) The base management fee under the Investment Management Agreement is based on an annual rate of 1.75% of our average gross assets for the two most recent quarters, which equals our total assets on the Consolidated Statements of Assets and Liabilities, less (i) the borrowings under the SLF Credit Facility and (ii) cash and cash equivalents. We have not invested, and currently do not invest, in derivatives. To the extent we invest in derivatives in the future, we will use the actual value of the derivatives, as reported on our Consolidated Statements of Assets and Liabilities, for purposes of calculating our base management fee. Since our IPO, the base management fee calculation has deducted the borrowings under the SLF Credit Facility. The SLF Credit

Facility had historically consisted of primarily lower yielding assets at higher advance rates. As part of an amendment to our existing credit facilities with Wells Fargo Bank, National Association, the SLF Credit Facility merged with the Predecessor Holdings Credit Facility and into the Holdings Credit Facility on December 18, 2014. Post credit facility merger and to be consistent with the methodology since our IPO, the Investment Adviser will continue to waive management fees on the leverage associated with those assets that share the same underlying yield characteristics with investments leveraged under the legacy SLF Credit Facility. The Investment Adviser cannot recoup management fees that the Investment Adviser has previously waived. The base management fee reflected in the table above is based on the three months ended September 30, 2018 and is calculated without deducting any management fees waived. The annual base management fee after deducting the management fee waiver

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as a percentage of net assets would be 3.22% based on the three months ended September 30, 2018. See "Investment Management Agreement" in the accompanying prospectus.

(5)

Assumes that annual incentive fees earned by the Investment Adviser remain consistent with the gross incentive fees earned by the Investment Adviser during the three months ended September 30, 2018 and includes accrued capital gains incentive fee and calculated without deducting any incentive fees waived. For the three months ended September 30, 2018, no incentive fees were waived by the Investment Adviser. The Investment Adviser cannot recoup incentive fees that the Investment Adviser has previously waived. As of September 30, 2018, we did not have a capital gains incentive fee accrual. As we cannot predict whether we will meet the thresholds for incentive fees under the Investment Management Agreement, the incentive fees paid in subsequent periods, if any, may be substantially different than the fees incurred during the three months ended September 30, 2018. For more detailed information about the incentive fee calculations, see the "Investment Management Agreement" section of the accompanying prospectus.

(6)

We may borrow funds from time to time to make investments to the extent we determine that additional capital would allow us to take advantage of additional investment opportunities or if the economic situation is otherwise conducive to doing so. The costs associated with these borrowings are indirectly borne by our stockholders. As of September 30, 2018, we had $466.0 million, $135.0 million, $270.3 million, $335.0 million and $165.0 million of indebtedness outstanding under the Holdings Credit Facility, the NMFC Credit Facility, the Convertible Notes, the Unsecured Notes and the SBA-guaranteed debentures, respectively. For purposes of this calculation, we have assumed the September 30, 2018 amounts outstanding under the credit facilities, the Convertible Notes, the Unsecured Notes and the SBA-guaranteed debentures, and have computed interest expense using an assumed interest rate of 4.6% for the Holdings Credit Facility, 4.6% for the NMFC Credit Facility, 5.3% for the Convertible Notes, 5.2% for the Unsecured Notes and 3.3% for the SBA-guaranteed debentures, which were the rates payable as of September 30, 2018. See "Senior Securities" in this prospectus supplement and the accompanying prospectus.

(7)

"Other expenses" include our overhead expenses, including payments by us under the Administration Agreement based on the allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us under the Administration Agreement. Pursuant to the Administration Agreement, the Administrator may, in its own discretion, submit to us for reimbursement some or all of the expenses that the Administrator has incurred on our behalf during any quarterly period. As a result, the amount of expenses for which we will have to reimburse the Administrator may fluctuate in future quarterly periods and there can be no assurance given as to when, or if, the Administrator may determine to limit the expenses that the Administrator submits to us for reimbursement in the future. However, it is expected that the Administrator will continue to support part of our expense burden in the near future and may decide to not calculate and charge through certain overhead related amounts as well as continue to cover some of the indirect costs. The Administrator cannot recoup any expenses that the Administrator has previously waived. This expense ratio is calculated without deducting any expenses waived or reimbursed by the Administrator. Assuming the expenses waived or reimbursed by the Administrator at September 30, 2018 of $0.3 million, the annual expense ratio after deducting the expenses waived or reimbursed by the Administrator as a percentage of net assets would be 0.91%. For the nine months ended September 30, 2018, we reimbursed the Administrator approximately $1.4 million for indirect administrative expenses, which represents approximately 0.18% of our net assets on an annulized basis. See "Administration Agreement" in the accompanying prospectus.

(8) The holders of shares of our common stock indirectly bear the expenses of our investment in NMFC Senior Loan Program I, LLC ("SLP I"), NMFC Senior Loan Program II, LLC ("SLP II") and NMFC Senior Loan Program III, LLC ("SLP III"). No management fee is charged on our investment in SLP I in connection with the administrative services provided to SLP I. As SLP II and SLP III are structured as private joint ventures, no management fees are paid by SLP II or SLP III. Future expenses for SLP I, SLP II and SLP III may be substantially higher or lower because certain expenses may fluctuate over time.

(9) The holders of shares of our common stock indirectly bear the cost associated with our annual expenses.

Example

The following example, required by the SEC, demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our borrowings and annual operating expenses would remain at the levels set

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forth in the table above. See Note 6 below for additional information regarding certain assumptions regarding our level of leverage.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return	$ 122	$ 337	$ 521	$ 868

The example should not be considered a representation of future expenses, and actual expenses may be greater or less than those shown.

While the example assumes, as required by the applicable rules of the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. The incentive fee under the Investment Management Agreement, which, assuming a 5.0% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the above example. The above illustration assumes that we will not realize any capital gains (computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher. For example, if we assumed that we received our 5.0% annual return completely in the form of net realized capital gains on our investments, computed net of all cumulative unrealized depreciation on our investments, the projected dollar amount of total cumulative expenses set forth in the above illustration would be as follows:

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return	$ 130	$ 359	$ 549	$ 898

The example assumes no sales load borne by us. In addition, while the examples assume reinvestment of all distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date. The market price per share of our common stock may be at, above or below net asset value. See "Dividend Reinvestment Plan" in the accompanying prospectus for additional information regarding the dividend reinvestment plan.

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SELECTED FINANCIAL AND OTHER DATA

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

The below selected financial and other data is for NMFC.

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(in thousands except shares and per share data)

w Mountain Finance Corporation	Nine Months Ended September 30, 2018	2017	2016	2015	2014	2013
			Year Ended December 31,			
tement of Operations Data:						
estment income	$ 167,956	$ 197,806	$ 168,084	$ 153,855	$ 91,923	$
estment income allocated from NMF dings					43,678	90,87
expenses	89,382	95,602	79,976	71,360	34,727	
expenses allocated from NMF dings					20,808	40,35
investment income	78,574	102,204	88,108	82,495	80,066	50,52
realized (losses) gains on estments	(3,149)	(39,734)	(16,717)	(12,789)	357	
realized and unrealized gains ses) allocated from NMF Holdings					9,508	11,44
change in unrealized appreciation preciation) of investments	(690)	50,794	40,131	(35,272)	(43,863)	
change in unrealized (depreciation) reciation of securities purchased er collateralized agreements to resell	(12)	(4,006)	(486)	(296)		
change in unrealized (depreciation) reciation of investment in NMF dings						(4
ovision) benefit for taxes	(986)	140	642	(1,183)	(493)	
increase in net assets resulting from rations	73,737	109,398	111,678	32,955	45,575	61,92
share data:						
asset value	$ 13.58	$ 13.63	$ 13.46	$ 13.08	$ 13.83	$ 14.3
increase in net assets resulting from rations (basic)	0.97	1.47	1.72	0.55	0.88	1.7
increase in net assets resulting from rations (diluted)(1)	0.91	1.38	1.60	0.55	0.86	1.7
tributions declared(2)	1.02	1.36	1.36	1.36	1.48	1.4
ance sheet data:						
al assets(3)	$ 2,521,774	$ 1,928,018	$ 1,656,018	$ 1,588,146	$ 1,500,868	$ 650,10
dings Credit Facility	465,963	312,363	333,513	419,313	468,108	N/
nvertible Notes	270,329	155,412	155,523	115,000	115,000	N/
A-guaranteed debentures	165,000	150,000	121,745	117,745	37,500	N/
ecured Notes	335,000	145,000	90,000			N/
FC Credit Facility	135,000	122,500	10,000	90,000	50,000	N/
al net assets	1,033,530	1,034,975	938,562	836,908	802,170	650,10
her data:						
al return based on market value(4)	7.38%	5.54%	19.68%	(4.00)%	9.66%	11.6
al return based on net asset value(5)	7.30%	11.77%	13.98%	4.32%	6.56%	13.2
mber of portfolio companies at period	92	84	78	75	71	N/

al new investments for the period(6)	$ 1,056,668	$ 999,677	$ 558,068	$ 612,737	$ 720,871	N/
estment sales and repayments for the od(6)	$ 599,218	$ 767,360	$ 547,078	$ 483,936	$ 384,568	N/
ighted average YTM at Cost on debt tfolio at period end (unaudited)(7)	11.0%	10.9%	11.1%	10.7%	10.7%	N/
ighted average YTM at Cost for estments at period end (unaudited)(8)	10.9%	10.9%	10.5%	10.7%	10.6%	N/
ighted average shares outstanding for period (basic)	75,994,068	74,171,268	64,918,191	59,715,290	51,846,164	35,092,72
ighted average shares outstanding for period (diluted)	86,983,697	83,995,395	72,863,387	66,968,089	56,157,835	35,092,72
tfolio turnover(6)	28.21%	41.98%	36.07%	33.93%	29.51%	N/

(1) In applying the if-converted method, conversion is not assumed for purposes of computing diluted earnings per share if the effect would be anti-dilutive. For the year ended December 31, 2015, there was anti-dilution. For the nine months ended September 30, 2018 and the years ended December 31, 2017, December 31, 2016 and December 31, 2014, there was no anti-dilution. For the year ended December 31, 2013, due to reflecting earnings for the full year of operations of the

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Predecessor Operating Company assuming 100.0% NMFC ownership of Predecessor Operating Company and assuming all of New Mountain Finance AIV Holdings Corporation's ("AIV Holdings") units in the Predecessor Operating Company were exchanged for public shares of NMFC during the year then ended, the earnings per share would be $1.79.

(2)
Distributions declared in the year ended December 31, 2014 include a $0.12 per share special dividend related to realized capital gains attributable to NMF Holdings' warrant investments in Learning Care Group (US), Inc. Distributions declared in the year ended December 31, 2013 include a $0.12 per share special dividend related to a distribution received attributable to NMF Holdings' investment in YP Equity Investors LLC.

(3)
On January 1, 2016, we adopted Accounting Standards Update No. 2015-03, *Interest Imputation of Interest Subtopic 835-30 Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). Upon adoption, we revised our presentation of deferred financing costs from an asset to a liability, which is a direct deduction to our debt on the Consolidated Statements of Assets and Liabilities. In addition, as of December 31, 2015 and December 31, 2014, we retrospectively revised our presentation of $14.0 million and $14.1 million, respectively, of deferred financing costs that were previously presented as an asset, which resulted in a decrease to total assets and total liabilities as of December 31, 2015 and December 31, 2014. For the years ended December 31, 2013 and December 31, 2012, NMFC was a holding company with no direct operations of its own and its sole asset was its ownership in the Predecessor Operating Company and, as such, ASU 2015-03 did not apply to NMFC.

(4)
Total return is calculated assuming a purchase of common stock at the opening of the first day of the period and a sale on the closing of the last business day of the respective period ends. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under our dividend reinvestment plan.

(5)
Total return is calculated assuming a purchase at net asset value on the opening of the first day of the period and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter.

(6)
For the year ended December 31, 2014, amounts include our investment activity and the investment activity of the Predecessor Operating Company.

(7)
The weighted average YTM at Cost calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at the adjusted cost on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. Adjusted cost reflects the cost for post-IPO investments in accordance with GAAP and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).

(8)
The weighted average YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased at the adjusted cost on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. Adjusted cost

reflects the cost for post-IPO investments in accordance with GAAP and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).

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

(in thousands except units and per unit data)

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

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

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

(3) The weighted average YTM at Cost calculation assumes that all investments not on non-accrual are purchased at the adjusted cost on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. Adjusted cost reflects the GAAP cost for post-IPO investments and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).

(4)

The weighted average YTM calculation assumes that all investments not on non-accrual are purchased at fair value on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. The weighted average YTM was not calculated subsequent to December 31, 2013.

(5)

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

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SELECTED QUARTERLY FINANCIAL DATA

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

The below selected quarterly financial data is for NMFC.

(in thousands except for per share data)

	Total Investment Income		**Net Investment Income**		**Total Net Realized Gains (Losses) and Net Changes in Unrealized Appreciation (Depreciation) of Investments(1)**		**Net Increase (Decrease) in Net Assets Resulting from Operations**	
Quarter Ended	**Total**	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**
September 30, 2018	$ 60,469	$ 0.79	$ 27,117	$ 0.36	$ (357)	$ (0.01)	$ 26,760	$ 0.35
June 30, 2018	54,598	0.72	25,721	0.34	(2,588)	(0.04)	23,133	0.30
March 31, 2018	52,889	0.70	25,736	0.34	(1,892)	(0.03)	23,844	0.31
December 31, 2017	$ 53,244	$ 0.70	$ 26,683	$ 0.35	$ 194	$	$ 26,877	$ 0.35
September 30, 2017	51,236	0.68	26,292	0.35	(1,516)	(0.02)	24,776	0.33
June 30, 2017	50,019	0.66	25,798	0.34	1,530	0.02	27,328	0.36
March 31, 2017	43,307	0.62	23,431	0.34	6,986	0.10	30,417	0.44
December 31, 2016	$ 43,784	$ 0.64	$ 22,980	$ 0.34	$ 10,875	$ 0.16	$ 33,855	$ 0.50
September 30, 2016	41,834	0.66	21,729	0.34	3,350	0.05	25,079	0.39
June 30, 2016	41,490	0.65	21,832	0.34	22,861	0.36	44,693	0.70
March 31, 2016	40,976	0.64	21,567	0.34	(13,516)	(0.21)	8,051	0.13

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

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RISK FACTORS

Investing in our securities involves a number of significant risks. In addition to the other information contained in this prospectus supplement and the accompanying prospectus, you should consider carefully the following risks before making an investment in our securities. The risks set out below are not the only risks we face and you should read the risks set out in "Risk Factors" beginning on page 30 of the accompanying prospectus. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline and you may lose all or part of your investment.

RISKS RELATED TO OUR BUSINESS AND STRUCTURE

Global economic, political and market conditions may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability.

The current worldwide financial market situation, as well as various social and political tensions in the U.S. and around the world, may contribute to increased market volatility, may have long-term effects on the U.S. and worldwide financial markets, and may cause economic uncertainties or deterioration in the U.S. and worldwide. Since 2010, several European Union ("EU") countries, including Greece, Ireland, Italy, Spain, and Portugal, have faced budget issues, some of which may have negative long-term effects for the economies of those countries and other EU countries. There is continued concern about national-level support for the Euro and the accompanying coordination of fiscal and wage policy among European Economic and Monetary Union member countries. In June 2016, the United Kingdom ("U.K.") held a referendum in which voters approved an exit from the EU ("Brexit"), and, accordingly, on February 1, 2017, the U.K. Parliament voted in favor of allowing the U.K. government to begin the formal process of Brexit. The initial negotiations on Brexit commenced in June 2017. Brexit created political and economic uncertainty and instability in the global markets (including currency and credit markets), and especially in the United Kingdom and the European Union, and this uncertainty and instability may last indefinitely. Because the U.K. Parliament rejected Prime Minister Theresa May's proposed Brexit deal with the European Union in January 2019, there is increased uncertainty on the outcome of Brexit. There is continued concern about national-level support for the Euro and the accompanying coordination of fiscal and wage policy among European Economic and Monetary Union member countries. In addition, the fiscal policy of foreign nations, such as Russia and China, may have a severe impact on the worldwide and U.S. financial markets. We cannot predict the effects of these or similar events in the future on the U.S. economy and securities markets or on our investments. We monitor developments and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so.

The Republican Party currently controls the executive branch and the Senate portion of the legislative branch of government, which increases the likelihood that legislation may be adopted that could significantly affect the regulation of U.S. financial markets. Areas subject to potential change, amendment or repeal include the Dodd-Frank Act and the authority of the Federal Reserve and the Financial Stability Oversight Council. For example, in March 2018, the U.S. Senate passed a bill that eased financial regulations and reduced oversight for certain entities. The U.S. may also potentially withdraw from or renegotiate various trade agreements and take other actions that would change current trade policies of the U.S. We cannot predict which, if any, of these actions will be taken or, if taken, their effect on the financial stability of the U.S. Such actions could have a significant adverse effect on our business, financial condition and results of operations. We cannot predict the effects of these or similar events in the future on the U.S. economy and securities markets or on our investments. We monitor developments and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so.

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

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

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

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

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

Our ability to service any debt that we incur depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. Moreover, as the Investment Adviser's management fee is payable to the Investment Adviser based on gross assets, including those assets acquired through the use of leverage, the Investment Adviser may have a

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financial incentive to incur leverage which may not be consistent with our interests and the interests of our common stockholders. In addition, holders of our common stock will, indirectly, bear the burden of any increase in our expenses as a result of leverage, including any increase in the management fee payable to the Investment Adviser.

At September 30, 2018, we had $466.0 million, $135.0 million, $270.3 million, $335.0 million and $165.0 million of indebtedness outstanding under the Holdings Credit Facility, the NMFC Credit Facility, the Convertible Notes, the Unsecured Notes and the SBA-guaranteed debentures, respectively. The Holdings Credit Facility, NMFC Credit Facility and the SBA-guaranteed debentures had weighted average interest rates of 4.2%, 4.7% and 3.2%, respectively, for the three months ended September 30, 2018. The interest rate on the 2014 Convertible Notes and 2018 Convertible Notes is 5.00% and 5.75% per annum, respectively, and the interest rate on the 2016 Unsecured Notes, 2017A Unsecured Notes, 2018A Unsecured Notes, 2018B Unsecured Notes and 5.75% Unsecured Notes is 5.313%, 4.760%, 4.870%, 5.360% and 5.75% per annum, respectively. In order for us to cover our annual interest payments on our outstanding indebtedness at September 30, 2018, we must achieve annual returns on our September 30, 2018 total assets of at least 2.5%.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses and adjusted for unsettled securities purchased. The calculations in the table below are hypothetical. Actual returns may be higher or lower than those appearing below. The calculation assumes (i) $2,521.8 million in total assets, (ii) a weighted average cost of borrowings of 4.5%, which assumes the weighted average interest rates as of September 30, 2018 for the Holdings Credit Facility, the NMFC Credit Facility and the SBA-guaranteed debentures and the interest rate as of September 30, 2018 for the Convertible Notes and Unsecured Notes, (iii) $1,371.3 million in debt outstanding and (iv) $1,033.5 million in net assets.

Assumed Return on Our Portfolio
(net of expenses)

	(10.0)%	**(5.0)%**	**0%**	**5.0%**	**10.0%**
Corresponding return to stockholder	(30.4)%	(18.2)%	(6.0)%	6.2%	18.4%

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

We may want to obtain additional debt financing, or need to do so upon maturity of our credit facilities, in order to obtain funds which may be made available for investments. The Holdings Credit Facility, the NMFC Credit Facility, the 2014 Convertible Notes and the 2018 Convertible Notes mature on October 24, 2022, June 4, 2022, June 15, 2019 and August 15, 2023, respectively. Our $90.0 million in aggregate principal amount of the 2016 Unsecured Notes will mature on May 15, 2021, our $55.0 million in aggregate principal amount of the 2017A Unsecured Notes will mature on July 15, 2022, our $90.0 million in aggregate principal amount of the 2018A Unsecured Notes will mature on January 30, 2023, our $50.0 million in aggregate principal amount of 2018B Unsecured Notes will mature on June 28, 2023, and our $50.0 million in aggregate principal amount of 5.75% Unsecured Notes will mature on October 1, 2023. The SBA-guaranteed debentures have ten year maturities and will begin to mature on March 1, 2025. If we are unable to increase, renew or replace any such facilities and enter into new debt financing facilities or other debt financing on commercially reasonable terms, our liquidity may be reduced significantly. In addition, if we are unable to repay amounts outstanding under any such facilities and are declared in default or are unable to renew or refinance these facilities, we may not be able to make new investments or operate our business in the normal course. These situations may arise due to circumstances that we may be unable to control, such as lack of access to the credit markets, a severe decline in the value of the U.S. dollar, an economic downturn or an operational problem that affects us or third parties, and could materially damage our business operations, results of operations and financial condition.

Uncertainty relating to the LIBOR calculation process may adversely affect the value of our portfolio of the LIBOR-indexed, floating-rate debt securities.

Concerns have been publicized that some of the member banks surveyed by the British Bankers' Association, or the "BBA," in connection with the calculation of LIBOR across a range of maturities and currencies may have been under-reporting or otherwise manipulating the inter-bank lending rate applicable to them in order to profit on their derivatives positions or to avoid an appearance of capital insufficiency or adverse reputational or other consequences that may have resulted from reporting inter-bank lending rates higher than those they actually submitted. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR, and investigations by regulators and governmental authorities in various jurisdictions are ongoing.

On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if at that time whether or not LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large US financial institutions, is considering replacing U.S. dollar LIBOR with a new index calculated by short-term repurchase agreements, backed by Treasury securities. The future of LIBOR at this time is uncertain. If LIBOR ceases to exist, we may need to renegotiate the credit agreements extending beyond 2021 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with the new standard that is established.

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

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

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

The Holdings Credit Facility matures on October 24, 2022 and permits borrowings of $495.0 million as of September 30, 2018. The Holdings Credit Facility had $466.0 million in debt outstanding as of September 30, 2018. The NMFC Credit Facility matures on June 4, 2022 and permits borrowings of $135.0 million as of September 30, 2018. The NMFC Credit Facility had $135.0 million in debt outstanding as of September 30, 2018. The 2014 Convertible Notes mature on June 15, 2019. The 2014 Convertible Notes had $155.3 million in debt outstanding as of September 30, 2018. The 2018 Convertible Notes were issued on August 20, 2018 and August 30, 2018 and mature on August 15, 2023. The 2018 Convertible Notes had $115.0 million in debt outstanding as of September 30, 2018. The 2016 Unsecured Notes, 2017A Unsecured Notes, 2018A Unsecured Notes, 2018B Unsecured Notes and 5.75% Unsecured Notes mature on May 15, 2021, July 15, 2022, January 30, 2023, June 28, 2023 and October 1, 2023, respectively, and had $90.0 million, $55.0 million, $90.0 million, $50.0 million and $50.0 million, respectively, in debt outstanding as of September 30, 2018. The SBA-guaranteed debentures have ten year maturities and will begin to mature on March 1, 2025. As of September 30, 2018, $165.0 million of SBA-guaranteed debentures were outstanding.

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

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

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RISKS RELATING TO OUR INVESTMENTS

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

Our portfolio may be concentrated in a limited number of industries. For example, as of September 30, 2018, our investments in the business services and the software industries represented approximately 27.98% and 19.35%, respectively, of the fair value of our portfolio. A downturn in any particular industry in which we are invested could significantly impact the portfolio companies operating in that industry, and accordingly, the aggregate returns that we realize from our investment in such portfolio companies.

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

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

- the preliminary estimates of our net asset value and net investment income;
- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

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

- an economic downturn could impair our portfolio companies' ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;
- a contraction of available credit and/or an inability to access the equity markets could impair our lending and investment activities;
- interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;

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

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

- the results of our financial closing procedures.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, certain margins and levels

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

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CAPITALIZATION

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

- on an actual basis;

- on an as adjusted basis to give effect to the sale of 3,750,000 shares of our common stock by us in this offering at a public offering price of $13.57 per share, after deducting the estimated offering expenses of approximately $0.3 million payable by us. The Investment Adviser has agreed to pay to the underwriters an additional supplemental payment of approximately $0.7 million, which reflects the difference between the public offering price and the proceeds received by us in this offering, which is reflected in the below table but will not be subject to reimbursement by us. In addition, the Investment Adviser has agreed to bear all of the sales load in connection with this offering, which is not reflected in the below table and will not be subject to reimbursement by us.

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

	Actual	As Adjusted (unaudited)
	(in thousands)	
Assets:		
Cash and cash equivalents	$ 146,345	$ 197,626
Investments at fair value	2,294,759	2,294,759
Other assets	80,670	80,388
Total assets	$ 2,521,774	$ 2,572,773
Liabilities:		
Net borrowings	$ 1,354,386	$ 1,354,386
Other liabilities	133,858	133,577
Total liabilities	$ 1,488,244	$ 1,487,963
Net assets	$ 1,033,530	$ 1,084,810
Net assets:		
Preferred stock, par value $0.01 per share; 2,000,000 shares authorized, none issued	$	$
Common stock, par value $0.01 per share; 100,000,000 shares authorized, 76,106,372 shares issued and outstanding, respectively	761	798
Paid in capital in excess of par	1,055,796	1,107,039
Accumulated undistributed net investment income	40,227	40,227
Accumulated undistributed net realized losses on investments	(79,830)	(79,830)
Net unrealized appreciation (depreciation) (net of provision for taxes)	16,576	16,576
Total net assets	1,033,530	1,084,810

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USE OF PROCEEDS

We estimate that we will receive net proceeds from the sale of the 3,750,000 shares of our common stock in this offering of approximately $51.3 million, after deducting estimated offering expenses of approximately $0.3 million payable by us. In addition, the Investment Adviser has agreed to bear $1.6 million of sales load in connection with this offering and an additional supplemental payment of approximately $0.7 million, which reflects the difference between the public offering price and the net proceeds received by us in this offering, both of which will not be subject to reimbursement by us. If the underwriters' option to purchase additional shares is exercised in full, our net proceeds from this offering will be approximately $59.0 million, after deducting estimated offering expenses of approximately $0.3 million payable by us. In addition, if the underwriters' option to purchase additional shares is exercised in full, the Investment Adviser has agreed to bear $1.8 million of sales load in connection with this offering and an additional supplemental payment of approximately $0.8 million, which reflects the difference between the public offering price and the net proceeds received by us in this offering, both of which will not be subject to reimbursement by us.

We intend to use the net proceeds from this offering primarily for new investments in portfolio companies in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus. We may also use a portion of the net proceeds from the sale of shares of our common stock sold in this offering for other general corporate purposes, including to temporarily repay indebtedness (which will be subject to reborrowing), and other working capital requirements. We are continuously identifying, reviewing and, to the extent consistent with our investment objective, funding new investments. As a result, we typically raise capital as we deem appropriate to fund such new investments.

We expect that it will take up to three months for us to substantially invest the net proceeds from this offering, depending on the availability of attractive opportunities and market conditions. However, we can offer no assurance that we will be able to achieve this goal.

Proceeds not immediately used for new investments or the temporary repayment of debt will be invested primarily in cash, cash equivalents, U.S. government securities and other high-quality investments that mature in one year or less from the date of investment. These temporary investments are expected to provide a lower net return than we hope to achieve from our target investments and, accordingly, may result in lower distributions, if any, during such period.

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PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "NMFC". The following table sets forth, for each fiscal quarter during the last two fiscal years and the current fiscal year to date, the net asset value ("NAV") per share of our common stock, the high and low closing sale price for our common stock, the closing sale price as a percentage of NAV and the quarterly distributions per share.

Fiscal Year Ended	NAV Per Share(2)	Closing Sales Price(3) High	Closing Sales Price(3) Low	Premium (Discount) of High Closing Sales Price to NAV(4)	Premium (Discount) of Low Closing Sales Price to NAV(4)	Declared Distributions Per Share(5)(6)
December 30, 2019						
First Quarter(1)	*	$ 14.05	$ 12.78	*	*	*
December 31, 2018						
Fourth Quarter	*	$ 13.83	$ 12.25	*	*	$ 0.34
Third Quarter	$ 13.58	$ 14.25	$ 13.50	4.93%	(0.59)%	$ 0.34
Second Quarter	$ 13.57	$ 13.95	$ 13.25	2.80%	(2.36)%	$ 0.34
First Quarter	$ 13.60	$ 13.75	$ 12.55	1.10%	(7.72)%	$ 0.34
December 31, 2017						
Fourth Quarter	$ 13.63	$ 14.50	$ 13.55	6.38%	(0.59)%	$ 0.34
Third Quarter	$ 13.61	$ 14.70	$ 13.55	8.01%	(0.44)%	$ 0.34
Second Quarter	$ 13.63	$ 14.95	$ 14.35	9.68%	5.28%	$ 0.34
First Quarter	$ 13.56	$ 14.90	$ 14.00	9.88%	3.24%	$ 0.34

(1) Period from January 2, 2019 through February 8, 2019.

(2) NAV is determined as of the last date in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low closing sales prices. The NAVs shown are based on outstanding shares at the end of each period.

(3) Closing sales price is determined as the high or low closing sales price noted within the respective quarter, not adjusted for distributions.

(4) Calculated as of the respective high or low closing sales price divided by the quarter end NAV.

(5) Represents the distributions declared or paid for the specified quarter.

(6) Tax characteristics of all distributions paid are reported to stockholders on Form 1099 after the end of the calendar year. For the year ended December 31, 2017, total distributions were $100.9 million, of which the distributions were comprised of approximately 71.50% of ordinary income, 0.00% of long-term capital gains and approximately 28.50% of a return of capital.

*

Not determinable at the time of filing.

On February 8, 2019, the last reported sales price of our common stock was $13.95 per share. As of February 8, 2019, we had approximately 14 stockholders of record and approximately one beneficial owner whose shares are held in the names of brokers, dealers, funds, trusts and clearing agencies.

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from NAV or at premiums that are unsustainable over the long term are separate and distinct from the risk that our NAV will decrease. Since our initial public offering on May 19, 2011, our shares of common stock have traded at times at both a discount and a premium to the net assets attributable to those shares. As of February 8, 2019, our shares of common stock traded at a premium of

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approximately 2.7% of the NAV attributable to those shares as of September 30, 2018. It is not possible to predict whether the shares offered hereby will trade at, above, or below NAV.

We intend to pay quarterly distributions to our stockholders in amounts sufficient to maintain our status as a RIC. We intend to distribute approximately our entire Adjusted Net Investment Income (defined as net investment income adjusted to reflect income as if the cost basis of investments held at the IPO date had stepped-up to fair market value as of the IPO date) on a quarterly basis and substantially all of our taxable income on an annual basis, except that we may retain certain net capital gains for reinvestment. The distributions we pay to our stockholders in a year may exceed our taxable income for that year and, accordingly, a portion of such distributions may constitute a return of capital, which is a return of a portion of a stockholders original investment in our common stock, for U.S. federal tax purposes. Generally, a return of capital will reduce an investor's basis in our stock for U.S. federal income tax purposes, which will result in a higher tax liability when the stock is sold. The specific tax characteristics of our distributions will be reported to stockholders after the end of the calendar year.

We apply the following in implementing the dividend reinvestment plan. If the price at which newly issued shares are to be credited to stockholders' accounts is equal to or greater than 110.0% of the last determined NAV of the shares, we will use only newly issued shares to implement the dividend reinvestment plan. Under such circumstances, the number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the distribution payable to such stockholder by the market price per share of our common stock on the NYSE on the distribution payment date. Market price per share on that date will be the closing price for such shares on the NYSE or, if no sale is reported for such day, the average of their electronically reported bid and ask prices.

If the price at which newly issued shares are to be credited to stockholders' accounts is less than 110.0% of the last determined NAV of the shares, we will either issue new shares or instruct the plan administrator to purchase shares in the open market to satisfy the additional shares required. Shares purchased in open market transactions by the plan administrator will be allocated to a stockholder based on the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased in the open market. The number of shares of our common stock to be outstanding after giving effect to payment of the distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated.

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

Date Declared	Record Date	Payment Date	Per Share Amount
November 1, 2018	December 14, 2018	December 28, 2018	$ 0.34
August 1, 2018	September 14, 2018	September 28, 2018	0.34
May 2, 2018	June 15, 2018	June 29, 2018	0.34
February 21, 2018	March 15, 2018	March 29, 2018	0.34
			$ 1.36
November 2, 2017	December 15, 2017	December 28, 2017	$ 0.34
August 4, 2017	September 15, 2017	September 29, 2017	0.34
May 4, 2017	June 16, 2017	June 30, 2017	0.34
February 23, 2017	March 17, 2017	March 31, 2017	0.34
			$ 1.36
November 4, 2016	December 15, 2016	December 29, 2016	$ 0.34
August 2, 2016	September 16, 2016	September 30, 2016	0.34
May 3, 2016	June 16, 2016	June 30, 2016	0.34
February 22, 2016	March 17, 2016	March 31, 2016	0.34
			$ 1.36

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

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

The information contained in this section should be read in conjunction with the Selected Financial and Other Data and our Financial Statements and notes thereto appearing elsewhere in this prospectus supplement. For the periods prior to and as of May 8, 2014, all financial information provided in this section reflects our organizational structure prior to the restructuring on May 8, 2014 described under "Description of Restructuring" in the accompanying prospectus, where NMF Holdings functioned as the operating company. In addition to historical information, the following discussion and other parts of this prospectus supplement and the accompanying prospectus contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed under "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" appearing elsewhere in this prospectus supplement and the accompanying prospectus.

Overview

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

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

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

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

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

As of September 30, 2018, our net asset value was $1,033.5 million and our portfolio had a fair value of approximately $2,294.8 million in 92 portfolio companies, with a weighted average yield to maturity at cost for income producing investments ("YTM at Cost") of approximately 11.0% and a weighted average yield to maturity at cost for all investments ("YTM at Cost for Investments") of approximately 10.9%. The YTM at Cost calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. The YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased as cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. YTM at Cost and YTM at Cost for Investments calculations exclude the impact of existing leverage. YTM at Cost and YTM at Cost for Investments uses the London Interbank Offered Rate ("LIBOR") curves at each quarter's end date. The actual yield to maturity may be higher or lower due to the future selection of the LIBOR contracts by the individual companies in our portfolio or other factors.

Recent Developments

Originations and Repayments

We had approximately $332.0 million of originations and commitments since September 30, 2018 through February 8, 2019. This was offset by approximately $79.2 million of repayments and $119.1 million of sales during the same period.

5.75% Unsecured Notes

On October 17, 2018, in connection with the registered public offering, we issued an additional $1.8 million aggregate principal amount of the 5.75% Unsecured Notes pursuant to the exercise of an overallotment option by the underwriters of the 5.75% Unsecured Notes.

Distribution

On November 1, 2018, our board of directors declared a fourth quarter 2018 distribution of $0.34 per share payable on December 28, 2018 to holders of record as of December 14, 2018.

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Holdings Credit Facility

On November 19, 2018, we entered into the Second Amendment to Loan and Security Agreement (the *"Second Amendment"*), which amended the Holdings Credit Facility. Among other changes, the Second Amendment: increased the maximum facility amount from $495.0 million to $695.0 million; made certain technical changes to facilitate further increases should any new or existing lender and NMF Holdings mutually agree to do so; modified certain eligibility criteria and concentration limits for loans acquired by NMF Holdings; lowered the concentration limit for non-first lien loans from 50% to 35%; changed the minimum asset coverage ratio for us and our consolidated subsidiaries from 2:1 to 1.5:1, changed the cure level to 1.75:1; and changed the default basket for tax liens and other governmental liens from $50,000 to $250,000.

On December 13, 2018, January 8, 2019 and January 25, 2019, NMF Holdings entered into certain Joinder Supplements (the "*Joinders"*) to add TIAA, FSB, Old Second National Bank and Sumitomo Mitsui Trust Bank, Limited, New York, respectively, as new lenders under the Holdings Credit Facility. After giving effect to each of the Joinders, the aggregate commitments of the lenders under the Holdings Credit Facility equals $675.0 million. The Holdings Credit Facility continues to have a revolving period ending on October 24, 2020, and will still mature on October 24, 2022.

Deutsche Bank Facility

On December 14, 2018, our newly formed wholly-owned subsidiary, New Mountain Finance DB, L.L.C., as the borrower (the *"DB Facility Borrower"*), entered into a secured revolving credit facility with Deutsche Bank AG, New York Branch (*"Deutsche Bank"*) pursuant to a Loan Financing and Servicing Agreement (together with the exhibits and schedules thereto, the *"DB Facility Agreement"* and the secured revolving credit facility thereunder, the *"DB Credit Facility"*), by and among the DB Facility Borrower, us, as equityholder and servicer, the lenders from time to time party thereto, Deutsche Bank, as the facility agent (the *"Facility Agent"*), the other agents from time to time party thereto and U.S. Bank National Association, as collateral agent and collateral custodian. The facility amount and the commitment of Deutsche Bank is $100.0 million. With the consent of the Facility Agent (which may be made subject to conditions), Deutsche Bank and the DB Facility Borrower may in the future agree to increase the commitments and the facility amount by up to $200.0 million or add additional lenders. The lenders under the DB Credit Facility will make advances to the DB Facility Borrower during a revolving period (the *"Revolving Period"*) that will expire on December 14, 2021, provided that the Revolving Period may be extended with the consent of the lenders and may also terminate early if an event of default or other adverse events, specified in the DB Facility Agreement, occur. The maturity date for the DB Credit Facility is December 14, 2023.

Preliminary Estimates of Net Asset Value and Net Investment Income

Set forth below is a preliminary estimate of our net asset value per share as of December 31, 2018 and a preliminary estimate of our net investment income per share range for the three months ended December 31, 2018. The following estimates are not a comprehensive statement of our financial condition or results for the period ended December 31, 2018. We advise you that our actual results for the three months ended December 31, 2018 may differ materially from these estimates, which are given only as of the date of this prospectus supplement, as a result of the completion of our financial closing procedures, final adjustments and other developments, including changes in interest rates, changes in the businesses to whom we have made loans or market and industry fluctuations, which may arise between now and the time that our financial results for the three months ended December 31, 2018 are finalized. This information is inherently uncertain.

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As of the date of this prospectus supplement, we estimate that our net asset value per share as of December 31, 2018 was approximately $13.20 to $13.25. We also estimate that as of the date of this prospectus supplement our net asset value per share has increased since December 31, 2018 due to changes in market conditions. The offering price per share of our common stock, net of the sales load (underwriting discounts and commissions), will be in excess of the net asset value per share of our common stock at the time we make this offering.

As of the date of this prospectus supplement, we currently expect that our net investment income per share was between $0.35 and $0.36 for the three months ended December 31, 2018.

The preliminary financial estimates provided herein have been prepared by, and are the responsibility of, management. Neither Deloitte & Touche LLP, our independent registered public accounting firm, nor any other independent accountants have audited, reviewed, compiled, or performed any procedures with respect to the accompanying preliminary financial data. Accordingly, Deloitte & Touche LLP does not express an opinion or any form of assurance with respect thereto and assumes no responsibility for, and disclaims any association with, this information.

