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New Mountain Finance Corp
Form 10-Q
November 08, 2016

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

FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarter Ended September 30, 2016
☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ Smaller reporting company ☐

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

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

Description	Shares as of November 8, 2016
Common stock, par value \$0.01 per share	69,614,858

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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)

	September 30, 2016	December 31, 2015
Assets		
Investments at fair value		
Non-controlled/non-affiliated investments (cost of \$1,413,930 and \$1,438,415, respectively)	\$ 1,353,097	\$ 1,377,515
Non-controlled/affiliated investments (cost of \$45,472 and \$89,047, respectively)	46,684	87,287
Controlled investments (cost of \$105,353 and \$41,254, respectively)	119,198	47,422
Total investments at fair value (cost of \$1,564,755 and \$1,568,716, respectively)	1,518,979	1,512,224
Securities purchased under collateralized agreements to resell (cost of \$30,000 and \$30,000, respectively)	28,673	29,704
Cash and cash equivalents	49,794	30,102
Interest and dividend receivable	16,654	13,832
Receivable from affiliates	845	360
Other assets	2,235	1,924
Total assets	\$ 1,617,180	\$ 1,588,146
Liabilities		
Borrowings		
Holdings Credit Facility	\$ 308,913	\$ 419,313
Convertible Notes	155,552	115,000
SBA-guaranteed debentures	121,745	117,745
Unsecured Notes	90,000	—
NMFC Credit Facility	42,500	90,000
Deferred financing costs (net of accumulated amortization of \$11,268 and \$8,822, respectively)	(15,038)	(13,992)
Net borrowings	703,672	728,066
Payable for unsettled securities purchased	45,690	5,441
Management fee payable	5,781	5,466
Incentive fee payable	5,432	5,622
Interest payable	4,370	2,343
Deferred tax liability	857	1,676
Payable to affiliates	567	564
Other liabilities	2,599	2,060
Total liabilities	768,968	751,238
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, 64,005,387 and 64,005,387 shares issued, respectively, and 63,864,858 and 64,005,387 shares outstanding, respectively	640	640
Paid in capital in excess of par	899,996	899,713
Treasury stock at cost, 140,529 and 0 shares held, respectively	(1,707)	—

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Accumulated undistributed net investment income	4,197	4,164
Accumulated undistributed net realized gains on investments	3,533	1,342
Net unrealized (depreciation) appreciation (net of provision for taxes of \$857 and \$1,676, respectively)	(58,447)	(68,951)
Total net assets	\$ 848,212	\$ 836,908
Total liabilities and net assets	\$ 1,617,180	\$ 1,588,146
Number of shares outstanding	63,864,858	64,005,387
Net asset value per share	\$ 13.28	\$ 13.08

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 September 30,		Nine Months Ended September 30,		
	2016	2015	2016	2015	
Investment income					
From non-controlled/non-affiliated investments:					
Interest income	\$34,735	\$ 31,628	\$106,743	\$ 97,249	
Dividend income	83	(509	) 175	(407	)
Other income	2,557	1,619	4,776	3,496	
From non-controlled/affiliated investments:					
Interest income	720	1,594	3,929	3,820	
Dividend income	1,061	892	2,868	2,701	
Other income	284	1,020	902	1,642	
From controlled investments:					
Interest income	462	517	1,447	1,487	
Dividend income	1,919	673	3,380	1,864	
Other income	13	13	80	36	
Total investment income	41,834	37,447	124,300	111,888	
Expenses					
Incentive fee	5,432	5,034	16,266	14,969	
Capital gains incentive fee	—	(490	) —	—	
Total incentive fees	5,432	4,544	16,266	14,969	
Management fee	6,883	6,373	20,537	19,039	
Interest and other financing expenses	7,171	5,788	20,544	16,863	
Professional fees	723	808	2,461	2,456	
Administrative expenses	586	647	2,054	1,804	
Other general and administrative expenses	390	370	1,206	1,252	
Total expenses	21,185	18,530	63,068	56,383	
Less: management fee waived (See Note 5)	(1,102	) (1,237	) (3,662	) (3,866	)
Less: expenses waived and reimbursed (See Note 5)	—	(333	) (347	) (733	)
Net expenses	20,083	16,960	59,059	51,784	
Net investment income before income taxes	21,751	20,487	65,241	60,104	
Income tax expense (benefit)	22	(172	) 113	130	
Net investment income	21,729	20,659	65,128	59,974	
Net realized gains (losses):					
Non-controlled/non-affiliated investments	1,150	(37	) 2,191	(13,508	)
Net change in unrealized appreciation (depreciation):					
Non-controlled/non-affiliated investments	3,837	(8,360	) 2,955	2,148	
Non-controlled/affiliated investments	109	313	84	1,041	
Controlled investments	(800	) (2,190	) 7,677	4,544	
Securities purchased under collateralized agreements to resell	(957	) —	(1,031	) —	
Benefit (provision) for taxes	11	(581	) 819	(1,217	)
Net realized and unrealized gains (losses)	3,350	(10,855	) 12,695	(6,992	)
Net increase in net assets resulting from operations	\$25,079	\$ 9,804	\$77,823	\$ 52,982	
Basic earnings per share	\$0.39	\$ 0.17	\$1.22	\$ 0.91	

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Weighted average shares of common stock outstanding - basic (See Note 11)	63,758,062	58,725,338	63,843,730	58,269,543
Diluted earnings per share	\$0.37	\$ 0.17	\$1.14	\$ 0.86
Weighted average shares of common stock outstanding - diluted (See Note 11)	71,145,932	66,002,469	71,158,044	65,514,142
Dividends 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, 2016		September 30, 2015	
Increase (decrease) in net assets resulting from operations:				
Net investment income	\$65,128		\$ 59,974	
Net realized gains (losses) on investments	2,191		(13,508	)
Net change in unrealized appreciation (depreciation) of investments	10,716		7,733	
Net change in unrealized (depreciation) appreciation of securities purchased under collateralized agreements to resell	(1,031	)	—	
Benefit (provision) for taxes	819		(1,217	)
Net increase in net assets resulting from operations	77,823		52,982	
Capital transactions				
Net proceeds from shares sold	—		79,415	
Deferred offering costs	38		(285	)
Dividends declared to stockholders from net investment income	(65,095	)	(59,240	)
Reinvestment of dividends	1,486		3,655	
Repurchase of shares under repurchase program	(2,948	)	—	
Total net (decrease) increase in net assets resulting from capital transactions	(66,519	)	23,545	
Net increase in net assets	11,304		76,527	
Net assets at the beginning of the period	836,908		802,170	
Net assets at the end of the period	\$848,212		\$ 878,697	
Capital share activity				
Shares sold	—		5,750,000	
Shares issued from reinvestment of dividends	—		257,497	
Shares reissued from repurchase program in connection with reinvestment of dividends	107,970		—	
Shares repurchased under repurchase program	(248,499	)	—	
Net (decrease) increase in shares outstanding	(140,529	)	6,007,497	

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, 2016		September 30, 2015	
Cash flows from operating activities				
Net increase in net assets resulting from operations	\$77,823		\$ 52,982	
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash (used in) provided by operating activities:				
Net realized (gains) losses on investments	(2,191)		13,508	
Net change in unrealized (appreciation) depreciation of investments	(10,716)		(7,733)	
Net change in unrealized depreciation (appreciation) of securities purchased under collateralized agreements to resell	1,031		—	
Amortization of purchase discount	(2,342)		(1,787)	
Amortization of deferred financing costs	2,446		2,180	
Non-cash investment income	(5,101)		(4,374)	
(Increase) decrease in operating assets:				
Purchase of investments and delayed draw facilities	(336,310)		(397,745)	
Proceeds from sales and paydowns of investments	352,607		344,753	
Cash received for purchase of undrawn portion of revolving credit or delayed draw facilities	86		157	
Cash paid for purchase of drawn portion of revolving credit facilities	—		(3,227)	
Cash paid on drawn revolvers	(10,899)		(1,160)	
Cash repayments on drawn revolvers	8,111		4,299	
Interest and dividend receivable	(2,822)		(4,156)	
Receivable from affiliates	(485)		119	
Receivable from unsettled securities sold	—		4,243	
Other assets	(299)		(329)	
Increase (decrease) in operating liabilities:				
Payable for unsettled securities purchased	40,249		(24,032)	
Management fee payable	315		(8)	
Incentive fee payable	(190)		231	
Interest payable	2,027		1,367	
Deferred tax liability	(819)		1,217	
Payable to affiliates	3		(688)	
Other liabilities	311		(735)	
Net cash flows provided by (used in) operating activities	112,835		(20,918)	
Cash flows from financing activities				
Net proceeds from shares sold	—		79,415	
Dividends paid	(63,609)		(55,585)	
Offering costs paid	(155)		(141)	
Proceeds from Holdings Credit Facility	128,500		246,330	
Repayment of Holdings Credit Facility	(238,900)		(328,900)	
Proceeds from Convertible Notes	40,552		—	
Proceeds from SBA-guaranteed debentures	4,000		66,295	
Proceeds from Unsecured Notes	90,000		—	
Proceeds from NMFC Credit Facility	156,500		101,300	

