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New Mountain Finance Corp  
Form 10-Q  
August 08, 2017

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

FORM 10-Q

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

For the Quarter Ended June 30, 2017

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

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

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

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

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

Large accelerated filer <input checked="" type="radio"/>	Accelerated filer <input type="radio"/>
Non-accelerated filer <input type="radio"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="radio"/>
Emerging growth company <input type="radio"/>	

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

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

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

Description	Shares as of August 8, 2017
Common stock, par value \$0.01 per share	75,685,838

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## New Mountain Finance Corporation

## Consolidated Statements of Assets and Liabilities

(in thousands, except shares and per share data)

(unaudited)

	June 30, 2017	December 31, 2016
Assets		
Investments at fair value		
Non-controlled/non-affiliated investments (cost of \$1,514,133 and \$1,379,603, respectively)	\$1,515,696	\$1,346,556
Non-controlled/affiliated investments (cost of \$166,764 and \$54,996, respectively)	168,614	57,440
Controlled investments (cost of \$156,440 and \$140,579, respectively)	170,723	154,821
Total investments at fair value (cost of \$1,837,337 and \$1,575,178, respectively)	1,855,033	1,558,817
Securities purchased under collateralized agreements to resell (cost of \$30,000 and \$30,000, respectively)	28,385	29,218
Cash and cash equivalents	36,337	45,928
Interest and dividend receivable	24,655	17,833
Receivable from affiliates	378	346
Receivable from unsettled securities sold	—	990
Other assets	5,043	2,886
Total assets	\$1,949,831	\$1,656,018
Liabilities		
Borrowings		
Holdings Credit Facility	\$328,713	\$333,513
Convertible Notes	155,468	155,523
Unsecured Notes	145,000	90,000
SBA-guaranteed debentures	126,745	121,745
NMFC Credit Facility	122,500	10,000
Deferred financing costs (net of accumulated amortization of \$14,270 and \$12,279, respectively)	(13,088)	(14,041)
Net borrowings	865,338	696,740
Payable for unsettled securities purchased	24,151	2,740
Management fee payable	13,048	5,852
Incentive fee payable	10,057	5,745
Interest payable	3,401	3,172
Payable to affiliates	661	136
Deferred tax liability	115	1,034
Other liabilities	1,718	2,037
Total liabilities	918,489	717,456
Commitments and contingencies (See Note 9)		
Net assets		
Preferred stock, par value \$0.01 per share, 2,000,000 shares authorized, none issued	—	—
Common stock, par value \$0.01 per share, 100,000,000 shares authorized, 75,685,838 and 69,755,387 shares issued, respectively, and 75,685,838 and 69,717,814 shares outstanding, respectively	757	698
Paid in capital in excess of par	1,085,776	1,001,862

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Treasury stock at cost, 0 and 37,573 shares held, respectively	—	(460	)
Accumulated undistributed net investment income	1,904	2,073	
Accumulated undistributed net realized losses on investments	(62,574	) (36,947	)
Net unrealized appreciation (depreciation) (net of provision for taxes of \$115 and \$1,034, respectively)	5,479	(28,664	)
Total net assets	\$1,031,342	\$ 938,562	
Total liabilities and net assets	\$1,949,831	\$ 1,656,018	
Number of shares outstanding	75,685,838	69,717,814	
Net asset value per share	\$13.63	\$ 13.46	