Share Repurchase Program

On January 3, 2019, our board of directors extended our common stock repurchase program and we expect our common stock repurchase program to be in place until the earlier of December 31, 2019 or until $50.0 million of our outstanding shares of common stock have been repurchased.

Critical Accounting Policies

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

Basis of Accounting

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

Valuation and Leveling of Portfolio Investments

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

We value our assets on a quarterly basis, or more frequently if required under the 1940 Act. In all cases, our board of directors is ultimately and solely responsible for determining the fair value of our portfolio investments on a quarterly basis in good faith, including investments that are not publicly traded, those whose market prices are not readily available and any other situation where

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our portfolio investments require a fair value determination. Security transactions are accounted for on a trade date basis. Our quarterly valuation procedures are set forth in more detail below:

(1) Investments for which market quotations are readily available on an exchange are valued at such market quotations based on the closing price indicated from independent pricing services.

(2) Investments for which indicative prices are obtained from various pricing services and/or brokers or dealers are valued through a multi-step valuation process, as described below, to determine whether the quote(s) obtained is representative of fair value in accordance with GAAP.

a. Bond quotes are obtained through independent pricing services. Internal reviews are performed by the investment professionals of the Investment Adviser to ensure that the quote obtained is representative of fair value in accordance with GAAP and, if so, the quote is used. If the Investment Adviser is unable to sufficiently validate the quote(s) internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below); and

b. For investments other than bonds, we look at the number of quotes readily available and perform the following procedures:

i. Investments for which two or more quotes are received from a pricing service are valued using the mean of the mean of the bid and ask of the quotes obtained;

ii. Investments for which one quote is received from a pricing service are validated internally. The investment professionals of the Investment Adviser analyze the market quotes obtained using an array of valuation methods (further described below) to validate the fair value. If the Investment Adviser is unable to sufficiently validate the quote internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below).

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

a. Each portfolio company or investment is initially valued by the investment professionals of the Investment Adviser responsible for the credit monitoring;

b. Preliminary valuation conclusions will then be documented and discussed with our senior management;

c. If an investment falls into (3) above for four consecutive quarters and if the investment's par value or its fair value exceeds the materiality threshold, then at least once each fiscal year, the valuation for each portfolio investment for which we do not have a readily available market quotation will be reviewed by an independent valuation firm engaged by our board of directors; and

d. When deemed appropriate by our management, an independent valuation firm may be engaged to review and value investment(s) of a portfolio company, without any preliminary valuation being performed by the Investment Adviser. The investment professionals of the Investment Adviser will review and validate the value provided.

For investments in revolving credit facilities and delayed draw commitments, the cost basis of the funded investments purchased is offset by any costs/netbacks received for any unfunded portion on the total balance committed. The fair value is also adjusted for the price appreciation or

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depreciation on the unfunded portion. As a result, the purchase of a commitment not completely funded may result in a negative fair value until it is called and funded.

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

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

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

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

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);
- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including foreign exchange forward contracts); and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

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

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

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

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The following table summarizes the levels in the fair value hierarchy that our portfolio investments fall into as of September 30, 2018:

(in thousands)	Total	Level I	Level II	Level III
First lien	$ 1,030,033	$	$ 143,479	$ 886,554
Second lien	681,910		358,727	323,183
Subordinated	64,606		26,262	38,344
Equity and other	518,210	6		518,204
Total investments	$ 2,294,759	$ 6	$ 528,468	$ 1,766,285

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

Company Performance, Financial Review, and Analysis: Prior to investment, as part of our due diligence process, we evaluate the overall performance and financial stability of the portfolio company. Post investment, we analyze each portfolio company's current operating performance and relevant financial trends versus prior year and budgeted results, including, but not limited to, factors affecting its revenue and earnings before interest, taxes, depreciation, and amortization ("EBITDA") growth, margin trends, liquidity position, covenant compliance and changes to its capital structure. We also attempt to identify and subsequently track any developments at the portfolio company, within its customer or vendor base or within the industry or the macroeconomic environment, generally, that may alter any material element of our original investment thesis. This analysis is specific to each portfolio company. We leverage the knowledge gained from our original due diligence process, augmented by this subsequent monitoring, to continually refine our outlook for each of our portfolio companies and ultimately form the valuation of our investment in each portfolio company. When an external event such as a purchase transaction, public offering or subsequent sale occurs, we will consider the pricing indicated by the external event to corroborate the private valuation.

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

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

Market Based Approach: We may estimate the total enterprise value of each portfolio company by utilizing market value cash flow (EBITDA) multiples of publicly traded comparable companies and comparable transactions. We consider numerous factors when selecting the appropriate companies whose trading multiples are used to value our portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, and relevant risk factors, as well as size, profitability and growth expectations. We may apply an average of various relevant comparable company EBITDA multiples to the portfolio company's latest twelve month ("LTM") EBITDA or projected EBITDA to calculate the enterprise

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value of the portfolio company. Significant increases or decreases in the EBITDA multiple will result in an increase or decrease in enterprise value, which may result in an increase or decrease in the fair value estimate of the investment. In applying the market based approach as of September 30, 2018, we used the relevant EBITDA multiple ranges set forth in the table below to determine the enterprise value of our portfolio companies. We believe these were reasonable ranges in light of current comparable company trading levels and the specific portfolio companies involved.

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

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

(in thousands) Type	Fair Value as of September 30, 2018	Approach	Unobservable Input	Range Low	Range High	Weighted Average
First lien	$ 594,309	Market & income approach	EBITDA multiple	2.0x	32.0x	12.0x
			Revenue multiple	3.5x	6.5x	5.5x
			Discount rate	6.9%	14.3%	9.7%
	163,957	Market quote	Broker quote	N/A	N/A	N/A
	128,288	Other	N/A[(1)]	N/A	N/A	N/A
Second lien	105,801	Market & income approach	EBITDA multiple	7.5x	17.0x	12.2x
			Revenue multiple	2.5x	3.3x	2.9x
			Discount rate	11.1%	13.6%	11.7%
	217,382	Market quote	Broker quote	N/A	N/A	N/A
Subordinated	38,344	Market & income approach	EBITDA multiple	6.5x	11.0x	10.0x
			Revenue multiple	2.5x	3.3x	2.9x
			Discount rate	8.1%	22.0%	19.0%
Equity and other	517,709	Market & income approach	EBITDA multiple	0.4x	19.0x	12.6x
			Revenue multiple	2.5x	3.3x	2.9x
			Discount rate	7.0%	25.1%	12.9%
	495	Black Scholes analysis	Expected life in years	7.5	7.5	7.5
			Volatility	38.0%	38.0%	38.0%
			Discount rate	2.9%	2.9%	2.9%
	$ 1,766,285					

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

NMFC Senior Loan Program I LLC

NMFC Senior Loan Program I LLC ("SLP I") was formed as a Delaware limited liability company on May 27, 2014 and commenced operations on June 10, 2014. SLP I is a portfolio company held by us. SLP I is structured as a private investment fund, in which all of the investors are qualified purchasers, as such term is defined under the 1940 Act. Transfer of interests in SLP I is subject to restrictions and, as a result, such interests are not readily marketable. SLP I operates

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under a limited liability company agreement (the "SLP I Agreement") and will continue in existence until August 31, 2021, subject to earlier termination pursuant to certain terms of the SLP I Agreement. The term may be extended pursuant to certain terms of the SLP I Agreement. SLP I's re-investment period was through July 31, 2018. In September 2018, the re-investment period was extended until August 31, 2019. SLP I invests in senior secured loans issued by companies within our core industry verticals. These investments are typically broadly syndicated first lien loans.

SLP I is capitalized with $93.0 million of capital commitments and $265.0 million of debt from a revolving credit facility and is managed by us. Our capital commitment is $23.0 million, representing less than 25.0% ownership, with third party investors representing the remaining capital commitments. As of September 30, 2018, SLP I had total investments with an aggregate fair value of approximately $328.6 million, debt outstanding of $237.3 million and capital that had been called and funded of $93.0 million. As of December 31, 2017, SLP I had total investments with an aggregate fair value of approximately $348.7 million, debt outstanding of $223.7 million and capital that had been called and funded of $93.0 million. Our investment in SLP I is disclosed on our Consolidated Schedule of Investments as of September 30, 2018 and December 31, 2017.

We, as an investment adviser registered under the Advisers Act, act as the collateral manager to SLP I and are entitled to receive a management fee for our investment management services provided to SLP I. As a result, SLP I is classified as our affiliate. No management fee is charged on our investment in SLP I in connection with the administrative services provided to SLP I. For the three and nine months ended September 30, 2018, we earned approximately $0.3 million and $0.9 million, respectively, in management fees related to SLP I, which is included in other income. For the three and nine months ended September 30, 2017, we earned approximately $0.3 million and $0.9 million, respectively, in management fees related to SLP I, which is included in other income. As of September 30, 2018 and December 31, 2017, approximately $0.3 million and $0.3 million, respectively, of management fees related to SLP I was included in receivable from affiliates. For the three and nine months ended September 30, 2018, we earned approximately $0.8 million and $2.4 million, respectively, of dividend income related to SLP I, which is included in dividend income. For the three and nine months ended September 30, 2017, we earned approximately $0.8 million and $2.7 million, respectively, of dividend income related to SLP I, which is included in dividend income. As of September 30, 2018 and December 31, 2017, approximately $0.8 million and $0.8 million, respectively, of dividend income related to SLP I was included in interest and dividend receivable.

NMFC Senior Loan Program II LLC

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

SLP II is capitalized with equity contributions which were called from its members, on a pro-rata basis based on their equity commitments, as transactions are completed. Any decision by SLP II to call down on capital commitments requires approval by the board of managers of SLP II. As of September 30, 2018, we and SkyKnight have committed and contributed $79.4 million and

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$20.6 million, respectively, of equity to SLP II. Our investment in SLP II is disclosed on our Consolidated Schedule of Investments as of September 30, 2018 and December 31, 2017.

On April 12, 2016, SLP II closed its $275.0 million revolving credit facility with Wells Fargo Bank, National Association, which matures on April 12, 2021 and bears interest at a rate of LIBOR plus 1.75% per annum. Effective April 1, 2018, SLP II's revolving credit facility bears interest at a rate of LIBOR plus 1.60% per annum. As of September 30, 2018 and December 31, 2017, SLP II had total investments with an aggregate fair value of approximately $353.3 million and $382.5 million, respectively, and debt outstanding under its credit facility of $262.4 million and $266.3 million, respectively. As of September 30, 2018 and December 31, 2017, none of SLP II's investments were on non-accrual. Additionally, as of September 30, 2018 and December 31, 2017, SLP II had unfunded commitments in the form of delayed draws of $8.8 million and $4.9 million, respectively. Below is a summary of SLP II's portfolio, along with a listing of the individual investments in SLP II's portfolio as of September 30, 2018 and December 31, 2017:

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

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

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

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

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

NorthStar Financial Services Group, LLC	Software	5.56% (L + 3.50%)	5/25/2025		7,500		7,464	7,523
Pathway Vet Alliance LLC (fka Pathway Partners Vet Management Company LLC)	Consumer Services	6.49% (L + 4.25%)	10/10/2024		286		284	286
Pathway Vet Alliance LLC (fka Pathway Partners Vet Management Company LLC)	Consumer Services	6.49% (L + 4.25%)	10/10/2024		9,630		9,586	9,654
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	7.64% (L + 5.25%)	4/29/2024		10,369		10,325	10,317
Poseidon Intermediate, LLC	Software	6.50% (L + 4.25%)	8/15/2022		14,767		14,764	14,841
Premise Health Holding Corp.	Healthcare Services	6.14% (L + 3.75%)	7/10/2025		1,390		1,383	1,397
Project Accelerate Parent, LLC	Business Services	6.37% (L + 4.25%)	1/2/2025		14,925		14,856	15,018
PSC Industrial Holdings Corp.	Industrial Services	5.91% (L + 3.75%)	10/11/2024		10,421		10,329	10,467
Quest Software US Holdings Inc.	Software	6.57% (L + 4.25%)	5/16/2025		15,000		14,928	15,060
Salient CRGT Inc.	Federal Services	7.99% (L + 5.75%)	2/28/2022		13,603		13,505	13,807
Sierra Acquisition, Inc.	Food & Beverage	5.99% (L + 3.75%)	11/11/2024		3,722		3,705	3,754
SSH Group Holdings, Inc.	Education	6.59% (L + 4.25%)	7/30/2025		9,000		8,978	9,090
WP CityMD Bidco LLC	Healthcare Services	5.89% (L + 3.50%)	6/7/2024		14,850		14,819	14,831
YI, LLC	Healthcare Services	6.39% (L + 4.00%)	11/7/2024		1,457		1,462	1,457
YI, LLC	Healthcare Services	6.39% (L + 4.00%)	11/7/2024		12,069		12,059	12,069
Zywave, Inc.	Software	7.34% (L + 5.00%)	11/17/2022		17,183		17,120	17,183
Total Funded Investments				$	**352,180**	$	**350,214**	$ **353,263**
Unfunded Investments First lien:								
Access CIG, LLC	Business Services		2/27/2019	$	1,108	$		$ 7
CHA Holdings, Inc.	Business Services		10/10/2019		2,143		(11)	16
Drilling Info Holdings, Inc.	Business Services		7/30/2020		2,249		(10)	(6)
Ministry Brands, LLC	Software		10/18/2019		1,566		(8)	
Premise Health Holding Corp.	Healthcare Services		7/10/2020		110			1
YI, LLC	Healthcare Services		11/7/2018		1,577		(8)	
Total Unfunded Investments				$	8,753	$	(37)	$ 18

Total Investments	**$**	**360,933**	**$ 350,177**	**$ 353,281**

(1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of September 30, 2018.

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

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

Portfolio Company and Type of Investment	Industry	Interest Rate(1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value(2)
				(in thousands)	(in thousands)	(in thousands)
Funded Investments First lien						
ADG, LLC	Healthcare Services	6.32% (L + 4.75%)	9/28/2023	$ 17,034	$ 16,890	$ 16,779
ASG Technologies Group, Inc.	Software	6.32% (L + 4.75%)	7/31/2024	7,481	7,446	7,547
Beaver-Visitec International Holdings, Inc.	Healthcare Products	6.69% (L + 5.00%)	8/21/2023	14,812	14,688	14,813
DigiCert, Inc.	Business Services	6.13% (L + 4.75%)	10/31/2024	10,000	9,951	10,141
Emerald 2 Limited	Business Services	5.69% (L + 4.00%)	5/14/2021	1,266	1,211	1,267
Evo Payments International, LLC	Business Services	5.57% (L + 4.00%)	12/22/2023	17,369	17,292	17,492
Explorer Holdings, Inc.	Healthcare Services	5.13% (L + 3.75%)	5/2/2023	2,940	2,917	2,973
Globallogic Holdings Inc.	Business Services	6.19% (L + 4.50%)	6/20/2022	9,677	9,611	9,755
Greenway Health, LLC	Software	5.94% (L + 4.25%)	2/16/2024	14,925	14,858	15,074
Idera, Inc.	Software	6.57% (L + 5.00%)	6/28/2024	12,619	12,499	12,556
J.D. Power (fka J.D. Power and Associates)	Business Services	5.94% (L + 4.25%)	9/7/2023	13,357	13,308	13,407
Keystone Acquisition Corp.	Healthcare Services	6.94% (L + 5.25%)	5/1/2024	5,386	5,336	5,424
Market Track, LLC	Business Services	5.94% (L + 4.25%)	6/5/2024	11,940	11,884	11,940
McGraw-Hill Global Education Holdings, LLC	Education	5.57% (L + 4.00%)	5/4/2022	9,850	9,813	9,844
Medical Solutions Holdings, Inc.	Healthcare Services	5.82% (L + 4.25%)	6/14/2024	6,965	6,932	7,043
Ministry Brands, LLC	Software	6.38% (L + 5.00%)	12/2/2022	2,138	2,128	2,138
Ministry Brands, LLC	Software	6.38% (L + 5.00%)	12/2/2022	7,768	7,735	7,768
Navex Global, Inc.	Software	5.82% (L + 4.25%)	11/19/2021	14,897	14,724	14,971
Navicure, Inc.	Healthcare Services	5.11% (L + 3.75%)	11/1/2024	15,000	14,926	15,000
OEConnection LLC	Business Services	5.69% (L + 4.00%)	11/22/2024	15,000	14,925	14,981
			10/10/2024	6,963	6,929	6,980

Pathway Partners Vet Management Company LLC	Consumer Services	5.82% (L + 4.25%)				
Pathway Partners Vet Management Company LLC	Consumer Services	5.82% (L + 4.25%)	10/10/2024	291	290	292
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	6.95% (L + 5.25%)	4/29/2024	10,448	10,399	10,526
Poseidon Intermediate, LLC	Software	5.82% (L + 4.25%)	8/15/2022	14,881	14,877	14,955
Project Accelerate Parent, LLC	Business Services	5.94% (L + 4.25%)	1/2/2025	15,000	14,925	15,038
PSC Industrial Holdings Corp.	Industrial Services	5.71% (L + 4.25%)	10/11/2024	10,500	10,398	10,500
Quest Software US Holdings Inc.	Software	6.92% (L + 5.50%)	10/31/2022	9,899	9,775	10,071
Salient CRGT Inc.	Federal Services	7.32% (L + 5.75%)	2/28/2022	14,433	14,310	14,559
Severin Acquisition, LLC	Software	6.32% (L + 4.75%)	7/30/2021	14,888	14,827	14,813
Shine Acquisitoin Co. S.à.r.l / Boing US Holdco Inc.	Consumer Services	4.88% (L + 3.50%)	10/3/2024	15,000	14,964	15,108
Sierra Acquisition, Inc.	Food & Beverage	5.68% (L + 4.25%)	11/11/2024	3,750	3,731	3,789
TMK Hawk Parent, Corp.	Distribution & Logistics	4.88% (L + 3.50%)	8/28/2024	1,671	1,667	1,686
University Support Services LLC (St. George's University Scholastic Services LLC)	Education	5.82% (L + 4.25%)	7/6/2022	1,875	1,875	1,900
Vencore, Inc. (fka SI Organization, Inc., The)	Federal Services	6.44% (L + 4.75%)	11/23/2019	10,686	10,673	10,835
WP CityMD Bidco LLC	Healthcare Services	5.69% (L + 4.00%)	6/7/2024	14,963	14,928	15,009
YI, LLC	Healthcare Services	5.69% (L + 4.00%)	11/7/2024	8,240	8,204	8,230
Zywave, Inc.	Software	6.61% (L + 5.00%)	11/17/2022	17,325	17,252	17,325
Total Funded Investments				**$ 381,237**	**$ 379,098**	**$ 382,529**
Unfunded Investments	**First lien**					
Pathway Partners Vet Management Company LLC	Consumer Services		10/10/2019	$ 2,728	$ (14)	$ 7
TMK Hawk Parent, Corp.	Distribution & Logistics		3/28/2018	75		1
YI, LLC	Healthcare Services		11/7/2018	2,060	(9)	(3)
Total Unfunded Investments				**$ 4,863**	**$ (23)**	**$ 5**
Total Investments				**$ 386,100**	**$ 379,075**	**$ 382,534**

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

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

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

	September 30, 2018 (in thousands)	December 31, 2017 (in thousands)
Selected Balance Sheet Information:		
Investments at fair value (cost of $350,177 and $379,075, respectively)	$ 353,281	$ 382,534
Cash and other assets	17,417	8,065
Total assets	$ 370,698	$ 390,599
Credit facility	$ 262,370	$ 266,270
Deferred financing costs	(1,526)	(1,966)
Payable for unsettled securities purchased		15,964
Distribution payable	3,500	3,500
Other liabilities	2,722	2,891
Total liabilities	267,066	286,659
Members' capital	$ 103,632	$ 103,940
Total liabilities and members' capital	$ 370,698	$ 390,599

	Three Months Ended		Nine Months Ended	
	September 30, 2018 (in thousands)	September 30, 2017 (in thousands)	September 30, 2018 (in thousands)	September 30, 2017 (in thousands)
Selected Statement of Operations Information:				
Interest income	$ 6,358	$ 5,858	$ 18,122	$ 16,661
Other income	39	27	97	343
Total investment income	6,397	5,885	18,219	17,004
Interest and other financing expenses	2,686	2,185	7,667	6,108
Other expenses	140	159	504	533
Total expenses	2,826	2,344	8,171	6,641
Net investment income	3,571	3,541	10,048	10,363
Net realized gains on investments	125	223	758	2,145
Net change in unrealized appreciation (depreciation) of investments	(75)	88	(355)	(553)
Net increase in members' capital	$ 3,621	$ 3,852	$ 10,451	$ 11,955

For the three and nine months ended September 30, 2018, we earned approximately $2.7 million and $8.5 million, respectively, of dividend income related to SLP II, which is included in dividend income. For the three and nine months ended September 30, 2017, we earned approximately $3.0 million and $9.6 million, respectively, of dividend income related to SLP II, which is included in dividend income. As of September 30, 2018 and December 31, 2017, approximately

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$2.7 million and $2.8 million, respectively, of dividend income related to SLP II was included in interest and dividend receivable.

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

NMFC Senior Loan Program III LLC

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

SLP III is capitalized with equity contributions which are called from its members, on a pro-rata basis based on their equity commitments, as transactions are completed. Any decision by SLP III to call down on capital commitments requires approval by the board of managers of SLP III. As of September 30, 2018, we and SkyKnight II have committed $80.0 million and $20.0 million, respectively, of equity to SLP III. As of September 30, 2018, we and SkyKnight II have contributed $66.8 million and $16.7 million, respectively, of equity to SLP III. Our investment in SLP III is disclosed on the our Consolidated Schedule of Investments as of September 30, 2018.

On May 2, 2018, SLP III closed its $300.0 million revolving credit facility with Citibank, N.A., which matures on May 2, 2023 and bears interest at a rate of LIBOR plus 1.70% per annum. As of September 30, 2018, SLP III had total investments with an aggregate fair value of approximately $322.2 million and debt outstanding under its credit facility of $218.8 million. As of September 30, 2018, none of SLP III's investments were on non-accrual. Additionally, as of September 30, 2018, SLP III had unfunded commitments in the form of delayed draws of $15.2 million. Below is a summary of SLP III's portfolio, along with a listing of the individual investments in SLP III's portfolio as of September 30, 2018:

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

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

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

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

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

Company						
Navex Topco, Inc.	Software	5.37% (L + 3.25%)	9/5/2025	15,000	14,925	15,006
Navicure, Inc.	Healthcare Services	5.99% (L + 3.75%)	11/1/2024	2,992	2,992	3,007
Netsmart Technologies, Inc.	Healthcare I.T.	5.99% (L + 3.75%)	4/19/2023	10,464	10,464	10,543
Newport Group Holdings II, Inc.	Business Services	5.90% (L + 3.75%)	9/12/2025	5,000	4,975	5,019
NorthStar Financial Services Group, LLC	Software	5.56% (L + 3.50%)	5/25/2025	15,000	14,928	15,047
OEConnection LLC	Business Services	6.25% (L + 4.00%)	11/22/2024	1,834	1,848	1,844
Pathway Vet Alliance LLC	Consumer Services	6.49% (L + 4.25%)	10/10/2024	1,333	1,326	1,336
Pelican Products, Inc.	Business Products	5.60% (L + 3.50%)	5/1/2025	4,988	4,976	4,999
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	7.64% (L + 5.25%)	4/29/2024	12,628	12,565	12,565
Premise Health Holding Corp.	Healthcare Services	6.14% (L + 3.75%)	7/10/2025	13,897	13,828	13,971
Quest Software US Holdings Inc.	Software	6.57% (L + 4.25%)	5/16/2025	15,000	14,928	15,060
Sierra Enterprises, LLC	Food & Beverage	5.99% (L + 3.75%)	11/11/2024	2,488	2,485	2,509
SSH Group Holdings, Inc.	Education	6.59% (L + 4.25%)	7/30/2025	15,000	14,963	15,150
University Support Services LLC (St. George's University Scholastic Services LLC)	Education	5.75% (L + 3.50%)	7/17/2025	3,814	3,795	3,849
VT Topco, Inc.	Business Services	6.09% (L + 3.75%)	8/1/2025	8,000	7,980	8,075
VT Topco, Inc.	Business Services	6.14% (L + 3.75%)	8/1/2025	373	376	377
WP CityMD Bidco LLC	Healthcare Services	5.89% (L + 3.50%)	6/7/2024	14,925	14,925	14,906
YI, LLC	Healthcare Services	6.39% (L + 4.00%)	11/7/2024	3,978	3,992	3,978
YI, LLC	Healthcare Services	6.39% (L + 4.00%)	11/7/2024	480	482	480
Total Funded Investments				**$ 321,212**	**$ 320,232**	**$ 322,190**
Unfunded Investments First lien						
			6/6/2020	$ 2,249	$ (6)	$ 21

Dentalcorp Perfect Smile ULC	Healthcare Services				
Drilling Info Holdings, Inc.	Business Services	7/30/2020	2,501	(13)	(6)
Heartland Dental, LLC	Healthcare Services	4/30/2020	2,478		4
Ministry Brands, LLC	Software	10/18/2019	1,566	(8)	
Pathway Vet Alliance LLC	Consumer Services	5/25/2020	1,940	(10)	5
Premise Health Holding Corp.	Healthcare Services	7/10/2020	1,103	(3)	6
University Support Services LLC (St. George's University Scholastic Services LLC)	Education	7/17/2019	1,187		11
VT Topco, Inc.	Business Services	8/1/2020	1,627	(4)	15
YI, LLC	Healthcare Services	11/7/2018	520	2	
Total Unfunded Investments			**$ 15,171**	**$ (42)**	**$ 56**
Total Investments			**$ 336,383**	**$ 320,190**	**$ 322,246**

(1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of September 30, 2018.

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

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

		September 30, 2018
Selected Balance Sheet Information:		
Investments at fair value (cost of $320,190)	$	322,246
Cash and other assets		6,705
Total assets	$	328,951
Credit facility	$	218,800
Deferred financing costs		(2,996)
Payable for unsettled securities purchased		22,839
Distribution payable		1,200
Other liabilities		3,465
Total liabilities		243,308
Members' capital	$	85,643
Total liabilities and members' capital	$	328,951

		Three Months Ended September 30, 2018		Nine Months Ended September 30, 2018[(1)]
Selected Statement of Operations Information:				
Interest income	$	3,170	$	3,960
Other income		80		102
Total investment income		3,250		4,062
Interest and other financing expenses		1,853		2,427
Other expenses		123		349
Total expenses		1,976		2,776
Net investment income		1,274		1,286
Net realized gains on investments		1		1
Net change in unrealized appreciation (depreciation) of investments		1,438		2,056
Net increase in members' capital	$	2,713	$	3,343

(1) SLP III commenced operations on April 25, 2018.

For the three and nine months ended September 30, 2018, we earned approximately $1.0 million and $1.0 million, respectively, of dividend income related to SLP III, which is included in dividend income. As of September 30, 2018, approximately $1.0 million of dividend income related to SLP III was included in interest and dividend receivable.

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

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New Mountain Net Lease Corporation

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

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

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

Collateralized agreements or repurchase financings

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

PPVA Black Elk (Equity) LLC

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

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

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

Revenue Recognition

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

Interest and dividend income: Interest income, including amortization of premium and discount using the effective interest method, is recorded on the accrual basis and periodically assessed for collectability. Interest income also includes interest earned from cash on hand. Upon the prepayment of a loan or debt security, any prepayment penalties are recorded as part of interest income. We have loans and certain preferred equity investments in the portfolio that contain a payment-in-kind ("PIK") interest or dividend provision. PIK interest and dividends are accrued and recorded as income at the contractual rates, if deemed collectible. The PIK interest and dividends are added to the principal or share balances on the capitalization dates and generally due at maturity or when redeemed by the issuer. For the three and nine months ended September 30, 2018, we recognized PIK and non-cash interest from investments of approximately $2.5 million and $6.1 million, respectively, and PIK and non-cash dividends from investments of approximately $7.2 million and $21.0 million, respectively. For the three and nine months ended September 30, 2017, we recognized PIK and non-cash interest from investments of approximately $1.5 million and $4.7 million, respectively, and PIK and non-cash dividends from investments of approximately $5.4 million and $11.7 million, respectively.

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

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

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

Monitoring of Portfolio Investments

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

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

Investment Rating 1 Investment is performing materially above expectations;

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

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

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

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

(in millions)	**As of September 30, 2018**			
Investment Rating	**Cost**	**Percent**	**Fair Value**	**Percent**
Investment Rating 1	$ 153.5	6.8%	$ 156.4	6.8%
Investment Rating 2	2,077.5	91.9%	2,124.3	92.6%
Investment Rating 3	13.5	0.6%	6.8	0.3%
Investment Rating 4	16.5	0.7%	7.3	0.3%
	$ 2,261.0	100.0%	$ 2,294.8	100.0%

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

During the second quarter of 2018, we placed a portion of our second lien position in National HME, Inc. on non-accrual status and wrote down the aggregate fair value of our preferred shares in

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TW-NHME Holdings Corp. (together with our second lien position, "NHME") to $0. As of September 30, 2018, our investment in the second lien position in NHME had an aggregate cost basis of $28.5 million an aggregate fair value of $13.7 million and total unearned interest income of $0.4 million and $0.8 million, respectively, for the three and nine months then ended.

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

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

Portfolio and Investment Activity

The fair value of our investments was approximately $2,294.8 million in 92 portfolio companies at September 30, 2018 and approximately $1,825.7 million in 84 portfolio companies at December 31, 2017.

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

	Nine Months Ended	
(in millions)	**September 30, 2018**	**September 30, 2017**
New investments in 57 and 51 portfolio companies, respectively	$ 1,056.7	$ 809.8
Debt repayments in existing portfolio companies	516.2	483.6
Sales of securities in 10 and 16 portfolio companies, respectively	83.0	58.9
Change in unrealized appreciation on 43 and 55 portfolio companies, respectively	33.8	61.6
Change in unrealized depreciation on 61 and 34 portfolio companies, respectively	(34.5)	(12.9)

Recent Accounting Standards Updates

In August 2018, the FASB issued Accounting Standards Update No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). The standard will modify the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted upon issuance of ASU 2018-13. We are permitted to early adopt any removed or modified disclosures upon issuance of ASU 2018-13 and delay adoption of the additional disclosures until their effective date. We are in the process of evaluating the impact that this guidance will have on our consolidated financial statements and disclosures.

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Results of Operations for the Three Months Ended September 30, 2018 and September 30, 2017

Revenue

	Three Months Ended	
(in thousands)	**September 30, 2018**	**September 30, 2017**
Interest income	$ 40,920	$ 39,638
Total dividend income	13,948	9,870
Other income	5,601	1,728
Total investment income	$ 60,469	$ 51,236

Our total investment income increased by approximately $9.2 million for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017. For the three months ended September 30, 2018, total investment income of $60.5 million consisted of approximately $35.1 million in cash interest from investments, approximately $2.5 million in PIK and non-cash interest from investments, approximately $2.0 million in prepayment fees, net amortization of purchase premiums and discounts of approximately $1.3 million, approximately $6.8 million in cash dividends from investments, $7.2 million in PIK and non-cash dividends from investments and approximately $5.6 million in other income. The 18% increase in total investment income resulted primarily from increased dividend income and other income. The increase in dividend income of approximately $4.1 million during the three months ended September 30, 2018 as compared to the three months ended September 30, 2017 is primarily due to distributions from our investments in NMNLC, SLP III and PIK and non-cash dividend income from five equity positions. In addition, our increase in interest and dividend income was attributable to larger invested balances which were driven by proceeds from our convertible notes and our unsecured notes issuances to originate new investments as well as rising LIBOR rates. Other income during the three months ended September 30, 2018, which represents fees that are generally non-recurring in nature, was primarily attributable to upfront, amendment and consent fees received from nineteen different portfolio companies and management fees from a non-controlled affiliated portfolio company.

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Operating Expenses

	Three Months Ended	
(in thousands)	**September 30, 2018**	**September 30, 2017**
Management fee	$ 10,018	$ 8,422
Less: management fee waiver	(1,766)	(1,483)
Total management fee	8,252	6,939
Incentive fee	6,780	6,573
Interest and other financing expenses	14,759	9,509
Professional fees	2,053	819
Administrative expenses	846	652
Other general and administrative expenses	437	346
Total expenses	33,127	24,838
Less: expenses waived and reimbursed		
Net expenses before income taxes	33,127	24,838
Income tax expense	225	106
Net expenses after income taxes	$ 33,352	$ 24,944

Our total net operating expenses increased by approximately $8.4 million for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017. Our management fee increased by approximately $1.3 million, net of a management fee waivers for the three months ended September 30, 2018, as compared to the three months ended September 30, 2017. The increase in management fees was attributable to larger invested balances, driven by the proceeds from our convertible notes issuances and unsecured notes issuances as well as our use of leverage from our revolving credit facilities and SBA-guaranteed debentures to originate new investments.

Interest and other financing expenses increased by approximately $5.3 million during the three months ended September 30, 2018 as compared to the three months ended September 30, 2017, primarily due to our issuances of our unsecured notes, higher drawn balances on our SBA-guaranteed debentures and NMFC Credit Facility (as defined below) and rising LIBOR rates. Our increase in total professional fees, administrative expenses and total other general and administrative expenses for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017 was mainly attributable to the professional fees incurred relating to evaluating and making investments, as well as on-going monitoring of our investments.

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

	Three Months Ended	
(in thousands)	**September 30, 2018**	**September 30, 2017**
Net realized gains (losses) on investments	$ 3,254	$ (14,216)
Net change in unrealized (depreciation) appreciation of investments	(3,609)	14,643
Net change in unrealized (depreciation) appreciation securities purchased under collateralized agreements to resell		(1,549)
Provision for taxes	(2)	(394)
Net realized and unrealized gains (losses)	$ (357)	$ (1,516)

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Our net realized gains and unrealized losses resulted in a net loss of approximately $0.4 million for the three months ended September 30, 2018 compared to net realized losses and unrealized gains resulting in a net loss of approximately $1.5 million for the same period in 2017. As movement in unrealized appreciation or depreciation can be the result of realizations, we look at net realized and unrealized gains or losses together. The net loss for the three months ended September 30, 2018 was primarily driven by and overall decrease in the market prices of our investments during the period, which was partially offset by a realized gain on the sale of our investment in TWDiamondback Holdings Corp. The provision for income taxes was attributable to equity investments that are held as of September 30, 2018 in three of our corporate subsidiaries. The net loss for the three months ended September 30, 2017 was primarily driven by unrealized depreciation on our securities purchased under collateralized agreements to resell. With the completion of the Sierra Hamilton LLC / Sierra Hamilton Finance, Inc. ("Sierra") restructuring in July 2017, $14.5 million of previously recorded unrealized depreciation related to this investment was realized during the three months ended September 30, 2017.

Results of Operations for the Nine Months Ended September 30, 2018 and September 30, 2017

Revenue

	Nine Months Ended	
(in thousands)	**September 30, 2018**	**September 30, 2017**
Interest income	$ 117,749	$ 111,275
Total dividend income	38,651	26,273
Other income	11,556	7,014
Total investment income	$ 167,956	$ 144,562

Our total investment income increased by approximately $23.4 million for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. For the nine months ended September 30, 2018, total investment income of $168.0 million consisted of approximately $103.4 million in cash interest from investments, approximately $6.1 million in PIK and non-cash interest from investments, approximately $4.3 million in prepayment fees, net amortization of purchase premiums and discounts of approximately $3.9 million, approximately $17.7 million in cash dividends from investments, approximately $21.0 million in PIK and non-cash dividends from investments and approximately $11.6 million in other income. The 16% increase in total investment income primarily resulted from an increase in dividend income of approximately $12.4 million during the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. The increase was primarily due to distributions from our investments in NMNLC, SLP III and PIK and non-cash dividend income from five equity positions. Also contributing to the increase in total investment income is the increased interest income which is attributable to larger invested balances and rising LIBOR rates. Our larger invested balances were driven by the proceeds from our August 2018 Convertible Notes issuance and our July 2018 and January 2018 unsecured notes issuances to originate new investments. Other income during the nine months ended September 30, 2018, which represents fees that are generally non-recurring in nature, was primarily attributable to upfront, amendment and consent fees received from thirty-eight different portfolio companies and management fees from a non-controlled affiliated portfolio company.

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Operating Expenses

(in thousands)	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Management fee	$ 28,011	$ 24,311
Less: management fee waiver	(4,583)	(4,324)
Total management fee	23,428	19,987
Incentive fee	19,644	18,430
Less: incentive fee waiver		(1,800)
Total incentive fee	19,644	16,630
Interest and other financing expenses	38,873	26,930
Professional fees	3,455	2,391
Administrative expenses	2,607	2,022
Other general and administrative expenses	1,365	1,214
Total expenses	89,372	69,174
Less: expenses waived and reimbursed	(276)	(474)
Net expenses before income taxes	89,096	68,700
Income tax expense	286	341
Net expenses after income taxes	$ 89,382	$ 69,041

Our total net operating expenses increased by approximately $20.3 million for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. Our management fee increased by approximately $3.4 million, net of a management fee waiver, and our incentive fee increased by approximately $3.0 million, net of an incentive fee waiver, for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. The increase in management fees and incentive fees was attributable to larger invested balances, driven by the proceeds from our April 2017 primary offering of our common stock, our convertible notes issuance, our unsecured notes issuances and our use of leverage from our revolving credit facilities and SBA-guaranteed debentures to originate new investments. In addition, our increase in incentive fees was attributable to an incentive fee waiver by the Investment Adviser for the nine months ended September 30, 2017 of approximately $1.8 million.

Interest and other financing expenses increased by approximately $11.9 million during the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017, primarily due to our issuances of convertible and unsecured notes, higher drawn balances on our SBA-guaranteed debentures and NMFC Credit Facility (as defined below) and rising LIBOR rates. Our increase in total professional fees, administrative expenses and total other general and administrative expenses for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017 was mainly attributable to an increase in professional fees relating to evaluating and making investments, as well as on-going monitoring of our investments.

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

	Nine Months Ended	
(in thousands)	**September 30, 2018**	**September 30, 2017**
Net realized losses on investments	$ (3,149)	$ (39,843)
Net change in unrealized appreciation (depreciation) of investments	(690)	48,700
Net change in unrealized depreciation securities purchased under collateralized agreements to resell	(12)	(2,382)
(Provision) benefit for taxes	(986)	525
Net realized and unrealized gains (losses)	$ (4,837)	$ 7,000

Our net realized and unrealized losses resulted in a net loss of approximately $4.8 million for the nine months ended September 30, 2018 compared to net realized losses and unrealized gains resulting in a net gain of approximately $7.0 million for the same period in 2017. As movement in unrealized appreciation or depreciation can be the result of realizations, we look at net realized and unrealized gains or losses together. The net loss for the nine months ended September 30, 2018 was primarily driven by the realized loss on our investment in American Tire Distributors, Inc. ("ATD"), which was sold during the quarter ended June 30, 2018 due to ATD's reported loss of its largest supplier. The provision for income taxes was attributable to equity investments that are held as of September 30, 2018 in three of our corporate subsidiaries. The net gain for the nine months ended September 30, 2017 was primarily driven by the overall increase in the market prices of our investments during the period. With the completion of the Transtar Holding Company and Sierra restructurings in April 2017 and July 2017, respectively, $27.6 million and $14.5 million, respectively, of previously recorded unrealized depreciation related to these investment was realized during the nine months ended September 30, 2017.