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Repayment of NMFC Credit Facility	(204,000)	(83,800)	)
Deferred financing costs paid	(3,083	) (2,829	)
Repurchase of shares under repurchase program	(2,948	) —	
Net cash flows (used in) provided by financing activities	(93,143	) 22,085	
Net increase in cash and cash equivalents	19,692	1,167	
Cash and cash equivalents at the beginning of the period	30,102	23,445	
Cash and cash equivalents at the end of the period	\$49,794	\$ 24,612	
Supplemental disclosure of cash flow information			
Cash interest paid	\$15,975	\$ 12,764	
Income taxes paid	11	151	
Non-cash operating activities:			
Non-cash activity on investments	\$167	\$ 60,652	
Non-cash financing activities:			
Value of shares reissued from repurchase program in connection with dividend reinvestment plan	\$1,486	\$ —	
Value of shares issued in connection with dividend reinvestment plan	—	3,655	
Accrual for offering costs	576	739	
Accrual for deferred financing costs	371	103	

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, 2016

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(10)	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)	8.00% (L + 7.00%/M)	9/23/2019	\$ 6,826	\$ 6,801	\$ 6,732	0.79 %
Total Funded Debt Investments - Australia				\$ 6,826	\$ 6,801	\$ 6,732	0.79 %
Funded Debt Investments - Luxembourg							
Pinnacle Holdco S.à.r.l. / Pinnacle (US) Acquisition Co Limited**							
Software	Second lien (2)	10.50% (L + 9.25%/Q)	7/30/2020	\$ 24,630	\$ 24,356	\$ 18,349	
	Second lien (3)	10.50% (L + 9.25%/Q)	7/30/2020	8,204	8,330	6,112	
Total Funded Debt Investments - Luxembourg				32,834	32,686	24,461	2.88 %
Total Funded Debt Investments - Luxembourg				\$ 32,834	\$ 32,686	\$ 24,461	2.88 %
Funded Debt Investments - Netherlands							
Eiger Acquisition B.V. (Eiger Co-Borrower, LLC)**							
Software	Second lien (3)	10.13% (L + 9.13%/Q)	2/17/2023	\$ 10,000	\$ 9,353	\$ 9,550	1.13 %
Total Funded Debt Investments - Netherlands				\$ 10,000	\$ 9,353	\$ 9,550	1.13 %
Funded Debt Investments - United Kingdom							
Air Newco LLC**							
Software	Second lien (3)	10.50% (L + 9.50%/Q)	1/31/2023	\$ 32,500	\$ 31,793	\$ 30,265	3.57 %
Total Funded Debt Investments - United Kingdom				\$ 32,500	\$ 31,793	\$ 30,265	3.57 %
Funded Debt Investments - United States							
TIBCO Software Inc.							

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Software	First lien (2)	6.50% (L + 5.50%/M)	12/4/2020	\$ 29,550	\$28,459	\$29,221	
	Subordinated (3)	11.38%/S	12/1/2021	15,000	14,647	13,425	
				44,550	43,106	42,646	5.03 %
Hill International, Inc.							
Business Services	First lien (2)	7.75% (L + 6.75%/M)	9/28/2020	41,650	41,233	41,650	4.91 %
Deltek, Inc.							
Software	Second lien (3)	9.50% (L + 8.50%/Q)	6/26/2023	21,000	20,987	21,289	
	Second lien (2)	9.50% (L + 8.50%/Q)	6/26/2023	20,000	19,634	20,275	
				41,000	40,621	41,564	4.90 %
AssuredPartners, Inc.							
Business Services	Second lien (2)	10.00% (L + 9.00%/M)	10/20/2023	20,000	19,263	19,925	
	Second lien (3)	10.00% (L + 9.00%/M)	10/20/2023	20,200	19,462	20,124	
				40,200	38,725	40,049	4.72 %
Navex Global, Inc.							
Software	First lien (4)	5.98% (L + 4.75%/Q)	11/19/2021	4,574	4,539	4,505	
	First lien (2)	5.98% (L + 4.75%/Q)	11/19/2021	2,589	2,568	2,550	
	Second lien (4)	10.30% (L + 8.75%/Q)	11/18/2022	18,187	17,978	17,642	
	Second lien (3)	10.30% (L + 8.75%/Q)	11/18/2022	15,313	14,845	14,853	
				40,663	39,930	39,550	4.66 %

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, 2016

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Kronos Incorporated							
Software	Second lien (2)	9.75% (L + 8.50%/Q)	4/30/2020	\$ 32,632	\$32,464	\$33,350	
	Second lien (3)	9.75% (L + 8.50%/Q)	4/30/2020	4,999	4,964	5,109	
				37,631	37,428	38,459	4.53 %
Tenawa Resource Holdings LLC (13) Tenawa Resource Management LLC							
Energy	First lien (3)	10.50% (Base + 8.00%/Q)	5/12/2019	40,000	39,894	38,175	4.50 %
ProQuest LLC							
Business Services	Second lien (3)	10.00% (L + 9.00%/M)	12/15/2022	35,000	34,357	35,000	4.13 %
Ascend Learning, LLC							
Education	Second lien (3)	9.50% (L + 8.50%/Q)	11/30/2020	35,227	34,877	34,875	4.11 %
Redbox Automated Retail, LLC							
Consumer Services	First lien (2)	8.50% (L + 7.50%/Q)	9/27/2021	35,000	34,475	34,475	4.06 %
Valet Waste Holdings, Inc.							
Business Services	First lien (2)	8.00% (L + 7.00%/Q)	9/24/2021	29,700	29,381	29,700	
	First lien (3)(11) - Drawn	8.00% (L + 7.00%/Q)	9/24/2021	2,250	2,222	2,250	
				31,950	31,603	31,950	3.77 %
PetVet Care Centers LLC							
Consumer Services	Second lien (3)	10.25% (L + 9.25%/Q)	6/17/2021	24,000	23,812	24,000	
	Second lien (3)	10.50% (L + 9.50%/Q)	6/17/2021	6,500	6,441	6,561	
				30,500	30,253	30,561	3.60 %

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VetCor Professional
Practices LLC

Consumer Services	First lien (4)	7.25% (L + 6.25%/Q)	4/20/2021	19,355	19,200	19,355	
	First lien (2)	7.25% (L + 6.25%/Q)	4/20/2021	7,813	7,664	7,813	
	First lien (4)(11) - Drawn	7.25% (L + 6.25%/Q)	4/20/2021	2,684	2,660	2,684	
	First lien (4)(11) - Drawn	7.25% (L + 6.25%/Q)	4/20/2021	113	111	113	
				29,965	29,635	29,965	3.53 %

CRGT Inc.

Federal Services	First lien (2)	7.50% (L + 6.50%/Q)	12/19/2020	29,720	29,541	29,795	3.51 %
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Integro Parent Inc.

Business Services	First lien (2)	6.75% (L + 5.75%/Q)	10/31/2022	19,856	19,500	19,557	
	Second lien (3)	10.25% (L + 9.25%/Q)	10/30/2023	10,000	9,908	9,650	
				29,856	29,408	29,207	3.45 %

Marketo, Inc.

Software	First lien (3)	10.50% (L + 9.50%/Q)	8/16/2021	26,820	26,426	26,418	3.12 %
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Ryan, LLC

Business Services	First lien (2)	6.75% (L + 5.75%/M)	8/7/2020	26,250	25,935	26,046	3.07 %
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DigiCert Holdings, Inc.