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		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2017	2016	2017	2016
Investment income				
From non-controlled/non-affiliated investments:				
Interest income	\$36,518	\$36,302	\$69,394	\$72,008
Dividend income	121	92	172	92
Other income	2,084	997	4,349	2,219
From non-controlled/affiliated investments:				
Interest income	712	1,627	1,359	3,209
Dividend income	4,829	887	6,477	1,807
Other income	296	305	594	618
From controlled investments:				
Interest income	409	483	884	985
Dividend income	4,720	742	9,754	1,461
Other income	330	55	343	67
Total investment income	50,019	41,490	93,326	82,466
Expenses				
Incentive fee	6,449	5,449	11,857	10,834
Management fee	8,275	6,818	15,889	13,654
Interest and other financing expenses	9,045	6,771	17,421	13,373
Professional fees	722	861	1,572	1,738
Administrative expenses	662	629	1,370	1,468
Other general and administrative expenses	402	384	868	816
Total expenses	25,555	20,912	48,977	41,883
Less: management and incentive fees waived (See Note 5)	(1,485 )	(1,241 )	(4,641 )	(2,560 )
Less: expenses waived and reimbursed (See Note 5)	(4 )	(63 )	(474 )	(347 )
Net expenses	24,066	19,608	43,862	38,976
Net investment income before income taxes	25,953	21,882	49,464	43,490
Income tax expense	155	50	235	91
Net investment income	25,798	21,832	49,229	43,399
Net realized (losses) gains:				
Non-controlled/non-affiliated investments	(26,453 )	865	(25,627 )	1,041
Net change in unrealized appreciation (depreciation):				
Non-controlled/non-affiliated investments	26,631	13,532	34,610	(882 )
Non-controlled/affiliated investments	(298 )	1,126	(594 )	(25 )
Controlled investments	1,519	7,298	41	8,477
Securities purchased under collateralized agreements to resell	(33 )	(44 )	(833 )	(74 )
Benefit for taxes	164	84	919	808
Net realized and unrealized gains (losses)	1,530	22,861	8,516	9,345
Net increase in net assets resulting from operations	\$27,328	\$44,693	\$57,745	\$52,744
Basic earnings per share	\$0.36	\$0.70	\$0.80	\$0.83
Weighted average shares of common stock outstanding - basic (See Note 11)	75,383,387	63,839,920	72,566,825	63,887,036

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Diluted earnings per share	\$0.34	\$ 0.64	\$0.74	\$ 0.77
Weighted average shares of common stock outstanding - diluted (See Note 11)	85,207,514	71,117,051	82,390,952	71,164,167
Distributions declared and paid per share	\$0.34	\$ 0.34	\$0.68	\$ 0.68

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)

	Six Months Ended	
	June 30, 2017	June 30, 2016
Increase (decrease) in net assets resulting from operations:		
Net investment income	\$49,229	\$43,399
Net realized (losses) gains on investments	(25,627 )	1,041
Net change in unrealized appreciation (depreciation) of investments	34,057	7,570
Net change in unrealized (depreciation) appreciation of securities purchased under collateralized agreements to resell	(833 )	(74 )
Benefit for taxes	919	808
Net increase in net assets resulting from operations	57,745	52,744
Capital transactions		
Net proceeds from shares sold	81,478	—
Deferred offering costs	(172 )	38
Distributions declared to stockholders from net investment income	(49,398 )	(43,417 )
Reinvestment of distributions	3,208	—
Repurchase of shares under repurchase program	—	(2,948 )
Other	(81 )	—
Total net increase (decrease) in net assets resulting from capital transactions	35,035	(46,327 )
Net increase in net assets	92,780	6,417
Net assets at the beginning of the period	938,562	836,908
Net assets at the end of the period	\$1,031,342	\$843,325
Capital share activity		
Shares sold	5,750,000	—
Shares issued from the reinvestment of distributions	180,451	—
Shares reissued from repurchase program in connection with the reinvestment of distributions	37,573	—
Shares repurchased under repurchase program	—	(248,499 )
Net increase (decrease) in shares outstanding	5,968,024	(248,499 )

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)

