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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 8, 2018

Oaktree Specialty Lending Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

814-00755
(Commission
File Number)

26-1219283
(IRS Employer
Identification No.)

333 South Grand Avenue, 28th Floor
Los Angeles, CA
(Address of principal executive offices)

90071
(Zip Code)

Registrant's telephone number, including area code: (213) 830-6300

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging Growth Company

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

Item 2.02. Results of Operations and Financial Condition.

On February 8, 2018, Oaktree Specialty Lending Corporation (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended December 31, 2017. A copy of the press release is attached hereto as Exhibit 99.1.

On February 8, 2018, the Company will host a conference call to discuss its financial results for the fiscal quarter ended December 31, 2017. In connection therewith, the Company provided an investor presentation on its website at <http://www.oaktreespecialtylending.com>. A copy of the investor presentation is attached hereto as Exhibit 99.2.

The information disclosed under this Item 2.02, including Exhibits 99.1 and 99.2 hereto, is being “furnished” and is not deemed “filed” by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor is it deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 [Press release of Oaktree Specialty Lending Corporation dated February 8, 2018](#)

99.2 [Oaktree Specialty Lending Corporation First Quarter 2018 Earnings Presentation](#)

SIGNATURE

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OAKTREE SPECIALTY LENDING CORPORATION

Date: February 8, 2018

By: /s/ Mel Carlisle

Name: Mel Carlisle

Title: Chief Financial Officer and Treasurer



Oaktree Specialty Lending Corporation Announces First Fiscal Quarter 2018 Financial Results

LOS ANGELES, CA, February 8, 2018—Oaktree Specialty Lending Corporation (NASDAQ: OCSL) (“Oaktree Specialty Lending” or the “Company”), a specialty finance company, today announced its financial results for the fiscal quarter ended December 31, 2017.

First Fiscal Quarter 2018 Highlights

- Total investment income of \$33.9 million, or \$0.24 per share;
- Net investment income of \$13.3 million, or \$0.09 per share;
- Net asset value per share as of December 31, 2017 of \$5.81;
- Originated \$183.0 million of new investment commitments and received \$196.4 million in connection with nine full repayments and exits of investments; and
- Entered into a new secured revolving credit facility, increasing its total capacity to \$600 million from \$525 million and extending the reinvestment period and maturity date to November 29, 2020 and November 29, 2021, respectively.

Management Commentary

“Since we began managing Oaktree Specialty Lending in mid-October, we have been focused on repositioning the portfolio and optimizing our capital structure,” said Edgar Lee, Chief Executive Officer and Chief Investment Officer of Oaktree Specialty Lending. “We have made considerable progress, including identifying core investments that we intend to hold and developing a monetization strategy for investments that are non-core and we intend to exit. We also closed a new credit facility which expands our borrowing capacity and has attractive pricing and terms. While it is still early in the process, we believe we are on track to deliver attractive risk-adjusted returns to our stockholders over time.”

Portfolio and Investment Activity

As of December 31, 2017, the fair value of the investment portfolio was \$1.4 billion and was comprised of investments in 122 companies. These included loans to 75 companies, eight public bond issuances, the investment in Senior Loan Fund JV I, LLC (“SLF JV I”) and equity investments in 66 companies, including in SLF JV I and 18 private equity funds. 28 of these equity investments were in companies in which Oaktree Specialty Lending also had a debt investment.

At fair value, 91.9% of the Company’s portfolio as of December 31, 2017 consisted of debt investments, including 56.8% of first lien loans, 19.1% of second lien loans and 16.0% of unsecured debt investments, including the debt investments in SLF JV I.

As of December 31, 2017, SLF JV I had \$284.5 million in assets, including senior secured loans to 34 portfolio companies. The joint venture generated income of \$2.8 million for Oaktree Specialty Lending during the first quarter.

The weighted average yield on the Company’s debt investments as of December 31, 2017, including the return on our mezzanine note investments in SLF JV I, was 9.0%.

As of December 31, 2017, \$1.1 billion of the Company’s debt investments, or 82.4% of the total debt portfolio, at fair value, had floating interest rates.

During the quarter ended December 31, 2017, the Company originated \$183.0 million of investment commitments, including investments in 13 new and one existing portfolio company, and funded \$200.2 million of investments across new and existing portfolio companies.

During the quarter, the Company received \$196.4 million from the full repayments and exits of nine investments, and \$88.4 million from other paydowns and sales of investments.