Software	First lien (2)	6.00% (L + 5.00%/Q)	10/21/2021	24,813	24,167	24,750	2.92 %
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Severin Acquisition,
LLC

Software	Second lien (4)	9.75% (L + 8.75%/Q)	7/29/2022	15,000	14,869	15,000	
	Second lien (4)	9.75% (L + 8.75%/Q)	7/29/2022	4,154	4,116	4,154	
	Second lien (4)	10.25% (L + 9.25%/Q)	7/29/2022	3,273	3,242	3,305	
	Second lien (3)	10.25% (L + 9.25%/Q)	7/29/2022	1,825	1,807	1,843	
	Second lien (4)	10.25% (L + 9.25%/Q)	7/29/2022	300	297	303	
				24,552	24,331	24,605	2.90 %

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, 2016

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
nThrive, Inc. (fka Precyse Acquisition Corp.)							
Healthcare Services	Second lien (2)	10.75% (L + 9.75%/M)	4/20/2023	\$ 25,000	\$24,580	\$24,562	2.90 %
AAC Holding Corp.							
Education	First lien (2)	8.25% (L + 7.25%/M)	9/30/2020	24,432	24,128	24,188	2.85 %
Pelican Products, Inc.							
Business Products	Second lien (3)	9.25% (L + 8.25%/Q)	4/9/2021	15,500	15,509	14,648	
	Second lien (2)	9.25% (L + 8.25%/Q)	4/9/2021	10,000	10,109	9,450	
				25,500	25,618	24,098	2.84 %
EN Engineering, LLC							
Business Services	First lien (2)	7.00% (L + 6.00%/Q)	6/30/2021	21,161	20,985	21,161	
	First lien (2)(11) - Drawn	7.67% (Base + 5.55%/Q)	6/30/2021	2,194	2,174	2,194	
				23,355	23,159	23,355	2.75 %
KeyPoint Government Solutions, Inc.							
Federal Services	First lien (2)	7.75% (L + 6.50%/Q)	11/13/2017	23,277	23,145	23,160	2.73 %
TWDiamondback Holdings Corp. (15)							
Diamondback Drugs of Delaware, L.L.C. (TWDiamondback II Holdings LLC)							
Distribution & Logistics	First lien (4)	9.75% (L + 8.75%/Q)	11/19/2019	19,895	19,895	19,895	
	First lien (3)	9.75% (L + 8.75%/Q)	11/19/2019	2,158	2,158	2,158	
	First lien (4)	9.75% (L + 8.75%/Q)	11/19/2019	605	605	605	
				22,658	22,658	22,658	2.67 %
Vision Solutions, Inc.							

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Software	First lien (2)	7.50% (L + 6.50%/Q)	6/16/2022	22,500	22,284	22,388	2.64 %
TW-NHME Holdings Corp. (20)							
National HME, Inc.							
Healthcare Services	Second lien (4)	10.25% (L + 9.25%/Q)	7/14/2022	21,500	21,260	21,500	
	Second lien (3)	10.25% (L + 9.25%/Q)	7/14/2022	500	494	500	
				22,000	21,754	22,000	2.59 %
Weston Solutions, Inc.							
Business Services	Subordinated (4)	16.00%/Q	7/3/2019	20,000	20,000	20,600	2.43 %
IT'SUGAR LLC							
Retail	First lien (4)	10.50% (L + 9.50%/Q)	10/23/2019	20,843	20,193	20,032	2.36 %
Sierra Hamilton LLC / Sierra Hamilton Finance, Inc.							
Energy	First lien (2)	12.25%/S	12/15/2018	25,000	25,000	18,040	
	First lien (3)	12.25%/S	12/15/2018	2,660	2,186	1,919	
				27,660	27,186	19,959	2.35 %
DCA Investment Holding, LLC							
Healthcare Services	First lien (2)	6.25% (L + 5.25%/Q)	7/2/2021	17,676	17,531	17,676	
	First lien (3)(11) - Drawn	7.75% (P + 4.25%/Q)	7/2/2021	2,091	2,070	2,091	
				19,767	19,601	19,767	2.33 %
Aricent Technologies							
Business Services	Second lien (2)	9.50% (L + 8.50%/Q)	4/14/2022	20,000	19,922	16,250	
	Second lien (3)	9.50% (L + 8.50%/Q)	4/14/2022	2,500	2,234	2,031	
				22,500	22,156	18,281	2.16 %
First American Payment Systems, L.P.							
Business Services	Second lien (2)	10.75% (L + 9.50%/M)	4/12/2019	18,643	18,468	18,037	2.13 %

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

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(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Project Alpha Intermediate Holding, Inc.							
Software	First lien (2)	9.25% (L + 8.25%/Q)	8/22/2022	\$ 18,000	\$17,823	\$17,820	2.10 %
iPipeline, Inc. (Internet Pipeline, Inc.)							
Software	First lien (4)	8.25% (L + 7.25%/Q)	8/4/2022	17,820	17,665	17,820	2.10 %
AgKnowledge Holdings Company, Inc.							
Business Services	Second lien (2)	9.25% (L + 8.25%/M)	7/23/2020	18,500	18,372	17,726	2.09 %
Confie Seguros Holding II Co.							
Consumer Services	Second lien (2)	11.50% (P + 8.00%/Q)	5/8/2019	17,457	17,445	17,340	2.05 %
YP Holdings LLC / Print Media Holdings LLC (12) YP LLC / Print Media LLC							
Media	First lien (2)	12.25% (L + 11.00%/M)	6/4/2018	16,285	16,198	15,959	1.88 %
Greenway Health, LLC (fka Vitera Healthcare Solutions, LLC)							
Software	First lien (2)	6.00% (L + 5.00%/Q)	11/4/2020	1,945	1,933	1,890	
	Second lien (2)	9.25% (L + 8.25%/Q)	11/4/2021	14,000	13,427	13,230	
				15,945	15,360	15,120	1.78 %
Netsmart Inc. / Netsmart Technologies, Inc.							
Healthcare Information Technology	Second lien (2)	10.50% (L + 9.50%/M)	10/19/2023	15,000	14,639	14,850	1.75 %
Amerijet Holdings, Inc.							
Distribution & Logistics	First lien (4)	9.00% (L + 8.00%/M)	7/15/2021	12,696	12,604	12,602	
	First lien (4)		7/15/2021	2,116	2,101	2,100	

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		9.00% (L + 8.00%/M)		14,812	14,705	14,702	1.73 %
SW Holdings, LLC							
Business Services	Second lien (4)	9.75% (L + 8.75%/Q)	12/30/2021	14,265	14,143	14,265	1.68 %
Poseidon Intermediate, LLC							
Software	Second lien (2)	9.50% (L + 8.50%/Q)	8/15/2023	13,000	12,824	13,000	1.53 %
QC McKissock Investment, LLC (14)							
McKissock, LLC							
Education	First lien (2)	7.50% (L + 6.50%/Q)	8/5/2019	6,479	6,434	6,479	
	First lien (2)	7.50% (L + 6.50%/Q)	8/5/2019	3,089	3,070	3,089	
	First lien (2)	7.50% (L + 6.50%/Q)	8/5/2019	997	990	997	
				10,565	10,494	10,565	1.25 %
PowerPlan Holdings, Inc.							
Software	Second lien (2)	10.75% (L + 9.75%/M)	2/23/2023	10,000	9,914	10,000	1.18 %
FR Arsenal Holdings II Corp.							
Business Services	First lien (2)	8.25% (L + 7.25%/M)	9/8/2022	10,000	9,900	9,900	1.17 %
Quest Software US Holdings Inc.							
Software	First lien (2)	7.00% (L + 6.00%/Q)	10/31/2023	10,000	9,850	9,850	1.16 %
American Tire Distributors, Inc.							
Distribution & Logistics	Subordinated (3)	10.25%/S	3/1/2022	9,700	9,516	8,876	1.05 %
Harley Marine Services, Inc.							
Distribution & Logistics	Second lien (2)	10.50% (L + 9.25%/Q)	12/20/2019	9,000	8,891	8,550	1.01 %
J.D. Power and Associates							
Business Services	Second lien (3)	9.50% (L + 8.50%/Q)	9/7/2024	7,000	6,895	7,105	0.84 %
Permian Tank & Manufacturing, Inc.							
Energy	First lien (2)	10.50%/S(8)	1/15/2018	24,357	24,444	7,064	0.83 %

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

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Consolidated Schedule of Investments (Continued)

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(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Lonestar Intermediate Super Holdings, LLC							
Business Services	Subordinated (3)	10.00% (L + 9.00%/Q)	8/31/2021	\$7,000	\$6,931	\$6,969	0.82 %
Sotera Defense Solutions, Inc. (Global Defense Technology & Systems, Inc.)							
Federal Services	First lien (2)	9.00% (L + 7.50%/Q)	4/21/2017	6,396	6,383	6,140	0.72 %
Solera LLC / Solera Finance, Inc.							
Software	Subordinated (3)	10.50%/S	3/1/2024	5,000	4,763	5,600	0.66 %
VF Holding Corp.							
Software	Second lien (3)	10.00% (L + 9.00%/Q)	6/28/2024	5,000	4,951	4,950	0.58 %
Immucor, Inc.							
Healthcare Services	Subordinated (2)(9)	11.13%/S	8/15/2019	5,000	4,970	4,738	0.56 %
Vencore, Inc. (fka The SI Organization Inc.)							
Federal Services	Second lien (3)	9.75% (L + 8.75%/Q)	5/23/2020	4,000	3,924	4,025	0.48 %
Transtar Holding Company							
Distribution & Logistics	Second lien (2)	13.25% (P + 9.75%/Q) (8)	10/9/2019	28,300	28,011	2,830	
	Second lien (3)	13.25% (P + 9.75%/Q) (8)	10/9/2019	9,564	2,889	956	
				37,864	30,900	3,786	0.45 %
Synarc-Biocore Holdings, LLC							
Healthcare Services	Second lien (3)	9.25% (L + 8.25%/Q)	3/10/2022	2,500	2,481	2,488	0.29 %
York Risk Services Holding Corp.							
Business Services	Subordinated (3)	8.50%/S	10/1/2022	3,000	3,000	2,348	0.28 %