	Six Months Ended	
	June 30, 2017	June 30, 2016
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$57,745	\$52,744
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net realized losses (gains) on investments	25,627	(1,041 )
Net change in unrealized (appreciation) depreciation of investments	(34,057 )	(7,570 )
Net change in unrealized depreciation (appreciation) of securities purchased under collateralized agreements to resell	833	74
Amortization of purchase discount	(2,495 )	(1,617 )
Amortization of deferred financing costs	1,991	1,589
Amortization of premium on Convertible Notes	(55 )	—
Non-cash investment income	(3,864 )	(3,356 )
(Increase) decrease in operating assets:		
Purchase of investments and delayed draw facilities	(607,755)	(163,888)
Proceeds from sales and paydowns of investments	330,586	198,211
Cash received for purchase of undrawn portion of revolving credit or delayed draw facilities	189	43
Cash paid on drawn revolvers	(7,344 )	(8,851 )
Cash repayments on drawn revolvers	2,897	2,232
Interest and dividend receivable	(6,822 )	(1,440 )
Receivable from affiliates	(32 )	(593 )
Receivable from unsettled securities sold	990	(3,600 )
Other assets	(1,543 )	(423 )
Increase (decrease) in operating liabilities:		
Payable for unsettled securities purchased	21,411	10,391
Management fee payable	7,196	111
Incentive fee payable	4,312	(173 )
Interest payable	229	406
Payable to affiliates	525	(127 )
Deferred tax liability	(919 )	(808 )
Other liabilities	(845 )	257
Net cash flows (used in) provided by operating activities	(211,200)	72,571
Cash flows from financing activities		
Net proceeds from shares sold	81,478	—
Distributions paid	(46,190 )	(43,417 )
Offering costs paid	(289 )	(53 )
Proceeds from Holdings Credit Facility	278,200	103,300
Repayment of Holdings Credit Facility	(283,000)	(174,600)
Proceeds from Unsecured Notes	55,000	50,000
Proceeds from SBA-guaranteed debentures	5,000	4,000
Proceeds from NMFC Credit Facility	232,100	71,000
Repayment of NMFC Credit Facility	(119,600)	(74,000 )



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Other	(81	) —
Deferred financing costs paid	(1,009	) (1,488 )
Repurchase of shares under repurchase program	—	(2,948 )
Net cash flows provided by (used in) financing activities	201,609	(68,206 )
Net (decrease) increase in cash and cash equivalents	(9,591	) 4,365
Cash and cash equivalents at the beginning of the period	45,928	30,102
Cash and cash equivalents at the end of the period	\$36,337	\$34,467
Supplemental disclosure of cash flow information		
Cash interest paid	\$14,567	\$10,960
Income taxes paid	175	3
Non-cash financing activities:		
Value of shares issued in connection with the distribution reinvestment plan	\$2,648	\$—
Value of shares reissued from repurchase program in connection with the distribution reinvestment plan	560	—
Accrual for offering costs	1,095	817
Accrual for deferred financing costs	128	106

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

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## New Mountain Finance Corporation

## Consolidated Schedule of Investments

June 30, 2017

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(9)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Non-Controlled/Non-Affiliated Investments							
Funded Debt Investments - Australia							
Project Sunshine IV Pty Ltd**							
Media	First lien (2)	8.23% (L + 7.00%/M)	9/23/2019	\$ 3,456	\$ 3,447	\$ 3,491	0.34 %
Total Funded Debt Investments - Australia				\$ 3,456	\$ 3,447	\$ 3,491	0.34 %
Funded Debt Investments - Luxembourg							
Pinnacle Holdco S.à.r.l. / Pinnacle (US) Acquisition Co Limited**							
Software	First lien (2)	4.80% (L + 3.50%/Q)	7/30/2019	\$ 2,984	\$ 2,569	\$ 2,656	
	First lien (3)	4.80% (L + 3.50%/Q)	7/30/2019	1,719	1,489	1,530	
	Second lien (2)	10.55% (L + 9.25%/Q)	7/30/2020	24,630	24,375	19,396	
	Second lien (3)	10.55% (L + 9.25%/Q)	7/30/2020	8,204	8,336	6,460	
				37,537	36,769	30,042	2.91 %
Total Funded Debt Investments - Luxembourg				\$ 37,537	\$ 36,769	\$ 30,042	2.91 %
Funded Debt Investments - Netherlands							
Eiger Acquisition B.V. (Eiger Co-Borrower, LLC)**							
Software	First lien (2)	6.55% (L + 5.25%/Q)	2/18/2022	\$ 16,310	\$ 16,320	\$ 16,412	
	Second lien (3)	10.42% (L + 9.13%/Q)	2/17/2023	29,227	28,670	29,080	
				45,537	44,990	45,492	4.41 %
Total Funded Debt Investments - Netherlands				\$ 45,537	\$ 44,990	\$ 45,492	4.41 %
Funded Debt Investments - United Kingdom							
Air Newco LLC**							
Software			1/31/2023	\$ 37,500	\$ 36,515	\$ 34,688	3.36 %

