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

FORM 10-K

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

For the fiscal year ended December 31, 2021

☐ **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, addresses 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** 1633 Broadway, 48th Floor New York, New York 10019 Telephone: (212) 720-0300 State of Incorporation: Delaware	27-2978010

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	NMFC	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

Title of each class
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes☐ No ☒

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 (or for such shorter period that the registrant was required to file such reports), 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
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 Ac☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

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

The aggregate market value of common stock held by non-affiliates of New Mountain Finance Corporation on June 30, 2021, based on the closing price on that date of $13.17, on the New York Stock Exchange was $1,146.3 million. For the purposes of calculating this amount only, all directors and executive officers of the registrant have been treated as affiliates.

Description	Shares as of February 28, 2022
Common stock, par value $0.01 per share	98,350,975

Documents Incorporated by Reference

Portions of the Registrant's Proxy Statement for its 2022 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on this Form 10-K are incorporated by reference into Part III on this Form 10-K.

FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2021
TABLE OF CONTENTS

PART I

Item 1. Business

New Mountain Finance Corporation ("NMFC", the "Company", "we", "us" or "our") is a Delaware corporation that was originally incorporated on June 29, 2010 and completed its initial public offering ("IPO") on May 19, 2011. We are a closed-end, non-diversified management investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). As such, we are obligated to comply with certain regulatory requirements. We have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). We are also registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Since our IPO, and through December 31, 2021, we have raised approximately $905.6 million in net proceeds from additional offerings of common stock.

New Mountain Finance Advisers BDC, L.L.C. (the "Investment Adviser") is a wholly-owned subsidiary of New Mountain Capital Group, L.P. (together with New Mountain Capital L.L.C. and its affiliates, "New Mountain Capital"). New Mountain Capital is a firm with a track record of investing in the middle market. New Mountain Capital focuses on investing in defensive growth companies across its private equity, credit and net lease investment strategies. The Investment Adviser manages our day-to-day operations and provides us with investment advisory and management services. The Investment Adviser also manages other funds that may have investment mandates that are similar, in whole or in part, to ours. New Mountain Finance Administration, L.L.C. (the "Administrator"), a wholly-owned subsidiary of New Mountain Capital, provides the administrative services necessary to conduct our day-to-day operations.

We have established the following wholly-owned direct and indirect subsidiaries:

- New Mountain Finance Holdings, L.L.C. ("NMF Holdings" or the "Predecessor Operating Company") and New Mountain Finance DB, L.L.C. ("NMFDB"), whose assets are used secure NMF Holdings' credit facility and NMFDB's credit facility, respectively;
- New Mountain Finance SBIC, L.P. ("SBIC I") and New Mountain Finance SBIC II, L.P. ("SBIC II"), who have received licenses from the United States ("U.S.") Small Business Administration ("SBA") to operate as small business investment companies ("SBICs") under Section 301(c) of the Small Business Investment Act of 1958, as amended (the "1958 Act") and their general partners, New Mountain Finance SBIC G.P., L.L.C. ("SBIC I GP") and New Mountain Finance SBIC II G.P., L.L.C. ("SBIC II GP"), respectively;
- NMF Ancora Holdings Inc. ("NMF Ancora"), NMF QID Holdings, Inc. ("NMF QID"), NMF YP Holdings Inc. ("NMF YP"), NMF Permian Holdings LLC ("NMF Permian"), NMF HB, Inc. ("NMF HB"), NMF TRM, LLC ("NMF TRM"), NMF Pioneer, Inc. ("NMF Pioneer") and NMF OEC, Inc. ("NMF OEC"), which serve as tax blocker corporations by holding equity or equity-like investments in portfolio companies organized as limited liability companies (or other forms of pass-through entities); we consolidate our tax blocker corporations for accounting purposes but the tax blocker corporations are not consolidated for income tax purposes and may incur income tax expense as a result of their ownership of the portfolio companies; and
- New Mountain Finance Servicing, L.L.C. ("NMF Servicing"), which serves as the administrative agent on certain investment transactions.

New Mountain Net Lease Corporation ("NMNLC"), a majority-owned consolidated subsidiary of ours, which acquires commercial real estate properties that are subject to ‘‘triple net’’ leases, has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a real estate investment trust, or REIT, within the meaning of Section 856(a) of the Code.

New Mountain Finance Advisers BDC, L.L.C.

The Investment Adviser is a wholly-owned subsidiary of New Mountain Capital whose ultimate owners include Steven B. Klinsky and related other vehicles. New Mountain Capital is a firm with a track record of investing in the middle market. New Mountain Capital focuses on investing in defensive growth companies across its private equity, credit and net lease investment strategies. The Investment Adviser manages our day-to-day operations and provides us with investment advisory and management services. In particular, the Investment Adviser is responsible for identifying attractive investment opportunities, conducting research and due diligence on prospective investments, structuring our investments and monitoring and servicing our investments. The Investment Adviser is managed by a five member investment committee, which is responsible for approving purchases and sales of our investments above $10.0 million in aggregate by issuer. For additional information on the investment committee, see "Investment Committee".

New Mountain Finance Administration, L.L.C.

The Administrator, a wholly-owned subsidiary of New Mountain Capital, provides the administrative services necessary to conduct our day-to-day operations. The Administrator also maintains, or oversees the maintenance of, our consolidated financial records, our reports to stockholders and reports filed with the U.S. Securities and Exchange Commission ("SEC"). The Administrator performs the calculation and publication of our net asset values, the payment of our expenses and oversees the performance of various third-party service providers and the preparation and filing of our tax returns. The Administrator may also provide, on our behalf, managerial assistance to our portfolio companies.

Competition

We compete for investments with a number of BDCs and investment funds (including private equity and hedge funds), as well as traditional financial services companies such as commercial banks and other sources of financing. Many of these entities have greater financial and managerial resources than we do. We believe we are able to be competitive with these entities primarily on the basis of the experience and contacts of our management team, our responsive and efficient investment analysis and decision-making processes, the investment terms we offer, the model that we employ to perform our due diligence with the broader New Mountain Capital team and our model of investing in companies and industries we know well.

We believe that some of our competitors may make investments with interest rates and returns that are comparable to or lower than the rates and returns that we target. Therefore, we do not seek to compete solely on the interest rates and returns that we offer to potential portfolio companies. For additional information concerning the competitive risks we face, see *Item 1A.—Risk Factors* in this Annual Report on Form 10-K.

Investment Objective and Portfolio

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

We make investments through both primary originations and open-market secondary purchases. We primarily target loans to, and invest in, U.S. middle market businesses, a market segment we believe continues to be underserved by other lenders. We define middle market businesses as those businesses with annual earnings before interest, taxes, depreciation, and amortization (“EBITDA”) between $10.0 million and $200.0 million. Our primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance. Similar to us, each of SBIC I's and SBIC II's investment objective is to generate current income and capital appreciation under our investment criteria. However, SBIC I’s and SBIC II's investments must be in SBA eligible small businesses. For additional information on SBA regulations, see "SBA Regulation". Our portfolio may be concentrated in a limited number of industries. As of December 31, 2021, our top five industry concentrations were software, business services, healthcare services, investment funds (which includes our investments in our joint ventures) and education. Our targeted investments typically have maturities of between five and ten years and generally range in size between $10.0 million and $125.0 million. This investment size may vary proportionately as the size of our capital base changes. At December 31, 2021, our portfolio consisted of 106 portfolio companies and was invested 52.2% in first lien loans, 19.8% in second lien loans, 1.6% in subordinated debt and 26.4% in equity and other, as measured at fair value versus 104 portfolio companies invested 53.4% in first lien loans, 23.5% in second lien loans, 1.2% in subordinated debt and 21.9% in equity and other, as measured at fair value at December 31, 2020.

The fair value of our investments, as determined in good faith by the board of directors, was approximately $3,174.4 million in 106 portfolio companies at December 31, 2021 and approximately $2,953.5 million in 104 portfolio companies at December 31, 2020.

The following table shows our portfolio and investment activity for the years ended December 31, 2021 and December 31, 2020:

	Year Ended December 31,	
(in millions)	2021	2020
New investments in 62 and 30 portfolio companies, respectively	$ 1,134.9	$ 457.9
Debt repayments in existing portfolio companies	857.8	388.2
Sales of securities in 13 and 19 portfolio companies, respectively	208.9	264.9
Change in unrealized appreciation on 36 and 59 portfolio companies, respectively	136.7	40.5
Change in unrealized depreciation on 92 and 57 portfolio companies, respectively	(44.3)	(94.2)

At December 31, 2021 and December 31, 2020, our weighted average yield to maturity at cost ("YTM at Cost") was approximately 9.1% and 8.6%, respectively. This YTM at Cost calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. At December 31, 2021 and December 31, 2020, our weighted average yield to maturity at cost for investments ("YTM at Cost for Investments") was approximately 8.4% and 8.0%, respectively. This YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. YTM at Cost and YTM at Cost for Investments calculations exclude the impact of existing leverage. YTM at Cost and YTM at Cost for Investments use the London Interbank Offered Rate ("LIBOR") curves at each quarter's end date. The actual yield to maturity may be higher or lower due to the future selection of the LIBOR contracts by the individual companies in our portfolio or other factors.

The following summarizes our ten largest portfolio company investments and the top ten industries in which we were invested as of December 31, 2021, calculated as a percentage of total assets as of December 31, 2021:

Portfolio Company	Percent of Total Assets
NMFC Senior Loan Program III LLC	4.2 %
TVG-Edmentum Holdings, LLC/Edmentum Ultimate Holdings, LLC	4.0 %
NMFC Senior Loan Program IV LLC	3.4 %
New Benevis Topco, LLC/New Benevis Holdco, Inc.	3.3 %
NM NL Holdings LP/NM GP Holdco LLC	3.3 %
GS Acquisitionco, Inc.	2.8 %
PhyNet Dermatology LLC	2.1 %
UniTek Global Services, Inc.	2.1 %
Dealer Tire Holdings, LLC	1.8 %
Tahoe Finco, LLC	1.8 %
Total	28.8 %

Industry Type	Percent of Total Assets
Software	23.7 %
Business Services	15.6 %
Healthcare Services	15.5 %
Investment Fund (includes investments in joint ventures)	7.6 %
Education	7.6 %
Net Lease	6.9 %
Consumer Services	3.4 %
Distribution & Logistics	3.2 %
Insurance Services	2.3 %
Specialty Chemicals & Materials	1.8 %
Total	87.6 %

Investment Criteria

The Investment Adviser has identified the following investment criteria and guidelines for use in evaluating prospective portfolio companies. However, not all of these criteria and guidelines were, or will be, met in connection with each of our investments.

- *Defensive growth industries.* We seek to invest in industries that can succeed in both robust and weak economic environments but which are also sufficiently large and growing to achieve high valuations providing enterprise value cushion for our targeted debt securities.
- *High barriers to competitive entry.* We target industries and companies that have well defined industries and well established, understandable barriers to competitive entry.
- *Recurring revenue.* Where possible, we focus on companies that have a high degree of predictability in future revenue.
- *Flexible cost structure.* We seek to invest in businesses that have limited fixed costs and therefore modest operating leverage.
- *Strong free cash flow and high return on assets.* We focus on businesses with a demonstrated ability to produce meaningful free cash flow from operations. We typically target companies that are not asset intensive and that have minimal capital expenditure and minimal working capital growth needs.
- *Sustainable business and niche market dominance.* We seek to invest in businesses that exert niche market dominance in their industry and that have a demonstrated history of sustaining market leadership over time.
- *Established companies.* We seek to invest in established companies with sound historical financial performance. We do not intend to invest in start-up companies or companies with speculative business plans.
- *Private equity sponsorship.* We generally seek to invest in companies in conjunction with private equity sponsors who we know and trust and who have proven capabilities in building value.
- *Seasoned management team.* We generally require that portfolio companies have a seasoned management team with strong corporate governance. Oftentimes we have a historical relationship with or direct knowledge of key managers from previous investment experience.

Investment Selection and Process

The Investment Adviser believes it has developed a proven, consistent and replicable investment process to execute our investment strategy. The Investment Adviser seeks to identify the most attractive investment sectors from the top down and then works to become the most advantaged investor in these sectors. The steps in the Investment Adviser's process include:

- Identifying attractive investment sectors from the top down;
- Creating competitive advantages in the selected industry sectors; and
- Targeting companies with leading market share and attractive business models in its chosen sectors.

Investment Committee

The Investment Adviser is managed by a five member investment committee (the “Investment Committee”), which is responsible for approving purchases and sales of our investments above $10.0 million in aggregate by issuer. The Investment Committee currently consists of Steven B. Klinsky, Robert A. Hamwee, Adam B. Weinstein and John R. Kline. The fifth and final member of the Investment Committee will consist of a New Mountain Capital Managing Director who will hold the position on the Investment Committee on an annual rotating basis. Jack Qian served on the Investment Committee from August 2020 to July 2021. Beginning in August 2021, Kyle Peterson was appointed to the Investment Committee for a one year term. In addition, our executive officers and certain investment professionals of the Investment Adviser are invited to all Investment Committee meetings. Purchases and dispositions below $10.0 million may be approved by our chief executive officer. These approval thresholds are subject to change over time. We expect to benefit from the extensive and varied relevant experience of the investment professionals serving on the Investment Committee, which includes expertise in private equity, primary and secondary leveraged credit, private mezzanine finance and distressed debt.

The purpose of the Investment Committee is to evaluate and approve, as deemed appropriate, all investments by the Investment Adviser, subject to certain thresholds. The Investment Committee's process is intended to bring the diverse experience and perspectives of the Investment Committee's members to the analysis and consideration of every investment. The

Investment Committee also serves to provide investment consistency and adherence to the Investment Adviser's investment philosophies and policies. The Investment Committee also determines appropriate investment sizing and suggests ongoing monitoring requirements.

In addition to reviewing investments, the Investment Committee meetings serve as a forum to discuss credit views and outlooks. Potential transactions and investment opportunities are also reviewed on a regular basis. Members of our investment team are encouraged to share information and views on credit with the Investment Committee early in their analysis. This process improves the quality of the analysis and assists the deal team members to work more efficiently.

Investment Structure

We target debt investments that will yield current income and occasionally provide the opportunity for capital appreciation through equity securities. Our debt investments are typically structured with the maximum seniority and collateral that we can reasonably obtain while seeking to achieve our total return target.

Debt Investments

The terms of our debt investments are tailored to the facts and circumstances of the transaction and prospective portfolio company and structured to protect its rights and manage its risk while creating incentives for the portfolio company to achieve its business plan. A substantial source of return is the cash interest that we collect on our debt investments.

- **First Lien Loans and Bonds.** First lien loans and bonds generally have terms of four to seven years, provide for a variable or fixed interest rate, may contain prepayment penalties and are secured by a first priority security interest in all existing and future assets of the borrower. Our first lien loans may also include unitranche loans. Unitranche loans combine characteristics of traditional first lien senior secured loans as well as second lien and subordinated loans. Unitranche loans will expose us to the risks associated with second lien and subordinated loans to the extent we invest in the “last out” tranche. These first lien loans and bonds may include payment-in-kind ("PIK") interest, which represents contractual interest accrued and added to the principal that generally becomes due at maturity.

- **Second Lien Loans and Bonds.** Second lien loans and bonds generally have terms of five to eight years, provide for a variable or fixed interest rate, may contain prepayment penalties and are secured by a second priority security interest in all existing and future assets of the borrower. These second lien loans and bonds may include PIK interest.

- **Unsecured Senior, Subordinated and "Mezzanine" Loans and Bonds.** Any unsecured investments are generally expected to have terms of five to ten years and provide for a fixed interest rate. Unsecured investments may include PIK interest and may have an equity component, such as warrants to purchase common stock in the portfolio company.

In addition, from time to time we may also enter into revolving credit facilities, bridge financing commitments, delayed draw commitments or other commitments which can result in providing future financing to a portfolio company.

Equity Investments

When we make a debt investment, we may be granted equity in the portfolio company in the same class of security as the sponsor receives upon funding. In addition, we may from time to time make non-control, passive equity co-investments in conjunction with private equity sponsors. We generally seek to structure our passive equity investments, such as direct equity co-investments, to provide us with minority rights provisions and event-driven put rights. We also seek to obtain limited registration rights in connection with these investments, which may include “piggyback” registration rights.

Portfolio Company Monitoring

We monitor the performance and financial trends of our portfolio companies on at least a quarterly basis. We attempt to identify any developments within the portfolio company, the industry or the macroeconomic environment that may alter any material element of our original investment strategy. We use several methods of evaluating and monitoring the performance of our investments, including but not limited to the following:

- review of monthly and/or quarterly financial statements and financial projections for portfolio companies provided by its management;

- ongoing dialogue with and review of original diligence sources;

- periodic contact with portfolio company management (and, if appropriate, the private equity sponsor) to discuss financial position, requirements and accomplishments; and
- assessment of business development success, including product development, profitability and the portfolio company's overall adherence to its business plan.

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

- Investment Rating 1—Investment is performing materially above expectations;
- Investment Rating 2—Investment is performing materially in-line with expectations. All new loans are rated 2 at initial purchase;
- Investment Rating 3—Investment is performing materially below expectations, where the risk of loss has materially increased since the original investment; and
- Investment Rating 4—Investment is performing substantially below expectations and risks have increased substantially since the original investment. Payments may be delinquent. There is meaningful possibility that we will not recoup our original cost basis in the investment and may realize a substantial loss upon exit.

The following table shows the distribution of our investments and securities purchased under collateralized agreements to resell on the 1 to 4 investment rating scale at fair value as of December 31, 2021:

(in millions)	**As of December 31, 2021**			
Investment Rating	**Cost**	**Percent**	**Fair Value**	**Percent**
Investment Rating 1	$ 247.2	7.8 %	$ 310.8	9.7 %
Investment Rating 2	2,646.3	83.9 %	2,745.3	85.9 %
Investment Rating 3	138.6	4.4 %	100.3	3.2 %
Investment Rating 4	124.4	3.9 %	39.4	1.2 %
	$ 3,156.5	100.0 %	$ 3,195.8	100.0 %

In response to the continuing impact of the outbreak of the COVID-19 pandemic and its impact on the overall market environment and the health of our portfolio companies, we performed a company-by-company evaluation of the anticipated impact of the COVID-19 pandemic. The evaluation process consisted of dialogue with sponsors and portfolio companies to understand the COVID-19 pandemic's impact on each portfolio company, the portfolio company's response to any disruption, the level of sponsor support, and the current and projected financial and liquidity position of the portfolio company. Based on this evaluation, we assigned each portfolio company a "Risk Rating" of red, orange, yellow and green, with red reflecting a portfolio company with the potential for the most severe impact, due to the COVID-19 pandemic, and green reflecting the least. We will continue to monitor our portfolio companies and provide support to their management teams where possible.

The following table shows the Risk Rating of our portfolio companies as of December 31, 2021:

(in millions)	As of December 31, 2021			
Risk Rating	**Cost**	**Percent**	**Fair Value**	**Percent**
Red	$ 111.6	3.5 %	$ 91.0	2.9 %
Orange	135.7	4.3 %	119.8	3.7 %
Yellow	208.5	6.6 %	146.6	4.6 %
Green	2,700.7	85.6 %	2,838.4	88.8 %
	$ 3,156.5	100.0 %	$ 3,195.8	100.0 %

Exit Strategies/Refinancing

We exit our investments typically through one of four scenarios: (i) the sale of the portfolio company itself, resulting in repayment of all outstanding debt, (ii) the recapitalization of the portfolio company in which our loan is replaced with debt or equity from a third party or parties (in some cases, we may choose to participate in the newly issued loan(s)), (iii) the repayment of the initial or remaining principal amount of our loan then outstanding at maturity or (iv) the sale of the debt investment by us. In some investments, there may be scheduled amortization of some portion of our loan which would result in a partial exit of our investment prior to the maturity of the loan.

Valuation

At all times, consistent with accounting principles generally accepted in the United States of America ("GAAP") and the 1940 Act, we conduct a valuation of our assets, which impacts our net asset value.

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

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

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

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

b. For investments other than bonds, the investment professionals of the Investment Adviser look at the number of quotes readily available and perform the following:

i. Investments for which two or more quotes are received from a pricing service are valued using the mean of the mean of the bid and ask of the quotes obtained. We will evaluate the reasonableness of the quote, and if the quote is determined to not be representative of fair value, we will use one or more of the methodologies outlined below to determine fair value;

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

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

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

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

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

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

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

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

Operating and Regulatory Environment

As with other companies regulated by the 1940 Act, a BDC must adhere to certain regulatory requirements. The 1940 Act contains prohibitions and restrictions relating to investments by a BDC in another investment company as well as transactions between BDCs and their affiliates, principal underwriters and affiliates of those affiliates or underwriters. A BDC must be organized and have its principal place of business in the U.S., it must be operated for the purpose of investing in or lending to primarily private or thinly traded companies and it must make significant managerial assistance available to those companies whose securities are considered Qualifying Assets (as defined below) for the BDC. A BDC may use capital provided by public stockholders and from other sources to make long-term, private investments in businesses. A BDC provides stockholders the ability to retain the liquidity of a publicly traded stock while sharing in the possible benefits, if any, of investing in primarily privately owned companies.

We have a board of directors. A majority of our board of directors must be persons who are not "interested persons", as that term is defined in the 1940 Act (the "independent directors"). As a BDC, we are prohibited from indemnifying any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office. Additionally, to provide additional shareholder protection we are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect the BDC.

As a BDC, we are required to meet a coverage ratio of the value of total assets to total senior securities, which include all of our borrowings, excluding SBA-guaranteed debentures, and any preferred stock we may issue in the future, of at least 150.0% (which means we can borrow $2 for every $1 of our equity). We monitor our compliance with this coverage ratio on a regular basis.

We may, to the extent permitted under the 1940 Act, issue additional equity or debt capital. We will generally not be able to issue and sell our common stock at a price below net asset value per share without shareholder approval. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value of our common stock if our board of directors determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. In addition, we may generally issue new shares of our common stock at a price below net asset value in rights offerings to existing stockholders, in payment of dividends and in certain other limited circumstances.

As a BDC, we will not generally be permitted to invest in any portfolio company in which the Investment Adviser or any of its affiliates currently have an investment or to make any co-investments with the Investment Adviser or its affiliates without an exemptive order from the SEC. On October 8, 2019, the SEC issued an exemptive order (the “Exemptive Order”), which superseded a prior order issued on December 18, 2017, which permits us to co-invest in portfolio companies with certain funds or entities managed by the Investment Adviser or its affiliates in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act, subject to the conditions of the Exemptive Order. Pursuant to the Exemptive Order, we are permitted to co-invest with our affiliates if a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors make certain conclusions in connection with a co-investment transaction, including, but not limited to, that (1) the terms of the potential co-investment transaction, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching in respect of us or our stockholders on the part of any person concerned, and (2) the potential co-investment transaction is consistent with the interests of our stockholders and is consistent with our then-current investment objective and strategies.

We may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC unless authorized by vote of a majority of the outstanding voting securities, as required by the 1940 Act. A majority of the outstanding voting securities of a company is defined under the 1940 Act as the lesser of: (a) 67.0% or more of such company's voting securities present at a meeting if more than 50.0% of the outstanding voting securities of such company are present or represented by proxy, or (b) more than 50.0% of the outstanding voting securities of such company. We do not anticipate any substantial change in the nature of our business.

In addition, as a BDC, we are not permitted to issue stock in consideration for services.

Taxation as a Regulated Investment Company

We have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as a RIC under Subchapter M of the Code. As a RIC, we generally will not be subject to corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we timely distribute to our stockholders as distributions. Rather, distributions paid by us generally will be taxable to our stockholders, and any net operating losses, foreign tax credits and other tax attributes of ours generally will not pass through to our stockholders, subject to special rules for certain items such as net capital gains and qualified dividend income recognized by us.

To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements. In addition, to qualify for tax treatment as a RIC, we must timely distribute to our stockholders, for each taxable year, at least 90.0% of our "investment company taxable income", which is generally our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses (the "Annual Distribution Requirement").

We will be subject to a 4.0% nondeductible U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98.0% of our net ordinary income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending October 31 in that calendar year and (3) any ordinary income and capital gain net income that we recognized for the preceding years, but were not distributed during such years, and on which we did not pay corporate-level U.S. federal income tax (the "Excise Tax Avoidance Requirement"). While we intend to make distributions to our stockholders in each taxable year that will be sufficient to avoid any U.S. federal excise tax on our earnings, there can be no assurance that we will be successful in entirely avoiding this tax.

In order to qualify as a RIC for U.S. federal income tax purposes, we must, among other things:

- continue to qualify as a BDC under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90.0% of our gross income from dividends, interest, payments with respect to loans of certain securities, gains from the sale of stock or other securities or foreign currencies, net income from certain "qualified publicly traded partnerships", or other income derived with respect to our business of investing in such stock or securities (the "90.0% Income Test"); and
- diversify our holdings so that at the end of each quarter of the taxable year:
  - at least 50.0% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5.0% of the value of our assets or more than 10.0% of the outstanding voting securities of the issuer; and

- no more than 25.0% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of: (1) one issuer, (2) two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades, or (3) businesses or of certain "qualified publicly traded partnerships" (the "Diversification Tests").

A RIC is limited in its ability to deduct expenses in excess of its "investment company taxable income" (which is, generally, ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses). If our expenses in a given year exceed our investment company taxable income, we would experience a net operating loss for that year. However, a RIC is not permitted to carry forward net operating losses to subsequent years and such net operating losses do not pass through to its stockholders. In addition, expenses can be used only to offset investment company taxable income, not net capital gain. A RIC may not use any net capital losses (that is, realized capital losses in excess of realized capital gains) to offset the RIC's investment company taxable income, but may carry forward such losses, and use them to offset capital gains, indefinitely. Due to these limits on the deductibility of expenses and net capital losses, we may for U.S. federal income tax purposes have aggregate taxable income for several years that we are required to distribute and that is taxable to our stockholders even if such income is greater than the aggregate net income we actually earned during those years.

Failure to Qualify as a Regulated Investment Company

If we fail to satisfy the 90.0% Income Test or the Diversification Tests for any taxable year or quarter of such taxable year, we may nevertheless continue to qualify as a RIC for such year if certain relief provisions of the Code apply (which may, among other things, require us to pay certain corporate-level U.S. federal income taxes or to dispose of certain assets). If we fail to qualify for treatment as a RIC and such relief provisions do not apply to us, we will be subject to U.S. federal income tax on all of our taxable income at regular corporate rates (and also will be subject to any applicable state and local taxes), regardless of whether we make any distributions to our stockholders. Distributions would not be required. However, if distributions were made, any such distributions would be taxable to our stockholders as ordinary dividend income and, subject to certain limitations under the Code, any such distributions may be eligible for the 20.0% maximum rate applicable to non-corporate taxpayers to the extent of our current or accumulated earnings and profits. Subject to certain limitations under the Code, corporate distributees would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain.

Subject to a limited exception applicable to RICs that qualified as such under Subchapter M of the Code for at least one year prior to disqualification and that requalify as a RIC no later than the second year following the non-qualifying year, we could be subject to tax on any unrealized net built-in gains in the assets held by us during the period in which we failed to qualify as a RIC that are recognized during the five-year period after our requalification as a RIC, unless we made a special election to pay corporate-level U.S. federal income tax on such built-in gain at the time of our requalification as a RIC. We may decide to be taxed as a regular corporation even if we would otherwise qualify as a RIC if we determine that treatment as a corporation for a particular year would be in our best interests.

SBA Regulation

On August 1, 2014 and August 25, 2017, SBIC I and SBIC II, our wholly owned subsidiaries, received licenses from the SBA to operate as SBICs under Section 301(c) of the 1958 Act, respectively. SBIC I and SBIC II have an investment strategy and philosophy substantially similar to ours and make similar types of investments in accordance with SBA regulations.

An SBIC license allows each of SBIC I and SBIC II to incur leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment and other customary procedures. SBA-guaranteed debentures carry long-term fixed rates that are generally lower than rates on comparable bank and other debt. In June 2018, the limit of SBA leverage available to an individual SBIC eligible for two tiers of leverage was increased from $150.0 million with at least $75.0 million in regulatory capital to $175.0 million with at least $87.5 million in regulatory capital, subject to SBA approval. Currently, SBIC I and SBIC II operate under the prior $150.0 million leverage limit. SBA-guaranteed debentures are non-recourse, have a maturity of ten years, require semi-annual payments of interest and do not require any principal payments prior to maturity. SBIC I and SBIC II are subject to regulation and oversight by the SBA, including requirements with respect to reporting financial information, such as the extent of capital impairment, if applicable, on a regular basis. The SBA, as a creditor, will have a superior claim to SBIC I's and SBIC II's assets over our stockholders in the event SBIC I and SBIC II are liquidated or the SBA exercises its remedies under the SBA-guaranteed debentures issued by SBIC I and SBIC II upon an event of default.

On November 5, 2014, we received exemptive relief from the SEC to permit us to exclude the SBA-guaranteed debentures of SBIC I, SBIC II and any other future SBIC subsidiaries from our 150.0% asset coverage test under the 1940 Act.

As such, our ratio of total consolidated assets to outstanding indebtedness may be less than 150.0%. This provides us with increased investment flexibility but also increases our risks related to leverage.

SBICs are designed to stimulate the flow of private investor capital to eligible "small businesses" as defined by the SBA. Under SBA regulations, SBICs may make loans to eligible small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services. Under present SBA regulations, eligible small businesses generally include businesses that (together with their affiliates) have a tangible net worth not exceeding $19.5 million and have average annual net income after U.S. federal income taxes not exceeding $6.5 million (average net income to be computed without benefit of any carryover loss) for the two most recent fiscal years. In addition, an SBIC must invest 25.0% of its investment capital to "smaller enterprises", as defined by the SBA. The definition of a smaller enterprise generally includes businesses that (together with their affiliates) have a tangible net worth not exceeding $6.0 million for the most recent fiscal year and have average net income after U.S. federal income taxes not exceeding $2.0 million (average net income to be computed without benefit of any net carryover loss) for the two most recent fiscal years. SBA regulations also provide alternative industry size standard criteria to determine eligibility for designation as an eligible small business or smaller enterprise, which criteria depend on the primary industry in which the business is engaged and is based on the number of employees or gross revenue of the business and its affiliates. However, once an SBIC has invested in an eligible small business, it may continue to make follow-on investments in the company, regardless of the size of the company at the time of the follow-on investment, up to the time of the company's initial public offering, if any.

The SBA generally prohibits an SBIC from providing financing to small businesses with certain characteristics, such as relending or businesses with the majority of their employees located outside the United States, and business engaged in certain prohibited industries, such as project finance, real estate, farmland, financial intermediaries or "passive" (i.e. non-operating) businesses. Without prior SBA approval, an SBIC may not provide financing or a commitment to a small business in an amount equal to more than approximately 30.0% of the SBIC's regulatory capital in any one company and its affiliates.

The SBA places certain limitations on the financing terms of investments by SBICs in portfolio companies (such as limiting the permissible interest rate on debt securities held by an SBIC in a portfolio company). An SBIC may exercise control over a small business for a period of up to seven years from the date on which the SBIC initially acquires its control position. This control period may be extended for an additional period of time with the SBA's prior written approval.

The SBA restricts the ability of an SBIC to provide financing to an "associate" as defined in the SBA regulations, without prior written approval from the SBA. The SBA also prohibits, without prior SBA approval, a "change of control" of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10.0% or more of a class of capital stock of a licensed SBIC. A "change of control" is any event which would result in the transfer of the power, direct or indirect, to direct the management and policies of an SBIC, whether through ownership, contractual arrangements or otherwise.

The SBA regulations require, among other things, a periodic examination of a licensed SBIC by an SBA examiner to determine the SBIC's compliance with the relevant SBA regulations, and the performance of a financial audit by an independent auditor.

The maximum leverage available to a "family" of affiliated SBIC funds is $350.0 million, subject to SBA approval.

Summary Risk Factors

The risk factors described below are a summary of the principal risk factors associated with an investment in us. These are not the only risks we face. You should carefully consider these risk factors, together with the risk factors set forth in Item 1A. of this Annual Report on Form 10-K and the other reports and documents filed by us with the SEC.

Risks Relating to Our Business and Structure

- We are currently operating in a period of capital markets disruption and economic uncertainty.
- Adverse developments in the credit markets may impair our ability to secure debt financing.
- Events outside of our control, including public health crises, could negatively affect our portfolio companies and our results of our operations.
- We may suffer credit losses.
- There is uncertainty as to the value of our portfolio investments because most of our investments are, and may continue to be in private companies and recorded at fair value. In addition, the fair values of our investments are determined by our board of directors in accordance with our valuation policy.
- Our ability to achieve our investment objective depends on key investment personnel of the Investment Adviser. If the Investment Adviser were to lose any of its key investment personnel, our ability to achieve our investment objective could be significantly harmed.

- The 1940 Act and the Code impose numerous constraints on the operations of BDCs and RICs, which could adversely affect our business.
- We operate in a highly competitive market for investment opportunities and may not be able to compete effectively.
- Our business, results of operations and financial condition depend on our ability to manage future growth effectively.
- The management fee and incentive fee may induce the Investment Adviser to make speculative investments.
- We may be obligated to pay the Investment Adviser incentive compensation even if we incur a loss.
- The incentive fee we pay to the Investment Adviser with respect to capital gains may be effectively greater than 20.0%.
- We borrow money, which could magnify the potential for gain or loss on amounts invested in us and increase the risk of investing in us.
- If we are unable to comply with the covenants or restrictions in our borrowings, our business could be materially adversely affected.
- The terms of our credit facilities may contractually limit our ability to incur additional indebtedness.
- If we are unable to obtain additional debt financing, or if our borrowing capacity is materially reduced, our business could be materially adversely affected.
- A renewed disruption in the capital markets and the credit markets could adversely affect our business.
- SBIC I and SBIC II are licensed by the SBA and are subject to SBA regulations.

Risks Related to Our Operations

- Because we intend to distribute substantially all of our income to our stockholders to maintain our status as a RIC, we will continue to need additional capital to finance our growth. If additional funds are unavailable or not available on favorable terms, our ability to grow may be impaired.
- SBIC I and SBIC II may be unable to make distributions to us that will enable us to meet or maintain our RIC tax treatment.
- Our ability to enter into transactions with our affiliates is restricted.
- The Investment Adviser has significant potential conflicts of interest with us and, consequently, your interests as stockholders which could adversely impact our investment returns.
- The valuation process for certain of our portfolio holdings creates a conflict of interest.
- Conflicts of interest may exist related to other arrangements with the Investment Adviser or its affiliates.
- The Investment Management Agreement with the Investment Adviser and the Administration Agreement with the Administrator were not negotiated on an arm’s length basis.
- The Investment Adviser’s liability is limited under the Investment Management Agreement, and we have agreed to indemnify the Investment Adviser against certain liabilities, which may lead the Investment Adviser to act in a riskier manner than it would when acting for its own account.
- If we fail to maintain our status as a BDC, our business and operating flexibility could be significantly reduced.
- If we do not invest a sufficient portion of our assets in qualifying assets, we could be precluded from investing in certain assets or could be required to dispose of certain assets, which could have a material adverse effect on our business, financial condition and results of operations.
- Regulations governing the operations of BDCs will affect our ability to raise additional equity capital as well as our ability to issue senior securities or borrow for investment purposes, any or all of which could have a negative effect on our investment objectives and strategies.
- Our business model in the future may depend to an extent upon our referral relationships with private equity sponsors, and the inability of the investment professionals of the Investment Adviser to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business strategy.
- Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse to your interests as stockholders.
- We will be subject to corporate-level U.S. federal income tax on all of our income if we are unable to maintain tax treatment as a RIC under Subchapter M of the Code, which would have a material adverse effect on our financial performance.
- You may have current tax liabilities on distributions you reinvest in our common stock.
- We may not be able to pay you distributions on our common stock, our distributions to you may not grow over time and a portion of our distributions to you may be a return of capital for U.S. federal income tax purposes.
- We may have difficulty paying our required distributions if we recognize taxable income before or without receiving cash representing such income.
- Small Business Credit Availability Act allows us to incur additional leverage, which could increase the risk of investing in our securities.
- Internal and external cyber threats, as well as other disasters, could impair our ability to conduct business effectively.

Risks Relating to Our Investments

- Our investments in portfolio companies may be risky, and we could lose all or part of any of our investments.
- Our investment strategy, which is focused primarily on privately held companies, presents certain challenges, including the lack of available information about these companies.
- Our investments in securities rated below investment grade are speculative in nature and are subject to additional risk factors such as increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates.
- Our portfolio may be concentrated in a limited number of industries, which may subject us to a risk of significant loss if there is a downturn in a particular industry in which a number of our investments are concentrated.
- Defaults by our portfolio companies may harm our operating results.
- The lack of liquidity in our investments may adversely affect our business.
- If we are unable to make follow-on investments in our portfolio companies, the value of our investment portfolio could be adversely affected.
- Second priority liens on collateral securing loans that we make to our portfolio companies may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and us.
- A number of our portfolio companies provide services to the U.S. government. Changes in the U.S. government’s priorities and spending, or significant delays or reductions in appropriations of the U.S. government’s funds, could have a material adverse effect on the financial position, results of operations and cash flows of such portfolio companies.
- Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.
- We may not realize gains from our equity investments.
- Our performance may differ from our historical performance as our current investment strategy includes significantly more primary originations in addition to secondary market purchases.
- Changes relating to the LIBOR calculation process may adversely affect the value of our portfolio of LIBOR-indexed, floating-rate debt securities.

Risks Relating to Our Securities

- Investing in our common stock may involve an above average degree of risk.
- Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.
- Shares of our common stock have traded at a discount from net asset value and may do so in the future.
- You may not receive distributions or our distributions may decline or may not grow over time.

Investment Management Agreement

We are a closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act. We are externally managed by our Investment Adviser and pay our Investment Adviser a fee for its services. The following summarizes our arrangements with the Investment Adviser pursuant to an investment advisory and management agreement (the "Investment Management Agreement").

Management Services

The Investment Adviser is registered as an Investment Adviser under the Advisers Act. The Investment Adviser serves pursuant to the Investment Management Agreement in accordance with the 1940 Act. Subject to the overall supervision of our board of directors, the Investment Adviser manages our day-to-day operations and provides us with investment advisory and management services. Under the terms of the Investment Management Agreement, the Investment Adviser:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- determines the securities and other assets that we will purchase, retain or sell;
- identifies, evaluates and negotiates the structure of our investments that we make;
- executes, monitors and services the investments that we make;
- performs due diligence on prospective portfolio companies;

- votes, exercises consents and exercises all other rights appertaining to such securities and other assets on our behalf; and
- provides us with such other investment advisory, research and related services as we may, from time to time, reasonably require.

The Investment Adviser's services under the Investment Management Agreement are not exclusive, and the Investment Adviser (so long as its services to us are not impaired) and/or other entities affiliated with New Mountain Capital are permitted to furnish similar services to other entities. The Investment Adviser also manages other funds that may have investment mandates that are similar, in whole or in part, to ours.

Management Fees

Pursuant to the Investment Management Agreement, we have agreed to pay the Investment Adviser a fee for investment advisory and management services consisting of two components—a base management fee and an incentive fee. The cost of both the base management fee payable to the Investment Adviser and any incentive fees paid in cash to the Investment Adviser are borne by us and, as a result, are indirectly borne by our common stockholders.

Base Management Fees

Pursuant to Amendment No. 1 to the Investment Management Agreement dated November 1, 2021 ("Amendment No. 1"), the base management fee is calculated at an annual rate of 1.4% of the Company's gross assets, which equals the Company's total assets on the Consolidated Statements of Assets and Liabilities, less cash and cash equivalents. Prior to Amendment No. 1, pursuant to the Investment Management Agreement, the base management fee was calculated at an annual rate of 1.75% of the Company's gross assets, which equaled the Company's total assets on the Consolidated Statements of Assets and Liabilities, less (i) the borrowings under the New Mountain Finance SPV Funding, L.L.C. Loan and Security Agreement, as amended and restated, dated October 27, 2010 (the "SLF Credit Facility") and (ii) cash and cash equivalents. The base management fee is payable quarterly in arrears, and is calculated based on the average value of the Company's gross assets, which equals the Company's total assets, as determined in accordance with GAAP, less cash and cash equivalents at the end of each of the two most recently completed calendar quarters, and appropriately adjusted on a pro rata basis for any equity capital raises or repurchases during the current calendar quarter. The Company has not invested, and currently is not invested, in derivatives. To the extent the Company invests in derivatives in the future, the Company will use the actual value of the derivatives, as reported on the Consolidated Statements of Assets and Liabilities, for purposes of calculating its base management fee.

Since our IPO and through November 1, 2021, the date of Amendment No. 1, the base management fee calculation has deducted the borrowings under the SLF Credit Facility. The SLF Credit Facility had historically consisted of primarily lower yielding assets at higher advance rates. As part of an amendment to our existing credit facilities with Wells Fargo Bank, National Association, the SLF Credit Facility merged with the NMF Holdings Loan and Security Agreement, as amended and restated, dated May 19, 2011 and into the Second Amended and Restated Loan and Security Agreement with Wells Fargo Bank, National Association on December 18, 2014, which was amended and restated on October 24, 2017 by the Third Amended and Restated Loan and Security Agreement with Wells Fargo, National Association (the "Holdings Credit Facility"). See *Item 8.—Financial Statements and Supplementary Data—Note 7. Borrowings* in this Annual Report on Form 10-K for additional information on our credit facilities. The amendment merged the credit facilities and combined the amount of borrowings previously available. Post credit facility merger and to be consistent with the methodology since our IPO, the Investment Adviser will continue to waive management fees on the leverage associated with those assets held under revolving credit facilities that share the same underlying yield characteristics with investments leveraged under the legacy SLF Credit Facility. Effective as of and for the quarter ended March 31, 2021 through the quarter ending December 31, 2022, the Investment Adviser has entered into a fee waiver agreement (the "Fee Waiver Agreement") pursuant to which the Investment Adviser will waive base management fees in order to reach a target base management fee of 1.25% on gross assets (the “Reduced Base Management Fee”) as opposed to our then-current (i.e., prior to Amendment No. 1) base management fee of 1.75% on gross assets less the borrowings under the SLF Credit Facility and less cash and cash equivalents. On November 2, 2021, the Investment Adviser extended the term of the Fee Waiver Agreement to be effective through the quarter ended December 31, 2023, rather than the quarter ended December 31, 2022. If, for any quarterly period during the term of the Fee Waiver Agreement, the Reduced Base Management Fee would be greater than the base management fee calculated under the terms of the Investment Management Agreement, as amended by Amendment No. 1 (i.e., 1.4% of our gross assets), the Investment Adviser shall only be entitled to the lesser of those two amounts. The Investment Adviser cannot recoup management fees that the Investment Adviser has previously waived. For the year ended December 31, 2021, total management fees waived was approximately $13.1 million.

Incentive Fees

The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20.0% of our "Pre-Incentive Fee Net Investment Income" for the immediately preceding quarter, subject to a "preferred return", or "hurdle", and a "catch-up" feature. "Pre-Incentive Fee Net Investment Income" means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, upfront, diligence and consulting fees or other fees that we receive from portfolio companies) accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable under the administration agreement, as amended and restated (the "Administration Agreement"), with the Administrator, and any interest expense and distributions paid on any issued and outstanding preferred stock (of which there is none as of December 31, 2021), but excluding the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), accrued income that we have not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

Pre-Incentive Fee Net Investment Income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, will be compared to a "hurdle rate" of 2.0% per quarter (8.0% annualized), subject to a "catch-up" provision measured as of the end of each calendar quarter. The hurdle rate is appropriately pro-rated for any partial periods. The calculation of our incentive fee with respect to the Pre-Incentive Fee Net Investment Income for each quarter is as follows:

- No incentive fee is payable to the Investment Adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate of 2.0% (the "preferred return" or "hurdle").
- 100.0% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than or equal to 2.5% in any calendar quarter (10.0% annualized) is payable to the Investment Adviser. This portion of our Pre-Incentive Fee Net Investment Income (which exceeds the hurdle rate but is less than or equal to 2.5%) is referred to as the "catch-up". The catch-up provision is intended to provide the Investment Adviser with an incentive fee of 20.0% on all of our Pre-Incentive Fee Net Investment Income as if a hurdle rate did not apply when our Pre-Incentive Fee Net Investment Income exceeds 2.5% in any calendar quarter.
- 20.0% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.5% in any calendar quarter (10.0% annualized) is payable to the Investment Adviser once the hurdle is reached and the catch-up is achieved.

For the year ended December 31, 2021, no incentive fees were waived. The Investment Adviser cannot recoup incentive fees that the Investment Adviser has previously waived.

The second part of the incentive fee will be determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement) and will equal 20.0% of our realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fee.

In accordance with GAAP, we accrue a hypothetical capital gains incentive fee based upon the cumulative net realized capital gains and realized capital losses and the cumulative net unrealized capital appreciation and unrealized capital depreciation on investments held at the end of each period. Actual amounts paid to the Investment Adviser are consistent with the Investment Management Agreement and are based only on actual realized capital gains computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis from inception through the end of each calendar year as if the entire portfolio was sold at fair value.

Example 1: Income Related Portion of Incentive Fee for Each Calendar Quarter:

Alternative 1

Assumptions

Investment income (including interest, dividends, fees, etc.) = 1.25%
Hurdle rate(1) = 2.00%
Management fee(2) = 0.35%
Other expenses (legal, accounting, safekeeping agent, transfer agent, etc.)(3) = 0.20%

Pre-Incentive Fee Net Investment Income
(investment income – (management fee + other expenses)) = 0.70%

Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate, therefore there is no income related incentive fee.

Alternative 2

Assumptions

Investment income (including interest, dividends, fees, etc.) = 2.90%
Hurdle rate(1) = 2.00%
Management fee(2) = 0.35%
Other expenses (legal, accounting, safekeeping agent, transfer agent, etc.)(3) = 0.20%

Pre-Incentive Fee Net Investment Income
(investment income – (management fee + other expenses)) = 2.35%

Incentive fee = 100.00% × Pre-Incentive Fee Net Investment Income (subject to "catch-up")(4)

= 100.00% × (2.35% – 2.00%)
= 0.35%

Pre-Incentive Fee Net Investment Income exceeds the hurdle rate, but does not fully satisfy the "catch-up" provision, therefore the income related portion of the incentive fee is 0.35%.

Alternative 3

Assumptions

Investment income (including interest, dividends, fees, etc.) = 3.50%
Hurdle rate(1) = 2.00%
Management fee(2) = 0.35%
Other expenses (legal, accounting, safekeeping agent, transfer agent, etc.)(3) = 0.20%

Pre-Incentive Fee Net Investment Income
(investment income – (management fee + other expenses)) = 2.95%

Incentive fee = 100.00% × Pre-Incentive Fee Net Investment Income (subject to "catch-up")(4)

Incentive fee = 100.00% × "catch-up" + (20.00% × (Pre-Incentive Fee Net Investment Income 2.50%))

Catch-up = 2.50% – 2.00%
= 0.50%

Incentive fee = (100.00% × 0.50%) + (20.00% × (2.95% – 2.50%))
= 0.50% + (20.00% × 0.45%)
= 0.50% + 0.09%
= 0.59%

Pre-Incentive Fee Net Investment Income exceeds the hurdle rate, and fully satisfies the "catch-up" provision, therefore the income related portion of the incentive fee is 0.59%

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(1) Represents 8.00% annualized hurdle rate.

(2) Assumes 1.4% annualized base management fee.

(3) Excludes organizational and offering expenses.

(4) The "catch-up" provision is intended to provide the Investment Adviser with an incentive fee of 20.00% on all Pre-Incentive Fee Net Investment Income as if a hurdle rate did not apply when our net investment income exceeds 2.50% in any calendar quarter.

Example 2: Capital Gains Portion of Incentive Fee:

Alternative 1:

Assumptions

Year 1: $20.0 million investment made in Company A ("Investment A"), and $30.0 million investment made in Company B ("Investment B")

Year 2: Investment A sold for $50.0 million and fair market value ("FMV") of Investment B determined to be $32.0 million

Year 3: FMV of Investment B determined to be $25.0 million

Year 4: Investment B sold for $31.0 million

The capital gains portion of the incentive fee would be:

Year 1: None

Year 2: Capital gains incentive fee of $6.0 million—($30.0 million realized capital gains on sale of Investment A multiplied by 20.0%)

Year 3: None—$5.0 million (20.0% multiplied by ($30.0 million cumulative capital gains less $5.0 million cumulative capital depreciation)) less $6.0 million (previous capital gains fee paid in Year 2)

Year 4: Capital gains incentive fee of $0.2 million—$6.2 million ($31.0 million cumulative realized capital gains multiplied by 20.0%) less $6.0 million (capital gains incentive fee taken in Year 2)

Alternative 2

Assumptions

Year 1: $20.0 million investment made in Company A ("Investment A"), $30.0 million investment made in Company B ("Investment B") and $25.0 million investment made in Company C ("Investment C")

Year 2: Investment A sold for $50.0 million, FMV of Investment B determined to be $25.0 million and FMV of Investment C determined to be $25.0 million

Year 3: FMV of Investment B determined to be $27.0 million and Investment C sold for $30.0 million

Year 4: FMV of Investment B determined to be $35.0 million

Year 5: Investment B sold for $20.0 million

The capital gains incentive fee, if any, would be:

Year 1: None

Year 2: $5.0 million capital gains incentive fee—20.0% multiplied by $25.0 million ($30.0 million realized capital gains on Investment A less $5.0 million unrealized capital depreciation on Investment B)

Year 3: $1.4 million capital gains incentive fee—$6.4 million (20.0% multiplied by $32.0 million ($35.0 million cumulative realized capital gains less $3.0 million unrealized capital depreciation)) less $5.0 million capital gains incentive fee received in Year 2

Year 4: $0.6 million capital gains incentive fee—$7.0 million (20.0% multiplied by $35.0 million cumulative realized capital gains) less cumulative $6.4 million capital gains incentive fee received in Year 2 and Year 3

Year 5: None—$5.0 million (20.0% multiplied by $25.0 million (cumulative realized capital gains of $35.0 million less realized capital losses of $10.0 million)) less $7.0 million cumulative capital gains incentive fee paid in Year 2, Year 3 and Year 4(1)

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(1) As noted above, it is possible that the cumulative aggregate capital gains fee received by the Investment Adviser ($7.0 million) is effectively greater than $5.0 million (20.0% of cumulative aggregate realized capital gains less net realized capital losses or net unrealized depreciation ($25.0 million)).

Payment of Expenses

Our primary operating expenses are interest payable on our debt, the payment of a base management fee and any incentive fees under the Investment Management Agreement and the allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us under the Administration Agreement. We bear all other expenses of our operations and transactions, including (without limitation) fees and expenses relating to:

- organizational and offering expenses;
- the investigation and monitoring of our investments;
- the cost of calculating net asset value;
- interest payable on debt, if any, to finance our investments;
- the cost of effecting sales and repurchases of shares of our common stock and other securities;
- management and incentive fees payable pursuant to the Investment Management Agreement;
- fees payable to third parties relating to, or associated with, making investments and valuing investments (including third-party valuation firms);
- transfer agent and custodial fees;
- fees and expenses associated with marketing efforts (including attendance at investment conferences and similar events);
- federal and state registration fees;
- any exchange listing fees;
- federal, state, local and foreign taxes;
- independent directors' fees and expenses;
- brokerage commissions;
- costs of proxy statements, stockholders' reports and notices;
- costs of preparing government filings, including periodic and current reports with the SEC;
- fees and expenses associated with independent audits and outside legal costs;
- costs associated with reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws;
- fidelity bond, liability insurance and other insurance premiums; and
- printing, mailing and all other direct expenses incurred by either the Investment Adviser or us in connection with administering our business, including payments under the Administration Agreement that are based upon our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us under the Administration Agreement, including the allocable portion of the compensation of our chief financial officer and chief compliance officer and their respective staffs.

Board Consideration of the Investment Management Agreement

Our board of directors initially approved our Investment Management Agreement between the Company and the Adviser on March 25, 2014. Thereafter, our stockholders approved the Investment Management Agreement on May 6, 2014. The Investment Management Agreement first became effective on May 8, 2014. Our board of directors determined at a virtual meeting held on November 1, 2021 to approve Amendment No. 1 to the Investment Management Agreement, the sole purpose of which was to reduce the base management fee. On February 23, 2022, our board of directors held a board meeting to consider the re-approval of our Investment Management Agreement by virtual means in reliance on relief provided by the SEC in response to the COVID-19 pandemic. As a condition of the SEC's COVID-19 relief, the board of directors will be required to ratify the re-approval of the Investment Management Agreement at its next in-person meeting. In its consideration of the re-approval of the Investment Management Agreement, our board of directors focused on information they had received relating to, among other things:

- the nature, extent and quality of advisory and other services provided by the Investment Adviser, including information about our investment performance relative to our stated objectives and in comparison to our performance peer group and relevant market indices, and concluded that such advisory and other services are satisfactory and our investment performance is reasonable;
- the experience and qualifications of the personnel providing such advisory and other services, including information about the backgrounds of the investment personnel, the allocation of responsibilities among such personnel and the process by which investment decisions are made, and concluded that the investment personnel of the Investment Adviser have extensive experience and are well qualified to provide advisory and other services to us;
- the current fee structure, the existence of any fee waivers, and our anticipated expense ratios in relation to those of other investment companies having comparable investment policies and limitations, and concluded that the current fee structure is reasonable;
- the advisory fees charged to us by the Investment Adviser and comparative data regarding the advisory fees charged by other investment advisers to BDCs with similar investment objectives, and concluded that the advisory fees charged to us by the Investment Adviser are reasonable;
- the direct and indirect costs, including for personnel and office facilities, that are incurred by the Investment Adviser and its affiliates in performing services for us and the basis of determining and allocating these costs, and concluded that the direct and indirect costs, including the allocation of such costs, are reasonable;
- the total of all assets managed by the Adviser, as well as total number of investment companies and other clients serviced by the Adviser and possible economies of scale arising from our size and/or anticipated growth, and the extent to which such economies of scale are reflected in the advisory fees charged to us by the Investment Adviser, and concluded that some economies of scale may be possible in the future;
- other possible benefits to the Investment Adviser and its affiliates arising from their relationships with us, and concluded that any such other benefits were not material to the Investment Adviser and its affiliates; and
- possible alternative fee structures or bases for determining fees and the possibility of obtaining similar services from other third party service providers, and concluded that our current fee structure and bases for determining fees are satisfactory.

Based on the information reviewed and the discussions detailed above, our board of directors, including a majority of the independent directors, concluded that the fees payable to the Investment Adviser pursuant to the Investment Management Agreement were reasonable, and comparable to the fees paid by other management investment companies with similar investment objectives, in relation to the services to be provided. As a result, our board of directors re-approved the Investment Management Agreement for a period of 12 months commencing on May 8, 2022, Our board of directors did not assign relative weights to the above factors or the other factors considered by it. Individual members of our board of directors may have given different weights to different factors.

Qualifying Assets

Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as "qualifying assets", unless, at the time the acquisition is made, qualifying assets represent at least 70.0% of the BDC's total assets. The principal categories of qualifying assets relevant to our business are any of the following:

1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an "eligible portfolio company", or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:

   (a) is organized under the laws of, and has its principal place of business in, the United States;

   (b) is not an investment company (other than an SBIC wholly-owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and

   (c) satisfies any of the following:

      (i) does not have any class of securities that is traded on a national securities exchange;

(ii) has a class of securities listed on a national securities exchange, but has an aggregate market value of outstanding voting and non-voting common equity of less than $250.0 million;

(iii) is controlled by a BDC or a group of companies including a BDC and the BDC has an affiliated person who is a director of the eligible portfolio company; or

(iv) is a small and solvent company having total assets of not more than $4.0 million and capital and surplus of not less than $2.0 million.

2) Securities of any eligible portfolio company that the BDC controls.

3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.

4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and the BDC already owns 60.0% of the outstanding equity of the eligible portfolio company.

5) Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.

6) Cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

In addition, a BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in (1), (2) or (3) above.

As of December 31, 2021, 19.3% of our total assets were non-qualifying assets.

Significant Managerial Assistance to Portfolio Companies

BDCs generally must offer to make available to the eligible issuers of its securities significant managerial assistance, except in circumstances where either (i) the BDC controls such issuer of securities or (ii) the BDC purchases such securities in conjunction with one or more other persons acting together and one of the other persons in the group makes available such managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company. The Administrator or its affiliate provides such managerial assistance on our behalf to portfolio companies that accept our offer of managerial assistance.

Temporary Investments

Pending investments in other types of qualifying assets, our investments may consist of cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment (collectively, as "temporary investments"), so that 70.0% of our assets are qualifying assets. Typically, we will invest in U.S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. We had no temporary investments as of December 31, 2021.

Repurchase Agreements

A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price that is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25.0% of our total assets constitute repurchase agreements from a single counterparty, we would not meet the Diversification Tests in order to qualify as a RIC for U.S. federal income tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. The Investment Adviser will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions. We had no repurchase agreements as of December 31, 2021.

Senior Securities

We are permitted, under specified conditions, to issue multiple classes of debt if our asset coverage, as defined in the 1940 Act, is at least equal to 150.0% immediately after each such issuance (which means we can borrow $2 for every $1 of our equity). If our asset ratio coverage is not at least 150.0%, we would be unable to issue additional senior securities, and certain provisions of our senior securities may preclude us from making distributions to our stockholders. However, at December 31, 2021, none of our senior securities have provisions that may preclude us from making distributions to stockholders. We may also borrow amounts up to 5.0% of the value of our total assets for temporary or emergency purposes without regard to our asset coverage. We will include our assets and liabilities and all of our wholly-owned direct and indirect subsidiaries for purposes of calculating the asset coverage ratio. We received exemptive relief from the SEC on November 5, 2014, allowing us to modify the asset coverage requirement to exclude SBA-guaranteed debentures from this calculation. For a discussion of the risks associated with leverage, see *Item 1A.—Risk Factors* in this Annual Report on Form 10-K.

Code of Ethics

We have adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. The code of ethics is available on the SEC's website at *http://www.sec.gov.*

Compliance Policies and Procedures

We and the Investment Adviser have adopted and implemented written policies and procedures reasonably designed to prevent violation of the federal securities laws and we are required to review these compliance policies and procedures annually for the adequacy and the effectiveness of their implementation. Our chief compliance officer is responsible for administering these policies and procedures.

Proxy Voting Policies and Procedures

We have delegated our proxy voting responsibility to the Investment Adviser. The proxy voting policies and procedures of the Investment Adviser are set forth below. The guidelines will be reviewed periodically by the Investment Adviser and our independent directors, and, accordingly, are subject to change.

Introduction

As an investment adviser registered under the Advisers Act, the Investment Adviser has a fiduciary duty to act solely in the best interests of its clients. As part of this duty, it recognizes that it must vote proxies relating to our securities in a timely manner free of conflicts of interest and in our best interests.

The policies and procedures for voting proxies for the investment advisory clients of the Investment Adviser are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

Proxy policies

The Investment Adviser will vote proxies relating to our securities in our best interest. It will review on a case-by-case basis each proposal submitted for a stockholder vote to determine its impact on the portfolio securities held by us. Although the Investment Adviser will generally vote against proposals that may have a negative impact on its clients' portfolio securities, it may vote for such a proposal if there exists compelling long-term reasons to do so.

The proxy voting decisions of the Investment Adviser are made by the senior officers who are responsible for monitoring each of its clients' investments. To ensure that its vote is not the product of a conflict of interest, it will require that: (a) anyone involved in the decision making process disclose to its chief compliance officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (b) employees involved in the decision making process or vote administration are prohibited from revealing how the Investment Adviser intends to vote on a proposal in order to reduce any attempted influence from interested parties.

Proxy voting records

You may obtain, without charge, information regarding how we voted proxies with respect to our portfolio securities by making a written request for proxy voting information to: Chief Compliance Officer, 1633 Broadway, 48th Floor, New York, New York 10019.

Staffing

We do not have any employees. Our day-to-day investment operations are managed by the Investment Adviser. See "—Investment Management Agreement". We reimburse the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to us under the Administration Agreement, including the compensation of our chief financial officer and chief compliance officer, and their respective staffs. For a more detailed discussion of the Administration Agreement, see *Item 8.—Financial Statements and Supplementary Data—Note 5. Agreements* in this Annual Report on Form 10-K.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 imposes a variety of regulatory requirements on publicly-held companies and their insiders. Many of these requirements affect us. For example:

- pursuant to Rule 13a-14 of the Exchange Act, our chief executive officer and chief financial officer are required to certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports are required to disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 of the Exchange Act, our management is required to prepare a report regarding their assessment of their internal control over financial reporting and is required to obtain an audit of the effectiveness of internal control over financial reporting performed by our independent registered public accounting firm; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the Exchange Act, our periodic reports are required to disclose whether there were significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of the evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The Sarbanes-Oxley Act of 2002 requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act of 2002 and the regulations promulgated thereunder. We intend to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act of 2002 and will take actions necessary to ensure that we are in compliance therewith.