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Ensemble S Merger Sub, Inc.									
Software	Subordinated (3)	9.00%/S	9/30/2023	2,000	1,937	2,110	0.25	%	
Education Management Corporation (19)									
Education Management II LLC									
Education	First lien (2)	5.50% (L + 4.50%/Q)	7/2/2020	250	240	68			
	First lien (3)	5.50% (L + 4.50%/Q)	7/2/2020	141	135	39			
	First lien (2)	8.50% (L + 1.00% + 6.50% PIK/Q)*	7/2/2020	459	405	25			
	First lien (3)	8.50% (L + 1.00% + 6.50% PIK/Q)*	7/2/2020	259	229	14			
				1,109	1,009	146	0.02	%	
Total Funded Debt Investments - United States				\$1,294,057	\$1,271,202	\$1,216,637	143.44	%	
Total Funded Debt Investments Equity - United States				\$1,376,217	\$1,351,835	\$1,287,645	151.81	%	
Crowley Holdings Preferred, LLC									
Distribution & Logistics	Preferred shares (3)(17)	12.00% (10.00% + 2.00% PIK/Q)*	—	52,843	\$52,303	\$52,843	6.23	%	
Tenawa Resource Holdings LLC (13)									
QID NGL LLC									
Energy	Ordinary shares (7)	—	—	5,290,997	5,291	3,028	0.36	%	
TWDiamondback Holdings Corp. (15)									
Distribution & Logistics	Preferred shares (4)	—	—	200	2,000	2,664	0.31	%	
TW-NHME Holdings Corp. (20)									
Healthcare Services	Preferred shares (4)	—	—	100	1,000	1,151			
	Preferred shares (4)	—	—	16	158	181			
	Preferred shares (4)	—	—	6	68	70			
					1,226	1,402	0.16	%	

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, 2016

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Ancora Acquisition LLC							
Education	Preferred shares (6)	—	—	372	\$83	\$393	0.05 %
Education Management Corporation (19)							
Education	Preferred shares (2)	—	—	3,331	200	1	
	Preferred shares (3)	—	—	1,879	113	1	
	Ordinary shares (2)	—	—	2,994,065	100	18	
	Ordinary shares (3)	—	—	1,688,976	56	10	
					469	30	— %
Total Shares - United States					\$61,372	\$60,360	7.11 %
Warrants - United States							
YP Holdings LLC / Print Media Holdings LLC (12)							
YP Equity Investors LLC							
Media	Warrants (5)	—	5/8/2022	5	\$—	\$3,628	0.42 %
IT'SUGAR LLC							
Retail	Warrants (3)	—	10/23/2025	94,672	817	752	0.09 %
ASP LCG Holdings, Inc.							
Education	Warrants (3)	—	5/5/2026	622	37	739	0.09 %
Ancora Acquisition LLC							
Education	Warrants (6)	—	8/12/2020	20	—	—	— %
Total Warrants - United States					\$854	\$5,119	0.60 %
Total Funded Investments					\$1,414,061	\$1,353,124	159.52 %
Unfunded Debt Investments - United States							
VetCor Professional Practices LLC							
Consumer Services	First lien (3)(11) - Undrawn	—	4/20/2021	\$ 2,700	\$(27	) \$—	
	First lien (4)(11) -	—	3/30/2018	387	(8	) —	

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	Undrawn							
	First lien							
	(2)(11) -	—	6/22/2018	1,644	(33	)	—	
	Undrawn							
				4,731	(68	)	—	%
DCA Investment Holding, LLC								
	First lien							
Healthcare Services	(3)(11) -	—	7/2/2021	9	—	—	—	%
	Undrawn							
iPipeline, Inc. (Internet Pipeline, Inc.)								
	First lien							
Software	(3)(11) -	—	8/4/2021	1,000	(10	)	—	%
	Undrawn							
EN Engineering, LLC								
	First lien							
Business Services	(2)(11) -	—	12/30/2016	1,368	(7	)	—	%
	Undrawn							
Valet Waste Holdings, Inc.								
	First lien							
Business Services	(3)(11) -	—	9/24/2021	1,500	(19	)	—	%
	Undrawn							
Marketo, Inc.								
	First lien							
Software	(3)(11) -	—	8/16/2021	1,788	(27	)	(27	) — %
	Undrawn							
Total Unfunded Debt				\$ 10,396	\$(131	)	\$(27	) — %
Investments								
Total								
Non-Controlled/Non-Affiliated					\$ 1,413,930	\$ 1,353,097	159.52	%
Investments								

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, 2016

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Non-Controlled/Affiliated Investments(21)							
Funded Debt Investments - United States							
Edmentum Ultimate Holdings, LLC (16)							
Education	Subordinated (3)	8.50% PIK/Q*	6/9/2020	\$ 4,036	\$4,030	\$4,036	
	Subordinated (2)	10.00% PIK/Q*	6/9/2020	14,785	14,785	12,242	
	Subordinated (3)	10.00% PIK/Q*	6/9/2020	3,637	3,637	3,012	
				22,458	22,452	19,290	2.28 %
Total Funded Debt Investments - United States				\$ 22,458	\$22,452	\$19,290	2.28 %
Equity - United States							
NMFC Senior Loan Program I LLC**							
Investment Fund	Membership interest (3)	—	—	—	\$23,000	\$23,000	2.71 %
Edmentum Ultimate Holdings, LLC (16)							
Education	Ordinary shares (3)	—	—	123,968	11	2,357	
	Ordinary shares (2)	—	—	107,143	9	2,037	
					20	4,394	0.52 %
Total Shares - United States					\$23,020	\$27,394	3.23 %
Unfunded Debt Investments - United States							
Edmentum Ultimate Holdings, LLC (16)							
Edmentum, Inc. (fka Plato, Inc.) (Archipelago Learning, Inc.)							
Education	Second lien (3)(11) - Undrawn	—	6/9/2020	\$ 4,881	\$—	\$—	— %
				\$ 4,881	\$—	\$—	— %

Total Unfunded Debt

Investments

Total Non-Controlled/Affiliated

\$45,472 \$46,684 5.51 %

Investments

Controlled Investments(22)

Funded Debt Investments -

United States

UniTek Global Services, Inc.

Business Services	First lien (2)	8.50% (L + 7.50%/Q)	1/13/2019	\$ 10,846	\$10,846	\$10,846	
	First lien (2)	9.50% (L + 7.50% + 1.00% PIK/Q)*	1/13/2019	4,772	4,772	4,772	
	Subordinated (2)	15.00% PIK/Q*	7/13/2019	1,663	1,663	1,663	
	Subordinated (3)	15.00% PIK/Q*	7/13/2019	995	995	995	
				18,276	18,276	18,276	2.15 %

Total Funded Debt Investments

- United States

\$ 18,276 \$18,276 \$18,276 2.15 %

Equity - United States

NMFC Senior Loan Program

II LLC**

Investment Fund	Membership interest (3)	—	—	—	\$47,640	\$47,640	5.62 %
UniTek Global Services, Inc.							
Business Services	Preferred shares (2)(18)	—	—	18,426,531	16,046	16,252	
	Preferred shares (3)(18)	—	—	5,092,217	4,434	4,491	
	Ordinary shares (2)	—	—	2,096,477	1,925	12,566	
	Ordinary shares (3)	—	—	579,366	532	3,473	
					22,937	36,782	4.34 %

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

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(unaudited)

Portfolio Company, Location and Industry (1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
New Mountain Net Lease Corporation							
Net Lease	Ordinary shares (3)	—	—	165,000	\$16,500	\$16,500	1.94 %
Total Shares - United States					\$87,077	\$100,922	11.90 %
Total Funded Investments					\$105,353	\$119,198	14.05 %
Unfunded Debt Investments - United States							
UniTek Global Services, Inc.							
Business Services	First lien (3)(11) - Undrawn	—	1/13/2019	\$ 2,048	\$—	\$—	
	First lien (3)(11) - Undrawn	—	1/13/2019	758	—	—	
				2,806	—	—	— %
Total Unfunded Debt Investments				\$ 2,806	\$—	\$—	— %
Total Controlled Investments					\$105,353	\$119,198	14.05 %
Total Investments					\$1,564,755	\$1,518,979	179.08 %

(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 NMF YP Holdings, Inc.