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

Revenue

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

Our total investment income increased by approximately $29.7 million for the year ended December 31, 2017 as compared to the year ended December 31, 2016. The 18% increase in total investment income results in part from an increase in interest income of approximately $2.4 million from the year ended December 31, 2016 to the year ended December 31, 2017, which is attributable to larger invested balances and prepayment fees received associated with the early repayments of eleven different portfolio companies held as of December 31, 2016. Our larger invested balances were driven by the proceeds from the April 2017 primary offering of our common stock, our June 2017 unsecured notes issuance, as well as, our use of leverage from our revolving credit facilities and SBA-guaranteed debentures to originate new investments. The increase in dividend income of approximately $26.1 million during the year ended December 31, 2017 as

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compared to the year ended December 31, 2016 was primarily attributable to distributions from our investments in SLP II and NMNLC and PIK and non-cash dividend income from five equity positions. The increase in other income, which represents fees that are generally non-recurring in nature, of approximately $1.3 million during the year ended December 31, 2017 as compared to the year ended December 31, 2016 was primarily attributable to structuring, upfront, amendment, consent, bridge and commitment fees received from 46 different portfolio companies.

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

Operating Expenses

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

Our total net operating expenses increased by approximately $15.6 million for the year ended December 31, 2017 as compared to the year ended December 31, 2016. Our management fee increased by approximately $4.3 million, net of a management fee waiver, and incentive fees

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increased by approximately $1.3 million, net of an incentive fee waiver, for the year ended December 31, 2017 as compared to the year ended December 31, 2016. The increase in management fee and incentive fee from the year ended December 31, 2016 to the year ended December 31, 2017 was attributable to larger invested balances, driven by the proceeds from our April 2017 primary offering of our common stock, our unsecured notes issuances and our use of leverage from our revolving credit facilities and SBA-guaranteed debentures to originate new investments. No capital gains incentive fee was accrued for the year ended December 31, 2017.

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

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

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

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

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

Our net realized losses and unrealized gains resulted in a net gain of approximately $7.2 million for the year ended December 31, 2017 compared to the net realized losses and unrealized gains resulting in a net gain of approximately $23.6 million for the same period in 2016. As movement in unrealized appreciation or depreciation can be the result of realizations, we look at net realized and unrealized gains or losses together. The net gain for the year ended December 31,

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2017 was primarily driven by the overall increase in the market prices of our investments during the period. With the completion of the Transtar and Sierra restructurings in April 2017 and July 2017, respectively, $27.6 million and $14.5 million, respectively, of previously recorded unrealized depreciation related to these investments were realized during the year ended December 31, 2017. The benefit for income taxes was primarily attributable to equity investments that are held in three of our corporate subsidiaries as of December 31, 2017.

Our net realized losses and unrealized gains resulted in a net gain of approximately $23.6 million for the year ended December 31, 2016 compared to the net realized and unrealized losses resulting in a net loss of approximately $49.5 million for the same period in 2015. As movement in unrealized appreciation or depreciation can be the result of realizations, we look at net realized and unrealized gains or losses together. The net gain for the year ended December 31, 2016 was primarily driven by the overall increase in the market prices of our investments during the period and sales or repayments of investments with fair values in excess of December 31, 2015 valuations, resulting in net realized gains being greater than the reversal of the cumulative net unrealized gains for those investments. The net gain was offset by a $17.9 million realized loss on an investment resulting from the modification of terms on a portfolio company that was accounted for as an extinguishment. The benefit for income taxes was primarily attributable to equity investments that are held in three of our corporate subsidiaries as of December 31, 2016.

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

Liquidity and Capital Resources

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

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

Our liquidity is generated and generally available through advances from the revolving credit facilities, from cash flows from operations, and, we expect, through periodic follow-on equity offerings. In addition, we may from time to time enter into additional debt facilities, increase the size of existing facilities or issue additional debt securities, including unsecured debt and/or debt securities convertible into common stock. Any such incurrence or issuance would be subject to prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors. In accordance with the 1940 Act, with certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, calculated pursuant to the 1940 Act, is at least 150.0% after such borrowing. On March 23, 2018, the Small Business Credit Availability Act (the "SBCA") was signed into law, which included various changes to regulations under the federal securities laws that impact BDCs. The SBCA included changes to the 1940 Act to allow BDCs to decrease their asset coverage requirement to 150.0% from 200.0% under certain circumstances. On April 12, 2018, our board of directors, including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) approved the application of the modified asset coverage

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requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the SBCA, and recommended the submission of a proposal for stockholders to approve the application of the 150.0% minimum asset coverage ratio to us at a special meeting of stockholders, which was held on June 8, 2018. The stockholder proposal was approved by the required votes of our stockholders at such special meeting of stockholders, and thus we became subject to the 150.0% minimum asset coverage ratio on June 9, 2018. As a result of our exemptive relief received on November 5, 2014, we are permitted to exclude our SBA-guaranteed debentures from the 150.0% asset coverage ratio that the we are required to maintain under the 1940 Act. The agreements governing the NMFC Credit Facility, the 2018 Convertible Notes and the Unsecured Notes (as defined below) contain certain covenants and terms, including a requirement that we not exceed a debt-to-equity ratio of 1.65 to 1.00 at the time of incurring additional indebtedness and a requirement that we not exceed a secured debt ratio of 0.70 to 1.00 at any time. As of September 30, 2018, our asset coverage ratio was 185.7%.

At September 30, 2018 and December 31, 2017, we had cash and cash equivalents of approximately $146.3 million and $34.9 million, respectively. Our cash used in operating activities during the nine months ended September 30, 2018 and September 30, 2017 was approximately $294.7 million and $144.5 million, respectively. We expect that all current liquidity needs will be met with cash flows from operations and other activities.

Borrowings

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

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

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

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

	Three Months Ended		Nine Months Ended	
(in millions)	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Interest expense	$ 4.0	$ 3.1	$ 10.7	$ 8.7
Non-usage fee	$ 0.1	$ 0.1	$ 0.5	$ 0.5
Amortization of financing costs	$ 0.7	$ 0.4	$ 1.9	$ 1.2
Weighted average interest rate	4.2%	3.4%	4.1%	3.3%
Effective interest rate	5.0%	4.1%	5.0%	4.0%
Average debt outstanding	$ 379.2	$ 352.4	$ 351.4	$ 351.6

As of September 30, 2018 and December 31, 2017, the outstanding balance on the Holdings Credit Facility was $466.0 million and $312.4 million, respectively, and NMF Holdings was in compliance with the applicable covenants in the Holdings Credit Facility on such dates.

NMFC Credit Facility The Senior Secured Revolving Credit Agreement, as amended (together with the related guarantee and security agreement, the "NMFC Credit Facility"), dated June 4, 2014 , among us, as the Borrower, Goldman Sachs Bank USA, as the Administrative Agent and Collateral Agent, and Goldman Sachs Bank USA, Morgan Stanley Bank, N.A. and Stifel Bank & Trust, as Lenders, is structured as a senior secured revolving credit facility and matures on June 4, 2019. On February 27, 2018, we entered into an amendment to the NMFC Credit Facility which extended the maturity date to June 4, 2022. On July 5, 2018, we further amended the NMFC Credit Facility to include the financial covenants related to asset coverage discussed above. The NMFC Credit Facility is guaranteed by certain of our domestic subsidiaries and proceeds from the NMFC Credit Facility may be used for general corporate purposes, including the funding of portfolio investments.

As of September 30, 2018, the maximum amount of revolving borrowings available under the NMFC Credit Facility was $135.0 million. We are permitted to borrow at various advance rates depending on the type of portfolio investment as outlined in the Senior Secured Revolving Credit Agreement. All fees associated with the origination of the NMFC Credit Facility are capitalized on our Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the NMFC Credit Facility. The NMFC Credit Facility contains certain customary affirmative and negative covenants and events of default, including certain financial covenants related to asset coverage and liquidity and other maintenance covenants.

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

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

	Three Months Ended		Nine Months Ended	
(in millions)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Interest expense	$ 1.4	$ 0.2	$ 3.8	$ 1.3
Non-usage fee	$ (1)	$ 0.1	$ 0.1	$ 0.2
Amortization of financing costs	$ 0.1	$ 0.1	$ 0.3	$ 0.3
Weighted average interest rate	4.7%	3.6%	4.5%	3.5%
Effective interest rate	5.1%	7.3%	5.0%	5.0%
Average debt outstanding	$ 121.9	$ 21.7	$ 113.3	$ 48.0

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

As of September 30, 2018 and December 31, 2017, the outstanding balance on the NMFC Credit Facility was $135.0 million and $122.5 million, respectively, and NMFC was in compliance with the applicable covenants in the NMFC Credit Facility on such dates.

NMNLC Credit Facility The Revolving Credit Agreement (together with the related guarantee and security agreement, the "NMNLC Credit Facility"), dated September 21, 2018, among NMNLC, as the Borrower, and KeyBank National Association, as the Administrative Agent and Lender, is structured as a senior secured revolving credit facility and matures on September 23, 2019. The NMNLC Credit Facility is guaranteed by us and proceeds from the NMNLC Credit Facility may be used for funding of additional acquisition properties.

The NMNLC Credit Facility generally bears interest at a rate of LIBOR plus 2.50% per annum or the prime rate plus 1.50% per annum, and charges a commitment fee, based on the unused facility amount multiplied by 0.15% per annum (as defined in the Revolving Credit Agreement).

As of September 30, 2018, the maximum amount of revolving borrowings available under the NMNLC Credit Facility was $30.0 million. As of September 30, 2018, the outstanding balance on the NMNLC Credit Facility was $0 and NMNLC was in compliance with the applicable covenants in the NMNLC Credit Facility on such dates.

Convertible Notes

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

The 2014 Convertible Notes bear interest at an annual rate of 5.0%, payable semi-annually in arrears on June 15 and December 15 of each year, which commenced on December 15, 2014. The

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2014 Convertible Notes will mature on June 15, 2019 unless earlier converted or repurchased at the holder's option.

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

The 2014 Indenture contains certain covenants, including covenants requiring us to provide financial information to the holders of the 2014 Convertible Notes and the Trustee if we cease to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 2014 Indenture.

2018 Convertible Notes On August 20, 2018, we closed a registered public offering of $100.0 million aggregate principal amount of 2018 Convertible Notes (together with the 2017 Convertible Notes, the "Convertible Notes"), pursuant to an indenture, dated August 20, 2018, as supplemented by a first supplemental indenture thereto, dated August 20, 2018 (together the "2018A Indenture"). On August 30, 2018, in connection with the registered public offering, we issued an additional $15.0 million aggregate principal amount of the 2018 Convertible Notes pursuant to the exercise of an overallotment option by the underwriter of the 2018 Convertible Notes.

The 2018 Convertible Notes bear interest at an annual rate of 5.75%, payable semi-annually in arrears on February 15 and August 15 of each year, commencing on February 15, 2019. The 2018 Convertible Notes will mature on August 15, 2023 unless earlier converted, repurchased or redeemed. We may not redeem the 2018 Convertible Notes prior to May 15, 2023. On or after May 15, 2023, we may redeem the 2018 Convertible Notes for cash, in whole or from time to time in part, at its option at a redemption price, subject to an exception for redemption dates occurring after a record date but on or prior to the interest payment date, equal to the sum of (i) 100% of the principal amount of the 2018 Convertible Notes to be redeemed, (ii) accrued and unpaid interest thereon to, but excluding, the redemption date and (iii) a make-whole premium.

No sinking fund is provided for the 2018 Convertible Notes. Holders of 2018 Convertible Notes may, at their option, convert their 2018 Convertible Notes into shares of our common stock at any time on or prior to the close of business on the business day immediately preceding the maturity date of the 2018 Convertible Notes. In addition, if certain corporate events occur, holders of the 2018 Convertible Notes may require us to repurchase for cash all or part of their 2018 Convertible Notes at a repurchase price equal to 100.0% of the principal amount of the 2018 Convertible Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the repurchase date.

The 2018A Indenture contains certain covenants, including covenants requiring us to provide certain financial information to the holders of the 2018 Convertible Notes and the trustee if we cease to be subject to the reporting requirements of the Exchange Act. The 2018A Indenture also includes additional financial covenants related to our asset coverage ratio. These covenants are subject to limitations and exceptions that are described in the 2018A Indenture.

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

	2014 Convertible Notes	2018 Convertible Notes
Initial conversion premium	12.5%	10.0%
Initial conversion rate(1)	62.7746	65.8762
Initial conversion price	$ 15.93	$ 15.18
Conversion premium at September 30, 2018	11.7%	10.0%
Conversion rate at September 30, 2018(1)(2)	63.2794	65.8762
Conversion price at September 30, 2018(2)(3)	$ 15.80	$ 15.18
Last conversion price calculation date	June 3, 2018	August 20, 2018

(1) Conversion rates denominated in shares of common stock per $1.0 thousand principal amount of the Convertible Notes converted.

(2) Represents conversion rate and conversion price, as applicable, taking into account certain de minimis adjustments that will be made on the conversion date.

(3) The conversion price in effect at September 30, 2018 was calculated on the last anniversary of the issuance and will be calculated again on the next anniversary, unless the exercise price shall have changed by more than 1.0% before the anniversary.

The conversion rate will be subject to adjustment upon certain events, such as stock splits and combinations, mergers, spin-offs, increases in distributions in excess of $0.34 per share per quarter and certain changes in control. Certain of these adjustments, including adjustments for increases in distributions, are subject to a conversion price floor of $14.05 per share for the 2014 Convertible Notes and $13.80 per share for the 2018 Convertible Notes. In no event will the total number of shares of common stock issuable upon conversion exceed 71.1893 per $1.0 thousand principal amount of the 2014 Convertible Notes or 72.4637 per $1 principal amount of the 2018 Convertible Notes. We have determined that the embedded conversion option in the Convertible Notes is not required to be separately accounted for as a derivative under GAAP.

The Convertible Notes are unsecured obligations and rank senior in right of payment to our existing and future indebtedness, if any, that is expressly subordinated in right of payment to the Convertible Notes; equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness (including existing unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries and financing vehicles. The issuance is considered part of the if-converted method for calculation of diluted earnings per share.

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

	Three Months Ended		Nine Months Ended	
(in millions)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Interest expense	$ 2.7	$ 1.9	$ 6.6	$ 5.8
Amortization of financing costs	$ 0.3	$ 0.3	$ 0.9	$ 0.9
Amortization of premium	$ (1)	$ (1)	$ (0.1)	$ (0.1)
Weighted average interest rate	5.2%	5.0%	5.1%	5.0%
Effective interest rate	5.7%	5.7%	5.7%	5.7%
Average debt outstanding	$ 207.8	$ 155.3	$ 172.9	$ 155.3

(1) For the three months ended September 30, 2018 and September 30, 2017, the total amortization of premium was less than $50 thousand.

As of September 30, 2018 and December 31, 2017, the outstanding balance on the Convertible Notes was $270.3 million and $155.3 million, respectively, and NMFC was in compliance with the terms of the 2014 Indenture and 2018A Indenture on such dates, as applicable.

Unsecured Notes

On May 6, 2016, we issued $50.0 million in aggregate principal amount of five-year unsecured notes that mature on May 15, 2021 (the "2016 Unsecured Notes"), pursuant to a note purchase agreement, dated May 4, 2016, to an institutional investor in a private placement. On September 30, 2016, we entered into an amended and restated note purchase agreement (the "NPA") and issued an additional $40.0 million in aggregate principal amount of 2016 Unsecured Notes to institutional investors in a private placement. On June 30, 2017, we issued $55.0 million in aggregate principal amount of five-year unsecured notes that mature on July 15, 2022 (the "2017A Unsecured Notes"), pursuant to the NPA and a supplement to the NPA. On January 30, 2018, we issued $90.0 million in aggregate principal amount of five year unsecured notes that mature on January 30, 2023 (the "2018A Unsecured Notes") pursuant to the NPA and a second supplement to the NPA. On July 5, 2018, we issued $50.0 million in aggregate principal amount of five year unsecured notes that mature on June 28, 2023 (the "2018B Unsecured Notes") pursuant to the NPA and a third supplement to the NPA (the "Third Supplement"). The NPA provides for future issuances of unsecured notes in separate series or tranches.

The 2016 Unsecured Notes bear interest at an annual rate of 5.313%, payable semi-annually on May 15 and November 15 of each year, which commenced on November 15, 2016. The 2017A Unsecured Notes bear interest at an annual rate of 4.760%, payable semi-annually on January 15 and July 15 of each year, which commenced on January 15, 2018. The 2018A Unsecured Notes bear interest at an annual rate of 4.870%, payable semi-annually on February 15 and August 15 of each year, which commenced on August 15, 2018. The 2018B Unsecured Notes bear interest at an annual rate of 5.360%, payable semi-annually on January 15 and July 15 of each year, which commences on January 15, 2019. These interest rates are subject to increase in the event that: (i) subject to certain exceptions, the underlying unsecured notes or we cease to have an investment grade rating or (ii) the aggregate amount of our unsecured debt falls below $150,000. In each such event,we have the option to offer to prepay the underlying unsecured notes at par, in which case holders of the underlying unsecured notes who accept the offer would not receive the increased interest rate. In addition, we are obligated to offer to prepay the underlying unsecured notes at par if the Investment Adviser, or an affiliate thereof, ceases to be our investment adviser or if certain change in control events occur with respect to the Investment Adviser.

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The NPA contains customary terms and conditions for unsecured notes issued, including, without limitation, an option to offer to prepay all or a portion of the unsecured notes under its governance at par (plus a make-whole amount if applicable), affirmative and negative covenants such as information reporting, maintenance of our status as a BDC under the 1940 Act and a RIC under the Code, minimum stockholders' equity, minimum asset coverage ratio, and prohibitions on certain fundamental changes at NMFC or any subsidiary guarantor, as well as customary events of default with customary cure and notice, including, without limitation, nonpayment, misrepresentation in a material respect, breach of covenant, cross-default under other indebtedness of NMFC or certain significant subsidiaries, certain judgments and orders, and certain events of bankruptcy. The Third Supplement includes additional financial covenants related to asset coverage as well as other terms.

On September 25, 2018, we closed a registered public offering of $50.0 million in aggregate principal amount of five-year 5.75% Unsecured Notes (together with the 2016 Unsecured Notes, 2017A Unsecured Notes, 2018A Unsecured Notes and 2018B Unsecured Notes, the "Unsecured Notes"), pursuant to an indenture, dated August 20, 2018, as supplemented by a second supplemental indenture thereto, dated September 25, 2018 (together, the "2018B Indenture").

The 5.75% Unsecured Notes bear interest at an annual rate of 5.75%, payable quarterly on January 1, April 1, July 1 and October 1 of each year, which commences on January 1, 2019. The 5.75% Unsecured Notes will mature on October 1, 2023 unless earlier redeemed. The 5.75% Unsecured Notes are listed on the New York Stock Exchange and trade under the trading symbol "NMFX."

We may redeem the 5.75% Unsecured Notes, in whole or in part, at any time, or from time to time, at our option on or after October 1, 2020, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount thereof plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to but not including the date fixed for redemption.

No sinking fund is provided for the 5.75% Unsecured Notes and holders of the 5.75% Unsecured Notes have no option to have their 5.75% Unsecured Notes repaid prior to the stated maturity date.

The 2018B Indenture contains certain covenants, including covenants requiring us to (i) comply with the asset coverage requirements set forth in Section 18(a)(1)(A) of the 1940 Act as modified by Section 61(a)(1) of the 1940 Act as may be applicable to us from time to time or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to us by the SEC and (ii) provide certain financial information to the holders of the 5.75% Unsecured Notes and the trustee if we cease to be subject to the reporting requirements of the Exchange Act. The 2018B Indenture also includes additional financial covenants related to asset coverage. These covenants are subject to limitations and exceptions that are described in the 2018B Indenture.

The 2018B Indenture provides for customary events of default and further provides that the trustee or the holders of 25% in aggregate principal amount of the outstanding 5.75% Unsecured Notes may declare such 5.75% Unsecured Notes immediately due and payable upon the occurrence of any event of default after expiration of any applicable grace period.

The Unsecured Notes are unsecured obligations and rank senior in right of payment to our existing and future indebtedness, if any, that is expressly subordinated in right of payment to the Unsecured Notes; equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness

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(including existing unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries and financing vehicles.

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

	Three Months Ended		Nine Months Ended	
(in millions)	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Interest expense	$ 3.7	$ 1.8	$ 9.2	$ 4.2
Amortization of financing costs	$ 0.2	$ 0.1	$ 0.5	$ 0.3
Weighted average interest rate	5.1%	5.1%	5.1%	5.2%
Effective interest rate	5.3%	5.5%	5.4%	5.7%
Average debt outstanding	$ 286.1	$ 145.0	$ 242.7	$ 108.7

As of September 30, 2018 and December 31, 2017, the outstanding balance on the Unsecured Notes was $335.0 million and $145.0 million, respectively, and we were in compliance with the terms of the NPA and the 2018B Indenture as of such dates, as applicable.

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

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

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

As of September 30, 2018 and December 31, 2017, SBIC I had regulatory capital of $75.0 million and $75.0 million, respectively, and SBA-guaranteed debentures outstanding of $150.0 million and $150.0 million, respectively. As of September 30, 2018 and December 31, 2017, SBIC II had regulatory capital of $42.5 million and $2.5 million, respectively, and $15.0 million and $0, respectively, of SBA-guaranteed debentures outstanding. The SBA-guaranteed debentures incur upfront fees of 3.425%, which consists of a 1.00% commitment fee and a 2.425% issuance

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discount, which are amortized over the life of the SBA-guaranteed debentures. The following table summarizes our SBA-guaranteed debentures as of September 30, 2018.

(in millions) Issuance Date	Maturity Date	Debenture Amount	Interest Rate	SBA Annual Charge
Fixed SBA-guaranteed debentures[(1)]:				
March 25, 2015	March 1, 2025	$ 37.5	2.517%	0.355%
September 23, 2015	September 1, 2025	37.5	2.829%	0.355%
September 23, 2015	September 1, 2025	28.8	2.829%	0.742%
March 23, 2016	March 1, 2026	13.9	2.507%	0.742%
September 21, 2016	September 1, 2026	4.0	2.051%	0.742%
September 20, 2017	September 1, 2027	13.0	2.518%	0.742%
March 21, 2018	March 1, 2028	15.3	3.187%	0.742%
Fixed SBA-guaranteed debentures[(2)]:				
September 19, 2018	September 1, 2028	15.0	3.548%	0.222%
Total SBA-guaranteed debentures		**$ 165.0**		

(1) SBA-guaranteed debentures are held in SBIC I.

(2) SBA-guaranteed debentures are held in SBIC II.

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

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

	Three Months Ended		Nine Months Ended	
(in millions)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Interest expense	$ 1.3	$ 1.1	$ 3.7	$ 3.0
Amortization of financing costs	$ 0.1	$ 0.1	$ 0.4	$ 0.3
Weighted average interest rate	3.2%	3.1%	3.2%	3.1%
Effective interest rate	3.6%	3.4%	3.5%	3.5%
Average debt outstanding	$ 164.4	$ 134.9	$ 156.3	$ 127.0

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

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Off-Balance Sheet Arrangements

We may become a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments may include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. As of September 30, 2018 and December 31, 2017, we had outstanding commitments to third parties to fund investments totaling $138.6 million and $77.4 million, respectively, under various undrawn revolving credit facilities, delayed draw commitments or other future funding commitments.

We may from time to time enter into financing commitment letters or bridge financing commitments, which could require funding in the future. As of September 30, 2018 and December 31, 2017, we had commitment letters to purchase investments in an aggregate par amount of $15.8 million and $13.9 million, respectively. As of September 30, 2018 and December 31, 2017, we had not entered into any bridge financing commitments which could require funding in the future.

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

As of September 30, 2018, we had unfunded commitments related to an equity investment in SLP III of $13.2 million, which may be funded at our discretion.

Contractual Obligations

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

Contractual Obligations Payments Due by Period

(in millions)	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Holdings Credit Facility[1]	$ 466.0	$	$	$ 466.0	$
Unsecured Notes[2]	335.0		90.0	195.0	50.0
SBA-guaranteed debentures[3]	165.0				165.0
Convertible Notes[4]	270.3	155.3		115.0	
NMFC Credit Facility[5]	135.0			135.0	
Total Contractual Obligations	$ 1,371.3	$ 155.3	$ 90.0	$ 911.0	$ 215.0

(1) Under the terms of the $495.0 million Holdings Credit Facility, all outstanding borrowings under that facility ($466.0 million as of September 30, 2018) must be repaid on or before October 24, 2022. As of September 30, 2018, there was approximately $29.0 million of possible capacity remaining under the Holdings Credit Facility.

(2) $90.0 million of the 2016 Unsecured Notes will mature on May 15, 2021 unless earlier repurchased, $55.0 million of the 2017A Unsecured Notes will mature on July 15, 2022 unless earlier repurchased, $90.0 million of the 2018A Unsecured Notes will mature on January 30, 2023 unless earlier repurchased and $50.0 million of the 2018B Unsecured Notes will mature on June 28, 2023 unless earlier repurchased. $50.0 million of the 5.75% Unsecured Notes will mature on October 1, 2023 unless earlier repurchased.

(3) Our SBA-guaranteed debentures will begin to mature on March 1, 2025.

(4) $155.3 million of the 2014 Convertible Notes will mature on June 15, 2019 unless earlier converted or repurchased at the holder's option and the $115.0 million of the 2018 Convertible Notes will mature on August 15, 2023 unless earlier converted or repurchased at the holder's option or redeemed by us.

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(5) Under the terms of the $135.0 million NMFC Credit Facility, all outstanding borrowings under that facility ($135.0 million as of September 30, 2018) must be repaid on or before June 4, 2022. As of September 30, 2018, there was no capacity remaining under the NMFC Credit Facility.

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

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

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

Distributions and Dividends

Distributions declared and paid to stockholders for the nine months ended September 30, 2018 totaled approximately $77.5 million.

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

Fiscal Year Ended	Date Declared	Record Date	Payment Date	Per Share Amount(1)
December 31, 2018				
Third Quarter	August 1, 2018	September 14, 2018	September 28, 2018	$ 0.34
Second Quarter	May 2, 2018	June 15, 2018	June 29, 2018	0.34
First Quarter	February 21, 2018	March 15, 2018	March 29, 2018	0.34
				$ 1.02
December 31, 2017				
Fourth Quarter	November 2, 2017	December 15, 2017	December 28, 2017	$ 0.34
Third Quarter	August 4, 2017	September 15, 2017	September 29, 2017	0.34
Second Quarter	May 4, 2017	June 16, 2017	June 30, 2017	0.34
First Quarter	February 23, 2017	March 17, 2017	March 31, 2017	0.34
				$ 1.36
December 31, 2016				
Fourth Quarter	November 4, 2016	December 15, 2016	December 29, 2016	$ 0.34
Third Quarter	August 2, 2016	September 16, 2016	September 30, 2016	0.34
Second Quarter	May 3, 2016	June 16, 2016	June 30, 2016	0.34
First Quarter	February 22, 2016	March 17, 2016	March 31, 2016	0.34

	$	1.36

(1) Tax characteristics of all distributions paid are reported to stockholders on Form 1099 after the end of the calendar year. For the years ended December 31, 2017 and December 31, 2016, total distributions were $100.9 million and

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$88.8 million, respectively, of which the distributions were comprised of approximately 71.50% and 89.46%, respectively, of ordinary income, 0.00% and 0.00%, respectively, of long-term capital gains and approximately 28.50% and 10.54%, respectively, of a return of capital. Future quarterly distributions, if any, will be determined by our board of directors.

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

We maintain an "opt out" dividend reinvestment plan on behalf of our common stockholders, pursuant to which each of our stockholders' cash distributions will be automatically reinvested in additional shares of common stock, unless the stockholder elects to receive cash. See *Note 2. Summary of Significant Accounting Policies* in the consolidated financial statements in this prospectus supplement for additional details regarding our dividend reinvestment plan.

Related Parties

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

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

- We have entered into the Administration Agreement with the Administrator, a wholly-owned subsidiary of New Mountain Capital. The Administrator arranges our office space and provides office equipment and administrative services necessary to conduct our respective day-to-day operations pursuant to the Administration Agreement. We reimburse the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to us under the Administration Agreement, which includes the fees and expenses associated with performing administrative, finance, and compliance functions, and the compensation of our chief financial officer and chief compliance officer and their respective staffs. Pursuant to the Administration Agreement and further restricted by us, the Administrator may, in its own discretion, submit to us for reimbursement some or all of the expenses that the Administrator has incurred on our behalf during any quarterly period. As a result, the amount of expenses for which we will have to reimburse the Administrator may fluctuate in future quarterly periods and there can be no assurance given as to when, or if, the Administrator may determine to limit the expenses that the Administrator submits to us for reimbursement in the future. However, it is expected that the Administrator will continue to support part of our expense burden in the near future and may decide to not calculate and charge through certain overhead related amounts as well as continue to cover some of the indirect costs. The Administrator cannot recoup any expenses that the Administrator has previously waived. For the three and nine months ended September 30, 2018 approximately $0.5 million and $1.7 million, respectively, of indirect administrative expenses were included in administrative expenses, of which approximately $0.0 million and $0.3 million, respectively, of indirect administrative expenses were waived by the Administrator. As of September 30, 2018, $0.8 million of indirect administrative expenses were included in payable to affiliates.

- We, the Investment Adviser and the Administrator have entered into a royalty-free Trademark License Agreement, as amended, with New Mountain Capital, pursuant to which New

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Mountain Capital has agreed to grant us, the Investment Adviser and the Administrator a non-exclusive, royalty-free license to use the name "New Mountain" and "New Mountain Finance".

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

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

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SENIOR SECURITIES

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

Class and Year[(1)]	Total Amount Outstanding Exclusive of Treasury Securities[(2)] (in millions)	Asset Coverage Per Unit[(3)]	Involuntary Liquidating Preference Per Unit[(4)]	Average Market Value Per Unit[(5)]
September 30, 2018 (unaudited)				
5.75% Unsecured Notes	$ 50.0	$ 1,857	$	$ 25.0
2018 Convertible Notes	115.0	1,857		N/A
Holdings Credit Facility	466.0	1,857		N/A
2014 Convertible Notes	155.3	1,857		N/A
Unsecured Notes (not including the 5.75% Unsecured Notes)	285.0	1,857		N/A
NMFC Credit Facility	135.0	1,857		N/A
December 31, 2017				
Holdings Credit Facility	312.4	2,408		N/A
2014 Convertible Notes	155.3	2,408		N/A
Unsecured Notes	145.0	2,408		N/A
NMFC Credit Facility	122.5	2,408		N/A
December 31, 2016				
Holdings Credit Facility	333.5	2,593		N/A
2014 Convertible Notes	155.3	2,593		N/A
Unsecured Notes	90.0	2,593		N/A
NMFC Credit Facility	10.0	2,593		N/A
December 31, 2015				
Holdings Credit Facility	419.3	2,341		N/A
2014 Convertible Notes	115.0	2,341		N/A
NMFC Credit Facility	90.0	2,341		N/A
December 31, 2014				
Holdings Credit Facility	468.1	2,267		N/A
2014 Convertible Notes	115.0	2,267		N/A
NMFC Credit Facility	50.0	2,267		N/A
December 31, 2013				
Holdings Credit Facility	221.8	2,577		N/A
SLF Credit Facility	214.7	2,577		N/A
December 31, 2012				
Holdings Credit Facility	206.9	2,353		N/A
SLF Credit Facility	214.3	2,353		N/A
December 31, 2011				
Holdings Credit Facility	129.0	2,426		N/A
SLF Credit Facility	165.9	2,426		N/A
December 31, 2010[(6)]				
Holdings Credit Facility	59.7	3,074		N/A
SLF Credit Facility	56.9	3,074		N/A
December 31, 2009[(6)]				
Holdings Credit Facility	77.7	4,080		N/A

(1) We have excluded our SBA-guaranteed debentures from this table as a result of the SEC exemptive relief that permits us to exclude such debentures from the definition of senior securities in the 150.0% asset coverage

ratio we are required to maintain under the 1940 Act. At September 30, 2018, December 31, 2017, December 31, 2016,

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December 31, 2015 and December 31, 2014, we had $165.0 million, $150.0 million, $121.7 million, 117.7 million and $37.5 million, respectively, in SBA-guaranteed debentures outstanding. At December 31, 2013, 2012, 2011, 2010 and 2009, we had no outstanding SBA-guaranteed debentures. Total asset coverage per unit including the SBA-guaranteed debentures as of September 30, 2018, December 31, 2017, December 31, 2016, December 31, 2015 and December 31, 2014 is $1,754, $2,169, $2,320, $2,128 and $2,196, respectively, and unchanged for the prior years.

(2) Total amount of each class of senior securities outstanding at the end of the period presented.

(3) Asset coverage per unit is the ratio of the carrying value of our total assets, less all liabilities excluding indebtedness represented by senior securities in this table, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per $1,000 of indebtedness and is calculated on a consolidated basis.

(4) The amount to which such class of senior security would be entitled upon the voluntary liquidation of the issuer in preference to any security junior to it. The "   "in this column indicates that the SEC expressly does not require this information to be disclosed for certain types of senior securities.

(5) Not applicable for any of the senior securities (except the 5.75% Unsecured Notes) as they are not registered for public trading. For the 5.75% Unsecured Notes, the amounts represent the average of the daily closing prices on the New York Stock Exchange for the period from September 28, 2018 (date of listing) through September 30, 2018.

(6) Prior to NMFC's IPO on May 19, 2011, these credit facilities existed at the Predecessor Entities.

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UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC are the representatives of the underwriters.

Underwriter	Number of Shares
Wells Fargo Securities, LLC	1,312,500
Morgan Stanley & Co. LLC	1,125,000
Goldman Sachs & Co. LLC	750,000
Keefe, Bruyette & Woods, Inc.	337,500
Janney Montgomery Scott LLC	112,500
Oppenheimer & Co. Inc.	112,500
Total	3,750,000

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

If the underwriters sell more shares than the total number set forth in the table above, the underwriters have an option to buy up to an additional 562,500 shares from us. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions (sales load) to be paid to the underwriters. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 562,500 additional shares. The Investment Adviser has agreed to bear all of the underwriting discounts and commissions (sales load) in this offering, which is also reflected in the following table and will not be subject to reimbursement by us.

	Sales Load by Investment Adviser	
	No Exercise	Full Exercise
Per Share	$ 0.42	$ 0.42
Total	$ 1,575,000	$ 1,811,250

Because the Financial Industry Regulatory Authority, or FINRA, views the common stock offered hereby as interests in a direct participation program, the offering is being made in compliance with the requirements of FINRA Rule 2310. Investor suitability with respect to the common stock should be judged similarly to suitability with respect to other securities that are listed for trading on a national securities exchange.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Shares sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover of this prospectus supplement. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $0.25 per share from the public offering price. If all the shares are not sold at the initial offering price, the representatives may change the public offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We, each of our officers and directors and each of the members of the Investment Adviser's investment committee have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any shares of our common stock or securities convertible into or exchangeable for shares of our common stock during the period from the date of this prospectus supplement continuing through the date 45 days after the date of this prospectus supplement, except with the prior written consent of Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC.

Our common stock is listed on the New York Stock Exchange under the symbol "NMFC".

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from us in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option granted to them. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

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

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own account, may have the effect of preventing or retarding a decline in the market price of the company's stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the New York Stock Exchange, in the over-the-counter market or otherwise.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

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We estimate that the offering expenses that will be borne by us in connection with the sale of shares of our common stock offered by us in this offering will be approximately $0.3 million.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates may, from time to time, perform various financial advisory and investment banking services for us, for which they will receive customary fees and expenses. In addition, an affiliate of Wells Fargo Securities, LLC is a lender under the Holdings Credit Facility and affiliates of Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and Keefe, Bruyette & Woods, Inc. are lenders under the NMFC Credit Facility. Certain directly or indirectly held registered broker dealers, investment advisors, and bank subsidiaries of Wells Fargo & Company, an affiliate of Wells Fargo Securities, LLC an underwriter in this offering, hold approximately 8.25% of our common stock.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We intend to use the net proceeds from the sale of shares of our common stock sold in this offering primarily for new investments in portfolio companies in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus. We may also use a portion of the net proceeds from the sale of shares of our common stock sold in this offering for other general corporate purposes, including to temporarily repay indebtedness (which will be subject to reborrowing), and other working capital needs. Affiliates of Wells Fargo Securities, LLC are lenders under the Holdings Credit Facility and affiliates of Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and Keefe, Bruyette & Woods, Inc. are lenders under the NMFC Credit Facility. Accordingly, affiliates of Wells Fargo Securities, LLC, Morgan Stanley & Co. LLC, Goldman Sachs & Co. LLC and Keefe, Bruyette & Woods, Inc. may receive more than 5.0% of the net proceeds of this offering to the extent such proceeds are used to temporarily repay outstanding indebtedness under the Holdings Credit Facility, the NMFC Credit Facility or the DB Credit Facility.

The principal business address of Wells Fargo Securities, LLC is 550 South Tryon Street, Charlotte, North Carolina 28202, the principal business address of Morgan Stanley & Co. LLC is 1585 Broadway, New York, New York 10036, and the principal business address of Goldman Sachs & Co. LLC is 200 West Street, New York, New York 10282.