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	Second lien (3)	10.67% (L + 9.50%/Q)					
Total Funded Debt Investments - United Kingdom				\$ 37,500	\$ 36,515	\$ 34,688	3.36 %
Funded Debt Investments - United States							
AmWINS Group, Inc.							
Business Services	Second lien (3)	7.98% (L + 6.75%/M)	1/25/2025	\$ 57,000	\$ 56,794	\$ 58,283	5.65 %
AssuredPartners, Inc.							
Business Services	Second lien (3)	10.23% (L + 9.00%/M)	10/20/2023	30,200	29,429	30,842	
	Second lien (2)	10.23% (L + 9.00%/M)	10/20/2023	20,000	19,314	20,425	
				50,200	48,743	51,267	4.97 %
Alegeus Technologies, LLC							
Healthcare Services	Second lien (3)	9.67% (L + 8.50%/Q)	10/30/2023	23,500	23,500	23,500	
	Second lien (4)	9.67% (L + 8.50%/Q)	10/30/2023	22,500	22,500	22,500	
				46,000	46,000	46,000	4.46 %
TIBCO Software Inc.							
Software	First lien (2)	5.73% (L + 4.50%/M)	12/4/2020	26,326	25,511	26,499	
	Subordinated (3)	11.38%/S	12/1/2021	15,000	14,687	16,575	
				41,326	40,198	43,074	4.18 %
Salient CRGT Inc.							
Federal Services	First lien (2)	6.98% (L + 5.75%/M)	2/28/2022	42,234	41,695	41,918	4.06 %

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)

June 30, 2017

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(9)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Severin Acquisition, LLC							
Software	Second lien (4)	10.05% (L + 8.75%/Q)	7/29/2022	\$ 15,000	\$14,882	\$15,000	
	Second lien (3)	10.05% (L + 8.75%/Q)	7/29/2022	14,518	14,347	14,518	
	Second lien (4)	10.05% (L + 8.75%/Q)	7/29/2022	4,154	4,120	4,154	
	Second lien (4)	10.55% (L + 9.25%/Q)	7/29/2022	3,273	3,245	3,273	
	Second lien (3)	10.30% (L + 9.00%/Q)	7/29/2022	2,361	2,339	2,361	
	Second lien (3)	10.55% (L + 9.25%/Q)	7/29/2022	1,825	1,808	1,825	
	Second lien (4)	10.55% (L + 9.25%/Q)	7/29/2022	300	297	300	
				41,431	41,038	41,431	4.02 %
Tenawa Resource Holdings LLC (13)							
Tenawa Resource Management LLC							
Energy	First lien (3)	10.50% (Base + 8.00%/Q)	5/12/2019	40,000	39,922	40,000	3.88 %
Kronos Incorporated							
Software	Second lien (2)	9.42% (L + 8.25%/Q)	11/1/2024	36,000	35,482	37,380	3.62 %
PetVet Care Centers LLC							
Consumer Services	First lien (2)	7.22% (L + 6.00%/Q)	6/8/2023	35,700	35,570	35,568	
	First lien (3)(11) - Drawn	7.22% (L + 6.00%/M)	6/8/2023	121	121	121	
				35,821	35,691	35,689	3.46 %
DigiCert Holdings, Inc.							
Software	First lien (2)	6.30% (L + 5.00%/Q)	10/21/2021	34,462	33,933	34,548	3.35 %
Ascend Learning, LLC							
Education	Second lien (3)	9.73% (L + 8.50%/M)	11/30/2020	33,727	33,468	33,843	3.28 %

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Weston Solutions, Inc.