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

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

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

(9) Securities are registered under the Securities Act.

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

(10) (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, 2016.

Par Value amounts represent the drawn or undrawn (as indicated in type of investment) portion of revolving

(11) 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 Company holds investments in three related entities of YP Holdings LLC/Print Media Holdings LLC. The Company directly holds warrants to purchase a 4.96% membership interest of YP Equity Investors, LLC (which

(12) at closing represented an indirect 1.0% equity interest in YP Holdings LLC) and holds an investment in the Term Loan B loans issued by YP LLC and Print Media LLC, wholly-owned subsidiaries of YP Holdings LLC and Print Media Holdings LLC, respectively.

The Company holds investments in two related entities of Tenawa Resource Holdings LLC. The Company holds

(13) 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) and holds a first lien investment in Tenawa Resource Management LLC, a wholly-owned subsidiary of Tenawa Resource Holdings LLC.

The Company holds investments in QC McKissock Investment, LLC and one related entity of QC McKissock

(14) 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.

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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.

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.

Total shares reported assumes shares issued for the capitalization of payment-in-kind ("PIK") interest. Actual shares owned total 50,000 as of September 30, 2016.

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.

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

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

Denotes investments in which the Company is an "Affiliated Person", as defined in the Investment Company Act of 1940, as amended, due to owning or holding the power to vote 5.0% or more of the outstanding voting securities of the investment but not controlling the company. Fair value as of December 31, 2015 and September 30, 2016 along with transactions during the nine months ended September 30, 2016 in which the issuer was a non-controlled/affiliated investment is as follows:

Portfolio Company (1)	Fair Value at December 31, 2015	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains (Losses)	Net Change in Fair Value (Depreciation)	Fair Value at September 30, 2016	Interest Income	Dividend Income	Other Income
Edmentum Ultimate Holdings, LLC/Edmentum Inc.	\$ 22,782	\$ 5,587	\$ (4,002)	\$ —	\$ (683)	\$ 23,684	\$ 1,686	\$ —	\$ —
NMFC Senior Loan Program I LLC	21,914	—	—	—	1,086	23,000	—	2,868	877
Tenawa Resource Holdings LLC	42,591	16	(42,288)	—	(319)	—	2,243	—	25
Total Non-Controlled/Affiliated Investments	\$ 87,287	\$ 5,603	\$ (46,290)	\$ —	\$ 84	\$ 46,684	\$ 3,929	\$ 2,868	\$ 902

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.

Gross reductions 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.

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, 2016

(in thousands, except shares)

(unaudited)

Denotes investments in which the Company is in “Control”, as defined in the Investment Company Act of 1940, as amended, 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, 2015 and September 30, 2016 along with transactions during the nine months ended September 30, 2016 in which the issuer was a controlled investment is as follows:

Portfolio Company (1)	Fair Value at December 31, 2015	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains (Losses)	Net Change in Realized at Appreciation (Depreciation)	Fair Value at September 30, 2016	Interest Income	Dividend Income	Other Income
New Mountain Net Lease Corporation	\$ —	\$ 16,500	\$ —	\$ —	\$ —	\$ 16,500	\$ —	\$ —	\$ —
NMFC Senior Loan Program II LLC	—	47,640	—	—	—	47,640	—	1,151	—
UniTek Global Services, Inc.	47,422	2,558	(2,599)	—	7,677	55,058	1,447	2,229	80
Total Controlled Investments	\$ 47,422	\$ 66,698	\$ (2,599)	\$ —	\$ 7,677	\$ 119,198	\$ 1,447	\$ 3,380	\$ 80

Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK (A) 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.

Gross reductions include decreases in the cost basis of investments resulting from principal collections related to (B) 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 Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70.00% of the Company’s total assets at the time of acquisition of any additional non-qualifying assets. As of September 30, 2016, 8.8% of the Company’s total assets 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, 2016

(unaudited)

Investment Type	September 30, 2016	
	Percent of Total	
	Investments at Fair Value	
First lien	42.71	%
Second lien	38.83	%
Subordinated	5.70	%
Equity and other	12.76	%
Total investments	100.00	%

Industry Type	September 30, 2016	
	Percent of Total	
	Investments at Fair Value	
Software	27.71	%
Business Services	26.17	%
Distribution & Logistics	7.51	%
Consumer Services	7.40	%
Education	6.23	%
Healthcare Services	4.93	%
Investment Fund	4.65	%
Energy	4.49	%
Federal Services	4.15	%
Media	1.73	%
Business Products	1.59	%
Retail	1.37	%
Net Lease	1.09	%
Healthcare Information Technology	0.98	%
Total investments	100.00	%

Interest Rate Type	September 30, 2016	
	Percent of Total	
	Investments at Fair Value	
Floating rates	88.13	%
Fixed rates	11.87	%
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, 2015

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(10)	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)	8.00% (L + 7.00%/M)	9/23/2019	\$ 10,800	\$10,752	\$10,314	1.23 %
Total Funded Debt Investments - Australia				\$ 10,800	\$10,752	\$10,314	1.23 %
Funded Debt Investments - Luxembourg							
Pinnacle Holdco S.à.r.l. / Pinnacle (US) Acquisition Co Limited**							
Software	Second lien (2)	10.50% (L + 9.25%/Q)	7/30/2020	\$ 24,630	\$24,339	\$19,581	
	Second lien (3)	10.50% (L + 9.25%/Q)	7/30/2020	8,204	8,324	6,522	
				32,834	32,663	26,103	3.12 %
Total Funded Debt Investments - Luxembourg				\$ 32,834	\$32,663	\$26,103	3.12 %
Funded Debt Investments - Netherlands							
Eiger Acquisition B.V. (Eiger Co-Borrower, LLC)**							
Software	Second lien (3)	10.13% (L + 9.13%/Q)	2/17/2023	\$ 10,000	\$9,303	\$9,049	1.08 %
Total Funded Debt Investments - Netherlands				\$ 10,000	\$9,303	\$9,049	1.08 %
Funded Debt Investments - United Kingdom							
Air Newco LLC**							
Software	Second lien (3)	10.50% (L + 9.50%/Q)	1/31/2023	\$ 32,500	\$31,736	\$31,363	3.75 %
Total Funded Debt Investments - United Kingdom				\$ 32,500	\$31,736	\$31,363	3.75 %
Funded Debt Investments - United States							
Deltek, Inc.							
Software	Second lien (3)	9.50% (L + 8.50%/Q)	6/26/2023	\$ 21,000	\$20,972	\$20,948	

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	Second lien (2)	9.50% (L + 8.50%/Q)	6/26/2023	20,000	19,619	19,950	
				41,000	40,591	40,898	
TIBCO Software Inc.							4.89 %
Software	First lien (2)	6.50% (L + 5.50%/M)	12/4/2020	29,775	28,508	27,021	
	Subordinated (3)	11.38%/S	12/1/2021	15,000	14,611	12,600	
				44,775	43,119	39,621	4.73 %
AssuredPartners, Inc.							
Business Services	Second lien (2)	10.00% (L + 9.00%/Q)	10/20/2023	20,000	19,212	19,600	
	Second lien (3)	10.00% (L + 9.00%/Q)	10/20/2023	20,000	19,212	19,600	
				40,000	38,424	39,200	4.68 %
Kronos Incorporated							
Software	Second lien (2)	9.75% (L + 8.50%/Q)	4/30/2020	32,641	32,443	32,546	
	Second lien (3)	9.75% (L + 8.50%/Q)	4/30/2020	5,000	4,961	4,985	
				37,641	37,404	37,531	4.48 %
Hill International, Inc.							
Business Services	First lien (2)	7.75% (L + 6.75%/Q)	9/28/2020	37,056	36,752	36,779	4.39 %
ProQuest LLC							
Business Services	Second lien (3)	10.00% (L + 9.00%/M)	12/15/2022	35,000	34,302	34,300	4.10 %