Available Information

We file or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information as required by the 1940 Act. The SEC maintains a website that contains reports, proxy and information statements and other information filed electronically by us with the SEC at *http://www.sec.gov*.

We make available free of charge on our website, *http://www.newmountainfinance.com*, our reports, proxies and information statements and other information as soon as reasonably practicable after we electronically file such materials with, or furnish to, the SEC. Information contained on our website or on the SEC's website about us is not incorporated into this annual report and should not be considered to be a part of this annual report.

Privacy Notice

Your privacy is very important to us. This Privacy Notice sets forth our policies with respect to non-public personal information about our stockholders and prospective and former stockholders. These policies apply to our stockholders and may be changed at any time, provided a notice of such change is given to you. This notice supersedes any other privacy notice you may have received from us.

We will safeguard, according to strict standards of security and confidentiality, all information we receive about you. The only information we collect from you is your name, address, number of shares you hold and your social security number. This information is used only so that we can send you annual reports and other information about us, and send you proxy statements or other information required by law.

We do not share this information with any non-affiliated third party except as described below.

- *Authorized Employees of our Investment Adviser.* It is our policy that only authorized employees of our investment adviser who need to know your personal information will have access to it.
- *Service Providers.* We may disclose your personal information to companies that provide services on our behalf, such as recordkeeping, processing your trades, and mailing you information. These companies are required to protect your information and use it solely for the purpose for which they received it.
- *Courts and Government Officials.* If required by law, we may disclose your personal information in accordance with a court order or at the request of government regulators. Only that information required by law, subpoena, or court order will be disclosed.

We seek to carefully safeguard your private information and, to that end, restrict access to non-public personal information about you to those employees and other persons who need to know the information to enable us to provide services to you. We maintain physical, electronic and procedural safeguards to protect your non-public personal information.

If you have any questions regarding this policy or the treatment of your non-public personal information, please contact our chief compliance officer at (212) 655-0291.

Item 1A. Risk Factors

You should carefully consider the significant risks described below, together with all of the other information included in this Form 10-K, including our consolidated financial statements and the related notes, before making an investment decision in us. The risks set forth below are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may materially affect our business, our structure, our financial condition, our investments and/or operating results. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline. There can be no assurance that we will achieve our investment objective and you may lose all or part of your investment.

RISKS RELATED TO OUR BUSINESS AND STRUCTURE

We are currently operating in a period of capital markets disruption and economic uncertainty

The U.S. capital markets have experienced extreme volatility and disruption following the global outbreak of COVID-19 that began in December 2019. The global impact of the COVID-19 pandemic continues to rapidly evolve and has led to the re-introduction of certain public health restrictions (as described below). Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, have created significant disruptions in supply chains and economic activity. The impact of COVID-19 has led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Some economists and major investment banks have expressed concern that the continued spread of the virus globally could lead to a world-wide economic downturn.

Disruptions in the capital markets caused by the COVID-19 pandemic have increased the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. These and future market disruptions and/or illiquidity would be expected to have an adverse effect on our business, financial condition, results of operations and cash flows. Unfavorable economic conditions also would be expected to increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events have limited, and could continue to limit, our investment originations and/or our ability to grow, and they could have a material negative impact on our operating results and the fair values of our debt and equity investments.

Further, current market conditions resulting from the COVID-19 pandemic may make it difficult for us to obtain debt capital on favorable terms and any failure to do so could have a material adverse effect on our business. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than what we would otherwise expect, including being at a higher cost in rising rate environments. If we are unable to raise debt, then our equity investors may not benefit from the potential for increased returns on equity resulting from leverage and we may be limited in our ability to make or fund commitments to portfolio companies. An inability to obtain indebtedness could have a material adverse effect on our business, financial condition or results of operations.

Adverse developments in the credit markets may impair our ability to secure debt financing.

In past economic downturns, such as the financial crisis in the United States that began inmid-2007and during other times of extreme market volatility, many commercial banks and other financial institutions stopped lending or significantly curtailed their lending activity. In addition, in an effort to stem losses and reduce their exposure to segments of the economy deemed to be high risk, some financial institutions limited routine refinancing and loan modification transactions and even reviewed the terms of existing facilities to identify bases for accelerating the maturity of existing lending facilities. If these conditions recur, for example as a result of theCOVID-19pandemic, it may be difficult for us to obtain desired financing to finance the growth of our investments on acceptable economic terms, or at all.

So far, the COVID-19 pandemic has resulted in, and until fully resolved is likely to continue to result in, among other things, increased draws by borrowers on revolving lines of credit and increased requests by borrowers for amendments, modifications and waivers of their credit agreements to avoid default or change payment terms, increased defaults by such borrowers and/or increased difficulty in obtaining refinancing at the maturity dates of their loans. In addition, the duration and effectiveness of responsive measures implemented by governments and central banks cannot be predicted. The commencement, continuation, or cessation of government and central bank policies and economic stimulus programs, including changes in monetary policy involving interest rate adjustments or governmental policies, may contribute to the development of or result in an increase in market volatility, illiquidity and other adverse effects that could negatively impact the credit markets and the Company.

If we are unable to consummate credit facilities on commercially reasonable terms, our liquidity may be reduced significantly. If we are unable to repay amounts outstanding under our credit facilities or any facility we may enter into and are declared in default or are unable to renew or refinance any such facility, it would limit our ability to initiate significant originations or to operate our business in the normal course. These situations may arise due to circumstances that we may be unable to control, such as inaccessibility of the credit markets, a severe decline in the value of the U.S. dollar, a further economic downturn or an operational problem that affects third parties or us, and could materially damage our business. Moreover, we are unable to predict when economic and market conditions may become more favorable. Even if such conditions improve broadly and significantly over the long term, adverse conditions in particular sectors of the financial markets could adversely impact our business.

Further downgrades of the U.S. credit rating, impending automatic spending cuts or another government shutdown could negatively impact our liquidity, financial condition and earnings.

The U.S. debt ceiling and budget deficit concerns have increased the possibility of additional credit-rating downgrades and economic slowdowns, or a recession in the United States. Although U.S. lawmakers passed legislation to raise the federal debt ceiling on multiple occasions, including a suspension of the federal debt ceiling in August 2019 and December 2021, ratings agencies have lowered or threatened to lower the long-term sovereign credit rating on the United States. The December 2021 legislation suspends the debt ceiling through early 2023, unless Congress takes legislative action to further extend or defer it.

The impact of this or any further downgrades to the U.S. government’s sovereign credit rating or its perceived creditworthiness could adversely affect the U.S. and global financial markets and economic conditions. Absent further quantitative easing by the Federal Reserve, these developments could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms. In addition, disagreement over the federal budget has caused the U.S. federal government to shut down for periods of time. Continued adverse political and economic conditions could have a material adverse effect on our business, financial condition and results of operations.

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

We and our portfolio companies are subject to regulation by laws at the U.S. federal, state and local levels. These laws and regulations, as well as their interpretation, could change from time to time, including as the result of interpretive guidance or other directives from the U.S. President and others in the executive branch, and new laws, regulations and interpretations could also come into effect. Any such new or changed laws or regulations could have a material adverse effect on our business, and political uncertainty could increase regulatory uncertainty in the near term.

The effects of legislative and regulatory proposals directed at the financial services industry or affecting taxation, could negatively impact the operations, cash flows or financial condition of us and our portfolio companies, impose additional costs on us or our portfolio companies, intensify the regulatory supervision of us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies. In addition, if we do not comply with applicable laws and regulations, we could lose any licenses that we then hold for the conduct of business and could be subject to civil fines and criminal penalties.

Over the last several years, there also has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non-bank financial sector will be subject to new regulation. While it cannot be known at this time whether any regulation will be implemented or what form it will take, increased regulation of non-bank credit extension could negatively impact our operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business, financial condition and results of operations.

On May 24, 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act was signed into law, which increased from $50 billion to $250 billion the asset threshold for designation of “systemically important financial institutions” or “SIFIs” subject to enhanced prudential standards set by the Federal Reserve Board, staggering application of this change based on the size and risk of the covered bank holding company. On May 30, 2018, the Federal Reserve Board voted to consider changes to the Volcker Rule that would loosen compliance requirements for all banks. The effect of this change and any further rules or regulations are and could be complex and far-reaching, and the change and any future laws or regulations or changes thereto could negatively impact our operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business, financial condition and results of operations.

Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business, financial condition, operating results and cash flows. Until we know what policy changes are made and how those changes impact business and the business of our competitors over the long term, we will not know if, overall, it will benefit from them or be negatively affected by them.

In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt, which created concerns about the ability of certain nations to continue to service their sovereign debt obligations. Risks resulting from such debt crisis, including any austerity measures taken in exchange for bailout of certain nations, and any future debt crisis in Europe or any similar crisis elsewhere could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in certain countries and the financial condition of financial institutions generally. On January 31, 2020, the United Kingdom (the “UK”) ended its membership in the European Union (“Brexit”). Under the terms of the withdrawal agreement negotiated and agreed between the UK and the European Union, the UK’s departure from the European Union was followed by a transition period (the “Transition Period”), which ran until December 31, 2020 and during which the UK continued to apply European Union law and was treated for all material purposes as if it were still a member of the European Union. On December 24, 2020, the European Union and UK governments signed a trade deal that became provisionally effective on January 1, 2021 and that now governs the relationship between the UK and European Union (the “Trade Agreement”). The Trade Agreement implements significant regulation around trade, transport of goods and travel restrictions between the UK and the European Union. Notwithstanding the foregoing, the longer term economic, legal, political and social implications of Brexit are unclear at this stage and are likely to continue to lead to ongoing political and economic uncertainty and periods of increased volatility in both the UK and in wider European markets for some time. In particular, Brexit could lead to calls for similar referendums in other European jurisdictions, which could cause increased economic volatility in the European and global markets. This mid- to long-term uncertainty could have adverse effects on the economy generally and on our ability to earn attractive returns. In particular, currency volatility could mean that our returns are adversely affected by market movements and could make it more difficult, or more expensive, for us to execute prudent currency hedging policies. Potential decline in the value of the British Pound and/or the Euro against other currencies, along with the potential further downgrading of the UK’s sovereign credit rating, could also have an impact on the performance of certain investments made in the UK or Europe.

Increased geopolitical unrest, terrorist attacks, or acts of war may affect any market for our common stock, impact the businesses in which we invest, and harm our business, operating results, and financial conditions.

The continued threat of global terrorism and the impact of military and other action will likely continue to cause volatility in the economies of certain countries and various aspects thereof, including in prices of commodities, and could affect our financial results. Our portfolio investments may involve significant strategic assets having a national or regional profile. The nature of these assets could expose them to a greater risk of being the subject of a terrorist attack than other assets or businesses. Any terrorist attacks that occur at or near such assets would likely cause significant harm to employees, property and, potentially, the surrounding community, and may result in losses far in excess of available insurance coverage. As a result of global events and continued terrorism concerns, insurers significantly reduced the amount of insurance coverage available for liability to persons other than employees for claims resulting from acts of terrorism, war or similar events. As a result of a terrorist attack or terrorist activities in general, we may not be able to obtain insurance coverage and other endorsements at commercially reasonable prices or at all.

In addition, various social and political circumstances in the United States and around the world (including wars and other forms of conflict, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics), may also contribute to increased market volatility and economic uncertainties. Such events, including rising trade tensions between the United States and China; other uncertainties regarding actual and potential shifts in U.S. and foreign, trade, economic and other policies with other countries; escalating border tensions and conflict between Russia and Ukraine; and the COVID-19 pandemic, could adversely affect our business, financial condition or results of operations. In response to the conflict between Russia and Ukraine, the U.S. and other countries have imposed sanctions or other restrictive actions against Russia. Any of the above factors, including sanctions, export controls, tariffs, trade wars and other governmental actions, could have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our common stock to decline.

Events outside of our control, including public health crises, could negatively affect our portfolio companies and our results of our operations.

Periods of market volatility have occurred and could continue to occur in response to pandemics or other events outside of our control. These types of events have adversely affected and could continue to adversely affect operating results for us and for our portfolio companies. For example, the COVID-19 pandemic has delivered a shock to the global economy. The COVID-19 pandemic and new variants of COVID, such as the Delta and Omicron variants, has led to, and for an unknown period of time will continue to lead to, disruptions in local, regional, national and global markets and economies affected thereby, including a recession and a steep increase in unemployment in the United States.

With respect to the U.S. credit markets (in particular for middle market loans), the COVID-19 pandemic has resulted in, and until fully resolved is likely to continue to result in, the following among other things: (i)government imposition of various forms ofshelter-in-placeorders and the closing of"non-essential"businesses, resulting in significant disruption to the businesses of many middle-market loan borrowers including supply chain disruptions, significant reduction in demand of certain goods and services and practical aspects of their operations, labor difficulties and shortages, and commodity inflation, and, while these effects are hoped to be temporary, some effects could be persistent or even permanent; (ii)increased draws by borrowers on revolving lines of credit; (iii) increased requests by borrowers for amendments and waivers of their credit agreements to avoid default, increased defaults by such borrowers and/or increased difficulty in obtaining refinancing at the maturity dates of their loans; (iv) volatility and disruption of these markets including greater volatility in pricing and spreads and difficulty in valuing loans during periods of increased volatility, and liquidity issues; and (v)rapidly evolving proposals and/or actions by state and federal governments to address problems being experienced by the markets and by businesses and the economy in general which will not necessarily adequately address the problems facing the loan market and middle market businesses.

While several countries, as well as certain states, counties and cities in the United States, have relaxed initial public health restrictions with the view to partially or fully reopening their economies, many cities have since experienced a surge in the reported number of cases, hospitalizations and deaths related to the COVID-19 pandemic. These surges have led to the re-introduction of such restrictions and business shutdowns in certain states in the United States and globally and could continue to lead to the re-introduction of such restrictions elsewhere. Health advisors warn that recurring COVID-19 outbreaks will continue if reopening is pursued too soon or in the wrong manner, which may lead to the re-introduction or continuation of certain public health restrictions (such as instituting quarantines, prohibitions and restrictions on travel and the closure of offices, businesses, schools, retail stores and other public venues). Throughout 2020 and into 2021, travelers from the United States were not allowed to visit Canada, Australia or the majority of countries in Europe, Asia, Africa and South America. Travel restrictions continue and range from complete bans on U.S. travel to vaccination or testing requirements. These continued travel restrictions may prolong the global economic downturn. In addition, although the Federal Food and Drug Administration authorized vaccines for emergency use starting in December 2020, it remains unclear how quickly the vaccines will be distributed nationwide and globally or when "herd immunity" will be achieved and the restrictions that were imposed to slow the spread of the virus will be lifted entirely. The delay in distributing the vaccines and/or uptick in case numbers could lead people to continue to self-isolate and not participate in the economy at pre-pandemic levels for a prolonged period of time. Even after the COVID-19 pandemic subsides, the U.S. economy and most other major global economies may continue to experience a recession, and we anticipate our business and operations could be materially adversely affected by a prolonged recession in the United States and other major markets.

The COVID-19 pandemic is having, and any future outbreaks of COVID-19 could have, an adverse impact on the markets and the economy in general, which could have a material adverse impact on, among other things, the ability of lenders to originate loans, the volume and type of loans originated, and the volume and type of amendments and waivers granted to borrowers and remedial actions taken in the event of a borrower default, each of which could negatively impact the amount and quality of loans available for investment by us and returns to us, among other things. As of the date of thisAnnual Report on Form 10-K,it is impossible to determine the scope of the COVID-19 pandemic, or any future outbreaks of COVID-19, how long any such outbreak, market disruption or uncertainties may last, the effect any governmental actions will have or the full potential impact on us and our portfolio companies. Any potential impact to our results of operations will depend to a large extent on future developments and new information that could emerge regarding the duration and severityofthe COVID-19 pandemicandthe actions taken by authorities and other entities tocontainCOVID-19ortreat its impact, all of which are beyond our control. These potential impacts, while uncertain, could adversely affect our and our portfolio companies' operating results.

If the economy is unable to substantially reopen, and high levels of unemployment continue for an extended period of time, loan delinquencies, loannon-accruals,problem assets, and bankruptcies may increase. In addition, collateral for our loans may decline in value, which could cause loan losses to increase and the net worth and liquidity of loan guarantors could decline, impairing their ability to honor commitments to us. An increase in loan delinquencies andnon-accrualsor a decrease in loan collateral and guarantor net worth could result in increased costs and reduced income which would have a material adverse effect on our business, financial condition or results of operations. Additionally, in 2020, oil prices collapsed to an 18-year low on supply glut concerns, as shutdowns across the global economy sharply reduced oil demand while Saudi Arabia and Russia engaged in a price war. Central banks and governments have responded with liquidity injections to ease the strain on financial systems and stimulus measures to buffer the shock to businesses and consumers. These measures have helped stabilize certain portions of the financial markets over the short term, but volatility will likely remain elevated until the health crisis itself is under control (via fewer new cases, lower infection rates and/or verified treatments). There are still many unknowns and new information is incoming daily, compounding the difficulty of modeling outcomes for epidemiologists and economists alike.

We cannot be certain as to the duration or magnitude of the economic impact of the COVID-19 pandemic on the markets in which we and our portfolio companies operate, including with respect to travel restrictions, business closures and restrictions, mitigation efforts (whether voluntary, suggested, or mandated by law) and corresponding declines in economic activity that may negatively impact the U.S. economy and the markets for the various types of goods and services provided by U.S. middle market companies. Depending on the duration, magnitude and severity of these conditions and their related economic and market impacts, certain portfolio companies may suffer declines in earnings and could experience financial distress, which could cause them to default on their financial obligations to us and their other lenders.

We will also be negatively affected if our operations and effectiveness or the operations and effectiveness of a portfolio company (or any of the key personnel or service providers of the foregoing) is compromised or if necessary or beneficial systems and processes are disrupted.

Any public health emergency, including theCOVID-19pandemic or any outbreak of other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on us and the fair value of our investments. Our valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time and are often based on estimates, comparisons and qualitative evaluations of private information that may not show the complete impact of the COVID-19 pandemic and the resulting measures taken in response thereto. These potential impacts, while uncertain, could adversely affect our and our portfolio companies' operating results.

Inflation and rising commodity prices may adversely impact our portfolio companies.

Inflation may affect our investments adversely in a number of ways. During periods of rising inflation, interest and distribution rates of any instruments we or entities related to portfolio investments may have issued could increase. Inflationary expectations or periods of rising inflation could also be accompanied by the rising prices of commodities which are critical to the operation of portfolio companies. Portfolio companies may have fixed income streams and, therefore, be unable to pay the interest amounts and other payments on our portfolio investments. The market value of such investments may decline in value in times of higher inflation rates. Some of our portfolio investments may have income linked to inflation through contractual rights or other means. However, as inflation may affect both income and expenses, any increase in income may not be sufficient to cover increases in expenses.

There is uncertainty surrounding potential legal, regulatory and policy changes by new presidential administrations in the United States that may directly affect financial institutions and the global economy.

As a result of the November 2020 elections in the United States, the Democratic Party gained control of both the Presidency and the Senate from the Republican Party and retained control of the House of Representatives. Therefore, changes in federal policy, including tax policies, and at regulatory agencies are expected to occur over time through policy and personnel changes, which may lead to changes involving the level of oversight and focus on the financial services industry or the tax rates paid by corporate entities. The nature, timing and economic and political effects of potential changes to the current legal and regulatory framework affecting financial institutions remain highly uncertain. Uncertainty surrounding future changes may adversely affect our operating environment and therefore our business, financial condition, results of operations and growth prospects.

Certain historical data regarding our business, results of operations, financial condition and liquidity does not reflect the impact of the COVID-19 pandemic and related containment measures and therefore does not purport to be representative of our future performance.

The information included in this Annual Report on Form 10-K and our other reports filed with the SEC includes information regarding our business, results of operations, financial condition and liquidity as of dates and for periods before and during the impact of the COVID-19 pandemic and related protective measures (including quarantines and governmental orders requiring the closure of certain businesses, limiting travel, requiring that individuals stay at home or shelter in place and closing borders). Therefore, certain historical information does not reflect the adverse impacts of the COVID-19 pandemic and the related protective measures. For example, we valued our portfolio investments in conformity with U.S. GAAP based on the facts and circumstances known by us at that time, or reasonably expected to be known at that time. Due to the overall volatility that the COVID-19 pandemic has caused during the months that followed our valuation for such historical periods, any valuations conducted now or in the future in conformity with U.S. GAAP could result in a lower fair value of our portfolio. The potential impact to our results going forward will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of COVID- 19 and the actions taken by authorities and other entities to contain the COVID-19 or treat its impact, all of which are beyond our control. Accordingly, investors are cautioned not to unduly rely on such historical information regarding our business, results of operations, financial condition or liquidity, as that data does not reflect the adverse impact of the COVID-19 pandemic and therefore does not purport to be representative of the future results of operations, financial condition, liquidity or other financial or operating results of us, or our business.

We may suffer credit losses.

Investments in small and middle market businesses are highly speculative and involve a high degree of risk of credit loss. These risks are likely to increase during volatile economic periods, such as the U.S. and many other economies have recently been experiencing.

Changes to U.S. tariff and import/export regulations may have a negative effect on our portfolio companies and, in turn, harm us.

There has been on-going discussion and commentary regarding potential significant changes to U.S. trade policies, treaties and tariffs. Various presidential administrations, along with Congress, have created significant uncertainty about the future relationship between the U.S. and other countries with respect to the trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the U.S. Any of these factors could depress economic activity and restrict our portfolio companies' access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us.

There is uncertainty as to the value of our portfolio investments because most of our investments are, and may continue to be in private companies and recorded at fair value. In addition, the fair values of our investments are determined by our board of directors in accordance with our valuation policy.

Some of our investments are and may be in the form of securities or loans that are not publicly traded. The fair value of these investments may not be readily determinable. Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined in good faith by our board of directors, including reflection of significant events affecting the value of our securities. We value our investments for which we do not have readily available market quotations quarterly, or more frequently as circumstances require, at fair value as determined in good faith by our board of directors in accordance with our valuation policy, which is at all times consistent with GAAP.

Our board of directors utilizes the services of one or more independent third-party valuation firms to aid it in determining the fair value with respect to our material unquoted assets in accordance with our valuation policy. The inputs into the determination of fair value of these investments may require significant management judgment or estimation. Even if observable market data is available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimers materially reduces the reliability of such information.

The types of factors that the board of directors takes into account in determining the fair value of our investments generally include, as appropriate: available market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows and the markets in which it does business, comparisons of financial ratios of peer companies that are public, comparable merger and acquisition transactions and the principal market and enterprise values. Since these valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed.

Due to this uncertainty, our fair value determinations may cause our net asset value, on any given date, to be materially understated or overstated. In addition, investors purchasing our common stock based on an overstated net asset value would pay a higher price than the realizable value that our investments might warrant.

We may adjust quarterly the valuation of our portfolio to reflect our board of directors' determination of the fair value of each investment in our portfolio. Any changes in fair value are recorded in our statement of operations as net change in unrealized appreciation or depreciation.

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

We depend on the investment judgment, skill and relationships of the investment professionals of the Investment Adviser, particularly Steven B. Klinsky, Robert A. Hamwee and John R. Kline, as well as other key personnel to identify, evaluate, negotiate, structure, execute, monitor and service our investments. The Investment Adviser, as an affiliate of New Mountain Capital, is supported by New Mountain Capital's team, which as of December 31, 2021 consisted of over 190 employees and senior advisors of New Mountain Capital and its affiliates to fulfill its obligations to us under the Investment Management Agreement. The Investment Adviser may also depend upon New Mountain Capital to obtain access to investment opportunities originated by the professionals of New Mountain Capital and its affiliates. Our future success depends to a significant extent on the continued service and coordination of the key investment personnel of the Investment Adviser. The departure of any of these individuals could have a material adverse effect on our ability to achieve our investment objective.

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

The 1940 Act and the Code impose numerous constraints on the operations of BDCs and RICs, which could adversely affect our business.

The 1940 Act and the Code impose numerous constraints on the operations of BDCs and RICs that do not apply to the other investment vehicles previously managed by the investment professionals of the Investment Adviser. For example, under the 1940 Act, BDCs are required to invest at least 70.0% of their total assets primarily in securities of qualifying U.S. private or thinly traded companies, cash, cash equivalents, U.S. government securities and other high quality debt investments that mature in one year or less. Moreover, qualification for taxation as a RIC under Subchapter M of the Code requires satisfaction of source-of-income, asset diversification and annual distribution requirements. The failure to comply with these provisions in a timely manner could prevent us from qualifying as a BDC or as a RIC and could force us to pay unexpected taxes and penalties, which would have a material adverse effect on our performance. The Investment Adviser's lack of experience in managing a portfolio of assets under the constraints applicable to BDCs and RICs may hinder its ability to take advantage of attractive investment opportunities and, as a result, achieve our investment objective. If we fail to maintain our status as a BDC or tax treatment as a RIC, our operating flexibility could be significantly reduced.

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

We compete for investments with other BDCs and investment funds (including private equity and hedge funds), as well as traditional financial services companies such as commercial banks and other sources of funding. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than us. Furthermore, many of our competitors have greater experience operating under, or are not subject to, the regulatory restrictions that the 1940 Act imposes on us as a BDC or the source-of-income, asset diversification and distribution requirements that we must satisfy to maintain our tax treatment as a RIC. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do.

We may lose investment opportunities if our pricing, terms and structure do not match those of our competitors. With respect to the investments that we make, we do not seek to compete based primarily on the interest rates we may offer, and we believe that some of our competitors may make loans with interest rates that may be lower than the rates we offer. In the secondary market for acquiring existing loans, we expect to compete generally on the basis of pricing terms. If we match our competitors' pricing, terms and structure, we may experience decreased net interest income, lower yields and increased risk of credit loss. If we are forced to match our competitors' pricing, terms and structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. Part of our competitive advantage stems from the fact that we believe the market for middle market lending is underserved by traditional bank lenders and other financial sources. A significant increase in the number and/or the size of our competitors in this target market could force us to accept less attractive investment terms. We may also compete for investment opportunities with accounts managed by the Investment Adviser or its affiliates. Although the Investment Adviser allocates opportunities in accordance with its policies and procedures, allocations to such other accounts reduces the amount and frequency of opportunities available to us and may not be in our best interests and, consequently, our stockholders. Moreover, the performance of investment opportunities is not known at the time of allocation. If we are not able to compete effectively, our business, financial condition and results of operations may be adversely affected, thus affecting our business, financial condition and results of operations. Because of this competition, there can be no assurance that we will be able to identify and take advantage of attractive investment opportunities that we identify or that we will be able to fully invest our available capital.

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

Our ability to achieve our investment objective and to grow depends on the Investment Adviser's ability to identify, invest in and monitor companies that meet our investment criteria. Accomplishing this result on a cost-effective basis is largely a function of the Investment Adviser's structuring of the investment process, its ability to provide competent, attentive and efficient services to us and its ability to access financing on acceptable terms. The Investment Adviser has substantial responsibilities under the Investment Management Agreement and may also be called upon to provide managerial assistance to our eligible portfolio companies. These demands on the time of the Investment Adviser and its investment professionals may distract them or slow our rate of investment. In order to grow, we and the Investment Adviser may need to retain, train, supervise and manage new investment professionals. However, these investment professionals may not be able to contribute effectively to the work of the Investment Adviser. If we are unable to manage our future growth effectively, our business, results of operations and financial condition could be materially adversely affected.

The management fee and incentive fee may induce the Investment Adviser to make speculative investments.

The incentive fee payable to the Investment Adviser may create an incentive for the Investment Adviser to pursue investments that are risky or more speculative than would be the case in the absence of such compensation arrangement, which could result in higher investment losses, particularly during cyclical economic downturns. The incentive fee payable to the Investment Adviser is calculated based on a percentage of our return on investment capital. This may encourage the Investment Adviser to use leverage to increase the return on our investments. In addition, because the base management fee is payable based upon our gross assets, which includes any borrowings for investment purposes, but excludes cash and cash equivalents for investment purposes, the Investment Adviser may be further encouraged to use leverage to make additional investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would impair the value of our common stock.

The incentive fee payable to the Investment Adviser also may create an incentive for the Investment Adviser to invest in instruments that have a deferred interest feature, even if such deferred payments would not provide the cash necessary to pay current distributions to our stockholders. Under these investments, we would accrue the interest over the life of the investment but would not receive the cash income from the investment until the end of the investment's term, if at all. Our net investment income used to calculate the income portion of the incentive fee, however, includes accrued interest. Thus, a portion of the incentive fee would be based on income that we have not yet received in cash and may never receive in cash if the portfolio company is unable to satisfy such interest payment obligations. In addition, the "catch-up" portion of the incentive fee may encourage the Investment Adviser to accelerate or defer interest payable by portfolio companies from one calendar quarter to another, potentially resulting in fluctuations in timing and dividend amounts.

We may be obligated to pay the Investment Adviser incentive compensation even if we incur a loss.

The Investment Adviser is entitled to incentive compensation for each fiscal quarter in an amount equal to a percentage of the excess of our Pre-Incentive Fee Net Investment Income for that quarter (before deducting incentive compensation) above a performance threshold for that quarter. Accordingly, since the performance threshold is based on a percentage of our net asset value, decreases in our net asset value make it easier to achieve the performance threshold. Our Pre-Incentive Fee Net Investment Income for incentive compensation purposes excludes realized and unrealized capital losses or depreciation that it may incur in the fiscal quarter, even if such capital losses or depreciation result in a net loss on our statement of operations for that quarter. Thus, we may be required to pay the Investment Adviser incentive compensation for a fiscal quarter even if there is a decline in the value of our portfolio or we incur a net loss for that quarter.

The incentive fee we pay to the Investment Adviser with respect to capital gains may be effectively greater than 20.0%.

As a result of the operation of the cumulative method of calculating the capital gains portion of the incentive fee we pay to the Investment Adviser, the cumulative aggregate capital gains fee received by the Investment Adviser could be effectively greater than 20.0%, depending on the timing and extent of subsequent net realized capital losses or net unrealized depreciation. We cannot predict whether, or to what extent, this payment calculation would affect your investment in our common stock.

We may face risks due to shared employees between our Investment Adviser and its affiliates and other activities of the personnel of our Investment Adviser.

Our Investment Adviser expects to rely heavily on the extensive expertise and industry relationships developed by the employees and certain senior advisors of certain of its affiliates to identify and evaluate potential investment opportunities for us. Research from the Investment Adviser's private equity strategy on our behalf will be used to benefit other strategies and clients of our Investment Adviser, its affiliates and affiliated funds.

By reason of their responsibilities in connection with their other activities, certain personnel of our Investment Adviser (or employees and affiliates thereof) may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. In those instances, we will not be free to act upon any such information. Due to these restrictions, we may not be able to initiate a transaction that we otherwise might have initiated and may not be able to sell a portfolio investment that we otherwise might have sold. Conversely, we may not have access to material non-public information in the possession of our Investment Adviser and its affiliates which might be relevant to an investment decision to be made by us, and we may initiate a transaction or sell a portfolio investment which, if such information had been known to us, may not have been undertaken. See also "—The Investment Committee, the Investment Adviser or its affiliates may, from time to time, possess material non-public information, limiting our investment discretion."

We may pay additional consulting fees to New Mountain Capital's Executive Advisory Council.

The Investment Adviser may consult New Mountain Capital's Executive Advisory Council from time to time concerning general industry trends, related matters and specific investment diligence. Members of the Executive Advisory Council may be paid by us for project-related consulting fees and reimbursed by us for their reasonable and documented out-of-pocket expenses in connection with specific diligence for a potential portfolio company.

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

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

Our ability to service any debt that we incur depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. Moreover, as the Investment Adviser's management fee is payable to the Investment Adviser based on gross assets, including those assets acquired through the use of leverage, the Investment Adviser may have a financial incentive to incur leverage which may not be consistent with our interests and the interests of our common stockholders. In addition, holders of our common stock will, indirectly, bear the burden of any increase in our expenses as a result of leverage, including any increase in the management fee payable to the Investment Adviser.

As of December 31, 2021, we had $545.3 million, $127.2 million, $226.3 million, $201.2 million, $511.5 million, $300.0 million and $15.2 million of indebtedness outstanding under the Holdings Credit Facility, the NMFC Credit Facility, the DB Credit Facility, the Convertible Notes, the Unsecured Notes, the SBA-guaranteed debentures and the NMNLC Credit Facility II respectively. The Holdings Credit Facility, the NMFC Credit Facility, the DB Credit Facility, the Unsecured Notes, the SBA-guaranteed debentures and the NMNLC Credit Facility II had weighted average interest rates of 2.1%, 2.4%, 2.9%, 4.7%, 2.7% and 2.7% respectively, for the year ended December 31, 2021. The interest rate on the Convertible Notes is 5.75% per annum.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of interest expense and adjusted for unsettled securities purchased. The calculations in the table below are hypothetical. Actual returns may be higher or lower than those appearing below. The calculation assumes (i) $3,295.8 million in total assets as of December 31, 2021, (ii) a weighted average cost of borrowings of 3.4%, which assumes the weighted average interest rates as of December 31, 2021 for the Holdings Credit Facility, the NMFC Credit Facility, the DB Credit Facility, the SBA-guaranteed debentures, the Unsecured Notes and the NMNLC Credit Facility II and the interest rate as of December 31, 2021 for the Convertible Notes, (iii) $1,926.7 million in debt outstanding and (iv) $1,321.2 million in net assets.

	Assumed Return on Our Portfolio (net of interest expense)				
	(10.0)%	**(5.0)%**	**0.0%**	**5.0%**	**10.0%**
Corresponding return to stockholder	(29.9)%	(17.4)%	(4.9)%	7.5%	20.0%

If we are unable to comply with the covenants or restrictions in our borrowings, our business could be materially adversely affected.

The Holdings Credit Facility includes covenants that, subject to exceptions, restrict our ability to pay distributions, create liens on assets, make investments, make acquisitions and engage in mergers or consolidations. The Holdings Credit Facility also includes a change of control provision that accelerates the indebtedness under the facility in the event of certain change of control events. Complying with these restrictions may prevent us from taking actions that we believe would help us grow our business or are otherwise consistent with our investment objective. These restrictions could also limit our ability to plan for or react to market conditions or meet extraordinary capital needs or otherwise restrict corporate activities. In addition, the restrictions contained in the Holdings Credit Facility could limit our ability to make distributions to our stockholders in certain circumstances, which could result in us failing to qualify as a RIC and thus becoming subject to corporate-level U.S. federal income tax (and any applicable state and local taxes).

The NMFC Credit Facility includes customary covenants, including certain financial covenants related to asset coverage and liquidity and other maintenance covenants, as well as customary events of default.

The DB Credit Facility contains certain customary affirmative and negative covenants and events of default.

Our Convertible Notes are subject to certain covenants, including covenants requiring us to provide financial information to the holders of the Convertible Notes and the trustee if we cease to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions. In addition, if certain corporate events occur, holders of the Convertible Notes may require us to repurchase for cash all or part of their Convertible Notes at a repurchase price equal to 100.0% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the repurchase date.

Our Unsecured Notes are subject to certain covenants, including covenants such as information reporting, maintenance of our status as a BDC under the 1940 Act and a RIC under the Internal Revenue Code, minimum stockholders' equity, minimum asset coverage ratio, and prohibitions on certain fundamental changes, as well as customary events of default with customary cure and notice, including, without limitation, nonpayment, misrepresentation in a material respect, breach of covenant, cross-default under our other indebtedness or certain significant subsidiaries, certain judgments and orders, and certain events of bankruptcy. In addition, we are obligated to offer to prepay the Unsecured Notes at par if the Investment Adviser, or an affiliate thereof, ceases to be our investment adviser or if certain change in control events occur with respect to the Investment Adviser.

The breach of any of the covenants or restrictions, unless cured within the applicable grace period, would result in a default under the applicable credit facility that would permit the lenders thereunder to declare all amounts outstanding to be due and payable. In such an event, we may not have sufficient assets to repay such indebtedness. As a result, any default could have serious consequences to our financial condition. An event of default or an acceleration under the credit facilities could also cause a cross-default or cross-acceleration of another debt instrument or contractual obligation, which would adversely impact our liquidity. We may not be granted waivers or amendments to the credit facilities if for any reason we are unable to comply with it, and we may not be able to refinance the credit facilities on terms acceptable to us, or at all.

The terms of our credit facilities may contractually limit our ability to incur additional indebtedness.

We will need additional capital to fund new investments and grow our portfolio of investments. We intend to access the capital markets periodically to issue debt or equity securities or borrow from financial institutions in order to obtain such additional capital. We believe that having the flexibility to incur additional leverage could augment the returns to our stockholders and would be in the best interests of our stockholders. Even though our board of directors and our stockholders have approved a resolution permitting us to be subject to a 150.0% asset coverage ratio effective as of June 9, 2018, contractual leverage limitations under our existing credit facilities or future borrowings may limit our ability to incur additional indebtedness. Currently, our NMFC Credit Facility restricts our ability to incur additional indebtedness if after incurring such additional debt, our asset coverage ratio would be below 165.0%. Also, the NMFC Credit Facility requires that we not exceed a secured debt ratio of 0.70 to 1.00 at any time. We cannot assure you that we will be able to negotiate a change to our credit facilities to allow us to incur additional leverage or that any such an amendment will be available to us on favorable terms. An inability on our part to amend the contractual asset coverage limitation and access additional leverage could limit our ability to take advantage of the benefits described above related to our ability to incur additional leverage and could decrease our earnings, if any, which would have an adverse effect on our results of operations and the value of our shares of common stock.

We may enter into reverse repurchase agreements, which are another form of leverage.

We may enter into reverse repurchase agreements as part of our management of our investment portfolio. Under a reverse repurchase agreement, we will effectively pledge our assets as collateral to secure a short-term loan. Generally, the other party to the agreement makes the loan in an amount equal to a percentage of the fair value of the pledged collateral. At the maturity of the reverse repurchase agreement, the payor will be required to repay the loan and correspondingly receive back its collateral. While used as collateral, the assets continue to pay principal and interest which are for our benefit.

Our use of reverse repurchase agreements, if any, involves many of the same risks involved in our use of leverage, as the proceeds from reverse repurchase agreements generally will be invested in additional securities. There is a risk that the market value of the securities acquired with the proceeds of a reverse repurchase agreement may decline below the price of the securities that we have sold but remain obligated to repurchase under the reverse repurchase agreement. In addition, there is a risk that the market value of the securities effectively pledged by us may decline. If a buyer of securities under a reverse repurchase agreement were to file for bankruptcy or experience insolvency, we may be adversely affected. Also, in entering into reverse repurchase agreements, we would bear the risk of loss to the extent that the proceeds of such agreements at settlement are more than the fair value of the underlying securities being pledged. In addition, due to the interest costs associated with reverse repurchase agreements transactions, our net asset value would decline, and, in some cases, we may be worse off than if such instruments had not been used.

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

We may want to obtain additional debt financing, or need to do so upon maturity of our credit facilities, in order to obtain funds which may be made available for investments. The Holdings Credit Facility, the NMFC Credit Facility, the DB Credit Facility, the Convertible Notes and the NMNLC Credit Facility II mature on April 20, 2026, June 4, 2026, March 25, 2026, August 15, 2023 and February 25, 2023, respectively. Our $55.0 million in 2017A Unsecured Notes will mature on July 15, 2022, our $90.0 million in 2018A Unsecured Notes will mature on January 30, 2023, our $50.0 million in 2018B Unsecured Notes will mature on June 28, 2023, our $116.5 million in 2019A Unsecured Notes will mature on April 30, 2024 and our $200.0 million in 2021A Unsecured Notes will mature on January 29, 2026. The SBA-guaranteed debentures have ten year maturities and will begin to mature on March 1, 2025. If we are unable to increase, renew or replace any such facilities and enter into new debt financing facilities or other debt financing on commercially reasonable terms, our liquidity may be reduced significantly. In addition, if we are unable to repay amounts outstanding under any such facilities and are declared in default or are unable to renew or refinance these facilities, we may not be able to make new investments or operate our business in the normal course. These situations may arise due to circumstances that we may be unable to control, such as lack of access to the credit markets, a severe decline in the value of the U.S. dollar, an economic downturn or an operational problem that affects us or third parties, and could materially damage our business operations, results of operations and financial condition.

We may need to raise additional capital to grow.

We may need additional capital to fund new investments and grow. We may access the capital markets periodically to issue equity securities. In addition, we may also issue debt securities or borrow from financial institutions in order to obtain such additional capital. Unfavorable economic conditions could increase our funding costs and limit our access to the capital markets or result in a decision by lenders not to extend credit to us. A reduction in the availability of new capital could limit our ability to grow. In addition, we are required to distribute at least 90.0% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders to maintain our RIC status. As a result, these earnings will not be available to fund new investments. If we are unable to access the capital markets or if we are unable to borrow from financial institutions, we may be unable to grow our business and execute our business strategy fully, and our earnings, if any, could decrease, which could have an adverse effect on the value of our securities.

A renewed disruption in the capital markets and the credit markets could adversely affect our business.

As a BDC, we must maintain our ability to raise additional capital for investment purposes. If we are unable to access the capital markets or credit markets, we may be forced to curtail our business operations and may be unable to pursue new investment opportunities. The capital markets and the credit markets have experienced extreme volatility in recent periods, and, as a result, there have been and will likely continue to be uncertainty in the financial markets in general. Disruptions in the capital markets in recent years increased the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. In addition, a prolonged period of market illiquidity may cause us to reduce the volume of loans that we originate and/or fund and adversely affect the value of our portfolio investments. Unfavorable economic conditions could also increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could limit our investment originations, limit our ability to grow and negatively impact our operating results. Ongoing disruptive conditions in the financial industry and the impact of new legislation in response to those conditions could restrict our business operations and, consequently, could adversely impact our business, results of operations and financial condition.

If the fair value of our assets declines substantially, we may fail to satisfy the asset coverage ratios imposed upon us by the 1940 Act and contained in the Holdings Credit Facility, the NMFC Credit Facility, DB Credit Facility, NMNLC Credit Facility II, Unsecured Notes and the Convertible Notes. Any such failure would result in a default under such indebtedness and otherwise affect our ability to issue senior securities, borrow under our credit facilities and pay distributions, which could materially impair our business operations. Our liquidity could be impaired further by our inability to access the capital or credit markets. For example, we cannot be certain that we will be able to renew our credit facilities as they mature or to consummate new borrowing facilities to provide capital for normal operations, including new originations, or reapply for SBIC licenses. In recent years, reflecting concern about the stability of the financial markets, many lenders and institutional investors have reduced or ceased providing funding to borrowers. This market turmoil and tightening of credit have led to increased market volatility and widespread reduction of business activity generally in recent years. In addition, adverse economic conditions due to these disruptive conditions could materially impact our ability to comply with the financial and other covenants in any existing or future credit facilities. If we are unable to comply with these covenants, this could materially adversely affect our business, results of operations and financial condition.

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

To the extent we borrow money to make investments, our net investment income depends, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, a significant change in market interest rates may have a material adverse effect on our net investment income in the event we use debt to finance our investments. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. These techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act.

SBIC I and SBIC II are licensed by the SBA and are subject to SBA regulations.

On August 1, 2014 and August 25, 2017, respectively, our wholly-owned direct and indirect subsidiaries, SBIC I and SBIC II, received licenses to operate as SBICs under the 1958 Act and are regulated by the SBA. The SBA places certain limitations on the financing terms of investments by SBICs in portfolio companies, regulates the types of financing, prohibits investing in small businesses with certain characteristics or in certain industries and requires capitalization thresholds that limit distributions to us. Compliance with SBIC requirements may cause SBIC I and SBIC II to invest at less competitive rates in order to find investments that qualify under the SBA regulations.

The SBA regulations require, among other things, an annual periodic examination of a licensed SBIC by an SBA examiner to determine the SBIC's compliance with the relevant SBA regulations, and the performance of a financial audit by an independent auditor. If SBIC I and SBIC II fail to comply with applicable regulations, the SBA could, depending on the severity of the violation, limit or prohibit SBIC I's and SBIC II's use of the debentures, declare outstanding debentures immediately due and payable, and/or limit SBIC I and SBIC II from making new investments. In addition, the SBA could revoke or suspend SBIC I's or SBIC II's licenses for willful or repeated violation of, or willful or repeated failure to observe, any provision of the 1958 Act or any rule or regulation promulgated thereunder. These actions by the SBA would, in turn, negatively affect us because SBIC I and SBIC II are our wholly-owned direct and indirect subsidiaries.

SBA-guaranteed debentures are non-recourse to us, have a ten year maturity, and may be prepaid at any time without penalty. Pooling of issued SBA-guaranteed debentures occurs in March and September of each year. The interest rate of SBA-guaranteed debentures is fixed at the time of pooling at a market-driven spread over ten year U.S. Treasury Notes. The interest rate on debentures issued prior to the next pooling date is LIBOR plus 30 basis points. Leverage through SBA-guaranteed debentures is subject to required capitalization thresholds. Recent legislation raised the limit the amount that any single SBIC may borrow to two tiers of leverage capped from $150.0 million to $175.0 million, subject to SBA approval, where each tier is equivalent to the SBIC's regulatory capital, which generally equates to the amount of equity capital in the SBIC. Currently, SBIC I and SBIC II operate under the prior $150.0 million cap. The amount of SBA-guaranteed debentures that affiliated SBIC funds can have outstanding is $350.0 million, subject to SBA approval.

RISKS RELATED TO OUR OPERATIONS

Because we intend to distribute substantially all of our income to our stockholders to maintain our status as a RIC, we will continue to need additional capital to finance our growth. If additional funds are unavailable or not available on favorable terms, our ability to grow may be impaired.

In order for us to qualify for the tax benefits available to RICs and to avoid payment of excise taxes, we intend to distribute to our stockholders substantially all of our annual taxable income. As a result of these requirements, we may need to raise capital from other sources to grow our business.

As a BDC, we are required to meet a coverage ratio of total assets, less liabilities and indebtedness not represented by senior securities and excluding SBA-guaranteed debentures as permitted by exemptive relief obtained from the SEC, to total senior securities, which includes all of our borrowings with the exception of SBA-guaranteed debentures, of at least 150.0% (which means we can borrow $2 for every $1 of our equity). This requirement limits the amount that we may borrow. Since we continue to need capital to grow our investment portfolio, these limitations may prevent us from incurring debt and require us to raise additional equity at a time when it may be disadvantageous to do so. While we expect that we will be able to borrow and to issue additional debt securities and expect that we will be able to issue additional equity securities, which would in turn increase the equity capital available to us, we cannot assure you that debt and equity financing will be available to us on favorable terms, or at all. In addition, as a BDC, we generally are not permitted to issue equity securities priced below net asset value without stockholder approval. If additional funds are not available us, we may be forced to curtail or cease new investment activities, and our net asset value could decline.

SBIC I and SBIC II may be unable to make distributions to us that will enable us to meet or maintain our RIC tax treatment.

In order for us to continue to qualify for tax benefits available to RICs and to minimize corporate-level U.S. federal income tax, we must timely distribute to our stockholders, for each taxable year, at least 90.0% of our "investment company taxable income", which is generally our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses, including investment company taxable income from SBIC I and SBIC II. We will be partially dependent on SBIC I and SBIC II for cash distributions to enable us to meet the RIC distribution requirements. SBIC I and SBIC II may be limited by SBA regulations governing SBICs from making certain distributions to us that may be necessary to maintain our tax treatment as a RIC. We may have to request a waiver of the SBA's restrictions for SBIC I and SBIC II to make certain distributions to maintain our RIC tax treatment. We cannot assure you that the SBA will grant such waiver and if SBIC I and SBIC II are unable to obtain a waiver, compliance with the SBA regulations may result in corporate-level U.S. federal income tax.

Our ability to enter into transactions with our affiliates is restricted.

As a BDC, we are prohibited under the 1940 Act from participating in certain transactions with cretain of our affiliates without the prior approval of a majority of our independent directors and, in some cases, the SEC. Any person that owns, directly or indirectly, 5.0% or more of our outstanding voting securities is an affiliate of ours for purposes of the 1940 Act. We are generally prohibited from buying or selling any securities (other than our securities) from or to an affiliate. The 1940 Act also prohibits certain "joint" transactions with an affiliate, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of independent directors and, in some cases, the SEC. If a person acquires more than 25.0% of our voting securities, we are prohibited from buying or selling any security (other than our securities) from or to such person or certain of that person's affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates. As a result of these restrictions, we may be prohibited from buying or selling any security from or to any portfolio company of a fund managed by any affiliate of the Investment Adviser, or entering into joint arrangement, such as certain co-investments with these companies or funds, without the prior approval of the SEC, which may limit the scope of investment opportunities that would otherwise be available to us.

We rely on exemptive relief granted to the Investment Adviser and certain of its affiliates by the SEC that allows us to engage in co-investment transactions with other affiliated funds of the Investment Adviser, subject to certain terms and conditions. However, while the terms of the exemptive relief require that the Investment Adviser will be given the opportunity to cause us to participate in certain transactions originated by affiliates of the Investment Adviser, the Investment Adviser may determine that we will not participate in those transactions and for certain other transactions (as set forth in guidelines approved by the Board) the Investment Adviser may not have the opportunity to cause us to participate.

The Investment Adviser has significant potential conflicts of interest with us and, consequently, your interests as stockholders which could adversely impact our investment returns.

Our executive officers and directors, as well as the current or future investment professionals of the Investment Adviser, serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do or of investment funds managed by our affiliates. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in your interests as stockholders. The investment professionals of the Investment Adviser and/or New Mountain Capital employees that provide services pursuant to the Investment Management Agreement may manage other funds which may from time to time have overlapping investment objectives with our own and, accordingly, may invest in, whether principally or secondarily, asset classes similar to those targeted by us. If this occurs, the Investment Adviser may face conflicts of interest in allocating investment opportunities to us and such other funds. Although the investment professionals endeavor to allocate investment opportunities in a fair and equitable manner, it is possible that we may not be given the opportunity to participate in certain investments made by the Investment Adviser or persons affiliated with the Investment Adviser or that certain of these investment funds may be favored over us. When these investment professionals identify an investment, they may be forced to choose which investment fund should make the investment.

While we may co-invest with investment entities managed by the Investment Adviser or its affiliates to the extent permitted by the 1940 Act and the rules and regulations thereunder, the 1940 Act imposes significant limits on co-investment. On October 8, 2019, the SEC issued the Exemptive Order, which superseded a prior order issued on December 18, 2017, which permits us to co-invest in portfolio companies with certain funds or entities managed by the Investment Adviser or its affiliates in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act, subject to the conditions of the Exemptive Order. Pursuant to the Exemptive Order, we are permitted to co-invest with our affiliates if a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors make certain conclusions in connection with a co-investment transaction, including, but not limited to, that (1) the terms of the potential co-investment transaction, including the consideration to be paid, are reasonable and fair to us and our stockholders and does not involve overreaching by us or our stockholders on the part of any person concerned, and (2) the potential co-investment transaction is consistent with the interests of our stockholders and is consistent with our then-current investment objectives and strategies.

If the Investment Adviser forms other affiliates in the future, we may co-invest on a concurrent basis with such other affiliates, subject to compliance with applicable regulations and regulatory guidance or an exemptive order from the SEC and our allocation procedures. In addition, we pay management and incentive fees to the Investment Adviser and reimburse the Investment Adviser for certain expenses it incurs. As a result, investors in our common stock invest in us on a “gross” basis and receive distributions on a “net” basis after our expenses. Also, the incentive fee payable to the Investment Adviser may create an incentive for the Investment Adviser to pursue investments that are riskier or more speculative than would be the case in the absence of such compensation arrangements. Any potential conflict of interest arising as a result of the arrangements with the Investment Adviser could have a material adverse effect on our business, results of operations and financial condition.

The Investment Committee, the Investment Adviser or its affiliates may, from time to time, possess material non-public information, limiting our investment discretion.

The Investment Adviser’s investment professionals, Investment Committee or their respective affiliates may serve as directors of, or in a similar capacity with, companies in which we invest. In the event that material non-public information is obtained with respect to such companies, or we become subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations, we could be prohibited for a period of time from purchasing or selling the securities of such companies, and this prohibition may have an adverse effect on us and our stockholders.

The valuation process for certain of our portfolio holdings creates a conflict of interest.

Some of our portfolio investments are made in the form of securities that are not publicly traded. As a result, our board of directors determines the fair value of these securities in good faith. In connection with this determination, investment professionals from the Investment Adviser may provide our board of directors with portfolio company valuations based upon the most recent portfolio company financial statements available and projected financial results of each portfolio company. In addition, Steven B. Klinsky, a member of our board of directors, has an indirect pecuniary interest in the Investment Adviser. The participation of the Investment Adviser’s investment professionals in our valuation process, and the indirect pecuniary interest in the Investment Adviser by a member of our board of directors, could result in a conflict of interest as the Investment Adviser’s management fee is based, in part, on our gross assets and incentive fees are based, in part, on unrealized gains and losses.

Conflicts of interest may exist related to other arrangements with the Investment Adviser or its affiliates.

We have entered into a royalty-free license agreement with New Mountain Capital under which New Mountain Capital has agreed to grant us a non-exclusive, royalty-free license to use the names "New Mountain" and "New Mountain Finance", as well as the NMF logo. In addition, we reimburse the Administrator for the allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us under the Administration Agreement, such as, but not limited to, the allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs. This could create conflicts of interest that our board of directors must monitor.

The Investment Management Agreement with the Investment Adviser and the Administration Agreement with the Administrator were not negotiated on an arm's length basis.

The Investment Management Agreement and the Administration Agreement were negotiated between related parties. In addition, we may choose not to enforce, or to enforce less vigorously, our respective rights and remedies under these agreements because of our desire to maintain our ongoing relationship with the Investment Adviser, the Administrator and their respective affiliates. Any such decision, however, could cause us to breach our fiduciary obligations to our stockholders.

The Investment Adviser's liability is limited under the Investment Management Agreement, and we have agreed to indemnify the Investment Adviser against certain liabilities, which may lead the Investment Adviser to act in a riskier manner than it would when acting for its own account.

Under the Investment Management Agreement, the Investment Adviser does not assume any responsibility other than to render the services called for under that agreement, and it is not responsible for any action of our board of directors in following or declining to follow the Investment Adviser's advice or recommendations. Under the terms of the Investment Management Agreement, the Investment Adviser, its officers, members, personnel, any person controlling or controlled by the Investment Adviser are not liable for acts or omissions performed in accordance with and pursuant to the Investment Management Agreement, except those resulting from acts constituting gross negligence, willful misconduct, bad faith or reckless disregard of the Investment Adviser's duties under the Investment Management Agreement. In addition, we have agreed to indemnify the Investment Adviser and each of its officers, directors, members, managers and employees from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted pursuant to authority granted by the Investment Management Agreement, except where attributable to gross negligence, willful misconduct, bad faith or reckless disregard of such person's duties under the Investment Management Agreement. These protections may lead the Investment Adviser to act in a riskier manner than it would when acting for its own account.

The Investment Adviser can resign upon 60 days' notice, and a suitable replacement may not be found within that time, resulting in disruptions in our operations that could adversely affect our business, results of operations and financial condition.

Under the Investment Management Agreement, the Investment Adviser has the right to resign at any time upon 60 days' written notice, whether a replacement has been found or not. If the Investment Adviser resigns, we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If a replacement is not able to be found on a timely basis, our business, results of operations and financial condition and our ability to pay distributions are likely to be materially adversely affected and the market price of our common stock may decline. In addition, if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by the Investment Adviser and its affiliates, the coordination of its internal management and investment activities is likely to suffer. Even if we are able to retain comparable management, whether internal or external, their integration into our business and lack of familiarity with our investment objective may result in additional costs and time delays that may materially adversely affect our business, results of operations and financial condition.

The Administrator can resign upon 60 days' notice from its role as Administrator under the Administration Agreement, and a suitable replacement may not be found, resulting in disruptions that could adversely affect our business, results of operations and financial condition.

The Administrator has the right to resign under the Administration Agreement upon 60 days' written notice, whether a replacement has been found or not. If the Administrator resigns, it may be difficult to find a new administrator or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms, or at all. If a replacement is not found quickly, our business, results of operations and financial condition, as well as our ability to pay distributions, are likely to be adversely affected, and the market price of our common stock may decline. In addition, the coordination of our internal management and administrative activities is likely to suffer if we are unable to identify and reach an agreement with a service provider or individuals with the expertise possessed by the Administrator. Even if a comparable service provider or individuals to perform such services are retained, whether internal or external, their integration into our business and lack of familiarity with our investment objective may result in additional costs and time delays that may materially adversely affect our business, results of operations and financial condition.

If we fail to operate as a BDC, our business and operating flexibility could be significantly reduced.

We qualify as a BDC under the 1940 Act. The 1940 Act imposes numerous constraints on the operations of BDCs. For example, BDCs are required to invest at least 70.0% of their total assets in specified types of securities, primarily in private companies or thinly-traded U.S. public companies, cash, cash equivalents, U.S. government securities and other high quality debt investments that mature in one year or less. Failure to comply with the requirements imposed on BDCs by the 1940 Act could cause the SEC to bring an enforcement action against us and/or expose us to claims of private litigants. In addition, upon approval of a majority of our stockholders, we may elect to withdraw their respective election as a BDC. If we decide to withdraw our election, or if we otherwise fail to operate as a BDC, we may be subject to the substantially greater regulation under the 1940 Act as a closed-end investment company. Compliance with these regulations would significantly decrease our operating flexibility and could significantly increase our cost of doing business.

If we do not invest a sufficient portion of our assets in qualifying assets, we could be precluded from investing in certain assets or could be required to dispose of certain assets, which could have a material adverse effect on our business, financial condition and results of operations.

As a BDC, we are prohibited from acquiring any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70.0% of our total assets are qualifying assets. We may acquire in the future other investments that are not "qualifying assets" to the extent permitted by the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we would be prohibited from investing in additional assets, which could have a material adverse effect on our business, financial condition and results of operations. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inopportune times in order to come into compliance with the 1940 Act. If we need to dispose of these investments quickly, it may be difficult to dispose of such investments on favorable terms. For example, we may have difficulty in finding a buyer and, even if a buyer is found, we may have to sell the investments at a substantial loss.

Our ability to invest in public companies may be limited in certain circumstances.

To maintain our status as a BDC, we are not permitted to acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70.0% of our total assets are qualifying assets (with certain limited exceptions). Subject to certain exceptions for follow-on investments and distressed companies, an investment in an issuer that has outstanding securities listed on a national securities exchange may be treated as qualifying assets only if such issuer has a common equity market capitalization that is less than $250.0 million at the time of such investment.

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

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

We may issue debt securities, preferred stock, and we may borrow money from banks or other financial institutions, which we refer to collectively as "senior securities", up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150.0% after each issuance of senior securities (which means we can borrow $2 for every $1 of our equity). As a result of our SEC exemptive order, we are permitted to exclude the senior securities issued by SBIC I and SBIC II from the definition of senior securities in the 150.0% asset coverage ratio we are required to maintain under the 1940 Act. If our asset coverage ratio is not at least 150.0%, we would be unable to issue additional senior securities, and certain provisions of certain of our senior securities may preclude us from making distributions to our stockholders. For example, our 2017A Unsecured Notes, 2018A Unsecured Notes, 2018B Unsecured Notes, 2019A Unsecured Notes and 2021A Unsecured Notes contain a covenant that prohibits us from declaring or paying a distribution to our stockholders unless we satisfy the asset coverage ratio immediately after the distribution. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous.

The following table summarizes our indebtedness as of December 31, 2021:

Borrowing	Maturity Date	Permitted Borrowing (in millions)	Total Outstanding (in millions)
Holdings Credit Facility	April 20, 2026	$ 730.0	$ 545.3
NMFC Credit Facility(1)	June 4, 2026	198.5	127.2
DB Credit Facility	March 25, 2026	280.0	226.3
Unsecured Management Company Revolver	December 31, 2024	50.0	—
NMNLC Credit Facility II	February 25, 2023	20.0	15.2
Convertible Notes	August 15, 2023	N/A	201.2
2017A Unsecured Notes	July 15, 2022	N/A	55.0
2018A Unsecured Notes	January 30, 2023	N/A	90.0
2018B Unsecured Notes	June 28, 2023	N/A	50.0
2019A Unsecured Notes	April 30, 2024	N/A	116.5
2021A Unsecured Notes	January 29, 2026	N/A	200.0
SBA-guaranteed debentures	Beginning March 1, 2025	N/A	300.0
			$ 1,926.7

(1) Under the NMFC Credit Facility, we may borrow in United States dollars or certain other permitted currencies. As of December 31, 2021, we had borrowings denominated in British Pound Sterling ("GBP") of £16.4 million that has been converted to U.S. dollars.

N/A - not applicable

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

Our business model in the future may depend to an extent upon our referral relationships with private equity sponsors, and the inability of the investment professionals of the Investment Adviser to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business strategy.