Each of the underwriters may arrange to sell common shares offered hereby in certain jurisdictions outside the United States, either directly or through affiliates, where they are permitted to do so. In that regard, Wells Fargo Securities, LLC may arrange to sell shares in certain jurisdictions through an affiliate, Wells Fargo Securities International Limited, or WFSIL. WFSIL is a wholly-owned indirect subsidiary of Wells Fargo & Company and an affiliate of Wells Fargo Securities, LLC. WFSIL is a United Kingdom incorporated investment firm regulated by the Financial Conduct Authority. Wells Fargo Securities is the trade name for certain corporate and investment banking services of Wells Fargo & Company and its affiliates, including Wells Fargo Securities, LLC and WFSIL.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall

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not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

LEGAL MATTERS

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

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

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

AVAILABLE INFORMATION

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

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

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INDEX TO FINANCIAL STATEMENTS

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New Mountain Finance Corporation

Consolidated Statements of Assets and Liabilities

(in thousands, except shares and per share data)

(unaudited)

	September 30, 2018	December 31, 2017
Assets		
Investments at fair value		
Non-controlled/non-affiliated investments (cost of $1,754,348 and $1,438,889, respectively)	$ 1,755,572	$ 1,462,182
Non-controlled/affiliated investments (cost of $178,262 and $180,380, respectively)	190,569	178,076
Controlled investments (cost of $328,406 and $171,958, respectively)	348,618	185,402
Total investments at fair value (cost of $2,261,016 and $1,791,227, respectively)	2,294,759	1,825,660
Securities purchased under collateralized agreements to resell (cost of $30,000 and $30,000, respectively)	25,200	25,212
Cash and cash equivalents	146,345	34,936
Interest and dividend receivable	49,964	31,844
Receivable from unsettled securities sold	1,283	
Receivable from affiliates	295	343
Other assets	3,928	10,023
Total assets	$ 2,521,774	$ 1,928,018
Liabilities		
Borrowings		
Holdings Credit Facility	$ 465,963	$ 312,363
Unsecured Notes	335,000	145,000
Convertible Notes	270,329	155,412
SBA-guaranteed debentures	165,000	150,000
NMFC Credit Facility	135,000	122,500
Deferred financing costs (net of accumulated amortization of $20,646 and $16,578, respectively)	(16,906)	(15,777)
Net borrowings	1,354,386	869,498
Payable for unsettled securities purchased	80,781	
Management fee payable	16,058	7,065
Incentive fee payable	13,210	6,671
Interest payable	8,919	5,107
Deferred tax liability	1,880	894
Payable to affiliates	988	863
Other liabilities	12,022	2,945
Total liabilities	1,488,244	893,043
Commitments and contingencies (See Note 9)		
Net assets		
Preferred stock, par value $0.01 per share, 2,000,000 shares authorized, none issued		
	761	759

Common stock, par value $0.01 per share, 100,000,000 shares authorized, 76,106,372 and 75,935,093 shares issued and outstanding, respectively				
Paid in capital in excess of par		1,055,796		1,053,468
Accumulated undistributed net investment income		40,227		39,165
Accumulated undistributed net realized losses on investments		(79,830)		(76,681)
Net unrealized appreciation (depreciation) (net of provision for taxes of $1,880 and $894, respectively)		16,576		18,264
Total net assets	$	1,033,530	$	1,034,975
Total liabilities and net assets	$	2,521,774	$	1,928,018
Number of shares outstanding		76,106,372		75,935,093
Net asset value per share	$	13.58	$	13.63

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

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New Mountain Finance Corporation

Consolidated Statements of Operations

(in thousands, except shares and per share data)

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2018	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Investment income				
From non-controlled/non-affiliated investments:				
Interest income	$ 38,332	$ 38,511	$ 112,278	$ 107,905
Dividend income			486	159
Non-cash dividend income	1,491	59	4,254	72
Other income	4,669	1,196	8,550	5,545
From non-controlled/affiliated investments:				
Interest income	817	718	1,129	2,077
Dividend income	787	816	2,423	2,662
Non-cash dividend income	4,024	3,994	12,050	8,625
Other income	315	294	1,529	888
From controlled investments:				
Interest income	1,771	409	4,342	1,293
Dividend income	5,925	3,659	14,755	11,739
Non-cash dividend income	1,721	1,342	4,683	3,016
Other income	617	238	1,477	581
Total investment income	60,469	51,236	167,956	144,562
Expenses				
Incentive fee	6,780	6,573	19,644	18,430
Management fee	10,018	8,422	28,011	24,311
Interest and other financing expenses	14,759	9,509	38,873	26,930
Professional fees	2,053	819	3,455	2,391
Administrative expenses	846	652	2,607	2,022
Other general and administrative expenses	437	346	1,365	1,214
Total expenses	34,893	26,321	93,955	75,298
Less: management and incentive fees waived (See Note 5)	(1,766)	(1,483)	(4,583)	(6,124)

Less: expenses waived and reimbursed (See Note 5)			(276)	(474)
Net expenses	33,127	24,838	89,096	68,700
Net investment income before income taxes	27,342	26,398	78,860	75,862
Income tax expense	225	106	286	341
Net investment income	27,117	26,292	78,574	75,521
Net realized gains (losses):				
Non-controlled/non-affiliated investments	3,254	(14,216)	(3,149)	(39,843)
Net change in unrealized appreciation (depreciation):				
Non-controlled/non-affiliated investments	(4,048)	19,755	(22,069)	54,365
Non-controlled/affiliated investments	829	(3,807)	10,908	(4,401)
Controlled investments	(390)	(1,305)	10,471	(1,264)
Securities purchased under collateralized agreements to resell		(1,549)	(12)	(2,382)
(Provision) benefit for taxes	(2)	(394)	(986)	525
Net realized and unrealized gains (losses)	(357)	(1,516)	(4,837)	7,000
Net increase in net assets resulting from operations	$ 26,760	$ 24,776	$ 73,737	$ 82,521
Basic earnings per share	$ 0.35	$ 0.33	$ 0.97	$ 1.12
Weighted average shares of common stock outstanding basic (See Note 11)	76,106,372	75,688,429	75,994,068	73,618,794
Diluted earnings per share	$ 0.32	$ 0.31	$ 0.91	$ 1.04
Weighted average shares of common stock outstanding diluted (See Note 11)	89,388,999	85,512,556	86,983,697	83,442,921
Distributions declared and paid per share	$ 0.34	$ 0.34	$ 1.02	$ 1.02

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

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New Mountain Finance Corporation

Consolidated Statements of Changes in Net Assets

(in thousands, except shares and per share data)

(unaudited)

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

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

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New Mountain Finance Corporation

Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Nine Months Ended	
	September 30, 2018	**September 30, 2017**
Cash flows from operating activities		
Net increase in net assets resulting from operations	$ 73,737	$ 82,521
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net realized losses on investments	3,149	39,843
Net change in unrealized (appreciation) depreciation of investments	690	(48,700)
Net change in unrealized depreciation of securities purchased under collateralized agreements to resell	12	2,382
Amortization of purchase discount	(3,924)	(6,458)
Amortization of deferred financing costs	4,068	3,054
Amortization of premium on Convertible Notes	(83)	(83)
Non-cash investment income	(13,469)	(6,236)
(Increase) decrease in operating assets:		
Purchase of investments and delayed draw facilities	(1,046,015)	(810,119)
Proceeds from sales and paydowns of investments	599,218	542,563
Cash received for purchase of undrawn portion of revolving credit or delayed draw facilities	978	339
Cash paid for purchase of drawn portion of revolving credit facilities	(11,631)	
Cash paid on drawn revolvers	(19,609)	(11,387)
Cash repayments on drawn revolvers	21,514	12,929
Interest and dividend receivable	(18,120)	(9,967)
Receivable from unsettled securities sold	(1,283)	(2,506)
Receivable from affiliates	48	7
Other assets	5,350	(2,954)
Increase (decrease) in operating liabilities:		
Payable for unsettled securities purchased	80,781	64,759
Management fee payable	8,993	1,087
Incentive fee payable	6,539	828
Interest payable	3,812	2,926
Deferred tax liability	986	(525)
Payable to affiliates	125	650
Other liabilities	9,416	585
Net cash flows used in operating activities	(294,718)	(144,462)

Cash flows from financing activities		
Net proceeds from shares sold		81,478
Distributions paid	(75,182)	(70,225)
Offering costs paid		(441)
Proceeds from Holdings Credit Facility	382,500	435,750
Repayment of Holdings Credit Facility	(228,900)	(393,100)
Proceeds from Convertible Notes	115,000	
Proceeds from Unsecured Notes	190,000	55,000
Proceeds from SBA-guaranteed debentures	15,000	22,255
Proceeds from NMFC Credit Facility	255,000	251,100
Repayment of NMFC Credit Facility	(242,500)	(242,100)
Deferred financing costs paid	(4,791)	(1,456)
Other		(81)
Net cash flows provided by financing activities	406,127	138,180
Net increase (decrease) in cash and cash equivalents	111,409	(6,282)
Cash and cash equivalents at the beginning of the period	34,936	45,928
Cash and cash equivalents at the end of the period	$ 146,345	$ 39,646

Supplemental disclosure of cash flow information		
Cash interest paid	$ 30,162	$ 20,064
Income taxes paid	213	175
Non-cash operating activities:		
Non-cash activity on investments	$ 1,346	$ 12,858
Non-cash financing activities:		
Value of shares issued in connection with the distribution reinvestment plan	$ 2,330	$ 4,347
Value of shares reissued from repurchase program in connection with the distribution reinvestment plan		560
Accrual for offering costs	335	944
Accrual for deferred financing costs	373	158

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments

September 30, 2018

(in thousands, except shares)

(unaudited)

o Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value
ntrolled/Non-Affiliated Investments							
Debt Investments Canada							
rp Perfect Smile ULC**							
re Services	Second lien(3)	9.74% (L + 7.50%/M)	6/1/2018	6/8/2026	$ 19,630	$ 19,466	$ 19,753
	Second lien(3)(11) Drawn	9.74% (L + 7.50%/M)	6/1/2018	6/8/2026	1,247	1,236	1,254
					20,877	20,702	21,007
nded Debt Investments Canada					**$ 20,877**	**$ 20,702**	**$ 21,007**
Debt Investments United Kingdom							
cquisition Co. S.à.r.l / Boing US Inc.**							
er Services	Second lien(3)	9.84% (L + 7.50%/Q)	9/25/2017	10/3/2025	$ 43,853	$ 43,610	$ 43,990
co LLC**							
e	First lien(2)	6.88% (L + 4.75%/M)	5/25/2018	5/31/2024	20,176	20,127	20,377
nded Debt Investments United m					**$ 64,029**	**$ 63,737**	**$ 64,367**
Debt Investments United States							
Holding Corp.							
re Services	First lien(2)(10)	8.51% (L + 6.32%/M)	3/15/2018	3/15/2024	$ 58,676	$ 58,676	$ 58,676
	First lien(3)(10)	8.51% (L + 6.32%/M)	3/15/2018	3/15/2024	20,639	20,639	20,639

					79,315	79,315	79,315
Parent Inc.							
s Services	First lien(2)	8.07% (L + 5.75%/Q)	10/9/2015	10/31/2022	51,377	51,066	51,377
	Second lien(3)	11.57% (L + 9.25%/Q)	10/9/2015	10/30/2023	10,000	9,927	9,950
	First lien(3)(11) Drawn	6.86% (L + 4.50%/Q)	6/8/2018	10/30/2021	464	461	464
					$ 61,841	$ 61,454	$ 61,791
quare Technologies, LLC							
e	Second lien(3)	9.74% (L + 7.50%/M)	8/15/2018	8/31/2026	55,338	54,632	55,891
Dermatology LLC							
are Services	First lien(2)	7.66% (L + 5.50%/M)	9/17/2018	8/16/2024	51,007	50,500	50,497
C Holdco, LLC							
s Services	First lien(2)(10)	7.89% (L + 5.50%/Q)	2/9/2018	2/9/2024	38,833	38,655	38,639
	First lien(3)(10)(11) Drawn	7.89% (L + 5.50%/Q)	2/9/2018	2/9/2024	10,792	10,739	10,766
					49,625	49,394	49,405
Buyer, Inc.							
are Services	First lien(2)	7.10% (L + 5.00%/M)	8/3/2018	8/1/2025	49,075	47,615	47,358
ions, Inc.							
er Services	First lien(2)(10)	11.25% (P + 3.00% + 3.00% PIK/Q)*	7/30/2018	7/30/2024	40,828	40,579	40,573
	First lien(3)(10)(11) Drawn	11.25% (P + 3.00% + 3.00% PIK/Q)*	7/30/2018	7/30/2024	3,624	3,601	3,601
					44,452	44,180	44,174

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lio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Pe A
Software US Holdings Inc.								
re	Second lien(2)	10.57% (L + 8.25%/Q)	5/17/2018	5/18/2026	43,697	43,272	43,468	
a Resource Holdings LLC(13)								
a Resource Management LLC								
	First lien(3)(10)	10.50% (Base + 8.00%/Q)	5/12/2014	10/30/2024	$ 39,600	$ 39,541	$ 39,600	
CRGT Inc.								
l Services	First lien(2)	7.99% (L + 5.75%/M)	1/6/2015	2/28/2022	38,541	38,166	39,119	
ne Technologies Group Holdings, LLC								
ion	First lien(4)(10)	8.74% (L + 6.50%/M)	9/18/2017	9/18/2023	22,443	22,299	22,443	
	First lien(2)(10)	8.74% (L + 6.50%/M)	9/18/2017	9/18/2023	16,624	16,517	16,624	
					39,067	38,816	39,067	
a Holding Corp. (fka MHVC Acquisition								
l Services	First lien(2)	7.64% (L + 5.25%/Q)	4/25/2017	4/29/2024	38,963	38,799	38,768	
Interactive, LLC								
ss Services	First lien(2)(10)	8.74% (L + 6.50%/M)	6/15/2017	6/17/2024	37,353	37,130	37,353	
Incorporated								
re	Second lien(2)	10.59% (L + 8.25%/Q)	10/26/2012	11/1/2024	36,000	35,547	36,939	
roup Holding Company								
ner Services	First lien(2)(10)	7.89% (L + 5.50%/Q)	5/22/2018	5/31/2024	30,188	30,044	30,037	
	First lien(3)(10)(11)	7.89% (L + 5.50%/Q)	5/22/2018	5/31/2024	3,363	3,346	3,346	

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

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Acquisition Corp.							
e Services	First lien(2)	7.64% (L + 5.25%/Q)	5/10/2017	5/1/2024	$ 19,800	$ 19,633	$ 19,93
	Second lien(3)	11.64% (L + 9.25%/Q)	5/10/2017	5/1/2025	4,500	4,460	4,53
					24,300	24,093	24,47
ngs, LLC							
Services	Second lien(4)(10)	11.14% (L + 8.75%/Q)	6/30/2015	12/30/2021	18,161	18,044	18,16
	Second lien(3)(10)	11.14% (L + 8.75%/Q)	4/16/2018	12/30/2021	6,181	6,126	6,18
					24,342	24,170	24,34
Inc. (Internet Pipeline, Inc.)							
	First lien(4)(10)	7.00% (L + 4.75%/M)	8/4/2015	8/4/2022	17,451	17,344	17,45
	First lien(4)(10)	7.00% (L + 4.75%/M)	6/16/2017	8/4/2022	4,543	4,525	4,54
	First lien(2)(10)	7.00% (L + 4.75%/M)	9/25/2017	8/4/2022	1,152	1,148	1,15
	First lien(4)(10)	7.00% (L + 4.75%/M)	9/25/2017	8/4/2022	507	505	50
					23,653	23,522	23,65
ling Corp.							
	First lien(2)(10)	10.36% (L + 8.25%/M)	9/30/2015	9/30/2020	22,592	22,440	22,18
ghorn Holdings, Inc.							
Services	Second lien(3)		8/2/2018	8/10/2026	21,849	21,767	21,95

		9.37% (L + 7.25%/M)					
pco, Inc.(23)							
al, Inc.	Second lien(3)	10.00% (L + 7.50%/Q)	11/17/2017	11/17/2025	21,450	21,153	21,23
ems Holdings, Inc.							
	Second lien(5)	9.99% (L + 7.75%/M)	3/23/2018	3/27/2026	20,231	20,134	20,33
stment Holding, LLC							
e Services	First lien(2)(10)	7.64% (L + 5.25%/Q)	7/2/2015	7/2/2021	17,319	17,232	17,31
	First lien(3)(10)(11) Drawn	7.64% (L + 5.25%/Q)	12/20/2017	7/2/2021	2,901	2,784	2,90
					20,220	20,016	20,22
p Holdings, Inc.							
	Second lien(2)	10.59% (L + 8.25%/Q)	7/26/2018	7/30/2026	20,116	20,017	20,11
ch Holdings, Inc.							
on & Logistics	Second lien(3)	9.89% (L + 7.50%/Q)	5/18/2017	6/2/2025	19,500	19,328	19,40
l Holdings II Corp.							
Services	First lien(2)(10)	9.63% (L + 7.25%/Q)	9/29/2016	9/8/2022	18,592	18,443	18,59
edge Holdings Company, Inc.							
Services	Second lien(2)(10)	10.50% (L + 8.25%/M)	7/23/2014	7/23/2020	18,500	18,433	18,50
d Science, Inc.							
	First lien(3)(10)	9.50% (L + 6.00% + 1.25% PIK/Q)*	7/19/2018	7/19/2024	18,617	18,436	18,43
e Associates Holdings, LLC							
Services	First lien(2)(10)	9.75% (L + 7.50%/M)	8/25/2017	8/25/2023	18,388	18,251	16,47
pco, Inc.							
	Second lien(2)	9.12% (L + 7.00%/M)	8/9/2018	9/4/2026	16,807	16,723	16,93
oftware Inc.							
	Subordinated(3)	11.38%/S	11/24/2014	12/1/2021	15,000	14,759	16,03
ational, Inc.**							
Services	First lien(2)(10)	8.14% (L + 5.75%/Q)	6/21/2017	6/21/2023	15,603	15,538	15,60

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ompany, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fai Valu
ock Investment, LLC(14)							
LLC							
	First lien(2)(10)	8.14% (L + 5.75%/Q)	8/6/2014	8/5/2021	$ 6,367	$ 6,344	$ 6,3
	First lien(2)(10)	8.14% (L + 5.75%/Q)	8/24/2018	8/5/2021	3,658	3,623	3,6
	First lien(2)(10)	8.14% (L + 5.75%/Q)	8/6/2014	8/5/2021	3,035	3,026	3,0
	First lien(2)(10)	8.14% (L + 5.75%/Q)	8/6/2014	8/5/2021	980	976	9
	First lien(2)(10)	8.14% (L + 5.75%/Q)	8/3/2018	8/5/2021	844	836	8
	First lien(2)(10)	8.14% (L + 5.75%/Q)	5/23/2018	8/5/2021	574	565	5
					15,458	15,370	15,4
ion LLC							
rvices	Second lien(3)	10.25% (L + 8.00%/M)	11/22/2017	11/22/2025	15,160	14,966	15,1
c. / Netsmart Technologies, Inc.							
Information Technology	Second lien(2)	9.84% (L + 7.50%/Q)	4/18/2016	10/19/2023	15,000	14,716	14,9
poration							
	First lien(4)(10)	9.50% (L + 7.25%/M)	7/31/2017	7/29/2022	14,690	14,570	14,6
Holdings, Inc.							
	Second lien(3)	10.24% (L + 8.00%/M)	6/28/2017	5/30/2025	14,500	14,324	14,3
inancial Services Group, LLC							
	Second lien(5)	9.56% (L + 7.50%/M)	5/23/2018	5/25/2026	13,450	13,418	13,6
Holdings Corp.(20)							

ME, Inc.							
Services	Second lien(3)(10)	11.55% (L + 9.25%/Q)(24)	7/14/2015	7/14/2022	27,300	27,073	13,6
chnologies Holding Corp.							
Services	First lien(2)	8.37% (L + 6.25%/Q)	9/5/2018	9/5/2024	13,444	13,376	13,3
agement Borrower LLC							
ervices	First lien(2)(10)	8.57% (L + 6.25%/Q)	5/31/2018	2/15/2024	13,380	13,316	13,3
elerate Parent, LLC							
ervices	Second lien(3)(10)	10.62% (L + 8.50%/M)	1/2/2018	1/2/2026	13,473	13,315	13,3
ands, LLC							
	Second lien(3)(10)	11.75% (L + 9.25%/Q)	12/7/2016	6/2/2023	7,840	7,794	7,8
	First lien(3)	6.24% (L + 4.00%/M)	12/7/2016	12/2/2022	2,970	2,959	2,9
	Second lien(3)(10)	11.75% (L + 9.25%/Q)	12/7/2016	6/2/2023	2,160	2,147	2,1
	First lien(3)(10)(11) Drawn	9.25% (P + 4.00%/Q)	12/7/2016	12/2/2022	300	299	3
					13,270	13,199	13,2
k Elk (Equity) LLC							
ervices	Subordinated(3)(10)		5/3/2013		14,500	14,500	12,1
ngs, Inc.							
ervices	Second lien(4)	11.14% (L + 8.75%/Q)	4/3/2018	4/10/2026	7,012	6,944	7,1
	Second lien(3)	11.14% (L + 8.75%/Q)	4/3/2018	4/10/2026	4,453	4,410	4,5
					11,465	11,354	11,6
c.							
	Second lien(4)(10)	11.31% (L + 9.00%/Q)	11/22/2016	11/17/2023	$ 11,000	$ 10,934	$ 11,0
	First lien(3)(10)(11) Drawn	7.24% (L + 5.00%/M)	11/22/2016	11/17/2022	150	149	1
					11,150	11,083	11,1

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io Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	P A
Co.								
s Products	Second lien(3)	9.49% (L + 7.25%/M)	2/23/2018	3/8/2026	10,788	10,750	10,802	
et Holdings, Inc.								
ution & Logistics	First lien(4)(10)	10.24% (L + 8.00%/M)	7/15/2016	7/15/2021	9,133	9,091	9,143	
	First lien(4)(10)	10.24% (L + 8.00%/M)	7/15/2016	7/15/2021	1,522	1,515	1,524	
					10,655	10,606	10,667	
y Holdings, Inc.								
s Services	Second lien(2)	9.89% (L + 7.50%/Q)	12/14/2016	12/16/2024	10,500	10,451	10,544	
ldings, Inc.								
ution & Logistics	Second lien(3)	11.39% (L + 9.00%/Q)	3/28/2018	5/19/2023	10,116	9,740	10,318	
co, Inc.								
s Services	Second lien(4)	9.34% (L + 7.00%/Q)	8/14/2018	7/31/2026	10,000	9,975	10,150	
nc.								
re	Second lien(4)	11.25% (L + 9.00%/M)	6/27/2017	6/27/2025	10,000	9,866	10,125	
y Dental Management, Inc.								
are Services	First lien(2)(10)	8.57% (L + 6.00%/Q)	9/15/2017	9/15/2023	4,344	4,307	4,344	
	First lien(3)(10)(11) Drawn	8.50% (L + 6.00%/Q)	9/15/2017	9/15/2023	5,277	5,239	5,277	
					9,621	9,546	9,621	
lverine Holdings, LLC								

are Services	First lien(2)	7.74% (L + 5.50%/M)	2/22/2017	8/16/2022	9,575	9,342	9,503
wer (fka J.D. Power and Associates)							
s Services	Second lien(3)	10.74% (L + 8.50%/M)	6/9/2016	9/7/2024	9,333	9,238	9,380
Holdings, Inc.							
re	First lien(3)(10)	10.32% (L + 8.00%/Q)	11/13/2017	11/11/2022	8,757	8,683	8,670
y Vet Alliance LLC (fka Pathway Partners nagement Company LLC)							
ner Services	Second lien(4)	10.24% (L + 8.00%/M)	10/4/2017	10/10/2025	7,597	7,562	7,559
	Second lien(4)	10.24% (L + 8.00%/M)	10/4/2017	10/10/2025	403	401	401
					8,000	7,963	7,960
ta, Inc. (Autodata Solutions, Inc.)							
s Services	Second lien(3)	9.49% (L + 7.25%/M)	12/12/2017	12/12/2025	7,406	7,388	7,489
o I, LLC (Micro Holding Corp.)							
re	Second lien(3)	9.67% (L + 7.50%/M)	8/16/2017	9/15/2025	7,000	6,936	7,092
estment Intermediate Holdings 2, Inc. (aka gint Technologies Holdings, LLC)							
s Services	Second lien(3)	8.99% (L + 6.75%/M)	1/29/2018	2/2/2026	$ 6,732	$ 6,701	$ 6,783
Bella Midco, LLC							
are Services	Second lien(3)	8.99% (L + 6.75%/M)	1/25/2018	12/29/2025	6,732	6,701	6,713
ant Technologies, Inc.							
s Services	Second lien(4)	8.90% (L + 6.50%/M)	9/24/2018	10/1/2026	6,722	6,705	6,705
ocket, Inc.							
re	First lien(2)	6.99% (L + 4.75%/M)	4/16/2018	4/26/2023	6,694	6,649	6,627
merican Payment Systems, L.P.							
s Services	First lien(2)	6.87% (L + 4.75%/M)	1/3/2017	1/5/2024	6,500	6,448	6,549
LLC / Solera Finance, Inc.							
re	Subordinated(3)	10.50%/S	2/29/2016	3/1/2024	5,000	4,809	5,488

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any, Location and Industry(1)	**Type of Investment**	**Interest Rate(9)**	**Acquisition Date**	**Maturity / Expiration Date**	**Principal Amount, Par Value or Shares**	**Cost**	**Fai Valu**
, Inc.							
	Second lien(3)	9.39% (L + 7.00%/Q)	9/14/2017	9/19/2025	4,923	4,923	5
ces	Second lien(3)(10)	11.24% (L + 9.00%/M)	10/3/2016	3/28/2024	5,000	4,940	4
ces Holding Corp.							
es	Subordinated(3)	8.50%/S	9/17/2014	10/1/2022	3,000	3,000	2
ger Sub, Inc.							
	Subordinated(3)	9.00%/S	9/21/2015	9/30/2023	2,000	1,951	2
gement Corporation(12)							
gement II							
	First Lien(2)	10.75% (P + 5.50%/Q)(24)	1/5/2015	7/2/2020	211	205	
	First Lien(3)	10.75% (P + 5.50%/Q)(24)	1/5/2015	7/2/2020	119	116	
	First Lien(2)	13.75% (P + 8.50%/Q)(24)	1/5/2015	7/2/2020	475	437	
	First Lien(3)	13.75% (P + 8.50%/Q)(24)	1/5/2015	7/2/2020	268	246	
					1,073	1,004	
ebt Investments United States					**$ 1,630,057**	**$ 1,617,214**	**$ 1,61(**
ebt Investments					**$ 1,714,963**	**$ 1,701,653**	**$ 1,69(**
Kong							
mited (Bach Preference							
	Preferred shares(3)(10)(22)		9/1/2017		64,530	$ 6,373	$ (
Hong Kong						**6,373**	**(**

l States					
nc.					
	Preferred shares(3)(10)(23)	11/17/2017	35,750	$ 38,908	$ 38
e Holdings LLC(13)					
	Preferred shares(7)(10)	10/30/2017	1,241,412	$ 1,241	$ 2
	Ordinary shares(7)(10)	5/12/2014	5,290,997	5,291	11
				6,532	14
ion LLC					
	Preferred shares(6)(10)	8/12/2013	372	83	
gement Corporation(12)					
	Preferred shares(2)	1/5/2015	3,331	200	
	Preferred shares(3)	1/5/2015	1,879	113	
	Ordinary shares(2)	1/5/2015	2,994,065	100	
	Ordinary shares(3)	1/5/2015	1,688,976	56	
				469	
dings Corp.(20)					
ces	Preferred shares(3)(10)	7/14/2015	100	1,000	
	Preferred shares(3)(10)	1/5/2016	16	158	
	Preferred shares(3)(10)	6/30/2016	6	68	
	Preferred shares(3)(10)	3/29/2018	40	162	
				1,388	
United States				**$ 47,380**	**$ 53**
				$ 53,753	**$ 59**

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ts United States								
G Holdings, Inc.								
on	Warrants(3)(10)		5/5/2014	5/5/2026	622	$ 37	$ 495	
Acquisition LLC								
on	Warrants(6)(10)		8/12/2013	8/12/2020	20			
arrants United States						**$ 37**	**$ 495**	
unded Investments						**$ 1,755,443**	**$ 1,756,203**	**1**
ed Debt Investments Canada								
orp Perfect Smile ULC**								
re Services	Second lien(3)(11) Undrawn		6/1/2018	6/6/2020	$ 3,661	$ 2	$ 23	
nfunded Debt Investments Canada					**$ 3,661**	**$ 2**	**$ 23**	
ed Debt Investments United States								
vestment Holding, LLC								
re Services	First lien(3)(10)(11) Undrawn		7/2/2015	7/2/2021	$ 2,100	$ (21)	$	
	First lien(3)(10)(11) Undrawn		12/20/2017	12/20/2019	10,563			
					12,663	(21)		
, Inc. (Internet Pipeline, Inc.)								
e	First lien(3)(10)(11) Undrawn		8/4/2015	8/4/2021	$ 1,000	$ (10)	$	

Brands, LLC						
e	First lien(3)(10)(11) Undrawn	12/7/2016	12/2/2022	700	(4)	
Inc.						
e	First lien(3)(10)(11) Undrawn	11/22/2016	11/17/2022	1,850	(14)	
nteractive, LLC						
Services	First lien(3)(10)(11) Undrawn	6/15/2017	6/15/2023	1,673	(13)	
Corporation						
e	First lien(3)(10)(11) Undrawn	7/31/2017	7/29/2022	992	(10)	
Parent Inc.						
Services	First lien(3)(11) Undrawn	6/8/2018	10/30/2021	6,279	(31)	
Dental Management, Inc.						
re Services	First lien(3)(10)(11) Undrawn	9/15/2017	3/15/2019	6,307	(16)	
	First lien(3)(10)(11) Undrawn	9/15/2017	3/15/2023	1,737	(17)	
				8,044	(33)	
e Technologies Group Holdings, LLC						
on	First lien(3)(10)(11) Undrawn	9/18/2017	9/18/2019	7,738	(58)	
C Holdco, LLC						
Services	First lien(3)(10)(11) Undrawn	2/9/2018	2/9/2020	771	(2)	(2)

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2018

(in thousands, except shares)

(unaudited)

ny, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fa Valu
.							
	First lien(3)(11) Undrawn		6/26/2018	11/29/2021	6,125	(490)	
.							
	First lien(3)(11) Undrawn		4/16/2018	4/26/2023	560	(4)	
nc.							
	First lien(3)(10)(11) Undrawn		11/13/2017	11/11/2022	750	(8)	
Inc.							
	First lien(3)(11) Undrawn		12/19/2016	4/16/2020	5,433	(27)	
ce, Inc.							
	First lien(3)(10)(11) Undrawn		7/19/2018	7/19/2023	1,429	(14)	
ng Company							
s	First lien(3)(10)(11) Undrawn		5/22/2018	5/31/2024	2,989	(15)	
, Inc.							
	First lien(3)(11) Undrawn		9/25/2018	9/25/2024	2,521	(19)	
	First lien(3)(11) Undrawn		9/12/2018	9/12/2024	1,977	(20)	
s	First lien(3)(10)(11) Undrawn		7/30/2018	7/30/2021	$ 6,556	$ (41)	$
	First lien(3)(10)(11) Undrawn		7/30/2018	7/30/2024	2,033	(13)	
					8,589	(54)	
gy LLC							

es	First lien(3)(11) Undrawn		9/17/2018	8/16/2020	45,305	(227)	
iates Holdings, LLC							
	First lien(3)(10)(11) Undrawn		8/25/2017	8/25/2023	2,586	(23)	
Debt Investments United					**$ 119,974**	**$ (1,097)**	**$**
Debt Investments					**$ 123,635**	**$ (1,095)**	**$**
olled/Non-Affiliated						**$ 1,754,348**	**$ 1,75**
Affiliated Investments(25)							
estments United States							
, Inc.							
, Inc.							
, Inc.							
	First lien(3)(10)(11) Drawn	8.62% (L + 6.50%/M)	6/14/2018	6/30/2022	$ 15,000	$ 15,000	$ 1
	First lien(3)(10)	14.84% (L + 7.50% + 5.00% PIK/Q)*	6/14/2018	6/30/2022	9,975	9,975	
	Subordinated(3)(10)	14.00% PIK/Q*	10/31/2016	10/15/2021	2,225	2,225	
	Subordinated(3)(10)	14.00% PIK/Q*	10/31/2016	10/15/2021	1,146	1,146	
					28,346	28,346	2
bt Investments United States					**$ 28,346**	**$ 28,346**	**$ 2**

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2018

(in thousands, except shares)

(unaudited)

any, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	F Va
l States							
Corp.							
es	Preferred shares(3)(10)(21)		3/21/2017		2,768,000	$ 105,155	$ 1
oan Program I LLC**							
	Membership interest(3)(10)		6/13/2014			23,000	2
Holdings Corporation							
	Ordinary shares(2)(10)		7/31/2017		25,000,000	11,501	1
	Ordinary shares(3)(10)		7/31/2017		2,786,000	1,281	
						12,782	1
1, Inc.							
	Preferred shares(3)(10)(16)		10/31/2016		1,714,735	7,629	
	Ordinary shares(3)(10)		10/31/2016		1,366,452	1,350	
						8,979	
United States						**$ 149,916**	**$ 16**
nvestments						**$ 178,262**	**$ 19**
Investments United States							
3, Inc.							
	First lien(3)(10)(11) Undrawn		6/14/2018	6/30/2022	$ 5,000	$ —	$
l Debt Investments United					**$ 5,000**	**$ —**	**$**

rolled/Affiliated Investments							**$ 178,262**	**$ 19**
stments(26)								
vestments	**United States**							
nate Holdings, LLC(15)								
(fka Plato, Inc.) (Archipelago								
		First lien(2)	10.84% (L + 4.50% + 4.00% PIK/Q)*	8/6/2018	6/9/2021	$ 8,428	$ 7,076	$
		Second lien(3)(10)	7.00% PIK/Q*	2/23/2018	12/9/2021	10,987	10,325	1
		Second lien(3)(10)(11) Drawn	5.00% PIK/Q*	6/9/2015	12/9/2021	156	156	
		Subordinated(3)(10)	8.50% PIK/Q*	6/9/2015	6/9/2020	4,787	4,783	
		Subordinated(2)(10)	10.00% PIK/Q*	6/9/2015	6/9/2020	18,063	18,063	1
		Subordinated(3)(10)	10.00% PIK/Q*	6/9/2015	6/9/2020	4,444	4,444	
						46,865	44,847	4
ervices, Inc.								
es		First lien(2)(10)	7.89% (L + 5.50%/Q)	6/29/2018	8/20/2024	12,573	12,573	1
ebt Investments	**United States**					**$ 59,438**	**$ 57,420**	**$ 5**
la								
a Corp.**								
		Membership interest(8)(10)		9/13/2016			$ 7,345	$
Canada							**$ 7,345**	**$**

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2018

(in thousands, except shares)

(unaudited)

o Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Pe o A
United States								
Senior Loan Program II LLC**								
ent Fund	Membership interest(3)(10)		5/3/2016			$ 79,400	$ 79,400	
Global Services, Inc.								
s Services	Preferred shares(2)(10)(17)		1/13/2015		24,030,774	21,651	22,399	
	Preferred shares(3)(10)(17)		1/13/2015		6,640,963	5,983	6,190	
	Preferred shares(3)(10)(19)		8/17/2018		6,733,852	6,734	6,734	
	Preferred shares(3)(10)(18)		6/30/2017		12,486,341	12,486	12,486	
	Ordinary shares(2)(10)		1/13/2015		2,096,477	1,925	10,610	
	Ordinary shares(3)(10)		1/13/2015		1,993,749	532	10,090	
						49,311	68,509	
Senior Loan Program III LLC**								
ent Fund	Membership interest(3)(10)		5/4/2018			$ 66,800	$ 66,800	
Holdings LP**								
se	Membership interest(8)(10)		6/20/2018			20,065	19,901	
CR LLC								
se	Membership interest(8)(10)		2/1/2018			14,750	14,653	
FX LP								
se	Membership interest(8)(10)		10/6/2017			12,538	12,540	
LN LLC								
se	Membership interest(8)(10)		11/15/2016			7,510	8,554	

VT LLC						
se	Membership interest(8)(10)	11/18/2016			5,152	5,547
P US LLC						
se	Membership interest(8)(10)	9/13/2016			5,080	5,401
A LLC						
se	Membership interest(8)(10)	8/12/2016			2,043	2,251
um Ultimate Holdings, LLC(15)						
on	Ordinary shares(3)(10)	6/9/2015		123,968	11	320
	Ordinary shares(2)(10)	6/9/2015		107,143	9	276
					20	596
Holdco LLC**						
se	Membership interest(8)(10)	6/20/2018			203	197
hares United States					**$ 262,872**	**$ 284,349**
hares					**$ 270,217**	**$ 292,866**
ts United States						
um Ultimate Holdings, LLC(15)						
on	Warrants(3)(10)	2/23/2018	5/5/2026	1,141,846	$ 769	$ 2,945
Global Services, Inc.						
s Services	Warrants(3)(10)	6/30/2017	12/31/2018	526,925		
Varrants United States					**$ 769**	**$ 2,945**
unded Investments					**$ 328,406**	**$ 348,618**

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2018

(in thousands, except shares)

(unaudited)

olio Company, Location and Industry(1)	**Type of Investment**	**Interest Rate(9)**	**Acquisition Date**	**Maturity / Expiration Date**	**Principal Amount, Par Value or Shares**	**Cost**	**Fair Value**	**Perc of N Asse**
nded Debt Investments United States								
ek Global Services, Inc.								
ess Services	First lien(3)(10)(11) Undrawn		6/29/2018	2/20/2019	$ 2,515	$	$	
ntum Ultimate Holdings, LLC(15)								
ntum, Inc. (fka Plato, Inc.) (Archipelago ing, Inc.)								
ation	Second lien(3)(10)(11) Undrawn		6/9/2015	12/9/2021	$ 7,434	$	$	
Unfunded Debt Investments United s					**$ 9,949**	**$**	**$**	
Controlled Investments						**$ 328,406**	**$ 348,618**	**33**
Investments						**$ 2,261,016**	**$ 2,294,759**	**222**

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

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

(3)

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

(4)

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

(5)

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

(6)

Investment is held in NMF Ancora Holdings, Inc.

(7)

Investment is held in NMF QID NGL Holdings, Inc.

(8)

Investment is held in New Mountain Net Lease Corporation.

(9)

All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (L), the Prime Rate (P) and the alternative base rate (Base) and which resets monthly (M), quarterly (Q), semi-annually (S) or annually (A). For each investment the current interest rate provided reflects the rate in effect as of September 30, 2018.

(10)

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

(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.

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2018

(in thousands, except shares)

(unaudited)

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

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

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

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

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

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

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

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

(20) The Company holds equity investments in TW-NHME Holdings Corp., and holds a second lien term loan investment in National HME, Inc., a wholly-owned subsidiary of TW-NHME Holdings Corp.

(21) The Company holds convertible preferred equity in HI Technology Corp that is accruing dividends at a rate of 15.0% per annum.

(22) The Company holds preferred equity in Bach Special Limited (Bach Preference Limited) that is entitled to receive cumulative preferential dividends at a rate of 12.25% per annum payable in additional shares.

(23) The Company holds preferred equity in Avatar Topco, Inc., and holds a second lien term loan investment in EAB Global, Inc., a wholly-owned subsidiary of Avatar Topco, Inc. The preferred equity is entitled to receive cumulative preferential dividends at a rate of L + 11.00% per annum.