Results of Operations

Total investment income for the quarter ended December 31, 2017 was \$33.9 million, including \$29.9 million of cash interest income from portfolio investments. Payment-in-kind (“PIK”) interest income, net of PIK collected in cash, represented 2.3% of total investment income for the quarter.

Net expenses for the quarter were \$20.6 million, a decrease of \$3.7 million from the quarter ended September 30, 2017. The decrease in net expenses was due primarily to a \$3.2 million decline in interest expense as a result of the repayment of the SBA debentures during the three months ended September 30, 2017. Excluding interest expense, net expenses were \$11.0 million, a decrease of \$0.5 million, due primarily to a decrease in management fees, board of director fees and administrator, general and administrative expenses, partially offset by an increase in professional fees.

Net unrealized depreciation on the investment portfolio for the quarter was \$43.5 million, which was primarily due to write-downs on three portfolio companies. Net realized loss for the quarter was \$0.3 million.

Liquidity and Capital Resources

As of December 31, 2017, the Company had \$45.8 million of cash and cash equivalents, total principal value of debt outstanding of \$629.7 million, and \$395.0 million of undrawn capacity on its credit facility, subject to borrowing base and other limitations. The weighted average interest rate on debt outstanding was 4.79% as of December 31, 2017.

As of December 31, 2017, the Company’s total leverage ratio was 0.77x debt-to-equity.

During the quarter ended December 31, 2017, the Company entered into a new secured syndicated revolving credit facility to, among other things, increase its total capacity under the facility to \$600 million from \$525 million and extend the reinvestment period and maturity date to November 29, 2020 and November 29, 2021, respectively, as compared to its prior credit facility. In addition, during the quarter, the Company repaid all outstanding borrowings (\$29.5 million) under the credit facility with Sumitomo Mitsui Banking Corporation.

Dividend Declaration

The Board of Directors declared a quarterly dividend of \$0.085 per share, payable on March 30, 2018 to stockholders of record on March 15, 2018.

Dividends are paid primarily from distributable (taxable) income. To the extent taxable earnings for a fiscal taxable year fall below the total amount of dividend distributions for that fiscal year, a portion of those distributions may be deemed a return of capital to the Company’s stockholders.

Portfolio Asset Quality

As of December 31, 2017, there were eight investments on which the Company had stopped accruing cash and/or PIK interest or original issue discount (“OID”) income that, in the aggregate, represented 14.5% of the debt portfolio at cost and 3.2% at fair value.

(\$ in thousands)	<u>As of December 31, 2017</u>	<u>As of September 30, 2017</u>
Non-Accrual - Debt Investments		
Non-Accrual Investments at Fair Value	\$ 41,458	\$ 67,015
Non-Accrual Investments/Total Investments at Fair Value	3.2%	4.7%

Oaktree Specialty Lending Corporation
Consolidated Statements of Assets and Liabilities
(in thousands, except per share amounts)

	December 31, 2017 (unaudited)	September 30, 2017
ASSETS		
Investments at fair value:		
Control investments (cost December 31, 2017: \$438,415; cost September 30, 2017: \$444,826)	\$ 297,534	\$ 305,271
Affiliate investments (cost December 31, 2017: \$33,397; cost September 30, 2017: \$33,743)	36,469	36,983
Non-control/Non-affiliate investments (cost December 31, 2017: \$1,204,629; cost September 30, 2017: \$1,279,096)	1,081,401	1,199,501
Total investments at fair value (cost December 31, 2017: \$1,676,441; cost September 30, 2017: \$1,757,665)	1,415,404	1,541,755
Cash and cash equivalents	45,435	53,018
Restricted cash	319	6,895
Interest, dividends and fees receivable	9,082	6,892
Due from portfolio companies	5,368	5,670
Receivables from unsettled transactions	8,869	—
Deferred financing costs	6,443	1,304
Other assets	3,260	514
Total assets	\$ 1,494,180	\$ 1,616,048
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 3,490	\$ 2,417
Base management fee and Part I incentive fee payable	6,286	6,750
Due to affiliate	1,534	1,815
Interest payable	6,547	3,167
Amounts payable to syndication partners	—	1
Director fees payable	176	184
Payables from unsettled transactions	33,465	58,691
Credit facilities payable	205,000	255,995
Unsecured notes payable (net of \$4,432 and \$4,737 of unamortized financing costs as of December 31, 2017 and September 30, 2017, respectively)	406,486	406,115
Secured borrowings at fair value (proceeds of \$13,489 as of December 31, 2017 and September 30, 2017)	11,601	13,256
Total liabilities	674,585	748,391
Commitments and contingencies		
Net assets:		
Common stock, \$0.01 par value, 250,000 shares authorized; 140,961 shares issued and outstanding at December 31, 2017 and September 30, 2017	1,409	1,409
Additional paid-in-capital	1,579,278	1,579,278
Net unrealized depreciation on investments and secured borrowings	(259,149)	(215,677)
Net realized loss on investments and secured borrowings	(478,301)	(478,010)
Accumulated overdistributed net investment income	(23,642)	(19,343)
Total net assets (equivalent to \$5.81 and \$6.16 per common share at December 31, 2017 and September 30, 2017, respectively)	819,595	867,657
Total liabilities and net assets	\$ 1,494,180	\$ 1,616,048