If the investment professionals of the Investment Adviser fail to maintain existing relationships or develop new relationships with other sponsors or sources of investment opportunities, we may not be able to grow our investment portfolio. In addition, individuals with whom the investment professionals of the Investment Adviser have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that any relationships they currently or may in the future have will generate investment opportunities for us.

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

We could experience fluctuations in our annual and quarterly operating results due to a number of factors, some of which are beyond our control, including the ability or inability of us to make investments in companies that meet our investment criteria, the interest rate payable on the debt securities acquired and the default rate on such securities, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in the markets in which we operate and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

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

Our board of directors has the authority, except as otherwise provided in the 1940 Act, to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval. As a result, our board of directors may be able to change our investment policies and objectives without any input from our stockholders. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. Under Delaware law, we also cannot be dissolved without prior stockholder approval. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and the market price of our common stock. Nevertheless, any such changes could adversely affect our business and impair our ability to make distributions to our stockholders.

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

Although we intend to continue to qualify annually as a RIC under Subchapter M of the Code, no assurance can be given that we will be able to maintain our RIC tax treatment. To maintain RIC tax treatment and be relieved of U.S. federal income taxes on income and gains distributed to our stockholders, we must meet the annual distribution, source-of-income and asset diversification requirements described below.

- The Annual Distribution Requirement for a RIC will be satisfied if we distribute (or are deemed to distribute) to our stockholders on an annual basis at least 90.0% of our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses, if any. Because we use debt financing, we are subject to an asset coverage ratio requirement under the 1940 Act, and we are subject to certain financial covenants contained in the Holdings Credit Facility and other debt financing agreements (as applicable). This asset coverage ratio requirement and these financial covenants could, under certain circumstances, restrict us from making distributions to our stockholders, which distributions are necessary for us to satisfy the Annual Distribution Requirement. If we are unable to obtain cash from other sources, and thus are unable to make sufficient distributions to our stockholders, we could fail to qualify for RIC tax treatment and thus become subject to certain corporate-level U.S. federal income tax (and any applicable state and local taxes).
- The source-of-income requirement will be satisfied if at least 90.0% of our allocable share of our gross income for each year is derived from dividends, interest payments with respect to loans of certain securities, gains from the sale of stock or other securities, net income from certain “qualified publicly traded partnerships” or other income derived with respect to our business of investing in such stock or securities.
- The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50.0% of the value of our assets must consist of cash, cash equivalents, U.S. government securities, securities of other RICs, and other such securities if such other securities of any one issuer do not represent more than 5.0% of the value of our assets or more than 10.0% of the outstanding voting securities of the issuer; and no more than 25.0% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by it and that are engaged in the same or similar or related trades or businesses or of certain “qualified publicly traded partnerships”. Failure to meet these requirements may result in us having to dispose of certain investments quickly in order to prevent the loss of our RIC status. Because most of our investments are intended to be in private companies, and therefore may be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

If we fail to maintain our tax treatment as a RIC for any reason, and we do not qualify for certain relief provisions under the Code, we would be subject to corporate-level U.S. federal income tax (and any applicable state and local taxes). In this event, the resulting taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions, which would have a material adverse effect on our financial performance.

You may have current tax liabilities on distributions you reinvest in our common stock.

Under the dividend reinvestment plan, if you own shares of our common stock registered in your own name, you will have all cash distributions automatically reinvested in additional shares of our common stock unless you opt out of the dividend reinvestment plan by delivering notice by phone, internet or in writing to the plan administrator at least three days prior to the payment date of the next dividend or distribution. If you have not “opted out” of the dividend reinvestment plan, you will be deemed to have received, and for U.S. federal income tax purposes will be taxed on, the amount reinvested in our common stock to the extent the amount reinvested was not a tax-free return of capital. As a result, you may have to use funds from other sources to pay your U.S. federal income tax liability on the value of the common stock received.

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

We intend to pay quarterly distributions to our stockholders out of assets legally available for distribution. We cannot assure you that we will continue to achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. If we are unable to satisfy the asset coverage test applicable to us as a BDC, or if we violate certain covenants under the Holdings Credit Facility, the NMFC Credit Facility, the DB Credit Facility, or the Unsecured Notes, our ability to pay distributions to our stockholders could be limited. All distributions are paid at the discretion of our board of directors and depend on our earnings, financial condition, maintenance of our RIC status, compliance with applicable BDC regulations, compliance with covenants under the Holdings Credit Facility, the NMFC Credit Facility, the DB Credit Facility and the Unsecured Notes, and such other factors as our board of directors may deem relevant from time to time. The distributions that we pay to our stockholders in a year may exceed our taxable income for that year and, accordingly, a portion of such distributions may constitute a return of capital for U.S. federal income tax purposes.

We may have difficulty paying our required distributions if we recognize taxable income before or without receiving cash representing such income.

For U.S. federal income tax purposes, we include in our taxable income our allocable share of certain amounts that we have not yet received in cash, such as original issue discount or accruals on a contingent payment debt instrument, which may occur if we receive warrants in connection with the origination of a loan or possibly in other circumstances or contracted PIK interest and dividends, which generally represents contractual interest added to the loan balance and due at the end of the loan term. Our allocable share of such original issue discount and PIK interest are included in our taxable income before we receive any corresponding cash payments. We also may be required to include in our taxable income our allocable share of certain other amounts that we will not receive in cash.

Because in certain cases we may recognize taxable income before or without receiving cash representing such income, we may have difficulty making distributions to our stockholders that will be sufficient to enable us to meet the Annual Distribution Requirement necessary for us to qualify for tax treatment as a RIC. Accordingly, we may need to sell some of our assets at times and/or at prices that we would not consider advantageous. We may need to raise additional equity or debt capital, or we may need to forego new investment opportunities or otherwise take actions that are disadvantageous to our business (or be unable to take actions that are advantageous to our business) to enable us to make distributions to our stockholders that will be sufficient to enable us to meet the annual distribution requirement. If we are unable to obtain cash from other sources to enable us to meet the annual distribution requirement, we may fail to qualify for the U.S. federal income tax benefits allowable to RICs and, thus, become subject to a corporate-level U.S. federal income tax (and any applicable state and local taxes).

Special tax issues regarding below investment grade securities

We expect to invest in debt securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Investments in these types of instruments may present special tax issues for us. U.S. federal income tax rules are not entirely clear about issues such as when we may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless instruments, how payments received on obligations in default should be allocated between principal and income and whether exchanges of debt obligations in a bankruptcy or workout context are taxable. These and other issues will be addressed by us, to the extent necessary, to preserve our status as a RIC and to distribute sufficient income to not become subject to U.S. federal income tax.

Changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.

Changes in the laws or regulations or the interpretations of the laws and regulations that govern BDCs, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. Our portfolio companies are subject to U.S. federal, state and local laws and regulations. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, any of which could materially adversely affect our business, including with respect to the types of investments we are permitted to make, and your interests as stockholders potentially with retroactive effect. In addition, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter our investment strategy in order to make available to ourselves new or different opportunities. These changes could result in material changes to our strategies which may result in our investment focus shifting from the areas of expertise of the Investment Adviser to other types of investments in which the Investment Adviser may have less expertise or little or no experience. Any such changes, if they occur, could have a material adverse effect on our business, results of operations and financial condition and, consequently, the value of your investment in us.

Over the last several years, there has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non-bank financial sector will be subject to new regulation. While it cannot be known at this time whether these regulations will be implemented or what form they will take, increased regulation of non-bank credit extension could negatively impact our operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business.

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

Legislative or other actions relating to taxes could have a negative effect on us. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. We cannot predict with certainty how any changes in the tax laws might affect us, our stockholders, or our portfolio investments. New legislation and any U.S. Treasury regulations, administrative interpretations or court decisions interpreting such legislation could significantly and negatively affect our ability to qualify for tax treatment as a RIC or the U.S. federal income tax consequences to us and our stockholders of such qualification, or could have other adverse consequences. Stockholders are urged to consult with their tax advisor regarding tax legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in our securities.

Our business and operations could be negatively affected if we become subject to any securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of investment strategy and impact our stock price.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Stockholder activism, which could take many forms or arise in a variety of situations, has been increasing in the BDC space recently. While we are currently not subject to any securities litigation or stockholder activism, due to the potential volatility of our stock price and for a variety of other reasons, we may in the future become the target of securities litigation or shareholder activism. Securities litigation and stockholder activism, including potential proxy contests, could result in substantial costs and divert the attention of our management and board of directors and resources from our business. Additionally, such securities litigation and stockholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation or activist stockholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation or stockholder activism.

The effect of global climate change may impact the operations of our portfolio companies.

There may be evidence of global climate change. Climate change creates physical and financial risk and some of our portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increases in the cost of energy could adversely affect the cost of operations of our portfolio companies if the use of energy products or services is material to their business. A decrease in energy use due to weather changes may affect some of our portfolio companies' financial condition, through decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions.

In December 2015 the United Nations, of which the U.S. is a member, adopted a climate accord (the "Paris Agreement") with the long-term goal of limiting global warming and the short-term goal of significantly reducing greenhouse gas emissions. On November 4, 2016, the past administration announced that the U.S. would cease participation in the Paris Agreement with the withdrawal taking effect on November 4, 2020. However, on January 20, 2021, President Joseph R. Biden signed an executive order to rejoin the Paris Agreement. As a result, some of our portfolio companies may become subject to new or strengthened regulations or legislation, which could increase their operating costs and/or decrease their revenues.

Small Business Credit Availability Act allows us to incur additional leverage, which could increase the risk of investing in our securities.

The SBCA amends the 1940 Act to permit a BDC to reduce the required minimum asset coverage ratio applicable to 150.0% (which means we can borrow $2 for every $1 of our equity), subject to certain requirements described therein. On April 12, 2018, our board of directors, including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) approved the application of the modified asset coverage requirements set forth in Section 61(a) of the 1940 Act, as amended by the SBCA, and recommended the submission of a proposal for stockholders to approve the application of the 150.0% minimum asset coverage ratio to us at a special meeting of stockholders, which was held on June 8, 2018. The stockholder proposal was approved by the required votes of our stockholders at such special meeting of stockholders, and thus we became subject to the 150.0% minimum asset coverage ratio on June 9, 2018. Changing the asset coverage ratio permits us to double our leverage, which results in increased leverage risk and increased expenses.

Leverage magnifies the potential for loss on investments in our indebtedness and on invested equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the leverage, while any decrease in our income would cause net investment income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities. Leverage is generally considered a speculative investment technique.

The maximum leverage available to a "family" of affiliated SBIC funds is $350.0 million, subject to SBA approval. This new legislation may allow us to issue additional SBIC debentures above the $225.0 million of SBA-guaranteed debentures previously permitted pending application for and receipt of additional SBIC licenses. If we incur this additional indebtedness in the future, your risk of an investment in our securities may increase. The maximum amount of borrowings available under current SBA regulations for a single licensee is $150.0 million as long as the licensee has at least $75.0 million in regulatory capital, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing. In June 2018, the legislation amended the 1958 Act by increasing the individual leverage limit from $150.0 million to $175.0 million, subject to SBA approvals.

We incur significant costs as a result of being a publicly traded company.

As a publicly traded company, we incur legal, accounting and other expenses, which are paid by us, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the Exchange Act, as well as additional corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, or the “Sarbanes-Oxley Act”, and other rules implemented by the SEC.

Efforts to comply with Section 404 of the Sarbanes-Oxley Act involve significant expenditures, and non-compliance with Section 404 of the Sarbanes-Oxley Act may adversely affect us and the market price of our common stock.

We are subject to the Sarbanes-Oxley Act, and the related rules and regulations promulgated by the SEC. Under current SEC rules, since our fiscal year ending December 31, 2012, our management has been required to report on our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, and rules and regulations of the SEC thereunder. We are required to review on an annual basis our internal control over financial reporting, and on a quarterly and annual basis to evaluate and disclose changes in our internal control over financial reporting. As a result, we expect to continue to incur additional expenses, which may negatively impact our financial performance and our ability to make distributions to our stockholders. This process also may result in a diversion of management’s time and attention. We cannot be certain as to the timing of completion of any evaluation, testing and remediation actions or the impact of the same on our operations, and we are not able to ensure that the process is effective or that our internal control over financial reporting is or will continue to be effective in a timely manner. In the event that we are unable to maintain or achieve compliance with Section 404 of the Sarbanes-Oxley Act and related rules, we and, consequently, the market price of our common stock may be adversely affected.

Our business is highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay distributions.

Our business is highly dependent on the communications and information systems of the Investment Adviser and its affiliates. Any failure or interruption of such systems could cause delays or other problems in our activities. This, in turn, could have a material adverse effect on our operating results and, consequently, negatively affect the market price of our common stock and our ability to pay distributions to our stockholders. In addition, because many of our portfolio companies operate and rely on network infrastructure and enterprise applications and internal technology systems for development, marketing, operational, support and other business activities, a disruption or failure of any or all of these systems in the event of a major telecommunications failure, cyber-attack, fire, earthquake, severe weather conditions or other catastrophic event could cause system interruptions, delays in product development and loss of critical data and could otherwise disrupt their business operations.

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

The occurrence of a disaster, such as a cyber-attack against us or against a third-party that has access to our data or networks, a natural catastrophe, an industrial accident, disease pandemics, failure of our disaster recovery systems, or consequential employee error, could have an adverse effect on our ability to communicate or conduct business, negatively impacting our operations and financial condition. This adverse effect can become particularly acute if those events affect our electronic data processing, transmission, storage, and retrieval systems, or impact the availability, integrity, or confidentiality of our data.

We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems, networks, and data, like those of other companies, could be subject to cyber-attacks and unauthorized access, use, alteration, or destruction, such as from physical and electronic break-ins or unauthorized tampering. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary, and other information processed, stored in, and transmitted through our computer systems and networks. Such an attack could cause interruptions or malfunctions in our operations, which could result in financial losses, litigation, regulatory penalties, client dissatisfaction or loss, reputational damage, and increased costs associated with mitigation of damages and remediation.

If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information related to stockholders (and their beneficial owners) and material nonpublic information. The systems we have implemented to manage risks relating to these types of events could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing them from being addressed appropriately. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in our and our Investment Adviser's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to stockholders, material nonpublic information and other sensitive information in our possession.

A disaster or a disruption in the infrastructure that supports our business, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or directly affecting our headquarters, could have a material adverse impact on our ability to continue to operate our business without interruption. Our disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all.

Third parties with which we do business may also be sources of cybersecurity or other technological risk. We outsource certain functions and these relationships allow for the storage and processing of our information, as well as client, counterparty, employee, and borrower information. While we engage in actions to reduce our exposure resulting from outsourcing, ongoing threats may result in unauthorized access, loss, exposure, destruction, or other cybersecurity incident that affects our data, resulting in increased costs and other consequences as described above.

In addition, cybersecurity has become a top priority for regulators around the world, and some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. If we fail to comply with the relevant laws and regulations, we could suffer financial losses, a disruption of our businesses, liability to investors, regulatory intervention or reputational damage.

We and our service providers are currently impacted by restrictions being enacted by governments and private entities in response to the global COVID-19 pandemic, which are obstructing the regular functioning of business workforces (including requiring employees to work from external locations and their homes). Policies of extended periods of remote working, whether by us or by our service providers, could strain technology resources, introduce operational risks and otherwise heighten the risks described above. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that seek to exploit the COVID-19 pandemic. Accordingly, the risks described above are heightened under current conditions.

We, the Investment Adviser and our portfolio companies are subject to risks associated with "phishing" and other cyber-attacks.

Our business and the business of our portfolio companies relies upon secure information technology systems for data processing, storage and reporting. Despite careful security and controls design, implementation and updating, ours and our portfolio companies' information technology systems could become subject to cyber-attacks. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking", malicious software coding, social engineering or "phishing" attempts) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of service attacks on websites (i.e., efforts to make network services unavailable to intended users). The Investment Adviser's employees have been and expect to continue to be the target of fraudulent calls, emails and other forms of activities. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen information, misappropriation of assets, increased cybersecurity protection and insurance costs, litigation and damage to our business relationships, regulatory fines or penalties, or other adverse effects on our business, financial condition or results of operations. In addition, we may be required to expend significant additional resources to modify our protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks related to cyber-attacks.

The Investment Adviser's and other service providers' increased use of mobile and cloud technologies could heighten the risk of a cyber-attack as well as other operational risks, as certain aspects of the security of such technologies may be complex, unpredictable or beyond their control. The Investment Adviser's and other service providers' reliance on mobile or cloud technology or any failure by mobile technology and cloud service providers to adequately safeguard their systems and prevent cyber-attacks could disrupt their operations and result in misappropriation, corruption or loss of personal, confidential or proprietary information. In addition, there is a risk that encryption and other protective measures against cyber-attacks may be circumvented, particularly to the extent that new computing technologies increase the speed and computing power available.

Additionally, remote working environments may be less secure and more susceptible to cyber-attacks, including phishing and social engineering attempts that seek to exploit the COVID-19 pandemic. Accordingly, the risks associated with cyber-attacks are heightened under current conditions.

RISKS RELATING TO OUR INVESTMENTS

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

Companies in which we invest could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or an economic downturn. As a result, companies which we expect to be stable may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress. In some cases, the success of our investment strategy will depend, in part, on the ability to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that any person (including us) will be able to successfully identify and implement such restructuring programs and improvements.

Although the Investment Adviser’s investment strategy includes a focus on tight control of risk, there can be no assurance that the various risks of an investment will be successfully controlled or that losses can be avoided.

Investments in small and middle market businesses are highly speculative and involve a high degree of risk of credit loss. These risks are likely to increase during volatile economic periods, such as the U.S. and many other economies have recently experienced. Among other things, these companies:

- may have limited financial resources and may be unable to meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of any equity components of our investments;
- may have shorter operating histories, narrower product lines, smaller market shares and/or more significant customer concentrations than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;
- may be targets of cybersecurity or other technological risks;
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence;
- may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and
- generally have less publicly available information about their businesses, operations and financial condition.

In addition, in the course of providing significant managerial assistance to certain of our eligible portfolio companies, certain of our officers and directors may serve as directors on the boards of such companies. To the extent that litigation arises out of our investments in these companies, our officers and directors may be named as defendants in such litigation, which could result in an expenditure of funds (through our indemnification of such officers and directors) and the diversion of management time and resources.

Our investment strategy, which is focused primarily on privately held companies, presents certain challenges, including the lack of available information about these companies.

We invest primarily in privately held companies. There is generally little public information about these companies, and, as a result, we must rely on the ability of the Investment Adviser to obtain adequate information to evaluate the potential returns from, and risks related to, investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Also, privately held companies frequently have less diverse product lines and smaller market presence than larger competitors. They are, thus, generally more vulnerable to economic downturns and may experience substantial variations in operating results. These factors could adversely affect our investment returns.

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

Our investments are almost entirely rated below investment grade or may be unrated, which are often referred to as “leveraged loans”, “high yield” or “junk” securities, and may be considered “high risk” compared to debt instruments that are rated investment grade. High yield securities are regarded as having predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, high yield securities generally offer a higher current yield than that available from higher grade issues, but typically involve greater risk. These securities are especially sensitive to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuation in response to changes in interest rates. During periods of economic downturn or rising interest rates, issuers of below investment grade instruments may experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default.

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

Our portfolio may be concentrated in a limited number of industries. For example, as of December 31, 2021, our investments in the software and the business services industries represented approximately 24.6% and 16.2%, respectively, of the fair value of our portfolio. A downturn in any particular industry in which we are invested could significantly impact the portfolio companies operating in that industry, and accordingly, the aggregate returns that we realize from our investment in such portfolio companies.

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

If we make unsecured investments, those investments might not generate sufficient cash flow to service their debt obligations to us.

We may make unsecured investments. Unsecured investments may be subordinated to other obligations of the obligor. Unsecured investments often reflect a greater possibility that adverse changes in the financial condition of the obligor or general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. If we make an unsecured investment in a portfolio company, that portfolio company may be highly leveraged, and its relatively high debt-to-equity ratio may increase the risk that its operations might not generate sufficient cash to service its debt obligations.

If we invest in the securities and obligations of distressed and bankrupt issuers, we might not receive interest or other payments.

From time to time, we may invest in other types of investments which are not our primary focus, including investments in the securities and obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer of those obligations might not make any interest or other payments.

Defaults by our portfolio companies may harm our operating results.

A portfolio company’s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company’s ability to meet its obligations under the debt or equity securities that we hold.

We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company. In addition, lenders in certain cases can be subject to lender liability claims for actions taken by them when they become too involved in the borrower’s business or exercise control over a borrower. It is possible that we could become subject to a lender’s liability claim, including as a result of actions taken if we render significant managerial assistance to the borrower. Furthermore, if one of our portfolio companies were to file for bankruptcy protection, even though we may have structured our investment as senior secured debt, depending on the facts and circumstances, including the extent to which we provided managerial assistance to that portfolio company, a bankruptcy court might re-characterize our debt holding and subordinate all or a portion of our claim to claims of other creditors.

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

We invest, and will continue to invest, in companies whose securities are not publicly traded and whose securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required or otherwise choose to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. Our investments are usually subject to contractual or legal restrictions on resale or are otherwise illiquid because there is usually no established trading market for such investments. Because most of our investments are illiquid, we may be unable to dispose of them in which case we could fail to qualify as a RIC and/or a BDC, or we may be unable to do so at a favorable price, and, as a result, we may suffer losses.

Price declines and illiquidity in the corporate debt markets may adversely affect the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by our board of directors. As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments:

- a comparison of the portfolio company's securities to publicly traded securities;
- the enterprise value of a portfolio company;
- the nature and realizable value of any collateral;
- the portfolio company's ability to make payments and its earnings and discounted cash flow;
- the markets in which the portfolio company does business; and
- changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made in the future and other relevant factors.

When an external event such as a purchase transaction, public offering or subsequent sale occurs, we will use the pricing indicated by the external event to corroborate our valuation. We will record decreases in the market values or fair values of our investments as unrealized depreciation. Declines in prices and liquidity in the corporate debt markets may result in significant net unrealized depreciation in our portfolio. The effect of all of these factors on our portfolio may reduce our net asset value by increasing net unrealized depreciation in our portfolio. Depending on market conditions, we could incur substantial realized losses and may suffer additional unrealized losses in future periods, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If we are unable to make follow-on investments in our portfolio companies, the value of our investment portfolio could be adversely affected.

We may not have the funds or ability to make additional investments in our portfolio companies or to fund our unfunded debt commitments. We expect that certain of our investments will take the form of unfunded commitments that we will be contractually obligated to fund on the demand of a borrower or other counterparty. We will not be able to control when, or if, these unfunded debt commitments are funded.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as "follow-on" investments, in order to, among other things, (i) increase or maintain in whole or in part our equity ownership percentage, (ii) exercise warrants, options or convertible securities that were acquired in the original or subsequent financing or (iii) attempt to preserve or enhance the value of our investment. We may elect not to make follow-on investments or may otherwise lack sufficient funds to make these investments. We have the discretion to make follow-on investments, subject to the availability of capital resources. If we fail to make follow-on investments, the continued viability of a portfolio company and our investment may, in some circumstances, be jeopardized, we could miss an opportunity for us to increase our participation in a successful operation and our expected return on the investment may be reduced. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because of regulatory, tax, diversification or asset profiles or we may not want to increase our concentration of risk, either because we prefer other opportunities or because we are subject to BDC requirements that would prevent such follow-on investments or such follow-on investments would adversely impact our ability to qualify for or maintain our RIC status.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies. We invest in portfolio companies at all levels of the capital structure. Our portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which we invest. By their terms, these debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invest. In addition, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution. After repaying the senior creditors, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt instruments in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

The disposition of our investments may result in contingent liabilities.

Most of our investments will involve private securities. In connection with the disposition of an investment in private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to certain potential liabilities. These arrangements may result in contingent liabilities that ultimately yield funding obligations that must be satisfied through our return of certain distributions previously made to us.

There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.

Even though we may have structured certain of our investments as senior loans, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, including the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy court might re-characterize our debt investment and subordinate all or a portion of our claim to that of other creditors. We may also be subject to lender liability claims for actions taken by us with respect to a borrower's business or instances where we exercise control over the borrower. It is possible that we could become subject to a lender's liability claim, including as a result of actions taken in rendering significant managerial assistance.

Second priority liens on collateral securing loans that we make to our portfolio companies may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and us.

Certain loans to portfolio companies will be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by the first priority liens on the collateral will generally control the liquidation of and be entitled to receive proceeds from any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds are not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company's remaining assets, if any.

The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements entered into with the holders of first priority senior debt. Under an intercreditor agreement, at any time obligations which have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens: the ability to cause the commencement of enforcement proceedings against the collateral, the ability to control the conduct of such proceedings, the approval of amendments to collateral documents; releases of liens on the collateral and waivers of past defaults under collateral documents. We may not have the ability to control or direct these actions, even if our rights are adversely affected.

We generally do not control our portfolio companies.

Although we have taken and may in the future take controlling equity positions in our portfolio companies from time to time, we generally do not control most of our portfolio companies, even though we may have board representation or board observation rights, and our debt agreements may contain certain restrictive covenants that limit the business and operations of our portfolio companies. As a result, we are subject to the risk that a portfolio company may make business decisions with which we disagree and the management of such company may take risks or otherwise act in ways that do not serve our interests as debt investors. Due to the lack of liquidity of the investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event that we disagree with the actions of a portfolio company as readily as we would otherwise like to or at favorable prices which could decrease the value of our investments.

We do not have influence over the day-to-day management of portfolio companies or their retention of effective personnel.

Each portfolio company's day-to-day operations are the responsibility of such portfolio company's management team. Although the Investment Adviser is responsible for monitoring the performance of each portfolio investment, there can be no assurance that the existing management team, or any successor thereto, will be able to successfully operate the portfolio company in accordance with our plans and objectives. The success of each portfolio company depends in substantial part upon the skill and expertise of each portfolio company's management team. Additionally, portfolio companies will need to attract, retain and develop executives and members of their management teams. The market for executive talent is, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, such investment and we may be adversely affected thereby.

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

Many of our portfolio companies may be susceptible to economic slowdowns or recessions, including those resulting from the COVID-19 pandemic, and may be unable to repay its debt investments during these periods. Therefore, our non-performing assets are likely to increase, and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions also may decrease the value of collateral securing some of our debt investments and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results.

A number of our portfolio companies provide services to the U.S. government. Changes in the U.S. government’s priorities and spending, or significant delays or reductions in appropriations of the U.S. government’s funds, could have a material adverse effect on the financial position, results of operations and cash flows of such portfolio companies.

A number of our portfolio companies derive a substantial portion of their revenue from the U.S. government. Levels of the U.S. government’s spending in future periods are very difficult to predict and subject to significant risks. In addition, significant budgetary constraints may result in further reductions to projected spending levels. In particular, U.S. government expenditures are subject to the potential for automatic reductions, generally referred to as “sequestration.” Sequestration occurred during 2013, and may occur again in the future, resulting in significant additional reductions to spending by the U.S. government on both existing and new contracts as well as disruption of ongoing programs. Even if sequestration does not occur again in the future, we expect that budgetary constraints and ongoing concerns regarding the U.S. national debt will continue to place downward pressure on U.S. government spending levels. Due to these and other factors, overall U.S. government spending could decline, which could result in significant reductions to the revenues, cash flow and profits of our portfolio companies that provide services to the U.S. government.

Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.

We are subject to the risk that the investments we make in our portfolio companies may be repaid prior to maturity. When this occurs, subject to qualification for or maintenance of our RIC status, we will generally reinvest these proceeds in temporary investments, pending our future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being prepaid and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our common stock.

We may not realize gains from our equity investments.

When we invest in portfolio companies, we may acquire warrants or other equity securities of portfolio companies as well. We may also invest in equity securities directly. To the extent we hold equity investments, we will attempt to dispose of them and realize gains upon our disposition of them. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. As a result, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies

Before making portfolio investments, the Investment Adviser typically conducts due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each portfolio investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental, social, governance and legal issues. When conducting due diligence and making an assessment regarding an investment, the Investment Adviser relies on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that the Investment Adviser carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the portfolio investment being successful. There can be no assurance that attempts to provide downside protection with respect to portfolio investments will achieve their desired effect and potential investors should regard an investment in us as being speculative and having a high degree of risk.

There can be no assurance that we will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during our efforts to monitor the portfolio investment on an ongoing basis or that any risk management procedures implemented by us will be adequate. In the event of fraud by any portfolio company or any of its affiliates, we may suffer a partial or total loss of capital invested in that portfolio company. An additional concern is the possibility of material misrepresentation or omission on the part of the portfolio company or the seller. Such inaccuracy or incompleteness may adversely affect the value of our securities and/or instruments in such portfolio company. We rely upon the accuracy and completeness of representations made by portfolio companies and/or their former owners in the due diligence process to the extent reasonable when it makes our investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to us may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Consultants, legal advisors, appraisers, accountants, investment banks and other third parties may be involved in the due diligence process and/or the ongoing operation of our portfolio companies to varying degrees depending on the type of investment. For example, certain asset management, finance, administrative and other similar functions may be outsourced to a third-party service provider whose fees and expenses will be borne by such portfolio company or us and will not offset the management fee. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to the Investment Adviser's reduced control of the functions that are outsourced. In addition, if the Investment Adviser is unable to timely engage third-party providers, their ability to evaluate and acquire more complex targets could be adversely affected.

Our performance may differ from our historical performance as our current investment strategy includes significantly more primary originations in addition to secondary market purchases.

Historically, our investment strategy consisted primarily of secondary market purchases in debt securities. We adjusted that investment strategy to also include significantly more primary originations. While loans that we originate and loans we purchase in the secondary market face many of the same risks associated with the financing of leveraged companies, we may be exposed to different risks depending on specific business considerations for secondary market purchases or origination of loans. Primary originations require substantially more time and resources for sourcing, diligencing and monitoring investments, which may consume a significant portion of our resources. Further, the valuation process for primary originations may be more cumbersome and uncertain due to the lack of comparable market quotes for the investment and would likely require more frequent review by a third-party valuation firm. This may result in greater costs for us and fluctuations in the quarterly valuations of investments that are primary originations. As a result, this strategy may result in different returns from these investments than the types of returns historically experienced from secondary market purchases of debt securities.

We may be subject to additional risks if we invest in foreign securities and/or engage in hedging transactions.

The 1940 Act generally requires that 70.0% of our investments be in issuers each of whom is organized under the laws of, and has its principal place of business in, any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands or any other possession of the United States. Our investment strategy does not presently contemplate significant investments in securities of non-U.S. companies. However, we may desire to make such investments in the future, to the extent that such transactions and investments are permitted under the 1940 Act. We expect that these investments would focus on the same types of investments that we make in U.S. middle market companies and accordingly would be complementary to our overall strategy and enhance the diversity of our holdings. Investing in foreign companies could expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U.S., higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Investments denominated in foreign currencies would be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk, or that if we do, such strategies will be effective.

Engaging in hedging transactions would also, indirectly, entail additional risks to our stockholders. Although it is not currently anticipated that we would engage in hedging transactions as a principal investment strategy, if we determined to engage in hedging transactions, we generally would seek to hedge against fluctuations of the relative values of our portfolio positions from changes in market interest rates or currency exchange rates. Hedging against a decline in the values of our portfolio positions would not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of the positions declined. However, such hedging could establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions.

These hedging transactions could also limit the opportunity for gain if the values of the underlying portfolio positions increased. Moreover, it might not be possible to hedge against an exchange rate or interest rate fluctuation that was so generally anticipated that we would not be able to enter into a hedging transaction at an acceptable price. If we choose to engage in hedging transactions, there can be no assurances that we will achieve the intended benefits of such transactions and, depending on the degree of exposure such transactions could create, such transactions may expose us to risk of loss.

While we may enter into these types of transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates could result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged could vary. Moreover, for a variety of reasons, we might not seek to establish a perfect correlation between the hedging instruments and the portfolio holdings being hedged. Any imperfect correlation could prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it might not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities would likely fluctuate as a result of factors not related to currency fluctuations.

Our ability to enter into transactions involving derivatives and financial commitment transactions may be limited.

Through comprehensive new global regulatory regimes impacting derivatives (e.g., the Dodd-Frank Act, European Market Infrastructure Regulation (“EMIR”), Markets in Financial Investments Regulation (“MIFIR”)/Markets in Financial Instruments Directive (“MIFID II”)), certain over-the-counter derivatives transactions in which we may engage are either now or will soon be subject to various requirements, such as mandatory central clearing of transactions which include additional margin requirements and in certain cases trading on electronic platforms, pre-and post-trade transparency reporting requirements and mandatory bi-lateral exchange of initial margin for non-cleared swaps. The Dodd-Frank Act also created new categories of regulated market participants, such as “swap dealers,” “security-based swap dealers,” “major swap participants,” and “major security-based swap participants” who are subject to significant new capital, registration, recordkeeping, reporting, disclosure, business conduct and other regulatory requirements. The EU and some other jurisdictions are implementing similar requirements. Because these requirements are new and evolving (and some of the rules are not yet final), their ultimate impact remains unclear. However, even if the Company itself is not located in a particular jurisdiction or directly subject to the jurisdiction’s derivatives regulations, we may still be impacted to the extent we enter into a derivatives transaction with a regulated market participant or counterparty that is organized in that jurisdiction or otherwise subject to that jurisdiction’s derivatives regulations.

Based on information available as of the date of this Annual Report on Form 10-K, the effect of such requirements will be likely to (directly or indirectly) increase our overall costs of entering into derivatives transactions. In particular, new margin requirements, position limits and significantly higher capital charges resulting from new global capital regulations, even if not directly applicable to us, may cause an increase in the pricing of derivatives transactions entered into by market participants to whom such requirements apply or affect our overall ability to enter into derivatives transactions with certain counterparties. Such new global capital regulations and the need to satisfy the various requirements by counterparties are resulting in increased funding costs, increased overall transaction costs, and significantly affecting balance sheets, thereby resulting in changes to financing terms and potentially impacting our ability to obtain financing. Administrative costs, due to new requirements such as registration, recordkeeping, reporting, and compliance, even if not directly applicable to us, may also be reflected in our derivatives transactions. New requirements to trade certain derivatives transactions on electronic trading platforms and trade reporting requirements may lead to (among other things) fragmentation of the markets, higher transaction costs or reduced availability of derivatives, and/or a reduced ability to hedge, all of which could adversely affect the performance of certain of our trading strategies. In addition, changes to derivatives regulations may impact the tax and/or accounting treatment of certain derivatives, which could adversely impact us.

In November 2020, the SEC adopted new rules regarding the ability of a BDC (or a registered investment company) to use derivatives and other transactions that create future payment or delivery obligations. BDCs that use derivatives would be subject to a value-at-risk leverage limit, certain other derivatives risk management program and testing requirements and requirements related to board reporting. These new requirements would apply unless the BDC qualified as a “limited derivatives user,” as defined in the SEC’s adopted rules. A BDC that enters into reverse repurchase agreements or similar financing transactions would need to aggregate the amount of indebtedness associated with the reverse repurchase agreements or similar financing transactions could either (i) comply with the asset coverage requirements of the Section 18 of the 1940 Act when engaging in reverse repurchase agreements or (ii) choose to treat such agreements as derivative transactions under the adopted rule. Under the adopted rule, a BDC may enter into an unfunded commitment agreement that is not a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. If the BDC cannot meet this test, it is required to treat unfunded commitments as a derivatives transaction subject to the requirements of the rule. Collectively, these requirements may limit our ability to use derivatives and/or enter into certain other financial contracts.

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

LIBOR, the London Interbank Offered Rate, is the basic rate of interest used in lending transactions between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. Prior to December 31, 2021, we typically used LIBOR as a reference rate in floating-rate loans extended to portfolio companies such that the interest due to us pursuant to a term loan extended to a portfolio company is calculated using LIBOR, including with respect to loans that mature after LIBOR is no longer available. Uncertainty relating to the LIBOR calculation process, the valuation of LIBOR alternatives, and other economic consequences from the phasing out of LIBOR may adversely affect our results of operations, financial condition and liquidity.

On March 5, 2021, the United Kingdom's Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that it will not compel panel banks to contribute to the overnight 1, 3, 6 and 12 months USD LIBOR tenors after June 30, 2023 and all other tenors after December 31, 2021. On November 16, 2021, the FCA issued a statement confirming that starting January 1, 2022, entities supervised by the FCA will be prohibited from using LIBORs, including USD LIBOR, that will be discontinued as of December 31, 2021 as well as, except in very limited circumstances, those tenors of USD LIBOR that will be discontinued or declared non-representative after June 30, 2023. While LIBOR will cease to exist or be declared non-representative, there continues to be uncertainty regarding the nature of potential changes to specific USD LIBOR tenors, the development and acceptance of alternative reference rates and other reforms.

Central banks and regulators in a number of major jurisdictions (for example, United States, United Kingdom, European Union, Switzerland and Japan) have convened working groups to find, and implement the transition to, suitable replacements for LIBORs and other interbank offered rates ("IBORs"). To identify a successor rate for USD LIBOR, the Alternative Reference Rates Committee (“ARRC”), U.S.-based group convened by the U.S. Federal Reserve Board and the Federal Reserve Bank of New York, was formed. The ARRC has identified the Secured Overnight Financing Rate (“SOFR”) as its preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. On July 29, 2021, the ARRC formally recommended SOFR as its preferred alternative replacement rate for LIBOR. On July 29, 2021, the ARRC also recommended a forward-looking term rate based on SOFR published by CME Group. Although SOFR appears to be the preferred replacement rate for U.S. dollar LIBOR, at this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or other reforms to LIBOR that may be enacted in the United States, United Kingdom or elsewhere. Alternative reference rates that may replace LIBOR, including SOFR for USD transactions, may not yield the same or similar economic results as LIBOR over the lives of such transactions. There can be no guarantee that SOFR will become the dominant alternative to USD LIBOR or that SOFR will be widely used and other alternatives may or may not be developed and adopted with additional consequences.

On April 6, 2021, legislation was signed into law in the state of New York that provides that contracts, securities and instruments governed by New York law that reference USD LIBOR and that either lack benchmark fallback provisions or include ineffective benchmark fallback provisions in connection with USD LIBOR no longer being published or becoming non-representative, will, by operation of law, refer to a replacement benchmark rate based on SOFR. Despite the adoption of the New York legislation, successful legal challenges against the legislation may render it partially or wholly unconstitutional or unenforceable, e.g., based on other federal or state law grounds.

The elimination of LIBOR or any other changes or reforms to the determination or supervision of LIBOR could have an adverse impact on the market value of and/or transferability of any LIBOR-linked securities, loans, and other financial obligations or extensions of credit held by or due to us, valuation measurements used by us that include LIBOR as an input, our operational processes or our overall financial condition or results of operations. In addition, while the majority of our LIBOR-linked loans contemplate that LIBOR may cease to exist and allow for amendment to a new base rate without the approval of 100% of the lenders, if LIBOR ceases to exist, we could be required, in certain situations, to still need to renegotiate the credit agreements extending beyond 2021 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate, in order to replace LIBOR with the new standard that is established, which may have an adverse effect on our overall financial condition or results of operations. Following the replacement of LIBOR, some or all of these credit agreements may bear interest at a lower interest rate, which could have an adverse impact on the value and liquidity of our investment in these portfolio companies and, as a result, on our results of operations. Such adverse impacts and the uncertainty of the transition could result in disputes and litigation with counterparties and borrowers regarding the implementation of alternative reference rates.

RISKS RELATING TO OUR SECURITIES

The market price of our common stock may fluctuate significantly.

The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- price and volume fluctuations in the overall stock market or in the market for BDCs from time to time;
- investor demand for shares of our common stock;
- significant volatility in the market price and trading volume of securities of registered closed-end management investment companies, BDCs or other financial services companies, which is not necessarily related to the operating performance of these companies;
- the inability to raise equity capital;
- our inability to borrow money or deploy or invest our capital;
- fluctuations in interest rates;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- operating performance of companies comparable to us;
- changes in regulatory policies or tax guidelines with respect to RICs or BDCs;
- our loss of status as or ability to operate as a BDC;
- our failure to qualify as a RIC, loss of RIC status or ability to operate as a RIC;
- actual or anticipated changes in our earnings or fluctuations in our operating results;
- changes in the value of our portfolio of investments;
- general economic conditions, trends and other external factors;
- departures of key personnel; or
- loss of a major source of funding.

In addition, we are required to continue to meet certain listing standards in order for our common stock to remain listed on the NASDAQ Global Select Market ("NASDAQ"). If we were to be delisted by the NASDAQ, the liquidity of our common stock would be materially impaired.

Investing in our common stock may involve an above average degree of risk.

The investments we may make may result in a higher amount of risk, volatility or loss of principal than alternative investment options. These investments in portfolio companies may be highly speculative and aggressive, and therefore, an investment in our common stock may not be suitable for investors with lower risk tolerance.

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

Sales of substantial amounts of our common stock could materially adversely affect the prevailing market prices for our common stock. If substantial amounts of our common stock were sold, this could impair our ability to raise additional capital through the sale of securities should we desire to do so.

Certain provisions of our certificate of incorporation and bylaws, as well as aspects of the Delaware General Corporation Law could deter takeover attempts and have an adverse impact on the price of our common stock.

Our certificate of incorporation and bylaws as well as the Delaware General Corporation Law contain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. Among other things, our certificate of incorporation and bylaws:

- provide for a classified board of directors, which may delay the ability of our stockholders to change the membership of a majority of our board of directors;
- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to thwart a takeover attempt;
- do not provide for cumulative voting;
- provide that vacancies on the board of directors, including newly created directorships, may be filled only by a majority vote of directors then in office;
- provide that our directors may be removed only for cause;
- require supermajority voting to effect certain amendments to our certificate of incorporation and bylaws; and
- require stockholders to provide advance notice of new business proposals and director nominations under specific procedures.

These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. The Holdings Credit Facility, the NMFC Credit Facility, NMNLC Credit Facility II, the DB Credit Facility and the Unsecured Notes also include covenants that, among other things, restrict our ability to dispose of assets, incur additional indebtedness, make restricted payments, create liens on assets, make investments, make acquisitions and engage in mergers or consolidations. The Holdings Credit Facility, the NMFC Credit Facility, the DB Credit Facility and the Unsecured Notes also include change of control provisions that accelerate the indebtedness (or require prepayment of such indebtedness) under these agreements in the event of certain change of control events.

Shares of our common stock have traded at a discount from net asset value and may do so in the future.

Shares of BDCs have frequently traded at a market price that is less than the net asset value that is attributable to those shares. For example, as a result of the COVID-19 pandemic, the stocks of BDCs as an industry, including shares of our common stock, have traded below net asset value, at or near historic lows as a result of concerns over liquidity, leverage restrictions and distribution requirements. In part as a result of adverse economic conditions and increasing pressure within the financial sector of which we are a part, our common stock has at times traded below our net asset value per share since our IPO on May 19, 2011. Our shares could once again trade at a discount to net asset value. The possibility that our shares of common stock may trade at a discount from net asset value over the long term is separate and distinct from the risk that our net asset value will decrease. We cannot predict whether shares of our common stock will trade above, at or below our net asset value. If our common stock trades below our net asset value, we will generally not be able to issue additional shares of our common stock without first obtaining the approval for such issuance from our stockholders and our independent directors. If additional funds are not available to us, we could be forced to curtail or cease our new lending and investment activities, and our net asset value could decrease and our level of distributions could be impacted.

You may not receive distributions or our distributions may decline or may not grow over time.

None of us, the Investment Adviser or their respective affiliates can provide any assurance whatsoever that we will be successful in choosing, making and realizing investments in any particular portfolio company or portfolio companies. There is no assurance that we will be able to generate returns for our investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. While we expect to make regular distributions of income, there can be no assurance that any stockholder will receive any distribution from us. Partial or complete sales, transfers or other dispositions of portfolio investments which may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. Accordingly, an investment in us should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment.

Past performance of investment entities associated with New Mountain Capital and its affiliates is not necessarily indicative of future results. There can be no assurance that we will achieve comparable results or that our performance objectives will be achieved. In particular, we do not expect to replicate the historical performance of New Mountain Capital's investments, or those of our affiliates, including NMF SLF Inc. and New Mountain Guardian III BDC, LLC. In addition, our investment strategies may differ from those of New Mountain Capital or its affiliates. We, as a BDC and as a RIC, are subject to certain regulatory restrictions that do not apply to New Mountain Capital or certain of its affiliates.

We are generally not permitted to invest in any portfolio company in which New Mountain Capital or any of its affiliates currently have an investment or to make any co-investments with New Mountain Capital or its affiliates, except to the extent permitted by the 1940 Act, or pursuant to previously obtained exemptive orders. This may adversely affect the pace at which we make investments.

We will have broad discretion over the use of proceeds of any offering made pursuant to our prospectus.

We will have significant flexibility in applying the proceeds of any offering made pursuant to our prospectus. We will also pay operating expenses, and may pay other expenses such as due diligence expenses of potential new investments, from net proceeds. Our ability to achieve our investment objective may be limited to the extent that the net proceeds of the offering, pending full investment, are used to pay operating expenses. In addition, we can provide you no assurance that any offering will be successful, or that by increasing the size of our available equity capital, our aggregate expenses, and correspondingly, our expense ratio, will be lowered.

Your interest in NMFC may be diluted if you do not fully exercise your subscription rights in any rights offering.

In the event we issue subscription rights to purchase shares of our common stock, stockholders who do not fully exercise their rights should expect that they will, at the completion of the offer, own a smaller proportional interest in NMFC than would otherwise be the case if they fully exercised their rights. We cannot state precisely the amount of any such dilution in share ownership because we do not know at this time what proportion of the shares will be purchased as a result of the offer.

If we issue preferred stock, the net asset value and market value of our common stock will likely become more volatile.

We do not currently have any plans to issue preferred stock. However, to the extent that we do issue preferred stock in the future, we cannot assure you that the issuance of preferred stock would result in a higher yield or return to the holders of our common stock. The issuance of preferred stock would likely cause the net asset value and market value of the common stock to become more volatile. If the dividend rate on the preferred stock were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of the common stock would be reduced. If the dividend rate on the preferred stock were to exceed the net rate of return on our portfolio, the leverage would result in a lower rate of return to the holders of common stock than if we had not issued preferred stock. Any decline in the net asset value of our investments would be borne entirely by the holders of common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in net asset value to the holders of common stock than if we were not leveraged through the issuance of preferred stock. This greater net asset value decrease would also tend to cause a greater decline in the market price for the common stock.

We might be in danger of failing to maintain the required asset coverage of the preferred stock or of losing our ratings, if any, on the preferred stock or, in an extreme case, our current investment income might not be sufficient to meet the dividend requirements on the preferred stock. In order to counteract such an event, we might need to liquidate investments in order to fund a redemption of some or all of the preferred stock. In addition, we would pay (and the holders of common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, including higher advisory fees if our total return exceeds the dividend rate on the preferred stock. Holders of preferred stock may have different interests than holders of common stock and may at times have disproportionate influence over our affairs.

Holders of any preferred stock we might issue would have the right to elect members of our board of directors and class voting rights on certain matters.

Holders of any preferred stock we might issue, voting separately as a single class, would have the right to elect two members of our board of directors at all times and in the event dividends become two full years in arrears would have the right to elect a majority of the directors until such arrearage is completely eliminated. In addition, preferred stockholders have class voting rights on certain matters, including changes in fundamental investment restrictions and conversion to open-end status, and accordingly can veto any such changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies, if any, or the terms of our credit facilities, if any, might impair our ability to maintain our tax treatment as a RIC for U.S. federal income tax purposes. While we would intend to redeem our preferred stock to the extent necessary to enable us to distribute our income as required to maintain our tax treatment as a RIC, there can be no assurance that such actions could be effected in time to meet the tax requirements.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We do not own any real estate or other physical properties materially important to our operations. Our principal executive offices are located at 1633 Broadway, 48th Floor, New York, New York 10019, where we occupy our office space pursuant to our Administration Agreement with the Administrator. The office space is shared with our Investment Adviser, our Administrator and New Mountain Capital. We believe that our current office facilities are suitable and adequate for our business as currently conducted.

Item 3. Legal Proceedings

We, and our consolidated subsidiaries, the Investment Adviser and the Administrator are not currently subject to any material pending legal proceedings threated against us as of December 31, 2021. From time to time, we may be a party to certain legal proceedings incidental to the normal course of our business including the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our business, financial condition or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Price Range of Common Stock and Distributions

New Mountain Finance Corporation's ("NMFC", the "Company", "we", "us" or "our") common stock is traded on the NASDAQ Global Select Market ("NASDAQ") under the symbol "NMFC". The following table sets forth the net asset value ("NAV") per share of our common stock, the high and low closing sale price for our common stock, the closing sale price as a percentage of NAV and the quarterly distributions per share for each fiscal quarter for the years ended December 31, 2021 and December 31, 2020.

Fiscal Year Ended	NAV Per Share (1)	Closing Sales Price (2)		Premium (Discount) of High Closing Sales Price to NAV (3)	Premium (Discount) of Low Closing Sales Price to NAV (3)	Declared Distributions Per Share (4)(5)
		High	Low			
December 31, 2021						
Fourth Quarter	$ 13.49	$ 14.07	$ 13.14	4.30 %	(2.59) %	$ 0.30
Third Quarter	$ 13.26	$ 13.65	$ 12.83	2.94 %	(3.24) %	$ 0.30
Second Quarter	$ 13.33	$ 13.68	$ 12.55	2.63 %	(5.85) %	$ 0.30
First Quarter	$ 12.85	$ 13.39	$ 11.36	4.20 %	(11.60) %	$ 0.30
December 31, 2020						
Fourth Quarter	$ 12.62	$ 12.16	$ 9.07	(3.65) %	(28.13) %	$ 0.30
Third Quarter	$ 12.24	$ 10.61	$ 8.81	(13.32) %	(28.02) %	$ 0.30
Second Quarter	$ 11.63	$ 10.45	$ 5.02	(10.15) %	(56.84) %	$ 0.30
First Quarter	$ 11.14	$ 14.44	$ 5.15	29.62 %	(53.77) %	$ 0.34

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

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

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

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

(5) Tax characteristics of all distributions paid are reported to stockholders on Form 1099 after the end of the calendar year.

As of February 24, 2022, we had twelve stockholders of record and one beneficial owner whose shares are held in the names of brokers, dealers, funds, trusts and clearing agencies.

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from NAV or at premiums that are unsustainable over the long term are separate and distinct from the risk that our NAV will decrease. Since our initial public offering on May 19, 2011, our shares of common stock have traded at times at both a discount and a premium to the net assets attributable to those shares. As of February 24, 2022, our shares of common stock traded at a discount of approximately 1.3% of the NAV attributable to those shares as of December 31, 2021. It is not possible to predict whether the shares offered hereby will trade at, above, or below NAV.

Distributions

We intend to pay quarterly distributions to our stockholders in amounts sufficient to maintain our status as a regulated investment company ("RIC"). We intend to distribute approximately our entire net investment income on a quarterly basis and substantially all of our taxable income on an annual basis, except that we may retain certain net capital gains for reinvestment. The distributions we pay to our stockholders in a year may exceed our taxable income for that year and, accordingly, a portion of such distributions may constitute a return of capital, which is a return of a portion of a stockholders original investment in our common stock, for United States ("U.S.") federal income tax purposes. Generally, a return of capital will reduce an investor's basis in our stock for U.S. federal income tax purposes, which will result in a higher tax liability when the stock is sold. The specific tax characteristics of our distributions will be reported to stockholders after the end of the calendar year.

We maintain an "opt out" dividend reinvestment plan on behalf of our stockholders, pursuant to which each of our stockholders' cash distributions will be automatically reinvested in additional shares of our common stock, unless the stockholder elects to receive cash.

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

If the price at which newly issued shares are to be credited to stockholders' accounts is less than 110.0% of the last determined NAV of the shares, we will either issue new shares or instruct the plan administrator to purchase shares in the open market to satisfy the additional shares required. Shares purchased in open market transactions by the plan administrator will be allocated to a stockholder based on the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased in the open market. The number of shares of our common stock to be outstanding after giving effect to payment of the distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated. See *Item 8.—Financial Statements and Supplementary Data—Note 2. Summary of Significant Accounting Policies* for discussion on our distributions policyin this Annual Report on Form 10-K for additional information.

Unregistered Sales of Equity Securities

We did not engage in unregistered sales of equity securities during the year ended December 31, 2021.

Issuer Purchases of Equity Securities

Dividend Reinvestment Plan

During the year ended December 31, 2021, as part of our dividend reinvestment plan for our common stockholders, our dividend reinvestment plan administrator purchased 167,473 shares of our common stock for $2.2 million in the open market in order to satisfy the reinvestment portion of our distribution.

The following table outlines purchases by our dividend reinvestment administrator of our common stock for this purpose during the year ended December 31, 2021.

(in thousands, except shares and per share data) Period	Total Number of Shares Purchased	Weighted Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
January 2021	—	$ —	—	$ —
February 2021	—	—	—	—
March 2021	—	—	—	—
April 2021	88,931	12.66	—	—
May 2021	—	—	—	—
June 2021	—	—	—	—
July 2021	—	—	—	—
August 2021	—	—	—	—
September 2021	—	—	—	—
October 2021	78,542	13.47	—	—
November 2021	—	—	—	—
December 2021	—	—	—	—
Total	167,473	$ 13.04	—	$ —

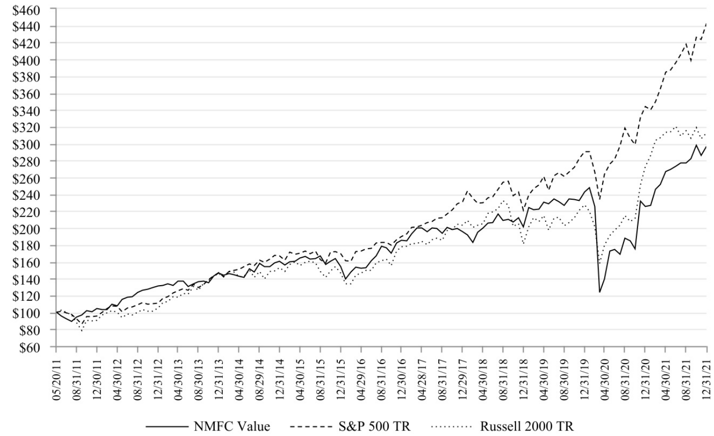
Stock Repurchase Program

On February 4, 2016, our board of directors authorized a program for the purpose of repurchasing up to $50.0 million worth of our common stock (the "Repurchase Program"). Under the Repurchase Program, we were permitted, but were not obligated to, repurchase our outstanding common stock in the open market from time to time, provided that we complied with our code of ethics and the guidelines specified in Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including certain price, market volume and timing constraints. In addition, any repurchases were conducted in accordance with the 1940 Act. On December 22, 2021, our board of directors extended our Repurchase Program and we expect the Repurchase Program to be in place until the earlier of December 31, 2022 or until $50.0 million of outstanding shares of common stock have been repurchased. To date, approximately $2.9 million of common stock has been repurchased by us under the Repurchase Program. We did not repurchase any shares of our common stock under the Repurchase Program during the year ended December 31, 2021.

Stock Performance Graph

This graph compares the return on our common stock with that of the Standard & Poor's 500 Total Return Index ("S&P 500 TR") and the Russell 2000 Index Total Return ("Russell 2000 TR") as we do not believe that there is an appropriate index of companies with an investment strategy similar to our own with which to compare the return on our common stock, for the period May 19, 2011 (commencement of operations) to December 31, 2021. The graph assumes that, on May 19, 2011, a person invested $100 in each of our common stock, the S&P 500 TR and the Russell 2000 TR. The graph measures total stockholder return, which takes into account both changes in stock price and distributions. It assumes that distributions paid are invested in like securities.

Comparison of Cumulative Total Return Among NMFC, S&P 500 TR and Russell 2000 TR



The graph and other information furnished under this Part II, Item 5 of this Annual Report on Form 10-K shall not be deemed to be "soliciting material" or to be filed with the U.S. Securities and Exchange Commission (the "SEC") or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act. The stock price performance included in the above graph is not necessarily indicative of future stock performance.

Fees and Expenses

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this Annual Report on Form 10-K contains a reference to fees or expenses paid by "you", "NMFC", or "us" or that "we", "NMFC", or the "Company" will pay fees or expenses, we will pay such fees and expenses out of our net assets and, consequently, you will indirectly bear such fees or expenses as an investor in us. However, you will not be required to deliver any money or otherwise bear personal liability or responsibility for such fees or expenses.

Stockholder transaction expenses:				
Sales load (as a percentage of offering price)			N/A	(1)
Offering expenses borne by us (as a percentage of offering price)			N/A	(2)
Dividend reinvestment plan expenses (per sales transaction fee)	$	15.00		(3)
Total stockholder transaction expenses (as a percentage of offering price)		—	%	
Annual expenses (as a percentage of net assets attributable to common stock)				
Base management fees		4.01	%	(4)
Incentive fees payable under the Investment Management Agreement		2.25	%	(5)
Interest payments on borrowed funds		4.85	%	(6)
Other expenses		0.73	%	(7)
Acquired fund fees and expenses		1.15	%	(8)
Total annual expenses		12.99	%	(9)
Base management fee waiver		(0.99)	%	(10)
Incentive fee waiver		—	%	(11)
Total annual expenses after the base management fee waiver		12.00	%	(9)(10)

(1) If applicable, the prospectus or prospectus supplement relating to an offering of our common stock will disclose the applicable sales load.

(2) The prospectus supplement corresponding to each offering will disclose the applicable estimated amount of offering expenses of the offering and the offering expenses borne by us as a percentage of the offering price.

(3) If a participant elects by written notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a $15.00 transaction fee plus a $0.10 per share brokerage commission from the proceeds. The expenses of the dividend reinvestment plan are included in "other expenses." The plan administrator's fees will be paid by us. There will be no brokerage charges or other charges to stockholders who participate in the plan. See *Item 8—Financial Statements and Supplementary Data—Note 2. Summary of Significant Accounting Policies* in this Annual Report on Form 10-K for additional details regarding our dividend reinvestment plan.

(4) The base management fee as of November 1, 2021 pursuant to Amendment No. 1 to the Investment Management Agreement is based on an annual rate of 1.4% of our average gross assets for the two most recent quarters, which equals our total assets on the Consolidated Statements of Assets and Liabilities less cash and cash equivalents. Prior to November 1, 2021, pursuant to the Investment Management Agreement, the base management fee was calculated at an annual rate of 1.75% of our average gross assets for the two most recent quarters less (i) the borrowings under the New Mountain SPV Funding LLC Loan and Security Agreement, as amended and restated, dated October 27, 2020 (the "SLF Credit Facility") and (ii) cash and cash equivalents. We have not invested, and currently do not invest, in derivatives. To the extent we invest in derivatives in the future, we will use the actual value of the derivatives, as reported on our Consolidated Statements of Assets and Liabilities, for purposes of calculating our base management fee. The base management fee reflected in the table above is based on the year ended December 31, 2021 and is calculated without deducting any management fees waived.

(5) Assumes that annual incentive fees earned by the Investment Adviser remain consistent with the gross incentive fees earned by the Investment Adviser during the year ended December 31, 2021 and calculated without deducting any incentive fees waived. As of December 31, 2021, we did not have a capital gains incentive fee accrual. As we cannot

predict whether we will meet the thresholds for incentive fees under the Investment Management Agreement, the incentive fees paid in subsequent periods, if any, may be substantially different than the fees incurred during the year ended December 31, 2021. For more detailed information about the incentive fee calculations, see *Item 1 — Business — Investment Management Agreement* in this Annual Report on Form 10-K.

(6) We may borrow funds from time to time to make investments to the extent we determine that additional capital would allow us to take advantage of additional investment opportunities or if the economic situation is otherwise conducive to doing so. The costs associated with these borrowings are indirectly borne by our stockholders. As of December 31, 2021, we had $545.3 million, $127.2 million, $226.3 million, $201.2 million, $511.5 million, $300.0 million and $15.2 million of indebtedness outstanding under the Holdings Credit Facility, the NMFC Credit Facility, the DB Credit Facility, the Convertible Notes, the Unsecured Notes, the SBA-guaranteed debentures and the NMNLC Credit Facility II, respectively. Under the NMFC Credit Facility, we may borrow in U.S. dollars or certain other permitted currencies. As of December 31, 2021, we had borrowings denominated in British Pound Sterling ("GBP") of £16.4 million that has been converted to United States dollars. For purposes of this calculation, we have assumed the December 31, 2021 amounts outstanding under the Holdings Credit Facility, NMFC Credit Facility, DB Credit Facility, Convertible Notes, Unsecured Notes, SBA-guaranteed debentures and NMNLC Credit Facility II, and have computed interest expense using an assumed interest rate of 2.0% for the Holdings Credit Facility, 2.2% for the NMFC Credit Facility, 2.8% for the DB Credit Facility, 5.8% for the Convertible Notes, 4.7% for the Unsecured Notes, 2.7% for the SBA-guaranteed debentures and 3.1% for the NMNLC Credit Facility II, which were the rates payable as of December 31, 2021. See *Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Borrowings* in this Annual Report on Form 10-K.