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, 2015

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Navex Global, Inc.							
Software	First lien (4)	5.75% (L + 4.75%/Q)	11/19/2021	\$ 4,610	\$4,570	\$4,471	
	First lien (2)	5.75% (L + 4.75%/Q)	11/19/2021	2,610	2,587	2,531	
	Second lien (4)	9.75% (L + 8.75%/Q)	11/18/2022	17,879	17,683	17,343	
	Second lien (3)	9.75% (L + 8.75%/Q)	11/18/2022	10,121	10,001	9,817	
				35,220	34,841	34,162	4.08 %
Ascend Learning, LLC							
Education	Second lien (3)	9.50% (L + 8.50%/Q)	11/30/2020	34,727	34,352	33,077	3.95 %
CRGT Inc.							
Federal Services	First lien (2)	7.50% (L + 6.50%/Q)	12/19/2020	33,261	33,030	32,928	3.93 %
Physio-Control International, Inc.							
Healthcare Products	Second lien (2)	10.00% (L + 9.00%/Q)	6/5/2023	30,000	29,426	27,451	
	Second lien (3)	10.00% (L + 9.00%/Q)	6/5/2023	4,000	3,703	3,660	
				34,000	33,129	31,111	3.72 %
Valet Waste Holdings, Inc.							
Business Services	First lien (2)	8.00% (L + 7.00%/Q)	9/24/2021	29,925	29,564	29,505	
	First lien (3)(11) - Drawn	8.00% (L + 7.00%/Q)	9/24/2021	1,500	1,481	1,479	
				31,425	31,045	30,984	3.70 %
Rocket Software, Inc.							
Software	Second lien (2)	10.25% (L + 8.75%/Q)	2/8/2019	30,875	30,781	30,759	3.68 %
TASC, Inc.							
Federal Services	First lien (2)	7.00% (L + 6.00%/Q)	5/22/2020	28,314	28,001	28,396	
	Second lien (3)	12.00%/Q	5/21/2021	2,000	1,964	2,062	
				30,314	29,965	30,458	3.64 %

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Pittsburgh Glass Works,
LLC (24)

Manufacturing	First lien (2)	10.13% (L + 9.13%/M)	11/25/2021	30,000	29,852	29,850	3.57 %
Integro Parent Inc.							
Business Services	First lien (2)	6.75% (L + 5.75%/Q)	10/31/2022	17,370	17,029	16,980	
	First lien (2)	6.75% (L + 5.75%/M)	10/31/2022	2,630	2,578	2,570	
	Second lien (3)	10.25% (L + 9.25%/Q)	10/30/2023	10,000	9,901	9,625	
				30,000	29,508	29,175	3.49 %
CompassLearning, Inc. (15)							
Education	First lien (2)	8.00% (L + 6.75%/Q)	11/26/2018	30,000	29,531	28,471	3.40 %
Ryan, LLC							
Business Services	First lien (2)	6.75% (L + 5.75%/M)	8/7/2020	27,300	26,918	26,583	3.18 %
McGraw-Hill Global Education Holdings, LLC							
Education	First lien (2)(9)	9.75%/S	4/1/2021	24,500	24,378	26,093	3.12 %
KeyPoint Government Solutions, Inc.							
Federal Services	First lien (2)	7.75% (L + 6.50%/M)	11/13/2017	25,876	25,636	25,747	3.08 %
DigiCert Holdings, Inc.							
Software	First lien (2)	6.00% (L + 5.00%/Q)	10/21/2021	25,000	24,268	24,375	2.91 %
Pelican Products, Inc.							
Business Products	Second lien (3)	9.25% (L + 8.25%/Q)	4/9/2021	15,500	15,519	14,764	
	Second lien (2)	9.25% (L + 8.25%/Q)	4/9/2021	10,000	10,115	9,524	
				25,500	25,634	24,288	2.90 %

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, 2015

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Confie Seguros Holding II Co.							
Consumer Services	Second lien (2)	10.25% (L + 9.00%/M)	5/8/2019	\$ 18,886	\$18,789	\$18,673	
	Second lien (3)	10.25% (L + 9.00%/M)	5/8/2019	5,571	5,648	5,508	
				24,457	24,437	24,181	2.89 %
AAC Holding Corp.							
Education	First lien (2)	8.25% (L + 7.25%/M)	9/30/2020	25,000	24,640	24,110	2.88 %
Transtar Holding Company							
Distribution & Logistics	Second lien (2)	10.00% (L + 8.75%/Q)	10/9/2019	28,300	27,974	23,630	2.82 %
PetVet Care Centers LLC							
Consumer Services	Second lien (3)	9.75% (L + 8.75%/Q)	6/17/2021	24,000	23,789	23,149	2.77 %
EN Engineering, L.L.C.							
Business Services	First lien (2)	7.00% (L + 6.00%/Q)	6/30/2021	21,321	21,121	20,554	
	First lien (2)(11) - Drawn	8.50% (P + 5.00%/Q)	6/30/2021	1,223	1,211	1,179	
				22,544	22,332	21,733	2.60 %
Aricent Technologies							
Business Services	Second lien (2)	9.50% (L + 8.50%/M)	4/14/2022	20,000	19,881	19,133	
	Second lien (3)	9.50% (L + 8.50%/M)	4/14/2022	2,550	2,558	2,440	
				22,550	22,439	21,573	2.58 %
McGraw-Hill School Education Holdings, LLC							
Education	First lien (2)	6.25% (L + 5.00%/M)	12/18/2019	21,560	21,408	21,237	2.54 %
VetCor Professional Practices LLC							
Consumer Services	First lien (4)	7.00% (L + 6.00%/Q)	4/20/2021	19,502	19,324	19,254	
	First lien (4)(11) - Drawn	7.00% (L + 6.00%/Q)	4/20/2021	1,753	1,736	1,731	
				21,255	21,060	20,985	2.51 %

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IT'SUGAR LLC							
Retail	First lien (4)	10.50% (L + 9.50%/Q)	10/23/2019	21,000	20,215	20,183	2.41 %
Weston Solutions, Inc.							
Business Services	Subordinated (4)	16.00%/Q	7/3/2019	20,000	20,000	19,430	2.32 %
TWDiamondback Holdings Corp. (18)							
Diamondback Drugs of Delaware, L.L.C. (TWDiamondback II Holdings LLC)							
Distribution & Logistics	First lien (4)	9.75% (L + 8.75%/Q)	11/19/2019	19,895	19,895	19,117	2.28 %
Severin Acquisition, LLC							
Software	Second lien (4)	9.25% (L + 8.25%/Q)	7/29/2022	15,000	14,857	14,272	
	Second lien (4)	9.75% (L + 8.75%/Q)	7/29/2022	4,154	4,113	4,112	
				19,154	18,970	18,384	2.20 %
First American Payment Systems, L.P.							
Business Services	Second lien (2)	10.75% (L + 9.50%/M)	4/12/2019	18,643	18,423	18,362	2.20 %
DCA Investment Holding, LLC							
Healthcare Services	First lien (2)	6.25% (L + 5.25%/Q)	7/2/2021	17,811	17,645	17,632	
	First lien (3)(11) - Drawn	7.75% (P + 4.25%/Q)	7/2/2021	53	52	52	
				17,864	17,697	17,684	2.11 %
YP Holdings LLC / Print Media Holdings LLC (12)							
YP LLC / Print Media LLC							
Media	First lien (2)	8.00% (L + 6.75%/M)	6/4/2018	18,320	18,182	17,679	2.11 %

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, 2015

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
iPipeline, Inc. (Internet Pipeline, Inc.)							
Software	First lien (4)	8.25% (L + 7.25%/Q)	8/4/2022	\$ 17,955	\$17,783	\$17,550	2.10 %
AgKnowledge Holdings Company, Inc.							
Business Services	Second lien (2)	9.25% (L + 8.25%/M)	7/23/2020	18,500	18,352	17,066	2.04 %
Vertafore, Inc.							
Software	Second lien (2)	9.75% (L + 8.25%/M)	10/27/2017	13,855	13,848	13,844	
	Second lien (3)	9.75% (L + 8.25%/M)	10/27/2017	2,000	2,016	1,999	
				15,855	15,864	15,843	1.89 %
GSDM Holdings Corp.							
Healthcare Services	Subordinated (4)	10.00%/M	6/23/2020	15,000	14,880	15,000	1.79 %
MailSouth, Inc. (d/b/a Mspark)							
Media	First lien (2)	6.75% (L + 5.00%/Q)	12/14/2016	14,998	14,736	14,586	1.74 %
TW-NHME Holdings Corp. (23)							
National HME, Inc.							
Healthcare Services	Second lien (4)	10.25% (L + 9.25%/Q)	7/14/2022	14,000	13,833	13,825	1.65 %
Sierra Hamilton LLC / Sierra Hamilton Finance, Inc.							
Energy	First lien (2)	12.25%/S	12/15/2018	25,000	25,000	12,251	
	First lien (3)	12.25%/S	12/15/2018	2,660	2,064	1,302	
				27,660	27,064	13,553	1.62 %
Vision Solutions, Inc.							
Software	Second lien (2)	9.50% (L + 8.00%/M)	7/23/2017	14,000	13,978	12,740	1.52 %
SW Holdings, LLC							
Business Services	Second lien (4)	9.75% (L + 8.75%/Q)	12/30/2021	13,500	13,373	12,701	1.52 %