Business Services	First lien (2)	10.58% (L + 9.50%/M)	12/31/2020	33,750	33,750	33,750	3.27 %
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VetCor Professional Practices LLC

Consumer Services	First lien (4)	7.55% (L + 6.25%/Q)	4/20/2021	19,209	19,077	19,245	
	First lien (2)	7.55% (L + 6.25%/Q)	4/20/2021	7,753	7,626	7,768	
	First lien (4)	7.55% (L + 6.25%/Q)	4/20/2021	2,664	2,643	2,669	
	First lien (2)	7.55% (L + 6.25%/Q)	4/20/2021	1,640	1,610	1,643	
	First lien (3)(11) - Drawn	7.55% (L + 6.25%/Q)	4/20/2021	1,481	1,453	1,484	
	First lien (4)	7.55% (L + 6.25%/Q)	4/20/2021	498	489	498	
				33,245	32,898	33,307	3.23 %

Valet Waste Holdings, Inc.

Business Services	First lien (2)	8.23% (L + 7.00%/M)	9/24/2021	29,475	29,198	29,637	
	First lien (3)(11) - Drawn	8.23% (L + 7.00%/M)	9/24/2021	2,250	2,222	2,250	
				31,725	31,420	31,887	3.09 %

Redbox Automated Retail, LLC

Consumer Services	First lien (2)	8.79% (L + 7.50%/Q)	9/27/2021	31,087	30,757	31,268	3.03 %
Evo Payments International, LLC							
Business Services	Second lien (2)	10.23% (L + 9.00%/M)	12/23/2024	25,000	24,819	25,234	
	Second lien (3)	10.23% (L + 9.00%/M)	12/23/2024	5,000	5,051	5,047	
				30,000	29,870	30,281	2.94 %

Integro Parent Inc.

Business Services	First lien (2)	6.93% (L + 5.75%/Q)	10/31/2022	19,706	19,389	19,755	
	Second lien (3)	10.42% (L + 9.25%/Q)	10/30/2023	10,000	9,915	9,849	
				29,706	29,304	29,604	2.87 %

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)

June 30, 2017

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(9)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
TW-NHME Holdings Corp. (20)							
National HME, Inc.							
Healthcare Services	Second lien (4)	10.55% (L + 9.25%/Q)	7/14/2022	\$ 21,500	\$21,284	\$21,500	
	Second lien (3)	10.55% (L + 9.25%/Q)	7/14/2022	5,800	5,732	5,800	
				27,300	27,016	27,300	2.65 %
Trader Interactive, LLC							
Software	First lien (2)	7.41% (L + 6.25%/M)	6/17/2024	27,327	27,124	27,122	2.63 %
ProQuest LLC							
Business Services	Second lien (3)	10.22% (L + 9.00%/M)	12/15/2022	27,020	26,568	27,020	2.62 %
Marketo, Inc.							
Software	First lien (3)	10.80% (L + 9.50%/Q)	8/16/2021	26,820	26,474	26,820	2.60 %
Ansira Holdings, Inc.							
Business Services	First lien (2)	7.80% (L + 6.50%/Q)	12/20/2022	26,051	25,930	25,856	2.51 %
nThrive, Inc. (fka Precyse Acquisition Corp.)							
Healthcare Services	Second lien (2)	10.98% (L + 9.75%/M)	4/20/2023	25,000	24,616	25,605	2.48 %
Keystone Acquisition Corp.							
Healthcare Services	First lien (2)	6.55% (L + 5.25%/Q)	5/1/2024	20,000	19,802	19,925	
	Second lien (3)	10.55% (L + 9.25%/Q)	5/1/2025	4,500	4,455	4,469	
				24,500	24,257	24,394	2.37 %
Navex Global, Inc.							
Software	Second lien (3)	10.31% (L + 8.75%/Q)	11/18/2022	12,536	12,221	12,473	
	Second lien (4)	10.31% (L + 8.75%/Q)	11/18/2022	11,508	11,387	11,450	
				24,044	23,608	23,923	2.32 %
AAC Holding Corp.							
Education	First lien (2)		9/30/2020	23,538	23,293	23,538	2.28 %