(7) "Other expenses" include our overhead expenses, including payments by us under the Administration Agreement based on the allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us under the Administration Agreement. Pursuant to the Administration Agreement, the Administrator may, in its own discretion, submit to us for reimbursement some or all of the expenses that the Administrator has incurred on our behalf during any quarterly period. As a result, the amount of expenses for which we will have to reimburse the Administrator may fluctuate in future quarterly periods and there can be no assurance given as to when, or if, the Administrator may determine to limit the expenses that the Administrator submits to us for reimbursement in the future. However, it is expected that the Administrator will continue to support part of our expense burden in the near future and may decide to not calculate and charge through certain overhead related amounts as well as continue to cover some of the indirect costs. The Administrator cannot recoup any expenses that the Administrator has previously waived. This expense ratio is calculated without deducting any expenses waived or reimbursed by the Administrator. For the year ended December 31, 2021, the indirect administrative expenses that our Administrator did not waive of approximately $2.6 million represented approximately 0.08% of our gross assets. See *Item 8 — Financial Statements and Supplementary Data — Note 5. Agreements* in this Annual Report on Form 10-K.

(8) The holders of shares of our common stock indirectly bear the expenses of our investment in NMFC Senior Loan Program III ("SLP III") and NMFC Senior Loan Program IV ("SLP IV"). As SLP III and SLP IV are structured as private joint ventures, no management fees are paid by SLP III and SLP IV. Future expenses for SLP III and SLP IV may be substantially higher or lower because certain expenses may fluctuate over time.

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

(10) Effective as of and for the quarter ended March 31, 2021 through the quarter ending December 31, 2022, the Investment Adviser entered into a fee waiver agreement (the “Fee Waiver Agreement”) pursuant to which the Investment Adviser will waive base management fees in order to reach a target base management fee of 1.25% on gross assets (the “Reduced Base Management Fee”) as opposed to our then-current (i.e, prior to Amendment No. 1) base management fee of 1.75% on gross assets less the borrowings under the SLF Credit Facility and less cash and cash equivalents. On November 2, 2021, the Investment Adviser extended the term of the Fee Waiver Agreement to be effective through the quarter ended December 31, 2023, rather than the quarter ended December 31, 2022. If, for any quarterly period during the term of the Fee Waiver Agreement, the Reduced Base Management Fee would be greater than the base management fee calculated under the terms of the Investment Management Agreement, as amended by Amendment No. 1 (i.e., 1.4% of our gross assets), the Investment Adviser shall only be entitled to the lesser of those two amounts. The Investment Adviser cannot recoup management fees that the Investment Adviser has previously waived. The base management fee waiver reflected in the table above is based on the base management fees waived during the year ended December 31, 2021. See *Item 8 — Financial Statements and Supplementary Data — Note 5. Agreements* in this Annual Report on Form 10-K.

Example

The following example, required by the SEC, demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our borrowings and annual operating expenses would remain at the levels set forth in the table above. See footnote 6 above for additional information regarding certain assumptions regarding our level of leverage.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return without realization of any capital gains	$ 107	$ 302	$ 474	$ 816

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

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

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return completely in the form of net realized capital gains	$ 116	$ 325	$ 504	$ 851

The example assumes no sales load. In addition, while the examples assume reinvestment of all distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date. The market price per share of our common stock may be at, above or below net asset value. See *Item 5 — Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Dividend Reinvestment Plan* in this Annual Report on Form 10-K for additional information regarding the dividend reinvestment plan.

Financial Highlights

The following information sets forth NMFC's financial highlights for the years ended December 31, 2021, December 31, 2020, December 31, 2019, December 31, 2018 and December 31, 2017.

	Year Ended December 31,				
	2021	2020	2019	2018	2017
Per share data(1):					
Net asset value at the beginning of the period	$ 12.62	$ 13.26	$ 13.22	$ 13.63	$ 13.46
Net investment income	1.21	1.20	1.37	1.39	1.38
Net realized and unrealized (losses) gains(2)	0.86	(0.60)	0.03	(0.44)	0.15
Total net increase	2.07	0.60	1.40	0.95	1.53
Distributions declared to stockholders from net investment income	(1.20)	(1.24)	(1.36)	(1.36)	(1.36)
Net asset value at the end of the period	$ 13.49	$ 12.62	$ 13.26	$ 13.22	$ 13.63
Per share market value at the end of the period	$ 13.70	$ 11.36	$ 13.74	$ 12.58	$ 13.55
Total return based on market value(3)	31.91 %	(5.24) %	20.45 %	2.70 %	5.54 %
Total return based on net asset value(4)	16.97 %	5.52 %	10.90 %	7.16 %	11.77 %
Shares outstanding at end of period	97,907,441	96,827,342	96,827,342	76,106,372	75,935,093
Average weighted shares outstanding for the period	96,952,959	96,827,342	85,209,378	76,022,375	74,171,268
Average net assets for the period	$ 1,261,338	$ 1,168,043	$ 1,154,615	$ 1,026,313	$ 1,011,562
Ratio to average net assets:					
Net investment income	9.32 %	10.05 %	10.15 %	10.33 %	10.10 %
Total expenses, before waivers/reimbursements	13.11 %	14.56 %	14.87 %	12.90 %	10.23 %
Total expenses, net of waivers/reimbursements	12.05 %	13.39 %	13.80 %	12.22 %	9.45 %
Average debt outstanding—Holdings Credit Facility	$ 478,016	$ 526,645	$ 598,129	$ 384,433	$ 345,174
Average debt outstanding—Convertible Notes	201,250	201,250	234,332	197,058	155,250
Average debt outstanding—SBA-guaranteed debentures	300,000	285,852	179,408	158,471	132,572
Average debt outstanding—Unsecured Notes	516,611	453,250	414,949	266,296	117,877
Average debt outstanding—NMFC Credit Facility(5)	132,685	155,497	105,533	117,719	54,853
Average debt outstanding—DB Credit Facility(6)	209,307	233,649	113,967	49,833	—
Average debt outstanding—NMNLC Credit Facility(7)	—	—	1,471	3,570	—
Average debt outstanding—NMNLC Credit Facility II(8)	3,501	—	—	—	—
Asset coverage ratio(9)	181.21 %	180.68 %	173.98 %	181.37 %	240.76 %
Portfolio turnover	35.33 %	15.43 %	11.58 %	36.75 %	41.98 %

(1) Per share data is based on weighted average shares outstanding for the respective period (except for distributions declared to stockholders which is based on actual rate per share).

(2) Includes the effect of common stock issuances per share, which for the years ended December 31, 2021, December 31, 2020, December 31, 2019, December 31, 2018 and December 31, 2017 were $(0.01), $0.00, $0.08, $0.00 and $0.05, respectively.

(3) Total return is calculated assuming a purchase of common stock at the opening of the first day of the year and a sale on the closing of the last business day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Company's dividend reinvestment plan. Total return does not reflect sales load.

(4) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the year and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter. Total return does not reflect sales load.

(5) Under the NMFC Credit Facility, the Company may borrow in U.S. dollars or certain other permitted currencies. As of December 31, 2021, the Company had borrowings denominated in GBP of £16,400 that has been converted to U.S. dollars.

(6) For the year ended December 31, 2018, average debt outstanding represents the period from December 14, 2018 (commencement of the DB Credit Facility) to December 31, 2018. See *Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Borrowings* in this Annual Report on Form 10-K for details.

(7) For the year ended December 31, 2020, average debt outstanding represents the period from January 1, 2020 to September 23, 2020 (maturity of the NMNLC Credit Facility). For the year ended December 31, 2018, average debt outstanding represents the period from September 21, 2018 (commencement of the NMNLC Credit Facility) to December 31, 2018. See *Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Borrowings* in this Annual Report on Form 10-K for details.

(8) For the year ended December 31, 2021, average debt outstanding represents the period from February 26, 2021 (commencement of the NMNLC Credit Facility II) to December 31, 2021.

(9) On November 5, 2014, the Company received exemptive relief from the SEC allowing the Company to modify the asset coverage requirement to exclude the SBA-guaranteed debentures from this calculation.

The following information sets forth NMFC's financial highlights for the years ended December 31, 2016, December 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012.

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Per share data(1):					
Net asset value at the beginning of the period	$ 13.08	$ 13.83	$ 14.38	$ 14.06	$ 13.60
Net investment income	1.36	1.38	1.10	—	—
Net realized and unrealized gains (losses)(2)	0.38	(0.77)	(0.80)	—	—
Net increase (decrease) in net assets resulting from operations allocated from NMF Holdings:					
Net investment income(3)	—	—	0.44	1.45	1.33
Net realized and unrealized gains (losses)(2)(3)	—	—	0.19	0.35	0.84
Total net increase	1.74	0.61	0.93	1.80	2.17
Dividends declared to stockholders from net investment income	(1.36)	(1.36)	(1.36)	(1.45)	(1.28)
Dividends declared to stockholders from net realized gains	—	—	(0.12)	(0.03)	(0.43)
Net asset value at the end of the period	$ 13.46	$ 13.08	$ 13.83	$ 14.38	$ 14.06
Per share market value the end of the period	$ 14.10	$ 13.02	$ 14.94	$ 15.04	$ 14.90
Total return based on market value(4)	19.68 %	(4.00) %	9.66 %	11.62 %	24.84 %
Total return based on net asset value(5)	13.98 %	4.32 %	6.56 %	13.27 %	16.61 %
Shares outstanding at end of period	69,717,814	64,005,387	57,997,890	45,224,755	24,326,251
Average weighted shares outstanding for the period	64,918,191	59,715,290	51,846,164	35,092,722	14,860,838
Average net assets for the period	$ 863,193	$ 832,805	$ 749,732	$ 502,822	$ 196,312
Ratio to average net assets(6):					
Net investment income	10.21 %	9.91 %	10.68 %	10.10 %	9.53 %
Total expenses, before waivers/reimbursements	9.91 %	9.28 %	7.65 %	8.53 %	9.61 %
Total expenses, net of waivers/reimbursements	9.27 %	8.57 %	7.41 %	8.13 %	8.55 %

(1) Per share data is based on weighted average shares outstanding for the respective period (except for dividends declared to stockholders which is based on actual rate per share).
(2) Includes the accretive effect of common stock issuances per share, which for the years ended December 31, 2016, December 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012 were $0.02, $0.06, $0.05, $0.04, and $0.03 respectively.
(3) For the years ended December 31, 2014, December 31, 2013 and December 31, 2012, per share data is based on the summation of the per share results of operations items over the outstanding shares for the period in which the respective line items were realized or earned.
(4) Total return is calculated assuming a purchase of common stock at the opening of the first day of the period and a sale on the closing of the last business day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Company's dividend reinvestment plan. Total return does not reflect sales load.
(5) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the year and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter. Total return does not reflect sales load.
(6) Ratio to average net assets for the years ended December 31, 2014, December 31, 2013 and December 31, 2012 is based on the summation of the results of operations items over the net assets for the period in which the respective line items were realized or earned. For the year ended December 31, 2014, the Company is reflecting its net investment income and expenses as well as its proportionate share of the Predecessor Operating Company's net investment income and expenses. For the years ended December 31, 2013 and December 31, 2012, the Company is reflecting its proportionate share of the Predecessor Operating Company's net investment income and expenses.

The following information sets forth the financial highlights for NMFC for the years ended December 31, 2016, December 31, 2015 and December 31, 2014 and NMF Holdings for the years ended December 31, 2013 and December 31, 2012.

	NMFC Year Ended December 31,			NMF Holdings Year Ended December 31,	
	2016	2015	2014	2013	2012
Average debt outstanding—Holdings Credit Facility(1)	$ 341,055	$ 394,945	$ 243,693	$ 184,124	$ 133,600
Average debt outstanding—SLF Credit Facility(2)	—	—	208,377	214,317	181,395
Average debt outstanding—Convertible Notes(3)	125,227	115,000	115,000	—	—
Average debt outstanding—SBA-guaranteed debentures(4)	119,819	71,921	29,167	—	—
Average debt outstanding—NMFC Credit Facility(5)	66,876	60,477	11,227	—	—
Average debt outstanding—Unsecured Notes(6)	65,500	—	—	—	—
Asset coverage ratio(7)	259.34 %	234.05 %	226.70 %	257.73 %	235.31 %
Portfolio turnover(8)	36.07 %	33.93 %	29.51 %	40.52 %	52.02 %

(1) For the year ended December 31, 2014, average debt outstanding represents the Company's average debt outstanding as well as the Company's proportionate share of the Predecessor Operating Company's average debt outstanding. The average debt outstanding for the year ended December 31, 2014 at the Holdings Credit Facility was $244,598.

(2) For the year ended December 31, 2014, average debt outstanding represents the Company's average debt outstanding as well as the Company's proportionate share of the Predecessor Operating Company's average debt outstanding for the period January 1, 2014 to December 17, 2014 (date of SLF Credit Facility merger with and into the Holdings Credit Facility). The average debt outstanding for the period January 1, 2014 to December 17, 2014 at the SLF Credit Facility was $209,333.

(3) For the year ended December 31, 2014, average debt outstanding represents the period from June 3, 2014 (issuance of the Convertible Notes) to December 31, 2014.

(4) For the year ended December 31, 2014, average debt outstanding represents the period from November 17, 2014 (date of initial SBA-guaranteed debenture borrowing) to December 31, 2014.

(5) For the year ended December 31, 2014, average debt outstanding represents the period from June 4, 2014 (commencement of the NMFC Credit Facility) to December 31, 2014.

(6) For the year ended December 31, 2016, average debt outstanding represents the period form May 6, 2016 (issuance of the 2016 Unsecured Notes) to December 31, 2016. See *Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Borrowings* in this Annual Report on Form 10-K for details.

(7) On November 5, 2014, the Company received exemptive relief from the SEC allowing the Company to modify the asset coverage requirement to exclude the SBA-guaranteed debentures from this calculation.

(8) For the year ended December 31, 2014, portfolio turnover represents the investment activity of the Predecessor Operating Company and the Company.

The following table sets forth selected financial and other data for NMF Holdings when it was the Predecessor Operating Company for the years ended December 31, 2013 and December 31, 2012.

	Year Ended December 31,	
	2013	2012
Total return based on net asset value(1)	13.27 %	16.61 %
Average net assets for the period	$ 630,156	$ 474,561
Ratio to average net assets:		
Net investment income	10.10 %	9.53 %
Total expenses (gross)	8.64 %	9.07 %
Total expenses (net of reimbursable expenses)	8.13 %	8.55 %
Net assets, end of year	$ 688,516	$ 569,939
Average debt outstanding—Holdings Credit Facility	$ 184,124	$ 133,600
Average debt outstanding—SLF Credit Facility	$ 214,317	$ 181,395
Weighted average common membership units outstanding for the year	44,021,920	34,011,738
Asset coverage ratio	257.73 %	235.31 %
Portfolio turnover	40.52 %	52.02 %

(1) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the year and a sale at net asset value on the last day of the respective year. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter. Total return does not reflect sales load.

Item 6. Selected Financial Data

The selected consolidated financial data for NMFC should be read in conjunction with the respective consolidated financial statements and related consolidated notes thereto and *Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations* included in this Annual Report on Form 10-K. Financial information for the years ended December 31, 2021, December 31, 2020, December 31, 2019, December 31, 2018, December 31, 2017, December 31, 2016, December 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012 has been derived from the Predecessor Operating Company and our consolidated financial statements and related notes thereto that were audited by Deloitte & Touche LLP, an independent registered public accounting firm.

(in thousands except shares and per share data)

	Year Ended December 31, 2021	2020	2019	2018	2017
Consolidated Statement of Operations Data:					
Investment income	$ 270,959	$ 273,711	$ 276,507	$ 231,465	$ 197,806
Net expenses	152,119	156,367	159,354	125,433	95,602
Net investment income	118,840	117,344	117,153	106,032	102,204
Net realized (losses) gains on investments, New Mountain Net Lease Corporation ("NMNLC") and foreign currency	(3,849)	(2,802)	890	(9,657)	(39,734)
Net change in unrealized (depreciation) appreciation of investments, NMNLC and foreign currency	92,305	(53,718)	(3,488)	(22,206)	50,794
Net change in unrealized depreciation of securities purchased under collateralized agreements to resell	—	—	(2,086)	(1,704)	(4,006)
Benefit (provision) for taxes	(114)	1,013	94	(112)	140
Less: Net increase in net assets resulting from operations related to non-controlling interest in NMNLC	(5,783)	(3,364)	—	—	—
Net increase in net assets resulting from operations	201,399	58,473	112,563	72,353	109,398
Per share data:					
Net asset value	$ 13.49	$ 12.62	$ 13.26	$ 13.22	$ 13.63
Net increase in net assets resulting from operations (basic)	2.08	0.60	1.32	0.95	1.47
Net increase in net assets resulting from operations (diluted)(1)	1.91	0.60	1.22	0.91	1.38
Distributions declared	1.20	1.24	1.36	1.36	1.36
Consolidated Statement of Assets and Liabilities data:					
Total assets	$ 3,295,812	$ 3,097,519	$ 3,266,055	$ 2,448,666	$ 1,928,018
Holdings Credit Facility	545,263	450,163	661,563	512,563	312,363
Unsecured Notes	511,500	453,250	453,250	336,750	145,000
Convertible Notes	201,417	201,520	201,623	270,301	155,412
SBA-guaranteed debentures	300,000	300,000	225,000	165,000	150,000
NMFC Credit Facility(2)	127,192	165,500	188,500	60,000	122,500
DB Credit Facility	226,300	244,000	230,000	57,000	—
NMNLC Credit Facility II	15,200	—	—	—	—
Total net assets	1,321,245	1,221,875	1,283,468	1,006,269	1,034,975
Other data:					
Total return based on market value(3)	31.91 %	(5.24) %	20.45 %	2.70 %	5.54 %
Total return based on net asset value(4)	16.97 %	5.52 %	10.90 %	7.16 %	11.77 %
Number of portfolio companies at period end	106	104	114	92	84
Total new investments for the period	$ 1,134,919	$ 457,864	$ 1,105,301	$ 1,321,559	$ 999,677
Investment sales and repayments for the period	$ 1,066,740	$ 641,776	$ 328,146	$ 802,964	$ 767,360
Weighted average YTM at Cost on debt portfolio at period end (unaudited)(5)	9.1 %	8.6 %	9.5 %	10.4 %	10.9 %
Weighted average YTM at Cost for Investments at period end (unaudited)(5)	8.4 %	8.0 %	9.5 %	10.4 %	10.9 %
Weighted average shares outstanding for the period (basic)	96,952,959	96,827,342	85,209,378	76,022,375	74,171,268
Weighted average shares outstanding for the period (diluted)	110,210,545	110,084,927	100,464,045	88,627,741	83,995,395
Portfolio turnover	35.33 %	15.43 %	11.58 %	36.75 %	41.98 %

(1) In applying the if-converted method, conversion is not assumed for purposes of computing diluted earnings per share if the effect would be anti-dilutive. For the year ended December 31, 2020, there was anti-dilution. For the years ended December 31, 2021, December 31, 2019, December 31, 2018 and December 31, 2017, there was no anti-dilution.

(2) Under the NMFC Credit Facility, we may borrow in United States ("U.S.") dollars or certain other permitted currencies. As of December 31, 2021, we had borrowings denominated in British Pound Sterling ("GBP") of £16,400 that has been converted to U.S. dollars.

(3) Total return is calculated assuming a purchase of common stock at the opening of the first day of the period and a sale on the closing of the last business day of the respective period ends. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under our dividend reinvestment plan. Total return does not reflect sales load.

(4) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the period and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter. Total return does not reflect sales load.

(5) The weighted average yield to maturity at cost ("YTM at Cost") calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at the adjusted cost on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. The weighted average yield to maturity at cost for investments ("YTM at Cost for Investments") calculation assumes that all investments, including secured collateralized agreements, are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. YTM at Cost and YTM at Cost for Investments calculations exclude the impact of existing leverage. YTM at Cost and YTM at Cost for Investments use the London Interbank Offered Rate ("LIBOR") curves at each quarter's end date. The actual yield to maturity may be higher or lower due to the future selection of the LIBOR contracts by the individual companies in our portfolio or other factors. Adjusted cost reflects the cost for post-IPO investments in accordance with accounting principles generally accepted in the U.S. ("GAAP") and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Consolidated Statement of Operations Data:					
Investment income	$ 168,084	$ 153,855	$ 91,923	$ —	$ —
Investment income allocated from NMF Holdings	—	—	43,678	90,876	37,511
Net expenses	79,976	71,360	34,727	—	—
Net expenses allocated from NMF Holdings	—	—	20,808	40,355	17,719
Net investment income	88,108	82,495	80,066	50,521	19,792
Net realized (losses) gains on investments and New Mountain Net Lease Corporation ("NMNLC")	(16,717)	(12,789)	357	—	—
Net realized and unrealized gains (losses) allocated from NMF Holdings	—	—	9,508	11,443	12,087
Net change in unrealized (depreciation) appreciation of investments and NMNLC	40,131	(35,272)	(43,863)	—	—
Net change in unrealized depreciation of securities purchased under collateralized agreements to resell	(486)	(296)	—	—	—
Net change in unrealized (depreciation) appreciation of investment in NMF Holdings	—	—	—	(44)	(95)
Benefit (provision) for taxes	642	(1,183)	(493)	—	—
Net increase in net assets resulting from operations	111,678	32,955	45,575	61,920	31,784
Per share data:					
Net asset value	$ 13.46	$ 13.08	$ 13.83	$ 14.38	$ 14.06
Net increase in net assets resulting from operations (basic)	1.72	0.55	0.88	1.76	2.14
Net increase in net assets resulting from operations (diluted)(1)	1.60	0.55	0.86	1.76	2.14
Distributions declared(2)	1.36	1.36	1.48	1.48	1.71
Consolidated Statement of Assets and Liabilities data:					
Total assets(3)	$ 1,656,018	$ 1,588,146	$ 1,500,868	$ 650,107	$ 345,331
Holdings Credit Facility	333,513	419,313	468,108	N/A	N/A
Unsecured Notes	90,000	—	—	N/A	N/A
Convertible Notes	155,523	115,000	115,000	N/A	N/A
SBA-guaranteed debentures	121,745	117,745	37,500	N/A	N/A
NMFC Credit Facility	10,000	90,000	50,000	N/A	N/A
Total net assets	938,562	836,908	802,170	650,107	341,926
Other data:					
Total return based on market value(4)	19.68 %	(4.00)%	9.66 %	11.62 %	24.84 %
Total return based on net asset value(5)	13.98 %	4.32 %	6.56 %	13.27 %	16.61 %
Number of portfolio companies at period end	78	75	71	N/A	N/A
Total new investments for the period(6)	$ 558,068	$ 612,737	$ 720,871	N/A	N/A
Investment sales and repayments for the period(6)	$ 547,078	$ 483,936	$ 384,568	N/A	N/A
Weighted average YTM at Cost on debt portfolio at period end (unaudited)(7)	11.1 %	10.7 %	10.7 %	N/A	N/A
Weighted average YTM at Cost for Investments at period end (unaudited)(7)	10.5 %	N/A	N/A	N/A	N/A
Weighted average shares outstanding for the period (basic)	64,918,191	59,715,290	51,846,164	35,092,722	14,860,838
Weighted average shares outstanding for the period (diluted)	72,863,387	66,968,089	56,157,835	35,092,722	14,860,838
Portfolio turnover	36.07 %	33.93 %	29.51 %	N/A	N/A

(1) In applying the if-converted method, conversion is not assumed for purposes of computing diluted earnings per share if the effect would be anti-dilutive. For the year ended December 31, 2015, there was anti-dilution. For the years ended December 31, 2016 and December 31, 2014, there was no anti-dilution. For the years ended December 31, 2013 and December 31, 2012, due to reflecting earnings for the full year of operations of the Predecessor Operating Company assuming 100.0% NMFC ownership of the Predecessor Operating Company and assuming all of New Mountain Finance AIV Holdings Corporation's ("AIV Holdings") units in the Predecessor Operating Company were exchanged for public shares of NMFC during the years then ended, the earnings per share would be $1.79 and $2.18, respectively.

(2) Distributions declared in the year ended December 31, 2014 include a $0.12 per share special dividend related to realized capital gains attributable to NMF Holdings' warrant investments in Learning Care Group (US), Inc. Distributions declared in the year ended December 31, 2013 include a $0.12 per share special dividend related to a distribution received attributable to NMF Holdings' investment in YP Equity Investors LLC. Distributions declared in the year ended December 31, 2012 include a $0.23 per share special dividend related to estimated realized capital gains attributable to NMF Holdings' investments in Lawson Software, Inc. and Infor LuxBond Company and a $0.14 per share special dividend intended to minimize to the greatest extent possible NMFC's U.S. federal income or excise tax liability.

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

(4) Total return is calculated assuming a purchase of common stock at the opening of the first day of the period and a sale on the closing of the last business day of the respective period ends. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under our dividend reinvestment plan. Total return does not reflect sales load.

(5) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the period and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter. Total return does not reflect sales load.

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

(7) The YTM at Cost calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at the adjusted cost on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. The YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. YTM at Cost and YTM at Cost for Investments calculations exclude the impact of existing leverage. YTM at Cost and YTM at Cost for Investments use the LIBOR curves at each quarter's end date. The actual yield to maturity may be higher or lower due to the future selection of the LIBOR contracts by the individual companies in our portfolio or other factors. Adjusted cost reflects the cost for post-IPO investments in accordance with GAAP and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).

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

(in thousands except units and per unit data)

	Year Ended December 31,	
New Mountain Finance Holdings, L.L.C.	**2013**	**2012**
Statement of Operations Data		
Total investment income	$ 114,912	$ 85,786
Net expenses	51,235	40,569
Net investment income	63,677	45,217
Net realized and unrealized gains (losses)	15,247	28,779
Net increase in net assets resulting from operations	78,924	73,996
Per unit data:		
Net asset value	$ 14.38	$ 14.06
Net increase in net assets resulting from operations (basic and diluted)	1.79	2.18
Distributions declared(1)	1.48	1.71
Balance sheet data:		
Total assets	$ 1,147,841	$ 1,025,564
Holdings Credit Facility	221,849	206,938
SLF Credit Facility	214,668	214,262
Total net assets	688,516	569,939
Other data:		
Total return at net asset value(2)	13.27 %	16.61 %
Number of portfolio companies at period end	59	63
Total new investments for the period	$ 529,307	$ 673,218
Investment sales and repayments for the period	$ 426,561	$ 423,874
Weighted average Yield to Maturity at Cost on debt portfolio at period end (unaudited)(3)	11.0 %	10.3 %
Weighted average Yield to Maturity on debt portfolio at period end (unaudited)(4)	10.6 %	10.1 %
Weighted average common membership units outstanding for the period	44,021,920	34,011,738
Portfolio turnover	40.52 %	52.02 %

(1) Distributions declared in the year ended December 31, 2013 include a $0.12 per unit special dividend related to a distribution received attributable to NMF Holdings' investment in YP Equity Investors LLC. Distributions declared in the year ended December 31, 2012 include a $0.23 per unit special dividend related to estimated realized capital gains attributable to NMF Holdings' investments in Lawson Software, Inc. and Infor Lux Bond Company and a $0.14 per unit special dividend intended to minimize to the greatest extent possible NMFC's U.S. federal income or excise tax liability. Actual cash payments on the distributions declared to AIV Holdings only, for the quarters ended March 31, 2012, June 30, 2012, December 31, 2012 and March 31, 2013, were made on April 4, 2012, July 9, 2012, January 7, 2013 and April 5, 2013 respectively.

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

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

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

Senior Securities

Information about our senior securities as of December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 and information about NMF Holdings' senior securities as of December 31, 2013 and 2012 are shown in the following table. The report of Deloitte & Touche LLP, an independent registered public accounting firm, on the senior securities table as of December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013 and 2012 is attached as an exhibit to this Annual Report on Form 10-K.

Class and Year (1)	Total Amount Outstanding Exclusive of Treasury Securities (2)	Asset Coverage Per Unit (3)	Involuntary Liquidating Preference Per Unit (4)	Average Market Value Per Unit (5)
December 31, 2021				
Holdings Credit Facility	$ 545.3	$ 1,812	—	N/A
2018 Convertible Notes	201.2	1,812	—	N/A
Unsecured Notes	511.5	1,812	—	N/A
NMFC Credit Facility(6)	127.2	1,812	—	N/A
DB Credit Facility	226.3	1,812	—	N/A
NMNLC Credit Facility II	15.2	1,812	—	N/A
December 31, 2020				
Holdings Credit Facility	450.2	1,807	—	N/A
2018 Convertible Notes	201.2	1,807	—	N/A
Unsecured Notes (not including the 5.75% Unsecured Notes)	401.5	1,807	—	N/A
5.75% Unsecured Notes	51.8	1,807	—	$ 24.50
NMFC Credit Facility	165.5	1,807	—	N/A
DB Credit Facility	244.0	1,807	—	N/A
December 31, 2019				
Holdings Credit Facility	661.6	1,740	—	N/A
2018 Convertible Notes	201.2	1,740	—	N/A
Unsecured Notes (not including the 5.75% Unsecured Notes)	401.5	1,740	—	N/A
5.75% Unsecured Notes	51.8	1,740	—	$ 25.60
NMFC Credit Facility	188.5	1,740	—	N/A
DB Credit Facility	230.0	1,740	—	N/A
December 31, 2018				
Holdings Credit Facility	512.6	1,814	—	N/A
2014 Convertible Notes	155.3	1,814	—	N/A
2018 Convertible Notes	115.0	1,814	—	N/A
Unsecured Notes (not including the 5.75% Unsecured Notes)	285.0	1,814	—	N/A
5.75% Unsecured Notes	51.8	1,814	—	$ 24.70
NMFC Credit Facility	60.0	1,814	—	N/A
DB Credit Facility	57.0	1,814	—	N/A
December 31, 2017				
Holdings Credit Facility	312.4	2,408	—	N/A
2014 Convertible Notes	155.3	2,408	—	N/A
Unsecured Notes	145.0	2,408	—	N/A
NMFC Credit Facility	122.5	2,408	—	N/A
December 31, 2016				
Holdings Credit Facility	333.5	2,593	—	N/A
2014 Convertible Notes	155.3	2,593	—	N/A
Unsecured Notes	90.0	2,593	—	N/A
NMFC Credit Facility	10.0	2,593	—	N/A

December 31, 2015				
Holdings Credit Facility	$ 419.3	$ 2,341	—	N/A
2014 Convertible Notes	115.0	2,341	—	N/A
NMFC Credit Facility	90.0	2,341	—	N/A
December 31, 2014				
Holdings Credit Facility	468.1	2,267	—	N/A
2014 Convertible Notes	115.0	2,267	—	N/A
NMFC Credit Facility	50.0	2,267	—	N/A
December 31, 2013				
Holdings Credit Facility	221.8	2,577	—	N/A
SLF Credit Facility	214.7	2,577	—	N/A
December 31, 2012				
Holdings Credit Facility	206.9	2,353	—	N/A
SLF Credit Facility	214.3	2,353	—	N/A

(1) We have excluded our SBA-guaranteed debentures from this table as a result of the SEC exemptive relief that permits us to exclude such debentures from the definition of senior securities in the 150.0% asset coverage ratio we are required to maintain under the 1940 Act. At December 31, 2021, December 31, 2020, December 31, 2019, December 31, 2018, December 31, 2017, December 31, 2016, December 31, 2015 and December 31, 2014, we had $300.0 million, $300.0 million, $225.0 million, $165.0 million, $150.0 million, $121.7 million, $117.7 million and $37.5 million, respectively, in SBA-guaranteed debentures outstanding. At December 31, 2013 and December 31, 2012, we had no outstanding SBA-guaranteed debentures. Total asset coverage per unit including the SBA-guaranteed debentures as of December 31, 2021, December 31, 2020, December 31, 2019, December 31, 2018, December 31, 2017, December 31, 2016, December 31, 2015 and December 31, 2014 is $1,686, $1,673, $1,655, $1,718, $2,169, $2,320, $2,128 and $2,196, respectively, and unchanged for the prior years.

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

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

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

(5) Not applicable for any of the senior securities (except the 5.75% Unsecured Notes) as they were not registered for public trading. For the 5.75% Unsecured Notes, the amounts represent the average of the daily closing prices on the New York Stock Exchange, or the NASDAQ, as applicable, for (a) the period from September 28, 2018 (date of listing) through December 31, 2018, with respect to the year ended December 31, 2018, (b) the entire 2019 fiscal year, with respect to the year ended December 31, 2019 (c) the entire 2020 fiscal year, with respect to the year ended December 31, 2020. On March 8, 2021, the 5.75% Unsecured Notes were redeemed.

(6) Under the NMFC Credit Facility, we may borrow in U.S. dollars or certain other permitted currencies. As of December 31, 2021, we had borrowings denominated in GBP of £16.4 million that has been converted to U.S. dollars.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information in management's discussion and analysis of financial condition and results of operations relates to New Mountain Finance Corporation, including its wholly-owned direct and indirect subsidiaries (collectively, "we", "us", "our", "NMFC" or the "Company").

The following analysis of our financial condition and results of operations should be read in conjunction with our financial data and our financial statements and the notes thereto contained in *Item 8.—Financial Statements and Supplementary Data*, in this Annual Report on Form 10-K. See *Item 1A.—Risk Factors* in this Annual Report on Form 10-K for a discussion of the uncertainties, risks and assumptions associated with these statements.

Forward-Looking Statements

The information contained in this section should be read in conjunction with the financial data and consolidated financial statements and notes thereto appearing elsewhere in this Annual Report on Form 10-K. Some of the statements in this Annual Report on Form 10-K (including in the following discussion) constitute forward-looking statements, which relate to future events or our future performance or our financial condition. The forward-looking statements contained in this section involve a number of risks and uncertainties, including:

- statements concerning the impact of a protracted decline in the liquidity of credit markets;
- the general economy, including interest and inflation rates, and the COVID-19 pandemic on the industries in which we invest;
- our future operating results, our business prospects, the adequacy of our cash resources and working capital, and the impact of the COVID-19 pandemic thereon;
- the ability of our portfolio companies to achieve their objectives and the impact of the COVID-19 pandemic thereon;
- our ability to make investments consistent with our investment objectives, including with respect to the size, nature and terms of our investments;
- the ability of New Mountain Finance Advisers BDC, L.L.C. (the "Investment Adviser") or its affiliates to attract and retain highly talented professionals;
- actual and potential conflicts of interest with the Investment Adviser and New Mountain Capital Group, L.P. (together with New Mountain Capital, L.L.C. and its affiliates, "New Mountain Capital") whose ultimate owners include Steven B. Klinsky and related other vehicles; and
- the risk factors set forth in *Item 1A.—Risk Factors contained* in this Annual Report on Form 10-K.

Forward-looking statements are identified by their use of such terms and phrases such as "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "potential", "project", "seek", "should", "target", "will", "would" or similar expressions. Actual results could differ materially from those projected in the forward-looking statements for any reason, including the factors set forth in *Item 1A.—Risk Factors* contained in this Annual Report on Form 10-K.

We have based the forward-looking statements included in this Annual Report on Form 10-K on information available to us on the date of this Annual Report on Form 10-K. We assume no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Although we undertake no obligation to revise or update any forward-looking statements, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the United States ("U.S.") Securities and Exchange Commission (the "SEC"), including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview

We are a Delaware corporation that was originally incorporated on June 29, 2010 and completed our initial public offering ("IPO") on May 19, 2011. We are a closed-end, non-diversified management investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). We have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). NMFC is also registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Since our IPO, and through December 31, 2021, we raised approximately $905.6 million in net proceeds from additional offerings of our common stock.

The Investment Adviser is a wholly-owned subsidiary of New Mountain Capital. New Mountain Capital is a firm with a track record of investing in the middle market. New Mountain Capital focuses on investing in defensive growth companies across its private equity, credit and net lease investment strategies. The Investment Adviser manages our day-to-day operations and provides us with investment advisory and management services. The Investment Adviser also manages other funds that may have investment mandates that are similar, in whole or in part, to ours. New Mountain Finance Administration, L.L.C. (the "Administrator"), a wholly-owned subsidiary of New Mountain Capital, provides the administrative services necessary to conduct our day-to-day operations.

We have established the following wholly-owned direct and indirect subsidiaries:

- New Mountain Finance Holdings, L.L.C. ("NMF Holdings") and New Mountain Finance DB, L.L.C. ("NMFDB"), whose assets are used to secure NMF Holdings' credit facility and NMFDB's credit facility, respectively;
- New Mountain Finance SBIC, L.P. ("SBIC I") and New Mountain Finance SBIC II, L.P. ("SBIC II"), who have received licenses from the United States ("U.S.") Small Business Administration ("SBA") to operate as small business investment companies ("SBICs") under Section 301(c) of the Small Business Investment Act of 1958, as amended (the "1958 Act") and their general partners, New Mountain Finance SBIC G.P., L.L.C. ("SBIC I GP") and New Mountain Finance SBIC II G.P., L.L.C. ("SBIC II GP"), respectively;
- NMF Ancora Holdings Inc. ("NMF Ancora"), NMF QID Holdings, Inc. ("NMF QID"), NMF YP Holdings Inc. ("NMF YP"), NMF Permian Holdings LLC ("NMF Permian"), NMF HB, Inc. ("NMF HB"), NMF TRM, LLC ("NMF TRM"), NMF Pioneer, Inc. ("NMF Pioneer") and NMF OEC, Inc. ("NMF OEC"), which serve as tax blocker corporations by holding equity or equity-like investments in portfolio companies organized as limited liability companies (or other forms of pass-through entities); we consolidate our tax blocker corporations for accounting purposes but the tax blocker corporations are not consolidated for income tax purposes and may incur income tax expense as a result of their ownership of the portfolio companies; and
- New Mountain Finance Servicing, L.L.C. ("NMF Servicing"), which serves as the administrative agent on certain investment transactions.

New Mountain Net Lease Corporation ("NMNLC") is a majority-owned consolidated subsidiary of ours, which acquires commercial real estate properties that are subject to "triple net" leases has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a real estate investment trust, or REIT, within the meaning of Section 856(a) of the Code.

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

Our primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance. Similar to us, SBIC I's and SBIC II's investment objectives are to generate current income and capital appreciation under our investment criteria. However, SBIC I's and SBIC II's investments must be in SBA-eligible small businesses. Our portfolio may be concentrated in a limited number of industries. As of December 31, 2021, our top five industry concentrations were software, business services, healthcare services, investment funds (which includes our investments in our joint ventures) and education.

As of December 31, 2021, our net asset value was approximately $1,321.2 million and our portfolio had a fair value, as determined in good faith by the board of directors, of approximately $3,174.4 million in 106 portfolio companies, with a weighted average yield to maturity at cost for income producing investments ("YTM at Cost") of approximately 9.1% and a weighted average yield to maturity at cost for all investments ("YTM at Cost for Investments") of approximately 8.4%. The YTM at Cost calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. The YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. YTM at Cost and YTM at Cost for Investments calculations exclude the impact of existing leverage. YTM at Cost and YTM at Cost for Investments use the London Interbank Offered Rate ("LIBOR") curves at each quarter's end date. The actual yield to maturity may be higher or lower due to the future selection of the LIBOR contracts by the individual companies in our portfolio or other factors.

Recent Developments

On February 9, 2022, our board of directors appointed Joseph Hartswell as Chief Compliance Officer and Corporate Secretary, effective March 4, 2022. In connection with the foregoing, Karrie J. Jerry submitted her resignatioas an officer, effective March 4, 2022.

On February 10, 2022, our board of directors appointed Laura Holson as the Chief Operating Officer, effective February 15, 2022. As a result of Ms. Holson's promotion to our Chief Operating Officer, John R. Kline relinquished th Chief Operating Officer title, effective February 15, 2022. Mr. Kline will continue to serve as President, a member of the board of directors and co-head of the credit business overall at New Mountain Capital.

On February 23, 2022, our board of directors declared a first quarter 2022 distribution of $0.30 per share payable on March 31, 2022 to holders of record as of March 17, 2022.

COVID-19 Developments

Our operating results and portfolio companies may be negatively impacted by the COVID-19 pandemic. While several countries, as well as certain states, counties and cities in the United States, have relaxed initial public health restrictions with the view to partially or fully reopening their economies, many cities have since experienced a surge in the reported number of cases, hospitalizations and deaths related to the COVID-19 pandemic. These surges have led to the re-introduction of such restrictions and business shutdowns in certain states in the United States and globally and could continue to lead to the re-introduction of such restrictions elsewhere. Health advisors warn that recurring COVID-19 outbreaks, including outbreaks of new variants such as the delta and omicron variants, will continue if reopening is pursued too soon or in the wrong manner, which may lead to the re-introduction or continuation of certain public health restrictions (such as instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues). Additionally, travelers from the United States are restricted from visiting many countries including countries in Europe, Asia, Africa and South America. These continued travel restrictions may prolong the global economic downturn. In addition, while consumer demand for goods and services has begun to rebound, we continue to see reductions in business activity and financial transactions, supply chain interruptions and overall economic and financial market instability both in the United States and globally. Such effects will likely continue for the duration of the pandemic, which is uncertain, and for some period thereafter.

Although the Federal Food and Drug Administration authorized vaccines beginning in December 2020 and a significant portion of the U.S. population have been vaccinated, and it remains unclear how quickly the vaccines will continue to be distributed nationwide and globally, or when "herd immunity" will be achieved and the restrictions that were imposed to slow the spread of the virus will be lifted entirely. Any delay in distributing the vaccines could lead people to continue to self-isolate and not participate in the economy at pre-pandemic levels for a prolonged period of time. Even after the COVID-19 pandemic subsides, the U.S. economy and most other major global economies may continue to experience a recession, and we anticipate our business and operations could be materially adversely affected by a prolonged recession in the United States and other major markets.

This outbreak is having, and any future outbreaks could have, an adverse impact on the markets and the economy in general, which could have a material adverse impact on, among other things, the ability of lenders to originate loans, the volume and type of loans originated, and the volume and type of amendments and waivers granted to borrowers and remedial actions taken in the event of a borrower default, each of which could negatively impact the amount and quality of loans available for investment by us and returns to us, among other things. As of the date of this Annual Report on Form 10-K, it is impossible to determine the scope of this outbreak, or any future outbreaks, how long any such outbreak, market disruption or uncertainties may last, the effect any governmental actions will have or the full potential impact on us and our portfolio companies. Any potential impact to our results of operations will depend to a large extent on future developments and new information that could emerge regarding the duration and severity of COVID-19 and the actions taken by authorities and other entities to contain COVID-19 or treat its impact, all of which are beyond our control. These potential impacts, while uncertain, could adversely affect our and our portfolio companies' operating results.

An increase in unrealized depreciation of our investment portfolio due to decreases in fair value of investments attributable to the COVID-19 pandemic resulted in a significant reduction in our net asset value from the period of March 31, 2020 through December 31, 2020, as compared to our net asset value as of December 31, 2019. As of December 31, 2021, our net asset value has experienced a recovery from that of December 31, 2020. As of December 31, 2021, we were in compliance with our asset coverage requirements under the 1940 Act. In addition, we are not in default of any of the asset coverage requirements under any of our credit facilities as of December 31, 2021. For additional discussion on the impact of COVID-19 on our portfolio companies, see “Monitoring of Portfolio Investments”.

Critical Accounting Estimates

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

Basis of Accounting

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

Valuation and Leveling of Portfolio Investments

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

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

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

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

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

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

      i. Investments for which two or more quotes are received from a pricing service are valued using the mean of the mean of the bid and ask of the quotes obtained. We will evaluate the reasonableness of the quote, and if the quote is determined to not be representative of fair value, we will use one or more of the methodologies outlined below to determine fair value;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The inputs into the determination of fair value require significant judgment or estimation by management and consideration of factors specific to each investment. A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in the transfer of certain investments within the fair value hierarchy from period to period.

See Item 8.—*Financial Statements and Supplementary Data—Note 4. Fair Value* in this Annual Report on Form 10-K for additional information on fair value hierarchy for the year ended December 31, 2021.

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

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

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

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

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

Income Based Approach: We also may use a discounted cash flow analysis to estimate the fair value of the investment. Projected cash flows represent the relevant security's contractual interest, fee and principal payments plus the assumption of full principal recovery at the investment's expected maturity date. These cash flows are discounted at a rate established utilizing a combination of a yield calibration approach and a comparable investment approach. The yield calibration approach incorporates changes in the credit quality (as measured by relevant statistics) of the portfolio company, as compared to changes in the yield associated with comparable credit quality market indices, between the date of origination and the valuation date. The comparable investment approach utilizes an average yield-to maturity of a selected set of high-quality, liquid investments to determine a comparable investment discount rate. Significant increases or decreases in the discount rate would result in a decrease or increase in the fair value measurement.

See Item 8.—*Financial Statements and Supplementary Data—Note 4. Fair Value* in this Annual Report on Form 10-K for additional information on unobservable inputs used in the fair value measurement of our Level III investments for the year ended December 31, 2021.

NMFC Senior Loan Program I LLC

NMFC Senior Loan Program I LLC ("SLP I") was formed as a Delaware limited liability company on May 27, 2014 and commenced operations on June 10, 2014. SLP I was structured as a private investment fund and was a portfolio company held by the Company. SLP I operated under a limited liability company agreement (the “SLP I Agreement”) and invested in senior secured loans issued by companies within our core industry verticals. These investments were typically broadly syndicated first lien loans.

Effective May 5, 2021, us and SkyKnight Income III, LLC ("SkyKnight Income III") entered into a Contribution Agreement in which 100% of both of our respective membership interests in SLP I were transferred and contributed to NMFC Senior Loan Program IV LLC ("SLP IV"), a Delaware limited liability company, structured as a private joint venture investment fund between the Company and SkyKnight Income Alpha, LLC ("SkyKnight Alpha"). On May 5, 2021, SLP I entered into Amendment 1 to the First Amended and Restated Limited Liability Company Agreement (the "Amended Restated SLP I Agreement"), which admitted SLP IV as the sole member of SLP I. As of May 5, 2021, SLP I is a wholly-owned subsidiary of SLP IV.

As of May 4, 2021, SLP I had total investments with an aggregate fair value of approximately $119.6 million, debt outstanding of $79.5 million and capital that had been called and funded of $43.0 million. As of December 31, 2020, SLP I had total investments with an aggregate fair value of approximately $124.7 million, debt outstanding of $188.9 million and capital that had been called and funded of $43.0 million. Our investment in SLP I is disclosed on our Consolidated Schedule of Investments as of December 31, 2020.

Below is a summary of SLP I's portfolio, along with a listing of the individual investments in SLP I's portfolio as of December 31, 2020. As of May 5, 2021 all investments in the SLP I portfolio are included in the consolidated portfolio of SLP IV.

(in thousands)	December 31, 2020
First lien investments (1)	$ 127,660
Weighted average interest rate on first lien investments (2)	4.85 %
Number of portfolio companies in SLP I	34
Largest portfolio company investment (1)	$ 7,797
Total of five largest portfolio company investments (1)	$ 34,918

(1) Reflects principal amount or par value of investment.
(2) Computed as the all in interest rate in effect on accruing investments divided by the total principal amount of investments.

See Item 8.—*Financial Statements and Supplementary Data—Note 3. Investments* in this Annual Report on Form 10-K for additional information on SLP I's portfolio as of December 31, 2020, and certain summarized financial information for SLP I as of May 4, 2021 and December 31, 2020 and for the period from January 1, 2021 through May 4, 2021 and the years ended December 31, 2020 and December 31, 2019.

NMFC Senior Loan Program II LLC

NMFC Senior Loan Program II LLC ("SLP II") was formed as a Delaware limited liability company on March 9, 2016 and commenced operations on April 12, 2016. SLP II was structured as a private joint venture investment fund between us and SkyKnight Income, LLC ("SkyKnight") and operated under a limited liability company agreement (the "SLP II Agreement"). The purpose of the joint venture was to invest primarily in senior secured loans issued by portfolio companies within our core industry verticals. These investments were typically broadly syndicated first lien loans. All investment decisions had to be unanimously approved by the board of managers of SLP II, which had equal representation from us and SkyKnight.

Effective May 5, 2021, us and SkyKnight entered into a Contribution Agreement in which 100% of both of our membership interests in SLP II were transferred and contributed to SLP IV. Effective May 5, 2021, SLP II entered into Amendment 1 to the Limited Liability Company Agreement (the "Amended SLP II Agreement"), which admitted SLP IV as the sole member of SLP II. As of May 5, 2021, SLP II is a wholly-owned subsidiary of SLP IV.

As of May 4, 2021 and December 31, 2020, SLP II had total investments with an aggregate fair value of approximately $250.3 million and $271.1 million, respectively, and debt outstanding under its credit facility of $158.5 million and $184.0 million, respectively. As of May 4, 2021 and December 31, 2020, none of SLP II's investments were on non-accrual.

Below is a summary of SLP II's portfolio, along with a listing of the individual investments in SLP II's portfolio as of December 31, 2020. As of May 5, 2021, all investments in the SLP II portfolio are included in the consolidated portfolio of SLP IV.

(in thousands)	December 31, 2020
First lien investments (1)	$ 279,678
Weighted average interest rate on first lien investments (2)	5.07 %
Number of portfolio companies in SLP II	32
Largest portfolio company investment (1)	$ 16,481
Total of five largest portfolio company investments (1)	$ 75,522

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

See Item 8.—*Financial Statements and Supplementary Data—Note 3. Investments* in this Annual Report on Form 10-K for additional information on SLP II's portfolio as of December 31, 2020, and certain summarized financial information for SLP II as of May 4, 2021 and December 31, 2020 and for the period from January 1, 2021 through May 4, 2021 and the years ended December 31, 2020 and December 31, 2019.

NMFC Senior Loan Program III LLC

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

SLP III is capitalized with equity contributions which are called from its members, on a pro-rata basis based on their equity commitments, as transactions are completed. Any decision by SLP III to call down on capital commitments requires approval by the board of managers of SLP III. As of December 31, 2021, we and SkyKnight II have committed and contributed $140.0 million and $35.0 million, respectively, of equity to SLP III. Our investment in SLP III is disclosed on our Consolidated Schedule of Investments as of December 31, 2021 and December 31, 2020.

On May 2, 2018, SLP III entered into its revolving credit facility with Citibank, N.A., which matures on January 8, 2026. Effective July 8, 2021, the reinvestment period was extended to July 8, 2024. As of the most recent amendment on July 8, 2021, during the reinvestment period the credit facility bears interest at a rate of LIBOR plus 1.60% and after the reinvestment period it will bear interest at a rate of LIBOR plus 1.90%. Prior to July 8, 2021, the credit facility bore interest at a rate of LIBOR plus 1.70%. Effective February 13, 2020, SLP III's revolving credit facility has a maximum borrowing capacity of $525.0 million. As of December 31, 2021 and December 31, 2020, SLP III had total investments with an aggregate fair value of approximately $702.1 million and $610.0 million, respectively, and debt outstanding under its credit facility of $510.9 million and $424.2 million, respectively. As of December 31, 2021 and December 31, 2020, none of SLP III's investments were on non-accrual. Additionally, as of December 31, 2021 and December 31, 2020, SLP III had unfunded commitments in the form of delayed draws of $4.6 million and $7.8 million, respectively.

Below is a summary of SLP III's portfolio, along with a listing of the individual investments in SLP III's portfolio as of December 31, 2021 and December 31, 2020:

(in thousands)	December 31, 2021		December 31, 2020	
First lien investments (1)	$ 709,517		$ 626,985	
Weighted average interest rate on first lien investments (2)	4.50	%	4.72	%
Number of portfolio companies in SLP III	80		69	
Largest portfolio company investment (1)	$ 23,489		$ 23,735	
Total of five largest portfolio company investments (1)	$ 95,504		$ 99,159	

(1) Reflects principal amount or par value of investment.
(2) Computed as the all in interest rate in effect on accruing investments divided by the total principal amount of investments.

See Item 8.—*Financial Statements and Supplementary Data—Note 3. Investments* in this Annual Report on Form 10-K for additional information on SLP III's portfolio as of December 31, 2021 and December 31, 2020, and certain summarized financial information for SLP III as of December 31, 2021 and December 31, 2020 and for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

NMFC Senior Loan Program IV LLC

SLP IV was formed as a Delaware limited liability company on April 6, 2021, and commenced operations on May 5, 2021. SLP IV is structured as a private joint venture investment fund between us and SkyKnight Alpha and operates under the First Amended and Restated Limited Liability Company Agreement of NMFC Senior Loan Program IV LLC (the "SLP IV Agreement"). Upon the effectiveness of the SLP IV Agreement dated May 5, 2021, the members contributed their respective membership interests in SLP I and SLP II to SLP IV. Immediately following the contribution of their membership interests, SLP I and SLP II became wholly-owned subsidiaries of SLP IV. The purpose of the joint venture is to invest primarily in senior secured loans issued by portfolio companies within our core industry verticals. These investments are typically broadly syndicated first lien loans. All investment decisions must be unanimously approved by the board of managers of SLP IV, which has equal representation from us and SkyKnight Alpha. SLP IV has a five year investment period and will continue in existence until May 5, 2026. The investment period may be extended for up to one year pursuant to certain terms of the SLP IV Agreement.

SLP IV is capitalized with equity contributions which were transferred and contributed from its members. As of December 31, 2021, we and SkyKnight Alpha have transferred and contributed $112.4 million and $30.6 million, respectively, of their membership interests in SLP I and SLP II to SLP IV. Our investment in SLP IV is disclosed on our Consolidated Schedule of Investments as of December 31, 2021.

On May 5, 2021, SLP IV entered into a $370.0 million revolving credit facility with Wells Fargo Bank, National Association which matures on May 5, 2026 and bears interest at a rate of LIBOR plus 1.60% per annum. As of December 31, 2021, SLP IV had total investments with an aggregate fair value of approximately $504.9 million and debt outstanding under its credit facility of $360.1 million. As of December 31, 2021, none of SLP IV’s investments were on non-accrual. Additionally, as of December 31, 2021, SLP IV had unfunded commitments in the form of delayed draws of $6.1 million.

Below is a summary of SLP IV's consolidated portfolio, along with a listing of the individual investments in SLP IV's consolidated portfolio as of December 31, 2021:

(in thousands)	December 31, 2021
First lien investments (1)	$ 513,298
Weighted average interest rate on first lien investments (2)	4.64 %
Number of portfolio companies in SLP IV	68
Largest portfolio company investment (1)	$ 22,215
Total of five largest portfolio company investments (1)	$ 99,875

(1) Reflects principal amount or par value of investment.
(2) Computed as the all in interest rate in effect on accruing investments divided by the total principal amount of investments.

See Item 8.—*Financial Statements and Supplementary Data—Note 3. Investments* in this Annual Report on Form 10-K for additional information on SLP IV's portfolio as of December 31, 2021, and certain summarized financial information for SLP IV as of December 31, 2021 and for the period from May 5, 2021 through December 31, 2021.

New Mountain Net Lease Corporation

NMNLC was formed to acquire commercial real estate properties that are subject to "triple net" leases. NMNLC's investments are disclosed on our Consolidated Schedule of Investments as of December 31, 2021.

On March 30, 2020, an affiliate of the Investment Adviser purchased directly from NMNLC 105,030 shares of NMNLC's common stock at a price of $107.73 per share, which represented the net asset value per share of NMNLC at the date of purchase, for an aggregate purchase price of approximately $11.3 million. Immediately thereafter, NMNLC redeemed 105,030 shares of its common stock held by NMFC in exchange for a promissory note with a principal amount of $11.3 million and a 7.0% interest rate, which was repaid by NMNLC to NMFC on March 31, 2020.

Below is certain summarized property information for NMNLC as of December 31, 2021:

Portfolio Company	Tenant	Lease Expiration Date	Location	Total Square Feet (in thousands)	Fair Value as of December 31, 2021 (in thousands)
NM NL Holdings LP / NM GP Holdco LLC	Various	Various	Various	Various	$ 109,067
NM GLCR LP	Arctic Glacier U.S.A.	2/28/2038	CA	214	50,687
NM CLFX LP	Victor Equipment Company	8/31/2033	TX	423	24,676
NM APP US LLC	Plasman Corp, LLC / A-Brite LP	9/30/2033	AL / OH	261	14,891
NM APP Canada, Corp.	A.P. Plasman, Inc.	9/30/2031	Canada	436	9,422
NM YI, LLC	Young Innovations, Inc.	10/31/2039	IL / MO	212	8,286
NM DRVT LLC	FMH Conveyors, LLC	10/31/2031	AR	195	7,984
NM JRA LLC	J.R. Automation Technologies, LLC	1/31/2031	MI	88	3,996
NM KRLN LLC	None	N/A	MD	95	244
					$ 229,253

Collateralized agreements or repurchase financings

We follow the guidance in Accounting Standards Codification Topic 860, Transfers and Servicing—*Secured Borrowing and Collateral*, ("ASC 860") when accounting for transactions involving the purchases of securities under collateralized agreements to resell (resale agreements). These transactions are treated as collateralized financing transactions and are recorded at their contracted resale or repurchase amounts, as specified in the respective agreements. Interest on collateralized agreements is accrued and recognized over the life of the transaction and included in interest income. As of December 31, 2021 and December 31, 2020, we held one collateralized agreement to resell with a cost basis of $30.0 million and $30.0 million, respectively, and a fair value of $21.4 million and $21.4 million, respectively. The collateralized agreement to resell is on non-accrual. The collateralized agreement to resell is guaranteed by a private hedge fund, PPVA Fund, L.P. The private hedge fund is currently in liquidation under the laws of the Cayman Islands. Pursuant to the terms of the collateralized agreement, the private hedge fund was obligated to repurchase the collateral from us at the par value of the collateralized agreement. The private hedge fund has breached its agreement to repurchase the collateral under the collateralized agreement. The default by the private hedge fund did not release the collateral to us, therefore, we do not have full rights and title to the collateral. A claim has been filed with the Cayman Islands joint official liquidators to resolve this matter. The joint official liquidators have recognized our contractual rights under the collateralized agreement. We continue to exercise our rights under the collateralized agreement and continue to monitor the liquidation process of the private hedge fund. The fair value of the collateralized agreement to resell is reflective of the increased risk of the position.

PPVA Black Elk (Equity) LLC

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

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

On December 22, 2017, we settled the Trustee's $20.5 million Claim for $16.0 million and filed a claim with the Cayman Islands joint official liquidators of the private hedge fund for $16.0 million that is owed to us under the SPP Agreement. The SPP Agreement was restored and is in effect since repayment has not been made. We continue to exercise our rights under the SPP Agreement and continue to monitor the liquidation process of the private hedge fund. During the year ended December 31, 2018, we received a $1.5 million payment from our insurance carrier in respect to the settlement. As of December 31, 2021, the SPP Agreement has a cost basis of $14.5 million and a fair value of $10.4 million, respectively, which is reflective of the higher inherent risk in this transaction.

Revenue Recognition

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

Interest and dividend income: Interest income, including amortization of premium and discount using the effective interest method, is recorded on the accrual basis and periodically assessed for collectability. Interest income also includes interest earned from cash on hand. Upon the prepayment of a loan or debt security, any prepayment penalties are recorded as part of interest income. We have loans and certain preferred equity investments in the portfolio that contain a payment-in-kind ("PIK") interest or dividend provision. PIK interest and dividends are accrued and recorded as income at the contractual rates, if deemed collectible. The PIK interest and dividends are added to the principal or share balances on the capitalization dates and are generally due at maturity or when redeemed by the issuer. For the years ended December 31, 2021 and December 31, 2020, we recognized PIK and non-cash interest from investments of approximately $23.3 million and $17.0 million, respectively, and PIK and non-cash dividends from investments of approximately $19.5 million and $13.4 million, respectively.

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

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

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

Monitoring of Portfolio Investments

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

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

- Investment Rating 1—Investment is performing materially above expectations;

- Investment Rating 2—Investment is performing materially in-line with expectations. All new loans are rated 2 at initial purchase;
- Investment Rating 3—Investment is performing materially below expectations, where the risk of loss has materially increased since the original investment; and
- Investment Rating 4—Investment is performing substantially below expectations and risks have increased substantially since the original investment. Payments may be delinquent. There is meaningful possibility that we will not recoup our original cost basis in the investment and may realize a substantial loss upon exit.

The following table shows the distribution of our investments and securities purchased under collateralized agreements to resell on the 1 to 4 investment rating scale at fair value as of December 31, 2021:

(in millions)	**As of December 31, 2021**							
Investment Rating		**Cost**	**Percent**			**Fair Value**	**Percent**	
Investment Rating 1	$	247.2	7.8	%	$	310.8	9.7	%
Investment Rating 2		2,646.3	83.9	%		2,745.3	85.9	%
Investment Rating 3		138.6	4.4	%		100.3	3.2	%
Investment Rating 4		124.4	3.9	%		39.4	1.2	%
	$	3,156.5	100.0	%	$	3,195.8	100.0	%

As of December 31, 2021, all investments in our portfolio had an Investment Rating of 1 or 2 with the exception of seven portfolio companies that had an Investment Rating of 3 and six portfolio companies that had an Investment Rating of 4.