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

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2018

(in thousands, except shares)

(unaudited)

(25)

Denotes investments in which the Company is an "Affiliated Person", as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), due to owning or holding the power to vote 5.0% or more of the outstanding voting securities of the investment but not controlling the company. Fair value as of September 30, 2018 and December 31, 2017, along with transactions during the nine months ended September 30, 2018 in which the issuer was a non-controlled/affiliated investment, is as follows:

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

(A)

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

(B)

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

(26)

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

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

(A)

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

(B)

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

*

All or a portion of interest contains PIK interest.

**

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

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

September 30, 2018

(in thousands, except shares)

(unaudited)

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

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

Interest Rate Type	September 30, 2018 Percent of Total Investments at Fair Value

Floating rates	88.86%
Fixed rates	11.14%
Total investments	100.00%

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments

December 31, 2017

(in thousands, except shares)

io Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Pe A
ontrolled/Non-Affiliated Investments								
d Debt Investments United Kingdom								
wco LLC**								
re	Second lien(3)	10.94% (L + 9.50%/Q)	1/30/2015	1/31/2023	$ 40,000	$ 39,033	$ 39,000	
Acquisition Co. S.à.r.l / Boing US Inc.**								
ner Services	Second lien(3)	8.88% (L + 7.50%/Q)	9/25/2017	10/3/2025	40,353	40,056	40,656	
Funded Debt Investments United om					**$ 80,353**	**$ 79,089**	**$ 79,656**	
d Debt Investments United States								
NS Group, Inc.								
ss Services	Second lien(3)	8.32% (L + 6.75%/M)	1/19/2017	1/25/2025	$ 57,000	$ 56,804	$ 57,606	
s Technologies, LLC								
care Services	Second lien(3)(10)	10.19% (L + 8.50%/Q)	4/28/2017	10/30/2023	23,500	23,500	23,500	
	Second lien(4)(10)	10.19% (L + 8.50%/Q)	4/28/2017	10/30/2023	22,500	22,500	22,500	
					46,000	46,000	46,000	
Care Centers LLC								
ner Services	First lien(2)(10)	7.69% (L + 6.00%/Q)	6/8/2017	6/8/2023	34,527	34,409	34,872	
	First lien(3)(10)(11) Drawn	7.55% (L + 6.00%/Q)	6/8/2017	6/8/2023	8,646	8,616	8,733	
	First lien(3)(10)(11) Drawn	9.50% (P + 5.00%/Q)	6/8/2017	6/8/2023	2,200	2,192	2,200	

					45,373	45,217	45,805
Parent Inc.							
ss Services	First lien(2)	7.16% (L + 5.75%/Q)	10/9/2015	10/31/2022	34,873	34,601	34,786
	Second lien(3)	10.63% (L + 9.25%/Q)	10/9/2015	10/30/2023	10,000	9,920	9,800
					44,873	44,521	44,586
Acquisition, LLC							
re	Second lien(4)(10)	10.32% (L + 8.75%/M)	7/31/2015	7/29/2022	15,000	14,891	15,000
	Second lien(3)(10)	10.32% (L + 8.75%/M)	2/1/2017	7/29/2022	14,518	14,361	14,518
	Second lien(4)(10)	10.32% (L + 8.75%/M)	11/5/2015	7/29/2022	4,154	4,123	4,154
	Second lien(4)(10)	10.82% (L + 9.25%/M)	2/1/2016	7/29/2022	3,273	3,248	3,273
	Second lien(3)(10)	10.57% (L + 9.00%/M)	10/14/2016	7/29/2022	2,361	2,341	2,361
	Second lien(3)(10)	10.82% (L + 9.25%/M)	8/8/2016	7/29/2022	1,825	1,810	1,825
	Second lien(4)(10)	10.82% (L + 9.25%/M)	8/8/2016	7/29/2022	300	298	300
					41,431	41,072	41,431
CRGT Inc.							
Services	First lien(2)	7.32% (L + 5.75%/M)	1/6/2015	2/28/2022	40,894	40,421	41,251
a Resource Holdings LLC(13)							
a Resource Management LLC							
	First lien(3)(10)	10.50% (Base + 8.00%/Q)	5/12/2014	10/30/2024	39,900	39,835	39,900
Professional Practices LLC							
ner Services	First lien(4)	7.69% (L + 6.00%/Q)	5/15/2015	4/20/2021	$ 19,111	$ 18,996	$ 19,134
	First lien(2)	7.69% (L + 6.00%/Q)	5/15/2015	4/20/2021	7,714	7,603	7,724
	First lien(3)(11) Drawn	7.69% (L + 6.00%/Q)	2/24/2017	4/20/2021	6,005	5,891	6,013
	First lien(4)	7.69% (L + 6.00%/Q)	5/15/2015	4/20/2021	2,650	2,632	2,654
	First lien(2)	7.69% (L + 6.00%/Q)	6/24/2016	4/20/2021	1,632	1,606	1,634
	First lien(4)	7.69% (L + 6.00%/Q)	3/31/2016	4/20/2021	495	487	496
			5/15/2015	4/20/2021	1,426	1,412	1,428

	First lien(3)(11) Drawn	7.69% (L + 6.00%/Q)						
					39,033	38,627	39,083	
ne Technologies Group Holdings, LLC								
on	First lien(2)(10)	8.09% (L + 6.50%/Q)	9/18/2017	9/18/2023	16,750	16,629	16,625	
	First lien(4)(10)	8.09% (L + 6.50%/Q)	9/18/2017	9/18/2023	22,613	22,450	22,444	
					39,363	39,079	39,069	

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olio Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Per c N As
os Incorporated								
are	Second lien(2)	9.63% (L + 8.25%/Q)	10/26/2012	11/1/2024	36,000	35,508	37,449	3
Waste Holdings, Inc.								
ess Services	First lien(2)(10)	8.57% (L + 7.00%/M)	9/24/2015	9/24/2021	29,325	29,078	29,325	
	First lien(2)(10)	8.57% (L + 7.00%/M)	7/27/2017	9/24/2021	3,731	3,697	3,731	
					33,056	32,775	33,056	3
ayments International, LLC								
ess Services	Second lien(2)	10.57% (L + 9.00%/M)	12/8/2016	12/23/2024	25,000	24,824	25,250	
	Second lien(3)	10.57% (L + 9.00%/M)	12/8/2016	12/23/2024	5,000	5,052	5,050	
					30,000	29,876	30,300	2
oath LLC								
bution & Logistics	First lien(2)	6.87% (L + 5.25%/Q)	7/31/2017	8/5/2024	27,731	27,598	28,112	2
a Holdings, Inc.								
ess Services	First lien(2)	8.19% (L + 6.50%/Q)	12/19/2016	12/20/2022	25,920	25,809	25,855	
	First lien(3)(11) Drawn	8.19% (L + 6.50%/Q)	12/19/2016	12/20/2022	2,107	2,097	2,102	
					28,027	27,906	27,957	2
NHME Holdings Corp.(20)								
nal HME, Inc.								
hcare Services	Second lien(4)(10)	10.95% (L + 9.25%/Q)	7/14/2015	7/14/2022	21,500	21,301	21,646	

	Second lien(3)(10)	10.95% (L + 9.25%/Q)	7/14/2015	7/14/2022	5,800	5,737	5,839	
					27,300	27,038	27,485	2
ure, Inc.								
hcare Services	Second lien(3)	8.86% (L + 7.50%/M)	10/23/2017	10/31/2025	26,952	26,819	27,154	2
r Interactive, LLC								
ess Services	First lien(2)(10)	7.50% (L + 6.00%/M)	6/15/2017	6/17/2024	27,190	26,999	26,986	2
eto, Inc.								
are	First lien(3)(10)	11.19% (L + 9.50%/Q)	8/16/2016	8/16/2021	26,820	26,509	26,820	2
one Acquisition Corp.								
hcare Services	First lien(2)	6.94% (L + 5.25%/Q)	5/10/2017	5/1/2024	19,950	19,764	20,087	
	Second lien(3)	10.94% (L + 9.25%/Q)	5/10/2017	5/1/2025	4,500	4,457	4,511	
					24,450	24,221	24,598	2
ine, Inc. (Internet Pipeline, Inc.)								
are	First lien(4)(10)	8.82% (L + 7.25%/M)	8/4/2015	8/4/2022	$ 17,589	$ 17,464	$ 17,589	
	First lien(4)(10)	7.74% (L + 6.25%/M)	6/16/2017	8/4/2022	4,577	4,556	4,554	
	First lien(2)(10)	7.74% (L + 6.25%/M)	9/25/2017	8/4/2022	1,161	1,155	1,155	
	First lien(4)(10)	7.74% (L + 6.25%/M)	9/25/2017	8/4/2022	511	508	508	
					23,838	23,683	23,806	2
Holding Corp.								
ation	First lien(2)(10)	9.62% (L + 8.25%/M)	9/30/2015	9/30/2020	23,161	22,953	23,161	2
Office Associates Holdings, LLC								
ess Services	First lien(2)(10)	8.06% (L + 6.50%/M)	8/25/2017	8/25/2023	22,869	22,679	22,669	2
iamondback Holdings Corp.(15)								
ondback Drugs of Delaware, L.L.C.								
Diamondback II Holdings LLC)								
bution & Logistics	First lien(4)(10)	10.49% (L + 8.75%/Q)	11/19/2014	11/19/2019	19,895	19,895	19,895	
	First lien(3)(10)	10.44% (L + 8.75%/Q)	11/19/2014	11/19/2019	2,158	2,158	2,158	
	First lien(4)(10)	10.44% (L + 8.75%/Q)	11/19/2014	11/19/2019	605	605	605	
					22,658	22,658	22,658	2

ngineering, LLC								
ess Services	First lien(2)(10)	7.69% (L + 6.00%/Q)	7/30/2015	6/30/2021	20,893	20,760	20,893	
	First lien(2)(10)	7.69% (L + 6.00%/Q)	7/30/2015	6/30/2021	1,208	1,200	1,208	
					22,101	21,960	22,101	2

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io Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	P A
Topco, Inc(23)								
lobal, Inc.								
on	Second lien(3)	8.99% (L + 7.50%/M)	11/17/2017	11/17/2025	21,450	21,132	21,236	
rt Holdings, Inc.								
s Services	Second lien(3)	9.38% (L + 8.00%/Q)	9/20/2017	10/31/2025	20,176	20,077	20,347	
Tech Holdings, Inc.								
ution & Logistics	Second lien(3)	9.20% (L + 7.50%/Q)	5/18/2017	6/2/2025	19,500	19,315	19,744	
TY Network Inc.								
are Information Technology	Second lien(3)	9.21% (L + 7.75%/M)	12/11/2017	12/12/2025	18,851	18,839	18,945	
nt Government Solutions, Inc.								
Services	First lien(2)(10)	7.35% (L + 6.00%/Q)	4/18/2017	4/18/2024	18,413	18,243	18,597	
wledge Holdings Company, Inc.								
s Services	Second lien(2)(10)	9.82% (L + 8.25%/M)	7/23/2014	7/23/2020	18,500	18,409	18,500	
ding Corp.								
re	Second lien(3)(10)	10.57% (L + 9.00%/M)	7/7/2016	6/28/2024	17,086	17,396	17,598	
nvestment Holding, LLC								
are Services	First lien(2)(10)	6.94% (L + 5.25%/Q)	7/2/2015	7/2/2021	17,453	17,344	17,453	
nection LLC								
s Services	Second lien(3)	9.69% (L + 8.00%/Q)	11/22/2017	11/22/2025	16,841	16,548	16,841	
Software Inc.								
re	Subordinated(3)	11.38%/S	11/24/2014	12/1/2021	15,000	14,714	16,378	
an Tire Distributors, Inc.								
ution & Logistics	Subordinated(3)	10.25%/S	2/10/2015	3/1/2022	15,520	15,267	16,063	
ernational, Inc.**								
s Services	First lien(2)(10)	7.32% (L + 5.75%/M)	6/21/2017	6/21/2023	15,721	15,648	15,642	

rt Inc. / Netsmart Technologies, Inc.							
are Information Technology	Second lien(2)	10.98% (L + 9.50%/Q)	4/18/2016	10/19/2023	$ 15,000	$ 14,686	$ 15,075
endia Holdings, Inc.							
ing	Second lien(3)	9.57% (L + 8.00%/M)	6/28/2017	5/30/2025	14,500	14,309	14,391
ldings, LLC							
s Services	Second lien(4)(10)	10.44% (L + 8.75%/Q)	6/30/2015	12/30/2021	14,265	14,167	14,331
Holding Corp. (fka MHVC Acquisition							
Services	First lien(2)	6.95% (L + 5.25%/Q)	4/25/2017	4/29/2024	14,030	13,987	14,135
y Brands, LLC							
re	First lien(3)	6.38% (L + 5.00%/Q)	12/7/2016	12/2/2022	2,993	2,980	2,993
	First lien(3)(10)(11) Drawn	6.57% (L + 5.00%/M)	12/7/2016	12/2/2022	1,000	995	1,000
	Second lien(3)(10)	10.63% (L + 9.25%/Q)	12/7/2016	6/2/2023	7,840	7,788	7,840
	Second lien(3)(10)	10.63% (L + 9.25%/Q)	12/7/2016	6/2/2023	2,160	2,146	2,160
					13,993	13,909	13,993
, Inc. (fka Precyse Acquisition Corp.)							
are Services	Second lien(2)(10)	11.32% (L + 9.75%/M)	4/19/2016	4/20/2023	13,000	12,813	12,702
enal Holdings II Corp.							
s Services	First lien(2)(10)	8.81% (L + 7.25%/Q)	9/29/2016	9/8/2022	12,356	12,252	12,373
et Holdings, Inc.							
ution & Logistics	First lien(4)(10)	9.57% (L + 8.00%/M)	7/15/2016	7/15/2021	10,403	10,344	10,458
	First lien(4)(10)	9.57% (L + 8.00%/M)	7/15/2016	7/15/2021	1,734	1,724	1,743
					12,137	12,068	12,201
oup Holdings, Inc.							
on	First lien(2)(10)	6.69% (L + 5.00%/Q)	10/13/2017	10/2/2024	8,407	8,366	8,365
	Second lien(3)(10)	10.69% (L + 9.00%/Q)	10/13/2017	10/2/2025	3,363	3,330	3,329
					11,770	11,696	11,694
st LLC							
s Services	Second lien(3)	10.55% (L + 9.00%/M)	12/14/2015	12/15/2022	11,620	11,440	11,620

Corporation							
re	First lien(4)(10)	8.82% (L + 7.25%/M)	7/31/2017	7/29/2022	11,600	11,492	11,484
e, Inc.							
re	Second lien(4)(10)	10.42% (L + 9.00%/Q)	11/22/2016	11/17/2023	11,000	10,927	11,011
	First lien(3)(10)(11) Drawn	8.50% (P + 4.00%/Q)	11/22/2016	11/17/2022	200	199	200
	First lien(3)(10)(11) Drawn	6.57% (L + 5.00%/Q)	11/22/2016	11/17/2022	250	248	250
					11,450	11,374	11,461

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mpany, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Valu
ck Investment, LLC(14)							
LLC							
	First lien(2)(10)	7.94% (L + 6.25%/Q)	8/6/2014	8/5/2021	6,415	6,386	6,4
	First lien(2)(10)	7.94% (L + 6.25%/Q)	8/6/2014	8/5/2021	3,058	3,046	3,0
	First lien(2)(10)	7.94% (L + 6.25%/Q)	8/6/2014	8/5/2021	987	983	9
					10,460	10,415	10,4
dings, Inc.							
rices	Second lien(2)	10.19% (L + 8.50%/Q)	12/14/2016	12/16/2024	10,000	9,943	10,1
	Second lien(4)	10.57% (L + 9.00%/M)	6/27/2017	6/27/2025	10,000	9,856	10,1
re US Holdings Inc.							
	First lien(2)	6.92% (L + 5.50%/Q)	10/31/2016	10/31/2022	$ 9,899	$ 9,775	$ 10,0
oldings, Inc.							
	Second lien(2)(10)	10.57% (L + 9.00%/M)	2/23/2015	2/23/2023	10,000	9,927	10,0
ne Holdings, LLC							
rvices	First lien(2)	7.07% (L + 5.50%/M)	2/22/2017	8/16/2022	9,813	9,534	9,5
cts, Inc.							
lucts	Second lien(2)	9.94% (L + 8.25%/Q)	4/9/2014	4/9/2021	9,500	9,533	9,5
ka J.D. Power and Associates)							
rices	Second lien(3)	10.19% (L + 8.50%/Q)	6/9/2016	9/7/2024	9,333	9,230	9,4
e Services, Inc.							
& Logistics	Second lien(2)	10.63% (L + 9.25%/Q)	12/18/2013	12/20/2019	9,000	8,929	8,9
gs, Inc.							
	First lien(3)(10)		11/13/2017	11/11/2022	8,757	8,672	8,6

		9.41% (L + 8.00%/Q)					
. (Autodata Solutions, Inc.)							
rices	Second lien(3)	8.82% (L + 7.25%/Q)	12/12/2017	12/12/2025	7,406	7,387	7,3
LC (Micro Holding Corp.)							
	Second lien(3)	9.09% (L + 7.50%/Q)	8/16/2017	9/15/2025	7,000	6,932	7,0
n Payment Systems, L.P.							
rices	First lien(2)	7.14% (L + 5.75%/M)	1/3/2017	1/5/2024	6,844	6,783	6,8
Solera Finance, Inc.							
	Subordinated(3)	10.50%/S	2/29/2016	3/1/2024	5,000	4,791	5,6
ners Vet Management C							
rvices	Second lien(4)	9.57% (L + 8.00%/M)	10/4/2017	10/10/2025	5,556	5,527	5,5
ems, Inc.							
	Second lien(3)	8.69% (L + 7.00%/Q)	9/14/2017	9/19/2025	4,923	4,923	5,1
rvices	Second lien(3)(10)	10.57% (L + 9.00%/M)	10/3/2016	3/28/2024	5,000	4,934	5,0
(fka The SI Organization Inc.)							
ces	Second lien(3)	10.44% (L + 8.75%/Q)	6/14/2016	5/23/2020	4,400	4,350	4,4
al Management, Inc.							
rvices	First lien(2)(10)	7.59% (L + 6.00%/Q)	9/15/2017	9/15/2023	4,344	4,302	4,3
rvices Holding Corp.							
rices	Subordinated(3)	8.50%/S	9/17/2014	10/1/2022	3,000	3,000	2,9
Merger Sub, Inc.							
	Subordinated(3)	9.00%/S	9/21/2015	9/30/2023	2,000	1,946	2,1
nagement Corporation(12)							
nagement II LLC							
	First lien(2)	5.85% (L + 4.50%/Q)	1/5/2015	7/2/2020	211	205	
	First lien(3)	5.85% (L + 4.50%/Q)	1/5/2015	7/2/2020	119	116	
	First lien(2)	8.85% (L + 7.50%/Q)	1/5/2015	7/2/2020	475	437	
	First lien(3)	8.85% (L + 7.50%/Q)	1/5/2015	7/2/2020	268	247	
					1,073	1,005	1
d Debt Investments United States					**$ 1,319,560**	**$ 1,309,577**	**$ 1,325,3**
d Debt Investments					**$ 1,399,913**	**$ 1,388,666**	**$ 1,404,9**

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Hong Kong									
ial Limited (Bach Preference									
	Preferred shares(3)(10)(22)		9/1/2017		58,868	$	5,807	$	5,806
res Hong Kong						**$**	**5,807**	**$**	**5,806**
United States									
oco, Inc.(23)									
	Preferred shares(3)(10)(23)		11/17/2017		35,750	$	35,220	$	35,204
esource Holdings LLC(13)									
LLC									
	Ordinary shares(7)(10)		5/12/2014		5,290,997		5,291		8,154
	Preferred shares(7)(10)		10/30/2017		620,706		621		1,007
							5,912		9,161
ndback Holdings Corp.(15)									
n & Logistics	Preferred shares(4)(10)		11/19/2014		200		2,000		4,508
E Holdings Corp.(20)									
Services	Preferred shares(4)(10)		7/14/2015		100		1,000		944
	Preferred shares(4)(10)		1/5/2016		16		158		149
	Preferred shares(4)(10)		6/30/2016		6		68		58
							1,226		1,151
quisition LLC									
	Preferred shares(6)(10)		8/12/2013		372		83		393

Management Corporation(12)									
	Preferred shares(2)	1/5/2015			3,331		200		
	Preferred shares(3)	1/5/2015			1,879		113		
	Ordinary shares(2)	1/5/2015			2,994,065		100		10
	Ordinary shares(3)	1/5/2015			1,688,976		56		6
							469		16
res United States						**$**	**44,910**	**$**	**50,433**
res						**$**	**50,717**	**$**	**56,239**
United States									
Holdings, Inc.									
	Warrants(3)(10)	5/5/2014	5/5/2026		622	$	37	$	1,089
quisition LLC									
	Warrants(6)(10)	8/12/2013	8/12/2020		20				
Investors, LLC									
	Warrants(5)(10)	5/3/2012	5/8/2022		5				
rants United States						**$**	**37**	**$**	**1,089**
ded Investments						**$**	**1,439,420**	**$**	**1,462,312**
Debt Investments United States									
e Centers LLC									
Services	First lien(3)(10)(11) Undrawn	6/8/2017	6/8/2019	$	4,439	$	(16)	$	44
ofessional Practices LLC									
Services	First lien(3)(11) Undrawn	5/15/2015	4/20/2021		1,274		(13)		2
	First lien(3)(11) Undrawn	12/29/2017	12/29/2019		8,552		(75)		11
					9,826		(88)		13
stment Holding, LLC									
Services	First lien(3)(10)(11) Undrawn	7/2/2015	7/2/2021		2,100		(21)		
	First lien(3)(10)(11) Undrawn	12/20/2017	12/20/2019		13,465		(118)		
					15,565		(139)		

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ompany, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value
nc. (Internet Pipeline, Inc.)							
	First lien(3)(10)(11) Undrawn		8/4/2015	8/4/2021	1,000	(10)	
e Holdings, Inc.							
ervices	First lien(3)(10)(11) Undrawn		9/24/2015	9/24/2021	3,750	(47)	
c.							
	First lien(3)(10)(11) Undrawn		11/22/2016	11/17/2022	1,550	(12)	
c.							
	First lien(3)(10)(11) Undrawn		8/16/2016	8/16/2021	1,788	(27)	
dings, Inc.							
ervices	First lien(3)(11) Undrawn		12/19/2016	12/20/2018	1,700	(9)	(4)
lings, Inc.							
	First lien(3)(10)(11) Undrawn		11/13/2017	11/11/2022	750	(8)	(8)
poration							
	First lien(3)(10)(11) Undrawn		7/31/2017	7/29/2022	992	(10)	(10)
rtners Vet Management LLC							
Services	Second lien(4)(11) Undrawn		10/4/2017	10/10/2019	2,444	(12)	(12)
ractive, LLC							
ervices	First lien(3)(10)(11) Undrawn		6/15/2017	6/15/2023	1,673	(13)	(13)
Associates Holdings, LLC							
ervices	First lien(3)(10)(11) Undrawn		8/25/2017	8/24/2018	3,448	(13)	(13)
	First lien(3)(10)(11) Undrawn		8/25/2017	8/25/2023	2,586	(23)	(23)
					6,034	(36)	(36)

ntal Management, Inc.								
Services	First lien(3)(10)(11) Undrawn		9/15/2017	3/15/2019	$ 11,584	$ (29)	$ (29)	
	First lien(3)(10)(11) Undrawn		9/15/2017	3/15/2023	1,738	(17)	(17)	
					13,322	(46)	(46)	
echnologies Group Holdings, LLC								
	First lien(3)(10)(11) Undrawn		9/18/2017	9/18/2019	7,738	(58)	(58)	
nded Debt Investments United					**$ 72,571**	**$ (531)**	**$ (130)**	
Controlled/Non-Affiliated s							**$ 1,438,889**	**$ 1,462,182**
olled/Affiliated Investments(24)								
bt Investments United States								
Ultimate Holdings, LLC(16)								
Inc. (fka Plato, Inc.) (Archipelago nc.)								
	Second lien(3)(10)(11) Drawn	5.00%/M	6/9/2015	6/9/2020	$ 3,172	$ 3,172	$ 3,172	
	Subordinated(3)(10)	8.50% PIK/Q*	6/9/2015	6/9/2020	4,491	4,486	4,491	
	Subordinated(2)(10)	10.00% PIK/Q*	6/9/2015	6/9/2020	16,760	16,760	13,408	
	Subordinated(3)(10)	10.00% PIK/Q*	6/9/2015	6/9/2020	4,123	4,123	3,298	
					28,546	28,541	24,369	

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(in thousands, except shares)

any, Location and Industry(1)	**Type of Investment**	**Interest Rate(9)**	**Acquisition Date**	**Maturity/ Expiration Date**	**Principal Amount, Par Value or Shares**	**Cost**	**F Va**
1, Inc.							
2, Inc.							
	Subordinated(3)(10)	14.00% PIK/Q*	10/31/2016	10/15/2021	2,007	2,007	
	Subordinated(3)(10)(11) Drawn	14.00% PIK/Q*	10/31/2016	10/15/2021	696	696	
					2,703	2,703	
ebt Investments United States					**$ 31,249**	**$ 31,244**	**$ 2**
l States							
Corp.							
es	Preferred shares(3)(10)(21)		3/21/2017		2,768,000	$ 105,155	$ 10
oan Program I LLC**							
.	Membership interest(3)(10)		6/13/2014			23,000	2
Holdings Corporation							
	Ordinary shares(2)(10)		7/31/2017		25,000,000	11,501	1
	Ordinary shares(3)(10)		7/31/2017		2,786,000	1,281	
						12,782	1
1, Inc.							
	Preferred shares(3)(10)(17)		10/31/2016		1,569,226	6,829	
	Ordinary shares(3)(10)		10/31/2016		1,366,452	1,350	
						8,179	1
nate Holdings, LLC(16)							
	Ordinary shares(3)(10)		6/9/2015		123,968	$ 11	$
			6/9/2015		107,143	9	

	Ordinary shares(2)(10)							
							20	
United States							**$ 149,136**	**$ 1[illegible]**
nvestments							**$ 180,380**	**$ 1[illegible]**
Investments United States								
nate Holdings, LLC(16)								
(fka Plato, Inc.) (Archipelago								
	Second lien(3)(10)(11) Undrawn		6/9/2015	6/9/2020	$	1,709	$	$
1, Inc.								
2, Inc.								
	Subordinated(3)(10)(11) Undrawn		10/31/2016	10/15/2021		342		
l Debt Investments United					$	2,051	$	$
rolled/Affiliated Investments							**$ 180,380**	**$ 1[illegible]**
stments(25)								
vestments United States								
ervices, Inc.								
s	First lien(2)(10)	10.20% (L + 8.50%/Q)	1/13/2015	1/13/2019	$	10,846	$ 10,846	$
	First lien(2)(10)	9.84% (L + 7.50% + 1.00% PIK/Q)*	1/13/2015	1/13/2019		797	797	
	Subordinated(2)(10)	15.00% PIK/Q*	1/13/2015	7/13/2019		2,003	2,003	
	Subordinated(3)(10)	15.00% PIK/Q*	1/13/2015	7/13/2019		1,198	1,198	
						14,844	**14,844**	
ebt Investments United States					**$**	**14,844**	**$ 14,844**	**$**
la								
a Corp.**								
	Membership interest(8)(10)		9/13/2016				$ 7,345	$
Canada							**$ 7,345**	**$**

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

Company, Location and Industry(1)	Type of Investment	Interest Rate(9)	Acquisition Date	Maturity/ Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value
United States							
nior Loan Program II LLC**							
Fund	Membership interest(3)(10)		5/3/2016			$ 79,400	$ 79,400
obal Services, Inc.							
ervices	Preferred shares(2)(10)(18)		1/13/2015		21,753,102	$ 19,373	$ 19,288
	Preferred shares(3)(10)(18)		1/13/2015		6,011,522	5,353	5,330
	Preferred shares(3)(10)(19)		6/30/2017		10,863,583	10,864	10,864
	Ordinary shares(2)(10)		1/13/2015		2,096,477	1,925	7,313
	Ordinary shares(3)(10)		1/13/2015		1,993,749	531	6,954
						38,046	49,749
LP							
	Membership interest(8)(10)		10/6/2017			12,538	12,538
N LLC							
	Membership interest(8)(10)		11/15/2016			7,510	8,195
T LLC							
	Membership interest(8)(10)		11/18/2016			5,152	5,385
US LLC							
	Membership interest(8)(10)		9/13/2016			5,080	5,138
LLC							
	Membership interest(8)(10)		8/12/2016			2,043	2,191
res United States						**$ 149,769**	**$ 162,596**
res						**$ 157,114**	**$ 170,558**

United States								
obal Services, Inc.								
ervices	Warrants(3)(10)	6/30/2017	12/31/2018		526,925	$		$
rrants United States						**$**		**$**
ded Investments						**$**	**171,958**	**$ 185,402**
Debt Investments United States								
obal Services, Inc.								
ervices	First lien(3)(10)(11) Undrawn	1/13/2015	1/13/2019	$	2,048	$		$
	First lien(3)(10)(11) Undrawn	1/13/2015	1/13/2019		758			
					2,806			
unded Debt Investments United				**$**	**2,806**	**$**		**$**
trolled Investments						**$**	**171,958**	**$ 185,402**
stments						**$**	**1,791,227**	**$ 1,825,660**

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

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

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

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

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

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

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

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

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

(9) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (L), the Prime Rate (P) and the alternative base rate (Base) and which resets monthly (M), quarterly (Q), semi-annually (S) or annually (A). For each investment the current interest rate provided reflects the rate in effect as of December 31, 2017.

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

(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 the impact of paydowns and cash paid for drawn revolvers or delayed draws.

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

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

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

(15) 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.

(16) 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.

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

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

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

(20) The Company holds equity investments in TW-NHME Holdings Corp., and holds a second lien term loan investment in National HME, Inc., a wholly-owned subsidiary of TW-NHME Holdings Corp.

(21) The Company holds convertible preferred equity in HI Technology Corp that is accruing dividends at a rate of 15.0% per annum.

(22) The Company holds preferred equity in Bach Special Limited (Bach Preference Limited) that is entitled to receive cumulative preferential dividends at a rate of 12.25% per annum payable in additional shares.

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

(23)

The Company holds preferred equity in Avatar Topco, Inc., and holds a second lien term loan investment in EAB Global, Inc., a wholly-owned subsidiary of Avatar Topco, Inc. The preferred equity is entitled to receive cumulative preferential dividends at a rate of L + 11.00% per annum.

(24)

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

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

(A)

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

(B)

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

(25)

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

Portfolio Company	**Fair Value at December 31, 2016**	**Gross Additions (A)**	**Gross Redemptions (B)**	**Net Realized Gains (Losses)**	**Net Change In Unrealized Appreciation (Depreciation)**	**Fair Value at December 31, 2017**	**Interest Income**	**Dividend Income**	**Other Income**
New Mountain Net Lease Corporation	$ 27,000	$	$ (27,000)	$	$	$	$	$	$
NM APP CANADA CORP		7,345			617	7,962		911	
NM APP US LLC		5,080			58	5,138		594	
NM CLFX LP		12,538				12,538		341	
NM DRVT LLC		5,152			233	5,385		520	
NM JRA LLC		2,043			148	2,191		232	
NM KRLN LLC		7,510			685	8,195		736	
NMFC Senior Loan Program II LLC	71,460	7,940				79,400		12,406	
UniTek Global Services, Inc.	56,361	14,777	(4,006)		(2,539)	64,593	1,709	4,415	819
Total Controlled Investments	**$ 154,821**	**$ 62,385**	**$ (31,006)**	**$**	**$ (798)**	**$ 185,402**	**$ 1,709**	**$ 20,155**	**$ 819**

(A)

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

(B)

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

*

All or a portion of interest contains PIK interest.

**

Indicates assets that the Company deems to be "non-qualifying assets" under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70.0% of the Company's total assets at the time of acquisition of any additional non-qualifying assets. As of December 31, 2017, 11.0% of the Company's total investments were non-qualifying assets.

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

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2017

(in thousands, except shares)

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

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

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

Fixed rates	12.52%
Total investments	100.00%

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

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation

September 30, 2018

(in thousands, except share data)

(unaudited)

Note 1. Formation and Business Purpose

New Mountain Finance Corporation ("NMFC" or the "Company") is a Delaware corporation that was originally incorporated on June 29, 2010 and completed its initial public offering ("IPO") on May 19, 2011. NMFC is a closed-end, non-diversified management investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). NMFC has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). NMFC is also registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Since NMFC's IPO, and through September 30, 2018, NMFC raised approximately $614,581 in net proceeds from additional offerings of its common stock.

New Mountain Finance Advisers BDC, L.L.C. (the "Investment Adviser") is a wholly-owned subsidiary of New Mountain Capital Group, L.P. (together with New Mountain Capital, L.L.C. and its affiliates, "New Mountain Capital") whose ultimate owners include Steven B. Klinsky and related other vehicles. New Mountain Capital is a firm with a track record of investing in the middle market. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity and credit investment vehicles. The Investment Adviser manages the Company's day-to-day operations and provides it with investment advisory and management services. New Mountain Finance Administration, L.L.C. (the "Administrator"), a wholly-owned subsidiary of New Mountain Capital, provides the administrative services necessary to conduct the Company's day-to-day operations.

The Company's wholly-owned subsidiary, New Mountain Finance Holdings, L.L.C. ("NMF Holdings"), is a Delaware limited liability company whose assets are used to secure NMF Holdings' credit facility. NMF Ancora Holdings Inc. ("NMF Ancora"), NMF QID NGL Holdings, Inc. ("NMF QID") and NMF YP Holdings Inc. ("NMF YP"), the Company's wholly-owned subsidiaries, are structured as Delaware entities that serve as tax blocker corporations which hold equity or equity-like investments in portfolio companies organized as limited liability companies (or other forms of pass-through entities). The Company consolidates its tax blocker corporations for accounting purposes. The tax blocker corporations are not consolidated for income tax purposes and may incur income tax expense as a result of their ownership of portfolio companies. Additionally, the Company has a wholly-owned subsidiary, New Mountain Finance Servicing, L.L.C. ("NMF Servicing"), that serves as the administrative agent on certain investment transactions. New Mountain Finance SBIC, L.P. ("SBIC I") and its general partner, New Mountain Finance SBIC G.P., L.L.C. ("SBIC I GP"), were organized in Delaware as a limited partnership and limited liability company, respectively. New Mountain Finance SBIC II, L.P. ("SBIC II") and its general partner, New Mountain Finance SBIC II G.P., L.L.C. ("SBIC II GP"), were also organized in Delaware as a limited partnership and limited liability company, respectively. SBIC I, SBIC I GP, SBIC II and SBIC II GP are consolidated wholly-owned direct and indirect subsidiaries of the Company. SBIC I and SBIC II received licenses from the United States ("U.S.") Small Business Administration (the "SBA") to operate as small business investment companies ("SBICs") under Section 301(c) of the Small Business Investment Act of 1958, as amended (the "1958 Act"). The Company's wholly-owned

Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

September 30, 2018

(in thousands, except share data)

(unaudited)

Note 1. Formation and Business Purpose (Continued)

subsidiary, New Mountain Net Lease Corporation ("NMNLC"), a Maryland corporation, was formed to acquire commercial real properties that are subject to "triple net" leases and has qualified and intends to continue to qualify as a real estate investment trust, or REIT, within the meaning of Section 856(a) of the Code.

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

Note 2. Summary of Significant Accounting Policies

Basis of accounting The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Company is an investment company following accounting and reporting guidance in Accounting Standards Codification Topic 946, *Financial Services Investment Companies*, ("ASC 946"). NMFC consolidates its wholly-owned direct and indirect subsidiaries: NMF Holdings, NMF Servicing, NMNLC, SBIC I, SBIC I GP, SBIC II, SBIC II GP, NMF Ancora, NMF QID and NMF YP.

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

The Company's interim consolidated financial statements are prepared in accordance with GAAP and pursuant to the requirements for reporting on Form 10-Q and Article 6 or 10 of Regulation S-X. Accordingly, the Company's interim consolidated financial statements do not include all of the information and notes required by GAAP for annual financial statements. In the

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

September 30, 2018

(in thousands, except share data)

(unaudited)

Note 2. Summary of Significant Accounting Policies (Continued)

opinion of management, all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements for the interim period, have been included. The current period's results of operations will not necessarily be indicative of results that ultimately may be achieved for the fiscal year ending December 31, 2018.

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

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

(1) Investments for which market quotations are readily available on an exchange are valued at such market quotations based on the closing price indicated from independent pricing services.

(2) Investments for which indicative prices are obtained from various pricing services and/or brokers or dealers are valued through a multi-step valuation process, as described below, to determine whether the quote(s) obtained is representative of fair value in accordance with GAAP.

   a. Bond quotes are obtained through independent pricing services. Internal reviews are performed by the investment professionals of the Investment Adviser to ensure that the quote obtained is representative of fair value in accordance with GAAP and, if so, the quote is used. If the Investment Adviser is unable to sufficiently validate the quote(s) internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below); and

   b. For investments other than bonds, the Company looks at the number of quotes readily available and performs the following procedures:

      i. Investments for which two or more quotes are received from a pricing service are valued using the mean of the mean of the bid and ask of the quotes obtained.

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

September 30, 2018

(in thousands, except share data)

(unaudited)

Note 2. Summary of Significant Accounting Policies (Continued)

ii. Investments for which one quote is received from a pricing service are validated internally. The investment professionals of the Investment Adviser analyze the market quotes obtained using an array of valuation methods (further described below) to validate the fair value. If the Investment Adviser is unable to sufficiently validate the quote internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below).

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

a. Each portfolio company or investment is initially valued by the investment professionals of the Investment Adviser responsible for the credit monitoring;

b. Preliminary valuation conclusions will then be documented and discussed with the Company's senior management;

c. If an investment falls into (3) above for four consecutive quarters and if the investment's par value or its fair value exceeds the materiality threshold, then at least once each fiscal year, the valuation for each portfolio investment for which the Company does not have a readily available market quotation will be reviewed by an independent valuation firm engaged by the Company's board of directors; and

d. When deemed appropriate by the Company's management, an independent valuation firm may be engaged to review and value investment(s) of a portfolio company, without any preliminary valuation being performed by the Investment Adviser. The investment professionals of the Investment Adviser will review and validate the value provided.