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Poseidon Intermediate,
LLC

Software	Second lien (2)	9.50% (L + 8.50%/Q)	8/15/2023	13,000	12,811	12,427	1.49 %
American Tire Distributors, Inc. Distribution & Logistics	Subordinated (3)	10.25%/S	3/1/2022	13,000	12,798	11,960	1.43 %
PowerPlan Holdings, Inc.							
Software	Second lien (2)	10.75% (L + 9.75%/M)	2/23/2023	10,000	9,907	9,573	1.14 %
Permian Tank & Manufacturing, Inc. Energy	First lien (2)	10.50%/S	1/15/2018	24,357	24,493	9,377	1.12 %
TTM Technologies, Inc.**							
Business Products	First lien (2)	6.00% (L + 5.00%/Q)	5/31/2021	9,980	9,554	9,132	1.09 %
Smile Brands Group Inc.							
Healthcare Services	First lien (2)	9.00% (L + 6.25% + 1.50% PIK/Q)*	8/16/2019	12,204	12,091	8,878	1.06 %
Harley Marine Services, Inc.							
Distribution & Logistics	Second lien (2)	10.50% (L + 9.25%/Q)	12/20/2019	9,000	8,868	8,865	1.06 %
QC McKissock Investment, LLC (17)							
McKissock, LLC							
Education	First lien (2)	7.50% (L + 6.50%/Q)	8/5/2019	4,875	4,838	4,707	
	First lien (2)	7.50% (L + 6.50%/Q)	8/5/2019	3,148	3,124	3,039	
	First lien (2)(11) - Drawn	7.50% (L + 6.50%/Q)	8/5/2019	1,016	1,007	981	
				9,039	8,969	8,727	1.04 %

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)

December 31, 2015

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets	
Greenway Health, LLC (fka Vitera Healthcare Solutions, LLC)								
Software	First lien (2)	6.00% (L + 5.00%/Q)	11/4/2020	\$ 1,960	\$ 1,946	\$ 1,877		
	Second lien (2)	9.25% (L + 8.25%/Q)	11/4/2021	7,000	6,917	6,720		
				8,960	8,863	8,597	1.03	%
Novitex Acquisition, LLC (fka ARSloane Acquisition, LLC)								
Business Services	First lien (2)	7.50% (L + 6.25%/Q)	7/7/2020	7,242	7,064	6,807	0.81	%
Sotera Defense Solutions, Inc. (Global Defense Technology & Systems, Inc.)								
Federal Services	First lien (2)	9.00% (L + 7.50%/M)	4/21/2017	6,859	6,828	6,344	0.76	%
Brock Holdings III, Inc.								
Industrial Services	Second lien (2)	10.00% (L + 8.25%/Q)	3/16/2018	7,000	6,953	5,443	0.65	%
Packaging Coordinators, Inc. (13)								
Healthcare Products	Second lien (3)	9.00% (L + 8.00%/Q)	8/1/2022	5,000	4,957	4,925	0.59	%
Immucor, Inc.								
Healthcare Services	Subordinated (2)(9)	11.13%/S	8/15/2019	5,000	4,963	4,575	0.55	%
GCA Services Group, Inc.								
Business Services	Second lien (3)	9.25% (L + 8.00%/Q)	11/2/2020	4,000	3,973	3,950	0.47	%
York Risk Services Holding Corp.								
Business Services	Subordinated (3)	8.50%/S	10/1/2022	3,000	3,000	2,471	0.30	%

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Synarc-Biocore Holdings, LLC								
Healthcare Services	Second lien (3)	9.25% (L + 8.25%/Q)	3/10/2022	2,500	2,479	2,313	0.28	%
Ensemble S Merger Sub, Inc.								
Software	Subordinated (3)	9.00%/S	9/30/2023	2,000	1,933	1,940	0.23	%
Education Management Corporation (22)								
Education Management II LLC								
Education	First lien (2)	5.50% (L + 4.50%/Q)	7/2/2020	250	238	69		
	First lien (3)	5.50% (L + 4.50%/Q)	7/2/2020	141	134	39		
	First lien (2)	8.50% (L + 1.00% + 6.50% PIK/Q)*	7/2/2020	437	375	46		
	First lien (3)	8.50% (L + 1.00% + 6.50% PIK/Q)*	7/2/2020	247	212	26		
				1,075	959	180	0.02	%
ATI Acquisition Company (fka Ability Acquisition, Inc.) (14)								
Education	First lien (2)	17.25% (P + 10.00% + 4.00% PIK/Q) (8)*	6/30/2012 - Past Due	1,665	1,434	—		
	First lien (2)	17.25% (P + 10.00% + 4.00% PIK/Q) (8)*	6/30/2012 - Past Due	103	94	—		
				1,768	1,528	—	—	%
Total Funded Debt Investments - United States				\$ 1,314,464	\$ 1,297,775	\$ 1,237,175	147.83	%
Total Funded Debt Investments Equity - United Kingdom				\$ 1,400,598	\$ 1,382,229	\$ 1,314,004	157.01	%
Packaging Coordinators, Inc. (13)								
PCI Pharma Holdings UK Limited**								
Healthcare Products	Ordinary shares (2)	—	—	19,427	\$ 578	\$ 1,612	0.19	%

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Total Shares - United Kingdom					\$ 578	\$ 1,612	0.19	%
Equity - United States Crowley Holdings Preferred, LLC								
		12.00%						
Distribution & Logistics	Preferred shares (3)(20)	(10.00% + 2.00% PIK/Q)*	—	52,058	\$ 51,518	\$ 51,911	6.20	%

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(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets	
TWDiamondback Holdings Corp. (18)								
Distribution & Logistics	Preferred shares (4)	—	—	200	\$2,000	\$2,000	0.24	%
TW-NHME Holdings Corp. (23)								
Healthcare Services	Preferred shares (4)	—	—	100	1,000	1,000	0.12	%
Ancora Acquisition LLC (14)								
Education	Preferred shares (6)	—	—	372	83	393	0.05	%
Education Management Corporation (22)								
Education	Preferred shares (2)	—	—	3,331	200	10		
	Preferred shares (3)	—	—	1,879	113	5		
	Ordinary shares (2)	—	—	2,994,065	100	202		
	Ordinary shares (3)	—	—	1,688,976	56	114		
					469	331	0.04	%
Total Shares - United States					\$55,070	\$55,635	6.65	%
Total Shares					\$55,648	\$57,247	6.84	%
Warrants - United States								
YP Holdings LLC / Print Media Holdings LLC (12)								
YP Equity Investors, LLC								
Media	Warrants (5)	—	5/8/2022	5	\$—	\$5,304	0.63	%
IT'SUGAR LLC								
Retail	Warrants (3)	—	10/23/2025	94,672	817	817	0.10	%
ASP LCG Holdings, Inc.								
Education	Warrants (3)	—	5/5/2026	622	37	610	0.07	%

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Ancora Acquisition LLC (14)									
Education	Warrants (6)	—	8/12/2020	20	—	—	—	—	%
Total Warrants - United States					\$854	\$6,731	0.80		%
Total Funded Investments					\$1,438,731	\$1,377,982	164.65		%
Unfunded Debt Investments - United States									
DCA Investment Holdings, LLC									
Healthcare Services	First lien (3)(11) - Undrawn	—	7/2/2021	\$ 2,047	\$(20	) \$(20	) —		%
iPipeline, Inc. (Internet Pipeline, Inc.)									
Software	First lien (3)(11) - Undrawn	—	8/4/2021	1,000	(10	) (23	) —		%
Valet Waste Holdings, Inc.									
Business Services	First lien (3)(11) - Undrawn	—	9/24/2021	3,000	(38	) (42	) —		%
VetCor Professional Practices LLC									
Consumer Services	First lien (3)(11) - Undrawn	—	4/20/2021	2,700	(27	) (34	)		
	First lien (4)(11) - Undrawn	—	4/20/2021	947	(9	) (12	)		
				3,647	(36	) (46	) (0.01	)	%