As of December 31, 2021, our aggregate principal amount of our first lien term loans and subordinated position in American Achievement Corporation ("AAC") was $29.1 million and $5.2 million, respectively, of which $12.6 million and $5.2 million, respectively, are on non-accrual status and the investments had a rating of 4. As of December 31, 2021, our positions in AAC on non-accrual status had an aggregate cost basis of $12.6 million, an aggregate fair value of $7.0 million and total unearned interest income of $0.6 million for the year then ended.

During the third quarter of 2021, we placed our second lien position in Sierra Hamilton Holdings Corporation ("Sierra") on non-accrual status and the investment had a rating of 4. As of December 31, 2021, our second lien position in Sierra had an aggregate cost basis of $0.0 million, an aggregate fair value of $0.0 million and total unearned interest income of $0.0 million for the year then ended.

During the first quarter of 2020, we placed our investment in our junior preferred shares of UniTek Global Services, Inc. ("UniTek") on non-accrual status and the investment had a rating of 4. As of December 31, 2021, our junior preferred shares of UniTek had an aggregate cost basis of $34.4 million, an aggregate fair value of $0 and total unearned dividend income of $5.9 million for the year then ended. During the third quarter of 2021, we placed an aggregate principal amount of $19.8 million of our investment in our senior preferred shares of UniTek on non-accrual status and the investment had a rating of 4. As of December 31, 2021, our senior preferred shares of UniTek had an aggregate cost basis of $19.8 million, an aggregate fair value of approximately $0.4 million and total unearned dividend income of approximately $3.0 million for the year then ended.

During the first quarter of 2018, we placed our first lien positions in Education Management II LLC on non-accrual status as the portfolio company announced its intention to wind down and liquidate the business. Our first lien positions and our preferred and common shares in Education Management Corporation ("EDMC") have an investment rating of 4. As of December 31, 2021, our investment in EDMC, with an Investment Rating of 4 had an aggregate cost basis of $1.4 million, an aggregate fair value of $0 and total unearned interest income of $0.0 for the year then ended.

Since March 31, 2020, our investment in NM KRLN LLC had an investment rating of 4 and had an aggregate cost basis of $9.2 million and an aggregate fair value of $0.2 million.

Since December 31, 2019, our subordinated position in PPVA Black Elk (Equity) LLC had an investment rating of 4. As of December 31, 2021, our investment in this security had an aggregate cost basis of $14.5 million and an aggregate fair value of approximately $10.4 million.

During the year ended December 31, 2019, our security purchased under collateralized agreements to resell was placed on non-accrual and the investment had an Investment Rating of 4. As of December 31, 2021, our investment in this security had an aggregate cost basis of $30.0 million and an aggregate fair value of approximately $21.4 million.

In response to the continuing impact of the outbreak of the COVID-19 pandemic and its impact on the overall market environment and the health of our portfolio companies, we performed a company-by-company evaluation of the anticipated impact of the COVID-19 pandemic. The evaluation process consisted of dialogue with sponsors and portfolio companies to understand the COVID-19 pandemic's impact on each portfolio company, the portfolio company's response to any disruption, the level of sponsor support, and the current and projected financial and liquidity position of the portfolio company. Based on this evaluation, we assigned each portfolio company a "Risk Rating" of red, orange, yellow and green, with red reflecting a portfolio company with the potential for the most severe impact, due to the COVID-19 pandemic, and green reflecting the least. We will continue to monitor our portfolio companies and provide support to their management teams where possible.

The following table shows the Risk Rating of our portfolio companies as of December 31, 2021:

(in millions)	**As of December 31, 2021**			
Risk Rating	**Cost**	**Percent**	**Fair Value**	**Percent**
Red	$ 111.6	3.5 %	$ 91.0	2.9 %
Orange	135.7	4.3 %	119.8	3.7 %
Yellow	208.5	6.6 %	146.6	4.6 %
Green	2,700.7	85.6 %	2,838.4	88.8 %
	$ 3,156.5	100.0 %	$ 3,195.8	100.0 %

Portfolio and Investment Activity

The fair value of our investments was approximately $3,174.4 million in 106 portfolio companies at December 31, 2021 and approximately $2,953.5 million in 104 portfolio companies at December 31, 2020.

The following table shows our portfolio and investment activity for the years ended December 31, 2021 and December 31, 2020:

	Year Ended December 31,	
(in millions)	**2021**	**2020**
New investments in 62 and 30 portfolio companies, respectively	$ 1,134.9	$ 457.9
Debt repayments in existing portfolio companies	857.8	388.2
Sales of securities in 13 and 19 portfolio companies, respectively	208.9	264.9
Change in unrealized appreciation on 36 and 59 portfolio companies, respectively	136.7	40.5
Change in unrealized depreciation on 92 and 57 portfolio companies, respectively	(44.3)	(94.2)

Recent Accounting Standards Updates

See *Item 8.—Financial Statements and Supplementary Data—Note 15. Recent Accounting Standards* in this Annual Report on Form 10-K for details on recent accounting standards updates.

Results of Operations for the Years Ended December 31, 2021 and December 31, 2020

Results of Operations for the fiscal year ended December 31, 2019 can be found in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* in NMFC's Annual Report on Form 10-K filed on February 24, 2021, which is incorporated by reference herein.

Revenue

(in thousands)	Year Ended December 31, 2021	Year Ended December 31, 2020
Total interest income	$ 189,581	$ 211,552
Total dividend income	62,347	48,405
Other income	19,031	13,754
Total investment income	$ 270,959	$ 273,711

Our total investment income decreased by approximately $2.8 million, or (1)%, for the year ended December 31, 2021 as compared to the year ended December 31, 2020. For the year ended December 31, 2021, total investment income of $271.0 million consisted of approximately $154.9 million in cash interest from investments, approximately $23.3 million in PIK and non-cash interest from investments, approximately $2.8 million in prepayment fees, net amortization of purchase premiums and discounts of approximately $8.6 million, approximately $42.9 million in cash dividends from investments, approximately $19.5 million in PIK and non-cash dividends from investments and approximately $19.0 million in other income. The decrease in interest income of approximately $22.0 million from the year ended December 31, 2020 to the year ended December 31, 2021, was primarily due to lower LIBOR rates on smaller invested balances. Our smaller invested balances were driven by the repayments of our revolving credit facilities due to asset sales and repayments greater than asset originations during 2020. The increase in dividend income from the year ended December 31, 2020 to the year ended December 31, 2021 was primarily due to an increase in cash dividends from our investment in SLP III and PIK dividends related to new investments. In addition, total dividend income for the year ended December 31, 2020 included a reversal of $3.4 million of previously recorded PIK dividends related to our preferred shares in Permian Holdco 1, Inc., which was deemed to no longer be collectible. Other income during the year ended December 31, 2021, which represents fees that are generally non-recurring in nature, was primarily attributable to upfront, consent and amendment fees received from 64 different portfolio companies.

Operating Expenses

(in thousands)	Year Ended December 31, 2021	Year Ended December 31, 2020
Management fee	$ 52,960	$ 53,032
Less: management fee waiver	(13,104)	(12,311)
Total management fee	39,856	40,721
Incentive fee	29,710	29,211
Less: incentive fee waiver	—	(500)
Total incentive fee	29,710	28,711
Interest and other financing expenses	73,098	78,047
Administrative fees	4,461	4,408
Professional fees	3,197	3,537
Other general and administrative expenses	1,923	1,845
Total expenses	152,245	157,269
Less: expenses waived and reimbursed	(244)	(924)
Net expenses before income taxes	152,001	156,345
Income tax expense	118	22
Net expenses after income taxes	$ 152,119	$ 156,367

Our total net operating expenses decreased by approximately $4.2 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. Our management fee, net of a management fee waiver, decreased by approximately $0.9 million and our incentive fee increased by approximately $1.0 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. The decrease in management fees was attributable to an increase in the management fee waiver as a result of the Fee Waiver Agreement (as defined below) in which the Investment Adviser has agreed to waive base management fees in order to reach a target base management fee of 1.25% on gross assets. The increase in incentive fees was primarily attributable to an incentive fee waiver by the Investment Adviser during the year ended December 31, 2020.

Interest and other financing expenses decreased by approximately $4.9 million during the year ended December 31, 2021 as compared to the year ended December 31, 2020, primarily due to lower LIBOR rates on our floating rate borrowings and lower interest expense on our 2021A Unsecured Notes issued in the first quarter as compared to our 2016 Unsecured Notes and 5.75% Unsecured Notes, which were repaid with these proceeds in the first quarter of 2021. Our total professional fees, administrative fees, net of expenses waived and reimbursed, and other general and administrative expenses for the year ended December 31, 2021 as compared to the year ended December 31, 2020 remained relatively flat.

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

	Year Ended December 31,	
(in thousands)	**2021**	**2020**
Net realized losses on investments	$ (3,864)	$ (2,802)
Net realized gains on foreign currency	15	—
Net change in unrealized appreciation (depreciation) of investments	92,386	(53,718)
Net change in unrealized depreciation on foreign currency	(81)	—
(Provision) benefit for taxes	(114)	1,013
Net realized and unrealized gains (losses)	$ 88,342	$ (55,507)

Our net realized losses and unrealized gains resulted in a net gain of approximately $88.3 million for the year ended December 31, 2021 compared to the net realized and unrealized losses resulting in a net loss of approximately $55.5 million for the same period in 2020. As movement in unrealized appreciation or depreciation can be the result of realizations, we look at net realized and unrealized gains or losses together. The net gain for the year ended December 31, 2021 was primarily driven by realized gains and unrealized appreciation on our investments in TVG-Edmentum Holdings, LLC and unrealized appreciation on our investments in New Benevis Topco, LLC, NM CLFX LP and NM GLCR LP, which offset realized losses on our investments in Tenawa Resource Holdings LLC and unrealized depreciation on our investments in AAC and UniTek. The provision for income taxes was attributable to equity investments that are held as of December 31, 2021 in eight of our corporate subsidiaries. The net loss for the year ended December 31, 2020 was primarily driven by the decrease in market prices of certain investments during the period due to the impact of the COVID-19 pandemic. See *Monitoring of Portfolio Investments* above for more details regarding the continuing impact of the COVID-19 pandemic on the health of our portfolio companies.

Liquidity, Capital Resources, Off-Balance Sheet Arrangements, Borrowings and Contractual Obligations

Liquidity and Capital Resources

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

Since our IPO, and through December 31, 2021, we raised approximately $905.6 million in net proceeds from additional offerings of common stock.

Our liquidity is generated and generally available through advances from the revolving credit facilities, from cash flows from operations, and, we expect, through periodic follow-on equity offerings. In addition, we may from time to time enter into additional debt facilities, increase the size of existing facilities or issue additional debt securities, including unsecured debt and/or debt securities convertible into common stock. Any such incurrence or issuance would be subject to prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors. On June 8, 2018 our shareholders approved the application of the modified asset coverage requirements set forth in Section 61(a) of the 1940 Act, which resulted in the reduction from 200.0% to 150.0% of the minimum asset coverage ratio applicable to us as of June 9, 2018. In accordance with the 1940 Act, with certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, calculated pursuant to the 1940 Act, is at least 150.0% after such borrowing (which means we can borrow $2 for every $1 of our equity). As a result of our exemptive relief received on November 5, 2014, we are permitted to exclude our SBA-guaranteed debentures from the 150.0% asset coverage ratio that the we are required to maintain under the 1940 Act. The agreements governing the NMFC Credit Facility, the Convertible Notes and the Unsecured Notes (as defined below) contain certain covenants and terms, including a requirement that we not exceed a debt-to-equity ratio of 1.65 to 1.00 at the time of incurring additional indebtedness and a requirement that we not exceed a secured debt ratio of 0.70 to 1.00 at any time. As of December 31, 2021, our asset coverage ratio was 181.21%.

At December 31, 2021 and December 31, 2020, we had cash and cash equivalents of approximately $58.1 million and $79.0 million, respectively. Our cash (used in) provided by operating activities during the years ended December 31, 2021 and December 31, 2020, was approximately $(22.1) million and $301.1 million, respectively. We expect that all current liquidity needs will be met with cash flows from operations and other activities.

On November 3, 2021, we entered into an equity distribution agreement (the “Distribution Agreement”) with B. Riley Securities, Inc. and Raymond James & Associates, Inc. (collectively, the “Agents”). The Distribution Agreement provides that we may issue and sell our shares from time to time through the Agents, up to $250.0 million worth of our common stock.

For the year ended December 31, 2021, we sold 914,175 shares of common stock under the Distribution Agreement. For the same period, we received total accumulated net proceeds of approximately $12.4 million, including $0.2 million of offering expenses, from these sales.

We generally use net proceeds from these offerings to make investments, to pay down liabilities and for general corporate purposes. As of December 31, 2021, shares representing approximately $237.4 million of its common stock remain available for issuance and sale under the Distribution Agreement.

Off-Balance Sheet Agreements

We may become a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments may include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. As of December 31, 2021 and December 31, 2020, we had outstanding commitments to third parties to fund investments totaling $215.4 million and $73.1 million, respectively, under various undrawn revolving credit facilities, delayed draw commitments or other future funding commitments.

We may from time to time enter into financing commitment letters or bridge financing commitments, which could require funding in the future. As of December 31, 2021 and December 31, 2020, we had commitment letters to purchase investments in aggregate par amount of $6.8 million and $44.9 million, respectively. As of December 31, 2021 and December 31, 2020, we had not entered into any bridge financing commitments which could require funding in the future.

Borrowings

Holdings Credit Facility—On October 24, 2017, we entered into the Third Amended and Restated Loan and Security Agreement among us, as the Collateral Manager, NMF Holdings, as the Borrower, Wells Fargo Securities, LLC, as the Administrative Agent and Wells Fargo Bank, National Association, as the Lender and Collateral Custodian (as amended from time to time, the "Holdings Credit Facility"). As of the most recent amendment on April 20, 2021, the maturity date of the Holdings Credit Facility is April 20, 2026, and the maximum facility amount is the lesser of $800.0 million and the actual commitments of the lenders to make advances as of such date.

As of December 31, 2021, the maximum amount of revolving borrowings available under the Holdings Credit Facility is $730.0 million. Under the Holdings Credit Facility, NMF Holdings is permitted to borrow up to 25.0%, 45.0%, 67.5% or 70.0% of the purchase price of pledged assets, subject to approval by Wells Fargo Bank, National Association. The Holdings Credit Facility is non-recourse to us and is collateralized by all of the investments of NMF Holdings on an investment by investment basis. All fees associated with the origination, amending or upsizing of the Holdings Credit Facility are capitalized on our Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the Holdings Credit Facility. The Holdings Credit Facility contains certain customary affirmative and negative covenants and events of default. In addition, the Holdings Credit Facility requires us to maintain a minimum asset coverage ratio of 150.0%. The covenants are generally not tied to mark to market fluctuations in the prices of NMF Holdings investments, but rather to the performance of the underlying portfolio companies.

As of the most recent amendment on April 20, 2021, the Holdings Credit Facility bears interest at a rate of LIBOR plus 1.60% per annum for Broadly Syndicated Loans (as defined in the Fifth Amendment to the Loan and Security Agreement) and LIBOR plus 2.10% per annum for all other investments. From September 30, 2020 to April 19, 2021, the Holdings Credit Facility bore interest at a rate of LIBOR plus 2.00% per annum for Broadly Syndicated Loans (as defined in the Fourth Amendment Loan and Security Agreement) and LIBOR plus 2.50% per annum for all other investments. Prior to September 30, 2020, the Holdings Credit Facility bore interest at a rate of LIBOR plus 1.75% per annum for Broadly Syndicated Loans (as defined in the Second Amended and Restated Loan and Security Agreement) and LIBOR plus 2.25% per annum for all other investments. The Holdings Credit Facility also charges a non-usage fee, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the Third Amended and Restated Loan and Security Agreement).

As of December 31, 2021 and December 31, 2020, the outstanding balance on the Holdings Credit Facility was $545.3 million and $450.2 million, respectively, and NMF Holdings was in compliance with the applicable covenants in the Holdings Credit Facility on such dates.

See Item 8.—*Financial Statements and Supplementary Data—Note 7. Borrowings* in this Annual Report on Form 10-K for additional information on costs incurred on the Holdings Credit Facility for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

NMFC Credit Facility—The Amended and Restated Senior Secured Revolving Credit Agreement, (as amended from time to time, and together with the related guarantee and security agreement, the "RCA"), dated June 4, 2021, among us, as the Borrower, Goldman Sachs Bank USA, as the Administrative Agent and Collateral Agent, and Goldman Sachs Bank USA, Morgan Stanley Bank, N.A., Stifel Bank & Trust and MUFG Union Bank, N.A., as Lenders (the "NMFC Credit Facility"), is structured as a senior secured revolving credit facility. The NMFC Credit Facility is guaranteed by certain of our domestic subsidiaries and proceeds from the NMFC Credit Facility may be used for general corporate purposes, including the funding of portfolio investments. As of the most recent amendment on June 4, 2021, the maturity date of the NMFC Credit Facility is June 4, 2026.

As of December 31, 2021, the maximum amount of revolving borrowings available under the NMFC Credit Facility was $198.5 million. We are permitted to borrow at various advance rates depending on the type of portfolio investment as outlined in the related RCA. All fees associated with the origination and amendingof the NMFC Credit Facility are capitalized on our Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the NMFC Credit Facility. The NMFC Credit Facility contains certain customary affirmative and negative covenants and events of default, including certain financial covenants related to the asset coverage and liquidity and other maintenance covenants.

As of the most recent amendment on June 4, 2021, the NMFC Credit Facility generally bears interest at a rate of LIBOR plus 2.10% per annum or the prime rate plus 1.10% per annum, and charges a commitment fee, based on the unused facility amount multiplied by 0.375% per annum (as defined in the RCA). Prior to June 4, 2021, the NMFC Credit Facility bore interest at a rate of LIBOR plus 2.50% per annum or the prime rate plus 1.50% per annum, and charged a commitment fee based on the unused facility amount multiplied by 0.375% per annum (as defined in the RCA).

As of December 31, 2021 and December 31, 2020, the outstanding balance on the NMFC Credit Facility was $127.2 million, which included £16.4 million denominated in British Pound Sterling ("GBP") that has been converted to U.S. dollars, and $165.5 million, respectively, and NMFC was in compliance with the applicable covenants in the NMFC Credit Facility on such dates.

See Item 8.—*Financial Statements and Supplementary Data—Note 7. Borrowings* in this Annual Report on Form 10-K for additional information on costs incurred on the NMFC Credit Facility for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

Unsecured Management Company Revolver—The Uncommitted Revolving Loan Agreement, dated March 30, 2020, by and between us, as the Borrower, and NMF Investments III, L.L.C., as Lender, an affiliate of the Investment Adviser (the "Unsecured Management Company Revolver"), is structured as a discretionary unsecured revolving credit facility. The proceeds from the Unsecured Management Company Revolver may be used for general corporate purposes, including the funding of portfolio investments. As of the most recent amendment on December 17, 2021, the maturity date of the Unsecured Management Company Revolver is December 31, 2024.

As of the most recent amendment on December 17, 2021, the Unsecured Management Company Revolver bears interest at a rate of 4.00% per annum. Prior to December 17, 2021, the Unsecured Management Company Revolver bore interest at a rate of 7.00% per annum (as defined in the Uncommitted Revolving Loan Agreement). On May 4, 2020, we entered into an Amended and Restated Uncommitted Revolving Loan Agreement with NMF Investments III, L.L.C., which increased the maximum amounts of revolving borrowings available thereunder from $30.0 million to $50.0 million. As of December 31, 2021, the maximum amount of revolving borrowings available under the Unsecured Management Company Revolver was $50.0 million and no borrowings were outstanding. For the years ended December 31, 2021 and December 31, 2020, amortization of financing costs were each less than $50.0 thousand, respectively.

DB Credit Facility—The Loan Financing and Servicing Agreement (the "LFSA") dated December 14, 2018 and as amended from time to time, among NMFDB as the borrower, Deutsche Bank AG, New York Branch ("Deutsche Bank") as the facility agent, Lender and other agent from time to time party thereto and U.S. Bank National Association, as collateral agent and collateral custodian (the "DB Credit Facility"), is structured as a secured revolving credit facility and matures on March 25, 2026.

As of December 31, 2021, the maximum amount of revolving borrowings available under the DB Credit Facility was $280.0 million. We are permitted to borrow at various advance rates depending on the type of portfolio investment, as outlined in the LFSA. The DB Credit Facility is non-recourse to us and is collateralized by all of the investments of NMFDB on an investment by investment basis. All fees associated with the origination and amending of the DB Credit Facility are capitalized on our Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the DB Credit Facility. The DB Credit Facility contains certain customary affirmative and negative covenants and events of default. The covenants are generally not tied to mark to market fluctuations in the prices of NMFDB investments, but rather to the performance of the underlying portfolio companies.

The advances under the DB Credit Facility accrue interest at a per annum rate equal to the Applicable Margin plus the lender's Cost of Funds Rate. Prior to March 25, 2021, the Applicable Margin was equal to 2.60% during the Revolving Period and then increases by 0.20% during an Event of Default. Effective March 25, 2021, the Applicable Margin is equal to 2.35% during the Revolving Period and then increases by 0.20% during an Event of Default. The "Cost of Funds Rate" for a conduit lender is the lower of its commercial paper rate and the Base Rate plus 0.50%, and for any other lender is the Base Rate. The "Base Rate" is the three-months LIBOR Rate but may become an alternative base rate based on Deutsche Bank's base lending rate if certain LIBOR disruption events occur. We are also charged a non-usage fee, based on the unused facility amount multiplied by the Undrawn Fee Rate (as defined in the LFSA) and a facility agent fee of 0.25% per annum on the total facility amount.

As of December 31, 2021 and December 31, 2020, the outstanding balance on the DB Credit Facility was $226.3 million and $244.0 million, respectively, and NMFDB was in compliance with the applicable covenants in the DB Credit Facility on such date.

See Item 8.—*Financial Statements and Supplementary Data—Note 7. Borrowings* in this Annual Report on Form 10-K for additional information on costs incurred on the DB Credit Facility for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

NMNLC Credit Facilities—The Revolving Credit Agreement (together with the related guarantee and security agreement, the “NMNLC Credit Facility”), dated September 21, 2018, by and between NMNLC, as the Borrower, and KeyBank National Association, as the Administrative Agent and Lender (the "NMNLC Revolving Credit Agreement"), was structured as a senior secured revolving credit facility and matured on September 23, 2020. The NMNLC Credit Facility was guaranteed by us and proceeds from the NMNLC Credit Facility were able to be used for funding of additional acquisition properties.

The NMNLC Credit Facility bore interest at a rate of LIBOR plus 2.50% per annum or the prime rate plus 1.50% per annum, and charged a commitment fee, based on the unused facility amount multiplied by 0.15% per annum (as defined in the NMNLC Revolving Credit Agreement). See Item 8.—*Financial Statements and Supplementary Data—Note 7. Borrowings* in this Annual Report on Form 10-K for additional information on costs incurred on the NMNLC Credit Facility for the years ended December 31, 2020 and December 31, 2019.

The Credit Agreement (together with the related guarantee and security agreement, the "NMNLC CA"), dated February 26, 2021, by and between NMNLC, as the Borrower, and City National Bank, as the Lender (the "NMNLC Credit Facility II"), is structured as a senior secured revolving credit facility. As of the most recent amendment on December 7, 2021, the NMNLC CA matures on February 25, 2023. The NMNLC Credit Facility II is guaranteed by us and proceeds from the NMNLC Credit Facility II are able to be used for funding of additional acquisition properties. As of December 31, 2021, the maximum amount of revolving borrowings available under the NMNLC Credit Facility II is $20.0 million.

Prior to the amendment on December 7, 2021, the NMNLC Credit Facility II bore interest at a rate of LIBOR plus 2.75% per annum, and charged a commitment fee, based on the unused facility amount multiplied by 0.05% per annum (as defined in the NMNLC CA). As of December 7, 2021, the NMNLC Credit Facility II bears interest at a rate of the Secured Overnight Financing Rate ("SOFR") plus 2.75% per annum with a 0.35% floor, and charges a commitment fee, based on the unused facility amount multiplied by 0.05% per annum (as defined in the NMNLC CA). As of December 31, 2021, the outstanding balance on the NMNLC Credit Facility II was $15.2 million and NMNLC was in compliance with the applicable covenants in the NMNLC Credit Facility II on such date.

See Item 8.—*Financial Statements and Supplementary Data—Note 7. Borrowings* in this Annual Report on Form 10-K for additional information on costs incurred on the NMNLC Credit Facility II for the year ended December 31, 2021.

Convertible Notes—On August 20, 2018, we closed a registered public offering of $100.0 million aggregate principal amount of unsecured convertible notes (the “Convertible Notes”), pursuant to an indenture, dated August 20, 2018, as supplemented by a first supplemental indenture thereto, dated August 20, 2018 (together the “2018A Indenture”). On August 30, 2018, in connection with the registered public offering, we issued an additional $15.0 million aggregate principal amount of the Convertible Notes pursuant to the exercise of an overallotment option by the underwriter of the Convertible Notes. On June 7, 2019, we closed a registered public offering of an additional $86.3 million aggregate principal amount of the Convertible Notes. These additional Convertible Notes constitute a further issuance of, rank equally in right of payment with, and form a single series with the $115.0 million aggregate principal amount of Convertible Notes that we issued in August 2018.

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

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

The 2018A Indenture contains certain covenants, including covenants requiring us to provide certain financial information to the holders of the Convertible Notes and the trustee if we cease to be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The 2018A Indenture also includes additional financial covenants related to our asset coverage ratio. These covenants are subject to limitations and exceptions that are described in the 2018A Indenture.

The following table summarizes certain key terms related to the convertible features of our Convertible Notes as of December 31, 2021.

	Convertible Notes
Initial conversion premium	10.0 %
Initial conversion rate(1)	65.8762
Initial conversion price	$ 15.18
Conversion premium at December 31, 2021	10.0 %
Conversion rate at December 31, 2021(1)(2)	65.8762
Conversion price at December 31, 2021(2)(3)	$ 15.18
Last conversion price calculation date	August 20, 2021

(1) Conversion rates denominated in shares of common stock per $1.0 thousand principal amount of our Convertible Notes converted.
(2) Represents conversion rate and conversion price, as applicable, taking into account certain de minimis adjustments that will be made on the conversion date.
(3) The conversion price in effect at December 31, 2021 was calculated on the last anniversary of the issuance and will be calculated again on the next anniversary, unless the exercise price shall have changed by more than 1.0% before the anniversary.

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

The Convertible Notes are unsecured obligations and rank senior in right of payment to our existing and future indebtedness, if any, that is expressly subordinated in right of payment to the Convertible Notes; equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness (including existing unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries and financing vehicles. As reflected in *Item 8.—Financial Statements and Supplemental Data—Note 12.*

Earnings Per Share in this Annual Report on Form 10-K, the issuance is considered part of the if-converted method for calculation of diluted earnings per share.

As of December 31, 2021 and December 31, 2020 the outstanding balance on the Convertible Notes was $201.2 million and $201.2 million, respectively, and NMFC was in compliance with the terms of the 2018A Indenture on such date.

See Item 8.—*Financial Statements and Supplementary Data—Note 7. Borrowings* in this Annual Report on Form 10-K for additional information on costs incurred on the Convertible Notes for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

Unsecured Notes

On May 6, 2016, we issued $50.0 million in aggregate principal amount of our 2016 Unsecured Notes (the "2016 Unsecured Notes"), pursuant to a note purchase agreement, dated May 4, 2016, to an institutional investor in a private placement. On September 30, 2016, we entered into an amended and restated note purchase agreement (the "NPA") and issued an additional $40.0 million in aggregate principal amount of 2016 Unsecured Notes to institutional investors in a private placement. On February 16, 2021, we repaid all $90.0 million in aggregate principal amount of the issued and outstanding 2016 Unsecured Notes. On June 30, 2017, we issued $55.0 million in aggregate principal amount of five-year unsecured notes that mature on July 15, 2022 (the "2017A Unsecured Notes"), pursuant to the NPA and a supplement to the NPA. On January 30, 2018, we issued $90.0 million in aggregate principal amount of five year unsecured notes that mature on January 30, 2023 (the "2018A Unsecured Notes") pursuant to the NPA and a second supplement to the NPA. On July 5, 2018, we issued $50.0 million in aggregate principal amount of five year unsecured notes that mature on June 28, 2023 (the "2018B Unsecured Notes") pursuant to the NPA and a third supplement to the NPA (the "Third Supplement"). On April 30, 2019, we issued $116.5 million in aggregate principal amount of five year unsecured notes that mature on April 30, 2024 (the "2019A Unsecured Notes") pursuant to the NPA and a fourth supplement to the NPA. On January 29, 2021, we issued $200.0 million in aggregate principal amount of five year unsecured notes that mature on January 29, 2026 (the "2021A Unsecured Notes") pursuant to the NPA and a fifth supplement to the NPA. The NPA provides for future issuances of unsecured notes in separate series or tranches.

The 2016 Unsecured Notes bore interest at an annual rate of 5.313%, payable semi-annually on May 15 and November 15 of each year. The 2017A Unsecured Notes bear interest at an annual rate of 4.760%, payable semi-annually on January 15 and July 15 of each year. The 2018A Unsecured Notes bear interest at an annual rate of 4.870%, payable semi-annually on February 15 and August 15 of each year. The 2018B Unsecured Notes bear interest at an annual rate of 5.360%, payable semi-annually on January 15 and July 15 of each year. The 2019A Unsecured Notes bear interest at an annual rate of 5.494%, payable semi-annually on April 15 and October 15 of each year. The 2021A Unsecured Notes bear interest at an annual rate of 3.875%, payable semi-annually in arrears on January 29 and July 29 of each year, which commenced on July 29, 2021. These interest rates are subject to increase in the event that: (i) subject to certain exceptions, the underlying unsecured notes or we cease to have an investment grade rating or (ii) the aggregate amount of our unsecured debt falls below $150.0 million. In each such event, we have the option to offer to prepay the underlying unsecured notes at par, in which case holders of the underlying unsecured notes who accept the offer would not receive the increased interest rate. In addition, we are obligated to offer to prepay the underlying unsecured notes at par if the Investment Adviser, or an affiliate thereof, ceases to be our investment adviser or if certain change in control events occur with respect to the Investment Adviser.

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

On September 25, 2018, we closed a registered public offering of $50.0 million in aggregate principal amount of our 5.75% Unsecured Notes that mature on October 1, 2023 (the "5.75% Unsecured Notes", together with the 2016 Unsecured Notes, 2017A Unsecured Notes, 2018A Unsecured Notes, 2018B Unsecured Notes, 2019A Unsecured Notes and the 2021A Unsecured Notes, the "Unsecured Notes"), pursuant to an indenture, dated August 20, 2018, as supplemented by a second supplemental indenture thereto, dated September 25, 2018 (together, the "2018B Indenture"). On October 17, 2018, in connection with the registered public offering, we issued an additional $1.8 million aggregate principal amount of the 5.75% Unsecured Notes pursuant to the exercise of an overallotment option by the underwriters of the 5.75% Unsecured Notes.

On March 8, 2021, we redeemed $51.8 million in aggregate principal amount of the 5.75% Unsecured Notes bear at a redemption price of 100% plus accrued and unpaid interest.

The 5.75% Unsecured Notes bore interest at an annual rate of 5.75%, payable quarterly on January 1, April 1, July 1 and October 1 of each year. The 5.75% Unsecured Notes were listed on the New York Stock Exchange and traded under the trading symbol “NMFX” until September 13, 2020. On September 14, 2020, the 5.75% Unsecured Notes began trading on the NASDAQ Global Select Market (the "NASDAQ") under the ticker symbol "NMFCL", until redeemed on March 8, 2021.

The Unsecured Notes are unsecured obligations and rank senior in right of payment to our existing and future indebtedness, if any, that is expressly subordinated in right of payment to the Unsecured Notes; equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness (including existing unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries and financing vehicles.

As of December 31, 2021 and December 31, 2020, the outstanding balance on the Unsecured Notes was $511.5 million and $453.3 million, respectively, and we were in compliance with the terms of the NPA and the 2018B Indenture as of such dates, as applicable.

See Item 8.—*Financial Statements and Supplementary Data—Note 7. Borrowings* in this Annual Report on Form 10-K for additional information on costs incurred on the Unsecured Notes for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

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

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

The maximum amount of borrowings available under current SBA regulations for a single licensee is $150.0 million as long as the licensee has at least $75.0 million in regulatory capital, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing. In June 2018, legislation amended the 1958 Act by increasing the individual leverage limit from $150.0 million to $175.0 million, subject to SBA approvals.

As of December 31, 2021 and December 31, 2020, SBIC I had regulatory capital of $75.0 million and $75.0 million, respectively, and SBA-guaranteed debentures outstanding of $150.0 million and $150.0 million, respectively. As of December 31, 2021 and December 31, 2020, SBIC II had regulatory capital of $75.0 million and $75.0 million, respectively, and $150.0 million and $150.0 million, respectively, of SBA-guaranteed debentures outstanding. The SBA-guaranteed debentures incur upfront fees of 3.435%, which consists of a 1.00% commitment fee and a 2.435% issuance discount, which are amortized over the life of the SBA-guaranteed debentures.

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

The SBIC program is designed to stimulate the flow of private investor capital into eligible small businesses, as defined by the SBA. Under SBA regulations, SBICs are subject to regulatory requirements, including making investments in SBA-eligible small businesses, investing at least 25.0% of its investment capital in eligible smaller enterprises (as defined under the 1958 Act), placing certain limitations on the financing terms of investments, regulating the types of financing, prohibiting investments in small businesses with certain characteristics or in certain industries and requiring capitalization thresholds that limit distributions to us. SBICs are subject to an annual periodic examination by an SBA examiner to determine the SBIC's compliance with the relevant SBA regulations and an annual financial audit of its financial statements that are prepared on a basis of accounting other than GAAP (such as ASC 820) by an independent auditor. As of December 31, 2021 and December 31, 2020, SBIC I and SBIC II were in compliance with SBA regulatory requirements.

See Item 8.—*Financial Statements and Supplementary Data—Note 7. Borrowings* in this Annual Report on Form 10-K for additional information and costs incurred on the SBA-guaranteed debentures for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

Contractual Obligations

A summary of our significant contractual payment obligations as of December 31, 2021 is as follows:

	Contractual Obligations Payments Due by Period				
(in millions)	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Holdings Credit Facility(1)	$ 545.3	$ —	$ —	$ 545.3	$ —
Unsecured Notes(2)	511.5	55.0	256.5	200.0	—
DB Credit Facility(3)	226.3	—	—	226.3	—
SBA-guaranteed debentures(4)	300.0	—	—	121.7	178.3
Convertible Notes(5)	201.2	—	201.2	—	—
NMFC Credit Facility(6)	127.2	—	—	127.2	—
NMNLC Credit Facility II(7)	15.2	—	15.2	—	—
Total Contractual Obligations	$ 1,926.7	$ 55.0	$ 472.9	$ 1,220.5	$ 178.3

(1) Under the terms of the $730.0 million Holdings Credit Facility, all outstanding borrowings under that facility ($545.3 million as of December 31, 2021) must be repaid on or before April 20, 2026. As of December 31, 2021, there was approximately $184.7 million of possible capacity remaining under the Holdings Credit Facility.

(2) $55.0 million of the 2017A Unsecured Notes will mature on July 15, 2022 unless earlier repurchased, $90.0 million of the 2018A Unsecured Notes will mature on January 30, 2023 unless earlier repurchased, $50.0 million of the 2018B Unsecured Notes will mature on June 28, 2023 unless earlier repurchased, $116.5 million of the 2019A Unsecured Notes will mature on April 30, 2024 unless earlier repurchased and $200.0 million of the 2021A Unsecured Notes will mature on January 29, 2026 unless earlier repurchased.

(3) Under the terms of the $280.0 million DB Credit Facility, all outstanding borrowings under that facility ($226.3 million as of December 31, 2021) must be repaid on or before March 25, 2026. As of December 31, 2021, there was approximately $53.7 million of possible capacity remaining under the DB Credit Facility.

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

(5) The Convertible Notes will mature on August 15, 2023 unless earlier converted or repurchased at the holder's option or redeemed by us.

(6) Under the terms of the $198.5 million NMFC Credit Facility, all outstanding borrowings under that facility ($127.2 million, which included £16.4 million denominated in GBP that has been converted to U.S. dollars as of December 31, 2021) must be repaid on or before June 4, 2026. As of December 31, 2021, there was approximately $71.3 million of available capacity remaining under the NMFC Credit Facility.

(7) Under the terms of the NMNLC Credit Facility II, all outstanding borrowings under that facility ($15.2 million as of December 31, 2021) must be repaid on or before February 25, 2023. As of December 31, 2021, there was approximately $4.8 million of available capacity remaining under the NMNLC Credit Facility II.

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

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

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

Distributions and Dividends

Distributions declared and paid to stockholders for the year ended December 31, 2021 totaled $116.5 million.

The following table reflects cash distributions, including dividends and returns of capital, if any, per share that have been declared by our board of directors for the years ended December 31, 2021 and December 31, 2020:

Fiscal Year Ended	Date Declared	Record Date	Payment Date	Per Share Amount	
December 31, 2021					
Fourth Quarter	October 27, 2021	December 16, 2021	December 30, 2021	$	0.30
Third Quarter	July 29, 2021	September 16, 2021	September 30, 2021		0.30
Second Quarter	April 30, 2021	June 16, 2021	June 30, 2021		0.30
First Quarter	February 17, 2021	March 17, 2021	March 31, 2021		0.30
				$	1.20
December 31, 2020					
Fourth Quarter	October 28, 2020	December 16, 2020	December 30, 2020	$	0.30
Third Quarter	July 29, 2020	September 16, 2020	September 30, 2020		0.30
Second Quarter	April 29, 2020	June 16, 2020	June 30, 2020		0.30
First Quarter	February 19, 2020	March 13, 2020	March 27, 2020		0.34
				$	1.24

Tax characteristics of all distributions paid are reported to stockholders on Form 1099 after the end of the calendar year. For the years ended December 31, 2021 and December 31, 2020, total distributions were $116.5 million and $120.1 million, respectively, of which the distributions were comprised of approximately 90.99% and 84.58%, respectively, of ordinary income, 0.00% and 0.00%, respectively, of long-term capital gains and approximately 9.01% and 15.42%, respectively, of a return of capital. Future quarterly distributions, if any, will be determined by our board of directors.

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

We maintain an "opt out" dividend reinvestment plan on behalf of our common stockholders, pursuant to which each of our stockholders' cash distributions will be automatically reinvested in additional shares of common stock, unless the stockholder elects to receive cash. See *Item 8—Financial Statements and Supplementary Data—Note 2. Summary of Significant Accounting Policies* in this Annual Report on Form 10-K for additional details regarding our dividend reinvestment plan.

Related Parties

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

- We have entered into the Investment Management Agreement with the Investment Adviser, a wholly-owned subsidiary of New Mountain Capital. Therefore, New Mountain Capital is entitled to any profits earned by the Investment Adviser, which includes any fees payable to the Investment Adviser under the terms of the Investment Management Agreement, less expenses incurred by the Investment Adviser in performing its services under the Investment Management Agreement.
- We have entered into a fee waiver agreement (the "Fee Waiver Agreement") with the Investment Adviser, pursuant to which the Investment Adviser agreed to voluntarily reduce the base management fees payable to the Investment Adviser by us under the Investment Management Agreement beginning with the quarter ended March 31, 2021 through the quarter ending December 31, 2023. See *Item 8— Financial Statements—Note 5. Agreements* for details.
- We have entered into the Administration Agreement with the Administrator, a wholly-owned subsidiary of New Mountain Capital. The Administrator arranges our office space and provides office equipment and administrative services necessary to conduct our respective day-to-day operations pursuant to the Administration Agreement. We reimburse the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to us under the Administration Agreement, which includes the fees and expenses associated with performing administrative, finance, and compliance functions, and the compensation of our chief financial officer and chief compliance officer and their respective staffs. Pursuant to the Administration Agreement and further

restricted by us, the Administrator may, in its own discretion, submit to us for reimbursement some or all of the expenses that the Administrator has incurred on our behalf during any quarterly period. As a result, the amount of expenses for which we will have to reimburse the Administrator may fluctuate in future quarterly periods and there can be no assurance given as to when, or if, the Administrator may determine to limit the expenses that the Administrator submits to us for reimbursement in the future. However, it is expected that the Administrator will continue to support part of our expense burden in the near future and may decide to not calculate and charge through certain overhead related amounts as well as continue to cover some of the indirect costs. The Administrator cannot recoup any expenses that the Administrator has previously waived. For the year ended December 31, 2021 approximately $2.8 million of indirect administrative expenses were included in administrative expenses, of which approximately $0.2 million were waived by the Administrator. As of December 31, 2021, approximately $0.5 million of indirect administrative expenses were included in payable to affiliates. For the year ended December 31, 2021, the reimbursement to the Administrator represented approximately 0.08% of our gross assets.

- We, the Investment Adviser and the Administrator have entered into a royalty-free Trademark License Agreement, as amended, with New Mountain Capital, pursuant to which New Mountain Capital has agreed to grant us, the Investment Adviser and the Administrator, a non-exclusive, royalty-free license to use the name "New Mountain" and "New Mountain Finance", as well as the NMF logo.

In addition, we have adopted a formal code of ethics that governs the conduct of our officers and directors, which is available on our website at http://www.newmountainfinance.com. These officers and directors also remain subject to the duties imposed by the 1940 Act, and the Delaware General Corporation Law.

The Investment Adviser and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole or in part, to our investment mandates. The Investment Adviser and its affiliates may determine that an investment is appropriate for us and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, the Investment Adviser or its affiliates may determine that we should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the SEC and its staff, and consistent with the Investment Adviser's allocation procedures. On October 8, 2019, the SEC issued an exemptive order (the “Exemptive Order”), which superseded a prior order issued on December 18, 2017, which permits us to co-invest in portfolio companies with certain funds or entities managed by the Investment Adviser or its affiliates in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act, subject to the conditions of the Exemptive Order. Pursuant to the Exemptive Order, we are permitted to co-invest with our affiliates if a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors make certain conclusions in connection with a co-investment transaction, including, but not limited to, that (1) the terms of the potential co-investment transaction, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching in respect of us or our stockholders on the part of any person concerned, and (2) the potential co-investment transaction is consistent with the interests of our stockholders and is consistent with our then-current investment objective and strategies.

On March 30, 2020, an affiliate of the Investment Adviser purchased directly from NMNLC 105,030 shares of NMNLC’s common stock at a price of $107.73 per share, which represented the net asset value per share of NMNLC at the date of purchase, for an aggregate purchase price of approximately $11.3 million. Immediately thereafter, NMNLC redeemed 105,030 shares of its common stock held by NMFC in exchange for a promissory note with a principal amount of $11.3 million and a 7.0% interest rate, which was repaid by NMNLC to NMFC on March 31, 2020.

On March 30, 2020, we entered into the Unsecured Management Company Revolver with NMF Investments III, L.L.C., an affiliate of the Investment Adviser, with a $30.0 million maximum amount of revolver borrowings available and a maturity date of December 31, 2022. On May 4, 2020, we entered into an Amended and Restated Uncommitted Revolving Loan Agreement with NMF Investments III, L.L.C., which increased the maximum amounts of revolving borrowings available thereunder from $30.0 million to $50.0 million. On December 17, 2021, we entered into Amendment No. 1 to the Amended and Restated Uncommitted Revolving Loan Agreement with NMF Investments III, L.L.C., which lowered the interest rate and extended the maturity date from December 31, 2022 to December 31, 2024. Refer to *Item 8 - Financial Statements and Supplementary Data - Note 7. Borrowings,* for discussion of the Unsecured Management Company Revolver.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are subject to certain financial market risks, such as interest rate fluctuations. In addition, U.S. and global capital markets and credit markets have experienced a higher level of stress due to the global COVID-19 pandemic, which has resulted in an increase in the level of volatility across such markets and a general decline in value of the securities that we hold. Because we fund a portion of our investments with borrowings, our net investment income is affected by the difference between the rate at which we invest and the rate at which we borrow. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In connection with the COVID-19 pandemic, the U.S. Federal Reserve and other central banks have reduced certain interest rates and LIBOR has decreased. In addition, in a prolonged low interest rate environment, including a reduction of LIBOR to zero, the difference between the total interest income earned on interest earning assets and the total interest expense incurred on interest bearing liabilities may be compressed, reducing our net interest income and potentially adversely affecting our operating results. During the year ended December 31, 2021, certain of the loans held in our portfolio had floating interest rates. As of December 31, 2021, approximately 86.29% of investments at fair value (excluding investments on non-accrual, unfunded debt investments and non-interest bearing equity investments) represent floating-rate investments with a LIBOR floor (includes investments bearing prime interest rate contracts) and approximately 13.71% of investments at fair value represent fixed-rate investments. Additionally, our senior secured revolving credit facilities are also subject to floating interest rates and are currently paid based on floating LIBOR rates.

The following table estimates the potential changes in net cash flow generated from interest income and expenses, should interest rates increase by 100, 200 or 300 basis points, or decrease by 25 basis points. Interest income is calculated as revenue from interest generated from our portfolio of investments held on December 31, 2021. Interest expense is calculated based on the terms of our outstanding revolving credit facilities, convertible notes and unsecured notes. For our floating rate credit facilities, we use the outstanding balance as of December 31, 2021. Interest expense on our floating rate credit facilities is calculated using the interest rate as of December 31, 2021, adjusted for the hypothetical changes in rates, as shown below. The base interest rate case assumes the rates on our portfolio investments remain unchanged from the actual effective interest rates as of December 31, 2021. These hypothetical calculations are based on a model of the investments in our portfolio, held as of December 31, 2021, and are only adjusted for assumed changes in the underlying base interest rates.

Actual results could differ significantly from those estimated in the table.

Change in Interest Rates	Estimated Percentage Change in Interest Income Net of Interest Expense (unaudited)	
–25 Basis Points	0.42	%
Base Interest Rate	—	%
+100 Basis Points	0.34	%
+200 Basis Points	10.17	%
+300 Basis Points	20.10	%

Item 8. Financial Statements and Supplementary Data

TABLE OF CONTENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of New Mountain Finance Corporation

Opinion on the Consolidated Financial Statements and Financial Highlights

We have audited the accompanying consolidated statements of assets and liabilities of New Mountain Finance Corporation and subsidiaries (the "Company"), including the consolidated schedules of investments, as of December 31, 2021 and 2020, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period then ended, the consolidated financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the consolidated financial statements and financial highlights present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations, changes in net assets, and cash flows for each of the three years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements and financial highlights based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and financial highlights are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and financial highlights. Our procedures included confirmation of investments owned as of December 31, 2021 and 2020, by correspondence with the custodian, loan agents and borrowers; when replies were not received, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair Value – Investments — Refer to Footnote 2, 3, and 4 in the consolidated financial statements

Critical Audit Matter Description

The Company invests in debt securities, including first and second lien debt, notes, bonds, mezzanine securities, and equity interests. The Company's determination of fair value for these investments involves subjective judgments and estimates utilizing a market approach, an income approach, or both approaches, as appropriate. These approaches require management to make judgments and estimates related to significant unobservable inputs including the selection of EBITDA or revenue multiples based on multiples of publicly traded comparable companies and comparable transactions, and the discount rate established utilizing a combination of a yield calibration approach, which incorporates changes in the credit quality (as measured by relevant statistics) of the investment, as compared to changes in the yield associated with comparable credit quality market indices, between the date of origination and the valuation date, and a comparable investment approach, which utilizes an average yield-to maturity of a selected set of high-quality, liquid investments to determine a comparable investment discount rate.

We identified the valuation of investments as a critical audit matter given the significant judgments made by management to estimate the fair value of certain debt and equity positions. This required a high degree of auditor judgment and extensive audit effort, including the need to involve fair value specialists who possess significant valuation experience and modeling expertise, to evaluate the appropriateness of the valuation methodologies and the significant unobservable inputs.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation methodologies and unobservable inputs used by management to estimate the fair value of investments included the following, among others:

- We tested the operating effectiveness of controls over the valuation of investments, including those over the selection of valuation methodologies and development of unobservable inputs.
- We evaluated the reasonableness and consistency of application of the Company's valuation polices over investments, including those surrounding the selection of valuation methodologies and the derivation of valuation inputs.
- With the assistance of our internal fair value specialists, we evaluated the appropriateness of the valuation methodologies and the reasonableness of the significant unobservable inputs.
- With the assistance of our internal fair value specialists, in certain instances, we developed independent fair value estimates and compared our estimates to the Company's estimates.
- We evaluated the impact of current market events and conditions on the selected valuation methodologies and significant unobservable inputs.

/s/ DELOITTE & TOUCHE LLP

February 28, 2022

We have served as the Company's auditor since 2008.

New Mountain Finance Corporation

Consolidated Statements of Assets and Liabilities
(in thousands, except shares and per share data)

	December 31, 2021	December 31, 2020
Assets		
Investments at fair value		
Non-controlled/non-affiliated investments (cost of $2,323,224 and $2,281,184, respectively)	$ 2,283,779	$ 2,249,615
Non-controlled/affiliated investments (cost of $80,801 and $115,543, respectively)	134,775	103,012
Controlled investments (cost of $722,467 and $600,942, respectively)	755,810	600,875
Total investments at fair value (cost of $3,126,492 and $2,997,669, respectively)	3,174,364	2,953,502
Securities purchased under collateralized agreements to resell (cost of $30,000 and $30,000, respectively)	21,422	21,422
Cash and cash equivalents	58,077	78,966
Interest and dividend receivable	30,868	28,411
Receivable from unsettled securities sold	—	9,019
Receivable from affiliates	—	117
Deferred tax asset	—	101
Other assets	11,081	5,981
Total assets	$ 3,295,812	$ 3,097,519
Liabilities		
Borrowings		
Unsecured Notes	$ 511,500	$ 453,250
Holdings Credit Facility	545,263	450,163
SBA-guaranteed debentures	300,000	300,000
DB Credit Facility	226,300	244,000
Convertible Notes	201,417	201,520
NMFC Credit Facility	127,192	165,500
NMNLC Credit Facility II	15,200	—
Deferred financing costs (net of accumulated amortization of $40,713 and $33,325, respectively)	(19,684)	(16,839)
Net borrowings	1,907,188	1,797,594
Payable for unsettled securities purchased	7,910	26,842
Interest payable	17,388	15,587
Management fee payable	10,164	10,419
Incentive fee payable	7,503	7,354
Payable to affiliates	556	867
Deferred tax liability	13	—
Other liabilities	2,478	1,967
Total liabilities	1,953,200	1,860,630
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, 200,000,000 shares authorized and 97,907,441 and 96,827,342 shares issued and outstanding, respectively	979	968
Paid in capital in excess of par	1,272,796	1,269,671
Accumulated undistributed (overdistributed) earnings	47,470	(48,764)
Total net assets of New Mountain Finance Corporation	$ 1,321,245	$ 1,221,875
Non-controlling interest in New Mountain Net Lease Corporation	21,367	15,014
Total net assets	$ 1,342,612	$ 1,236,889
Total liabilities and net assets	$ 3,295,812	$ 3,097,519
Number of shares outstanding	97,907,441	96,827,342
Net asset value per share of New Mountain Finance Corporation	$ 13.49	$ 12.62

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

New Mountain Finance Corporation

Consolidated Statements of Operations
(in thousands, except shares and per share data)

	Year Ended December 31,		
	2021	2020	2019
Investment income			
From non-controlled/non-affiliated investments:			
Interest income (excluding Payment-in-kind ("PIK") interest income)	$ 159,189	$ 184,705	$ 193,500
PIK interest income	8,582	9,057	528
Dividend income	915	—	—
Non-cash dividend income	10,153	9,235	8,561
Other income	14,106	5,133	12,150
From non-controlled/affiliated investments:			
Interest income (excluding PIK interest income)	1,579	2,042	2,608
PIK interest income	434	(1,083)	1,558
Dividend income	288	2,611	3,073
Non-cash dividend income	4,835	(3,085)	1,219
Other income	345	1,282	1,236
From controlled investments:			
Interest income (excluding PIK interest income)	5,470	7,803	3,119
PIK interest income	14,327	9,028	7,409
Dividend income	41,659	32,347	32,011
Non-cash dividend income	4,497	7,297	8,918
Other income	4,580	7,339	617
Total investment income	270,959	273,711	276,507
Expenses			
Interest and other financing expenses	73,098	78,047	84,297
Management fee	52,960	53,032	49,115
Incentive fee	29,710	29,211	29,288
Administrative expenses	4,461	4,408	4,046
Professional fees	3,197	3,537	3,065
Other general and administrative expenses	1,923	1,845	1,796
Total expenses	165,349	170,080	171,607
Less: management and incentive fees waived (see Note 5)	(13,104)	(12,811)	(12,012)
Less: expenses waived and reimbursed (see Note 5)	(244)	(924)	(335)
Net expenses	152,001	156,345	159,260
Net investment income before income taxes	118,958	117,366	117,247
Income tax expense	118	22	94
Net investment income	118,840	117,344	117,153
Net realized (losses) gains:			
Non-controlled/non-affiliated investments	(3,167)	(4,305)	872
Non-controlled/affiliated investments	8,338	(3,497)	—
Controlled investments	(9,035)	4,188	18
New Mountain Net Lease Corporation	—	812	—
Foreign currency	15	—	—
Net change in unrealized appreciation (depreciation):			
Non-controlled/non-affiliated investments	(23,466)	(47,907)	1,855
Non-controlled/affiliated investments	66,505	(3,233)	(8,353)
Controlled investments	49,347	(1,766)	3,010
Securities purchased under collateralized agreements to resell	—	—	(2,086)
Foreign currency	(81)	—	—
New Mountain Net Lease Corporation	—	(812)	—
(Provision) benefit for taxes	(114)	1,013	94
Net realized and unrealized gains (losses)	88,342	(55,507)	(4,590)
Net increase in net assets resulting from operations	207,182	61,837	112,563
Less: Net increase in net assets resulting from operations related to non-controlling interest in New Mountain Net Lease Corporation	(5,783)	(3,364)	—
Net increase in net assets resulting from operations related to New Mountain Finance Corporation	$ 201,399	$ 58,473	$ 112,563
Basic earnings per share	$ 2.08	$ 0.60	$ 1.32
Weighted average shares of common stock outstanding—basic (See Note 12)	96,952,959	96,827,342	85,209,378
Diluted earnings per share	$ 1.91	$ 0.60	$ 1.22
Weighted average shares of common stock outstanding—diluted (See Note 12)	110,210,545	110,084,927	100,464,045
Distributions declared and paid per share	$ 1.20	$ 1.24	$ 1.36

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

New Mountain Finance Corporation

Consolidated Statements of Changes in Net Assets
(in thousands, except share data)

	Year Ended December 31,		
	2021	**2020**	**2019**
Increase (decrease) in net assets resulting from operations			
Net investment income	$ 118,840	$ 117,344	$ 117,153
Net realized (losses) gains on investments, New Mountain Net Lease Corporation ("NMNLC") and foreign currency	(3,849)	(2,802)	890
Net change in unrealized appreciation (depreciation) of investments, NMNLC and foreign currency	92,305	(53,718)	(3,488)
Net change in unrealized depreciation of securities purchased under collateralized agreements to resell	—	—	(2,086)
(Provision) benefit for taxes	(114)	1,013	94
Net increase in net assets resulting from operations	207,182	61,837	112,563
Less: Net increase in net assets resulting from operations related to non-controlling interests in NMNLC	(5,783)	(3,364)	—
Net increase in net assets resulting from operations related to New Mountain Finance Corporation	201,399	58,473	112,563
Capital transactions			
Net proceeds from shares sold	12,427	—	278,602
Offering costs	(231)	—	(829)
Distributions declared to stockholders from net investment income	(116,453)	(120,066)	(117,374)
Reinvestment of distributions	2,228	—	4,237
Total net (decrease) increase in net assets resulting from capital transactions	(102,029)	(120,066)	164,636
Net increase (decrease) in net assets	99,370	(61,593)	277,199
New Mountain Finance Corporation net assets at the beginning of the period	1,221,875	1,283,468	1,006,269
New Mountain Finance Corporation net assets at the end of the period	1,321,245	1,221,875	1,283,468
Non-controlling interest in NMNLC	21,367	15,014	—
Net assets at the end of the period	$ 1,342,612	$ 1,236,889	$ 1,283,468
Capital share activity			
Shares sold	914,175	—	20,412,500
Shares issued from the reinvestment of distributions	165,924	—	308,470
Net increase in shares outstanding	1,080,099	—	20,720,970

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

New Mountain Finance Corporation

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31, 2021	2020	2019
Cash flows from operating activities			
Net increase in net assets resulting from operations	$ 207,182	$ 61,837	$ 112,563
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash (used in) provided by operating activities:			
Net realized losses (gains) on investments and New Mountain Net Lease Corporation ("NMNLC")	3,864	2,802	(890)
Net realized gains on translation of assets and liabilities in foreign currencies	(15)	—	—
Net change in unrealized (appreciation) depreciation of investments and NMNLC	(92,386)	53,718	3,488
Net change in unrealized depreciation on translation of assets and liabilities in foreign currencies	81	—	—
Net change in unrealized depreciation of securities purchased under collateralized agreements to resell	—	—	2,086
Amortization of purchase discount	(8,567)	(10,325)	(5,150)
Amortization of deferred financing costs	7,388	4,935	6,156
Amortization of premium on Convertible Notes	(103)	(103)	(109)
Non-cash investment income	(50,377)	(37,483)	(30,713)
(Increase) decrease in operating assets:			
Proceeds from sale of non-controlling interest in NMNLC	—	11,315	—
Purchase of investments and delayed draw facilities	(1,134,752)	(444,126)	(1,105,171)
Proceeds from sales and paydowns of investments	1,066,740	641,776	328,146
Cash received for purchase of undrawn portion of revolving credit or delayed draw facilities	811	299	286
Cash paid for purchase of drawn portion of revolving credit facilities	(978)	(14,037)	(416)
Cash paid for drawn revolvers	(32,671)	(53,319)	(26,135)
Cash repayments on drawn revolvers	27,107	67,473	18,228
Interest and dividend receivable	(2,457)	3,389	(1,719)
Receivable from affiliates	117	160	11
Deferred tax asset	101	(101)	—
Receivable from unsettled securities sold	9,019	(9,019)	—
Other assets	(5,105)	(2,066)	(770)
(Decrease) increase in operating liabilities:			
Interest payable	1,801	(897)	4,087
Management fee payable	(255)	121	1,906
Incentive fee payable	149	(292)	782
Payable for unsettled securities purchased	(18,932)	25,062	(18,367)
Deferred tax benefit (liability)	13	(912)	(94)
Payable to affiliates	(311)	194	(348)
Other liabilities	479	321	(6,366)
Contributions related to non-controlling interest in NMNLC	—	335	—
Net cash flows (used in) provided by operating activities	(22,057)	301,057	(718,509)
Cash flows from financing activities			
Net proceeds from shares sold	12,427	—	278,602
Distributions paid	(114,225)	(120,066)	(113,137)
Offering costs paid	(205)	(278)	(821)
Proceeds from Holdings Credit Facility	211,000	16,000	246,500
Repayment of Holdings Credit Facility	(115,900)	(227,400)	(97,500)
Proceeds from Unsecured Notes	200,000	—	116,500
Repayment from Unsecured Notes	(141,750)	—	—
Proceeds from Convertible Notes	—	—	86,681
Repayment of Convertible Notes	—	—	(155,250)
Proceeds from SBA-guaranteed debentures	—	75,000	60,000
Proceeds from NMFC Credit Facility	336,505	125,000	403,500
Repayment of NMFC Credit Facility	(374,500)	(148,000)	(275,000)
Proceeds from DB Credit Facility	144,000	87,000	260,000
Repayment of DB Credit Facility	(161,700)	(73,000)	(87,000)
Proceeds from NMNLC Credit Facility	—	—	29,708
Repayment of NMNLC Credit Facility	—	—	(29,708)
Proceeds from NMNLC Credit Facility II	24,225	—	—
Repayment from NMNLC Credit Facility II	(9,025)	—	—
Contributions related to non-controlling interest in NMNLC	1,792	—	—
Distributions related to non-controlling interest in NMNLC	(1,222)	—	—
Deferred financing costs paid	(10,222)	(4,921)	(5,656)
Net cash flows provided by (used in) financing activities	1,200	(270,665)	717,419
Net (decrease) increase in cash and cash equivalents	(20,857)	30,392	(1,090)
Effect of foreign exchange rate changes on cash and cash equivalents	(32)	—	—
Cash and cash equivalents at the beginning of the period	78,966	48,574	49,664
Cash and cash equivalents at the end of the period	$ 58,077	$ 78,966	$ 48,574
Supplemental disclosure of cash flow information			
Cash interest paid	$ 61,703	$ 72,099	$ 74,341
Income taxes paid	65	112	57
Non-cash operating activities:			
Non-cash activity on investments	$ 34,650	$ 107,018	$ —
Non-cash financing activities:			
Value of shares issued in connection with reinvestment of distributions	$ 2,228	$ —	$ 4,237
Accrual for offering costs	21	—	64
Accrual for deferred financing costs	11	—	787