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		9.31% (L + 8.25%/M)					
EN Engineering, LLC							
Business Services	First lien (2)	7.30% (L + 6.00%/Q)	6/30/2021	21,000	20,850	21,000	
	First lien (2)	8.16% (Base + 5.56%/Q)	6/30/2021	2,178	2,161	2,178	
				23,178	23,011	23,178	2.25 %
TWDiamondback Holdings Corp. (15)							
Diamondback Drugs of Delaware, L.L.C. (TWDiamondback II Holdings LLC)							
Distribution & Logistics	First lien (4)	10.28% (L + 8.75%/Q)	11/19/2019	19,895	19,895	19,895	
	First lien (3)	10.05% (L + 8.75%/Q)	11/19/2019	2,158	2,158	2,158	
	First lien (4)	10.05% (L + 8.75%/Q)	11/19/2019	605	605	605	
				22,658	22,658	22,658	2.20 %
iPipeline, Inc. (Internet Pipeline, Inc.)							
Software	First lien (4)	8.48% (L + 7.25%/M)	8/4/2022	17,589	17,452	17,765	
	First lien (4)	7.42% (L + 6.25%/M)	8/4/2022	4,600	4,577	4,577	
				22,189	22,029	22,342	2.16 %
Ryan, LLC							
Business Services	First lien (2)	6.98% (L + 5.75%/M)	8/7/2020	20,532	20,330	20,442	1.98 %
DiversiTech Holdings, Inc.							
Distribution & Logistics	Second lien (3)	8.70% (L + 7.50%/Q)	6/2/2025	19,500	19,306	19,914	1.93 %
KeyPoint Government Solutions, Inc.							
Federal Services	First lien (2)	7.16% (L + 6.00%/M)	4/18/2024	19,891	19,696	19,692	1.91 %

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)

June 30, 2017

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(9)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Vision Solutions, Inc.							
Software	First lien (2)	7.75% (L + 6.50%/Q)	6/16/2022	\$ 19,491	\$19,324	\$19,516	1.89 %
AgKnowledge Holdings Company, Inc.							
Business Services	Second lien (2)	9.48% (L + 8.25%/M)	7/23/2020	18,500	18,394	18,315	1.77 %
DCA Investment Holding, LLC							
Healthcare Services	First lien (2)	6.48% (L + 5.25%/M)	7/2/2021	17,542	17,419	17,542	
	First lien (3)(11) - Drawn	8.50% (P + 4.25%/Q)	7/2/2021	547	541	547	
				18,089	17,960	18,089	1.75 %
VF Holding Corp.							
Software	Second lien (3)	10.30% (L + 9.00%/Q)	6/28/2024	17,086	17,413	17,598	1.71 %
Hill International, Inc.**							
Business Services	First lien (2)	6.96% (L + 5.75%/M)	6/21/2023	17,300	17,214	17,214	1.67 %
American Tire Distributors, Inc.							
Distribution & Logistics Netsmart Inc. / Netsmart Technologies, Inc.	Subordinated (3)	10.25%/S	3/1/2022	15,520	15,244	16,141	1.57 %
Healthcare Information Technology	Second lien (2)	10.70% (L + 9.50%/Q)	10/19/2023	15,000	14,666	14,963	1.45 %
Sierra Hamilton LLC / Sierra Hamilton Finance, Inc.							
Energy	First lien (2)	12.25%/S (10)	12/15/2018	25,000	25,000	11,501	
	First lien (3)	12.25%/S (10)	12/15/2018	2,660	2,231	1,224	
	First lien (3)	9.23% (L + 8.00%/M)	8/15/2017	2,239	2,229	2,205	
				29,899	29,460	14,930	1.45 %
SW Holdings, LLC							
Business Services	Second lien (4)		12/30/2021	14,265	14,157	14,399	1.39 %