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, 2015

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
QC McKissock Investment, LLC (17) McKissock, LLC	First lien (2)(11) - Undrawn	—	12/31/2015	\$ 1,862	\$(19	) \$(64	) (0.01)%
Education							
MailSouth, Inc. (d/b/a Mspark)	First lien (3)(11) - Undrawn	—	12/14/2016	1,900	(181	) (79	) (0.01)%
Media							
EN Engineering, L.L.C.	First lien (2)(11) - Undrawn	—	12/30/2016	2,348	(12	) (85	) (0.01)%
Business Services							
TWDiamondback Holdings Corp. (18) Diamondback Drugs of Delaware, L.L.C. (TWDiamondback II Holdings LLC)	First lien (3)(11) - Undrawn	—	2/16/2016	2,158	—	(84	)
Distribution & Logistics	First lien (4)(11) - Undrawn	—	2/16/2016	605	—	(24	)
				2,763	—	(108	) (0.01)%
Total Unfunded Debt Investments				\$ 18,567	\$(316	) \$(467	) (0.05)%
Total Non-Controlled/Non-Affiliated Investments					\$ 1,438,415	\$ 1,377,515	164.60 %
Non-Controlled/Affiliated Investments(25)							
Funded Debt Investments - United States							

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Tenawa Resource Holdings
LLC (16)
Tenawa Resource
Management LLC

Energy	First lien (3)	10.50% (Base + 8.00%/Q)	5/12/2019	\$40,000	\$39,869	\$38,813	4.64	%
Edmentum Ultimate Holdings, LLC (19)								
Education	Subordinated (3)	8.50% PIK/Q*	6/9/2020	3,786	3,778	3,622		
	Subordinated (2)	10.00% PIK/Q*	6/9/2020	13,715	13,715	10,547		
	Subordinated (3)	10.00% PIK/Q*	6/9/2020	3,374	3,374	2,595		
				20,875	20,867	16,764	2.00	%
Total Funded Debt Investments - United States				\$60,875	\$60,736	\$55,577	6.64	%
Equity - United States NMFC Senior Loan Program I LLC**								
Investment Fund	Membership interest (3)	—	—	—	\$23,000	\$21,914	2.62	%
Edmentum Ultimate Holdings, LLC (19)								
Education	Ordinary shares (3)	—	—	123,968	11	3,341		
	Ordinary shares (2)	—	—	107,143	9	2,888		
					20	6,229	0.74	%
Tenawa Resource Holdings LLC (16) QID NGL LLC								
Energy	Ordinary shares (7)	—	—	5,290,997	5,291	3,778	0.45	%
Total Shares - United States					\$28,311	\$31,921	3.81	%

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, 2015

(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate(10)	Maturity / Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Unfunded Debt Investments							
- United States							
Edmentum Ultimate Holdings, LLC (19)							
Edmentum, Inc. (fka Plato, Inc.) (Archipelago Learning, Inc.)							
Education	Second lien (3)(11) - Undrawn	—	6/9/2020	\$ 4,881	\$—	\$(211)	(0.02)%
Total Unfunded Debt Investments				\$ 4,881	\$—	\$(211)	(0.02)%
Total Non-Controlled/Affiliated Investments					\$89,047	\$87,287	10.43%
Controlled Investments(26)							
Funded Debt Investments - United States							
UniTek Global Services, Inc.							
Business Services	First lien (2)	8.50% (L + 7.50%/Q)	1/13/2019	\$ 6,786	\$6,786	\$6,640	
	First lien (3)	8.50% (L + 7.50%/Q)	1/13/2019	4,060	4,060	3,973	
	First lien (3)	9.50% (L + 7.50% + 1.00% PIK/Q)*	1/13/2019	7,323	7,323	7,257	
	Subordinated (2)	15.00% PIK/Q*	7/13/2019	1,487	1,487	1,417	
	Subordinated (3)	15.00% PIK/Q*	7/13/2019	890	890	848	
				20,546	20,546	20,135	2.40%
Total Funded Debt Investments - United States				\$ 20,546	\$20,546	\$20,135	2.40%
Equity - United States							
UniTek Global Services, Inc.							
Business Services		—	—	16,680,037	\$14,299	\$13,870	

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	Preferred shares (2)(21)								
	Preferred shares (3)(21)	—	—	4,609,569	3,952	3,833			
	Ordinary shares (2)	—	—	2,096,477	1,925	7,528			
	Ordinary shares (3)	—	—	579,366	532	2,081			
					20,708	27,312	3.26	%	
Total Shares - United States					\$20,708	\$27,312	3.26	%	
Total Funded Investments					\$41,254	\$47,447	5.66	%	
Unfunded Debt Investments									
- United States									
UniTek Global Services, Inc.									
Business Services	First lien (3)(11) - Undrawn	—	1/13/2019	\$ 2,048	\$—	\$(18)			
	First lien (3)(11) - Undrawn	—	1/13/2019	758	—	(7)			
				2,806	—	(25)	—	%	
Total Unfunded Debt Investments				\$ 2,806	\$—	\$(25)	—	%	
Total Controlled Investments					\$41,254	\$47,422	5.66	%	
Total Investments					\$1,568,716	\$1,512,224	180.69	%	

(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.

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, 2015

(in thousands, except shares)

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

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

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

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

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

(9) Securities are registered under the Securities Act.

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

(10) (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, 2015.

Par Value amounts represent the drawn or undrawn (as indicated in type of investment) portion of revolving

(11) 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.

The Company holds investments in three related entities of YP Holdings LLC/Print Media Holdings LLC. The Company directly holds warrants to purchase a 4.96% membership interest of YP Equity Investors, LLC (which

(12) at closing represented an indirect 1.0% equity interest in YP Holdings LLC) and holds an investment in the Term Loan B loans issued by YP LLC and Print Media LLC, wholly-owned subsidiaries of YP Holdings LLC and Print Media Holdings LLC, respectively.

The Company holds investments in Packaging Coordinators, Inc. and one related entity of Packaging

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

The Company holds investments in ATI Acquisition Company and Ancora Acquisition LLC. The Company has

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

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

The Company holds investments in two related entities of Tenawa Resource Holdings LLC. The Company holds

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

The Company holds investments in QC McKissock Investment, LLC and one related entity of QC McKissock

(17) 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.

The Company holds investments in TWDiamondback Holdings Corp. and one related entity of TWDiamondback

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

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

Ultimate Holdings, LLC.

- (20) Total shares reported assumes shares issued for the capitalization of payment-in-kind ("PIK") interest. Actual shares owned total 50,000 as of December 31, 2015.
- (21) The Company holds preferred equity in UniTek Global Services, Inc. that is entitled to receive cumulative preferential dividends at a rate of 13.5% per annum payable in additional shares.
- (22) The Company holds investments in Education Management Corporation and one related entity of Education Management Corporation. The Company holds series A-1 convertible preferred stock and common stock in Education Management Corporation and holds a tranche A first lien term loan and a tranche B first lien term loan in Education Management II LLC, which is an indirect subsidiary of Education Management Corporation.
- (23) The Company holds an equity investment in TW-NHME Holdings Corp., as well as a second lien term loan investment in National HME, Inc., a wholly-owned subsidiary of TW-NHME Holdings Corp.
- (24) The Company holds an investment in Pittsburgh Glass Works, LLC that is structured as a first lien last out term loan.

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

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(in thousands, except shares)

Denotes investments in which the Company is an “Affiliated Person”, as defined in the Investment Company Act of 1940, as amended, due to owning or holding the power to vote 5.0% or more of the outstanding voting securities (25) of the investment but not controlling the company. Fair value as of December 31, 2014 and December 31, 2015 along with transactions during the year ended December 31, 2015 in which the issuer was a non-controlled/affiliated investment is as follows:

Portfolio Company (1)	Fair Value at December 31, 2014	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains (Losses)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2015	Interest Income	Dividend Income	Other Income
Edmentum Ultimate Holdings, LLC/Edmentum Inc.	\$—	\$23,937	\$ (3,050)	\$ —	\$ 1,895	\$ 22,782	\$ 1,171	\$—	\$—
NMFC Senior Loan Program I LLC	22,461	—	—	—	(547)	21,914	—	3,619	1,215
Tenawa Resource Holdings LLC	—	44,572	—	—	(1,981)	42,591	4,231	—	750
Total Non-Controlled/Affiliated Investments	\$ 22,461	\$ 68,509	\$ (3,050)	\$ —	\$ (633)	\$ 87,287	\$ 5,402	\$ 3,619	\$ 1,965

Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK (A) 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.

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

Denotes investments in which the Company is in “Control”, as defined in the Investment Company Act of 1940, as amended, due to owning or holding the power to vote 25.0% or more of the outstanding voting securities of the (26) investment. Fair value as of December 31, 2014 and December 31, 2015 along with transactions during the year ended December 31, 2015 in which the issuer was a controlled investment is as follows:

Portfolio Company (1)	Fair Value at December 31, 2014	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains (Losses)	Net Change in Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2015	Interest Income	Dividend Income	Other Income
UniTek Global Services, Inc.									