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

New Mountain Finance Corporation

Consolidated Schedule of Investments
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
Non-Controlled/Non-Affiliated Investments								
Funded Debt Investments - United States								
GS Acquisitionco, Inc.								
Software	First lien (2)(15)	6.75% (L + 5.75%/S)	8/7/2019	5/22/2026	$ 67,966	$ 67,713	$ 67,966	
	First lien (5)(15)	6.75% (L + 5.75%/S)	8/7/2019	5/22/2026	21,968	21,891	21,968	
	First lien (3)(15)(18) - Drawn	6.75% (L + 5.75%/Q)	8/7/2019	5/22/2026	2,811	2,793	2,811	
						92,397	92,745	6.91 %
PhyNet Dermatology LLC								
Healthcare Services	First lien (2)(15)	7.00% (L + 5.50% + 0.50% PIK/Q)*	9/17/2018	8/16/2024	49,617	49,374	49,617	
	First lien (3)(15)	7.00% (L + 5.50% + 0.50% PIK/Q)*	9/17/2018	8/16/2024	18,966	18,848	18,966	
						68,222	68,583	5.11 %
Associations, Inc.								
Consumer Services	First lien (2)(15)	7.50% (L + 4.00% + 2.50% PIK/Q)*	7/2/2021	7/2/2027	30,196	30,056	30,045	
	First lien (3)(15)	7.50% (L + 4.00% + 2.50% PIK/Q)*	7/2/2021	7/2/2027	8,590	8,547	8,547	
	First lien (8)(15)	7.50% (L + 4.00% + 2.50% PIK/Q)*	7/2/2021	7/2/2027	8,590	8,548	8,547	
	First lien (8)(15)	7.50% (L + 4.00% + 2.50% PIK/Q)*	7/2/2021	7/2/2027	5,188	5,163	5,162	
	First lien (8)(15)	7.50% (L + 4.00% + 2.50% PIK/Q)*	7/2/2021	7/2/2027	4,127	4,107	4,106	
						56,421	56,407	4.20 %
iCIMS, Inc.								
Software	First lien (8)(15)	7.50% (L + 6.50%/S)	9/12/2018	9/12/2024	41,636	41,413	41,636	
	First lien (8)(15)	7.50% (L + 6.50%/S)	6/14/2019	9/12/2024	8,667	8,618	8,666	
	First lien (3)(15)(18) - Drawn	7.50% (L + 6.50%/S)	9/12/2018	9/12/2024	2,915	2,886	2,915	
						52,917	53,217	3.97 %
Frontline Technologies Group Holdings, LLC								
Software	First lien (4)(15)	6.25% (L + 5.25%/Q)	9/18/2017	9/18/2023	21,718	21,664	21,718	
	First lien (2)(15)	6.25% (L + 5.25%/Q)	9/18/2017	9/18/2023	18,303	18,275	18,303	
	First lien (2)(15)	6.25% (L + 5.25%/Q)	9/18/2017	9/18/2023	7,555	7,530	7,555	
	First lien (2)(15)	6.25% (L + 5.25%/Q)	6/15/2021	9/18/2023	5,031	5,031	5,031	
						52,500	52,607	3.92 %
CentralSquare Technologies, LLC								
Software	Second lien (3)	7.72% (L + 7.50%/Q)	8/15/2018	8/31/2026	47,838	47,431	43,293	
	Second lien (8)	7.72% (L + 7.50%/Q)	8/15/2018	8/31/2026	7,500	7,436	6,788	
						54,867	50,081	3.73 %
Integro Parent Inc.								
Insurance Services	First lien (2)(15)	6.75% (L + 5.75%/S)	10/9/2015	10/31/2022	33,986	33,947	33,239	
	First lien (3)(15)(18) - Drawn	4.80% (L + 4.50%/S)	6/8/2018	4/30/2022	6,743	6,709	6,685	
	Second lien (8)(15)	10.25% (L + 9.25%/S)	10/9/2015	10/30/2023	10,000	9,969	9,534	
						50,625	49,458	3.69 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
NM GRC Holdco, LLC								
Business Services	First lien (2)(15)	8.50% (L + 6.00% + 1.50% PIK/M)*	2/9/2018	2/9/2024	$ 38,561	$ 38,485	$ 38,561	
	First lien (2)(15)	8.50% (L + 6.00% + 1.50% PIK/M)*	2/9/2018	2/9/2024	10,718	10,695	10,718	
						49,180	49,279	3.67%
Affinity Dental Management, Inc.								
Healthcare Services	First lien (2)(15)	7.00% (L + 6.00%/S)	9/15/2017	9/15/2023	33,281	33,256	33,281	
	First lien (4)(15)	7.00% (L + 6.00%/S)	9/17/2019	9/15/2023	10,482	10,482	10,482	
	First lien (3)(15)(18) - Drawn	7.00% (L + 6.00%/S)	9/15/2017	3/15/2023	1,738	1,720	1,738	
						45,458	45,501	3.39 %
Brave Parent Holdings, Inc.								
Software	Second lien (5)	7.60% (L + 7.50%/M)	4/17/2018	4/17/2026	22,500	22,430	22,613	
	Second lien (2)	7.60% (L + 7.50%/M)	4/17/2018	4/17/2026	16,624	16,518	16,707	
	Second lien (8)	7.60% (L + 7.50%/M)	4/17/2018	4/17/2026	6,000	5,962	6,030	
						44,910	45,350	3.38 %
Deca Dental Holdings LLC								
Healthcare Services	First lien (2)(15)	6.50% (L + 5.75%/Q)	8/26/2021	8/28/2028	38,244	37,877	37,861	
	First lien (3)(15)(18) - Drawn	6.50% (L + 5.75%/Q)	8/26/2021	8/28/2028	4,026	3,985	3,985	
						41,862	41,846	3.13 %
Kaseya Inc.								
Software	First lien (8)(15)	7.50% (L + 5.50% + 1.00% PIK/Q)*	5/9/2019	5/2/2025	29,094	28,926	29,094	
	First lien (8)(15)	7.50% (L + 5.50% + 1.00% PIK/Q)*	9/8/2021	5/2/2025	7,795	7,733	7,795	
	First lien (3)(15)	7.50% (L + 5.50% + 1.00% PIK/Q)*	5/9/2019	5/2/2025	3,405	3,380	3,405	
	First lien (3)(15)(18) - Drawn	7.50% (L + 5.50% + 1.00% PIK/Q)*	9/8/2021	5/2/2025	1,541	1,528	1,541	
						41,567	41,835	3.12 %
GC Waves Holdings, Inc.**								
Financial Services	First lien (5)(15)	6.25% (L + 5.50%/Q)	8/13/2021	8/13/2026	22,108	21,993	22,108	
	First lien (2)(15)	6.25% (L + 5.50%/Q)	8/13/2021	8/13/2026	13,345	13,250	13,345	
	First lien (2)(15)(18) - Drawn	6.25% (L + 5.50%/Q)	8/13/2021	8/13/2026	5,643	5,588	5,643	
						40,831	41,096	3.06 %
Stamps.com Inc.								
Software	First lien (8)(15)	6.50% (L + 5.75%/Q)	10/5/2021	10/5/2028	37,273	36,911	36,900	2.75 %
OEC Holdco, LLC (22)								
OEConnection LLC								
Business Services	Second lien (2)	7.50% (L + 7.00%/M)	12/17/2021	9/25/2027	23,406	23,173	23,171	
	Second lien (2)	7.50% (L + 7.00%/M)	9/25/2019	9/25/2027	12,044	11,950	11,924	
						35,123	35,095	2.62 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
Diamond Parent Holdings Corp. (35)								
Diligent Corporation								
Software	First lien (2)(15)	6.75% (L + 5.75%/Q)	3/30/2021	8/4/2025	$ 17,762	$ 17,687	$ 17,673	
	First lien (2)(15)	6.75% (L + 5.75%/Q)	3/4/2021	8/4/2025	9,905	9,863	9,855	
	First lien (3)(15)	7.25% (L + 6.25%/Q)	12/19/2018	8/4/2025	5,887	5,860	5,945	
						33,410	33,473	2.49 %
EAB Global, Inc.								
Education	Second lien (2)(15)	7.00% (L + 6.50%/S)	8/16/2021	8/16/2029	33,452	32,969	32,951	2.46 %
KAMC Holdings, Inc								
Business Services	Second lien (2)(15)	8.16% (L + 8.00%/Q)	8/14/2019	8/13/2027	18,750	18,642	16,352	
	Second lien (8)(15)	8.16% (L + 8.00%/Q)	8/14/2019	8/13/2027	18,750	18,642	16,352	
						37,284	32,704	2.44 %
Paw Midco, Inc.								
AAH Topco, LLC								
Consumer Services	First lien (8)	6.25% (L + 5.50%/Q)	12/22/2021	12/22/2027	20,843	20,635	20,634	
	Subordinated (3)	11.50% PIK/Q*	12/22/2021	12/22/2031	11,110	10,944	10,944	
						31,579	31,578	2.36 %
IG Investments Holdings, LLC								
Business Services	First lien (2)(15)	6.75% (L + 6.00%/Q)	9/22/2021	9/22/2028	29,429	29,144	29,133	
	First lien (3)(15)(18) - Drawn	6.75% (L + 6.00%/M)	9/22/2021	9/22/2027	1,149	1,137	1,137	
						30,281	30,270	2.25 %
Ansira Holdings, Inc.								
Business Services	First lien (8)(15)	7.50% (L + 6.50% PIK/S)*	12/19/2016	12/20/2024	31,793	31,748	24,025	
	First lien (3)(15)	7.50% (L + 6.50% PIK/S)*	12/19/2016	12/20/2024	8,033	8,024	6,071	
						39,772	30,096	2.24 %
Granicus, Inc.								
Software	First lien (4)(15)	7.50% (L + 6.50%/Q)	1/27/2021	1/29/2027	15,522	15,420	15,406	
	First lien (3)(15)	7.50% (L + 6.50%/Q)	1/27/2021	1/29/2027	6,004	5,963	5,959	
	First lien (2)(15)	7.50% (L + 6.50%/Q)	1/27/2021	1/29/2027	5,922	5,883	5,878	
	First lien (3)(15)(18) - Drawn	7.00% (L + 6.00%/Q)	4/23/2021	1/29/2027	2,778	2,752	2,751	
						30,018	29,994	2.23 %
MRI Software LLC								
Software	First lien (5)(15)	6.50% (L + 5.50%/S)	1/31/2020	2/10/2026	22,104	22,024	22,104	
	First lien (2)(15)	6.50% (L + 5.50%/S)	1/31/2020	2/10/2026	6,205	6,182	6,205	
	First lien (3)(15)	6.50% (L + 5.50%/S)	1/31/2020	2/10/2026	818	814	818	
	First lien (2)(15)	6.50% (L + 5.50%/Q)	3/24/2021	2/10/2026	319	318	319	
						29,338	29,446	2.19 %
Keystone Acquisition Corp.								
Healthcare Services	First lien (2)	6.25% (L + 5.25%/Q)	5/10/2017	5/1/2024	23,981	23,918	23,861	
	Second lien (2)(15)	10.25% (L + 9.25%/Q)	5/10/2017	5/1/2025	4,500	4,476	4,500	
						28,394	28,361	2.11 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
OA Topco, L.P. (40)								
OA Buyer, Inc.								
Healthcare Information Technology	First lien (2)	6.75% (L + 6.00%/Q)	12/20/2021	12/20/2028	$ 28,201	$ 27,920	$ 27,919	2.08 %
Foundational Education Group, Inc.								
Education	Second lien (5)	7.00% (L + 6.50%/S)	8/19/2021	8/31/2029	22,500	22,391	22,500	
	Second lien (2)	7.00% (L + 6.50%/S)	8/19/2021	8/31/2029	5,009	4,985	5,009	
						27,376	27,509	2.05 %
TMK Hawk Parent, Corp.								
Distribution & Logistics	First lien (2)(15)	3.60% (L + 3.50%/M)	6/24/2019	8/28/2024	16,563	15,121	13,968	
	First lien (8)(15)	3.60% (L + 3.50%/M)	10/23/2019	8/28/2024	15,975	14,219	13,473	
						29,340	27,441	2.04 %
New Trojan Parent, Inc.								
Healthcare Services	Second lien (2)	7.75% (L + 7.25%/Q)	1/22/2021	1/5/2029	26,762	26,640	26,762	1.99 %
HS Purchaser, LLC / Help/Systems Holdings, Inc.								
Software	Second lien (5)	7.50% (L + 6.75%/Q)	11/14/2019	11/19/2027	22,500	22,404	22,509	
	Second lien (2)	7.50% (L + 6.75%/Q)	11/14/2019	11/19/2027	4,208	4,174	4,210	
						26,578	26,719	1.99 %
VT Topco, Inc.								
Business Services	Second lien (2)	7.50% (L + 6.75%/M)	7/30/2021	7/31/2026	16,183	16,127	16,224	
	Second lien (4)	6.85% (L + 6.75%/M)	8/14/2018	7/31/2026	10,000	9,984	10,025	
						26,111	26,249	1.96 %
CRCI Longhorn Holdings, Inc.								
Business Services	Second lien (3)(15)	7.35% (L + 7.25%/M)	8/2/2018	8/10/2026	18,266	18,221	18,266	
	Second lien (8)(15)	7.35% (L + 7.25%/M)	8/2/2018	8/10/2026	7,500	7,481	7,500	
						25,702	25,766	1.92 %
Galway Borrower LLC								
Insurance Services	First lien (2)(15)	6.00% (L + 5.25%/Q)	9/30/2021	9/29/2028	24,279	24,043	24,036	
	First lien (3)(15)	6.00% (L + 5.25%/Q)	9/30/2021	9/29/2028	1,674	1,658	1,658	
						25,701	25,694	1.91 %
Idera, Inc.								
Software	Second lien (4)	7.50% (L + 6.75%/S)	6/27/2019	3/2/2029	22,500	22,212	22,613	
	Second lien (3)	7.50% (L + 6.75%/S)	4/29/2021	3/2/2029	3,000	2,986	3,015	
						25,198	25,628	1.91 %
NMC Crimson Holdings, Inc.								
Healthcare Services	First lien (8)(15)	6.75% (L + 6.00%/S)	3/1/2021	3/1/2028	19,259	18,998	18,970	
	First lien (2)(15)	6.75% (L + 6.00%/S)	3/2/2021	3/1/2028	4,913	4,846	4,839	
						23,844	23,809	1.77 %
Syndigo LLC								
Software	Second lien (4)	8.75% (L + 8.00%/S)	12/14/2020	12/15/2028	22,500	22,347	22,528	1.68 %
ACI Parent Inc. (36)								
ACI Group Holdings, Inc.								
Healthcare Services	First lien (2)(15)	6.25% (L + 5.50%/Q)	8/2/2021	8/2/2028	22,306	22,094	22,083	
	First lien (3)(15)(18) - Drawn	6.25% (L + 5.50%/Q)	8/2/2021	8/2/2028	59	58	58	
						22,152	22,141	1.65 %

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
Cardinal Parent, Inc.								
Software	First lien (4)	5.25% (L + 4.50%/Q)	10/30/2020	11/12/2027	$ 12,096	$ 12,017	$ 12,083	
	Second lien (4)(15)	8.50% (L + 7.75%/Q)	11/12/2020	11/13/2028	9,767	9,679	9,864	
						21,696	21,947	1.63%
DCA Investment Holding, LLC								
Healthcare Services	First lien (2)	7.00% (L + 6.25%/Q)	3/12/2021	3/12/2027	19,878	19,746	19,803	
	First lien (3)(18) - Drawn	7.00% (L + 6.25%/Q)	3/12/2021	3/12/2027	1,919	1,905	1,912	
						21,651	21,715	1.62 %
Spring Education Group, Inc (fka SSH Group Holdings, Inc.)								
Education	Second lien (2)	8.47% (L + 8.25%/Q)	7/26/2018	7/30/2026	21,959	21,921	21,282	1.59 %
MED Parentco, LP								
Healthcare Services	Second lien (8)	8.35% (L + 8.25%/M)	8/2/2019	8/30/2027	20,857	20,735	20,883	1.56 %
DG Investment Intermediate Holdings 2, Inc.								
Business Services	Second lien (3)	7.50% (L + 6.75%/M)	3/18/2021	3/30/2029	20,313	20,265	20,465	1.52 %
YLG Holdings, Inc.								
Business Services	First lien (5)(15)	6.25% (L + 5.25%/S)	11/1/2019	10/31/2025	18,045	17,983	18,045	
	First lien (5)(15)	6.25% (L + 5.25%/S)	11/1/2019	10/31/2025	2,350	2,341	2,350	
						20,324	20,395	1.52 %
Fortis Solutions Group, LLC								
Packaging	First lien (8)(15)	6.25% (L + 5.50%/Q)	10/15/2021	10/13/2028	10,298	10,198	10,195	
	First lien (2)(15)	6.25% (L + 5.50%/Q)	10/15/2021	10/13/2028	10,298	10,198	10,195	
						20,396	20,390	1.52 %
Bluefin Holding, LLC								
Software	Second lien (8)(15)	7.93% (L + 7.75%/Q)	9/6/2019	9/3/2027	18,000	18,000	18,000	
	First lien (3)(15)(18) - Drawn	4.41% (L + 4.25%/Q)	9/6/2019	9/6/2024	1,485	1,463	1,485	
						19,463	19,485	1.45 %
Bullhorn, Inc.								
Software	First lien (2)(15)	6.75% (L + 5.75%/Q)	9/24/2019	9/30/2026	16,830	16,741	16,830	
	First lien (2)(15)	6.75% (L + 5.75%/Q)	10/5/2021	9/30/2026	1,075	1,072	1,075	
	First lien (3)(15)	6.75% (L + 5.75%/Q)	9/24/2019	9/30/2026	779	773	779	
	First lien (3)(15)	6.75% (L + 5.75%/Q)	9/24/2019	9/30/2026	349	347	349	
	First lien (3)(15)	6.75% (L + 5.75%/Q)	9/24/2019	9/30/2026	278	277	278	
						19,210	19,311	1.44 %
Convey Health Solutions, Inc.**								
Healthcare Services	First lien (4)(15)	5.50% (L + 4.75%/M)	9/9/2019	9/4/2026	19,263	19,108	19,263	1.43 %
Xactly Corporation								
Software	First lien (4)(15)	8.25% (L + 7.25%/S)	7/31/2017	7/31/2023	19,047	19,005	19,047	1.42 %
Infogain Corporation								
Software	First lien (2)(15)	6.75% (L + 5.75%/S)	7/30/2021	7/28/2028	19,090	18,953	18,946	1.41 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
AAC Lender Holdings, LLC (33)								
American Achievement Corporation (aka AAC Holding Corp.)								
Education	First lien (2)(15)	7.25% (L + 5.75% PIK + 0.50%/M) (41)*	9/30/2015	9/30/2026	$ 27,610	$ 27,559	$ 17,386	
	First lien (3)(15)	15.00% (L + 13.50% PIK + 0.50%/M) (41)*	6/10/2021	9/30/2026	1,527	1,527	—	
	Subordinated (3)(15)	2.00% (L + 1.00% PIK/Q) (41)*	3/16/2021	9/30/2026	5,230	—	—	
						29,086	17,386	1.29 %
The Kleinfelder Group, Inc.								
Business Services	First lien (4)(15)	6.25% (L + 5.25%/Q)	12/18/2018	11/29/2024	16,708	16,663	16,708	1.24 %
Kele Holdco, Inc.								
Distribution & Logistics	First lien (5)	7.00% (L + 6.00%/M)	2/20/2020	2/20/2026	15,949	15,890	15,870	
	First lien (3)(18) - Drawn	7.00% (L + 6.00%/M)	2/20/2020	2/20/2026	630	627	627	
						16,517	16,497	1.23 %
Coyote Buyer, LLC								
Specialty Chemicals & Materials	First lien (5)(15)	7.00% (L + 6.00%/S)	3/13/2020	2/6/2026	13,937	13,885	13,937	
	First lien (5)(15)	9.00% (L + 8.00%/S)	10/15/2020	8/6/2026	2,507	2,488	2,507	
						16,373	16,444	1.22 %
Trinity Air Consultants Holdings Corporation								
Business Services	First lien (2)(15)	6.00% (L + 5.25%/S)	6/30/2021	6/29/2027	15,382	15,238	15,228	
	First lien (3)(15)(18) - Drawn	6.00% (L + 5.25%/M)	6/30/2021	6/29/2027	1,201	1,189	1,189	
						16,427	16,417	1.22 %
Hill International, Inc.								
Business Services	First lien (2)(15)	6.75% (L + 5.75%/M)	6/21/2017	6/21/2023	15,089	15,067	15,089	1.12 %
CFS Management, LLC								
Healthcare Services	First lien (2)(15)	6.50% (L + 5.50%/S)	8/6/2019	7/1/2024	11,497	11,466	11,497	
	First lien (3)(15)	6.50% (L + 5.50%/S)	8/6/2019	7/1/2024	3,425	3,413	3,425	
						14,879	14,922	1.11 %
FR Arsenal Holdings II Corp.								
Business Services	First lien (2)(15)	8.50% (L + 7.50%/S)	9/29/2016	9/8/2022	14,884	14,861	14,520	1.08 %
Pioneer Topco I, L.P. (39)								
Pioneer Buyer I, LLC								
Software	First lien (8)(15)	7.75% (L + 7.00% PIK/Q)*	11/1/2021	11/1/2028	13,628	13,496	13,492	1.00 %
Transcendia Holdings, Inc.								
Packaging	Second lien (8)(15)	9.00% (L + 8.00%/M)	6/28/2017	5/30/2025	14,500	14,396	13,445	1.00 %
Alegeus Technologies Holding Corp.								
Healthcare Services	First lien (8)(15)	9.25% (L + 8.25%/S)	9/5/2018	9/5/2024	13,443	13,409	13,443	1.00 %
Daxko Acquisition Corporation								
Software	First lien (8)(15)	6.25% (L + 5.50%/Q)	10/15/2021	10/16/2028	13,277	13,147	13,144	0.98 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
FS WhiteWater Holdings, LLC (38)								
FS WhiteWater Borrower, LLC								
Consumer Services	First lien (5)	6.50% (L + 5.75%/Q)	12/20/2021	12/21/2027	$ 10,500	$ 10,395	$ 10,395	
	First lien (5)(18) - Drawn	6.50% (L + 5.75%/Q)	12/20/2021	12/21/2027	2,618	2,592	2,592	
						12,987	12,987	0.97 %
Community Brands ParentCo, LLC (f.k.a Ministry Brands, LLC)								
Software	First lien (2)(15)	5.00% (L + 4.00%/M)	12/7/2016	12/2/2022	2,872	2,869	2,872	
	Second lien (8)(15)	10.25% (L + 9.25%/M)	12/7/2016	6/2/2023	7,840	7,824	7,840	
	Second lien (3)(15)	10.25% (L + 9.25%/M)	12/7/2016	6/2/2023	2,160	2,155	2,160	
						12,848	12,872	0.96 %
USRP Holdings, Inc.								
Federal Services	First lien (2)	6.25% (L + 5.50%/Q)	7/22/2021	7/23/2027	11,426	11,318	11,311	
	First lien (3)	6.25% (L + 5.50%/Q)	7/22/2021	7/23/2027	1,488	1,473	1,473	
	First lien (3)(18) - Drawn	6.25% (L + 5.50%/Q)	7/22/2021	7/23/2027	15	15	15	
						12,806	12,799	0.95 %
Castle Management Borrower LLC								
Business Services	First lien (2)(15)	3.19% (L + 2.19%/Q)	5/31/2018	2/15/2025	14,590	14,561	12,794	0.95 %
Calabrio, Inc.								
Software	First lien (5)(15)	8.00% (L + 7.00%/Q)	4/16/2021	4/16/2027	12,347	12,263	12,271	0.91 %
Apptio, Inc.								
Software	First lien (8)(15)	8.25% (L + 7.25%/S)	1/10/2019	1/10/2025	11,203	11,075	11,203	
	First lien (3)(15)(18) - Drawn	8.25% (L + 7.25%/S)	1/10/2019	1/10/2025	827	810	827	
						11,885	12,030	0.90 %
CHA Holdings, Inc.								
Business Services	Second lien (4)(15)	9.75% (L + 8.75%/Q)	4/3/2018	4/10/2026	7,012	6,967	7,012	
	Second lien (3)(15)	9.75% (L + 8.75%/Q)	4/3/2018	4/10/2026	4,453	4,424	4,453	
						11,391	11,465	0.85 %
Recorded Future, Inc.								
Software	First lien (8)	7.00% (L + 6.00%/Q)	8/26/2019	7/3/2025	6,219	6,199	6,188	
	First lien (8)	7.00% (L + 6.00%/Q)	3/26/2021	7/3/2025	4,776	4,750	4,752	
						10,949	10,940	0.81 %
Vectra Co.								
Business Products	Second lien (8)	7.35% (L + 7.25%/M)	2/23/2018	3/8/2026	10,788	10,764	10,586	0.79 %
PPVA Black Elk (Equity) LLC								
Business Services	Subordinated (3)(15)	—	5/3/2013	—	14,500	14,500	10,354	0.77 %
Notorious Topco, LLC								
Consumer Products	First lien (8)(15)	7.50% (L + 6.50%/Q)	11/23/2021	11/23/2027	10,153	10,078	10,077	
	First lien (3)(15)(18) - Drawn	7.50% (L + 6.50%/Q)	11/23/2021	5/24/2027	147	146	146	
						10,224	10,223	0.76 %

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
Quartz Holding Company								
Software	Second lien (3)(15)	8.10% (L + 8.00%/M)	4/2/2019	4/2/2027	$ 10,000	$ 9,854	$ 10,000	0.74 %
Wealth Enhancement Group, LLC**								
Financial Services	First lien (3)(15)(18) - Drawn	6.75% (L + 5.75%/Q)	8/13/2021	10/4/2027	9,390	9,367	9,390	
	First lien (3)(15)(18) - Drawn	6.75% (L + 5.75%/Q)	8/13/2021	10/4/2027	425	424	425	
						9,791	9,815	0.73 %
Geo Parent Corporation								
Business Services	First lien (2)	5.35% (L + 5.25%/M)	12/13/2018	12/19/2025	9,810	9,780	9,761	0.73 %
AgKnowledge Holdings Company, Inc.								
Business Services	First lien (2)(15)	5.75% (L + 4.75%/S)	11/30/2018	7/21/2023	9,166	9,149	9,166	0.68 %
CG Group Holdings, LLC								
Specialty Chemicals & Materials	First lien (2)(15)	6.25% (L + 5.25%/Q)	7/19/2021	7/19/2027	8,302	8,214	8,209	
	First lien (3)(15)(18) - Drawn	6.25% (L + 5.25%/M)	7/19/2021	7/19/2026	906	895	896	
						9,109	9,105	0.68 %
Energize Holdco LLC								
Business Services	Second lien (2)	7.25% (L + 6.75%/Q)	11/19/2021	12/7/2029	7,950	7,910	7,910	0.59 %
KPSKY Acquisition Inc.								
Industrial Services	First lien (8)(15)	6.25% (L + 5.50%/M)	10/19/2021	10/19/2028	7,039	6,970	6,968	
	First lien (3)(15)(18) - Drawn	7.75% (P + 4.50%/Q)	10/19/2021	10/19/2028	402	398	398	
						7,368	7,366	0.55 %
Specialtycare, Inc.								
Healthcare Services	First lien (2)(15)	6.75% (L + 5.75%/Q)	6/18/2021	6/18/2028	7,224	7,122	7,115	0.53 %
Restaurant Technologies, Inc.								
Business Services	Second lien (4)	6.60% (L + 6.50%/M)	9/24/2018	10/1/2026	6,722	6,711	6,722	0.50 %
Appriss Health Holdings, Inc. (23)								
Appriss Health, LLC								
Healthcare Information Technology	First lien (8)(15)	8.25% (L + 7.25%/Q)	5/6/2021	5/6/2027	6,250	6,192	6,187	0.46 %
ADG, LLC								
Healthcare Services	Second lien (3)(15)	11.00% (L + 10.00% PIK/Q)*	10/3/2016	3/28/2024	6,591	6,562	6,082	0.45 %
Safety Borrower Holdings LLC								
Information Services	First lien (2)(15)	6.75% (L + 5.75%/S)	9/1/2021	9/1/2027	5,756	5,729	5,728	0.43 %
Sun Acquirer Corp.								
Consumer Services	First lien (2)(15)	6.50% (L + 5.75%/Q)	9/8/2021	9/8/2028	4,025	3,991	3,985	
	First lien (3)(15)(18) - Drawn	6.50% (L + 5.75%/Q)	9/8/2021	9/8/2028	1,585	1,570	1,570	
						5,561	5,555	0.41 %

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
Pye-Barker Fire & Safety, LLC								
Business Services	First lien (3)(15)(18) - Drawn	6.25% (L + 5.50%/Q)	11/26/2021	11/26/2027	$ 2,394	$ 2,370	$ 2,394	0.18 %
Education Management Corporation (20)								
Education Management II LLC								
Education	First lien (2)	13.00% (L + 7.50%/M)(41)	1/5/2015	7/2/2020	300	292	—	
	First lien (3)	13.00% (L + 7.50%/M)(41)	1/5/2015	7/2/2020	169	165	—	
	First lien (2)	9.75% (L + 6.50%/Q)(41)	1/5/2015	7/2/2020	206	201	—	
	First lien (3)	9.75% (L + 6.50%/Q)(41)	1/5/2015	7/2/2020	116	113	—	
	First lien (2)	11.75% (P + 8.50%/M)(41)	1/5/2015	7/2/2020	140	116	—	
	First lien (3)	11.75% (P + 8.50%/M)(41)	1/5/2015	7/2/2020	79	65	—	
	First lien (2)	11.75% (P + 8.50%/M)(41)	1/5/2015	7/2/2020	4	3	—	
	First lien (3)	11.75% (P + 8.50%/M)(41)	1/5/2015	7/2/2020	2	2	—	
						957	—	— %
PPVA Fund, L.P.								
Business Services	Collateralized Financing (41)(42)	—	11/7/2014	—	—	—	—	— %
Total Funded Debt Investments - United States						**$ 2,042,136**	**$ 2,003,901**	**149.25 %**
Funded Debt Investments - Netherlands								
Tahoe Finco, LLC**								
Information Technology	First lien (2)(15)	6.75% (L + 6.00%/Q)	10/1/2021	9/29/2028	$ 35,000	$ 34,660	$ 34,650	
	First lien (8)(15)	6.75% (L + 6.00%/Q)	10/1/2021	9/29/2028	24,189	23,954	23,947	
						58,614	58,597	4.36 %
Total Funded Debt Investments - Netherlands						**$ 58,614**	**$ 58,597**	**4.36 %**
Funded Debt Investments - Jersey								
Tennessee Bidco Limited **								
Business Services	First lien (3)(15)(16)	7.47% (Sonia + 7.00%/D)	8/6/2021	8/3/2028	£ 12,879	$ 17,608	$ 17,167	
	First lien (3)(15)	7.15% (L + 7.00%/S)	8/6/2021	8/3/2028	$ 10,184	10,037	10,032	
	First lien (3)(15)(16)(18) - Drawn	7.47% (Sonia + 7.00%/D)	8/6/2021	8/3/2028	£ 3,771	4,943	4,976	
	First lien (3)(15)(18) - Drawn	7.29% (L + 7.00%/S)	8/6/2021	8/3/2028	$ 3,708	3,652	3,652	
						36,240	35,827	2.67 %
Total Funded Debt Investments - Jersey						**$ 36,240**	**$ 35,827**	**2.67 %**

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
Funded Debt Investments - United Kingdom								
Aston FinCo S.a r.l. / Aston US Finco, LLC**								
Software	Second lien (8)(15)	8.35% (L + 8.25%/M)	10/8/2019	10/8/2027	$ 34,459	$ 34,241	$ 34,459	2.57 %
Total Funded Debt Investments - United Kingdom						**$ 34,241**	**$ 34,459**	**2.57 %**
Funded Debt Investments - United Arab Emirates								
GEMS Menasa (Cayman) Limited**								
Education	First lien (8)	6.00% (L + 5.00%/S)	7/30/2019	7/31/2026	$ 10,534	$ 10,496	$ 10,589	0.79 %
Total Funded Debt Investments - United Arab Emirates						**$ 10,496**	**$ 10,589**	**0.79 %**
Total Funded Debt Investments						**$ 2,181,727**	**$ 2,143,373**	**159.64 %**
Equity - United States								
Dealer Tire Holdings, LLC (30)								
Distribution & Logistics	Preferred shares (3)(15)	—	9/13/2021	—	56,271	$ 60,360	$ 60,180	4.48 %
Symplr Software Intermediate Holdings, Inc. (31)								
Healthcare Information Technology	Preferred shares (4)(15)	—	11/30/2018	—	7,500	10,607	10,719	
	Preferred shares (3)(15)	—	11/30/2018	—	2,586	3,657	3,695	
						14,264	14,414	1.08 %
ACI Parent Inc. (36)								
Healthcare Services	Preferred shares (3)(15)	—	8/2/2021	—	12,500	12,994	12,989	0.97 %
Project Essential Super Parent, Inc. (34)								
Software	Preferred shares (3)(15)	—	4/20/2021	—	10,000	10,597	10,586	0.79 %
Diamond Parent Holdings Corp. (35)								
Diligent Preferred Issuer, Inc.								
Software	Preferred shares (3)(15)	—	4/6/2021	—	10,000	10,386	10,379	0.77 %
OEC Holdco, LLC (22)								
Business Services	Preferred shares (12)	—	12/17/2021	—	7,214	7,142	7,142	0.53 %
FS WhiteWater Holdings, LLC (38)								
Consumer Services	Ordinary shares (5)	—	12/20/2021	—	50,000	5,000	5,000	0.37 %
HB Wealth Management, LLC (37)**								
Financial Services	Preferred shares (11)(15)	—	9/30/2021	—	48,303	4,834	4,834	0.36 %
Appriss Health Holdings, Inc. (23)								
Appriss Health Intermediate Holdings, Inc.								
Healthcare Information Technology	Preferred shares (3)(15)	—	5/6/2021	—	2,333	2,468	2,466	0.18 %
OA Topco, L.P. (40)								
Healthcare Information Technology	Ordinary shares (3)	—	12/20/2021	—	2,000,000	2,000	2,000	0.15 %

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
Pioneer Topco I, L.P. (39)								
Software	Ordinary shares (13)(15)	—	11/1/2021	—	199,980	$ 2,000	$ 2,000	0.15 %
Ancora Acquisition LLC								
Education	Preferred shares (9)(15)	—	8/12/2013	—	372	83	158	0.01 %
Education Management Corporation (20)								
Education	Preferred shares (2)	—	1/5/2015	—	3,331	200	—	
	Preferred shares (3)	—	1/5/2015	—	1,879	113	—	
	Ordinary shares (2)	—	1/5/2015	—	2,994,065	100	—	
	Ordinary shares (3)	—	1/5/2015	—	1,688,976	56	—	
						469	—	— %
AAC Lender Holdings, LLC (33)								
Education	Ordinary shares (3)(15)	—	3/16/2021	—	758	—	—	— %
Total Shares - United States						**$ 132,597**	**$ 132,148**	**9.84 %**
Equity - Hong Kong								
Bach Special Limited (Bach Preference Limited)**								
Education	Preferred shares (3)(15)(29)	—	9/1/2017	—	96,052	$ 9,525	$ 9,701	0.72 %
Total Shares - Hong Kong						**$ 9,525**	**$ 9,701**	**0.72 %**
Total Shares						**$ 142,122**	**$ 141,849**	**10.56 %**
Total Funded Investments						**$ 2,323,849**	**$ 2,285,222**	**170.20 %**
Unfunded Debt Investments - United States								
AAC Lender Holdings, LLC (33)								
American Achievement Corporation (aka AAC Holding Corp.)								
Education	First lien (3)(15)(18) - Undrawn	—	1/25/2021	9/30/2026	$ 2,652	$ —	$ —	— %
Bluefin Holding, LLC								
Software	First lien (3)(15)(18) - Undrawn	—	9/6/2019	9/6/2024	30	—	—	— %
Wealth Enhancement Group, LLC**								
Financial Services	First lien (3)(15)(18) - Undrawn	—	8/13/2021	10/4/2027	678	(2)	—	
	First lien (3)(15)(18) - Undrawn	—	8/13/2021	6/3/2022	8,257	—	—	
						(2)	—	— %
AgKnowledge Holdings Company, Inc.								
Business Services	First lien (3)(15)(18) - Undrawn	—	11/30/2018	7/21/2023	526	(3)	—	— %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
Community Brands ParentCo, LLC (f.k.a Ministry Brands, LLC)								
Software	First lien (3)(15)(18) - Undrawn	—	12/7/2016	12/2/2022	$ 1,000	$ (5)	$ —	— %
Coyote Buyer, LLC								
Specialty Chemicals & Materials	First lien (3)(15)(18) - Undrawn	—	3/13/2020	2/6/2025	1,013	(5)	—	— %
Pye-Barker Fire & Safety, LLC								
Business Services	First lien (3)(15)(18) - Undrawn	—	11/26/2021	11/26/2023	2,810	—	—	
	First lien (3)(15)(18) - Undrawn	—	11/26/2021	11/26/2024	905	(9)	—	
						(9)	—	— %
Xactly Corporation								
Software	First lien (3)(15)(18) - Undrawn	—	7/31/2017	7/31/2023	992	(10)	—	— %
MRI Software LLC								
Software	First lien (2)(15)(18) - Undrawn	—	3/24/2021	3/24/2022	9,364	—	—	
	First lien (3)(15)(18) - Undrawn	—	1/31/2020	2/10/2026	2,002	(10)	—	
						(10)	—	— %
Bullhorn, Inc.								
Software	First lien (3)(15)(18) - Undrawn	—	10/5/2021	11/8/2022	2,395	(6)	—	
	First lien (3)(15)(18) - Undrawn	—	9/24/2019	9/30/2026	852	(6)	—	
						(12)	—	— %
Diamond Parent Holdings Corp. (35)								
Diligent Corporation								
Software	First lien (3)(15)(18) - Undrawn	—	3/30/2021	8/4/2025	3,624	(18)	—	— %
GS Acquisitionco, Inc.								
Software	First lien (3)(15)(18) - Undrawn	—	8/7/2019	5/22/2026	3,106	(19)	—	— %
YLG Holdings, Inc.								
Business Services	First lien (5)(15)(18) - Undrawn	—	10/22/2021	10/22/2023	2,078	—	—	
	First lien (3)(15)(18) - Undrawn	—	11/1/2019	10/31/2025	3,968	(20)	—	
						(20)	—	— %

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
Apptio, Inc.								
Software	First lien (3)(15)(18) - Undrawn	—	1/10/2019	1/10/2025	$ 1,240	$ (25)	$ —	— %
GC Waves Holdings, Inc.**								
Financial Services	First lien (2)(15)(18) - Undrawn	—	8/13/2021	8/11/2023	4,991	—	—	
	First lien (3)(15)(18) - Undrawn	—	10/31/2019	10/31/2025	3,951	(30)	—	
						(30)	—	— %
Kaseya Inc.								
Software	First lien (3)(15)(18) - Undrawn	—	9/8/2021	9/8/2023	2,129	(19)	—	
	First lien (3)(15)(18) - Undrawn	—	5/9/2019	5/2/2025	2,312	(23)	—	
						(42)	—	— %
CG Group Holdings, LLC								
Specialty Chemicals & Materials	First lien (3)(15)(18) - Undrawn	—	7/19/2021	7/19/2026	226	(3)	(3)	(0.00) %
Recorded Future, Inc.								
Software	First lien (3)(18) - Undrawn	—	8/26/2019	7/3/2025	750	(4)	(4)	(0.00) %
KPSKY Acquisition Inc.								
Industrial Services	First lien (3)(15)(18) - Undrawn	—	10/19/2021	10/19/2023	403	—	(4)	(0.00) %
Appriss Health Holdings, Inc. (23)								
Appriss Health, LLC								
Healthcare Information Technology	First lien (3)(15)(18) - Undrawn	—	5/6/2021	5/6/2027	417	(4)	(4)	(0.00) %
Kele Holdco, Inc.								
Distribution & Logistics	First lien (3)(18) - Undrawn	—	2/20/2020	2/20/2026	1,169	(6)	(6)	(0.00) %
USRP Holdings, Inc.								
Federal Services	First lien (3)(18) - Undrawn	—	7/22/2021	7/23/2027	878	(9)	(9)	(0.00) %
Safety Borrower Holdings LLC								
Information Services	First lien (3)(15)(18) - Undrawn	—	9/1/2021	9/1/2027	512	(3)	(3)	
	First lien (3)(15)(18) - Undrawn	—	9/1/2021	9/1/2022	1,279	—	(6)	
						(3)	(9)	(0.00) %
Calabrio, Inc.								
Software	First lien (3)(15)(18) - Undrawn	—	4/16/2021	4/16/2027	1,487	(11)	(9)	(0.00) %

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
DCA Investment Holding, LLC								
Healthcare Services	First lien (3)(18) - Undrawn	—	3/12/2021	3/10/2023	$ 3,005	$ —	$ (11)	(0.00) %
IG Investments Holdings, LLC								
Business Services	First lien (3)(15)(18) - Undrawn	—	9/22/2021	9/22/2027	1,149	(11)	(11)	(0.00) %
Notorious Topco, LLC								
Consumer Products	First lien (3)(15)(18) - Undrawn	—	11/23/2021	5/24/2027	734	(6)	(6)	
	First lien (3)(15)(18) - Undrawn	—	11/23/2021	11/23/2023	1,467	—	(11)	
						(6)	(17)	(0.00) %
Associations, Inc.								
Consumer Services	First lien (3)(15)(18) - Undrawn	—	7/2/2021	7/2/2027	3,543	(18)	(18)	(0.00) %
Specialtycare, Inc.								
Healthcare Services	First lien (3)(15)(18) - Undrawn	—	6/18/2021	6/18/2026	559	(8)	(8)	
	First lien (3)(15)(18) - Undrawn	—	6/18/2021	6/18/2023	671	—	(10)	
						(8)	(18)	(0.00) %
Sun Acquirer Corp.								
Consumer Services	First lien (3)(15)(18) - Undrawn	—	9/8/2021	9/8/2027	559	(5)	(6)	
	First lien (3)(15)(18) - Undrawn	—	9/8/2021	9/8/2023	1,378	(10)	(14)	
						(15)	(20)	(0.00) %
Pioneer Topco I, L.P. (39)								
Pioneer Buyer I, LLC								
Software	First lien (3)(15)(18) - Undrawn	—	11/1/2021	11/1/2027	2,446	(24)	(24)	(0.00) %
Daxko Acquisition Corporation								
Software	First lien (3)(15)(18) - Undrawn	—	10/15/2021	10/15/2027	986	(10)	(10)	
	First lien (3)(15)(18) - Undrawn	—	10/15/2021	10/16/2023	1,638	—	(16)	
						(10)	(26)	(0.00) %
Infogain Corporation								
Software	First lien (3)(15)(18) - Undrawn	—	7/30/2021	7/30/2026	3,827	(29)	(29)	(0.00) %
OA Topco, L.P. (40)								
OA Buyer, Inc.								
Healthcare Information Technology	First lien (3)(18) - Undrawn	—	12/20/2021	12/20/2028	3,600	(36)	(36)	(0.00) %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
Granicus, Inc.								
Software	First lien (3)(15)(18) - Undrawn	—	1/27/2021	1/29/2027	$ 2,414	$ (18)	$ (18)	
	First lien (3)(15)(18) - Undrawn	—	4/23/2021	4/21/2023	1,822	—	(18)	
						(18)	(36)	(0.00) %
Trinity Air Consultants Holdings Corporation								
Business Services	First lien (3)(15)(18) - Undrawn	—	6/30/2021	6/29/2027	300	(3)	(3)	
	First lien (3)(15)(18) - Undrawn	—	6/30/2021	6/29/2023	5,252	—	(53)	
						(3)	(56)	(0.01)%
Galway Borrower LLC								
Insurance Services	First lien (3)(15)(18) - Undrawn	—	9/30/2021	9/30/2027	1,865	(19)	(19)	
	First lien (3)(15)(18) - Undrawn	—	9/30/2021	9/29/2023	3,917	—	(39)	
						(19)	(58)	(0.01)%
FS WhiteWater Holdings, LLC (38)								
FS WhiteWater Borrower, LLC								
Consumer Services	First lien (5)(18) - Undrawn	—	12/20/2021	12/21/2022	882	—	(9)	
	First lien (3)(18) - Undrawn	—	12/20/2021	12/21/2027	1,400	(14)	(14)	
	First lien (5)(18) - Undrawn	—	12/20/2021	12/21/2023	3,500	—	(35)	
						(14)	(58)	(0.01)%
ACI Parent Inc. (36)								
ACI Group Holdings, Inc.								
Healthcare Services	First lien (3)(15)(18) - Undrawn	—	8/2/2021	8/2/2027	2,354	(24)	(24)	
	First lien (3)(15)(18) - Undrawn	—	8/2/2021	8/2/2023	8,180	—	(82)	
						(24)	(106)	(0.01)%
Fortis Solutions Group, LLC								
Packaging	First lien (3)(15)(18) - Undrawn	—	10/15/2021	10/15/2027	2,861	(29)	(29)	
	First lien (3)(15)(18) - Undrawn	—	10/15/2021	10/13/2023	8,343	—	(83)	
						(29)	(112)	(0.01)%
Deca Dental Holdings LLC								
Healthcare Services	First lien (3)(15)(18) - Undrawn	—	8/26/2021	8/26/2027	3,027	(30)	(30)	
	First lien (3)(15)(18) - Undrawn	—	8/26/2021	8/28/2023	9,080	—	(91)	
						(30)	(121)	(0.01)%

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
NMC Crimson Holdings, Inc.								
Healthcare Services	First lien (3)(15)(18) - Undrawn	—	3/1/2021	3/1/2023	$ 10,664	$ —	$ (160)	(0.01) %
Paw Midco, Inc.								
AAH Topco, LLC								
Consumer Services	First lien (3)(18) - Undrawn	—	12/22/2021	12/22/2027	3,659	(37)	(37)	
	First lien (3)(18) - Undrawn	—	12/22/2021	12/22/2023	25,420	—	(254)	
						(37)	(291)	(0.02) %
Total Unfunded Debt Investments - United States						**$ (581)**	**$ (1,256)**	**(0.09)%**
Unfunded Debt Investments - Jersey								
Tennessee Bidco Limited**								
Business Services	First lien (3)(15)(16)(18) - Undrawn	—	8/6/2021	7/9/2023	£ 9,521	$ —	$ (143)	(0.01) %
Total Unfunded Debt Investments - Jersey						**$ —**	**$ (143)**	**(0.01)%**
Unfunded Debt Investments - Netherlands								
Tahoe Finco, LLC**								
Information Technology	First lien (3)(15)(18) - Undrawn	—	10/1/2021	10/1/2027	$ 4,439	$ (44)	$ (44)	(0.00) %
Total Unfunded Debt Investments - Netherlands						**$ (44)**	**$ (44)**	**(0.00) %**
Total Unfunded Debt Investments						**$ (625)**	**$ (1,443)**	**(0.10)%**
Total Non-Controlled/Non-Affiliated Investments						**$ 2,323,224**	**$ 2,283,779**	**170.10 %**
Non-Controlled/Affiliated Investments (43)								
Funded Debt Investments - United States								
TVG-Edmentum Holdings, LLC (24)								
Edmentum Ultimate Holdings, LLC								
Education	Subordinated (3)(15)	13.00% (6.50% + 6.50%/PIK)*	12/11/2020	1/26/2027	$ 15,434	$ 15,302	$ 15,841	1.18 %
Sierra Hamilton Holdings Corporation								
Energy	Second lien (3)(15)	15.00% PIK/Q(41)*	9/12/2019	9/12/2023	5	5	—	— %
Permian Holdco 3, Inc.								
Permian Trust								
Energy	First lien (10)(15)	10.00% PIK/Q(41)*	3/30/2021	—	247	—	—	
	First lien (3)(15)	11.00% (L + 10.00% PIK/M)(41)*	7/23/2020	—	3,409	—	—	
						—	—	— %
Total Funded Debt Investments - United States						**$ 15,307**	**$ 15,841**	**1.18 %**

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
Equity - United States								
TVG-Edmentum Holdings, LLC (24)								
Education	Ordinary shares (3)(15)	—	12/11/2020	—	48,899	$ 52,711	$ 114,934	8.56 %
Sierra Hamilton Holdings Corporation								
Energy	Ordinary shares (2)(15)	—	7/31/2017	—	25,000,000	11,501	3,599	
	Ordinary shares (3)(15)	—	7/31/2017	—	2,786,000	1,282	401	
						12,783	4,000	0.30 %
Total Shares - United States						**$ 65,494**	**$ 118,934**	**8.86 %**
Total Non-Controlled/Affiliated Investments						**$ 80,801**	**$ 134,775**	**10.04 %**
Controlled Investments (44)								
Funded Debt Investments - United States								
New Benevis Topco, LLC (32)								
New Benevis Holdco, Inc.								
Healthcare Services	First lien (2)(15)	10.50% (L + 2.50% + 7.00% PIK/Q)*	10/6/2020	4/7/2025	$ 33,133	$ 33,133	$ 33,133	
	First lien (8)(15)	10.50% (L + 2.50% + 7.00% PIK/Q)*	10/6/2020	4/7/2025	8,129	8,129	8,129	
	First lien (3)(15)	10.50% (L + 2.50% + 7.00% PIK/Q)*	10/6/2020	4/7/2025	3,992	3,992	3,992	
	Subordinated (3)(15)	12.00% PIK/M*	10/6/2020	10/6/2025	16,556	14,250	13,603	
						59,504	58,857	4.39 %
UniTek Global Services, Inc.								
Business Services	First lien (2)(15)	8.50% (L + 5.50% + 2.00% PIK/Q)*	6/29/2018	8/20/2024	12,643	12,643	12,643	
	First lien (3)(15)	8.50% (L + 5.50% + 2.00% PIK/Q)*	3/16/2020	8/20/2024	9,363	8,628	9,363	
	First lien (2)(15)	8.50% (L + 5.50% + 2.00% PIK/Q)*	6/29/2018	8/20/2024	2,528	2,528	2,528	
	First lien (3)(15)	8.50% (L + 5.50% + 2.00% PIK/Q)*	6/29/2018	8/20/2024	1,354	1,208	1,354	
	Second lien (3)(15)	15.00% PIK/Q*	12/16/2020	2/20/2025	9,970	9,970	9,970	
						34,977	35,858	2.67 %
Tenawa Resource Holdings LLC (21)								
Tenawa Resource Management LLC								
Specialty Chemicals & Materials	First lien (3)(15)	14.00% PIK/Q*	12/17/2021	10/30/2026	31,624	18,821	18,821	
	First lien (3)(15)	10.50% (L + 8.50%/Q)	12/17/2021	10/30/2026	16,000	16,000	16,000	
						34,821	34,821	2.59 %

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
NHME Holdings Corp. (28)								
National HME, Inc.								
Healthcare Services	Second lien (3)(15)	12.00% PIK/Q*	11/27/2018	5/27/2024	21,016	$ 18,816	$ 13,030	
	Second lien (3)(15)	12.00% PIK/Q*	11/27/2018	5/27/2024	15,148	14,621	11,817	
						33,437	24,847	1.85 %
New Permian Holdco, Inc.								
New Permian Holdco, L.L.C.								
Energy	First lien (3)(15)	18.00% PIK/M*	10/30/2020	12/31/2024	18,216	18,216	18,216	
	First lien (3)(15)(18) - Drawn	10.00% (L + 9.00% PIK/M)*	10/30/2020	12/31/2024	5,543	5,543	5,543	
						23,759	23,759	1.77 %
Total Funded Debt Investments - United States						**$ 186,498**	**$ 178,142**	**13.27 %**
Equity - United States								
NMFC Senior Loan Program III LLC**								
Investment Fund	Membership interest (3)(15)	—	5/4/2018	—	—	$ 140,000	$ 140,000	10.43 %
NMFC Senior Loan Program IV LLC**								
Investment Fund	Membership interest (3)(15)	—	5/5/2021	—	—	112,400	112,400	8.37 %
NM NL Holdings, L.P.**								
Net Lease	Membership interest (7)(15)	—	6/20/2018	—	—	87,203	107,870	8.03 %
New Benevis Topco, LLC (32)								
Healthcare Services	Ordinary shares (2)(15)	—	10/6/2020	—	269,027	27,154	34,548	
	Ordinary shares (8)(15)	—	10/6/2020	—	66,007	6,662	8,476	
	Ordinary shares (3)(15)	—	10/6/2020	—	60,068	6,105	7,714	
						39,921	50,738	3.78 %
NM GLCR LP								
Net Lease	Membership interest (7)(15)	—	2/1/2018	—	—	14,750	50,687	3.77 %
NM CLFX LP								
Net Lease	Membership interest (7)(15)	—	10/6/2017	—	—	12,538	24,676	1.84 %

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
UniTek Global Services, Inc.								
Business Services	Preferred shares (3)(15)(27)	—	8/17/2018	—	12,697,683	$ 12,698	$ 11,085	
	Preferred shares (3)(15)(27)	—	8/29/2019	—	7,546,829	7,547	7,215	
	Preferred shares (3)(15)(26)(41)	—	6/30/2017	—	19,795,435	19,795	396	
	Preferred shares (2)(15)(25)(41)	—	1/13/2015	—	29,326,545	26,946	—	
	Preferred shares (3)(15)(25)(41)	—	1/13/2015	—	8,104,462	7,447	—	
	Ordinary shares (2)(15)	—	1/13/2015	—	2,096,477	1,925	—	
	Ordinary shares (3)(15)	—	1/13/2015	—	1,993,749	532	—	
						76,890	18,696	1.39 %
NM APP US LLC								
Net Lease	Membership interest (7)(15)	—	9/13/2016	—	—	5,080	14,891	1.11 %
New Permian Holdco, Inc.								
Energy	Ordinary shares (3)(15)	—	10/30/2020	—	100	11,155	11,000	0.82 %
NM YI, LLC								
Net Lease	Membership interest (7)(15)	—	9/30/2019	—	—	6,272	8,286	0.62 %
NM DRVT LLC								
Net Lease	Membership interest (7)(15)	—	11/18/2016	—	—	5,152	7,984	0.59 %
NM JRA LLC								
Net Lease	Membership interest (7)(15)	—	8/12/2016	—	—	2,043	3,996	0.30 %
NHME Holdings Corp. (28)								
Healthcare Services	Ordinary shares (3)(15)	—	11/27/2018	—	640,000	4,000	2,000	0.15 %
NM GP Holdco, LLC**								
Net Lease	Membership interest (7)(15)	—	6/20/2018	—	—	998	1,197	0.09 %
NM KRLN LLC								
Net Lease	Membership interest (7)(15)	—	11/15/2016	—	—	9,222	244	0.02 %
QID TRH Holdings LLC (21)								
Tenawa Resource Holdings LLC								
Specialty Chemicals & Materials	Ordinary shares (14)(15)	—	10/1/2021	—	80	—	—	
	Profit Interest (6)(15)	—	10/1/2021	—	5	—	—	
						—	—	— %
Total Shares - United States						**$ 527,624**	**$ 554,665**	**41.31 %**

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

Table of Contents

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (19)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares (17)	Cost	Fair Value	Percent of Net Assets
Equity - Canada								
NM APP Canada Corp.**								
Net Lease	Membership interest (7)(15)	—	9/13/2016	—	—	$ 7,345	$ 9,422	0.70 %
Total Shares - Canada						**$ 7,345**	**$ 9,422**	**0.70 %**
Total Shares						**$ 534,969**	**$ 564,087**	**42.01 %**
Warrants - United States								
UniTek Global Services, Inc.								
Business Services	Warrants (3)(15)	—	12/16/2020	2/20/2025	8,523	$ —	$ 13,081	0.97 %
NHME Holdings Corp. (28)								
Healthcare Services	Warrants (3)(15)	—	11/27/2018	—	160,000	1,000	500	0.04 %
Total Warrants - United States						**$ 1,000**	**$ 13,581**	**1.01 %**
Total Funded Investments						**$ 722,467**	**$ 755,810**	**56.29 %**
Unfunded Debt Investments - United States								
New Permian Holdco, Inc.								
New Permian Holdco, L.L.C.								
Energy	First lien (3)(15)(18) - Undrawn	—	10/30/2020	12/31/2024	$ 4,977	$ —	$ —	— %
Tenawa Resource Holdings LLC (21)								
Tenawa Resource Management LLC								
Specialty Chemicals & Materials	First lien (3)(15)(18) - Undrawn	—	12/17/2021	10/30/2026	8,000	—	—	— %
Total Unfunded Debt Investments - United States						$ —	$ —	— %
Total Controlled Investments						**$ 722,467**	**$ 755,810**	**56.29 %**
Total Investments						**$ 3,126,492**	**$ 3,174,364**	**236.43 %**

(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 the Collateral Manager, New Mountain Finance Holdings, L.L.C. ("NMF Holdings") as the Borrower and Wells Fargo Bank, National Association as the Administrative Agent 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., Stifel Bank & Trust and MUFG Union Bank, N.A. as Lenders. See Note 7. *Borrowings*, for details.

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

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

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

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

(8) Investment is pledged as collateral for the DB Credit Facility, a revolving credit facility among New Mountain Finance DB, L.L.C as the Borrower and Deutsche Bank AG, New York Branch as the Facility Agent. See Note 7. *Borrowings*, for details.

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

(10) Investment is held in NMF Permian Holdings, LLC.

(11) Investment is held in NMF HB, Inc.

(12) Investment is held in NMF OEC, Inc.

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

(13) Investment is held in NMF Pioneer, Inc.

(14) Investment is held in NMF TRM, LLC.

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

(16) Investment is denominated in foreign currency and is translated into U.S. dollars as of the valuation date. As of December 31, 2021, the par value U.S. dollar equivalent of the first lien term loan, drawn first lien term loan and the undrawn first lien term loan is $17,428, $5,103 and $12,884, respectively. See Note 2, *Summary of Significant Accounting Policies*, for details.

(17) Par amount is denominated in United States Dollar unless otherwise noted, British Pound ("£").

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

(19) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (L), the Prime Rate (P), the Sterling Overnight Interbank Average Rate (Sonia), and the alternative base rate (Base) and which resets daily (D), weekly (W), 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, 2021.

(20) 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 tranche A first lien term loans and a tranche B first lien term loan in Education Management II LLC, which is an indirect subsidiary of Education Management Corporation.

(21) The Company holds investments in multiple entities of Tenawa Resource Holdings LLC. The Company holds 4.6% of the Class B profits interest in QID NGL, LLC (which at closing represented 97% of the ownership in the class B units in QID TRH Holdings, LLC), class A common units of Tenawa Resource Holdings LLC, and holds a tranche A first lien term loan, a tranche B first lien term loan and a first lien revolver in Tenawa Resource Management LLC.

(22) The Company holds preferred equity in OEC Holdco, LLC, and two second lien term loans in OEConnection LLC, a wholly-owned subsidiary of OEC Holdco, LLC. The preferred equity is entitled to receive prefenential dividends of 11.00% per annum.

(23) The Company holds investments in two wholly-owned subsidiaries of Appriss Health Holdings, Inc. The company holds a first lien term loan and a first lien revolver in Appriss Health, LLC, and preferred equity in Appriss Health Intermediate Holdings, Inc. The preferred equity is entitled to receive preferential dividends at a rate of 11.00% per annum.

(24) The Company holds ordinary shares in TVG-Edmentum Holdings, LLC, and subordinated notes in Edmentum Ultimate Holdings, LLC, a wholly-owned subsidiary of TVG-Edmentum Holdings, LLC. The ordinary shares are entitled to receive cumulative preferential dividends at a rate of 12.0% per annum.

(25) 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.

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

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

(28) The Company holds ordinary shares and warrants in NHME Holdings Corp., as well as second lien term loans in National HME, Inc., a wholly-owned subsidiary of NHME Holdings Corp.

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

(30) The Company holds preferred equity in Dealer Tire Holdings, LLC that is entitled to receive cumulative preferential dividends at a rate of 7.00% per annum.

(31) The Company holds preferred equity in Symplr Software Intermediate Holdings, Inc. that is entitled to receive cumulative preferential dividends at a rate of L + 10.50% per annum.

(32) The Company holds ordinary shares in New Benevis Topco, LLC, and holds first lien last out term loans and subordinated notes in New Benevis Holdco Inc., a wholly-owned subsidiary of New Benevis Topco, LLC.