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

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

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

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

September 30, 2018

(in thousands, except share data)

(unaudited)

Note 2. Summary of Significant Accounting Policies (Continued)

New Mountain Net Lease Corporation

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

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

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

Collateralized agreements or repurchase financings The Company follows the guidance in Accounting Standards Codification Topic 860, *Transfers and Servicing Secured Borrowing and Collateral*, ("ASC 860") when accounting for transactions involving the purchases of securities under collateralized agreements to resell (resale agreements). These transactions are treated as collateralized financing transactions and are recorded at their contracted resale or repurchase amounts, as specified in the respective agreements. Interest on collateralized agreements is accrued and recognized over the life of the transaction and included in interest income. As of September 30, 2018 and December 31, 2017, the Company held one collateralized agreement to resell with a cost basis of $30,000 and $30,000, respectively, and a fair value of $25,200 and $25,212, respectively. The collateralized agreement to resell is guaranteed by a private hedge fund. The private hedge fund is currently in liquidation under the laws of the Cayman Islands. Pursuant to the terms of the collateralized agreement, the private hedge fund was obligated to repurchase the collateral from the Company at the par value of the collateralized agreement. The private hedge fund has breached its agreement to repurchase the collateral under the collateralized agreement. The default by the private hedge fund did not release the collateral to the Company, and therefore, the Company does not have full rights and title to the collateral. A claim has been filed with the Cayman Islands joint official liquidators to resolve this matter. The joint official liquidators have recognized the Company's contractual rights under the collateralized agreement. The Company continues to exercise its rights under the collateralized agreement and continues to monitor the liquidation process of the private hedge fund. The fair value of the collateralized agreement to resell is reflective of the increased risk of the position.

Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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(in thousands, except share data)

(unaudited)

Note 2. Summary of Significant Accounting Policies (Continued)

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

Revenue recognition

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

Interest and dividend income: Interest income, including amortization of premium and discount using the effective interest method, is recorded on the accrual basis and periodically assessed for collectability. Interest income also includes interest earned from cash on hand. Upon the prepayment of a loan or debt security, any prepayment penalties are recorded as part of interest income. The Company has loans and certain preferred equity investments in the portfolio that contain a payment-in-kind ("PIK") interest or dividend provision. PIK interest and dividends are accrued and recorded as income at the contractual rates, if deemed collectible. The PIK interest and dividends are added to the principal or share balances on the capitalization dates and are generally due at maturity or when redeemed by the issuer. For the three and nine months ended September 30, 2018, the Company recognized PIK and non-cash interest from investments of $2,462 and $6,074, respectively, and PIK and non-cash dividends from investments of $7,236 and $20,987, respectively. For the three and nine months ended September 30, 2017, the Company recognized PIK and non-cash interest from investments of $1,552 and $4,747, respectively, and PIK and non-cash dividends from investments of $5,395 and $11,713, respectively.

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

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

Other income: Other income represents delayed compensation, consent or amendment fees, revolver fees, structuring fees, upfront fees, management fees from a non-controlled/affiliated

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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Note 2. Summary of Significant Accounting Policies (Continued)

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

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

Deferred financing costs The deferred financing costs of the Company consists of capitalized expenses related to the origination and amending of the Company's borrowings. The Company amortizes these costs into expense over the stated life of the related borrowing. See Note 7. *Borrowings*, for details.

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

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

To continue to qualify and be subject to tax as a RIC, the Company is required to meet certain income and asset diversification tests in addition to distributing at least 90.0% of its investment company taxable income, as defined by the Code. Since U.S. federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes.

Differences between taxable income and the results of operations for financial reporting purposes may be permanent or temporary in nature. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

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

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

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Notes to the Consolidated Financial Statements of
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Note 2. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

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Note 2. Summary of Significant Accounting Policies (Continued)

the distribution payable to such stockholder by the market price per share of the Company's common stock on the New York Stock Exchange ("NYSE") on the distribution payment date. Market price per share on that date will be the closing price for such shares on the NYSE or, if no sale is reported for such day, the average of their electronically reported bid and ask prices.

If the price at which newly issued shares are to be credited to stockholders' accounts is less than 110.0% of the last determined net asset value of the shares, the Company will either issue new shares or instruct the plan administrator to purchase shares in the open market to satisfy the additional shares required. Shares purchased in open market transactions by the plan administrator will be allocated to a stockholder based on the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased in the open market. The number of shares of the Company's common stock to be outstanding after giving effect to payment of the distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of the Company's stockholders have been tabulated.

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

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

Foreign securities The accounting records of the Company are maintained in U.S. dollars. Investment securities denominated in foreign currencies are translated into U.S. dollars based on

Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

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Note 2. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Note 3. Investments

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

Investment Cost and Fair Value by Type

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

Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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Note 3. Investments (Continued)

Investment Cost and Fair Value by Industry

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

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

Investment Cost and Fair Value by Type

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

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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Note 3. Investments (Continued)

Investment Cost and Fair Value by Industry

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

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

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

During the first quarter of 2017, the Company placed its entire first lien notes position in Sierra Hamilton LLC / Sierra Hamilton Finance, Inc. ("Sierra") on non-accrual status due to its ongoing restructuring. As of June 30, 2017, the Company's investment in Sierra placed on non-accrual status represented an aggregate cost basis of $27,231, an aggregate fair value of $12,725 and total unearned interest income of $1,388 for the six months then ended. In July 2017, Sierra completed a restructuring which resulted in a material modification of the original terms and an extinguishment of the Company's original investment in Sierra. Prior to the extinguishment in July 2017, the Company's original investment in Sierra had an aggregate cost of $27,307, an aggregate fair value of $12,858 and total unearned interest income of $1,687. The extinguishment resulted in a realized loss of $14,449. As a result of the restructuring, the Company received common shares in Sierra

Notes to the Consolidated Financial Statements of
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Note 3. Investments (Continued)

Hamilton Holding Corporation. As of September 30, 2018, the Company's investment has an aggregate cost basis of $12,782 and an aggregate fair value of $12,527.

As of September 30, 2018, the Company had unfunded commitments on revolving credit facilities and bridge facilities of $49,735 and $0, respectively. As of September 30, 2018, the Company had unfunded commitments in the form of delayed draws or other future funding commitments of $88,849. The unfunded commitments on revolving credit facilities and delayed draws are disclosed on the Company's Consolidated Schedule of Investments as of September 30, 2018.

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

PPVA Black Elk (Equity) LLC

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

In August 2017, a trustee (the "Trustee") for Black Elk informed the Company that the Trustee intended to assert a fraudulent conveyance claim (the "Claim") against the Company and one of its affiliates seeking the return of the $20,540 repayment. Black Elk filed a Chapter 11 bankruptcy petition pursuant to the United States Bankruptcy Code in August 2015. The Trustee alleges that individuals affiliated with the private hedge fund conspired with Black Elk and others to improperly use proceeds from the sale of certain Black Elk assets to repay, in August 2014, the private hedge fund's obligation to the Company under the SPP Agreement. The Company was unaware of these claims at the time the repayment was received. The private hedge fund is currently in liquidation under the laws of the Cayman Islands.

On December 22, 2017, the Company settled the Trustee's $20,540 Claim for $16,000 and filed a claim with the Cayman Islands joint official liquidators of the private hedge fund for $16,000 that is owed to the Company under the SPP Agreement. The SPP Agreement was restored and is in effect since repayment has not been made. The Company continues to exercise its rights under the SPP Agreement and continues to monitor the liquidation process of the private hedge fund. During the nine months ended September 30, 2018, the Company received a $1,500 payment from its insurance carrier in respect to the settlement. As of September 30, 2018, the SPP Agreement has a cost basis of $14,500 and a fair value of $12,180, which is reflective of the higher inherent risk in this transaction.

Notes to the Consolidated Financial Statements of
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Note 3. Investments (Continued)

NMFC Senior Loan Program I LLC

NMFC Senior Loan Program I LLC ("SLP I") was formed as a Delaware limited liability company on May 27, 2014 and commenced operations on June 10, 2014. SLP I is a portfolio company held by the Company. SLP I is structured as a private investment fund, in which all of the investors are qualified purchasers, as such term is defined under the 1940 Act. Transfer of interests in SLP I is subject to restrictions and, as a result, interests are not readily marketable. SLP I operates under a limited liability company agreement (the "SLP I Agreement") and will continue in existence until August 31, 2021, subject to earlier termination pursuant to certain terms of the SLP I Agreement. The term may be extended pursuant to certain terms of the SLP I Agreement. SLP I's re-investment period was through July 31, 2018. In September 2018, the re-investment period was extended until August 31, 2019. SLP I invests in senior secured loans issued by companies within the Company's core industry verticals. These investments are typically broadly syndicated first lien loans.

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

The Company, as an investment adviser registered under the Advisers Act, acts as the collateral manager to SLP I and is entitled to receive a management fee for its investment management services provided to SLP I. As a result, SLP I is classified as an affiliate of the Company. No management fee is charged on the Company's investment in SLP I in connection with the administrative services provided to SLP I. For the three and nine months ended September 30, 2018, the Company earned approximately $295 and $891, respectively, in management fees related to SLP I, which is included in other income. For the three and nine months ended September 30, 2017, the Company earned approximately $286 and $865, respectively, in management fees related to SLP I, which is included in other income. As of September 30, 2018 and December 31, 2017, approximately $295 and $291, respectively, of management fees related to SLP I was included in receivable from affiliates. For the three and nine months ended September 30, 2018, the Company earned approximately $787 and $2,423, respectively, of dividend income related to SLP I, which is included in dividend income. For the three and nine months ended September 30, 2017, the Company earned approximately $816 and $2,662, respectively, of dividend income related to SLP I, which is included in dividend income. As of September 30, 2018 and December 31, 2017, approximately $787 and $836, respectively, of dividend income related to SLP I was included in interest and dividend receivable.

Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

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Note 3. Investments (Continued)

NMFC Senior Loan Program II LLC

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

SLP II is capitalized with equity contributions which are called from its members, on a pro-rata basis based on their equity commitments, as transactions are completed. Any decision by SLP II to call down on capital commitments requires approval by the board of managers of SLP II. As of September 30, 2018, the Company and SkyKnight have committed and contributed $79,400 and $20,600, respectively, of equity to SLP II. The Company's investment in SLP II is disclosed on the Company's Consolidated Schedule of Investments as of September 30, 2018 and December 31, 2017.

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

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Note 3. Investments (Continued)

Below is a summary of SLP II's portfolio, along with a listing of the individual investments in SLP II's portfolio as of September 30, 2018 and December 31, 2017:

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

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

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

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Note 3. Investments (Continued)

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

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

Market Track, LLC	Business Services	6.64% (L + 4.25%)	6/5/2024	11,850	11,800	11,835
Medical Solutions Holdings, Inc.	Healthcare Services	5.99% (L + 3.75%)	6/14/2024	4,443	4,424	4,459
Ministry Brands, LLC	Software	6.24% (L + 4.00%)	12/2/2022	2,121	2,113	2,121
Ministry Brands, LLC	Software	6.24% (L + 4.00%)	12/2/2022	303	301	303
Ministry Brands, LLC	Software	6.24% (L + 4.00%)	12/2/2022	12,316	12,267	12,316
Navicure, Inc.	Healthcare Services	5.99% (L + 3.75%)	11/1/2024	2,928	2,915	2,942
NorthStar Financial Services Group, LLC	Software	5.56% (L + 3.50%)	5/25/2025	7,500	7,464	7,523
Pathway Vet Alliance LLC (fka Pathway Partners Vet Management Company LLC)	Consumer Services	6.49% (L + 4.25%)	10/10/2024	286	284	286
Pathway Vet Alliance LLC (fka Pathway Partners Vet Management Company LLC)	Consumer Services	6.49% (L + 4.25%)	10/10/2024	9,630	9,586	9,654
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	7.64% (L + 5.25%)	4/29/2024	10,369	10,325	10,317
Poseidon Intermediate, LLC	Software	6.50% (L + 4.25%)	8/15/2022	14,767	14,764	14,841
Premise Health Holding Corp.	Healthcare Services	6.14% (L + 3.75%)	7/10/2025	1,390	1,383	1,397
Project Accelerate Parent, LLC	Business Services	6.37% (L + 4.25%)	1/2/2025	14,925	14,856	15,018
PSC Industrial Holdings Corp.	Industrial Services	5.91% (L + 3.75%)	10/11/2024	10,421	10,329	10,467
Quest Software US Holdings Inc.	Software	6.57% (L + 4.25%)	5/16/2025	15,000	14,928	15,060
Salient CRGT Inc.	Federal Services	7.99% (L + 5.75%)	2/28/2022	13,603	13,505	13,807
Sierra Acquisition, Inc.	Food & Beverage	5.99% (L + 3.75%)	11/11/2024	3,722	3,705	3,754
SSH Group Holdings, Inc.	Education	6.59% (L + 4.25%)	7/30/2025	9,000	8,978	9,090
WP CityMD Bidco LLC	Healthcare Services	5.89% (L + 3.50%)	6/7/2024	14,850	14,819	14,831
YI, LLC	Healthcare Services	6.39% (L + 4.00%)	11/7/2024	1,457	1,462	1,457
YI, LLC	Healthcare Services	6.39% (L + 4.00%)	11/7/2024	12,069	12,059	12,069
Zywave, Inc.	Software	7.34% (L + 5.00%)	11/17/2022	17,183	17,120	17,183
Total Funded Investments				**$ 352,180**	**$ 350,214**	**$ 353,263**
Unfunded Investments	**First lien:**					
Access CIG, LLC			2/27/2019	$ 1,108	$	$ 7

	Business Services				
CHA Holdings, Inc.	Business Services	10/10/2019	2,143	(11)	16
Drilling Info Holdings, Inc.	Business Services	7/30/2020	2,249	(10)	(6)
Ministry Brands, LLC	Software	10/18/2019	1,566	(8)	
Premise Health Holding Corp.	Healthcare Services	7/10/2020	110		1
YI, LLC	Healthcare Services	11/7/2018	1,577	(8)	
Total Unfunded Investments			**$ 8,753**	**$ (37)**	**$ 18**
Total Investments			**$ 360,933**	**$ 350,177**	**$ 353,281**

(1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of September 30, 2018.

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September 30, 2018

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(unaudited)

Note 3. Investments (Continued)

(2)
Represents the fair value in accordance with Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"). The Company's board of directors does not determine the fair value of the investments held by SLP II.

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

Portfolio Company and Type of Investment	Industry	Interest Rate(1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value(2)
Funded Investments First lien						
ADG, LLC	Healthcare Services	6.32% (L + 4.75%)	9/28/2023	$ 17,034	$ 16,890	$ 16,779
ASG Technologies Group, Inc.	Software	6.32% (L + 4.75%)	7/31/2024	7,481	7,446	7,547
Beaver-Visitec International Holdings, Inc.	Healthcare Products	6.69% (L + 5.00%)	8/21/2023	14,812	14,688	14,813
DigiCert, Inc.	Business Services	6.13% (L + 4.75%)	10/31/2024	10,000	9,951	10,141
Emerald 2 Limited	Business Services	5.69% (L + 4.00%)	5/14/2021	1,266	1,211	1,267
Evo Payments International, LLC	Business Services	5.57% (L + 4.00%)	12/22/2023	17,369	17,292	17,492
Explorer Holdings, Inc.	Healthcare Services	5.13% (L + 3.75%)	5/2/2023	2,940	2,917	2,973
Globallogic Holdings Inc.	Business Services	6.19% (L + 4.50%)	6/20/2022	9,677	9,611	9,755
Greenway Health, LLC	Software	5.94% (L + 4.25%)	2/16/2024	14,925	14,858	15,074
Idera, Inc.	Software	6.57% (L + 5.00%)	6/28/2024	12,619	12,499	12,556
J.D. Power (fka J.D. Power and Associates)	Business Services	5.94% (L + 4.25%)	9/7/2023	13,357	13,308	13,407
Keystone Acquisition Corp.	Healthcare Services	6.94% (L + 5.25%)	5/1/2024	5,386	5,336	5,424
Market Track, LLC	Business	5.94%	6/5/2024	11,940	11,884	11,940

	Services	(L + 4.25%)				
McGraw-Hill Global Education Holdings, LLC	Education	5.57% (L + 4.00%)	5/4/2022	9,850	9,813	9,844
Medical Solutions Holdings, Inc.	Healthcare Services	5.82% (L + 4.25%)	6/14/2024	6,965	6,932	7,043
Ministry Brands, LLC	Software	6.38% (L + 5.00%)	12/2/2022	2,138	2,128	2,138
Ministry Brands, LLC	Software	6.38% (L + 5.00%)	12/2/2022	7,768	7,735	7,768
Navex Global, Inc.	Software	5.82% (L + 4.25%)	11/19/2021	14,897	14,724	14,971
Navicure, Inc.	Healthcare Services	5.11% (L + 3.75%)	11/1/2024	15,000	14,926	15,000
OEConnection LLC	Business Services	5.69% (L + 4.00%)	11/22/2024	15,000	14,925	14,981
Pathway Partners Vet Management Company LLC	Consumer Services	5.82% (L + 4.25%)	10/10/2024	6,963	6,929	6,980
Pathway Partners Vet Management Company LLC	Consumer Services	5.82% (L + 4.25%)	10/10/2024	291	290	292
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	6.95% (L + 5.25%)	4/29/2024	10,448	10,399	10,526
Poseidon Intermediate, LLC	Software	5.82% (L + 4.25%)	8/15/2022	14,881	14,877	14,955
Project Accelerate Parent, LLC	Business Services	5.94% (L + 4.25%)	1/2/2025	15,000	14,925	15,038
PSC Industrial Holdings Corp.	Industrial Services	5.71% (L + 4.25%)	10/11/2024	10,500	10,398	10,500
Quest Software US Holdings Inc.	Software	6.92% (L + 5.50%)	10/31/2022	9,899	9,775	10,071
Salient CRGT Inc.	Federal Services	7.32% (L + 5.75%)	2/28/2022	14,433	14,310	14,559
Severin Acquisition, LLC	Software	6.32% (L + 4.75%)	7/30/2021	14,888	14,827	14,813
Shine Acquisitoin Co. S.à.r.l / Boing US Holdco Inc.	Consumer Services	4.88% (L + 3.50%)	10/3/2024	15,000	14,964	15,108
Sierra Acquisition, Inc.	Food & Beverage	5.68% (L + 4.25%)	11/11/2024	3,750	3,731	3,789
TMK Hawk Parent, Corp.	Distribution & Logistics	4.88% (L + 3.50%)	8/28/2024	1,671	1,667	1,686
University Support Services LLC (St. George's University Scholastic Services LLC)	Education	5.82% (L + 4.25%)	7/6/2022	1,875	1,875	1,900
Vencore, Inc. (fka SI Organization, Inc., The)	Federal Services	6.44% (L + 4.75%)	11/23/2019	10,686	10,673	10,835
WP CityMD Bidco LLC	Healthcare Services	5.69% (L + 4.00%)	6/7/2024	14,963	14,928	15,009
YI, LLC	Healthcare Services	5.69% (L + 4.00%)	11/7/2024	8,240	8,204	8,230
Zywave, Inc.	Software	6.61% (L + 5.00%)	11/17/2022	17,325	17,252	17,325
Total Funded Investments				**$ 381,237**	**$ 379,098**	**$ 382,529**

Unfunded Investments First lien					
Pathway Partners Vet Management Company LLC	Consumer Services	10/10/2019	$ 2,728	$ (14)	$ 7
TMK Hawk Parent, Corp.	Distribution & Logistics	3/28/2018	75		1
YI, LLC	Healthcare Services	11/7/2018	2,060	(9)	(3)
Total Unfunded Investments			**$ 4,863**	**$ (23)**	**$ 5**
Total Investments			**$ 386,100**	**$ 379,075**	**$ 382,534**

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

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

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(in thousands, except share data)

(unaudited)

Note 3. Investments (Continued)

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

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

Selected Balance Sheet Information:	**September 30, 2018**	**December 31, 2017**
Investments at fair value (cost of $350,177 and $379,075, respectively)	$ 353,281	$ 382,534
Cash and other assets	17,417	8,065
Total assets	$ 370,698	$ 390,599
Credit facility	$ 262,370	$ 266,270
Deferred financing costs	(1,526)	(1,966)
Payable for unsettled securities purchased		15,964
Distribution payable	3,500	3,500
Other liabilities	2,722	2,891
Total liabilities	267,066	286,659
Members' capital	$ 103,632	$ 103,940
Total liabilities and members' capital	$ 370,698	$ 390,599

Selected Statement of Operations Information:	**Three Months Ended September 30, 2018**	**Three Months Ended September 30, 2017**	**Nine Months Ended September 30, 2018**	**Nine Months Ended September 30, 2017**
Interest income	$ 6,358	$ 5,858	$ 18,122	$ 16,661
Other income	39	27	97	343
Total investment income	6,397	5,885	18,219	17,004
Interest and other financing expenses	2,686	2,185	7,667	6,108
Other expenses	140	159	504	533

Total expenses	2,826	2,344	8,171	6,641
Net investment income	3,571	3,541	10,048	10,363
Net realized gains on investments	125	223	758	2,145
Net change in unrealized appreciation (depreciation) of investments	(75)	88	(355)	(553)
Net increase in members' capital	$ 3,621	$ 3,852	$ 10,451	$ 11,955

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Notes to the Consolidated Financial Statements of
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Note 3. Investments (Continued)

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

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

NMFC Senior Loan Program III LLC

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

SLP III is capitalized with equity contributions which are called from its members, on a pro-rata basis based on their equity commitments, as transactions are completed. Any decision by SLP III to call down on capital commitments requires approval by the board of managers of SLP III. As of September 30, 2018, the Company and SkyKnight II have committed $80,000 and $20,000, respectively, of equity to SLP III. As of September 30, 2018, the Company and SkyKnight II have contributed $66,800 and $16,700, respectively, of equity to SLP III. The Company's investment in SLP III is disclosed on the Company's Consolidated Schedule of Investments as of September 30, 2018.

On May 2, 2018, SLP III closed its $300,000 revolving credit facility with Citibank, N.A., which matures on May 2, 2023 and bears interest at a rate of LIBOR plus 1.70% per annum. As of September 30, 2018, SLP III had total investments with an aggregate fair value of approximately $322,246 and debt outstanding under its credit facility of $218,800. As of September 30, 2018, none of SLP III's investments were on non-accrual. Additionally, as of September 30, 2018, SLP III had

**Notes to the Consolidated Financial Statements of
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Note 3. Investments (Continued)

unfunded commitments in the form of delayed draws of $15,171. Below is a summary of SLP III's portfolio, along with a listing of the individual investments in SLP III's portfolio as of September 30, 2018:

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

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

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

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Note 3. Investments (Continued)

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

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

Market Track, LLC	Business Services	6.64% (L + 4.25%)	6/5/2024	4,839	4,833	4,833
Ministry Brands, LLC	Software	6.24% (L + 4.00%)	12/2/2022	4,607	4,586	4,607
Ministry Brands, LLC	Software	6.24% (L + 4.00%)	12/2/2022	303	301	303
National Intergovernmental Purchasing Alliance Company	Business Services	6.14% (L + 3.75%)	5/23/2025	14,963	14,949	15,019
Navex Topco, Inc.	Software	5.37% (L + 3.25%)	9/5/2025	15,000	14,925	15,006
Navicure, Inc.	Healthcare Services	5.99% (L + 3.75%)	11/1/2024	2,992	2,992	3,007
Netsmart Technologies, Inc.	Healthcare I.T.	5.99% (L + 3.75%)	4/19/2023	10,464	10,464	10,543
Newport Group Holdings II, Inc.	Business Services	5.90% (L + 3.75%)	9/12/2025	5,000	4,975	5,019
NorthStar Financial Services Group, LLC	Software	5.56% (L + 3.50%)	5/25/2025	15,000	14,928	15,047
OEConnection LLC	Business Services	6.25% (L + 4.00%)	11/22/2024	1,834	1,848	1,844
Pathway Vet Alliance LLC	Consumer Services	6.49% (L + 4.25%)	10/10/2024	1,333	1,326	1,336
Pelican Products, Inc.	Business Products	5.60% (L + 3.50%)	5/1/2025	4,988	4,976	4,999
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	7.64% (L + 5.25%)	4/29/2024	12,628	12,565	12,565
Premise Health Holding Corp.	Healthcare Services	6.14% (L + 3.75%)	7/10/2025	13,897	13,828	13,971
Quest Software US Holdings Inc.	Software	6.57% (L + 4.25%)	5/16/2025	15,000	14,928	15,060
Sierra Enterprises, LLC	Food & Beverage	5.99% (L + 3.75%)	11/11/2024	2,488	2,485	2,509
SSH Group Holdings, Inc.	Education	6.59% (L + 4.25%)	7/30/2025	15,000	14,963	15,150
University Support Services LLC (St. George's University Scholastic Services LLC)	Education	5.75% (L + 3.50%)	7/17/2025	3,814	3,795	3,849
VT Topco, Inc.	Business Services	6.09% (L + 3.75%)	8/1/2025	8,000	7,980	8,075
VT Topco, Inc.	Business Services	6.14% (L + 3.75%)	8/1/2025	373	376	377
WP CityMD Bidco LLC	Healthcare Services	5.89% (L + 3.50%)	6/7/2024	14,925	14,925	14,906
YI, LLC	Healthcare Services	6.39% (L + 4.00%)	11/7/2024	3,978	3,992	3,978
YI, LLC	Healthcare Services	6.39% (L + 4.00%)	11/7/2024	480	482	480
Total Funded Investments				**$ 321,212**	**$ 320,232**	**$ 322,190**

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Note 3. Investments (Continued)

Portfolio Company and Type of Investment	Industry	Interest Rate(1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value(2)
Unfunded Investments First lien						
Dentalcorp Perfect Smile ULC	Healthcare Services		6/6/2020	$ 2,249	$ (6)	$ 21
Drilling Info Holdings, Inc.	Business Services		7/30/2020	2,501	(13)	(6)
Heartland Dental, LLC	Healthcare Services		4/30/2020	2,478		4
Ministry Brands, LLC	Software		10/18/2019	1,566	(8)	
Pathway Vet Alliance LLC	Consumer Services		5/25/2020	1,940	(10)	5
Premise Health Holding Corp.	Healthcare Services		7/10/2020	1,103	(3)	6
University Support Services LLC (St. George's University Scholastic Services LLC)	Education		7/17/2019	1,187		11
VT Topco, Inc.	Business Services		8/1/2020	1,627	(4)	15
YI, LLC	Healthcare Services		11/7/2018	520	2	
Total Unfunded Investments				**$ 15,171**	**$ (42)**	**$ 56**
Total Investments				**$ 336,383**	**$ 320,190**	**$ 322,246**

(1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative

base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of September 30, 2018.

(2)

Represents the fair value in accordance with ASC 820. The Company's board of directors does not determine the fair value of the investments held by SLP III.

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

	September 30, 2018
Selected Balance Sheet Information:	
Investments at fair value (cost of $320,190)	$ 322,246
Cash and other assets	6,705
Total assets	$ 328,951
Credit facility	$ 218,800
Deferred financing costs	(2,996)
Payable for unsettled securities purchased	22,839
Distribution payable	1,200
Other liabilities	3,465
Total liabilities	243,308
Members' capital	$ 85,643
Total liabilities and members' capital	$ 328,951

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Note 3. Investments (Continued)

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018[1]
Selected Statement of Operations Information:		
Interest income	$ 3,170	$ 3,960
Other income	80	102
Total investment income	3,250	4,062
Interest and other financing expenses	1,853	2,427
Other expenses	123	349
Total expenses	1,976	2,776
Net investment income	1,274	1,286
Net realized gains on investments	1	1
Net change in unrealized appreciation (depreciation) of investments	1,438	2,056
Net increase in members' capital	$ 2,713	$ 3,343

(1) SLP III commenced operations on April 25, 2018.

For the three and nine months ended September 30, 2018, the Company earned approximately $960 and $960, respectively, of dividend income related to SLP III, which is included in dividend income. As of September 30, 2018 approximately $960 of dividend income related to SLP III was included in interest and dividend receivable.

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

Unconsolidated Significant Subsidiaries

In accordance with Regulation S-X Rule 10-01(b)(1), the Company evaluates its unconsolidated controlled portfolio companies as significant subsidiaries under this rule. As of September 30, 2018, UniTek Global Services, Inc. ("UniTek") is considered a significant unconsolidated subsidiary under Regulation S-X Rule 10-01(b)(1). Based on the requirements under Regulation S-X 10-01(b)(1), the summarized consolidated financial information of UniTek is shown below.

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Note 3. Investments (Continued)

UniTek Global Services, Inc.

UniTek is a full service provider of technical services to customers in the wireline telecommunications, satellite television and broadband cable industries in the U.S. and Canada. UniTek's customers are primarily telecommunication services, satellite television, and broadband cable providers, their contractors, and municipalities and related agencies. UniTek's customers utilize its services to engineer, build and maintain their network infrastructure and to provide residential and commercial fulfillment services, which is critical to their ability to deliver voice, video and data services to end users.

Summary of Operations	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Net Sales	$ 76,360	$ 79,002	$ 222,486	$ 207,112
Cost of goods sold	63,592	61,079	182,128	160,932
Gross Profit	12,768	17,923	40,358	46,180
Other expenses	17,555	13,331	44,874	39,396
Net income from continuing operations before extraordinary items	(4,787)	4,592	(4,516)	6,784
Profit (loss) from discontinued operations	29	(797)	22	(3,755)
Net income (loss)	$ (4,758)	$ 3,795	$ (4,494)	$ 3,029

Investment Risk Factors

First and second lien debt that the Company invests in is almost entirely rated below investment grade or may be unrated. Debt investments rated below investment grade are often referred to as "leveraged loans", "high yield" or "junk" debt investments, and may be considered "high risk" compared to debt investments that are rated investment grade. These debt investments are considered speculative because of the credit risk of the issuers. Such issuers are considered more likely than investment grade issuers to default on their payments of interest and principal, and such risk of default could reduce the net asset value and income distributions of the Company. In addition, some of the Company's debt investments will not fully amortize during their lifetime, which could result in a loss or a substantial amount of unpaid principal and interest due upon maturity. First and second lien debt may also lose significant market value before a default occurs. Furthermore, an active trading market may not exist for these first and second lien debt investments. This illiquidity may make it more difficult to value the debt.

Subordinated debt is generally subject to similar risks as those associated with first and second lien debt, except that such debt is subordinated in payment and/or lower in lien priority. Subordinated debt is subject to the additional risk that the cash flow of the borrower and the property securing the debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured and unsecured obligations of the borrower.

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Notes to the Consolidated Financial Statements of
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(in thousands, except share data)

(unaudited)

Note 3. Investments (Continued)

The Company may directly invest in the equity of private companies or, in some cases, equity investments could be made in connection with a debt investment. Equity investments may or may not fluctuate in value, resulting in recognized realized gains or losses upon disposition.

Note 4. Fair Value

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes and ranks the inputs to valuation techniques used in measuring investments at fair value. The hierarchy classifies the inputs used in measuring fair value into three levels as follows:

Level I Quoted prices (unadjusted) are available in active markets for identical investments and the Company has the ability to access such quotes as of the reporting date. The type of investments which would generally be included in Level I include active exchange-traded equity securities and exchange-traded derivatives. As required by ASC 820, the Company, to the extent that it holds such investments, does not adjust the quoted price for these investments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

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

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);
- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including foreign exchange forward contracts); and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

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

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

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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Note 4. Fair Value (Continued)

may include changes in fair value that are attributable to both observable inputs and unobservable inputs.

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

The following table summarizes the levels in the fair value hierarchy that the Company's portfolio investments fall into as of September 30, 2018:

	Total	Level I	Level II	Level III
First lien	$ 1,030,033	$	$ 143,479	$ 886,554
Second lien	681,910		358,727	323,183
Subordinated	64,606		26,262	38,344
Equity and other	518,210	6		518,204
Total investments	$ 2,294,759	$ 6	$ 528,468	$ 1,766,285

The following table summarizes the levels in the fair value hierarchy that the Company's portfolio investments fall into as of December 31, 2017:

	Total	Level I	Level II	Level III
First lien	$ 693,563	$	$ 136,866	$ 556,697
Second lien	682,950		239,868	443,082
Subordinated	70,257		43,156	27,101
Equity and other	378,890	16		378,874
Total investments	$ 1,825,660	$ 16	$ 419,890	$ 1,405,754

The following table summarizes the changes in fair value of Level III portfolio investments for the three months ended September 30, 2018, as well as the portion of appreciation (depreciation)

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Notes to the Consolidated Financial Statements of
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Note 4. Fair Value (Continued)

included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Company at September 30, 2018:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, June 30, 2018	$ 1,621,911	$ 711,078	$ 381,865	$ 41,126	$ 487,842
Total gains or losses included in earnings:					
Net realized gains (losses) on investments	3,259	157	39		3,063
Net change in unrealized (depreciation) appreciation	(635)	59	1,392	(111)	(1,975)
Purchases, including capitalized PIK and revolver fundings	411,774	291,004	85,525	908	34,337
Proceeds from sales and paydowns of investments	(242,085)	(122,624)	(110,819)	(3,579)	(5,063)
Transfers into Level III[1]	6,880	6,880			
Transfers out of Level III[1]	(34,819)		(34,819)		
Fair Value, September 30, 2018	$ 1,766,285	$ 886,554	$ 323,183	$ 38,344	$ 518,204
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Company at the end of the period:	$ 2,694	$ 213	$ 2,058	$ (111)	$ 534

(1) As of September 30, 2018, portfolio investments were transferred into Level III from Level II and out of Level III into Level II at fair value as of the beginning of the period in which the reclassification occurred.

The following table summarizes the changes in fair value of Level III portfolio investments for the three months ended September 30, 2017, as well as the portion of appreciation (depreciation)

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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Note 4. Fair Value (Continued)

included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Company at September 30, 2017:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, June 30, 2017	$ 1,240,023	$ 502,263	$ 402,565	$ 26,677	$ 308,518
Total gains or losses included in earnings:					
Net realized (losses) gains on investments	(14,273)	(14,433)	160		
Net change in unrealized appreciation (depreciation)	17,054	15,910	4,825	(1,749)	(1,932)
Purchases, including capitalized PIK and revolver fundings[(1)]	114,959	94,085		780	20,094
Proceeds from sales and paydowns of investments[(1)]	(65,229)	(26,505)	(38,724)		
Transfers into Level III[(2)]	49,805	23,942	25,856		7
Transfers out of Level III[(2)]	(80,289)	(60,375)	(19,914)		
Fair Value, September 30, 2017	$ 1,262,050	$ 534,887	$ 374,768	$ 25,708	$ 326,687
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Company at the end of the period:	$ 2,394	$ 1,370	$ 4,705	$ (1,749)	$ (1,932)

(1) Includes reorganizations and restructurings.

(2) As of September 30, 2017, portfolio investments were transferred into Level III from Level II and out of Level III into Level II at fair value as of the beginning of the period in which the reclassification occurred.

The following table summarizes the changes in fair value of Level III portfolio investments for the nine months ended September 30, 2018, as well as the portion of appreciation (depreciation)

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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Note 4. Fair Value (Continued)

included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Company at September 30, 2018:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, December 31, 2017	$ 1,405,754	$ 556,697	$ 443,082	$ 27,101	$ 378,874
Total gains or losses included in earnings:					
Net realized gains (losses) on investments	2,242	269	(1,090)		3,063
Net change in unrealized appreciation (depreciation)	5,486	(1,324)	(12,189)	(2,644)	21,643
Purchases, including capitalized PIK and revolver fundings	838,984	533,735	166,596	18,966	119,687
Proceeds from sales and paydowns of investments	(420,781)	(239,187)	(171,452)	(5,079)	(5,063)
Transfers into Level III[(1)]	92,429	92,429			
Transfers out of Level III[(1)]	(157,829)	(56,065)	(101,764)		
Fair Value, September 30, 2018	$ 1,766,285	$ 886,554	$ 323,183	$ 38,344	$ 518,204
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Company at the end of the period:	$ 9,346	$ (471)	$ (11,691)	$ (2,644)	$ 24,152

(1) As of September 30, 2018, portfolio investments were transferred into Level III from Level II and out of Level III into Level II at fair value as of the beginning of the period in which the reclassification occurred.

The following table summarizes the changes in fair value of Level III portfolio investments for the nine months ended September 30, 2017, as well as the portion of appreciation (depreciation)

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

September 30, 2018

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Note 4. Fair Value (Continued)

included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Company at September 30, 2017:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, December 31, 2016	$ 1,066,878	$ 530,601	$ 324,177	$ 24,653	$ 187,447
Total gains or losses included in earnings:					
Net realized (losses) gains on investments	(40,577)	(13,877)	(27,108)		408
Net change in unrealized appreciation (depreciation)	42,375	12,352	36,523	(1,201)	(5,299)
Purchases, including capitalized PIK and revolver fundings(1)	484,630	217,592	118,614	2,756	145,668
Proceeds from sales and paydowns of investments(1)	(243,879)	(147,376)	(94,466)	(500)	(1,537)
Transfers into Level III(2)	68,484	19,608	48,876		
Transfers out of Level III(2)	(115,861)	(84,013)	(31,848)		
Fair Value, September 30, 2017	$ 1,262,050	$ 534,887	$ 374,768	$ 25,708	$ 326,687
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Company at the end of the period:	$ 5,019	$ 2,847	$ 8,939	$ (1,201)	$ (5,566)

(1) Includes reorganizations and restructurings.

(2) As of September 30, 2017, portfolio investments were transferred into Level III from Level II and out of Level III into Level II at fair value as of the beginning of the period in which the reclassification occurred.

Except as noted in the tables above, there were no other transfers in or out of Level I, II, or III during the three and nine months ended September 30, 2018 and September 30, 2017. Transfers into Level III occur as quotations obtained through pricing services are deemed not representative of fair value as of the balance sheet date and such assets are internally valued. As quotations obtained through pricing services are substantiated through additional market sources, investments are transferred out of Level III. In addition, transfers out of Level III and transfers into Level III occur based on the increase or decrease in the availability of certain observable inputs.

The Company invests in revolving credit facilities. These investments are categorized as Level III investments as these assets are not actively traded and their fair values are often implied by the term loans of the respective portfolio companies.

Notes to the Consolidated Financial Statements of
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Note 4. Fair Value (Continued)

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

Company Performance, Financial Review, and Analysis: Prior to investment, as part of its due diligence process, the Company evaluates the overall performance and financial stability of the portfolio company. Post investment, the Company analyzes each portfolio company's current operating performance and relevant financial trends versus prior year and budgeted results, including, but not limited to, factors affecting its revenue and earnings before interest, taxes, depreciation, and amortization ("EBITDA") growth, margin trends, liquidity position, covenant compliance and changes to its capital structure. The Company also attempts to identify and subsequently track any developments at the portfolio company, within its customer or vendor base or within the industry or the macroeconomic environment, generally, that may alter any material element of its original investment thesis. This analysis is specific to each portfolio company. The Company leverages the knowledge gained from its original due diligence process, augmented by this subsequent monitoring, to continually refine its outlook for each of its portfolio companies and ultimately form the valuation of its investment in each portfolio company. When an external event such as a purchase transaction, public offering or subsequent sale occurs, the Company will consider the pricing indicated by the external event to corroborate the private valuation.