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

	Three months ended December 31, 2017	Three months ended September 30, 2017	Three months ended December 31, 2016
Interest income:			
Control investments	\$ 3,203	\$ 3,126	\$ 4,445
Affiliate investments	949	978	1,008
Non-control/Non-affiliate investments	25,565	26,935	38,301
Interest on cash and cash equivalents	221	313	119
Total interest income	29,938	31,352	43,873
PIK interest income:			
Control investments	1,191	1,186	1,560
Affiliate investments	176	196	201
Non-control/Non-affiliate investments	500	746	1,076
Total PIK interest income	1,867	2,128	2,837
Fee income:			
Control investments	120	315	309
Affiliate investments	4	12	482
Non-control/Non-affiliate investments	907	1,355	2,777
Total fee income	1,031	1,682	3,568
Dividend and other income:			
Control investments	1,040	570	1,462
Non-control/Non-affiliate investments	—	—	20
Total dividend and other income	1,040	570	1,482
Total investment income	33,876	35,732	51,760
Expenses:			
Base management fee	5,590	6,808	8,614
Part I incentive fee	830	—	4,063
Professional fees	2,898	1,964	1,064
Board of Directors fees	176	277	197
Interest expense	9,584	12,772	13,189
Administrator expense	494	660	531
General and administrative expenses	1,116	1,845	1,468
Loss on legal settlements	—	—	3
Total expenses	20,688	24,326	29,129
Fees waived	(134)	(58)	(61)
Insurance recoveries	—	—	(602)
Net expenses	20,554	24,268	28,466
Net investment income	13,322	11,464	23,294
Unrealized appreciation (depreciation) on investments:			
Control investments	(1,326)	(83,359)	1,339
Affiliate investments	(168)	(73)	26
Non-control/Non-affiliate investments	(43,633)	(33,008)	(75,721)
Net unrealized depreciation on investments	(45,127)	(116,440)	(74,356)
Net unrealized (appreciation) depreciation on secured borrowings	1,655	—	(84)
Realized gain (loss) on investments and secured borrowings:			
Control investments	—	(728)	(23,624)
Non-control/Non-affiliate investments	(291)	(19,765)	528
Net realized loss on investments and secured borrowings	(291)	(20,493)	(23,096)
Net decrease in net assets resulting from operations	\$ (30,441)	\$ (125,469)	\$ (74,242)
Net investment income per common share — basic	\$ 0.09	\$ 0.08	\$ 0.16
Loss per common share — basic	\$ (0.22)	\$ (0.89)	\$ (0.52)
Weighted average common shares outstanding — basic	140,961	140,961	142,853
Net investment income per common share — diluted	\$ 0.09	\$ 0.08	\$ 0.16
Loss per common share — diluted	\$ (0.22)	\$ (0.89)	\$ (0.52)
Weighted average common shares outstanding — diluted	140,961	140,961	142,853
Distributions per common share	\$ 0.125	\$ 0.125	\$ 0.18

Conference Call Information

Oaktree Specialty Lending will host a conference call to discuss its first fiscal quarter 2018 results today at 11:00 a.m. Eastern Time / 8:00 a.m. Pacific Time on February 8, 2018. The conference call may be accessed by dialing (877) 507-3275 (U.S. callers) or +1 (412) 317-5238 (non-U.S. callers), participant password "Oaktree Specialty Lending." During the earnings conference call, Oaktree Specialty Lending intends to refer to an investor presentation that will be available on the Investors section of the Oaktree Specialty Lending website, www.oaktreespecialtylending.com. Alternatively, a live webcast of the conference call can be accessed through the Investors section of the Oaktree Specialty Lending website, www.oaktreespecialtylending.com. For those individuals unable to listen to the live broadcast of the conference call, a replay will be available for 30 days on Oaktree Specialty Lending's website, or by dialing (877) 344-7529 (U.S. callers) or +1 (412) 317-0088 (non-U.S. callers), access code 10115438, beginning approximately one hour after the broadcast.