(33) The Company holds ordinary shares in AAC Lender Holdings, LLC and a first lien term loan, first lien revolver and subordinated notes in American Achievement Corporation, a partially-owned subsidiary of AAC Lender Holdings, LLC.

(34) The Company holds preferred equity in Project Essential Super Parent, LLC that is entitled to receive cumulative preferential dividends at a rate of L + 9.50% per annum.

(35) The Company holds investments in two wholly-owned subsidiary of Diamond Parent Holdings Corp. The Company holds three first lien term loans and a first lien revolver in Diligent Corporation and preferred equity in Diligent Preferred Issuer Inc. The preferred equity in Diligent Preferred Issuer Inc. is entitled to receive cumulative preferential dividends at a rate 10.50% per annum.

(36) The Company holds investments in ACI Parent Inc. and a wholly-owned subsidiary of ACI Parent Inc. The Company holds a first lien term loan, a first lien delayed draw and a first lien revolver in ACI Group Holdings, Inc. and preferred equity in ACI Parent Inc. The preferred equity in ACI Parent Inc. is entitled to receive cumulative preferential dividends at a rate of 11.75% per annum.

(37) The Company holds preferred equity in HB Wealth Management, LLC that is entitled to receive cumulative preferential dividends at a rate of 4.00% per annum.

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

(38) The Company holds ordinary shares in FS WhiteWater Holdings, LLC, and a first lien term loan, a first lien revolver, and two first lien delayed draws in FS WhiteWater Borrwer, LLC, a partially-owned subsidiary of FS WhiteWater Holdings, LLC.

(39) The Company holds ordinary shares in Pioneer Topco I, L.P., and a first lien term loan and a first lien revolver in Pioneer Buyer I, LLC, a wholly-owned subsidiary of Pioneer Topco I, L.P.

(40) The Company holds ordinary shares in OA Topco, L.P., and a first lien term loan and a first lien revolver in OA Buyer, Inc., a wholly-owned subsidary of OA Topco, L.P.

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

(42) The Company holds one security purchased under a collateralized agreement to resell on its Consolidated Statement of Assets and Liabilities with a cost basis of $30,000 and a fair value of $21,422 as of December 31, 2021. See Note 2*Summary of Significant Accounting Policies*, for details.

(43) Denotes investments in which the Company is an “Affiliated Person”, as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), due to owning or holding the power to vote 5.0% or more of the outstanding voting securities of the investment but not controlling the company. Fair value as of December 31, 2021 and December 31, 2020 along with transactions during the year ended December 31, 2021 in which the issuer was a non-controlled/affiliated investment is as follows:

Portfolio Company	Fair Value at December 31, 2020	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains (Losses)	Net Change In Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2021	Interest Income	Dividend Income	Other Income
Permian Holdco 1, Inc. / Permian Holdco 2, Inc. / Permian Holdco 3, Inc. / Permian Trust	$ —	$ 225	$ (12,438)	$ (12,213)	$ 12,213	$ —	$ —	$ —	$ —
Sierra Hamilton Holdings Corporation	4,776	11	(828)	2	41	4,000	188	—	24
TVG-Edmentum Holdings, LLC / Edmentum Ultimate Holdings, LLC	98,236	5,575	(27,287)	20,549	54,251	130,775	1,825	5,123	321
Total Non-Controlled/Affiliated Investments	**$ 103,012**	**$ 5,811**	**$ (40,553)**	**$ 8,338**	**$ 66,505**	**$ 134,775**	**$ 2,013**	**$ 5,123**	**$ 345**

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

(B) Gross 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.

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021
(in thousands, except shares)

(44) Denotes investments in which the Company is in "Control", as defined in the 1940 Act, due to owning or holding the power to vote more than 25.0% of the outstanding voting securities of the investment. Fair value as of December 31, 2021 and December 31, 2020 along with transactions during the year ended December 31, 2021 in which the issuer was a controlled investment, is as follows:

Portfolio Company	Fair Value at December 31, 2020	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains (Losses)	Net Change In Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2021	Interest Income	Dividend Income	Other Income
Edmentum Inc.	$ —	$ —	$ —	$ 2,207	$ —	$ —	$ —	$ —	$ 1,200
National HME, Inc./NHME Holdings Corp.	27,530	8,094	—	—	(8,277)	27,347	4,594	—	500
New Benevis Topco, LLC / New Benevis Holdco, Inc.	98,442	5,417	—	—	5,736	109,595	6,956	—	1,500
New Permian Holdco, Inc. / New Permian Holdco, L.L.C.	29,336	5,423	—	—	—	34,759	3,522	—	634
NM APP CANADA CORP	12,302	—	—	—	(2,880)	9,422	—	978	—
NM APP US LLC	7,410	—	—	—	7,481	14,891	—	561	—
NM CLFX LP	14,885	—	—	—	9,791	24,676	—	1,521	—
NM DRVT LLC	7,084	—	—	—	900	7,984	—	466	—
NM JRA LLC	3,830	—	—	—	166	3,996	—	268	—
NM GLCR LP	29,130	—	—	—	21,557	50,687	—	1,892	—
NM KRLN LLC	1,501	641	—	—	(1,898)	244	—	—	—
NM NL Holdings, L.P.	67,132	32,757	—	—	7,981	107,870	—	7,414	—
NM GP Holdco, LLC	703	415	—	—	79	1,197	—	52	—
NM YI LLC	6,852	—	—	—	1,434	8,286	—	877	—
NMFC Senior Loan Program I LLC	23,000	10,000	(33,000)	—	—	—	—	741	—
NMFC Senior Loan Program II LLC	79,400	—	(79,400)	—	—	—	—	2,410	—
NMFC Senior Loan Program III LLC	120,000	20,000	—	—	—	140,000	—	16,712	—
NMFC Senior Loan Program IV LLC	—	112,400	—	—	—	112,400	—	7,767	—
Tenawa Resource Management LLC / Tenawa Resource Holdings LLC / QID TRH Holdings LLC (C)	—	64,776	(45,892)	(11,243)	15,937	34,821	845	—	8
UniTek Global Services, Inc.	72,338	6,669	(2,712)	1	(8,660)	67,635	3,880	4,497	738
Total Controlled Investments	**$ 600,875**	**$ 266,592**	**$ (161,004)**	**$ (9,035)**	**$ 49,347**	**$ 755,810**	**$ 19,797**	**$ 46,156**	**$ 4,580**

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

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

(C) Portfolio company moved into the controlled category from the non-controlled/non-affiliated investment category.

* All or a portion of interest contains PIK interest.

** Indicates assets that the Company deems to be "non-qualifying assets" under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70.0% of the Company's total assets at the time of acquisition of any additional non-qualifying assets. As of December 31, 2021, 18.0% of the Company's total assets are represented by investments at fair value that are considered non-qualifying assets.

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2021

Investment Type	December 31, 2021 Percent of Total Investments at Fair Value
First lien	52.23 %
Second lien	19.76 %
Subordinated	1.60 %
Equity and other	26.41 %
Total investments	100.00 %

Industry Type	December 31, 2021 Percent of Total Investments at Fair Value
Software	24.61 %
Business Services	16.19 %
Healthcare Services	16.07 %
Investment Funds (includes investments in joint ventures)	7.95 %
Education	7.89 %
Net Lease	7.22 %
Consumer Services	3.50 %
Distribution & Logistics	3.28 %
Insurance Services	2.37 %
Specialty Chemicals & Materials	1.90 %
Information Technology	1.85 %
Financial Services	1.76 %
Healthcare Information Technology	1.67 %
Energy	1.22 %
Packaging	1.06 %
Federal Services	0.40 %
Business Products	0.33 %
Consumer Products	0.32 %
Industrial Services	0.23 %
Information Services	0.18 %
Total investments	100.00 %

Interest Rate Type	December 31, 2021 Percent of Total Investments at Fair Value
Floating rates	88.54 %
Fixed rates	11.46 %
Total investments	100.00 %

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

Table of Contents

New Mountain Finance Corporation

Consolidated Schedule of Investments
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Non-Controlled/Non-Affiliated Investments								
Funded Debt Investments - Canada								
Dentalcorp Health Services ULC (fka Dentalcorp Perfect Smile ULC)**								
Healthcare Services	Second lien (3)	8.50% (L + 7.50%/M)	6/1/2018	6/8/2026	$ 28,612	$ 28,417	$ 28,612	
	Second lien (8)	8.50% (L + 7.50%/M)	6/1/2018	6/8/2026	7,500	7,452	7,500	
					36,112	35,869	36,112	2.92 %
Total Funded Debt Investments - Canada					**$ 36,112**	**$ 35,869**	**$ 36,112**	**2.92 %**
Funded Debt Investments - United Arab Emirates								
GEMS Menasa (Cayman) Limited**								
Education	First lien (8)	6.00% (L + 5.00%/S)	7/30/2019	7/31/2026	$ 15,678	$ 15,614	$ 15,658	1.27 %
Total Funded Debt Investments - United Arab Emirates					**$ 15,678**	**$ 15,614**	**$ 15,658**	**1.27 %**
Funded Debt Investments - United Kingdom								
Shine Acquisition Co. S.à.r.l / Boing US Holdco Inc.**								
Consumer Services	Second lien (2)(10)	8.50% (L + 7.50%/M)	9/25/2017	10/3/2025	$ 37,853	$ 37,697	$ 37,853	
	Second lien (8)(10)	8.50% (L + 7.50%/M)	9/25/2017	10/3/2025	6,000	5,975	6,000	
					43,853	43,672	43,853	3.54 %
Aston FinCo S.a r.l. / Aston US Finco, LLC**								
Software	Second lien (8)(10)	8.40% (L + 8.25%/M)	10/8/2019	10/8/2027	34,459	34,213	34,459	2.79 %
Total Funded Debt Investments - United Kingdom					**$ 78,312**	**$ 77,885**	**$ 78,312**	**6.33 %**
Funded Debt Investments - United States								
GS Acquisitionco, Inc.								
Software	First lien (2)(10)	6.75% (L + 5.75%/S)	8/7/2019	5/24/2024	$ 26,639	$ 26,517	$ 26,639	
	First lien (2)(10)	6.75% (L + 5.75%/S)	8/7/2019	5/24/2024	25,950	25,818	25,950	
	First lien (5)(10)	6.75% (L + 5.75%/S)	8/7/2019	5/24/2024	22,193	22,091	22,193	
	First lien (2)(10)	6.75% (L + 5.75%/S)	8/7/2019	5/24/2024	12,649	12,578	12,649	
					87,431	87,004	87,431	7.07 %
PhyNet Dermatology LLC								
Healthcare Services	First lien (2)(10)	6.50% (L + 5.50%/M)	9/17/2018	8/16/2024	49,857	49,528	48,844	
	First lien (3)(10)	6.50% (L + 5.50%/M)	9/17/2018	8/16/2024	27,857	27,623	27,291	
					77,714	77,151	76,135	6.15 %
Associations, Inc.								
Business Services	First lien (2)(10)	8.00% (L + 4.00% + 3.00% PIK/Q)*	7/30/2018	7/30/2024	45,932	45,751	45,932	
	First lien (8)(10)	8.00% (L + 4.00% + 3.00% PIK/Q)*	7/30/2018	7/30/2024	5,272	5,252	5,272	
	First lien (2)(10)(11) - Drawn	8.00% (L + 4.00% + 3.00% PIK/Q)*	7/30/2018	7/30/2024	10,419	10,371	10,419	
	First lien (2)(10)(11) - Drawn	7.00% (L + 6.00%/Q)	7/30/2018	7/30/2024	2,033	2,020	2,033	
					63,656	63,394	63,656	5.14 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
ConnectWise, LLC								
Software	First lien (2)(10)	6.25% (L + 5.25%/Q)	11/26/2019	2/28/2025	$ 55,054	$ 54,772	$ 55,054	
	First lien (3)(10)(11) - Drawn	6.25% (L + 5.25%/M)	11/26/2019	2/28/2025	1,062	1,055	1,062	
					56,116	55,827	56,116	4.54 %
iCIMS, Inc.								
Software	First lien (8)(10)	7.50% (L + 6.50%/S)	9/12/2018	9/12/2024	41,636	41,340	41,794	
	First lien (8)(10)	7.50% (L + 6.50%/S)	6/14/2019	9/12/2024	8,667	8,602	8,700	
	First lien (3)(10)(11) - Drawn	7.50% (L + 6.50%/Q)	9/12/2018	9/12/2024	2,915	2,886	2,915	
					53,218	52,828	53,409	4.32 %
CentralSquare Technologies, LLC								
Software	Second lien (3)	7.75% (L + 7.50%/Q)	8/15/2018	8/31/2026	47,838	47,361	46,164	
	Second lien (8)	7.75% (L + 7.50%/Q)	8/15/2018	8/31/2026	7,500	7,425	7,237	
					55,338	54,786	53,401	4.32 %
DCA Investment Holding, LLC								
Healthcare Services	First lien (8)(10)	6.25% (L + 5.25%/Q)	4/16/2019	7/2/2021	20,316	20,243	19,977	
	First lien (2)(10)	6.25% (L + 5.25%/Q)	7/2/2015	7/2/2021	16,916	16,900	16,634	
	First lien (8)(10)	6.25% (L + 5.25%/Q)	12/20/2017	7/2/2021	8,801	8,782	8,654	
	First lien (2)(10)	6.25% (L + 5.25%/Q)	12/20/2017	7/2/2021	4,142	4,135	4,073	
	First lien (3)(10)(11) - Drawn	6.25% (L + 5.25%/Q)	7/2/2015	7/2/2021	2,056	2,036	2,022	
					52,231	52,096	51,360	4.15 %
Salient CRGT Inc.								
Federal Services	First lien (2)(10)	7.50% (L + 6.50%/S)	1/6/2015	2/28/2022	37,348	37,209	37,348	
	First lien (8)(10)	7.50% (L + 6.50%/S)	6/6/2019	2/28/2022	12,762	12,528	12,762	
					50,110	49,737	50,110	4.05 %
Frontline Technologies Group Holdings, LLC								
Software	First lien (4)(10)	6.75% (L + 5.75%/Q)	9/18/2017	9/18/2023	21,940	21,856	21,940	
	First lien (2)(10)	6.75% (L + 5.75%/Q)	9/18/2017	9/18/2023	18,490	18,447	18,490	
	First lien (2)(10)	6.75% (L + 5.75%/Q)	9/18/2017	9/18/2023	7,632	7,594	7,632	
					48,062	47,897	48,062	3.88 %
NM GRC Holdco, LLC								
Business Services	First lien (2)(10)	8.50% (L + 6.00% + 1.50% PIK/Q)*	2/9/2018	2/9/2024	38,368	38,258	36,929	
	First lien (2)(10)	8.50% (L + 6.00% + 1.50% PIK/Q)*	2/9/2018	2/9/2024	10,664	10,631	10,264	
					49,032	48,889	47,193	3.82 %
Brave Parent Holdings, Inc.								
Software	Second lien (5)(10)	7.65% (L + 7.50%/M)	4/17/2018	4/17/2026	22,500	22,417	22,500	
	Second lien (2)(10)	7.65% (L + 7.50%/M)	4/17/2018	4/17/2026	16,624	16,498	16,624	
	Second lien (8)(10)	7.65% (L + 7.50%/M)	4/17/2018	4/17/2026	6,000	5,955	6,000	
					45,124	44,870	45,124	3.65 %
Integro Parent Inc.								
Business Services	First lien (2)(10)	6.75% (L + 5.75%/M)	10/9/2015	10/31/2022	34,490	34,405	34,490	
	Second lien (8)(10)	10.25% (L + 9.25%/M)	10/9/2015	10/30/2023	10,000	9,955	10,000	
					44,490	44,360	44,490	3.60 %

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

Table of Contents

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Quest Software US Holdings Inc.								
Software	Second lien (2)(10)	8.46% (L + 8.25%/Q)	5/17/2018	5/18/2026	$ 43,697	$ 43,367	$ 43,697	3.53 %
Tenawa Resource Holdings LLC (14)								
Tenawa Resource Management LLC								
Specialty Chemicals & Materials	First lien (3)(10)	10.50% (Base + 8.00%/Q)	5/12/2014	10/30/2024	38,600	38,559	38,600	3.12 %
Trader Interactive, LLC								
Business Services	First lien (2)(10)	7.25% (L + 6.25%/M)	6/15/2017	6/17/2024	31,605	31,482	31,605	
	First lien (8)(10)	7.25% (L + 6.25%/M)	6/15/2017	6/17/2024	4,899	4,880	4,899	
	First lien (3)(10)(11) - Drawn	7.25% (L + 6.25%/M)	6/15/2017	6/15/2023	502	498	502	
					37,006	36,860	37,006	2.99 %
CoolSys, Inc.								
Industrial Services	First lien (5)	7.00% (L + 6.00%/Q)	11/20/2019	11/20/2026	22,275	22,177	22,275	
	First lien (2)	7.00% (L + 6.00%/Q)	11/20/2019	11/20/2026	10,296	10,251	10,296	
	First lien (3)	7.00% (L + 6.00%/Q)	11/20/2019	11/20/2026	4,173	4,153	4,173	
					36,744	36,581	36,744	2.97 %
KAMC Holdings, Inc								
Business Services	Second lien (2)(10)	8.22% (L + 8.00%/Q)	8/14/2019	8/13/2027	18,750	18,627	18,300	
	Second lien (8)(10)	8.22% (L + 8.00%/Q)	8/14/2019	8/13/2027	18,750	18,627	18,300	
					37,500	37,254	36,600	2.96 %
Affinity Dental Management, Inc.								
Healthcare Services	First lien (2)(10)	7.00% (L + 6.00%/Q)	9/15/2017	9/15/2023	26,222	26,182	24,397	
	First lien (4)(10)	7.00% (L + 6.00%/Q)	9/17/2019	9/15/2023	10,592	10,592	9,854	
	First lien (3)(10)(11) - Drawn	7.00% (L + 6.00%/Q)	9/15/2017	3/15/2023	1,738	1,720	1,617	
					38,552	38,494	35,868	2.90 %
GC Waves Holdings, Inc.**								
Business Services	First lien (5)(10)	6.75% (L + 5.75%/Q)	10/31/2019	10/31/2025	22,331	22,191	22,331	
	First lien (2)(10)	6.75% (L + 5.75%/Q)	10/31/2019	10/31/2025	3,645	3,622	3,645	
	First lien (3)(10)	6.75% (L + 5.75%/Q)	10/31/2019	10/31/2025	9,835	9,742	9,835	
					35,811	35,555	35,811	2.89 %
Definitive Healthcare Holdings, LLC								
Healthcare Information Technology	First lien (8)(10)	6.50% (L + 5.50%/Q)	8/7/2019	7/16/2026	33,615	33,477	33,615	
	First lien (3)(10)(11) - Drawn	6.50% (L + 5.50%/Q)	8/7/2019	7/16/2026	1,327	1,321	1,327	
					34,942	34,798	34,942	2.82 %
TDG Group Holding Company								
Consumer Services	First lien (2)(10)	5.40% (L + 5.25%/M)	5/22/2018	5/31/2024	24,607	24,532	24,607	
	First lien (8)(10)	5.40% (L + 5.25%/M)	5/22/2018	5/31/2024	4,900	4,884	4,900	
	First lien (2)(10)	5.40% (L + 5.25%/M)	5/22/2018	5/31/2024	3,287	3,277	3,287	
	First lien (2)(10)(11) - Drawn	5.40% (L + 5.25%/M)	5/22/2018	5/31/2024	1,891	1,882	1,891	
					34,685	34,575	34,685	2.80 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Kaseya Inc.								
Software	First lien (8)(10)	8.00% (L + 4.00% + 3.00% PIK/S)*	5/9/2019	5/2/2025	$ 28,225	$ 28,014	$ 28,508	
	First lien (3)(10)	8.00% (L + 4.00% + 3.00% PIK/S)*	5/9/2019	5/2/2025	3,315	3,284	3,348	
	First lien (3)(10)(11) - Drawn	7.50% (L + 6.50%/S)	5/9/2019	5/2/2025	1,133	1,121	1,133	
					32,673	32,419	32,989	2.67 %
Finalsite Holdings, Inc.								
Software	First lien (4)(10)	6.00% (L + 5.00%/Q)	9/28/2018	9/25/2024	21,994	21,883	21,994	
	First lien (2)(10)	6.00% (L + 5.00%/Q)	9/28/2018	9/25/2024	10,863	10,809	10,863	
					32,857	32,692	32,857	2.66 %
Integral Ad Science, Inc.								
Software	First lien (8)(10)	8.25% (L + 6.00% + 1.25% PIK/S)*	7/19/2018	7/19/2024	27,127	26,943	27,127	
	First lien (3)(10)	8.25% (L + 6.00% + 1.25% PIK/S)*	8/27/2019	7/19/2024	3,544	3,517	3,544	
					30,671	30,460	30,671	2.48 %
Ansira Holdings, Inc.								
Business Services	First lien (8)(10)	7.50% (L + 6.50% PIK/S)*	12/19/2016	12/20/2024	29,511	29,451	24,146	
	First lien (3)(10)	7.50% (L + 6.50% PIK/S)*	12/19/2016	12/20/2024	7,452	7,440	6,097	
					36,963	36,891	30,243	2.44 %
MRI Software LLC								
Software	First lien (5)(10)	6.50% (L + 5.50%/Q)	1/31/2020	2/10/2026	22,329	22,232	22,358	
	First lien (3)(10)	6.50% (L + 5.50%/Q)	1/31/2020	2/10/2026	4,654	4,632	4,660	
	First lien (2)(10)	6.50% (L + 5.50%/Q)	1/31/2020	2/10/2026	1,615	1,608	1,617	
					28,598	28,472	28,635	2.31 %
Keystone Acquisition Corp.								
Healthcare Services	First lien (2)	6.25% (L + 5.25%/Q)	5/10/2017	5/1/2024	24,231	24,143	22,899	
	Second lien (2)(10)	10.25% (L + 9.25%/Q)	5/10/2017	5/1/2025	4,500	4,471	4,500	
					28,731	28,614	27,399	2.22 %
Confluent Health, LLC								
Healthcare Services	First lien (2)	5.15% (L + 5.00%/M)	6/21/2019	6/24/2026	27,088	26,976	26,783	2.17 %
HS Purchaser, LLC / Help/Systems Holdings, Inc.								
Software	Second lien (5)	9.00% (L + 8.00%/Q)	11/14/2019	11/19/2027	22,500	22,391	22,275	
	Second lien (2)	9.00% (L + 8.00%/Q)	11/14/2019	11/19/2027	4,208	4,170	4,166	
					26,708	26,561	26,441	2.14 %
Instructure, Inc.								
Software	First lien (8)(10)	8.00% (L + 7.00%/Q)	3/24/2020	3/24/2026	24,090	23,955	23,940	1.93 %
Idera, Inc.								
Software	Second lien (4)(10)	10.00% (L + 9.00%/S)	6/27/2019	6/28/2027	22,500	22,353	22,725	1.84 %
Astra Acquisition Corp.								
Software	First lien (5)	6.50% (L + 5.50%/M)	2/26/2020	3/1/2027	22,331	22,179	22,555	1.82 %
Syndigo LLC								
Software	Second lien (4)	8.75% (L + 8.00%/S)	12/14/2020	12/15/2028	22,500	22,331	22,331	1.80 %
Convey Health Solutions, Inc.								
Healthcare Services	First lien (4)(10)	6.25% (L + 5.25%/Q)	9/9/2019	9/4/2026	22,219	22,008	22,219	1.80 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Cardinal Parent, Inc.								
Software	First lien (4)	5.25% (L + 4.50%/S)	10/30/2020	11/12/2027	$ 12,188	$ 12,097	$ 12,066	
	Second lien (4)(10)	8.50% (L + 7.75%/S)	11/12/2020	11/13/2028	9,767	9,670	9,962	
					21,955	21,767	22,028	1.78 %
CRCI Longhorn Holdings, Inc.								
Business Services	Second lien (3)(10)	7.40% (L + 7.25%/M)	8/2/2018	8/10/2026	14,349	14,307	14,349	
	Second lien (8)(10)	7.40% (L + 7.25%/M)	8/2/2018	8/10/2026	7,500	7,478	7,500	
					21,849	21,785	21,849	1.77 %
Avatar Topco, Inc. (23)								
EAB Global, Inc.								
Education	Second lien (3)(10)	8.50% (L + 7.50%/S)	11/17/2017	11/17/2025	13,950	13,805	13,950	
	Second lien (8)(10)	8.50% (L + 7.50%/S)	11/17/2017	11/17/2025	7,500	7,422	7,500	
					21,450	21,227	21,450	1.73 %
MED Parentco, LP								
Healthcare Services	Second lien (8)(10)	8.40% (L + 8.25%/M)	8/2/2019	8/30/2027	20,857	20,718	21,066	1.70 %
YLG Holdings, Inc.								
Business Services	First lien (5)(10)	7.25% (L + 6.25%/S)	11/1/2019	10/31/2025	18,229	18,152	18,271	
	First lien (5)(10)	7.25% (L + 6.25%/S)	11/1/2019	10/31/2025	2,374	2,363	2,379	
					20,603	20,515	20,650	1.67 %
TMK Hawk Parent, Corp.								
Distribution & Logistics	First lien (2)(10)	3.65% (L + 3.50%/M)	6/24/2019	8/28/2024	16,735	14,786	10,468	
	First lien (8)(10)	3.65% (L + 3.50%/M)	10/23/2019	8/28/2024	16,141	13,778	10,096	
					32,876	28,564	20,564	1.66 %
Institutional Shareholder Services, Inc.								
Business Services	Second lien (3)(10)	8.75% (L + 8.50%/Q)	3/5/2019	3/5/2027	20,372	20,117	20,372	1.65 %
Spring Education Group, Inc (fka SSH Group Holdings, Inc.)								
Education	Second lien (2)	8.50% (L + 8.25%/Q)	7/26/2018	7/30/2026	21,959	21,914	20,202	1.63 %
AAC Holding Corp.								
Education	First lien (2)(10)	9.25% (L + 8.25% PIK/M)*	9/30/2015	9/30/2022	26,343	26,284	19,597	1.58 %
DiversiTech Holdings, Inc.								
Distribution & Logistics	Second lien (2)	8.50% (L + 7.50%/Q)	5/18/2017	6/2/2025	12,000	11,923	11,940	
	Second lien (8)	8.50% (L + 7.50%/Q)	5/18/2017	6/2/2025	7,500	7,452	7,463	
					19,500	19,375	19,403	1.57 %
Xactly Corporation								
Software	First lien (4)(10)	8.25% (L + 7.25%/S)	7/31/2017	7/29/2022	19,047	18,970	19,047	1.54 %
Peraton Holding Corp. (fka MHVC Acquisition Corp.)								
Federal Services	First lien (2)	6.25% (L + 5.25%/Q)	4/25/2017	4/29/2024	18,575	18,525	18,621	1.50 %
Bluefin Holding, LLC								
Software	Second lien (8)(10)	7.90% (L + 7.75%/M)	9/6/2019	9/6/2027	18,000	18,000	18,000	1.46 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Kele Holdco, Inc.								
Distribution & Logistics	First lien (5)(10)	7.00% (L + 6.00%/M)	2/20/2020	2/20/2026	$ 16,111	$ 16,040	$ 16,292	
	First lien (3)(10)(11) - Drawn	7.00% (L + 6.00%/M)	2/20/2020	2/20/2026	1,619	1,611	1,619	
					17,730	17,651	17,911	1.45 %
Bullhorn, Inc.								
Software	First lien (2)(10)	6.75% (L + 5.75%/Q)	9/24/2019	9/30/2026	17,002	16,896	17,002	
	First lien (3)(10)	6.75% (L + 5.75%/Q)	9/24/2019	9/30/2026	353	350	353	
	First lien (3)(10)	6.75% (L + 5.75%/Q)	9/24/2019	9/30/2026	281	279	281	
					17,636	17,525	17,636	1.43 %
The Kleinfelder Group, Inc.								
Business Services	First lien (4)(10)	6.25% (L + 5.25%/Q)	12/18/2018	11/29/2024	17,150	17,090	17,150	1.39 %
Coyote Buyer, LLC								
Specialty Chemicals & Materials	First lien (5)(10)	7.00% (L + 6.00%/Q)	3/13/2020	2/6/2026	14,079	14,016	14,079	
	First lien (5)(10)	9.00% (L + 8.00%/Q)	10/15/2020	8/6/2026	2,533	2,508	2,558	
					16,612	16,524	16,637	1.35 %
Hill International, Inc.**								
Business Services	First lien (2)(10)	6.75% (L + 5.75%/Q)	6/21/2017	6/21/2023	15,247	15,212	15,247	1.23 %
CFS Management, LLC								
Healthcare Services	First lien (2)(10)	6.50% (L + 5.50%/S)	8/6/2019	7/1/2024	11,615	11,571	11,615	
	First lien (3)(10)	6.50% (L + 5.50%/S)	8/6/2019	7/1/2024	3,459	3,443	3,459	
					15,074	15,014	15,074	1.22 %
Bleriot US Bidco Inc.								
Federal Services	Second lien (2)(10)	8.75% (L + 8.50%/Q)	10/24/2019	10/29/2027	15,000	14,865	15,011	1.21 %
FR Arsenal Holdings II Corp.								
Business Services	First lien (2)(10)	8.50% (L + 7.50%/Q)	9/29/2016	9/8/2022	15,344	15,286	14,932	1.21 %
BackOffice Associates Holdings, LLC								
Business Services	First lien (2)(10)	13.50% (L + 9.50% + 3.00% PIK/Q)*	8/25/2017	8/25/2023	13,218	13,162	13,218	
	First lien (3)(10)(11) - Drawn	13.50% (L + 9.50% + 3.00% PIK/Q)*	8/25/2017	8/25/2023	921	913	921	
					14,139	14,075	14,139	1.14 %
Alegeus Technologies Holding Corp.								
Healthcare Services	First lien (8)(10)	9.25% (L + 8.25%/Q)	9/5/2018	9/5/2024	13,444	13,398	13,444	1.09 %
Transcendia Holdings, Inc.								
Packaging	Second lien (8)(10)	9.00% (L + 8.00%/M)	6/28/2017	5/30/2025	14,500	14,371	13,069	1.06 %
PaySimple, Inc.								
Software	First lien (2)(10)	5.65% (L + 5.50%/M)	8/19/2019	8/23/2025	9,758	9,679	9,758	
	First lien (2)(10)	5.65% (L + 5.50%/M)	8/19/2019	8/23/2025	3,195	3,140	3,195	
					12,953	12,819	12,953	1.05 %
Geo Parent Corporation								
Business Services	First lien (2)(10)	5.40% (L + 5.25%/M)	12/13/2018	12/19/2025	12,934	12,885	12,934	1.04 %
Ministry Brands, LLC								
Software	First lien (2)(10)	5.00% (L + 4.00%/Q)	12/7/2016	12/2/2022	2,902	2,897	2,888	
	Second lien (8)(10)	10.25% (L + 9.25%/Q)	12/7/2016	6/2/2023	7,840	7,813	7,840	
	Second lien (3)(10)	10.25% (L + 9.25%/Q)	12/7/2016	6/2/2023	2,160	2,153	2,160	
					12,902	12,863	12,888	1.04 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
OEConnection LLC								
Business Services	Second lien (2)(10)	8.40% (L + 8.25%/M)	9/25/2019	9/25/2027	$ 12,044	$ 11,937	$ 12,044	0.97 %
CHA Holdings, Inc.								
Business Services	Second lien (4)(10)	9.75% (L + 8.75%/Q)	4/3/2018	4/10/2026	7,012	6,959	7,012	
	Second lien (3)(10)	9.75% (L + 8.75%/Q)	4/3/2018	4/10/2026	4,452	4,419	4,452	
					11,464	11,378	11,464	0.93 %
Castle Management Borrower LLC								
Business Services	First lien (2)(10)	7.50% (L + 6.50% PIK/Q)*	5/31/2018	2/15/2024	13,993	13,953	11,320	0.92 %
Apptio, Inc.								
Software	First lien (8)(10)	8.25% (L + 7.25%/S)	1/10/2019	1/10/2025	11,203	11,038	11,287	0.91 %
Alert Holding Company, Inc. (15)								
Appriss Holdings, Inc.								
Business Services	First lien (8)(10)	5.50% (L + 5.25%/Q)	5/24/2019	5/29/2026	10,943	10,866	10,947	0.89 %
Vectra Co.								
Business Products	Second lien (8)(10)	7.40% (L + 7.25%/M)	2/23/2018	3/8/2026	10,788	10,759	10,788	0.87 %
Masergy Holdings, Inc.								
Business Services	Second lien (2)(10)	8.50% (L + 7.50%/Q)	12/14/2016	12/16/2024	10,500	10,465	10,500	0.85 %
PPVA Black Elk (Equity) LLC								
Business Services	Subordinated (3)(10)	—	5/3/2013	—	14,500	14,500	10,354	0.84 %
VT Topco, Inc.								
Business Services	Second lien (4)(10)	7.15% (L + 7.00%/M)	8/14/2018	7/31/2026	10,000	9,981	10,000	0.81 %
Quartz Holding Company								
Software	Second lien (3)(10)	8.15% (L + 8.00%/M)	4/2/2019	4/2/2027	10,000	9,832	10,000	0.81 %
Stats Intermediate Holdings, LLC**								
Business Services	First lien (2)	5.47% (L + 5.25%/Q)	5/22/2019	7/10/2026	9,900	9,798	9,875	0.80 %
Affordable Care Holding Corp.								
Healthcare Services	First lien (2)(10)	5.75% (L + 4.75%/Q)	3/18/2019	10/24/2022	9,794	9,690	9,671	0.78 %
AgKnowledge Holdings Company, Inc.								
Business Services	First lien (2)(10)	5.75% (L + 4.75%/S)	11/30/2018	7/21/2023	9,261	9,233	9,261	0.75 %
AG Parent Holdings, LLC								
Healthcare Services	First lien (2)	5.15% (L + 5.00%/M)	7/30/2019	7/31/2026	6,923	6,894	6,853	0.55 %
Recorded Future, Inc.								
Software	First lien (8)(10)	7.25% (L + 6.25%/Q)	8/26/2019	7/3/2025	6,250	6,225	6,275	
	First lien (3)(10)(11) - Drawn	7.25% (L + 6.25%/Q)	8/26/2019	7/3/2025	500	498	500	
					6,750	6,723	6,775	0.55 %
CP VI Bella Midco, LLC								
Healthcare Services	Second lien (3)	6.90% (L + 6.75%/M)	1/25/2018	12/29/2025	6,732	6,709	6,660	0.54 %
DealerSocket, Inc.								
Software	First lien (2)(10)	5.75% (L + 4.75%/S)	4/16/2018	4/26/2023	6,543	6,518	6,543	0.53 %
DG Investment Intermediate Holdings 2, Inc. (aka Convergint Technologies Holdings, LLC)								
Business Services	Second lien (3)	7.50% (L + 6.75%/M)	1/29/2018	2/2/2026	6,732	6,709	6,530	0.53 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Restaurant Technologies, Inc.								
Business Services	Second lien (4)	6.65% (L + 6.50%/M)	9/24/2018	10/1/2026	$ 6,722	$ 6,709	$ 6,420	0.52 %
Diligent Corporation								
Software	First lien (3)(10)	7.25% (L + 6.25%/S)	12/19/2018	8/4/2025	5,947	5,912	6,057	0.49 %
Wrike, Inc.								
Software	First lien (8)(10)	7.75% (L + 6.75%/S)	11/20/2020	12/31/2024	4,545	4,514	4,580	0.37 %
ADG, LLC								
Healthcare Services	Second lien (3)(10)	11.00% (L + 10.00% PIK/Q)*	10/3/2016	3/28/2024	5,904	5,864	4,469	0.36 %
Teneo Holdings, LLC								
Business Services	First lien (2)	6.25% (L + 5.25%/M)	7/15/2019	7/11/2025	3,012	2,980	2,994	0.24 %
Sphera Solutions, Inc.								
Software	First lien (2)(10)	8.75% (L + 7.75%/Q)	9/10/2019	6/14/2023	2,464	2,450	2,487	0.20 %
Education Management Corporation (13)								
Education Management II LLC								
Education	First lien (2)	13.00% (L + 7.50%/M)(26)	1/5/2015	7/2/2020	300	292	—	
	First lien (3)	13.00% (L + 7.50%/M)(26)	1/5/2015	7/2/2020	169	165	—	
	First lien (2)	9.75% (L + 6.50%/Q)(26)	1/5/2015	7/2/2020	206	201	—	
	First lien (3)	9.75% (L + 6.50%/Q)(26)	1/5/2015	7/2/2020	116	113	—	
	First lien (2)	11.75% (P + 8.50%/M)(26)	1/5/2015	7/2/2020	140	116	—	
	First lien (3)	11.75% (P + 8.50%/M)(26)	1/5/2015	7/2/2020	79	65	—	
	First lien (2)	11.75% (P + 8.50%/M)(26)	1/5/2015	7/2/2020	4	3	—	
	First lien (3)	11.75% (P + 8.50%/M)(26)	1/5/2015	7/2/2020	2	2	—	
					1,016	957	—	— %
PPVA Fund, L.P.								
Business Services	Collateralized Financing (26)(27)	—	11/7/2014	—	—	—	—	— %
Total Funded Debt Investments - United States					**$ 2,079,719**	**$ 2,064,501**	**$ 2,029,981**	**164.11 %**
Total Funded Debt Investments					**$ 2,209,821**	**$ 2,193,869**	**$ 2,160,063**	**174.63 %**
Equity - Hong Kong								
Bach Special Limited (Bach Preference Limited)**								
Education	Preferred shares (3)(10)(22)	—	9/1/2017	—	84,994	$ 8,420	$ 8,754	0.71 %
Total Shares - Hong Kong						**$ 8,420**	**$ 8,754**	**0.71 %**
Equity - United States								
Avatar Topco, Inc. (23)								
Education	Preferred shares (3)(10)	—	11/17/2017	—	35,750	$ 52,192	$ 53,265	4.31 %
Symplr Software Intermediate Holdings, Inc.(24)								
Healthcare Information Technology	Preferred shares (4)(10)	—	11/30/2018	—	7,500	9,534	9,647	
	Preferred shares (3)(10)	—	11/30/2018	—	2,586	3,287	3,326	
						12,821	12,973	1.05 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Alert Holding Company, Inc. (15)								
Alert Intermediate Holdings I, Inc.								
Business Services	Preferred shares (3)(10)	—	5/31/2019	—	6,111	$ 7,199	$ 7,290	0.59 %
Tenawa Resource Holdings LLC (14)								
QID NGL LLC								
Specialty Chemicals & Materials	Preferred shares (6)(10)	—	10/30/2017	—	1,623,385	1,623	1,988	
	Preferred shares (6)(10)	—	11/24/2020	—	44,668	45	45	
	Ordinary shares (6)(10)	—	5/12/2014	—	5,290,997	5,291	4,381	
						6,959	6,414	0.52 %
Ancora Acquisition LLC								
Education	Preferred shares (9)(10)	—	8/12/2013	—	372	83	158	0.01 %
Education Management Corporation (13)								
Education	Preferred shares (2)	—	1/5/2015	—	3,331	200	—	
	Preferred shares (3)	—	1/5/2015	—	1,879	113	—	
	Ordinary shares (2)	—	1/5/2015	—	2,994,065	100	—	
	Ordinary shares (3)	—	1/5/2015	—	1,688,976	56	—	
						469	—	— %
Total Shares - United States						**$ 79,723**	**$ 80,100**	**6.48 %**
Total Shares						**$ 88,143**	**$ 88,854**	**7.19 %**
Warrants - United States								
ASP LCG Holdings, Inc.								
Education	Warrants (3)(10)	—	5/5/2014	5/5/2026	622	$ 37	$ 714	0.06 %
Total Warrants - United States						**$ 37**	**$ 714**	**0.06 %**
Total Funded Investments						**$ 2,282,049**	**$ 2,249,631**	**181.88 %**
Unfunded Debt Investments - United States								
Recorded Future, Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	8/26/2019	1/3/2021	$ 500	$ (3)	$ 2	
	First lien (3)(10)(11) - Undrawn	—	8/26/2019	7/3/2025	250	(1)	—	
					750	(4)	2	— %
MRI Software LLC								
Software	First lien (3)(10)(11) - Undrawn	—	1/31/2020	2/10/2022	821	—	1	
	First lien (3)(10)(11) - Undrawn	—	1/31/2020	2/10/2026	2,002	(10)	—	
					2,823	(10)	1	— %
CoolSys, Inc.								
Industrial Services	First lien (3)(11) - Undrawn	—	11/20/2019	11/19/2021	1,400	—	—	— %

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

Table of Contents

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Kele Holdco, Inc.								
Distribution & Logistics	First lien (3)(10)(11) - Undrawn	—	2/20/2020	2/20/2026	$ 180	$ (1)	$ —	— %
Associations, Inc.								
Business Services	First lien (2)(10)(11) - Undrawn	—	7/30/2018	7/30/2021	152	(1)	—	— %
AgKnowledge Holdings Company, Inc.								
Business Services	First lien (3)(10)(11) - Undrawn	—	11/30/2018	7/21/2023	526	(3)	—	— %
DealerSocket, Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	4/16/2018	4/26/2023	560	(4)	—	— %
Coyote Buyer, LLC								
Specialty Chemicals & Materials	First lien (3)(10)(11) - Undrawn	—	3/13/2020	2/6/2025	1,013	(5)	—	— %
Trader Interactive, LLC								
Business Services	First lien (3)(10)(11) - Undrawn	—	6/15/2017	6/15/2023	1,171	(9)	—	— %
Definitive Healthcare Holdings, LLC								
Healthcare Information Technology	First lien (3)(10)(11) - Undrawn	—	8/7/2019	7/16/2024	1,848	(9)	—	
	First lien (3)(10)(11) - Undrawn	—	8/7/2019	7/16/2021	6,061	—	—	
					7,909	(9)	—	— %
Alert Holding Company, Inc. (15)								
Appriss Holdings, Inc.								
Business Services	First lien (3)(10)(11) - Undrawn	—	5/24/2019	5/30/2025	930	(9)	—	— %
Xactly Corporation								
Software	First lien (3)(10)(11) - Undrawn	—	7/31/2017	7/29/2022	992	(10)	—	— %
Kaseya Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	5/9/2019	5/2/2025	1,179	(12)	—	— %
Bullhorn, Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	9/24/2019	10/1/2021	781	(6)	—	
	First lien (3)(10)(11) - Undrawn	—	9/24/2019	9/30/2026	852	(6)	—	
					1,633	(12)	—	— %
Wrike, Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	12/31/2018	12/31/2024	1,388	(13)	—	— %
TDG Group Holding Company								
Consumer Services	First lien (2)(10)(11) - Undrawn	—	5/22/2018	5/31/2024	3,152	(16)	—	— %

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Integral Ad Science, Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	7/19/2018	7/19/2023	$ 1,807	$ (18)	$ —	— %
Finalsite Holdings, Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	9/25/2018	9/25/2024	2,521	(19)	—	— %
YLG Holdings, Inc.								
Business Services	First lien (3)(10)(11) - Undrawn	—	11/1/2019	10/31/2025	3,968	(20)	—	— %
ConnectWise, LLC								
Software	First lien (3)(10)(11) - Undrawn	—	11/26/2019	2/28/2025	3,186	(20)	—	— %
Bluefin Holding, LLC								
Software	First lien (3)(10)(11) - Undrawn	—	9/6/2019	9/6/2024	1,515	(23)	—	— %
GC Waves Holdings, Inc.**								
Business Services	First lien (3)(10)(11) - Undrawn	—	10/31/2019	10/31/2025	3,951	(30)	—	— %
Integro Parent Inc.								
Business Services	First lien (3)(10)(11) - Undrawn	—	6/8/2018	4/30/2022	6,743	(34)	—	— %
GS Acquisitionco, Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	8/7/2019	5/24/2024	5,485	(34)	—	— %
Apptio, Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	1/10/2019	1/10/2025	2,066	(41)	—	— %
Salient CRGT Inc.								
Federal Services	First lien (3)(10)(11) - Undrawn	—	6/26/2018	11/29/2021	6,125	(490)	—	— %
DCA Investment Holding, LLC								
Healthcare Services	First lien (3)(10)(11) - Undrawn	—	7/2/2015	7/2/2021	44	—	(1)	(0.00) %
Ministry Brands, LLC								
Software	First lien (3)(10)(11) - Undrawn	—	12/7/2016	12/2/2022	1,000	(5)	(5)	(0.00) %
Instructure, Inc.								
Software	First lien (3)(10)(11) - Undrawn	—	3/24/2020	3/24/2026	2,036	(13)	(13)	(0.00) %
Total Unfunded Debt Investments - United States					**$ 66,205**	**$ (865)**	**$ (16)**	**(0.00)%**
Total Unfunded Debt Investments					**$ 66,205**	**$ (865)**	**$ (16)**	**(0.00)%**
Total Non-Controlled/Non-Affiliated Investments						**$ 2,281,184**	**$ 2,249,615**	**181.88 %**

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Non-Controlled/Affiliated Investments(28)								
Funded Debt Investments - United States								
TVG-Edmentum Holdings, LLC (16)								
Edmentum Ultimate Holdings, LLC								
Education	Subordinated (3)(10)	11.00% (L + 10.00%/M)	12/11/2020	12/11/2026	$ 15,000	$ 14,851	$ 14,850	1.20 %
Sierra Hamilton Holdings Corporation								
Energy	Second lien (3)(10)	15.00%/Q	9/12/2019	9/12/2023	835	821	751	0.06 %
Permian Holdco 1, Inc.								
Permian Holdco 2, Inc.								
Permian Holdco 3, Inc.								
Energy	First lien (3)(10)	11.00% (L + 10.00% PIK/M)(26)*	7/23/2020	2/15/2021	2,562	—	—	
	Subordinated (3)(10)	18.00% PIK/Q (26)*	12/26/2018	6/30/2022	2,417	2,417	—	
	Subordinated (3)(10)	14.00% PIK/Q (26)*	10/31/2016	10/15/2021	1,708	1,708	—	
	Subordinated (3)(10)	14.00% PIK/Q (26)*	10/31/2016	10/15/2021	1,025	1,025	—	
					7,712	5,150	—	— %
Total Funded Debt Investments - United States					**$ 23,547**	**$ 20,822**	**$ 15,601**	**1.26 %**
Equity - United States								
TVG-Edmentum Holdings, LLC (16)								
Education	Preferred shares (3)(10)	—	12/11/2020	—	37,793	$ 38,002	$ 42,276	
	Ordinary shares (3)(10)	—	12/11/2020	—	36,750	36,872	41,110	
						74,874	83,386	6.74 %
Sierra Hamilton Holdings Corporation								
Energy	Ordinary shares (2)(10)	—	7/31/2017	—	25,000,000	11,501	3,622	
	Ordinary shares (3)(10)	—	7/31/2017	—	2,786,000	1,282	403	
						12,783	4,025	0.33 %
Permian Holdco 1, Inc.								
Energy	Preferred shares (3)(10)(17)(26)	—	10/31/2016	—	1,366,452	5,714	—	
	Ordinary shares (3)(10)	—	10/31/2016	—	1,366,452	1,350	—	
						7,064	—	— %
Total Shares - United States						**$ 94,721**	**$ 87,411**	**7.07 %**
Total Non-Controlled/Affiliated Investments						**$ 115,543**	**$ 103,012**	**8.33 %**

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

Table of Contents

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
Controlled Investments(29)								
Funded Debt Investments - United States								
New Benevis Topco, LLC (25)								
New Benevis Holdco, Inc.								
Healthcare Services	First lien (2)(10)	10.50% (L + 2.50% + 7.00% PIK/Q)*	10/6/2020	4/7/2025	$ 30,882	$ 30,882	$ 30,882	
	First lien (8)(10)	10.50% (L + 2.50% + 7.00% PIK/Q)*	10/6/2020	4/7/2025	7,577	7,577	7,577	
	First lien (3)(10)	10.50% (L + 2.50% + 7.00% PIK/Q)*	10/6/2020	4/7/2025	3,720	3,720	3,720	
	Subordinated (3)(10)	12.00% PIK/M*	10/6/2020	10/6/2025	14,669	11,906	11,735	
					56,848	54,085	53,914	4.37 %
UniTek Global Services, Inc.								
Business Services	First lien (2)(10)	8.50% (L + 5.50% + 2.00% PIK/S)*	6/29/2018	8/20/2024	12,512	12,512	11,969	
	First lien (3)(10)	8.50% (L + 5.50% + 2.00% PIK/S)*	3/16/2020	8/20/2024	9,274	8,315	8,872	
	First lien (2)(10)	8.50% (L + 5.50% + 2.00% PIK/S)*	6/29/2018	8/20/2024	2,502	2,502	2,394	
	First lien (3)(10)	8.50% (L + 5.50% + 2.00% PIK/S)*	6/29/2018	8/20/2024	1,334	1,143	1,276	
	Second lien (3)(10)	15.00% PIK/Q*	12/16/2020	2/20/2025	11,045	11,045	11,045	
					36,667	35,517	35,556	2.87 %
NHME Holdings Corp. (21)								
National HME, Inc.								
Healthcare Services	Second lien (3)(10)	12.00% PIK/Q*	11/27/2018	5/27/2024	18,643	15,745	13,516	
	Second lien (3)(10)	12.00% PIK/Q*	11/27/2018	5/27/2024	10,302	9,599	9,014	
					28,945	25,344	22,530	1.82 %
New Permian Holdco, Inc.								
New Permian Holdco, L.L.C.								
Energy	First lien (3)(10)	18.00% PIK/M*	10/30/2020	12/31/2024	15,236	15,236	15,236	
	First lien (3)(10)(11) - Drawn	10.00% (L + 9.00% PIK/M)*	10/30/2020	12/31/2024	3,100	3,100	3,100	
					18,336	18,336	18,336	1.48 %
Total Funded Debt Investments - United States					**$ 140,796**	**$ 133,282**	**$ 130,336**	**10.54 %**
Equity - Canada								
NM APP Canada Corp.**								
Net Lease	Membership interest (7)(10)	—	9/13/2016	—	—	$ 7,345	$ 12,302	0.99 %
Total Shares - Canada						**$ 7,345**	**$ 12,302**	**0.99 %**
Equity - United States								
NMFC Senior Loan Program III LLC**								
Investment Fund	Membership interest (3)(10)	—	5/4/2018	—	—	$ 120,000	$ 120,000	9.70 %
NMFC Senior Loan Program II LLC**								
Investment Fund	Membership interest (3)(10)	—	5/3/2016	—	—	79,400	79,400	6.42 %

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New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
NM NL Holdings, L.P.**								
Net Lease	Membership interest (7)(10)	—	6/20/2018	—	—	$ 54,447	$ 67,132	5.43 %
New Benevis Topco, LLC (25)								
Healthcare Services	Ordinary shares (2)(10)	—	10/6/2020	—	269,027	27,154	30,319	
	Ordinary shares (8)(10)	—	10/6/2020	—	66,007	6,662	7,439	
	Ordinary shares (3)(10)	—	10/6/2020	—	60,068	6,105	6,770	
						39,921	44,528	3.60 %
NM GLCR LP								
Net Lease	Membership interest (7)(10)	—	2/1/2018	—	—	14,750	29,130	2.36 %
NMFC Senior Loan Program I LLC**								
Investment Fund	Membership interest (3)(10)	—	6/13/2014	—	—	23,000	23,000	1.86 %
UniTek Global Services, Inc.								
Business Services	Preferred shares (3)(10)(20)	—	8/17/2018	—	10,446,415	10,446	7,794	
	Preferred shares (3)(10)(20)	—	8/29/2019	—	6,208,794	6,209	5,466	
	Preferred shares (3)(10)(19)(26)	—	6/30/2017	—	18,887,620	18,888	7,634	
	Preferred shares (2)(10)(18)(26)	—	1/13/2015	—	29,326,545	26,946	—	
	Preferred shares (3)(10)(18)(26)	—	1/13/2015	—	8,104,462	7,447	—	
	Ordinary shares (2)(10)	—	1/13/2015	—	2,096,477	1,925	—	
	Ordinary shares (3)(10)	—	1/13/2015	—	1,993,749	532	—	
						72,393	20,894	1.69 %
NM CLFX LP								
Net Lease	Membership interest (7)(10)	—	10/6/2017	—	—	12,538	14,885	1.20 %
New Permian Holdco, Inc.								
Energy	Ordinary shares (3)(10)	—	10/30/2020	—	—	11,155	11,000	0.89 %
NM APP US LLC								
Net Lease	Membership interest (7)(10)	—	9/13/2016	—	—	5,080	7,410	0.60 %
NM DRVT LLC								
Net Lease	Membership interest (7)(10)	—	11/18/2016	—	—	5,152	7,084	0.57 %
NM YI, LLC								
Net Lease	Membership interest (7)(10)	—	9/30/2019	—	—	6,272	6,852	0.55 %
NHME Holdings Corp. (21)								
Healthcare Services	Ordinary shares (3)(10)	—	11/27/2018	—	640,000	4,000	4,000	0.32 %
NM JRA LLC								
Net Lease	Membership interest (7)(10)	—	8/12/2016	—	—	2,043	3,830	0.31 %
NM KRLN LLC								
Net Lease	Membership interest (7)(10)	—	11/15/2016	—	—	8,581	1,501	0.12 %

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

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020
(in thousands, except shares)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate (12)	Acquisition Date	Maturity/Expiration Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
NM GP Holdco, LLC**								
Net Lease	Membership interest (7)(10)	—	6/20/2018	—	—	$ 583	$ 703	0.06 %
Total Shares - United States						**$ 459,315**	**$ 441,349**	**35.68 %**
Total Shares						**$ 466,660**	**$ 453,651**	**36.67 %**
Warrants - United States								
UniTek Global Services, Inc.								
Business Services	Warrants(3)(10)	—	12/16/2020	2/20/2025	10,976	$ —	$ 15,888	1.29 %
NHME Holdings Corp. (21)								
Healthcare Services	Warrants (3)(10)	—	11/27/2018	—	160,000	1,000	1,000	0.08 %
Total Warrants - United States						**$ 1,000**	**$ 16,888**	**1.37 %**
Total Funded Investments						**$ 600,942**	**$ 600,875**	**48.58 %**
Unfunded Debt Investments - United States								
New Permian Holdco, Inc.								
New Permian Holdco, L.L.C.								
Energy	First lien (3)(10)(11) - Undrawn	—	10/30/2020	12/31/2024	$ 6,921	$ —	$ —	— %
Total Unfunded Debt Investments - United States					**$ 6,921**	**$ —**	**$ —**	**— %**
Total Controlled Investments						**$ 600,942**	**$ 600,875**	**48.58 %**
Total Investments						**$ 2,997,669**	**$2,953,502**	**238.79 %**

(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 the Collateral Manager, New Mountain Finance Holdings, L.L.C. ("NMF Holdings") as the Borrower and Wells Fargo Bank, National Association as the Administrative Agent 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., Stifel Bank & Trust and MUFG Union Bank, N.A. as Lenders. See Note 7. *Borrowings*, for details.

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

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

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

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

(8) Investment is pledged as collateral for the DB Credit Facility, a revolving credit facility among New Mountain Finance DB, L.L.C as the Borrower and Deutsche Bank AG, New York Branch as the Facility Agent. See Note 7. *Borrowings*, for details.

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

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

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

(12) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (L), the Prime Rate (P) and the alternative base rate (Base) and which resets daily (D), weekly (W), 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, 2020.

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

(in thousands, except shares)

Table of Contents

(13) 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 tranche A first lien term loans and a tranche B first lien term loan in Education Management II LLC, which is an indirect subsidiary of Education Management Corporation.

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

(15) The Company holds investments in two wholly-owned subsidiaries of Alert Holding Company, Inc. The Company holds a first lien term loan and a first lien revolver in Appriss Holdings, Inc. and preferred equity in Alert Intermediate Holdings I, Inc. The preferred equity is entitled to receive preferential dividends at a rate of L + 10.0% per annum.

(16) The Company holds ordinary shares and preferred shares in TVG-Edmentum Holdings, LLC, and subordinated notes in Edmentum Ultimate Holdings, LLC, a wholly-owned subsidiary of TVG-Edmentum Holdings, LLC. The preferred shares are entitled to receive cumulative preferential dividends at a rate of 10.0% per annum. The ordinary shares are entitled to receive cumulative preferential dividends at a rate of 12.0% per annum.

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

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

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

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

(21) The Company holds ordinary shares and warrants in NHME Holdings Corp., as well as second lien term loans in National HME, Inc., a wholly-owned subsidiary of NHME Holdings Corp.

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

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

(24) The Company holds preferred equity in Symplr Software Intermediate Holdings, Inc. that is entitled to receive cumulative preferential dividends at a rate of L + 10.50% per annum.

(25) The Company holds ordinary shares in New Benevis Topco, LLC, and holds first lien last out term loans and subordinated notes in New Benevis Holdco Inc., a wholly-owned subsidiary of New Benevis Topco, LLC.

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

(27) The Company holds one security purchased under a collateralized agreement to resell on its Consolidated Statement of Assets and Liabilities with a cost basis of $30,000 and a fair value of $21,422 as of December 31, 2020. See Note 2*Summary of Significant Accounting Policies*, for details.

(28) Denotes investments in which the Company is an "Affiliated Person", as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), due to owning or holding the power to vote 5.0% or more of the outstanding voting securities of the investment but not controlling the company. Fair value as of December 31, 2020 and December 31, 2019 along with transactions during the year ended December 31, 2020 in which the issuer was a non-controlled/affiliated investment is as follows:

Portfolio Company	Fair Value at December 31, 2019	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains (Losses)	Net Change In Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2020	Interest Income	Dividend Income	Other Income
NMFC Senior Loan Program I LLC (C)	$ 23,000	$ —	$ (23,000)	$ —	$ —	$ —	$ —	$ 2,611	$ 898
Permian Holdco 1, Inc. / Permian Holdco 2, Inc. / Permian Holdco 3, Inc.	40,621	(99)	(33,321)	(3,510)	(7,201)	—	532	(3,418)	178
Sierra Hamilton Holdings Corporation	9,906	178	(766)	13	(4,542)	4,776	329	—	35
TVG-Edmentum Holdings, LLC/Edmentum Ultimate Holdings, LLC	—	89,726	—	—	8,510	98,236	98	333	171
Total Non-Controlled/Affiliated Investments	**$ 73,527**	**$ 89,805**	**$ (57,087)**	**$ (3,497)**	**$ (3,233)**	**$ 103,012**	**$ 959**	**$ (474)**	**$ 1,282**

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

(in thousands, except shares)

(B) 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.

(C) Portfolio company moved into the controlled category.

(29) Denotes investments in which the Company is in "Control", as defined in the 1940 Act, due to owning or holding the power to vote more than 25.0% of the outstanding voting securities of the investment. Fair value as of December 31, 2020 and December 31, 2019 along with transactions during the year ended December 31, 2020 in which the issuer was a controlled investment, is as follows:

io Company		Fair Value at December 31, 2019	Gross Additions (A)	Gross Redemptions (B)	Net Realized Gains (Losses)	Net Change In Unrealized Appreciation (Depreciation)	Fair Value at December 31, 2020	Interest Income	Dividend Income	Other Income
um Ultimate Holdings, LLC/Edmentum Inc.	$	79,1$2	23,5$2	(83,55$)	13,9$4	(19,14$)	$–	7,5$2	$—	4,555
l HME, Inc./NHME Holdings Corp.		24,979	4,011	—	—	(1,460)	27,530	4,011	—	1,000
nevis Topco, LLC / New Benevis Holdco, Inc.		—	94,007	—	—	4,435	98,442	1,559	—	803
Γ Smile Holdings, LLC / Benevis Holdings Corp (C)		—	69,886	(91,831)	(9,739)	21,945	—	1,434	—	415
rmian Holdco, Inc. / New Permian Holdco, L.L.C.		—	29,491	—	—	(155)	29,336	513	—	7
'P CANADA CORP		10,774	—	—	—	1,528	12,302	—	973	—
'P US LLC		6,834	—	—	—	576	7,410	—	636	—
.FX LP		12,723	—	—	—	2,162	14,885	—	1,579	—
:VT LLC		6,016	—	—	—	1,068	7,084	—	479	—
A LLC		3,700	—	—	—	130	3,830	—	272	—
.CR LP		23,800	—	—	—	5,330	29,130	—	1,854	—
:LN LLC		2,379	1,071	—	—	(1,949)	1,501	—	—	—
. Holdings, L.P.		48,308	10,376	—	—	8,448	67,132	—	5,103	—
' Holdco, LLC		487	131	—	—	85	703	—	53	—
LLC		6,339	—	—	—	513	6,852	—	684	—
Senior Loan Program I LLC (D)		—	23,000	—	—	—	23,000	—	142	—
Senior Loan Program II LLC		79,400	—	—	—	—	79,400	—	8,708	—
Senior Loan Program III LLC		100,000	20,000	—	—	—	120,000	—	11,864	—
Global Services, Inc.		68,101	29,744	(233)	3	(25,274)	72,338	1,792	7,297	559
:ontrolled Investments	**$**	**472,9$2**	**305,3$9**	**(175,62$)**	**4,1$8**	**(1,76$)**	**600,8$5**	**16,$31**	**39,6$4**	**7,339**

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

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

(C) Portfolio company moved into the controlled category from the non-controlled/non-affiliated investment category.