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

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

Market Based Approach: The Company may estimate the total enterprise value of each portfolio company by utilizing market value cash flow (EBITDA) multiples of publicly traded comparable companies and comparable transactions. The Company considers numerous factors when selecting the appropriate companies whose trading multiples are used to value its portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, and relevant risk factors, as well as size, profitability and growth expectations. The Company may apply an average of various relevant comparable company EBITDA multiples to the portfolio company's latest twelve month ("LTM") EBITDA or projected EBITDA to calculate the enterprise value of the portfolio company. Significant increases or

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Note 4. Fair Value (Continued)

decreases in the EBITDA multiple will result in an increase or decrease in enterprise value, which may result in an increase or decrease in the fair value estimate of the investment. In applying the market based approach as of September 30, 2018 and December 31, 2017, the Company used the relevant EBITDA multiple ranges set forth in the table below to determine the enterprise value of its portfolio companies. The Company believes these were reasonable ranges in light of current comparable company trading levels and the specific portfolio companies involved.

Income Based Approach: The Company also may use a discounted cash flow analysis to estimate the fair value of the investment. Projected cash flows represent the relevant security's contractual interest, fee and principal payments plus the assumption of full principal recovery at the investment's expected maturity date. These cash flows are discounted at a rate established utilizing a yield calibration approach, which incorporates changes in the credit quality (as measured by relevant statistics) of the portfolio company, as compared to changes in the yield associated with comparable credit quality market indices, between the date of origination and the valuation date. Significant increases or decreases in the discount rate would result in a decrease or increase in the fair value measurement. In applying the income based approach as of September 30, 2018 and December 31, 2017, the Company used the discount ranges set forth in the table below to value investments in its portfolio companies.

The unobservable inputs used in the fair value measurement of the Company's Level III investments as of September 30, 2018 were as follows:

				Range		
Type	**Fair Value as of September 30, 2018**	**Approach**	**Unobservable Input**	**Low**	**High**	**Weighted Average**
First lien	$ 594,309	Market & income approach	EBITDA multiple	2.0x	32.0x	12.0x
			Revenue multiple	3.5x	6.5x	5.5x
			Discount rate	6.9%	14.3%	9.7%
	163,957	Market quote	Broker quote	N/A	N/A	N/A
	128,288	Other	N/A(1)	N/A	N/A	N/A
Second lien	105,801	Market & income approach	EBITDA multiple	7.5x	17.0x	12.2x
			Revenue multiple	2.5x	3.3x	2.9x
			Discount rate	11.1%	13.6%	11.7%
	217,382	Market quote	Broker quote	N/A	N/A	N/A
Subordinated	38,344	Market & income approach	EBITDA multiple	6.5x	11.0x	10.0x
			Revenue multiple	2.5x	3.3x	2.9x
			Discount rate	8.1%	22.0%	19.0%
Equity and other	517,709	Market & income approach	EBITDA multiple	0.4x	19.0x	12.6x
			Revenue multiple	2.5x	3.3x	2.9x
			Discount rate	7.0%	25.1%	12.9%
	495	Black Scholes analysis	Expected life in years	7.5	7.5	7.5

			Volatility	38.0%	38.0%	38.0%
			Discount rate	2.9%	2.9%	2.9%
	$	1,766,285				

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

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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Note 4. Fair Value (Continued)

The unobservable inputs used in the fair value measurement of the Company's Level III investments as of December 31, 2017 were as follows:

				Range		
Type	**Fair Value as of December 31, 2017**	**Approach**	**Unobservable Input**	**Low**	**High**	**Weighted Average**
First lien	$ 458,543	Market & income approach	EBITDA multiple	2.0x	20.0x	11.8x
			Revenue multiple	3.5x	8.0x	6.1x
			Discount rate	6.5%	11.2%	9.2%
	98,154	Market quote	Broker quote	N/A	N/A	N/A
Second lien	220,597	Market & income approach	EBITDA multiple	8.0x	16.0x	11.4x
			Discount rate	7.9%	12.5%	10.8%
	215,098	Market quote	Broker quote	N/A	N/A	N/A
	7,387	Other	N/A(1)	N/A	N/A	N/A
Subordinated	27,101	Market & income approach	EBITDA multiple	4.5x	11.8x	9.0x
			Revenue multiple	0.5x	1.0x	0.8x
			Discount rate	7.9%	14.9%	12.8%
Equity and other	377,785	Market & income approach	EBITDA multiple	2.5x	18.0x	9.9x
			Revenue multiple	0.5x	1.0x	0.8x
			Discount rate	7.0%	23.6%	14.5%
	1,089	Black Scholes analysis	Expected life in years	8.3	8.3	8.3
			Volatility	39.4%	39.4%	39.4%
			Discount rate	2.4%	2.4%	2.4%
	$ 1,405,754					

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

Based on a comparison to similar BDC credit facilities, the terms and conditions of the Holdings Credit Facility and the NMFC Credit

Facility (as defined in Note 7. *Borrowings*) are representative of market. The carrying values of the Holdings Credit Facility and NMFC Credit Facility approximate fair value as of September 30, 2018, as the facilities are continually monitored and examined by both the borrower and the lender and are considered Level III. The carrying value of the SBA-guaranteed debentures, the 2016 Unsecured Notes, the 2017A Unsecured Notes, the 2018A Unsecured Notes and the 2018B Unsecured Note (as defined in Note 7. *Borrowings*) approximate fair value as of September 30, 2018 based on a comparison of market interest rates for the Company's borrowings and similar entities and are considered Level III. The fair value of the Convertible Notes and the 5.75% Unsecured Notes (as defined in Note 7. *Borrowings*) as of September 30, 2018 was $272,880 and $50,000, respectively, which was based on quoted prices and considered Level II. See Note 7. *Borrowings*, for details. The carrying value of the collateralized agreement approximates fair value as of September 30, 2018 and is considered Level III. The fair value of other financial assets and liabilities approximates their carrying value based on the short-term nature of these items.

Fair value risk factors The Company seeks investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

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Note 4. Fair Value (Continued)

which the Company's portfolio companies conduct their operations, as well as general economic and political conditions, may have a significant negative impact on the operations and profitability of the Company's investments and/or on the fair value of the Company's investments. The Company's investments are subject to the risk of non-payment of scheduled interest or principal, resulting in a reduction in income to the Company and their corresponding fair valuations. Also, there may be risk associated with the concentration of investments in one geographic region or in certain industries. These events are beyond the control of the Company and cannot be predicted. Furthermore, the ability to liquidate investments and realize value is subject to uncertainties.

Note 5. Agreements

The Company entered into an investment advisory and management agreement (the "Investment Management Agreement") with the Investment Adviser which was most recently re-approved by the Company's board of directors on February 7, 2018. Under the Investment Management Agreement, the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, the Company. For providing these services, the Investment Adviser receives a fee from the Company, consisting of two components a base management fee and an incentive fee.

Pursuant to the Investment Management Agreement, the base management fee is calculated at an annual rate of 1.75% of the Company's gross assets, which equals the Company's total assets on the Consolidated Statements of Assets and Liabilities, less (i) the borrowings under the SLF Credit Facility (as defined below) and (ii) cash and cash equivalents. The base management fee is payable quarterly in arrears, and is calculated based on the average value of the Company's gross assets, which equals the Company's total assets, as determined in accordance with GAAP, less the borrowings under the SLF Credit Facility and cash and cash equivalents at the end of each of the two most recently completed calendar quarters, and appropriately adjusted on a pro rata basis for any equity capital raises or repurchases during the current calendar quarter. The Company has not invested, and currently is not invested, in derivatives. To the extent the Company invests in derivatives in the future, the Company will use the actual value of the derivatives, as reported on the Consolidated Statements of Assets and Liabilities, for purposes of calculating its base management fee.

Since the IPO, the base management fee calculation has deducted the borrowings under the New Mountain Finance SPV Funding, L.L.C. Loan and Security Agreement, as amended and restated, dated October 27, 2010 (the "SLF Credit Facility"). The SLF Credit Facility had historically consisted of primarily lower yielding assets at higher advance rates. As part of an amendment to the Company's existing credit facilities with Wells Fargo Bank, National Association, the SLF Credit Facility merged with the NMF Holdings Loan and Security Agreement, as amended and restated, dated May 19, 2011, and formed the Holdings Credit Facility on December 18, 2014 (as defined in Note 7. *Borrowings*). The amendment merged the credit facilities and combined the amount of borrowings previously available. Post credit facility merger and to be consistent with the methodology since the IPO, the Investment Adviser will continue to waive management fees on the

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**Notes to the Consolidated Financial Statements of
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Note 5. Agreements (Continued)

leverage associated with those assets that share the same underlying yield characteristics with investments leveraged under the legacy SLF Credit Facility, which as of September 30, 2018 and September 30, 2017 was approximately $446,587 and $321,390, respectively. The Investment Adviser cannot recoup management fees that the Investment Adviser has previously waived. For the three and nine months ended September 30, 2018, management fees waived were approximately $1,766 and $4,583, respectively. For the three and nine months ended September 30, 2017, management fees waived were approximately $1,483 and $4,324, respectively.

The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20.0% of the Company's "Pre-Incentive Fee Net Investment Income" for the immediately preceding quarter, subject to a "preferred return", or "hurdle", and a "catch-up" feature. "Pre-Incentive Fee Net Investment Income" means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, upfront, diligence and consulting fees or other fees that the Company receives from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses for the quarter (including the base management fee, expenses payable under an administration agreement, as amended and restated (the "Administration Agreement"), with the Administrator, and any interest expense and distributions paid on any issued and outstanding preferred stock (of which there are none as of September 30, 2018), but excluding the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount, 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.

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 calendar quarter, will be compared to a "hurdle rate" of 2.0% per quarter (8.0% annualized), subject to a "catch-up" provision measured as of the end of each calendar quarter. The hurdle rate is appropriately pro-rated for any partial periods. The calculation of the Company's incentive fee with respect to the Pre-Incentive Fee Net Investment Income for each quarter is as follows:

- No incentive fee is payable to the Investment Adviser in any calendar quarter in which the Company's Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate of 2.0% (the "preferred return" or "hurdle").

- 100.0% of the Company's Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than or equal to 2.5% in any calendar quarter (10.0% annualized) is payable to the Investment Adviser. This portion of the Company's Pre-Incentive Fee Net Investment Income (which exceeds the hurdle rate but is less than or equal to 2.5%) is referred to as the "catch-up". The catch-up provision is intended to provide the Investment Adviser with an incentive fee of 20.0% on all of the Company's Pre-Incentive Fee Net Investment Income as

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Note 5. Agreements (Continued)

if a hurdle rate did not apply when the Company's Pre-Incentive Fee Net Investment Income exceeds 2.5% in any calendar quarter.

20.0% of the amount of the Company's Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.5% in any calendar quarter (10.0% annualized) is payable to the Investment Adviser once the hurdle is reached and the catch-up is achieved.

For the three and nine months ended September 30, 2018, no incentive fees were waived. For the three and nine months ended September 30, 2017, incentive fees waived were approximately $0 and $1,800, respectively. The Investment Adviser cannot recoup incentive fees that the Investment Adviser has previously waived.

The second part of the incentive fee will be determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement) and will equal 20.0% of the Company's realized capital gains, if any, on a cumulative basis from inception through the end of each calendar 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 fee.

In accordance with GAAP, the Company accrues a hypothetical capital gains incentive fee based upon the cumulative net realized capital gains and realized capital losses and the cumulative net unrealized capital appreciation and unrealized capital depreciation on investments held at the end of each period. Actual amounts paid to the Investment Adviser are consistent with the Investment Management Agreement and are based only on actual realized capital gains computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis from inception through the end of each calendar year as if the entire portfolio was sold at fair value.

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Note 5. Agreements (Continued)

The following table summarizes the management fees and incentive fees incurred by the Company for the three and nine months ended September 30, 2018 and September 30, 2017.

	Three Months Ended		Nine Months Ended	
	September 30, 2018	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Management fee	$ 10,018	$ 8,422	$ 28,011	$ 24,311
Less: management fee waiver	(1,766)	(1,483)	(4,583)	(4,324)
Total management fee	8,252	6,939	23,428	19,987
Incentive fee, excluding accrued capital gains incentive fees	$ 6,780	$ 6,573	$ 19,644	$ 18,430
Less: incentive fee waiver				(1,800)
Total incentive fee	6,780	6,573	19,644	16,630
Accrued capital gains incentive fees[(1)]	$	$	$	$

(1) As of September 30, 2018 and September 30, 2017, no actual capital gains incentive fee was owed under the Investment Management Agreement by the Company, as cumulative net realized capital gains did not exceed cumulative unrealized capital depreciation.

The Company has entered into the Administration Agreement with the Administrator under which the Administrator provides administrative services. The Administrator maintains, or oversees the maintenance of, the Company's consolidated financial records, prepares reports filed with the United States Securities and Exchange Commission (the "SEC"), generally monitors the payment of the Company's expenses and oversees the performance of administrative and professional services rendered by others. The Company will reimburse the Administrator for the Company's allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to the Company under the Administration Agreement. Pursuant to the Administration Agreement and further restricted by the Company, the Administrator may, in its own discretion, submit to the Company for reimbursement some or all of the expenses that the Administrator has incurred on behalf of the Company during any quarterly period. As a result, the amount of expenses for which the Company will have to reimburse the Administrator may fluctuate in future quarterly periods and there can be no assurance given as to when, or if, the Administrator may determine to limit the expenses that the Administrator submits to the Company for reimbursement in the future. However, it is expected that the Administrator will continue to support part of the expense burden of the Company in the near future and may decide to not calculate and charge through certain overhead related amounts as well as continue to cover some of the indirect costs. The Administrator cannot recoup any expenses that the Administrator has previously waived. For the three and nine months ended September 30, 2018, approximately $515 and $1,725, respectively, of indirect administrative expenses were included in administrative expenses of which $0 and $276, respectively, of indirect administrative expenses were waived by the Administrator. For the three and nine months ended September 30, 2017, approximately $361 and $1,144, respectively, of indirect administrative

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Note 5. Agreements (Continued)

expenses were included in administrative expenses, of which $0 and $416, respectively, of indirect administrative expenses were waived by the Administrator. As of September 30, 2018 and December 31, 2017, approximately $762 and $444, respectively, of indirect administrative expenses were included in payable to affiliates.

The Company, the Investment Adviser and the Administrator have also entered into a Trademark License Agreement, as amended, with New Mountain Capital, pursuant to which New Mountain Capital has agreed to grant the Company, the Investment Adviser and the Administrator a non-exclusive, royalty-free license to use the "New Mountain" and the "New Mountain Finance" names. Under the Trademark License Agreement, as amended, subject to certain conditions, the Company, the Investment Adviser and the Administrator will have a right to use the "New Mountain" and "New Mountain Finance" names, for so long as the Investment Adviser or one of its affiliates remains the investment adviser of the Company. Other than with respect to this limited license, the Company, the Investment Adviser and the Administrator will have no legal right to the "New Mountain" or the "New Mountain Finance" names.

Note 6. Related Parties

The Company has entered into a number of business relationships with affiliated or related parties.

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

The Company has entered into the Administration Agreement with the Administrator, a wholly-owned subsidiary of New Mountain Capital. The Administrator arranges office space for the Company and provides office equipment and administrative services necessary to conduct their respective day-to-day operations pursuant to the Administration Agreement. The Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to the Company under the Administration Agreement, which includes the fees and expenses associated with performing administrative, finance and compliance functions, and the compensation of the Company's chief financial officer and chief compliance officer and their respective staffs.

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

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Note 6. Related Parties (Continued)

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

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

Note 7. Borrowings

On March 23, 2018, the Small Business Credit Availability Act (the "SBCA") was signed into law, which included various changes to regulations under the federal securities laws that impact BDCs. The SBCA included changes to the 1940 Act to allow BDCs to decrease their asset coverage requirement to 150.0% from 200.0% under certain circumstances. On April 12, 2018, the Company's board of directors, including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the SBCA, and recommended the submission of a proposal for stockholders to approve the application of the 150.0% minimum asset coverage ratio to the Company at a special meeting of stockholders, which was held on June 8, 2018. The stockholder proposal was approved by the required votes of the Company's stockholders at such special meeting of stockholders, and thus the Company became subject to the 150.0% minimum asset coverage ratio on June 9, 2018. As a result of the Company's exemptive relief received on November 5, 2014, the Company is permitted to exclude its SBA-guaranteed debentures from the 150.0% asset coverage ratio that the Company is required to maintain under the 1940 Act. The

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Note 7. Borrowings (Continued)

agreements governing the NMFC Credit Facility, the 2018 Convertible Notes and the Unsecured Notes (as defined below) contain certain covenants and terms, including a requirement that the Company not exceed a debt-to-equity ratio of 1.65 to 1.00 at the time of incurring additional indebtedness and a requirement that the Company not exceed a secured debt ratio of 0.70 to 1.00 at any time. As of September 30, 2018, the Company's asset coverage ratio was 185.7%.

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

The maximum amount of revolving borrowings available under the Holdings Credit Facility is $495,000. Under the Holdings Credit Facility, NMF Holdings is permitted to borrow up to 25.0%, 45.0% or 70.0% of the purchase price of pledged assets, subject to approval by Wells Fargo Bank, National Association. The Holdings Credit Facility is non-recourse to the Company and is collateralized by all of the investments of NMF Holdings on an investment by investment basis. All fees associated with the origination or upsizing of the Holdings Credit Facility are capitalized on the Company's Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the Holdings Credit Facility. The Holdings Credit Facility contains certain customary affirmative and negative covenants and events of default. In addition, the Holdings Credit Facility requires the Company to maintain a minimum asset coverage ratio. The covenants are generally not tied to mark to market fluctuations in the prices of NMF Holdings investments, but rather to the performance of the underlying portfolio companies.

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

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Note 7. Borrowings (Continued)

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

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Interest expense	$ 4,002	$ 3,081	$ 10,719	$ 8,684
Non-usage fee	$ 146	$ 179	$ 537	$ 536
Amortization of financing costs	$ 630	$ 406	$ 1,870	$ 1,204
Weighted average interest rate	4.2%	3.4%	4.1%	3.3%
Effective interest rate	5.0%	4.1%	5.0%	4.0%
Average debt outstanding	$ 379,235	$ 352,372	$ 351,421	$ 351,594

As of September 30, 2018 and December 31, 2017, the outstanding balance on the Holdings Credit Facility was $465,963 and $312,363, respectively, and NMF Holdings was in compliance with the applicable covenants in the Holdings Credit Facility on such dates.

NMFC Credit Facility The Senior Secured Revolving Credit Agreement, as amended (together with the related guarantee and security agreement, the "NMFC Credit Facility"), dated June 4, 2014, among the Company, as the Borrower, Goldman Sachs Bank USA, as the Administrative Agent and Collateral Agent, and Goldman Sachs Bank USA, Morgan Stanley Bank, N.A. and Stifel Bank & Trust, as Lenders, is structured as a senior secured revolving credit facility and matures on June 4, 2019. On February 27, 2018, the Company entered into an amendment to the NMFC Credit Facility, which extended the maturity date to June 4, 2022. On July 5, 2018, the Company further amended the NMFC Credit Facility to include the financial covenants related to the asset coverage discussed above. The NMFC Credit Facility is guaranteed by certain domestic subsidiaries of the Company and proceeds from the NMFC Credit Facility may be used for general corporate purposes, including the funding of portfolio investments.

As of September 30, 2018, the maximum amount of revolving borrowings available under the NMFC Credit Facility was $135,000. The Company is permitted to borrow at various advance rates depending on the type of portfolio investment, as outlined in the Senior Secured Revolving Credit Agreement. All fees associated with the origination of the NMFC Credit Facility are capitalized on the Company's Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the NMFC Credit Facility. The NMFC Credit Facility contains certain customary affirmative and negative covenants and events of default, including certain financial covenants related to asset coverage and liquidity and other maintenance covenants.

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

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Note 7. Borrowings (Continued)

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

	Three Months Ended		Nine Months Ended	
	September 30, 2018	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Interest expense	$ 1,431	$ 205	$ 3,802	$ 1,278
Non-usage fee	$ 18	$ 97	$ 89	$ 212
Amortization of financing costs	$ 123	$ 99	$ 356	$ 293
Weighted average interest rate	4.7%	3.6%	4.5%	3.5%
Effective interest rate	5.1%	7.3%	5.0%	5.0%
Average debt outstanding	$ 121,902	$ 21,670	$ 113,269	$ 48,030

As of September 30, 2018 and December 31, 2017, the outstanding balance on the NMFC Credit Facility was $135,000 and $122,500, respectively, and NMFC was in compliance with the applicable covenants in the NMFC Credit Facility on such dates.

NMNLC Credit Facility The Revolving Credit Agreement (together with the related guarantee and security agreement, the "NMNLC Credit Facility"), dated September 21, 2018, among NMNLC, as the Borrower, and KeyBank National Association, as the Administrative Agent and Lender, is structured as a senior secured revolving credit facility and matures on September 23, 2019. The NMNLC Credit Facility is guaranteed by the Company and proceeds from the NMNLC Credit Facility may be used for funding of additional acquisition properties.

The NMNLC Credit Facility generally bears interest at a rate of LIBOR plus 2.50% per annum or the prime rate plus 1.50% per annum, and charges a commitment fee, based on the unused facility amount multiplied by 0.15% per annum (as defined in the Revolving Credit Agreement).

As of September 30, 2018, the maximum amount of revolving borrowings available under the NMNLC Credit Facility was $30,000. As of September 30, 2018, the outstanding balance on the NMNLC Credit Facility was $0 and NMNLC was in compliance with the applicable covenants in the NMNLC Credit Facility on such dates.

Convertible Notes

2014 Convertible Notes On June 3, 2014, the Company closed a private offering of $115,000 aggregate principal amount of unsecured convertible notes (the "2014 Convertible Notes"), pursuant to an indenture, dated June 3, 2014 (the "2014 Indenture"). The 2014 Convertible Notes were issued in a private placement only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). As of June 3, 2015, the restrictions under Rule 144A under the Securities Act were removed, allowing the 2014 Convertible Notes to be eligible and freely tradable without restrictions for resale pursuant to Rule 144(b)(1) under the Securities Act. On September 30, 2016, the Company closed a public

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Note 7. Borrowings (Continued)

offering of an additional $40,250 aggregate principal amount of the 2014 Convertible Notes. These additional 2014 Convertible Notes constitute a further issuance of, rank equally in right of payment with, and form a single series with the $115,000 aggregate principal amount of 2014 Convertible Notes that the Company issued on June 3, 2014.

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

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

The 2014 Indenture contains certain covenants, including covenants requiring the Company to provide financial information to the holders of the 2014 Convertible 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 2014 Indenture.

2018 Convertible Notes On August 20, 2018, the Company closed a registered public offering of $100,000 aggregate principal amount of unsecured convertible notes (the "2018 Convertible Notes" and together with the 2014 Convertible Notes, the "Convertible Notes"), pursuant to an indenture, dated August 20, 2018, as supplemented by a first supplemental indenture thereto, dated August 20, 2018 (together the "2018A Indenture"). On August 30, 2018, in connection with the registered public offering, the Company issued an additional $15,000 aggregate principal amount of the 2018 Convertible Notes pursuant to the exercise of an overallotment option by the underwriter of the 2018 Convertible Notes.

The 2018 Convertible Notes bear interest at an annual rate of 5.75%, payable semi-annually in arrears on February 15 and August 15 of each year, commencing on February 15, 2019. The 2018 Convertible Notes will mature on August 15, 2023 unless earlier converted, repurchased or redeemed. The Company may not redeem the 2018 Convertible Notes prior to May 15, 2023. On or after May 15, 2023, the Company may redeem the 2018 Convertible Notes for cash, in whole or from time to time in part, at its option at a redemption price, subject to an exception for redemption dates occurring after a record date but on or prior to the interest payment date, equal to the sum of (i) 100% of the principal amount of the 2018 Convertible Notes to be redeemed, (ii) accrued and unpaid interest thereon to, but excluding, the redemption date and (iii) a make-whole premium.

No sinking fund is provided for the 2018 Convertible Notes. Holders of 2018 Convertible Notes may, at their option, convert their 2018 Convertible Notes into shares of the Company's common stock at any time on or prior to the close of business on the business day immediately preceding

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Note 7. Borrowings (Continued)

the maturity date of the 2018 Convertible Notes. In addition, if certain corporate events occur, holders of the 2018 Convertible Notes may require the Company to repurchase for cash all or part of their 2018 Convertible Notes at a repurchase price equal to 100.0% of the principal amount of the 2018 Convertible Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the repurchase date.

The 2018A Indenture contains certain covenants, including covenants requiring the Company to provide certain financial information to the holders of the 2018 Convertible Notes and the trustee if the Company ceases to be subject to the reporting requirements of the Exchange Act. The 2018A Indenture also includes additional financial covenants related to asset coverage. These covenants are subject to limitations and exceptions that are described in the 2018A Indenture.

The following table summarizes certain key terms related to the convertible features of the Company's Convertible Notes as of September 30, 2018.

	2014 Convertible Notes	2018 Convertible Notes
Initial conversion premium	12.5%	10.0%
Initial conversion rate(1)	62.7746	65.8762
Initial conversion price	$15.93	$15.18
Conversion premium at September 30, 2018	11.7%	10.0%
Conversion rate at September 30, 2018(1)(2)	63.2794	65.8762
Conversion price at September 30, 2018(2)(3)	$15.80	$15.18
Last conversion price calculation date	June 3, 2018	August 20, 2018

(1) Conversion rates denominated in shares of common stock per $1 principal amount of the Convertible Notes converted.

(2) Represents conversion rate and conversion price, as applicable, taking into account certain de minimis adjustments that will be made on the conversion date.

(3) The conversion price in effect at September 30, 2018 was calculated on the last anniversary of the issuance and will be calculated again on the next anniversary, unless the exercise price shall have changed by more than 1.0% before the anniversary.

The conversion rate will be subject to adjustment upon certain events, such as stock splits and combinations, mergers, spin-offs, increases in dividends in excess of $0.34 per share per quarter and certain changes in control. Certain of these adjustments, including adjustments for increases in dividends, are subject to a conversion price floor of $14.05 per share for the 2014 Convertible Notes and $13.80 per share for the 2018 Convertible Notes. In no event will the total number of shares of common stock issuable upon conversion exceed 71.1893 per $1 principal amount of the 2014 Convertible Notes or 72.4637 per $1 principal amount of the 2018 Convertible

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Note 7. Borrowings (Continued)

Notes. The Company has determined that the embedded conversion option in the Convertible Notes is not required to be separately accounted for as a derivative under GAAP.

The Convertible Notes are unsecured obligations and rank senior in right of payment to the Company's existing and future indebtedness, if any, that is expressly subordinated in right of payment to the Convertible 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 and financing vehicles. As reflected in Note 11. *Earnings Per Share*, the issuance is considered part of the if-converted method for calculation of diluted earnings per share.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2018	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Interest expense	$ 2,712	$ 1,941	$ 6,593	$ 5,822
Amortization of financing costs	$ 324	$ 300	$ 914	$ 890
Amortization of premium	$ (28)	$ (28)	$ (83)	$ (83)
Weighted average interest rate	5.2%	5.0%	5.1%	5.0%
Effective interest rate	5.7%	5.7%	5.7%	5.7%
Average debt outstanding	$ 207,750	$ 155,250	$ 172,942	$ 155,250

As of September 30, 2018 and December 31, 2017, the outstanding balance on the Convertible Notes was $270,250 and $155,250, respectively, and NMFC was in compliance with the terms of the 2014 Indenture and 2018A Indenture on such dates, as applicable.

Unsecured Notes

On May 6, 2016, the Company issued $50,000 in aggregate principal amount of five-year unsecured notes that mature on May 15, 2021 (the "2016 Unsecured Notes"), pursuant to a note purchase agreement, dated May 4, 2016, to an institutional investor in a private placement. On September 30, 2016, the Company entered into an amended and restated note purchase agreement (the "NPA") and issued an additional $40,000 in aggregate principal amount of 2016 Unsecured Notes to institutional investors in a private placement. On June 30, 2017, the Company issued $55,000 in aggregate principal amount of five-year unsecured notes that mature on July 15, 2022 (the "2017A Unsecured Notes"), pursuant to the NPA and a supplement to the NPA. On January 30, 2018, the Company issued $90,000 in aggregate principal amount of five year unsecured notes that mature on January 30, 2023 (the "2018A Unsecured Notes") pursuant to the

**Notes to the Consolidated Financial Statements of
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Note 7. Borrowings (Continued)

NPA and a second supplement to the NPA. On July 5, 2018, the Company issued $50,000 in aggregate principal amount of five year unsecured notes that mature on June 28, 2023 (the "2018B Unsecured Notes") pursuant to the NPA and a third supplement to the NPA (the "Third Supplement"). The NPA provides for future issuances of unsecured notes in separate series or tranches.

The 2016 Unsecured Notes bear interest at an annual rate of 5.313%, payable semi-annually on May 15 and November 15 of each year, which commenced on November 15, 2016. The 2017A Unsecured Notes bear interest at an annual rate of 4.760%, payable semi-annually on January 15 and July 15 of each year, which commenced on January 15, 2018. The 2018A Unsecured Notes bear interest at an annual rate of 4.870%, payable semi-annually on February 15 and August 15 of each year, which commenced on August 15, 2018. The 2018B Unsecured Notes bear interest at an annual rate of 5.360%, payable semi-annually on January 15 and July 15 of each year, which commences on January 15, 2019. These interest rates are subject to increase in the event that: (i) subject to certain exceptions, the underlying unsecured notes or the Company ceases to have an investment grade rating or (ii) the aggregate amount of the Company's unsecured debt falls below $150,000. In each such event, the Company has the option to offer to prepay the underlying unsecured notes at par, in which case holders of the underlying unsecured notes who accept the offer would not receive the increased interest rate. In addition, the Company is obligated to offer to prepay the underlying unsecured notes at par if the Investment Adviser, or an affiliate thereof, ceases to be the Company's investment adviser or if certain change in control events occur with respect to the Investment Adviser.

The NPA contains customary terms and conditions for unsecured notes issued in a private placement, including, without limitation, an option to offer to prepay all or a portion of the unsecured notes under its governance at par (plus a make-whole amount, if applicable), affirmative and negative covenants such as information reporting, maintenance of the Company's status as a BDC under the 1940 Act and a RIC under the Code, minimum stockholders' equity, minimum asset coverage ratio, and prohibitions on certain fundamental changes at the Company or any subsidiary guarantor, as well as customary events of default with customary cure and notice, including, without limitation, nonpayment, misrepresentation in a material respect, breach of covenant, cross-default under other indebtedness of the Company or certain significant subsidiaries, certain judgments and orders, and certain events of bankruptcy. The Third Supplement includes additional financial covenants related to asset coverage as well as other terms.

On September 25, 2018, the Company closed a registered public offering of $50,000 in aggregate principal amount of five-year unsecured notes that mature on October 1, 2023 (the "5.75% Unsecured Notes" and together with the 2016 Unsecured Notes, 2017A Unsecured Notes, 2018A Unsecured Notes and 2018B Unsecured Notes, the "Unsecured Notes") pursuant to an indenture, dated August 20, 2018, as supplemented by a second supplemental indenture thereto, dated September 25, 2018 (together, the "2018B Indenture").

Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

September 30, 2018

(in thousands, except share data)

(unaudited)

Note 7. Borrowings (Continued)

The 5.75% Unsecured Notes bear interest at an annual rate of 5.75%, payable quarterly on January 1, April 1, July 1 and October 1 of each year, which commences on January 1, 2019. The 5.75% Unsecured Notes will mature on October 1, 2023 unless earlier redeemed. The 5.75% Unsecured Notes are listed on the New York Stock Exchange and trade under the trading symbol "NMFX."

The Company may redeem the 5.75% Unsecured Notes, in whole or in part, at any time, or from time to time, at its option on or after October 1, 2020, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount thereof plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to but not including the date fixed for redemption.

No sinking fund is provided for the 5.75% Unsecured Notes and holders of the 5.75% Unsecured Notes have no option to have their 5.75% Unsecured Notes repaid prior to the stated maturity date.

The 2018B Indenture contains certain covenants, including covenants requiring the Company to (i) comply with the asset coverage requirements set forth in Section 18(a)(1)(A) of the 1940 Act as modified by Section 61(a)(1) of the 1940 Act as may be applicable to the Company from time to time or any successor provisions, whether or not the Company continues to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to the Company by the SEC and (ii) provide certain financial information to the holders of the 5.75% Unsecured Notes and the trustee if the Company ceases to be subject to the reporting requirements of the Exchange Act. The 2018B Indenture also includes additional financial covenants related to asset coverage. These covenants are subject to limitations and exceptions that are described in the 2018B Indenture.

The 2018B Indenture provides for customary events of default and further provides that the trustee or the holders of 25% in aggregate principal amount of the outstanding 5.75% Unsecured Notes may declare such 5.75% Unsecured Notes immediately due and payable upon the occurrence of any event of default after expiration of any applicable grace period.

The Unsecured Notes are unsecured obligations and rank senior in right of payment to the Company's existing and future indebtedness, if any, that is expressly subordinated in right of payment to the Unsecured 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 and financing vehicles.

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

September 30, 2018

(in thousands, except share data)

(unaudited)

Note 7. Borrowings (Continued)

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

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Interest expense	$ 3,643	$ 1,850	$ 9,181	$ 4,248
Amortization of financing costs	$ 201	$ 145	$ 537	$ 349
Weighted average interest rate	5.1%	5.1%	5.1%	5.2%
Effective interest rate	5.3%	5.5%	5.4%	5.7%
Average debt outstanding	$ 286,087	$ 145,000	$ 242,656	$ 108,736

As of September 30, 2018 and December 31, 2017, the outstanding balance on the Unsecured Notes was $335,000 and $145,000, respectively, and the Company was in compliance with the terms of the NPA and the 2018B Indenture as of such dates, as applicable.

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

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

The maximum amount of borrowings available under current SBA regulations for a single licensee is $150,000 as long as the licensee has at least $75,000 in regulatory capital, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing. In June 2018, the U.S. Senate passed the Small Business Investment Opportunity Act, which the President signed into law, that amended the 1958 Act by increasing the individual leverage limit from $150,000 to $175,000, subject to SBA approvals.

As of September 30, 2018 and December 31, 2017, SBIC I had regulatory capital of $75,000 and $75,000, respectively, and SBA-guaranteed debentures outstanding of $150,000 and $150,000, respectively. As of September 30, 2018 and December 31, 2017, SBIC II had regulatory capital of $42,500 and $2,500, respectively, and $15,000 and $0, respectively, of SBA-guaranteed debentures outstanding. The SBA-guaranteed debentures incur upfront fees of 3.425%, which consists of a 1.00% commitment fee and a 2.425% issuance discount, which are amortized over the life of the

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

September 30, 2018

(in thousands, except share data)

(unaudited)

Note 7. Borrowings (Continued)

SBA-guaranteed debentures. The following table summarizes the Company's SBA-guaranteed debentures as of September 30, 2018.

Issuance Date	Maturity Date	Debenture Amount	Interest Rate	SBA Annual Charge
Fixed SBA-guaranteed debentures[1]:				
March 25, 2015	March 1, 2025	$ 37,500	2.517%	0.355%
September 23, 2015	September 1, 2025	37,500	2.829%	0.355%
September 23, 2015	September 1, 2025	28,795	2.829%	0.742%
March 23, 2016	March 1, 2026	13,950	2.507%	0.742%
September 21, 2016	September 1, 2026	4,000	2.051%	0.742%
September 20, 2017	September 1, 2027	13,000	2.518%	0.742%
March 21, 2018	March 1, 2028	15,255	3.187%	0.742%
Fixed SBA-guaranteed debentures[2]:				
September 19, 2018	September 1, 2028	15,000	3.548%	0.222%
Total SBA-guaranteed debentures		**$ 165,000**		

(1) SBA-guaranteed debentures are held in SBIC I.

(2) SBA-guaranteed debentures are held in SBIC II.

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Interest expense	$ 1,341	$ 1,056	$ 3,750	$ 2,988
Amortization of financing costs	$ 139	$ 114	$ 391	$ 319
	3.2%	3.1%	3.2%	3.1%

Weighted average interest rate								
Effective interest rate		3.6%		3.4%		3.5%		3.5%
Average debt outstanding	$	164,370	$	134,890	$	156,271	$	127,028

The SBIC program is designed to stimulate the flow of private investor capital into eligible smaller businesses, as defined by the SBA. Under SBA regulations, SBICs are subject to regulatory requirements, including making investments in SBA-eligible businesses, investing at least 25.0% of its investment capital in eligible small businesses, as defined under the 1958 Act, placing certain

**Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)**

September 30, 2018

(in thousands, except share data)

(unaudited)

Note 7. Borrowings (Continued)

limitations on the financing terms of investments, regulating the types of financing, prohibiting investments in small businesses with certain characteristics or in certain industries and requiring capitalization thresholds that limit distributions to the Company. SBICs are subject to an annual periodic examination by an SBA examiner to determine the SBIC's compliance with the relevant SBA regulations and an annual financial audit of its financial statements that are prepared on a basis of accounting other than GAAP (such as ASC 820) by an independent auditor. As of September 30, 2018 and December 31, 2017, SBIC I and SBIC II were in compliance with SBA regulatory requirements.

Note 8. Regulation

The Company has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a RIC under Subchapter M of the Code. In order to continue to qualify and be subject to tax as a RIC, among other things, the Company is required to timely distribute to its stockholders at least 90.0% of investment company taxable income, as defined by the Code, for each year. The Company, among other things, intends to make and will continue to make the requisite distributions to its stockholders, which will generally relieve the Company from U.S. federal, state, and local income taxes (excluding excise taxes which may be imposed under the Code).

Additionally, as a BDC, the Company must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70.0% of its total assets are qualifying assets (with certain limited exceptions). In addition, the Company must offer to make available to all eligible portfolio companies managerial assistance.

Note 9. Commitments and Contingencies

In the normal course of business, the Company may enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company may also enter into future funding commitments such as revolving credit facilities, bridge financing commitments or delayed draw commitments. As of September 30, 2018, the Company had unfunded commitments on revolving credit facilities of $49,735, no outstanding bridge financing commitments and other future funding commitments of $88,849. As of December 31, 2017, the Company had unfunded commitments on revolving credit facilities of $23,716, no outstanding bridge financing commitments and other future funding commitments of $53,712. The unfunded commitments on revolving credit facilities and delayed draws are disclosed on the Company's Consolidated Schedule of Investments.

The Company also has revolving borrowings available under the Holdings Credit Facility, the NMFC Credit Facility and the NMNLC Credit Facility as of September 30, 2018 and December 31, 2017. See Note 7. *Borrowings*, for details.

The Company may from time to time enter into financing commitment letters. As of September 30, 2018 and December 31, 2017, the Company had commitment letters to purchase

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

September 30, 2018

(in thousands, except share data)

(unaudited)

Note 9. Commitments and Contingencies (Continued)

investments in the aggregate par amount of $15,787 and $13,907, respectively, which could require funding in the future.