About Oaktree Specialty Lending Corporation

Oaktree Specialty Lending Corporation (NASDAQ:OCSL) is a specialty finance company dedicated to providing customized one-stop credit solutions to companies with limited access to public or syndicated capital markets. The firm seeks to generate current income and capital appreciation by providing companies with flexible and innovative financing solutions including first and second lien loans, unsecured and mezzanine loans, and preferred equity. The company is regulated as a business development company under the Investment Company Act of 1940, as amended. Oaktree Specialty Lending is managed by Oaktree Capital Management, L.P. For additional information, please visit Oaktree Specialty Lending's website at www.oaktreespecialtylending.com.

Forward-Looking Statements

Some of the statements in this press release constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements may include statements as to: our future operating results and distribution projections; our business prospects and the prospects of our portfolio companies; and the impact of the investments that we expect to make. In addition, words such as "anticipate," "believe," "expect," "seek," "plan," "should," "estimate," "project" and "intend" indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this press release involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" and elsewhere in our annual report on Form 10-K. Other factors that could cause actual results to differ materially include: changes in the economy, financial markets and political environment; risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or regulated investment companies; and other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

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

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OAKTREE

OCSL | Specialty Lending Corporation

First Quarter
Fiscal Year 2018
Earnings
Presentation

February 8, 2018

Nasdaq: OCSL

Forward Looking Statements

Some of the statements in this presentation constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this presentation may include statements as to: our future operating results and distribution projections; the ability of our Investment Adviser to find lower-risk investments to reposition our portfolio and to implement our Investment Adviser's future plans with respect to our business; our business prospects and the prospects of our portfolio companies; the impact of the investments that we expect to make; the ability of our portfolio companies to achieve their objectives; our expected financings and investments; the adequacy of our cash resources and working capital; the timing of cash flows, if any, from the operations of our portfolio companies; and the cost or potential outcome of any litigation to which we may be a party. In addition, words such as "anticipate," "believe," "expect," "seek," "plan," "should," "estimate," "project" and "intend" indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this presentation involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" and elsewhere in our annual report on Form 10-K. Other factors that could cause actual results to differ materially include: changes in the economy, financial markets and political environment; risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or regulated investment companies; and other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

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

Unless otherwise indicated, data provided herein are dated as of December 31, 2017.

Q1 2018 Accomplishments & Highlights

- 1) Monetized \$357 million of investments since September 30, 2017
 - \$265 million in Q1 2018 and \$92 million in January 2018
 - Full repayments of \$197 million in 9 issuers; all repaid at par or at the call premium
 - Sales of \$68 million in 9 issuers; executed on average within 0.25% of 9/30/17 fair values

- 2) Entered into \$183 million of new investments
 - Primary focus on credit selection in a low yielding environment
 - First lien originations represented 60% of new investments

- 3) Completed integration of operational infrastructure into Oaktree, upgrading accounting, valuation, compliance, and information technology processes and systems
 - Remediated material weakness related to internal control over financial reporting
 - Successful transition to Oaktree platform which we believe will lead to long-term costs savings

- 4) Lowered borrowing costs and enhanced capital structure
 - Entered into new \$600 million secured revolving credit facility
 - Together with our joint venture partner, SLF JV I LLC (“Kemper JV”), merged credit facilities to reduce operating costs at the joint venture
 - Paid off our credit facility with Sumitomo Mitsui Banking Corporation

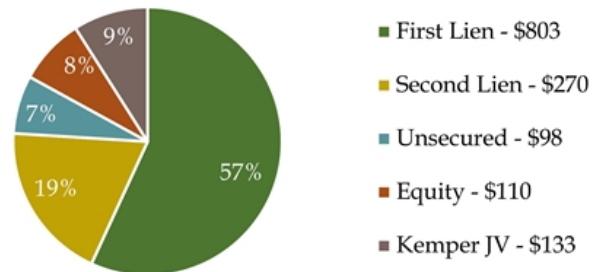
Portfolio Summary as of December 31, 2017