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		10.05% (L + 8.75%/Q)					
Transcendia Holdings, Inc.							
Packaging	Second lien (3)	9.23% (L + 8.00%/M)	5/30/2025	14,500	14,301	14,301	1.39 %
MHVC Acquisition Corp.							
Federal Services	First lien (2)	6.48% (L + 5.25%/M)	4/29/2024	14,100	14,031	14,206	1.38 %
Amerijet Holdings, Inc.							
Distribution & Logistics	First lien (4)	9.23% (L + 8.00%/M)	7/15/2021	12,214	12,138	12,124	
	First lien (4)	9.23% (L + 8.00%/M)	7/15/2021	2,036	2,023	2,020	
				14,250	14,161	14,144	1.37 %
Poseidon Intermediate, LLC							
Software	Second lien (2)	9.67% (L + 8.50%/Q)	8/15/2023	13,000	12,839	13,260	1.28 %
Ministry Brands, LLC							
Software	First lien (3)	6.23% (L + 5.00%/M)	12/2/2022	3,008	2,994	3,038	
	Second lien (3)	10.48% (L + 9.25%/M)	6/2/2023	7,840	7,785	7,853	
	Second lien (3)	10.48% (L + 9.25%/M)	6/2/2023	2,160	2,145	2,163	
				13,008	12,924	13,054	1.27 %
FR Arsenal Holdings II Corp.							
Business Services	First lien (2)	8.50% (L + 7.25%/Q)	9/8/2022	12,419	12,305	12,440	1.21 %
Pelican Products, Inc.							
Business Products	Second lien (2)	9.55% (L + 8.25%/Q)	4/9/2021	10,000	10,085	10,000	
	Second lien (3)	9.55% (L + 8.25%/Q)	4/9/2021	2,000	1,963	2,000	
				12,000	12,048	12,000	1.16 %
Zywave, Inc.							
Software	Second lien (4)	10.18% (L + 9.00%/Q)	11/17/2023	11,000	10,923	11,043	1.07 %

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## New Mountain Finance Corporation

## Consolidated Schedule of Investments (Continued)

June 30, 2017

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(9)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
QC McKissock Investment, LLC (14) McKissock, LLC							
Education	First lien (2)	7.80% (L + 6.50%/Q)	8/5/2019	\$ 6,430	\$ 6,396	\$ 6,430	
	First lien (2)	7.80% (L + 6.50%/Q)	8/5/2019	3,066	3,052	3,066	
	First lien (2)	7.80% (L + 6.50%/Q)	8/5/2019	990	984	990	
				10,486	10,432	10,486	1.02 %
Masergy Holdings, Inc.							
Business Services	Second lien (2)	9.80% (L + 8.50%/Q)	12/16/2024	10,000	9,940	10,150	0.98 %
Quest Software US Holdings Inc.							
Software	First lien (2)	7.23% (L + 6.00%/M)	10/31/2022	9,950	9,814	10,123	0.98 %
PowerPlan Holdings, Inc.							
Software	Second lien (2)	10.23% (L + 9.00%/M)	2/23/2023	10,000	9,921	10,000	0.97 %
Cvent, Inc.							
Software	Second lien (3)	11.23% (L + 10.00%/M)	5/29/2024	10,000	9,858	9,965	0.97 %
Idera, Inc.							
Software	Second lien (4)	10.22% (L + 9.00%/M)	6/27/2025	10,000	9,850	9,850	0.96 %
WD Wolverine Holdings, LLC							
Healthcare Services	First lien (2)	6.80% (L + 5.50%/Q)	8/16/2022	9,938	9,629	9,546	0.93 %
Harley Marine Services, Inc.							