As of September 30, 2018 and December 31, 2017, the Company owed $9,000 and $12,000, respectively, related to a settlement agreement with a trustee of Black Elk Energy Offshore Operations, LLC. The Company began to make semi-annual payments of $3,000 in June 2018 with the final payment due in December 2019. See *Item 3. Legal Proceedings* in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

As of September 30, 2018, the Company had unfunded commitments related to an equity investment in SLP III of $13,200, which may be funded at the Company's discretion.

Note 10. Net Assets

The table below illustrates the effect of certain transactions on the net asset accounts of the Company:

	Common Stock		Paid in Capital in Excess of	Accumulated Undistributed Net Investment	Accumulated Undistributed Net Realized	Net Unrealized Appreciation	Total
	Shares	Par Amount	Par	Income	(Losses) Gains	(Depreciation)	Net Asset
Balance at December 31, 2017	75,935,093	$ 759	$ 1,053,468	$ 39,165	$ (76,681)	$ 18,264	$ 1,034,975
Issuances of common stock	171,279	2	2,328				2,330
Distributions declared				(77,512)			(77,512)
Net increase (decrease) in net assets resulting from operations				78,574	(3,149)	(1,688)	73,737
Balance at September 30, 2018	76,106,372	$ 761	$ 1,055,796	$ 40,227	$ (79,830)	$ 16,576	$ 1,033,530

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

September 30, 2018

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Note 11. Earnings Per Share

The following information sets forth the computation of basic and diluted net increase in the Company's net assets per share resulting from operations for the three and nine months ended September 30, 2018 and September 30, 2017:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Earnings per share basic				
Numerator for basic earnings per share:	$ 26,760	$ 24,776	$ 73,737	$ 82,521
Denominator for basic weighted average share:	76,106,372	75,688,429	75,994,068	73,618,794
Basic earnings per share:	$ 0.35	$ 0.33	$ 0.97	$ 1.12
Earnings per share diluted[1]				
Numerator for increase in net assets per share	$ 26,760	$ 24,776	$ 73,737	$ 82,521
Adjustment for interest on Convertible Notes and incentive fees, net	2,170	1,553	5,275	4,658
Numerator for diluted earnings per share:	$ 28,930	$ 26,329	$ 79,012	$ 87,179
Denominator for basic weighted average share	76,106,372	75,688,429	75,994,068	73,618,794
Adjustment for dilutive effect of Convertible Notes	13,282,627	9,824,127	10,989,629	9,824,127
Denominator for diluted weighted average share	89,388,999	85,512,556	86,983,697	83,442,921
Diluted earnings per share	$ 0.32	$ 0.31	$ 0.91	$ 1.04

(1) In applying the if-converted method, conversion is not assumed for purposes of computing diluted earnings per share if the effect would be anti-dilutive.

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Notes to the Consolidated Financial Statements of New Mountain Finance Corporation (Continued)

September 30, 2018

(in thousands, except share data)

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Note 12. Financial Highlights

The following information sets forth the Company's financial highlights for the nine months ended September 30, 2018 and September 30, 2017.

		Nine Months Ended		
		September 30, 2018		September 30, 2017
Per share data[1]:				
Net asset value, January 1, 2018 and January 1, 2017, respectively	$	13.63	$	13.46
Net investment income		1.03		1.03
Net realized and unrealized gains (losses)[2]		(0.06)		0.14
Total net increase		0.97		1.17
Distributions declared to stockholders from net investment income		(1.02)		(1.02)
Net asset value, September 30, 2018 and September 30, 2017, respectively	$	13.58	$	13.61
Per share market value, September 30, 2018 and September 30, 2017, respectively	$	13.50	$	14.25
Total return based on market value[3]		7.38%		8.31%
Total return based on net asset value[4]		7.30%		8.91%
Shares outstanding at end of period		76,106,372		75,805,019
Average weighted shares outstanding for the period		75,994,068		73,618,794
Average net assets for the period	$	1,033,068	$	1,003,672
Ratio to average net assets:				
Net investment income		10.17%		10.06%
Total expenses, before waivers/reimbursements		12.20%		10.08%
Total expenses, net of waivers/reimbursements		11.57%		9.20%
Average debt outstanding Holdings Credit Facility	$	351,421	$	351,594
Average debt outstanding Unsecured Notes		242,656		108,736
Average debt outstanding Convertible Notes		172,942		155,250
Average debt outstanding SBA-guaranteed debentures		156,271		127,028
Average debt outstanding NMFC Credit Facility		113,269		48,030
Asset coverage ratio[5]		185.68%		248.37%
Portfolio turnover		28.21%		29.67%

(1)

Per share data is based on weighted average shares outstanding for the respective period (except for distributions declared to stockholders, which is based on actual rate per share).

(2)

Includes the accretive effect of common stock issuances per share, which for the nine months ended September 30, 2018 and September 30, 2017 were $0.00 and $0.05, respectively.

(3)

Total return is calculated assuming a purchase of common stock at the opening of the first day of the year and a sale on the closing of the last business day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Company's dividend reinvestment plan.

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Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation (Continued)

September 30, 2018

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Note 12. Financial Highlights (Continued)

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

(5) On November 5, 2014, the Company received exemptive relief from the SEC allowing the Company to modify the asset coverage requirement to exclude the SBA-guaranteed debentures from this calculation.

Note 13. Recent Accounting Standards Updates

In August 2018, the FASB issued Accounting Standards Update No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). The standard will modify the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted upon issuance of ASU 2018-13. The Company is permitted to early adopt any removed or modified disclosures upon issuance of ASU 2018-13 and delay adoption of the additional disclosures until their effective date. The Company is in the process of evaluating the impact that this guidance will have on the Company's consolidated financial statements and disclosures.

Note 14. Subsequent Events

The Company's management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. There have been no subsequent events that occurred during such period that would require disclosure in this Form 10-Q or would be required to be recognized in the consolidated financial statements as of and for the nine months ended September 30, 2018, except as discussed below.

On October 17, 2018, in connection with the registered public offering, the Company issued an additional $1,750 aggregate principal amount of the 5.75% Unsecured Notes pursuant to the exercise of an overallotment option by the underwriters of the 5.75% Unsecured Notes.

On November 1, 2018, the Company's board of directors declared a fourth quarter 2018 distribution of $0.34 per share payable on December 28, 2018 to holders of record as of December 14, 2018.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the board of directors of New Mountain Finance Corporation

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated statement of assets and liabilities of New Mountain Finance Corporation and subsidiaries (the "Company"), including the consolidated schedule of investments, as of September 30, 2018, and the related consolidated statements of operations for the three-month and nine-month periods ended September 30, 2018 and 2017, and changes in net assets and cash flows for the nine-month periods ended September 30, 2018 and 2017, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of assets and liabilities of the Company, including the consolidated schedule of investments, as of December 31, 2017, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended (not presented herein); and in our report dated February 28, 2018, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated statement of assets and liabilities as of December 31, 2017, is fairly stated, in all material respects, in relation to the consolidated statement of assets and liabilities from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ DELOITTE & TOUCHE LLP

November 7, 2018

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PROSPECTUS

$500,000,000

New Mountain Finance Corporation

Common Stock

Preferred Stock

Subscription Rights

Warrants

Debt Securities

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

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

We may offer, from time to time, in one or more offerings or series, up to $500,000,000 of common stock, preferred stock, subscription rights to purchase shares of common stock, debt securities or warrants, which we refer to, collectively, as the "securities". The preferred stock, subscription rights, debt securities and warrants offered hereby may be convertible or exchangeable into shares of common stock. The securities may be offered at prices and on terms to be described in one or more supplements to this prospectus.

In the event we offer common stock, the offering price per share of our common stock less any underwriting discounts or commissions will generally not be less than the net asset value per share of our common stock at the time we make the offering. However, we may issue shares of our common stock pursuant to this prospectus at a price per share that is less than its net asset value per share (i) in connection with a rights offering to our existing stockholders, (ii) with the prior approval of the majority (as defined in the 1940 Act) of our common stockholders or (iii) under such other circumstances as the United States Securities and Exchange Commission may permit.

The securities may be offered directly to one or more purchasers, including to existing stockholders in a rights offering, through agents designated from time to time by us, or to or through underwriters or dealers. Each prospectus supplement relating to an offering will identify any agents or underwriters involved in the sale of the securities, and will disclose any applicable purchase price, fee, discount or commissions arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See "Plan of Distribution". We may not sell any of the securities through agents, underwriters or dealers without delivery of this prospectus and a prospectus supplement describing the method and terms of the offering of such securities.

Our common stock is traded on the New York Stock Exchange under the symbol "NMFC". On July 10, 2018, the last reported sales price on the New York Stock Exchange for our common stock was $13.85 per share.

An investment in our common stock is very risky and highly speculative. Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. In addition, the companies in which we invest are subject to special risks. See "Risk Factors" beginning on page 27 to read about factors you should consider, including the risk of leverage, before investing in our common stock.

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

This prospectus may not be used to consummate sales of our securities unless accompanied by a prospectus supplement.

Please read this prospectus and any accompanying prospectus supplements before investing and keep each for future reference. This prospectus and any accompanying prospectus supplements contain important information about us that a prospective investor ought to know before investing in our securities. We file annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission (*http://www.sec.gov*), which is available free of charge by contacting us by mail at 787 Seventh Avenue, 48th Floor, New York, New York 10019 or on our website at *http://www.newmountainfinance.com.*

July 13, 2018

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You should rely only on the information contained in this prospectus and any accompanying prospectus supplement. We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained in this prospectus or any prospectus supplement to this prospectus. You must not rely upon any information or representation not contained in this prospectus or any such supplements as if we had authorized it. This prospectus and any such supplements do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus and any such supplements is accurate as of the dates on their covers. Our business, financial condition, results of operations and prospects may have changed since then.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the United States Securities and Exchange Commission ("SEC"), using the "shelf" registration process. Under the shelf registration process, which constitutes a delayed offering in reliance on Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), we may offer, from time to time, in one or more offerings, up to $500,000,000 of common stock, preferred stock, subscription rights to purchase shares of common stock, debt securities or warrants, on terms to be determined at the time of the offering. The securities may be offered at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of our offerings of securities that we may conduct pursuant to this prospectus. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. A prospectus supplement may also add, update or change information contained in this prospectus.

Please carefully read this prospectus and any such supplements together with any exhibits and the additional information described under "Available Information" and in the "Summary" and "Risk Factors" sections before you make an investment decision.

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PROSPECTUS SUMMARY

The following summary contains basic information about offerings pursuant to this prospectus. It may not contain all the information that is important to you. For a more complete understanding of offerings pursuant to this prospectus, we encourage you to read this entire prospectus and the documents to which we have referred in this prospectus, together with any accompanying prospectus supplements, including the risks set forth under the caption "Risk Factors" in this prospectus and any accompanying prospectus supplement and the information set forth under the caption "Available Information" in this prospectus.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Overview

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

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

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

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

Our investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. The first lien debt may include traditional first lien senior secured loans or unitranche loans. Unitranche loans combine characteristics of traditional first lien senior secured loans as well as second lien and subordinated loans. Unitranche loans will expose us to the risks associated with second lien and subordinated loans to the extent we invest in the "last out" tranche. In some cases, our investments may also include equity interests. Our primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance. Similar to us, SBIC I's and SBIC II's investment objective is to generate current income and capital appreciation under our investment criteria. However, SBIC I's and SBIC II's investments must be in SBA eligible small businesses. Our portfolio may be concentrated in a limited number of industries. As of March 31, 2018, our top five industry concentrations were business services, software, healthcare services, education and distribution & logistics.

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

As of March 31, 2018, our net asset value was $1,033.0 million and our portfolio had a fair value of approximately $1,977.9 million in 89 portfolio companies, with a weighted average yield to maturity at cost for income producing investments ("YTM at Cost") of approximately 11.1% and a weighted average yield to maturity at cost for all investments ("YTM at Cost for Investments") of approximately 11.1%. The YTM at Cost calculation assumes that all investments, including secured

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collateralized agreements, not on non-accrual are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. The YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased as cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. YTM at Cost and YTM at Cost for Investments calculations exclude the impact of existing leverage. YTM at Cost and YTM at Cost for Investments uses the London Interbank Offered Rate ("LIBOR") curves at each quarter's end date. The actual yield to maturity may be higher or lower due to the future selection of the LIBOR contracts by the individual companies in our portfolio or other factors.

Recent Developments

Modified Asset Coverage

On March 23, 2018, the Consolidated Appropriations Act of 2018, which includes the Small Business Credit Availability Act (the "SBCA"), was signed into law. The SBCA amends the 1940 Act to permit a BDC to reduce the required minimum asset coverage ratio applicable to it from 200.0% to 150.0%, subject to certain requirements described therein. On April 12, 2018, our board of directors, including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the SBCA, and recommended the submission of a proposal for stockholders to approve the application of the 150.0% minimum asset coverage ratio to us at a special meeting of stockholders, which was held on June 8, 2018. The proposal was approved at such special meeting of stockholders, and thus we became subject to the 150.0% minimum asset coverage ratio on June 9, 2018. Changing the asset coverage ratio permits us to double our leverage, which results in increased leverage risk and increased expenses.

Portfolio Investments

On April 25, 2018, NMFC and SkyKnight Income II, LLC ("SkyKnight II") entered into a limited liability company agreement to establish a joint venture, NMFC Senior Loan Program III LLC ("SLP III"). NMFC and SkyKnight II have committed to provide $80.0 million and $20.0 million, respectively, of equity to SLP III. The purpose of the joint venture is to invest primarily in senior secured loans issued by portfolio companies within our core industry verticals. All investment decisions must be unanimously approved by the investment committee of SLP III, which has equal representations from NMFC and SkyKnight II. On May 2, 2018, SLP III closed its $300.0 million revolving credit facility with Citibank, N.A. which matures on May 2, 2023 and bears interest at a rate of LIBOR plus 1.70% per annum.

On April 27, 2018, we exited our investment in American Tire Distributors, Inc. ("ATD"), due to ATD's reported loss of its largest supplier. As of March 31, 2018, our investment in ATD had a cost basis of approximately $12.3 million and a fair value of approximately $12.8 million. The sale will result in a realized loss of approximately $5.8 million for the quarter ended June 30, 2018.

Distribution

On May 2, 2018, our board of directors declared a second quarter 2018 distribution of $0.34 per share which was paid on June 29, 2018 to holders of record as of June 15, 2018.

Unsecured Notes Issuance

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

NMFC Credit Facility Amendment

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

The Investment Adviser

The Investment Adviser, a wholly-owned subsidiary of New Mountain Capital, manages our day-to-day operations and provides us with investment advisory and management services. In particular, the Investment Adviser is responsible for identifying attractive investment opportunities, conducting research and due diligence on prospective investments, structuring our investments and monitoring and servicing our investments. We currently do not have, and do not intend to have, any employees. The Investment Adviser also manages New Mountain Guardian Partners II, L.P., a Delaware limited partnership, and New Mountain Guardian Partners II Offshore, L.P., a Cayman Islands exempted limited partnership, (together "Guardian II"), which commenced operations in April 2017. As of March 31, 2018, the Investment Adviser was supported by over 130 employees and senior advisors of New Mountain Capital.

The Investment Adviser is managed by a five member investment committee (the "Investment Committee"), which is responsible for approving purchases and sales of our investments above $10.0 million in aggregate by issuer. The Investment Committee currently consists of Steven B. Klinsky, Robert A. Hamwee, Adam B. Weinstein and John R. Kline. The fifth and final member of the Investment Committee will consist of a New Mountain Capital Managing Director who will hold the position on the Investment Committee on an annual rotating basis. Mathew J. Lori served on the Investment Committee from August 2016 to July 2017. Beginning in August 2017, Peter N. Masucci was appointed to the Investment Committee for a one year term. In addition, our executive officers and certain investment professionals of the Investment Adviser are invited to all Investment Committee meetings. Purchases and dispositions below $10.0 million may be approved by our Chief Executive Officer. These approval thresholds are subject to change over time. We expect to benefit from the extensive and varied relevant experience of the investment professionals serving on the Investment Committee, which includes expertise in private equity, primary and secondary leveraged credit, private mezzanine finance and distressed debt.

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Competitive Advantages

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

Proven and Differentiated Investment Style With Areas of Deep Industry Knowledge

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

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

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

1. A generalist approach, combined with proactive pursuit of the highest quality opportunities within carefully selected industries, identified via an intensive and structured ongoing research process;

2. Emphasis on strong downside protection and strict risk controls; and

3. Continued search for superior risk adjusted returns, combined with timely, intelligent exits and outstanding return performance.

Experienced Management Team and Established Platform

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

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

Significant Sourcing Capabilities and Relationships

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

Risk Management through Various Cycles

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

- Emphasizes the origination or purchase of debt in what the Investment Adviser believes are defensive growth companies, which are less likely to be dependent on macro-economic cycles;
- Targets investments in companies that are preeminent market leaders in their own industries, and when possible, investments in companies that have strong management teams whose skills are difficult for competitors to acquire or reproduce; and
- Targets investments in companies with significant equity value in excess of our debt investments.

Access to Non Mark to Market, Seasoned Leverage Facility

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

Market Opportunity

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

- *Large pool of uninvested private equity capital available for new buyouts.* We expect that private equity firms will continue to pursue acquisitions and will seek to leverage their equity

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investments with mezzanine loans and/or senior loans (including traditional first and second lien, as well as unitranche loans) provided by companies such as ours.

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

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

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

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

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

Operating and Regulatory Structure

We are a closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act and are required to maintain an asset coverage ratio, as defined in the 1940 Act, of at least 150.0%. Changing the asset coverage ratio would permit us to double our leverage, which would result in increased leverage risk and increased expenses. We include the assets and liabilities of our consolidated subsidiaries for purposes of satisfying the requirements under the 1940 Act. See "Regulation Senior Securities" in this prospectus.

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

Risks

An investment in our securities involves risk, including the risk of leverage and the risk that our operating policies and strategies may change without prior notice to our stockholders or prior stockholder approval. See "Risk Factors" and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our securities. The

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value of our assets, as well as the market price of our securities, will fluctuate. Our investments may be risky, and you may lose all or part of your investment. Investing in us involves other risks, including the following:

- We may suffer credit losses;
- We do not expect to replicate the Predecessor Entities' historical performance or the historical performance of other entities managed or supported by New Mountain Capital;
- There is uncertainty as to the value of our portfolio investments because most of our investments are, and may continue to be, in private companies and recorded at fair value;
- Our ability to achieve our investment objective depends on key investment personnel of the Investment Adviser. If the Investment Adviser were to lose any of its key investment personnel, our ability to achieve our investment objective could be significantly harmed;
- The Investment Adviser has limited experience managing a BDC or a RIC, which could adversely affect our business;
- We operate in a highly competitive market for investment opportunities and may not be able to compete effectively;
- Our investments in securities rated below investment grade are speculative in nature and are subject to additional risk factors such as increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates;
- Our business, results of operations and financial condition depend on our ability to manage future growth effectively;
- We borrow money, which could magnify the potential for gain or loss on amounts invested in us and increase the risk of investing in us;
- Changes in interest rates may affect our cost of capital and net investment income;
- Regulations governing the operations of BDCs will affect our ability to raise additional equity capital as well as our ability to issue senior securities or borrow for investment purposes, any or all of which could have a negative effect on our investment objectives and strategies;
- We may experience fluctuations in our annual and quarterly results due to the nature of our business;
- Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse to your interests;
- We will be subject to corporate-level U.S. federal income tax on all of our income if we are unable to maintain tax treatment as a RIC under Subchapter M of the Code, which would have a material adverse effect on our financial performance;

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

Recent legislation may allow us to incur additional leverage, which could increase the risk of investing in the Company.

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

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- We may not be able to pay you distributions on our common stock, our distributions to you may not grow over time and a portion of our distributions to you may be a return of capital for U.S. federal income tax purposes;
- Our investments in portfolio companies may be risky, and we could lose all or part of any of our investments;
- The lack of liquidity in our investments may adversely affect our business;
- Economic recessions, downturns or government spending cuts could impair our portfolio companies and harm our operating results;
- The market price of our common stock may fluctuate significantly; and
- Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.

Company Information

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

Presentation of Historical Financial Information and Market Data

Historical Financial Information

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

Market Data

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

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THE OFFERING

We may offer, from time to time, up to $500,000,000 of common stock, preferred stock, subscription rights to purchase shares of common stock, debt securities or warrants, on terms to be determined at the time of each offering. We will offer our securities at prices and on terms to be set forth in one or more supplements to this prospectus. The offering price per share of our securities, less any underwriting commissions or discounts, generally will not be less than the net asset value per share of our securities at the time of an offering. However, we may issue securities pursuant to this prospectus at a price per share that is less than our net asset value per share (i) in connection with a rights offering to our existing stockholders, (ii) with the prior approval of the majority of our common stockholders or (iii) under such other circumstances as the SEC may permit. Any such issuance of shares of our common stock below net asset value may be dilutive to the net asset value of our common stock. See "Risk Factors Risks Relating to Offerings Pursuant to this Prospectus".

Our securities may be offered directly to one or more purchasers, including to existing stockholders in a rights offering, through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to an offering will identify any agents or underwriters involved in the sale of our securities, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See "Plan of Distribution". We may not sell any of our securities through agents, underwriters or dealers without delivery of this prospectus and a prospectus supplement describing the method and terms of the offering of securities.

Set forth below is additional information regarding offerings of securities pursuant to this prospectus:

Use of Proceeds	Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds from the sale of our securities for new investments in portfolio companies in accordance with our investment objective and strategies described in this prospectus, to temporarily repay indebtedness (which will be subject to reborrowing), to pay our operating expenses and distributions to our stockholders and for general corporate purposes, and other working capital needs. Proceeds not immediately used for new investments or the temporary repayment of debt will be invested in cash, cash equivalents, U.S. government securities and other high-quality investments that mature in one year or less from the date of the investment. These securities may have lower yields than the types of investments we would typically make in accordance with our investment objective and, accordingly, may result in lower distributions, if any, during such period. Each supplement to this prospectus relating to an offering will more fully identify the use of the proceeds from such offering. See "Use of Proceeds".
New York Stock Exchange Symbol	"NMFC"

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Investment Advisory Fees

We pay the Investment Adviser a fee for its services under an investment advisory and management agreement (the "Investment Management Agreement") consisting of two components a base management fee and an incentive fee. Pursuant to the Investment Management Agreement, the base management fee is calculated at an annual rate of 1.75% of our gross assets, which equals our total assets on the Consolidated Statements of Assets and Liabilities, less (i) the borrowings under the SLF Credit Facility and (ii) cash and cash equivalents. The base management fee is payable quarterly in arrears, and is calculated based on the average value of our gross assets, which equals our total assets, as determined in accordance with GAAP, less the borrowings under the SLF Credit Facility and cash and cash equivalents at the end of each of the two most recently completed calendar quarters, and appropriately adjusted on a pro rata basis for any equity capital raises or repurchases during the current calendar quarter. We have not invested, and currently do not invest, in derivatives. To the extent we invest in derivatives in the future, we will use the actual value of the derivatives, as reported on our Consolidated Statements of Assets and Liabilities, for purposes of calculating our base management fee. Since our IPO, the base management fee calculation has deducted the borrowings under the SLF Credit Facility. The SLF Credit Facility had historically consisted of primarily lower yielding assets at higher advance rates. As part of an amendment to our existing credit facilities with Wells Fargo Bank, National Association, the SLF Credit Facility merged with the Predecessor Holdings Credit Facility and into the Holdings Credit Facility on December 18, 2014. Post credit facility merger and to be consistent with the methodology since our IPO, the Investment Adviser will continue to waive management fees on the leverage associated with those assets that share the same underlying yield characteristics with investments leveraged under the legacy SLF Credit Facility. The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20.0% of our "Pre-Incentive Fee Adjusted Net Investment Income" for the immediately preceding quarter, subject to a "preferred return", or "hurdle", and a "catch-up" feature each as described in the Investment Management Agreement. The second part will be determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement) and will equal 20.0% of our "Adjusted Realized Capital Gains", if any, on a cumulative basis from inception through the end of the year, computed net of "Adjusted Realized Capital Losses" and "Adjusted Unrealized Capital Depreciation" on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fee each as described in the Investment Management Agreement. The Investment Adviser cannot recoup management or incentive fees that the Investment Adviser has previously waived. See "Investment Management Agreement".

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Administrator	The Administrator serves as our administrator and arranges our office space and provides us with office equipment and administrative services. The Administrator performs, or oversees the performance of, our financial records, prepares reports to our stockholders and reports filed by us with the SEC, monitors the payment of our expenses, and oversees the performance of administrative and professional services rendered to us by others. We reimburse the Administrator for our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us under an administration agreement, as amended and restated (the "Administration Agreement"). For the three months ended March 31, 2018, we incurred approximately $0.7 million of indirect administrative expenses, of which none of the indirect administrative expenses were waived by the Administrator. The Administrator cannot recoup any expenses that the Administrator has previously waived. For the three months ended March 31, 2018, we reimbursed our Administrator approximately $0.7 million, which represented approximately 0.13% of our gross assets on an annualized basis. See "Administration Agreement".
Distributions	We intend to pay quarterly distributions to our stockholders out of assets legally available for distribution. The quarterly distributions, if any, will be determined by our board of directors. The distributions we pay to our stockholders in a year may exceed our taxable income for that year and, accordingly, a portion of such distributions may constitute a return of capital, which is a return of a portion of a shareholder's original investment in our common stock, for U.S. federal income tax purposes. Generally, a return of capital will reduce an investor's basis in our stock for U.S. federal income tax purposes, which will result in a higher tax liability when the stock is sold. The specific tax characteristics of our distributions will be reported to stockholders after the end of the calendar year. See "Price Range of Common Stock and Distributions".
Taxation of NMFC	We have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as a RIC under Subchapter M of the Code. As a RIC, we generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that are timely distributed to our stockholders as dividends. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually to our stockholders at least 90.0% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. See "Price Range of Common Stock and Distributions" and "Material U.S. Federal Income Tax Considerations".

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Dividend Reinvestment Plan	We have adopted an "opt out" dividend reinvestment plan for our stockholders. As a result, if we declare a distribution, then your cash distributions will be automatically reinvested in additional shares of our common stock, unless you specifically "opt out" of the dividend reinvestment plan so as to receive cash distributions. Stockholders who receive distributions in the form of stock will be subject to the same U.S. federal income tax consequences as stockholders who elect to receive their distributions in cash. We will use only newly issued shares to implement the plan if the price at which newly issued shares are to be credited is equal to or greater than 110.0% of the last determined net asset value of our shares. We reserve the right to either issue new shares or purchase shares of our common stock in the open market in connection with our implementation of the plan if the price at which newly issued shares are to be credited to stockholders' accounts does not exceed 110.0% of the last determined net asset value of the shares. See "Dividend Reinvestment Plan".
Trading at a Discount	Shares of closed-end investment companies frequently trade at a discount to their net asset value. The possibility that our common stock may trade at a discount to our net asset value per share is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade above, at or below net asset value.
License Agreement	We have entered into a royalty-free license agreement with New Mountain Capital, pursuant to which New Mountain Capital has agreed to grant us a non-exclusive license to use the names "New Mountain" and "New Mountain Finance". See "License Agreement".
Leverage	We expect to continue to use leverage to make investments. As a result, we may continue to be exposed to the risks of leverage, which include that leverage may be considered a speculative investment technique. The use of leverage magnifies the potential for gain and loss on amounts we invest and therefore, indirectly, increases the risks associated with investing in shares of our common stock. See "Risk Factors".
Anti-Takeover Provisions	Our board of directors is divided into three classes of directors serving staggered three-year terms. This structure is intended to provide us with a greater likelihood of continuity of management, which may be necessary for us to realize the full value of our investments. A staggered board of directors also may serve to deter hostile takeovers or proxy contests, as may certain other measures that we may adopt. These measures may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders. See "Description of Capital Stock Delaware Law and Certain Certificate of Incorporation and Bylaw Provisions; Anti-Takeover Measures".

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Available Information	We have filed with the SEC a registration statement on Form N-2 together with all amendments and related exhibits under the Securities Act. The registration statement contains additional information about us and the securities being offered by this prospectus. We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This information is available at the SEC's public reference room at 100 F Street, NE, Washington, District of Columbia 20549 and on the SEC's website at *http://www.sec.gov*. The public may obtain information on the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. This information is also available free of charge by contacting us at New Mountain Finance Corporation, 787 Seventh Avenue, 48th Floor, New York, New York 10019, by telephone at (212) 720-0300, or on our website at *www.newmountainfinance.com*. Information contained on our website or on the SEC's web site about us is not incorporated into this prospectus and you should not consider information contained on our website or on the SEC's website to be part of this prospectus.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by "you", "NMFC", or "us" or that "we", "NMFC", or the "Company" will pay fees or expenses, we will pay such fees and expenses out of our net assets and, consequently, you will indirectly bear such fees or expenses as an investor in us. However, you will not be required to deliver any money or otherwise bear personal liability or responsibility for such fees or expenses.

Stockholder transaction expenses:		
Sales load (as a percentage of offering price)		N/A(1)
Offering expenses borne by us (as a percentage of offering price)		N/A(2)
Dividend reinvestment plan expenses (per sales transaction fee)	$	15.00(3)
Total stockholder transaction expenses (as a percentage of offering price)		
Annual expenses (as a percentage of net assets attributable to common stock)		
Base management fees		3.50%(4)
Incentive fees payable under the Investment Management Agreement		2.49%(5)
Interest payments on borrowed funds		4.42%(6)
Other expenses		0.80%(7)
Acquired fund fees and expenses		1.06%(8)
Total annual expenses		12.27%(9)

(1) In the event that the shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load.

(2) The prospectus supplement corresponding to each offering will disclose the applicable estimated amount of offering expenses of the offering and the offering expenses borne by us as a percentage of the offering price.

(3) If a participant elects by written notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a $15.00 transaction fee plus a $0.10 per share brokerage commission from the proceeds. The expenses of the dividend reinvestment plan are included in "other expenses." The plan administrator's fees will be paid by us. There will be no brokerage charges or other charges to stockholders who participate in the plan. For additional information, see "Dividend Reinvestment Plan."

(4) The base management fee under the Investment Management Agreement is based on an annual rate of 1.75% of our average gross assets for the two most recent quarters, which equals our total assets on the Consolidated Statements of Assets and Liabilities, less (i) the borrowings under the SLF Credit Facility and (ii) cash and cash equivalents. We have not invested, and currently do not invest, in derivatives. To the extent we invest in derivatives in the future, we will use the actual value of the derivatives, as reported on our Consolidated Statements of Assets and Liabilities, for purposes of calculating our base management fee. Since our IPO, the

base management fee calculation has deducted the borrowings under the SLF Credit Facility. The SLF Credit Facility had historically consisted of primarily lower yielding assets at higher advance rates. As part of an amendment to our existing credit facilities with Wells Fargo Bank, National Association, the SLF Credit Facility merged with the Predecessor Holdings Credit Facility and into the Holdings Credit Facility on December 18, 2014. Post credit facility merger and to be consistent with the methodology since our IPO, the Investment Adviser will continue to waive management fees on the leverage associated with those assets that share the same underlying yield characteristics with investments leveraged under the legacy SLF Credit Facility. The Investment Adviser cannot recoup management fees that the Investment Adviser has previously waived. The base management fee reflected in the table above is based on the three months ended March 31, 2018 and is calculated without deducting any management fees waived. The annual base management fee after deducting the management fee waiver as a percentage of net assets would be 2.95% based on the three months ended March 31, 2018. See "Investment Management Agreement."

(5)

Assumes that annual incentive fees earned by the Investment Adviser remain consistent with the gross incentive fees earned by the Investment Adviser during the three months ended March 31, 2018 and calculated without deducting any incentive fees waived. For the three months ended March 31, 2018, no incentive fees were waived by the Investment Adviser. The Investment Adviser cannot recoup incentive fees that the Investment Adviser has previously waived. As of March 31, 2018, we did not have a capital gains incentive fee accrual. As we cannot predict whether we will meet the thresholds for incentive fees under the Investment Management Agreement, the incentive fees paid in subsequent periods, if any, may be substantially different than the fees incurred during the three months ended March 31, 2018. For more detailed information about the incentive fee calculations, see the "Investment Management Agreement" section of this prospectus.

(6)

We may borrow funds from time to time to make investments to the extent we determine that additional capital would allow us to take advantage of additional investment opportunities or if the economic situation is otherwise conducive to doing so. The costs associated with these borrowings are indirectly borne by our stockholders. As of March 31, 2018, we had $355.7 million, $95.0 million, $155.3 million, $235.0 million and $150.0 million of indebtedness outstanding under the Holdings Credit Facility, the NMFC Credit Facility, the Convertible Notes, the Unsecured Notes and the SBA-guaranteed debentures, respectively. For purposes of this calculation, we have assumed the March 31, 2018 amounts outstanding under the Holdings Credit Facility, NMFC Credit Facility, Convertible Notes, Unsecured Notes and SBA-guaranteed debentures, and have computed interest expense using an assumed interest rate of 4.1% for the Holdings Credit Facility, 4.3% for the NMFC Credit Facility, 5.0% for the Convertible Notes, 5.0% for the Unsecured Notes and 3.1% for the SBA-guaranteed debentures, which were the rates payable as of March 31, 2018. See "Senior Securities" in this prospectus. In addition, for the purpose of this calculation, we have included $50.0 million of 2018B Unsecured Notes outstanding and have computed interest expense assuming an interest rate of 5.36% for the 2018B Unsecured Notes.

(7)

"Other expenses" include our overhead expenses, including payments by us under the Administration Agreement based on the allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us under the Administration Agreement. Pursuant to the Administration Agreement, the Administrator may, in its own discretion, submit to us for reimbursement some or all of the expenses that the Administrator has incurred on our behalf during any quarterly period. As a result, the amount of expenses for which we will have to reimburse the Administrator may fluctuate in future quarterly periods and there can be no assurance given as to when, or if, the Administrator may determine to limit the expenses that the Administrator submits to us for reimbursement in the future. However, it is expected that the Administrator will continue to support part of our expense burden in the near future and may decide to not calculate and charge through certain overhead related amounts as well as continue to cover some of the indirect costs. The Administrator cannot recoup any expenses that the Administrator has previously waived. This expense ratio is calculated without deducting any expenses waived or reimbursed by the Administrator. The Administrator did not waive any expenses for the three months ended March 31, 2018. For the three months ended March 31, 2018, we reimbursed the Administrator approximately $0.7 million for any expenses, which represents approximately 0.26% of our net assets on an annulized basis. See "Administration Agreement."

(8) The holders of shares of our common stock indirectly bear the expenses of our investment in NMFC Senior Loan Program I, LLC ("SLP I") and NMFC Senior Loan Program II, LLC ("SLP II"). No management fee is charged on our investment in SLP I in connection with the administrative services provided to SLP I. As SLP II is structured as a private joint venture, no management fees are paid by SLP II. Future expenses for SLP I and SLP II may be substantially higher or lower because certain expenses may fluctuate over time.

(9) The holders of shares of our common stock indirectly bear the cost associated with our annual expenses.

Example

The following example, required by the SEC, demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our borrowings and annual operating expenses would remain at the levels set forth in the table above. In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect

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the applicable sales load and offering expenses. See Note 6 above for additional information regarding certain assumptions regarding our level of leverage.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return	$ 98	$ 278	$ 440	$ 776

The example should not be considered a representation of future expenses, and actual expenses may be greater or less than those shown.

While the example assumes, as required by the applicable rules of the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. The incentive fee under the Investment Management Agreement, which, assuming a 5.0% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the above example. The above illustration assumes that we will not realize any capital gains (computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher. For example, if we assumed that we received our 5.0% annual return completely in the form of net realized capital gains on our investments, computed net of all cumulative unrealized depreciation on our investments, the projected dollar amount of total cumulative expenses set forth in the above illustration would be as follows:

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return	$ 107	$ 301	$ 472	$ 815

The example assumes no sales load. In addition, while the examples assume reinvestment of all distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date. The market price per share of our common stock may be at, above or below net asset value. See "Dividend Reinvestment Plan" for additional information regarding the dividend reinvestment plan.

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SELECTED FINANCIAL AND OTHER DATA

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

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The below selected financial and other data is for NMFC.

(in thousands except shares and per share data)

New Mountain Finance Corporation	Three Months Ended March 31, 2018	Year Ended December 31, 2017	2016	2015	2014	2013
Statement of Operations Data:						
Investment income	$ 52,889	$ 197,806	$ 168,084	$ 153,855	$ 91,923	$
Investment income allocated from NMF Holdings					43,678	90,876
Net expenses	27,153	95,602	79,976	71,360	34,727	
Net expenses allocated from NMF Holdings					20,808	40,355
Net investment income	25,736	102,204	88,108	82,495	80,066	50,521
Net realized (losses) gains on investments	206	(39,734)	(16,717)	(12,789)	357	
Net realized and unrealized gains (losses) allocated from NMF Holdings					9,508	11,443
Net change in unrealized appreciation (depreciation) of investments	(2,168)	50,794	40,131	(35,272)	(43,863)	
Net change in unrealized (depreciation) appreciation of securities purchased under collateralized agreements to resell	(12)	(4,006)	(486)	(296)		
Net change in unrealized (depreciation) appreciation of investment in NMF Holdings						(44)
Benefit (provision) for taxes	82	140	642	(1,183)	(493)	
Net increase in net assets resulting from operations	23,844	109,398	111,678	32,955	45,575	61,920
Per share data:						
Net asset value	$ 13.60	$ 13.63	$ 13.46	$ 13.08	$ 13.83	$ 14.38
Net increase in net assets resulting from operations (basic)	0.31	1.47	1.72	0.55	0.88	1.76
	0.30	1.38	1.60	0.55	0.86	1.76

Net increase in net assets resulting from operations (diluted)(1)						
Distributions declared(2)	0.34	1.36	1.36	1.36	1.48	1.48
Balance sheet data:						
Total assets(3)	$ 2,078,419	$ 1,928,018	$ 1,656,018	$ 1,588,146	$ 1,500,868	$ 650,107
Holdings Credit Facility	355,663	312,363	333,513	419,313	468,108	N/A
Convertible Notes	155,385	155,412	155,523	115,000	115,000	N/A
SBA-guaranteed debentures	150,000	150,000	121,745	117,745	37,500	N/A
Unsecured Notes	235,000	145,000	90,000			N/A
NMFC Credit Facility	95,000	122,500	10,000	90,000	50,000	N/A
Total net assets	1,033,001	1,034,975	938,562	836,908	802,170	650,107
Other data:						
Total return based on market value(4)	(0.46)%	5.54%	19.68%	(4.00)%	9.66%	11.62%
Total return based on net asset value(5)	2.30%	11.77%	13.98%	4.32%	6.56%	13.27%
Number of portfolio companies at period end	89	84	78	75	71	N/A
Total new investments for the period(6)	$ 237,817	$ 999,677	$ 558,068	$ 612,737	$ 720,871	N/A
Investment sales and repayments for the period(6)	$ 87,141	$ 767,360	$			