Portfolio Characteristics (at fair value)

- \$1.42 billion invested in 122 companies
- \$14 million average debt investment size
- \$325 million or 28% of debt portfolio considered liquid investments^{1,2}
- 9.0% weighted average yield on debt investments
- 82% of debt portfolio consists of floating rate investments

Portfolio Composition

(As % of total portfolio, at fair value; \$ in millions)



Top 10 Industries³

(As % of total portfolio, at fair value)



¹ Liquid investments are investments that had publically quoted valuations.

² Debt portfolio excludes the investments in Kemper JV.

³ Excludes multi-sector holdings, which includes our investments in the Kemper JV and limited partnership interests.

⁴ In January, we exited approximately 25.4% of internet software & services investments, which represents ~3.5% of the portfolio.

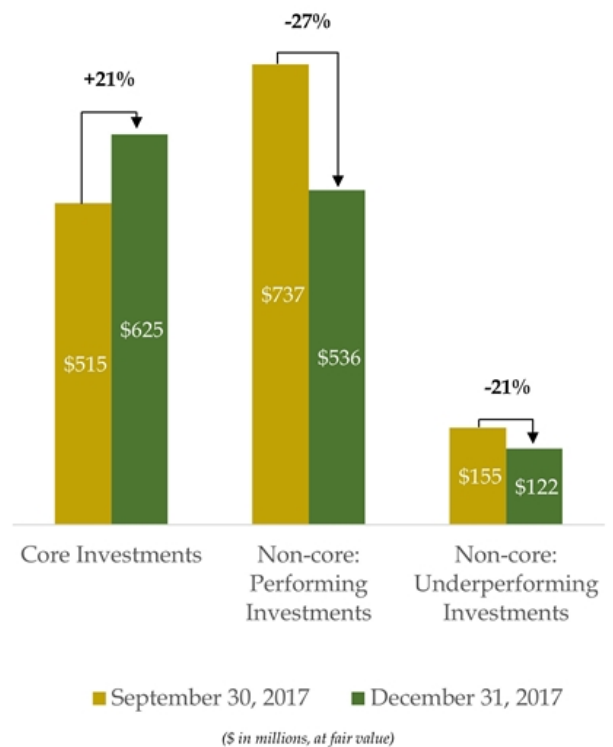
Portfolio Summary: Core vs. Non-core Assets

Core Investments¹

- \$625 million (49% of the total portfolio at fair value)
 - Average debt price: 100.1%
 - Represents 42 companies
 - \$232 million of investments Oaktree originated or recommitted to since becoming investment adviser
 - \$106 million of investments in 5 issuers that Strategic Credit funds and accounts also lent to
 - \$43 million repaid in full during January 2018

Non-core Investments¹

- Performing Investments
 - \$536 million (42% of the total portfolio at fair value)
 - Represents 70 companies
 - These investments do not align with our investment approach
- Underperforming Investments
 - \$122 million (10% of the total portfolio at fair value)
 - Represents 9 companies



As of December 31, 2017, unless otherwise noted

Note: Numbers rounded to the nearest million or percentage point.

¹ Total portfolio excludes investments in Kemper JV.

Non-core: Performing Investments

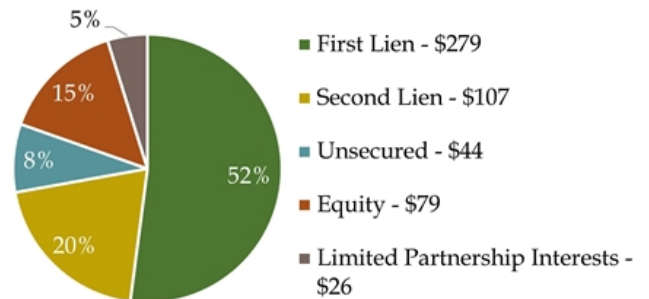
Investment Portfolio Characteristics

- \$431 million – Debt investments at fair value
 - \$49 million – exited in January 2018
 - \$61 million – publicly quoted liquid loans
 - \$321 million investments, a significant portion of which we expect to exit before 2019
 - Average debt price: 98.7%
 - Average net leverage thru tranche¹: 3.5x

- \$105 million – Equity and limited partnership interests

Investments by Security Type

(As % of non-core performing investment portfolio, at fair value; \$ in millions)



As of December 31, 2017, unless otherwise noted

Note: Numbers may not sum due to rounding

¹ *Excludes a venture lending investment and investments in aviation companies.*

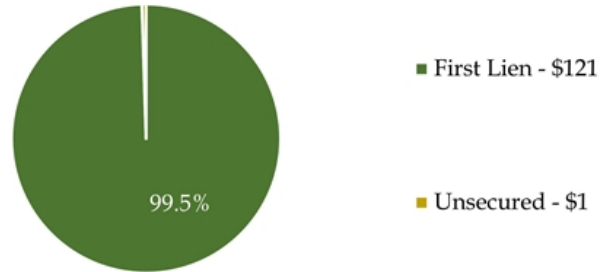
Non-core: Underperforming Investments

Investment Portfolio Characteristics

- \$122 million of non-core, underperforming investments
 - \$41 million on non-accrual
 - 9 Issuers
 - Average debt price: 36.9%
- Roughly half of the companies are engaged in sale processes

Investments by Security Type

(As % of non-core underperforming investment portfolio, at fair value; \$ in millions)



As of December 31, 2017

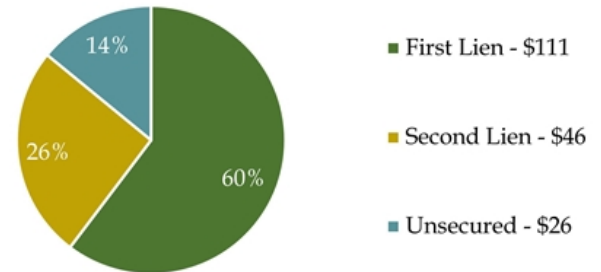
Q1 2018 Portfolio Originations

New Investment Highlights¹

- \$183 million of new commitments
- \$175 million in 13 new portfolio companies and \$8 million in 1 existing portfolio company
 - 60% First lien
 - 26% Second lien
 - 14% Unsecured
- 12 industry sectors
- 8.7% weighted average yield at cost on company commitments
- One new co-investment with other Oaktree funds

New Investment Composition¹

(As % of total Q1'18 commitments; \$ in millions)



New Investment Industry Composition¹

(As % of new investment commitments, at fair value)



¹ New investments exclude drawdowns on existing revolver loan commitments.

Long-Term Portfolio Objectives

- Diverse portfolio with evenly sized, high conviction investments in companies that are aligned with our approach to credit investing and have potential to generate attractive returns across market cycles
- Mix of sponsor and non-sponsor backed financings
- Industries which can support levered balance sheets
- Long-term Portfolio Composition Ranges¹
 - 40% - 60% First Lien Loans
 - 35% - 55% Second Lien Loans
 - 5% - 15% Unsecured Debt
 - 0% - 10% Equity & Other
- \$30 - \$50 million average target investment size
- New credit facility and capital structure provides us with the flexibility to achieve our target portfolio

¹ Long-term portfolio compositions may vary depending on market conditions.

Historical Financial Information

<i>(\$ in thousands, except per share data)</i>	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17
Operating Results	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
Net investment income	\$13,322	\$11,464	\$19,390	\$18,504	\$23,294
Net realized and unrealized depreciation on investments	(43,763)	(136,933)	(25,447)	(9,703)	(97,536)
Net increase/decrease in net assets resulting from operations	(\$30,441)	(\$125,469)	(\$6,057)	\$8,801	(\$74,242)
Net investment income per common share	\$0.09	\$0.08	\$0.14	\$0.13	\$0.16
Net realized and unrealized depreciation per share	(0.31)	(0.97)	(0.18)	(0.07)	(0.68)
Earnings (loss) per share - diluted	(\$0.22)	(\$0.89)	(\$0.04)	\$0.06	(\$0.52)
Select Balance Sheet and Other Data					
Investment Portfolio (at fair value)	\$1,415,404	\$1,541,755	\$1,790,538	\$1,788,686	\$1,951,742
Total Debt Outstanding	623,087	675,366	910,734	887,578	1,070,599
Total Net Assets	819,595	867,657	1,010,750	1,019,626	1,030,272
Net Asset Value per share	\$5.81	\$6.16	\$7.17	\$7.23	\$7.31
Total Leverage	0.77x	0.78x	0.90x	0.87x	1.04x
Weighted Average Yield on Debt Investments ¹	9.0%	9.6%	10.3%	10.4%	10.3%
Cash Component of Weighted Average Yield on Debt Investments	8.4%	8.5%	9.1%	9.1%	9.1%
Weighted Average Yield on Total Portfolio Investments ^{1,2}	8.5%	8.4%	9.5%	9.9%	10.0%

Note: Results during Q1'18 occurred during management transition from Fifth Street Management LLC to Oaktree Capital Management, L.P., which occurred on October 17, 2017. Results in prior periods occurred during management by Fifth Street Management LLC.

¹ Annual stated yield earned plus net annual amortization of original issue discount or premium earned on accruing investments, including our share of the return on Kemper JV debt investments.

² Annual stated yield earned plus net annual amortization of original issue discount or premium earned on accruing investments and dividend income, including our share of the return on Kemper JV debt investments.

Historical Portfolio Activity

(\$ in thousands)	As of and for Three Months Ended				
	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17
	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
Investments at Fair Value	\$1,415,404	\$1,541,755	\$1,790,540	\$1,788,690	\$1,951,740
Number of Portfolio Companies	122	125	133	133	123
Average Portfolio Company Debt Investment Size	\$14,100	\$16,400	\$16,000	\$19,400	\$19,000
Asset Class:					
Senior Secured Debt	75.8%	78.0%	74.1%	74.6%	77.6%
Subordinated Debt	7.0%	6.1%	8.2%	7.4%	6.7%
Equity	6.0%	5.5%	8.3%	8.6%	7.3%
Kemper JV	9.4%	8.7%	7.9%	7.9%	7.2%
Limited Partnership interests	1.8%	1.7%	1.5%	1.5%	1.3%
Interest Rate Type:					
% Floating-Rate	82.4%	83.6%	79.5%	78.9%	81.0%
% Fixed-Rate	17.6%	16.4%	20.5%	21.1%	19.0%
Investment Activity at Cost:					
New Investment Commitments	\$183,000	\$155,800	\$188,100	\$112,700	\$118,300
New Funded Investment Activity ¹	\$200,200	\$168,000	\$192,300	\$103,900	\$104,200
Proceeds from Prepayments and Exits	\$196,400	\$243,300	\$161,100	\$208,800	\$187,700
Net New Investments	(\$13,400)	(\$87,500)	\$27,000	(\$96,100)	(\$69,400)
Number of New Investment Commitments in New Portfolio Companies	13	9	25	6	5
Number of New Investment Commitments in Existing Portfolio Companies	1	5	3	1	3
Number of Portfolio Company Exits	9	17	9	11	10

Note: Results during Q1'18 occurred during management transition from Fifth Street Management LLC to Oaktree Capital Management, L.P., which occurred on October 17, 2017. Results in prior periods occurred during management by Fifth Street Management LLC.

¹ New funded investment activity includes drawdowns on existing revolver commitments.

Capital Structure Optimization

- Current leverage of 0.77x with target range of 0.70x to 0.85x debt-to-equity¹
- Strong support from banking partners; 14 lending participants in new \$600 million secured revolving credit facility
- Well-positioned to benefit from a rise in interest rates given fixed rate borrowings

Funding Sources as of December 31, 2017	Capacity	Outstanding	Interest Rate	Maturity
Syndicated Credit Facility	\$600.0 million	\$205.0 million	LIBOR+225-275 bps	November 2021
2019 Notes	\$250.0 million	\$250.0 million	4.875%	March 2019
2024 Notes	\$75.0 million	\$75.0 million	5.875%	October 2024
2028 Notes	\$86.3 million	\$86.3 million	6.125%	April 2028

As of December 31, 2017

¹ Long-Term portfolio leverage may vary depending on market conditions.

Opportunities to Increase Return on Equity

- Rotation out of broadly syndicated loans priced at LIBOR + 400 or below
- Redeploy non-income generating investments comprised of equity, limited partnership interests and loans on non-accrual
- Operating cost savings from leveraging Oaktree's platform
- Deployment of approximately \$27 million of uninvested cash previously held at SBIC subsidiaries
- Benefit from rising interest rates as 82% of debt portfolio is comprised of floating rate securities
- Realization of lower operating costs from credit facility optimization

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