(D) Portfolio company moved into the controlled category from the non-controlled/affiliated investment company.

* All or a portion of interest contains PIK interest.

** Indicates assets that the Company deems to be "non-qualifying assets" under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70.0% of the Company's total assets at the time of acquisition of any additional non-qualifying assets. As of December 31, 2020, 16.2% of the Company's total assets are represented by investments at fair value that are considered non-qualifying assets.

New Mountain Finance Corporation

Consolidated Schedule of Investments (Continued)
December 31, 2020

Investment Type	December 31, 2020 Percent of Total Investments at Fair Value
First lien	53.37 %
Second lien	23.46 %
Subordinated	1.25 %
Equity and other	21.92 %
Total investments	100.00 %

Industry Type	December 31, 2020 Percent of Total Investments at Fair Value
Software	27.60 %
Business Services	21.11 %
Healthcare Services	16.22 %
Education	8.06 %
Investment Funds (includes investments in joint ventures)	7.53 %
Net Lease	5.11 %
Federal Services	2.84 %
Consumer Services	2.66 %
Specialty Chemicals & Materials	2.09 %
Distribution & Logistics	1.96 %
Healthcare Information Technology	1.62 %
Industrial Services	1.24 %
Energy	1.15 %
Packaging	0.44 %
Business Products	0.37 %
Total investments	100.00 %

Interest Rate Type	December 31, 2020 Percent of Total Investments at Fair Value
Floating rates	93.75 %
Fixed rates	6.25 %
Total investments	100.00 %

Notes to the Consolidated Financial Statements of
New Mountain Finance Corporation

December 31, 2021
(in thousands, except share data)

Note 1. Formation and Business Purpose

New Mountain Finance Corporation ("NMFC" or the "Company") is a Delaware corporation that was originally incorporated on June 29, 2010 and completed its initial public offering ("IPO") on May 19, 2011. NMFC is a closed-end, non-diversified management investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). NMFC has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). NMFC is also registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Since NMFC's IPO, and through December 31, 2021, NMFC raised approximately $905,610 in net proceeds from additional offerings of its common stock.

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

The Company has established the following wholly-owned direct and indirect subsidiaries:

- New Mountain Finance Holdings, L.L.C. ("NMF Holdings") and New Mountain Finance DB, L.L.C. ("NMFDB"), whose assets are used to secure NMF Holdings' credit facility and NMFDB's credit facility, respectively;
- New Mountain Finance SBIC, L.P. ("SBIC I") and New Mountain Finance SBIC II, L.P. ("SBIC II"), who have received licenses from the United States ("U.S.") Small Business Administration ("SBA") to operate as small business investment companies ("SBICs") under Section 301(c) of the Small Business Investment Act of 1958, as amended (the "1958 Act"), and their general partners, New Mountain Finance SBIC G.P., L.L.C. ("SBIC I GP"), and New Mountain Finance SBIC II G.P., L.L.C. ("SBIC II GP"), respectively;
- NMF Ancora Holdings Inc. ("NMF Ancora"), NMF QID Holdings, Inc. ("NMF QID"), NMF YP Holdings Inc. ("NMF YP"), NMF Permian Holdings LLC ("NMF Permian"), NMF HB, Inc. ("NMF HB"), NMF TRM, LLC ("NMF TRM"), NMF Pioneer, Inc. ("NMF Pioneer") and NMF OEC, Inc. ("NMF OEC"), which serve as tax blocker corporations by holding equity or equity-like investments in portfolio companies organized as limited liability companies (or other forms of pass-through entities); the Company consolidates its tax blocker corporations for accounting purposes but the tax blocker corporations are not consolidated for U.S. federal income tax purposes and may incur U.S. federal income tax expense as a result of their ownership of the portfolio companies; and
- New Mountain Finance Servicing, L.L.C. ("NMF Servicing"), which serves as the administrative agent on certain investment transactions.

New Mountain Net Lease Corporation ("NMNLC") is a majority-owned consolidated subsidiary of the Company, which acquires commercial real estate properties that are subject to "triple net" leases has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a real estate investment trust, or REIT, within the meaning of Section 856(a) of the Code.

The Company's investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. The first lien debt may include traditional first lien senior secured loans or unitranche loans. Unitranche loans combine characteristics of traditional first lien senior secured loans as well as second lien and subordinated loans. Unitranche loans will expose the Company to the risks associated with second lien and subordinated loans to the extent the Company invests in the "last out" tranche. In some cases, the Company's investments may also include equity interests. The Company's primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance. Similar to the Company, SBIC I's and SBIC II's investment objectives are to generate current income and capital appreciation under the investment criteria used by the Company. However, SBIC I and SBIC II investments must be in SBA eligible small businesses. The Company's portfolio may be concentrated in a limited number of industries. As of December 31, 2021, the Company’s top five industry concentrations were software, business services, healthcare services, investment funds (which includes the Company's investments in its joint ventures) and education.

Note 2. Summary of Significant Accounting Policies

Basis of accounting—The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the U.S. ("GAAP"). The Company is an investment company following accounting and reporting guidance in Accounting Standards Codification Topic 946, *Financial Services—Investment Companies*, ("ASC 946"). NMFC consolidates its wholly-owned direct and indirect subsidiaries: NMF Holdings, NMFDB, NMF Servicing, SBIC I, SBIC I GP, SBIC II, SBIC II GP, NMF Ancora, NMF QID, NMF YP, NMF Permian, NMF HB, NMF TRM, NMF Pioneer and NMF OEC and its majority-owned consolidated subsidiary: NMNLC. For majority-owned consolidated subsidiaries, the third-party equity interest is referred to as non-controlling interest. The net income attributable to non-controlling interests for such subsidiaries is presented as “Net increase (decrease) in net assets resulting from operations related to non-controlling interest” in the Company’s Consolidated Statements of Operations. The portion of shareholders' equity that is attributable to non-controlling interests for such subsidiaries is presented as “Non-controlling interest”, a component of total equity, on the Company’s Consolidated Statements of Assets and Liabilities.

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

The Company's consolidated financial statements are prepared in accordance with GAAP and pursuant to the requirements for reporting on Form 10-K and Article 6 or 10 of Regulation S-X. In the opinion of management, all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements have been included.

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

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

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

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

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

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

      i. Investments for which two or more quotes are received from a pricing service are valued using the mean of the mean of the bid and ask of the quotes obtained. The Company will evaluate the reasonableness of the quote, and if the quote is determined to not be representative of fair value, the Company will use one or more of the methodologies outlined below to determine fair value; and

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

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

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

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

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

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

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

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

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

New Mountain Net Lease Corporation

NMNLC was formed to acquire commercial real estate properties that are subject to "triple net" leases. NMNLC's investments are disclosed on the Company's Consolidated Schedule of Investments as of December 31, 2021.

On March 30, 2020, an affiliate of the Investment Adviser purchased directly from NMNLC 105,030 shares of NMNLC's common stock at a price of $107.73 per share, which represented the net asset value per share of NMNLC at the date of purchase, for an aggregate purchase price of approximately $11,315. Immediately thereafter, NMNLC redeemed 105,030 shares of its common stock held by NMFC in exchange for a promissory note with a principal amount of $11,315 and a 7.0% interest rate, which was repaid by NMNLC to NMFC on March 31, 2020.

Below is certain summarized property information for NMNLC as of December 31, 2021:

Portfolio Company	Tenant	Lease Expiration Date	Location	Total Square Feet	Fair Value as of December 31, 2021
NM NL Holdings LP / NM GP Holdco LLC	Various	Various	Various	Various	$ 109,067
NM GLCR LP	Arctic Glacier U.S.A.	2/28/2038	CA	214	50,687
NM CLFX LP	Victor Equipment Company	8/31/2033	TX	423	24,676
NM APP US LLC	Plasman Corp, LLC / A-Brite LP	9/30/2033	AL / OH	261	14,891
NM APP Canada, Corp.	A.P. Plasman, Inc.	9/30/2031	Canada	436	9,422
NM YI, LLC	Young Innovations, Inc.	10/31/2039	IL / MO	212	8,286
NM DRVT LLC	FMH Conveyors, LLC	10/31/2031	AR	195	7,984
NM JRA LLC	J.R. Automation Technologies, LLC	1/31/2031	MI	88	3,996
NM KRLN LLC	None	N/A	MD	95	244
					$ 229,253

Collateralized agreements or repurchase financings—The Company follows the guidance in Accounting Standards Codification Topic 860, *Transfers and Servicing—Secured Borrowing and Collateral* ("ASC 860"), when accounting for transactions involving the purchases of securities under collateralized agreements to resell (resale agreements). These transactions are treated as collateralized financing transactions and are recorded at their contracted resale or repurchase amounts, as specified in the respective agreements. Interest on collateralized agreements is accrued and recognized over the life of the transaction and included in interest income. As of December 31, 2021 and December 31, 2020, the Company held one collateralized agreement to resell with a cost basis of $30,000 and $30,000, respectively, and a fair value of $21,422 and $21,422, respectively. The collateralized agreement to resell is on non-accrual. The collateralized agreement to resell is guaranteed by a private hedge fund, PPVA Fund, L.P. The private hedge fund is currently in liquidation under the laws of the Cayman Islands. Pursuant to the terms of the collateralized agreement, the private hedge fund was obligated to repurchase the collateral from the Company at the par value of the collateralized agreement. The private hedge fund has breached its agreement to repurchase the collateral under the collateralized agreement. The default by the private hedge fund did not release the collateral to the Company, and therefore, the Company does not have full rights and title to the collateral. A claim has been filed with the Cayman Islands joint official liquidators to resolve this matter. The joint official liquidators have recognized the Company's contractual rights under the collateralized agreement. The Company continues to exercise its rights under the collateralized agreement and continues to monitor the liquidation process of the private hedge fund. The fair value of the collateralized agreement to resell is reflective of the increased risk of the position.

Cash and cash equivalents—Cash and cash equivalents include cash and short-term, highly liquid investments. The Company defines cash equivalents as securities that are readily convertible into known amounts of cash and so near maturity that there is insignificant risk of changes in value. These securities have original maturities of three months or less. The Company did not hold any cash equivalents as of December 31, 2021 and December 31, 2020.

Revenue recognition

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

Interest and dividend income: Interest income, including amortization of premium and discount using the effective interest method, is recorded on the accrual basis and periodically assessed for collectability. Interest income also includes interest earned from cash on hand. Upon the prepayment of a loan or debt security, any prepayment penalties are recorded as part of interest income. The Company has loans and certain preferred equity investments in the portfolio that contain a payment-in-kind ("PIK") interest or dividend provision. PIK interest and dividends are accrued and recorded as income at the contractual rates, if deemed collectible. The PIK interest and dividends are added to the principal or share balances on the capitalization dates and are generally due at maturity or when redeemed by the issuer. For the years ended December 31, 2021, December 31, 2020 and December 31, 2019, the Company recognized PIK and non-cash interest from investments of $23,343, $17,002 and $9,495, respectively, and PIK and non-cash dividends from investments of $19,485, $13,447 and $18,698, respectively.

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

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

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

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

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

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

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

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

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

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

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

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

For the year ended December 31, 2021, the Company recognized a total income tax expense of approximately $232 for the Company's consolidated subsidiaries. For the year ended December 31, 2021, the Company recorded current income tax expense of approximately $118 and deferred income tax provision of approximately $114. For the year ended December 31, 2020, the Company recognized a total income tax benefit of approximately $991 for the Company's consolidated subsidiaries.

For the year ended December 31, 2020, the Company recorded current income tax expense of approximately $22 and deferred income tax benefit of approximately $1,013. For the year ended December 31, 2019, the Company recognized a total income tax provision of approximately $0 for the Company's consolidated subsidiaries. For the year ended December 31, 2019, the Company recorded current income tax expense of approximately $94 and deferred income tax benefit of approximately $94.

As of December 31, 2021 and December 31, 2020, the Company had $13 of deferred tax liabilities and $101 of deferred tax assets, respectively, primarily relating to deferred taxes attributable to certain differences between the computation of income for U.S. federal income tax purposes as compared to GAAP.

Based on its analysis, the Company has determined that there were no uncertain income tax positions that do not meet the more likely than not threshold as defined by Accounting Standards Codification Topic 740 ("ASC 740") through December 31, 2021. The 2018 through 2021 tax years remain subject to examination by the U.S. federal, state, and local tax authorities.

Distributions—Distributions to common stockholders of the Company are recorded on the record date as set by the board of directors. The Company intends to make distributions to its stockholders that will be sufficient to enable the Company to maintain its status as a RIC. The Company intends to distribute approximately all of its net investment income (see Note 5. *Agreements,* for details) on a quarterly basis and substantially all of its taxable income on an annual basis, except that the Company may retain certain net capital gains for reinvestment.

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

The Company applies the following in implementing the dividend reinvestment plan. If the price at which newly issued shares are to be credited to stockholders' accounts is equal to or greater than 110.0% of the last determined net asset value of the shares, the Company will use only newly issued shares to implement its dividend reinvestment plan. Under such circumstances, the number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the distribution payable to such stockholder by the market price per share of the Company's common stock on the NASDAQ Global Select Market (the "NASDAQ") on the distribution payment date. Market price per share on that date will be the closing price for such shares on the NASDAQ or, if no sale is reported for such day, the average of their electronically reported bid and ask prices.

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

Share repurchase program—On February 4, 2016, the Company's board of directors authorized a program for the purpose of repurchasing up to $50,000 worth of the Company's common stock (the "Repurchase Program"). Under the Repurchase Program, the Company was permitted, but was not obligated to, repurchase its outstanding common stock in the open market from time to time provided that it complied with the Company's code of ethics and the guidelines specified in Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including certain price, market volume and timing constraints. In addition, any repurchases were conducted in accordance with the 1940 Act. On December 22, 2021, our board of directors extended our Repurchase Program and we expect the Repurchase Program to be in place until the earlier of December 31, 2022 or until $50,000 of outstanding shares of common stock have been repurchased. During the years ended December 31, 2021 and December 31, 2020, the Company did not repurchase any shares of the Company's common stock. The Company previously repurchased $2,948 of its common stock under the Repurchase Program.

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

Foreign securities—The accounting records of the Company are maintained in U.S. dollars. Investment securities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies on the respective dates of the transactions. The Company isolates that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with "Net change in unrealized appreciation (depreciation)" and "Net realized gains (losses)" in the Company's Consolidated Statements of Operations.

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

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

Note 3. Investments

At December 31, 2021, the Company's investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 1,682,541	$ 1,657,815
Second lien	645,370	627,356
Subordinated	54,996	50,742
Equity and other	743,585	838,451
Total investments	$ 3,126,492	$ 3,174,364

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Software	$ 782,714	$ 781,304
Business Services	578,635	514,013
Healthcare Services	510,832	509,941
Investment Funds (includes investments in joint ventures)	252,400	252,400
Education	200,895	250,351
Net Lease	150,603	229,253
Consumer Services	111,464	111,140
Distribution & Logistics	106,211	104,112
Insurance Services	76,307	75,094
Specialty Chemicals & Materials	60,295	60,367
Information Technology	58,570	58,553
Financial Services	55,424	55,745
Healthcare Information Technology	52,804	52,946
Energy	47,702	38,759
Packaging	34,763	33,723
Federal Services	12,797	12,790
Business Products	10,764	10,586
Consumer Products	10,218	10,206
Industrial Services	7,368	7,362
Information Services	5,726	5,719
Total investments	$ 3,126,492	$ 3,174,364

At December 31, 2020, the Company's investments consisted of the following:

Investment Cost and Fair Value by Type

	Cost	Fair Value
First lien	$ 1,601,438	$ 1,576,217
Second lien	699,263	692,828
Subordinated	46,407	36,939
Equity and other	650,561	647,518
Total investments	$ 2,997,669	$ 2,953,502

Investment Cost and Fair Value by Industry

	Cost	Fair Value
Software	$ 810,907	$ 815,109
Business Services	673,680	623,609
Healthcare Services	483,845	479,084
Education	236,922	238,034
Investment Funds (includes investments in joint ventures)	222,400	222,400
Net Lease	116,791	150,829
Federal Services	82,637	83,742
Consumer Services	78,231	78,538
Specialty Chemicals & Materials	62,037	61,651
Distribution & Logistics	65,589	57,878
Healthcare Information Technology	47,610	47,915
Industrial Services	36,581	36,744
Energy	55,309	34,112
Packaging	14,371	13,069
Business Products	10,759	10,788
Total investments	$ 2,997,669	$ 2,953,502

As of December 31, 2021, the Company's aggregate principal amount of its first lien term loans and subordinated position in American Achievement Corporation ("AAC") was $29,137 and $5,230, respectively, of which $12,571 and $5,230, respectively, are on non-accrual status. As of December 31, 2021, the Company's positions in AAC on non-accrual status had an aggregate cost basis of $12,551, an aggregate fair value of $6,954 and total unearned interest income of $615 for the year then ended.

During the third quarter of 2021, the Company placed its second lien position in Sierra Hamilton Holdings Corporation ("Sierra") on non-accrual status. As of December 31, 2021, the Company's second lien position in Sierra had an aggregate cost basis of $5, an aggregate fair value of $0, and total unearned interest income of $1 for the year then ended.

During the first quarter of 2020, the Company placed its junior preferred shares in UniTek Global Services, Inc. ("UniTek") on non-accrual status. As of December 31, 2021, the Company's junior preferred shares in UniTek had an aggregate cost basis of $34,393, an aggregate fair value of $0 and total unearned dividend income of $5,871 for the year then ended. During the third quarter of 2021, the Company placed an aggregate principal amount of $19,795 of its investment in the senior preferred shares of UniTek on non-accrual status. As of December 31, 2021, the Company's senior preferred shares in UniTek had an aggregate cost basis of $19,795, an aggregate fair value of approximately $396 and total unearned dividend income of approximately $2,959 for the year then ended.

During the first quarter of 2018, the Company placed its first lien positions in Education Management II LLC ("EDMC") on non-accrual status as EDMC announced its intention to wind down and liquidate the business. As of December 31, 2021, the Company's investment in EDMC, which was placed on non-accrual status, represented an aggregate cost basis of $957, an aggregate fair value of $0 and total unearned interest income of $18 for the year then ended.

As of December 31, 2021, the Company had unfunded commitments on revolving credit facilities and bridge facilities of $86,989 and $0, respectively. As of December 31, 2021, the Company had unfunded commitments in the form of delayed draws or other future funding commitments of $128,446. The unfunded commitments on revolving credit facilities and delayed draws are disclosed on the Company's Consolidated Schedule of Investments as of December 31, 2021.

As of December 31, 2020, the Company had unfunded commitments on revolving credit facilities and bridge facilities of $63,411 and $0, respectively. As of December 31, 2020, the Company had unfunded commitments in the form of delayed draws or other future funding commitments of $9,715. The unfunded commitments on revolving credit facilities and delayed draws are disclosed on the Company's Consolidated Schedule of Investments as of December 31, 2020.

PPVA Black Elk (Equity) LLC

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

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

On December 22, 2017, the Company settled the Trustee’s $20,540 Claim for $16,000 and filed a claim with the Cayman Islands joint official liquidators of the private hedge fund for $16,000 that is owed to the Company under the SPP Agreement. The SPP Agreement was restored and is in effect since repayment has not been made. The Company continues to exercise its rights under the SPP Agreement and continues to monitor the liquidation process of the private hedge fund. During the year ended December 31, 2018, the Company received a $1,500 payment from its insurance carrier in respect to the settlement. As of December 31, 2021, the SPP Agreement has a cost basis of $14,500 and a fair value of $10,354, which is reflective of the higher inherent risk in this transaction.

NMFC Senior Loan Program I LLC

NMFC Senior Loan Program I LLC (“SLP I”) was formed as a Delaware limited liability company on May 27, 2014 and commenced operations on June 10, 2014. SLP I was structured as a private investment fund and was a portfolio company held by the Company. SLP I operated under a limited liability company agreement (the “SLP I Agreement”) and invested in senior secured loans issued by companies within the Company’s core industry verticals. These investments were typically broadly syndicated first lien loans.

Effective May 5, 2021, the Company and SkyKnight Income III, LLC (“SkyKnight Income III”) entered into a Contribution Agreement in which 100% of both of their membership interests in SLP I were transferred and contributed to NMFC Senior Loan Program IV LLC ("SLP IV"), a Delaware limited liability company, structured as a private joint venture investment fund between the Company and SkyKnight Income Alpha, LLC ("SkyKnight Alpha"). On May 5, 2021, SLP I entered into Amendment 1 to the First Amended and Restated Limited Liability Company Agreement (the “Amended Restated SLP I Agreement”), which admitted SLP IV as the sole member of SLP I. As of May 5, 2021, SLP I is a wholly-owned subsidiary of SLP IV.

As of May 4, 2021, SLP I had total investments with an aggregate fair value of approximately $119,642, debt outstanding of $79,467 and capital that had been called and funded of $43,000. As of December 31, 2020, SLP I had total investments with an aggregate fair value of approximately $124,659, debt outstanding of $188,867 and capital that had been called and funded of $43,000. The Company's investment in SLP I is disclosed on the Company's Consolidated Schedule of Investments as of December 31, 2020.

Below is a summary of SLP I's portfolio, along with a listing of the individual investments in SLP I's portfolio as of December 31, 2020. As of May 5, 2021, all investments in the SLP I portfolio are included in the consolidated portfolio of SLP IV.

	December 31, 2020	
First lien investments (1)	$ 127,660	
Weighted average interest rate on first lien investments (2)	4.85	%
Number of portfolio companies in SLP I	34	
Largest portfolio company investment (1)	$ 7,797	
Total of five largest portfolio company investments (1)	$ 34,918	

(1) Reflects principal amount or par value of investment.
(2) Computed as the all in interest rate in effect on accruing investments divided by the total principal amount of investments.

The following table is a listing of the individual investments in SLP I's portfolio as of December 31, 2020:

Portfolio Company and Type of Investment	Industry	Interest Rate (1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value (2)
Funded Investments - First lien						
Access CIG, LLC	Business Services	3.98% (L + 3.75%)	2/27/2025	$ 3,678	$ 3,701	$ 3,649
Advisor Group Holdings, Inc.	Consumer Services	5.15% (L + 5.00%)	7/31/2026	6,866	6,809	6,836
Affordable Care Holding Corp.	Healthcare Services	5.75% (L + 4.75%)	10/24/2022	6,614	6,578	6,531
ASG Technologies Group, Inc.	Software	4.50% (L + 3.50%)	7/31/2024	653	651	636
BarBri, Inc.	Education	5.00% (L + 4.00%)	12/1/2023	5,980	5,964	5,980
Bearcat Buyer, Inc.	Healthcare Services	5.25% (L + 4.25%)	7/9/2026	131	130	131
Bearcat Buyer, Inc.	Healthcare Services	5.25% (L + 4.25%)	7/9/2026	631	628	631
Bracket Intermediate Holding Corp.	Healthcare Services	4.48% (L + 4.25%)	9/5/2025	4,520	4,504	4,474
Certara Holdco, Inc.	Healthcare Information Technology	3.75% (L + 3.50%)	8/15/2024	5,138	5,134	5,145
CHA Holdings, Inc.	Business Services	5.50% (L + 4.50%)	4/10/2025	452	452	423
Cvent, Inc.	Software	3.90% (L + 3.75%)	11/29/2024	6,745	6,732	6,479
Dealer Tire, LLC	Distribution & Logistics	4.40% (L + 4.25%)	12/12/2025	3,433	3,426	3,419
Drilling Info Holdings, Inc.	Business Services	4.40% (L + 4.25%)	7/30/2025	6,103	6,084	5,925
Emerald 2 Limited	Business Services	3.50% (L + 3.25%)	7/10/2026	449	448	445
eResearchTechnology, Inc.	Healthcare Services	5.50% (L + 4.50%)	2/4/2027	1,345	1,333	1,336
Fastlane Parent Company, Inc.	Distribution & Logistics	4.65% (L + 4.50%)	2/4/2026	1,363	1,342	1,355
Greenway Health, LLC	Software	4.75% (L + 3.75%)	2/16/2024	6,693	6,677	6,141
Heartland Dental, LLC	Healthcare Services	3.65% (L + 3.50%)	4/30/2025	3,609	3,597	3,524
Help/Systems Holdings, Inc.	Software	5.75% (L + 4.75%)	11/19/2026	138	137	138
LSCS Holdings, Inc.	Healthcare Services	4.51% (L + 4.25%)	3/17/2025	1,372	1,367	1,344
LSCS Holdings, Inc.	Healthcare Services	4.51% (L + 4.25%)	3/17/2025	5,314	5,297	5,208
Market Track, LLC	Business Services	5.25% (L + 4.25%)	6/5/2024	781	783	767
Medical Solutions Holdings, Inc.	Healthcare Services	5.50% (L + 4.50%)	6/14/2024	2,249	2,245	2,237
Ministry Brands, LLC	Software	5.00% (L + 4.00%)	12/2/2022	4,876	4,868	4,852
National Intergovernmental Purchasing Alliance Company	Business Services	4.00% (L + 3.75%)	5/23/2025	1,352	1,354	1,346
Pelican Products, Inc.	Business Products	4.50% (L + 3.50%)	5/1/2025	2,254	2,250	2,217
Premise Health Holding Corp.	Healthcare Services	3.75% (L + 3.50%)	7/10/2025	628	626	614
Project Accelerate Parent, LLC	Business Services	5.25% (L + 4.25%)	1/2/2025	4,175	4,159	3,799
PSC Industrial Holdings Corp.	Industrial Services	4.75% (L + 3.75%)	10/11/2024	3,906	3,883	3,799
Salient CRGT Inc.	Federal Services	7.50% (L + 6.50%)	2/28/2022	6,731	6,713	6,731
Sierra Enterprises, LLC	Food & Beverage	5.00% (L + 4.00%)	11/11/2024	4,260	4,243	4,192
Wirepath LLC	Distribution & Logistics	4.25% (L + 4.00%)	8/5/2024	6,779	6,779	6,542
WP CityMD Bidco LLC	Healthcare Services	5.50% (L + 4.50%)	8/13/2026	6,148	6,096	6,162
Wrench Group LLC	Consumer Services	4.25% (L + 4.00%)	4/30/2026	2,739	2,716	2,712
YI, LLC	Healthcare Services	5.00% (L + 4.00%)	11/7/2024	7,797	7,792	7,174
Zelis Cost Management Buyer, Inc.	Healthcare Information Technology	4.90% (L + 4.75%)	9/30/2026	1,758	1,743	1,765
Total Funded Investments				**$ 127,660**	**$ 127,241**	**$ 124,659**

(1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of December 31, 2020.
(2) Represents the fair value in accordance with Accounting Standards Codification Topic 820*Fair Value Measurement and Disclosures* ("ASC 820"). The Company's board of directors does not determine the fair value of the investments held by SLP I.

Below is certain summarized financial information for SLP I as of May 4, 2021 and December 31, 2020 and for the period from January 1, 2021 through May 4, 2021 and for the years ended December 31, 2020 and December 31, 2019:

Selected Balance Sheet Information:	**May 4, 2021**	**December 31, 2020**
Investments at fair value (cost of $120,921 and $127,241, respectively)	$ 119,642	$ 124,659
Receivable from in-kind distributions	—	100,404
Receivable from unsettled securities sold	—	1,662
Cash and other assets	2,279	6,461
Total assets	$ 121,921	$ 233,186
Credit facility	$ 79,467	$ 188,867
Deferred financing costs	—	(296)
Distribution payable	310	2,538
Other liabilities	388	1,364
Total liabilities	80,165	192,473
Members' capital	$ 41,756	$ 40,713
Total liabilities and members' capital	$ 121,921	$ 233,186

		Year Ended December 31,	
Selected Statement of Operations Information:	**2021(1)**	**2020**	**2019**
Interest income	$ 2,555	$ 17,609	$ 22,618
Other income	13	58	189
Total investment income	2,568	17,667	22,807
Interest and other financing expenses	852	5,518	10,356
Other expenses	591	1,704	1,668
Total expenses	1,443	7,222	12,024
Less: expenses waived and reimbursed	—	(155)	(202)
Net expenses	1,443	7,067	11,822
Net investment income	1,125	10,600	10,985
Net realized gains (losses) on investments	1	(400)	133
Net change in unrealized appreciation (depreciation) of investments	1,302	(2,831)	263
Net increase in members' capital	$ 2,428	$ 7,369	$ 11,381

(1) Reflects the results of operations for the period from January 1, 2021 through May 4, 2021.

Pursuant to the First Amended and Restated Limited Liability Company Agreement effective December 11, 2020 (the "Restated SLP I Agreement"), the Company was no longer entitled to, and SLP I no longer paid management fees for investment management services provided to SLP I. For the period from January 1, 2021 through May 4, 2021, the Company did not earn management fees related to SLP I. For the period January 1, 2020 to December 11, 2020 and for the year ended December 31, 2019, the Company earned approximately $898 and $1,142, respectively, in management fees related to SLP I, which is included in other income. As of December 31, 2021 and December 31, 2020, approximately $0 and $117, respectively, of management fees related to SLP I was included in receivable from affiliates. For the period from January 1, 2021 through May 4, 2021 and for the years ended December 31, 2020 and December 31, 2019, the Company earned approximately $741, $2,753 and $3,073, respectively, of dividend income related to SLP I, which is included in dividend income. As of December 31, 2021 and December 31, 2020, approximately $0 and $657, respectively, of dividend income related to SLP I was included in interest and dividend receivable.

NMFC Senior Loan Program II LLC

NMFC Senior Loan Program II LLC ("SLP II") was formed as a Delaware limited liability company on March 9, 2016 and commenced operations on April 12, 2016. SLP II was structured as a private joint venture investment fund between the Company and SkyKnight Income, LLC ("SkyKnight") and operated under a limited liability company agreement (the "SLP II Agreement"). The purpose of the joint venture was to invest primarily in senior secured loans issued by portfolio companies within the Company's core industry verticals. These investments were typically broadly syndicated first lien loans. All investment decisions had to be unanimously approved by the board of managers of SLP II, which had equal representation from the Company and SkyKnight.

Effective May 5, 2021, the Company and SkyKnight entered into a Contribution Agreement in which 100% of both of their membership interests in SLP II were transferred and contributed to SLP IV. Effective May 5, 2021, SLP II entered into Amendment 1 to the Limited Liability Company Agreement (the "Amended SLP II Agreement"), which admitted SLP IV as the sole member of SLP II. As of May 5, 2021, SLP II is a wholly-owned subsidiary of SLP IV.

As of May 4, 2021 and December 31, 2020, SLP II had total investments with an aggregate fair value of approximately $250,290 and $271,149, respectively, and debt outstanding under its credit facility of $158,470 and $183,970, respectively. As of May 4, 2021 and December 31, 2020, none of SLP II's investments were on non-accrual.

Below is a summary of SLP II's portfolio, along with a listing of the individual investments in SLP II's portfolio as of December 31, 2020. As of May 5, 2021, all investments in the SLP II portfolio are included in the consolidated portfolio of SLP IV.

	December 31, 2020
First lien investments (1)	$ 279,678
Weighted average interest rate on first lien investments (2)	5.07 %
Number of portfolio companies in SLP II	32
Largest portfolio company investment (1)	$ 16,481
Total of five largest portfolio company investments (1)	$ 75,522

(1) Reflects principal amount or par value of investment.
(2) Computed as the all in interest rate in effect on accruing investments divided by the total principal amount of investments.

The following table is a listing of the individual investments in SLP II's portfolio as of December 31, 2020:

Portfolio Company and Type of Investment	Industry	Interest Rate (1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value (2)
Funded Investments - First lien						
Access CIG, LLC	Business Services	3.98% (L + 3.75%)	2/27/2025	$ 4,613	$ 4,598	$ 4,577
ADG, LLC	Healthcare Services	6.25 % (L + 4.75% + 0.50% PIK)	9/28/2023	16,481	16,410	15,612
Advisor Group Holdings, Inc.	Consumer Services	5.15% (L + 5.00%)	7/31/2026	4,950	4,909	4,928
Bearcat Buyer, Inc.	Healthcare Services	5.25% (L + 4.25%)	7/9/2026	283	282	283
Bearcat Buyer, Inc.	Healthcare Services	5.25% (L + 4.25%)	7/9/2026	1,365	1,359	1,365
Bleriot US Bidco Inc.	Federal Services	5.00% (L + 4.75%)	10/31/2026	1,341	1,329	1,341
Bleriot US Bidco Inc.	Federal Services	5.00% (L + 4.75%)	10/30/2026	8,584	8,509	8,584
Brave Parent Holdings, Inc.	Software	4.15% (L + 4.00%)	4/18/2025	3,652	3,643	3,630
CentralSquare Technologies, LLC	Software	4.00% (L + 3.75%)	8/29/2025	14,700	14,674	13,745
CHA Holdings, Inc.	Business Services	5.50% (L + 4.50%)	4/10/2025	2,026	2,019	1,895
CHA Holdings, Inc.	Business Services	5.50% (L + 4.50%)	4/10/2025	10,588	10,556	9,900
Dealer Tire, LLC	Distribution & Logistics	4.40% (L + 4.25%)	12/12/2025	7,425	7,409	7,394
Drilling Info Holdings, Inc.	Business Services	4.40% (L + 4.25%)	7/30/2025	14,608	14,563	14,182
Edgewood Partners Holdings LLC (EPIC)	Business Services	5.25% (L + 4.25%)	9/6/2024	7,356	7,304	7,301
eResearchTechnology, Inc.	Healthcare Services	5.50% (L + 4.50%)	2/4/2027	3,129	3,101	3,106
Fastlane Parent Company, Inc.	Distribution & Logistics	4.65% (L + 4.50%)	2/4/2026	3,439	3,386	3,419
Greenway Health, LLC	Software	4.75% (L + 3.75%)	2/16/2024	14,475	14,439	13,281
Help/Systems Holdings, Inc.	Software	5.75% (L + 4.75%)	11/19/2026	4,411	4,373	4,411
Institutional Shareholder Services Inc.	Business Services	4.75% (L + 4.50%)	3/5/2026	13,755	13,648	13,600
Keystone Acquisition Corp.	Healthcare Services	6.25% (L + 5.25%)	5/1/2024	5,225	5,196	4,937
LSCS Holdings, Inc.	Healthcare Services	4.51% (L + 4.25%)	3/17/2025	1,865	1,863	1,828
LSCS Holdings, Inc.	Healthcare Services	4.51% (L + 4.25%)	3/17/2025	7,225	7,219	7,080
Market Track, LLC	Business Services	5.25% (L + 4.25%)	6/5/2024	11,580	11,549	11,376
Medical Solutions Holdings, Inc.	Healthcare Services	5.50% (L + 4.50%)	6/14/2024	2,767	2,760	2,753
Ministry Brands, LLC	Software	5.00% (L + 4.00%)	12/2/2022	2,073	2,069	2,063
Ministry Brands, LLC	Software	5.00% (L + 4.00%)	12/2/2022	871	869	867
Ministry Brands, LLC	Software	5.00% (L + 4.00%)	12/2/2022	12,034	12,011	11,975
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	6.25% (L + 5.25%)	4/29/2024	10,133	10,105	10,158
Premise Health Holding Corp.	Healthcare Services	3.75% (L + 3.50%)	7/10/2025	1,358	1,354	1,328
Project Accelerate Parent, LLC	Business Services	5.25% (L + 4.25%)	1/2/2025	12,418	12,379	11,300
PSC Industrial Holdings Corp.	Industrial Services	4.75% (L + 3.75%)	10/11/2024	3,028	3,011	2,945
Quest Software US Holdings Inc.	Software	4.46% (L + 4.25%)	5/16/2025	14,700	14,650	14,480
Salient CRGT Inc.	Federal Services	7.50% (L + 6.50%)	2/28/2022	12,478	12,445	12,478
Wirepath LLC	Distribution & Logistics	4.25% (L + 4.00%)	8/5/2024	14,663	14,663	14,149
WP CityMD Bidco LLC	Healthcare Services	5.50% (L + 4.50%)	8/13/2026	5,418	5,372	5,431
Wrench Group LLC	Consumer Services	4.25% (L + 4.00%)	4/30/2026	5,924	5,875	5,865
YI, LLC	Healthcare Services	5.00% (L + 4.00%)	11/7/2024	14,649	14,641	13,477
Zelis Cost Management Buyer, Inc.	Healthcare Information Technology	4.90% (L + 4.75%)	9/30/2026	4,088	4,053	4,105
Total Funded Investments				**$ 279,678**	**$ 278,595**	**$ 271,149**

(1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of December 31, 2020.
(2) Represents the fair value in accordance with ASC 820. The Company's board of directors does not determine the fair value of the investments held by SLP II.

Below is certain summarized financial information for SLP II as of May 4, 2021 and December 31, 2020 and for the period from January 1, 2021 through May 4, 2021 and the years ended December 31, 2020 and December 31, 2019:

Selected Balance Sheet Information:	May 4, 2021		December 31, 2020	
Investments at fair value (cost of $254,139 and $278,595, respectively)	$	250,290	$	271,149
Cash and other assets		5,691		8,759
Total assets	$	255,981	$	279,908
Credit facility	$	158,470	$	183,970
Deferred financing costs		—		(534)
Distribution payable		535		2,500
Other liabilities		460		1,058
Total liabilities		159,465		186,994
Members' capital	$	96,516	$	92,914
Total liabilities and members' capital	$	255,981	$	279,908

			Year Ended December 31,			
Selected Statement of Operations Information:	2021(1)		2020		2019	
Interest income	$	4,744	$	18,035	$	24,175
Other income		—		89		145
Total investment income		4,744		18,124		24,320
Interest and other financing expenses		1,560		5,814		10,882
Other expenses		148		469		532
Total expenses		1,708		6,283		11,414
Less: expenses waived and reimbursed		—		—		(20)
Net expenses		1,708		6,283		11,394
Net investment income		3,036		11,841		12,926
Net realized gains (losses) on investments		3		(800)		410
Net change in unrealized appreciation (depreciation) of investments		3,597		(1,111)		(1,958)
Net increase in members' capital	$	6,636	$	9,930	$	11,378

(1) Reflects the results of operations for the period from January 1, 2021 through May 4, 2021.

For the period from January 1, 2021 through May 4, 2021 and for the years ended December 31, 2020 and December 31, 2019, the Company earned approximately $2,410, $8,708 and $11,116, respectively, of dividend income related to SLP II, which is included in dividend income. As of December 31, 2021 and December 31, 2020, approximately $0 and $1,985, respectively, of dividend income related to SLP II was included in interest and dividend receivable.

NMFC Senior Loan Program III LLC

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

SLP III is capitalized with equity contributions which are called from its members, on a pro-rata basis based on their equity commitments, as transactions are completed. Any decision by SLP III to call down on capital commitments requires approval by the board of managers of SLP III. As of December 31, 2021, the Company and SkyKnight II have committed and contributed $140,000 and $35,000, respectively, of equity to SLP III. The Company's investment in SLP III is disclosed on the Company's Consolidated Schedule of Investments as of December 31, 2021 and December 31, 2020.

On May 2, 2018, SLP III entered into its revolving credit facility with Citibank, N.A., which matures on January 8, 2026. Effective July 8, 2021, the reinvestment period was extended to July 8, 2024. As of the most recent amendment on July 8, 2021, during the reinvestment period the credit facility bears interest at a rate of LIBOR plus 1.60% and after the reinvestment period it will bear interest at a rate of LIBOR plus 1.90%. Prior to July 8, 2021, the credit facility bore interest at a rate of LIBOR plus 1.70%. Effective November 23, 2020, SLP III's revolving credit facility has a maximum borrowing capacity of $525,000. As of December 31, 2021 and December 31, 2020, SLP III had total investments with an aggregate fair value of approximately $702,148 and $609,961, respectively, and debt outstanding under its credit facility of $510,900 and $424,200, respectively. As of December 31, 2021 and December 31, 2020, none of SLP III's investments were on non-accrual. Additionally, as of December 31, 2021 and December 31, 2020, SLP III had unfunded commitments in the form of delayed draws of $4,569 and $7,838, respectively.

Below is a summary of SLP III's portfolio, along with a listing of the individual investments in SLP III's portfolio as of December 31, 2021 and December 31, 2020 :

	December 31, 2021		December 31, 2020	
First lien investments (1)	$ 709,517		$ 626,985	
Weighted average interest rate on first lien investments (2)	4.50	%	4.72	%
Number of portfolio companies in SLP III	80		69	
Largest portfolio company investment (1)	$ 23,489		$ 23,735	
Total of five largest portfolio company investments (1)	$ 95,504		$ 99,159	

(1) Reflects principal amount or par value of investment.
(2) Computed as the all in interest rate in effect on accruing investments divided by the total principal amount of investments.

The following table is a listing of the individual investments in SLP III's portfolio as of December 31, 2021:

Portfolio Company and Type of Investment	Industry	Interest Rate (1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value (2)
Funded Investments - First lien						
ADMI Corp. (aka Aspen Dental)	Healthcare Services	4.00% (L + 3.50%)	12/23/2027	$ 2,424	$ 2,413	$ 2,424
Advisor Group Holdings, Inc.	Financial Services	4.60% (L + 4.50%)	7/31/2026	9,800	9,766	9,832
AG Parent Holdings, LLC	Healthcare Services	5.10% (L + 5.00%)	7/31/2026	12,250	12,207	12,227
Artera Services, LLC	Distribution & Logistics	4.50% (L + 3.50%)	3/6/2025	6,907	6,861	6,706
Aston FinCo S.a.r.l. / Aston US Finco, LLC	Software	4.35% (L + 4.25%)	10/9/2026	5,895	5,853	5,877
BCPE Empire Holdings, Inc.	Distribution & Logistics	4.10% (L + 4.00%)	6/11/2026	4,302	4,273	4,278
Bearcat Buyer, Inc.	Healthcare Services	5.25% (L + 4.25%)	7/9/2026	19,456	19,388	19,455
Bearcat Buyer, Inc.	Healthcare Services	5.25% (L + 4.25%)	7/9/2026	4,033	4,018	4,033
Bella Holding Company, LLC	Healthcare Services	4.50% (L + 3.75%)	5/10/2028	2,260	2,240	2,262
Bluefin Holding, LLC	Software	4.43% (L + 4.25%)	9/4/2026	9,800	9,696	9,800
Bracket Intermediate Holding Corp.	Healthcare Services	4.38% (L + 4.25%)	9/5/2025	14,513	14,471	14,498
Brave Parent Holdings, Inc.	Software	4.10% (L + 4.00%)	4/18/2025	4,347	4,339	4,352
Cano Health, LLC	Healthcare Services	5.25% (L + 4.50%)	11/23/2027	6,948	6,910	6,961
Cardinal Parent, Inc.	Software	5.25% (L + 4.50%)	11/12/2027	6,985	6,893	6,977
CE Intermediate I, LLC	Software	4.50% (L + 4.00%)	11/10/2028	11,004	10,927	10,934
CentralSquare Technologies, LLC	Software	3.97% (L + 3.75%)	8/29/2025	14,550	14,529	13,761
CHA Holdings, Inc.	Business Services	5.50% (L + 4.50%)	4/10/2025	967	967	967
CommerceHub, Inc.	Software	4.75% (L + 4.00%)	12/29/2027	5,775	5,750	5,724
Community Brands ParentCo, LLC (f.k.a Ministry Brands, LLC)	Software	5.00% (L + 4.00%)	12/2/2022	2,985	2,969	2,985
Community Brands ParentCo, LLC (f.k.a Ministry Brands, LLC)	Software	5.00% (L + 4.00%)	12/2/2022	4,455	4,450	4,455
Community Brands ParentCo, LLC (f.k.a Ministry Brands, LLC)	Software	5.00% (L + 4.00%)	12/2/2022	862	861	862
Confluent Health, LLC	Healthcare Services	4.50% (L + 4.00%)	11/30/2028	12,054	11,993	12,053
Cornerstone OnDemand, Inc.	Software	4.25% (L + 3.75%)	10/16/2028	4,545	4,523	4,541
Covenant Surgical Partners, Inc.	Healthcare Services	4.10% (L + 4.00%)	7/1/2026	9,777	9,711	9,655
Covenant Surgical Partners, Inc.	Healthcare Services	4.10% (L + 4.00%)	7/1/2026	2,000	1,980	1,975
CRCI Longhorn Holdings, Inc.	Business Services	3.60% (L + 3.50%)	8/8/2025	14,513	14,471	14,408
Dealer Tire, LLC	Distribution & Logistics	4.35% (L + 4.25%)	12/12/2025	9,800	9,783	9,817
DG Investment Intermediate Holdings 2, Inc.	Business Services	4.25% (L + 3.50%)	3/31/2028	7,463	7,435	7,471
Dispatch Acquisition Holdings, LLC	Industrial Services	5.00% (L + 4.25%)	3/27/2028	14,133	13,970	14,124
Drilling Info Holdings, Inc.	Business Services	4.35% (L + 4.25%)	7/30/2025	18,387	18,335	18,249
EAB Global, Inc.	Education	4.00% (L + 3.50%)	8/16/2028	4,250	4,230	4,234
Energize Holdco LLC	Business Services	4.25% (L + 3.75%)	12/8/2028	12,582	12,519	12,550
eResearchTechnology, Inc.	Healthcare Services	5.50% (L + 4.50%)	2/4/2027	7,345	7,316	7,388
EyeCare Partners, LLC	Healthcare Services	3.97% (L + 3.75%)	2/18/2027	14,760	14,745	14,678
Foundational Education Group, Inc.	Education	4.75% (L + 4.25%)	8/31/2028	9,500	9,408	9,524
Frontline Technologies Intermediate Holdings, LLC	Software	6.25% (L + 5.25%)	9/18/2023	6,448	6,448	6,448
Frontline Technologies Intermediate Holdings, LLC	Software	6.25% (L + 5.25%)	9/18/2023	2,012	2,012	2,012
Greenway Health, LLC	Healthcare I.T.	4.75% (L + 3.75%)	2/16/2024	14,369	14,374	13,790
Heartland Dental, LLC	Healthcare Services	3.60% (L + 3.50%)	4/30/2025	18,350	18,302	18,191
Help/Systems Holdings, Inc.	Software	4.75% (L + 4.00%)	11/19/2026	18,254	18,112	18,214
Higginbotham Insurance Agency, Inc.	Insurance Services	6.25% (L + 5.50%)	11/25/2026	9,170	9,096	9,239
HighTower Holding, LLC	Financial Services	4.75% (L + 4.00%)	4/21/2028	4,826	4,781	4,838
Idera, Inc.	Software	4.50% (L + 3.75%)	3/2/2028	15,964	15,951	15,997
Kestra Advisor Services Holdings A, Inc.	Financial Services	4.36% (L + 4.25%)	6/3/2026	12,058	12,000	11,998
LI Group Holdings, Inc.	Software	4.50% (L + 3.75%)	3/11/2028	4,620	4,610	4,620
LSCS Holdings, Inc.	Healthcare Services	5.00% (L + 4.50%)	12/16/2028	7,644	7,605	7,663
Mamba Purchaser, Inc.	Healthcare Services	4.25% (L + 3.75%)	10/16/2028	5,773	5,745	5,777
Maravai Intermediate Holdings, LLC	Specialty Chemicals & Materials	4.75% (L + 3.75%)	10/19/2027	2,939	2,914	2,956

Portfolio Company and Type of Investment	Industry	Interest Rate (1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value (2)
Maverick Bidco Inc.	Software	4.50% (L + 3.75%)	5/18/2028	$ 4,000	$ 3,982	$ 4,008
Mavis Tire Express Services Topco Corp.	Retail	4.75% (L + 4.00%)	5/4/2028	4,216	4,197	4,224
MED ParentCo, LP	Healthcare Services	4.35% (L + 4.25%)	8/31/2026	12,718	12,633	12,727
Mercury Borrower, Inc.	Business Services	4.00% (L + 3.50%)	8/2/2028	4,211	4,189	4,204
MH Sub I, LLC (Micro Holding Corp.)	Software	4.75% (L + 3.75%)	9/13/2024	10,804	10,777	10,842
National Intergovernmental Purchasing Alliance Company	Business Services	3.72% (L + 3.50%)	5/23/2025	8,540	8,538	8,526
Navex Topco, Inc.	Software	3.36% (L + 3.25%)	9/5/2025	17,024	16,927	16,946
Netsmart, Inc.	Healthcare I.T.	4.75% (L + 4.00%)	10/1/2027	3,980	3,980	3,992
Newport Group Holdings II, Inc.	Business Services	3.72% (L + 3.50%)	9/12/2025	4,838	4,824	4,835
Outcomes Group Holdings, Inc.	Healthcare Services	3.47% (L + 3.25%)	10/24/2025	3,366	3,361	3,335
Peraton Corp.	Federal Services	4.50% (L + 3.75%)	2/1/2028	7,444	7,410	7,460
PetVet Care Centers, LLC (fka Pearl Intermediate Parent LLC)	Consumer Services	4.25% (L + 3.50%)	2/14/2025	5,719	5,716	5,726
Planview Parent, Inc.	Software	4.75% (L + 4.00%)	12/17/2027	7,919	7,850	7,929
Premise Health Holding Corp.	Healthcare Services	3.72% (L + 3.50%)	7/10/2025	7,483	7,462	7,455
Project Ruby Ultimate Parent Corp.	Healthcare I.T.	4.00% (L + 3.25%)	3/10/2028	11,414	11,361	11,407
Quest Software US Holdings Inc.	Software	4.38% (L + 4.25%)	5/16/2025	14,550	14,511	14,555
RealPage, Inc.	Business Services	3.75% (L + 3.25%)	4/24/2028	13,965	13,933	13,941
RLG Holdings, LLC	Packaging	5.00% (L + 4.25%)	7/7/2028	5,844	5,816	5,841
Sierra Enterprises, LLC	Food & Beverage	5.00% (L + 4.00%)	11/11/2024	2,406	2,405	2,406
Snap One Holdings Corp.	Distribution & Logistics	5.00% (L + 4.50%)	12/8/2028	6,672	6,606	6,664
Sovos Brands Intermediate, Inc.	Food & Beverage	4.50% (L + 3.75%)	6/8/2028	9,429	9,407	9,437
Spring Education Group, Inc. (fka SSH Group Holdings, Inc.)	Education	4.47% (L + 4.25%)	7/30/2025	12,058	12,041	11,666
Storable, Inc.	Software	3.75% (L + 3.25%)	4/17/2028	3,862	3,853	3,854
Symplr Software, Inc.	Healthcare I.T.	5.25% (L + 4.50%)	12/22/2027	15,880	15,750	15,938
Syndigo LLC	Software	5.25% (L + 4.50%)	12/15/2027	14,888	14,790	14,925
Therapy Brands Holdings LLC	Healthcare I.T.	4.75% (L + 4.00%)	5/18/2028	3,400	3,384	3,400
Thermostat Purchaser III, Inc.	Business Services	5.25% (L + 4.50%)	8/31/2028	5,953	5,924	5,953
TIBCO Software Inc.	Software	3.86% (L + 3.75%)	6/30/2026	7,577	7,563	7,535
Trader Interactive, LLC (fka Dominion Web Solutions LLC)	Business Services	4.50% (L + 4.00%)	7/28/2028	4,910	4,886	4,904
Unified Women's Healthcare, LP	Healthcare Services	5.00% (L + 4.25%)	12/20/2027	9,950	9,883	9,984
Valcour Packaging, LLC	Packaging	4.25% (L + 3.75%)	10/4/2028	4,538	4,524	4,538
VetCor Professional Practices LLC	Consumer Services	5.00% (L + 4.25%)	7/2/2025	6,980	6,846	6,922
VT Topco, Inc.	Business Services	3.35% (L + 3.25%)	8/1/2025	2,766	2,766	2,748
VT Topco, Inc.	Business Services	4.50% (L + 3.75%)	8/1/2025	849	845	844
Waystar Technologies, Inc.	Healthcare Services	4.10% (L + 4.00%)	10/22/2026	4,066	4,058	4,069
WP CityMD Bidco LLC	Healthcare Services	3.75% (L + 3.25%)	12/22/2028	9,180	9,136	9,182
Wrench Group LLC	Consumer Services	4.22% (L + 4.00%)	4/30/2026	7,905	7,886	7,905
YI, LLC	Healthcare Services	5.00% (L + 4.00%)	11/7/2024	9,590	9,586	9,542
Total Funded Investments				**$ 704,948**	**$ 701,756**	**$ 702,149**
Unfunded Investments - First lien						
Confluent Health, LLC	Healthcare Services	—	11/30/2023	$ 2,638	$ (13)	$ —
Therapy Brands Holdings LLC	Healthcare I.T.	—	5/18/2023	735	—	—
Thermostat Purchaser III, Inc.	Business Services	—	8/31/2023	1,047	—	—
VT Topco, Inc.	Business Services	—	8/1/2023	149	—	(1)
Total Unfunded Investments				**$ 4,569**	**$ (13)**	**$ (1)**
Total Investments				**$ 709,517**	**$ 701,743**	**$ 702,148**

(1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of December 31, 2021.
(2) Represents the fair value in accordance with ASC 820. The Company's board of directors does not determine the fair value of the investments held by SLP III.

The following table is a listing of the individual investments in SLP III's portfolio as of December 31, 2020:

Portfolio Company and Type of Investment	Industry	Interest Rate (1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value (2)
Funded Investments - First lien						
Access CIG, LLC	Business Services	3.98% (L + 3.75%)	2/27/2025	$ 868	$ 868	$ 861
Advisor Group Holdings, Inc.	Consumer Services	5.15% (L + 5.00%)	7/31/2026	4,950	4,909	4,928
Affordable Care Holding Corp.	Healthcare Services	5.75% (L + 4.75%)	10/24/2022	5,901	5,850	5,827
AG Parent Holdings, LLC	Healthcare Services	5.15% (L + 5.00%)	7/31/2026	12,375	12,323	12,251
Ascensus Specialties LLC	Business Services	4.90% (L + 4.75%)	9/24/2026	9,900	9,858	9,931
Aston FinCo S.a.r.l. / Aston US Finco, LLC	Software	4.40% (L + 4.25%)	10/9/2026	5,955	5,904	5,900
Astra Acquisition Corp.	Software	6.50% (L + 5.50%)	3/1/2027	11,490	11,412	11,605
BCPE Empire Holdings, Inc.	Distribution & Logistics	4.15% (L + 4.00%)	6/11/2026	10,869	10,780	10,801
Bearcat Buyer, Inc.	Healthcare Services	5.25% (L + 4.25%)	7/9/2026	19,654	19,573	19,654
Bearcat Buyer, Inc.	Healthcare Services	5.25% (L + 4.25%)	7/9/2026	4,081	4,062	4,081
Bleriot US Bidco Inc.	Federal Services	5.00% (L + 4.75%)	10/31/2026	4,292	4,254	4,292
Bleriot US Bidco Inc.	Federal Services	5.00% (L + 4.75%)	10/31/2026	671	665	671
Bluefin Holding, LLC	Software	4.15% (L + 4.00%)	9/4/2026	9,900	9,775	9,900
Bracket Intermediate Holding Corp.	Healthcare Services	4.48% (L + 4.25%)	9/5/2025	14,663	14,610	14,516
Brave Parent Holdings, Inc.	Software	4.15% (L + 4.00%)	4/18/2025	11,217	11,190	11,147
Cano Health, LLC	Healthcare Services	5.50% (L + 4.75%)	11/23/2027	6,308	6,244	6,244
Cardinal Parent, Inc.	Software	5.25% (L + 4.50%)	11/12/2027	7,038	6,932	6,967
CentralSquare Technologies, LLC	Software	4.00% (L + 3.75%)	8/29/2025	14,700	14,674	13,745
Certara Holdco, Inc.	Healthcare I.T.	3.75% (L + 3.50%)	8/15/2024	1,246	1,248	1,247
CHA Holdings, Inc.	Business Services	5.50% (L + 4.50%)	4/10/2025	977	977	914
CommerceHub, Inc.	Software	4.75% (L + 4.00%)	12/29/2027	5,833	5,804	5,833
Confluent Health, LLC	Healthcare Services	5.15% (L + 5.00%)	6/24/2026	4,398	4,354	4,348
Covenant Surgical Partners, Inc.	Healthcare Services	4.15% (L + 4.00%)	7/1/2026	9,876	9,795	9,678
CRCI Longhorn Holdings, Inc.	Business Services	3.65% (L + 3.50%)	8/8/2025	14,663	14,611	14,498
Dealer Tire, LLC	Distribution & Logistics	4.40% (L + 4.25%)	12/12/2025	9,900	9,879	9,859
Dentalcorp Health Services ULC (fka Dentalcorp Perfect Smile ULC)	Healthcare Services	4.75% (L + 3.75%)	6/6/2025	14,636	14,611	14,421
Drilling Info Holdings, Inc.	Business Services	4.40% (L + 4.25%)	7/30/2025	18,576	18,511	18,035
Edgewood Partners Holdings LLC	Business Services	5.25% (L + 4.25%)	9/6/2024	7,356	7,304	7,301
eResearchTechnology, Inc.	Healthcare Services	5.50% (L + 4.50%)	2/4/2027	3,911	3,876	3,883
EyeCare Partners, LLC	Healthcare Services	3.90% (L + 3.75%)	2/18/2027	12,071	12,057	11,796
EyeCare Partners, LLC	Healthcare Services	3.90% (L + 3.75%)	2/18/2027	2,838	2,834	2,773
Fastlane Parent Company, Inc.	Distribution & Logistics	4.65% (L + 4.50%)	2/4/2026	3,439	3,386	3,419
Frontline Technologies Intermediate Holdings, LLC	Software	6.75% (L + 5.75%)	9/18/2023	6,513	6,513	6,513
Greenway Health, LLC	Software	4.75% (L + 3.75%)	2/16/2024	14,520	14,527	13,322
Heartland Dental, LLC	Healthcare Services	3.65% (L + 3.50%)	4/30/2025	18,540	18,478	18,104
Help/Systems Holdings, Inc.	Software	5.75% (L + 4.75%)	11/19/2026	18,440	18,270	18,440
Higginbotham Insurance Agency, Inc.	Financial Services	6.50% (L + 5.75%)	11/25/2026	7,187	7,134	7,331
Idera, Inc.	Software	5.00% (L + 4.00%)	6/28/2024	9,435	9,406	9,435
Institutional Shareholder Services Inc.	Business Services	4.75% (L + 4.50%)	3/5/2026	983	975	971
Kestra Advisor Services Holdings A, Inc.	Business Services	4.40% (L + 4.25%)	6/3/2026	9,381	9,318	9,241
LSCS Holdings, Inc.	Healthcare Services	4.51% (L + 4.25%)	3/17/2025	2,627	2,612	2,575
LSCS Holdings, Inc.	Healthcare Services	4.51% (L + 4.25%)	3/17/2025	678	674	665
Maravai Intermediate Holdings, LLC	Healthcare Products	5.25% (L + 4.25%)	10/19/2027	4,125	4,085	4,148

Portfolio Company and Type of Investment	Industry	Interest Rate (1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value (2)
Market Track, LLC	Business Services	5.25% (L + 4.25%)	6/5/2024	$ 4,729	$ 4,725	$ 4,645
Mavis Tire Express Services Corp.	Retail	5.00% (L + 4.00%)	3/20/2025	4,828	4,733	4,846
MED ParentCo, LP	Healthcare Services	4.40% (L + 4.25%)	8/31/2026	10,272	10,191	10,148
MED ParentCo, LP	Healthcare Services	4.40% (L + 4.25%)	8/31/2026	2,576	2,554	2,545
Ministry Brands, LLC	Software	5.00% (L + 4.00%)	12/2/2022	4,502	4,492	4,480
Ministry Brands, LLC	Software	5.00% (L + 4.00%)	12/2/2022	871	869	867
National Intergovernmental Purchasing Alliance Company	Business Services	4.00% (L + 3.75%)	5/23/2025	8,701	8,698	8,658
National Mentor Holdings, Inc. (aka Civitas Solutions, Inc.)	Healthcare Services	4.43% (L + 4.25%)	3/9/2026	8,887	8,887	8,897
National Mentor Holdings, Inc. (aka Civitas Solutions, Inc.)	Healthcare Services	4.51% (L + 4.25%)	3/9/2026	398	398	398
Navex Topco, Inc.	Software	3.40% (L + 3.25%)	9/5/2025	18,208	18,079	17,929
Navicure, Inc.	Healthcare Services	4.75% (L + 4.00%)	10/22/2026	4,107	4,097	4,110
Newport Group Holdings II, Inc.	Business Services	3.75% (L + 3.50%)	9/12/2025	4,888	4,870	4,851
Orion Advisor Solutions, Inc.	Business Services	5.00% (L + 4.00%)	9/24/2027	5,237	5,186	5,260
Outcomes Group Holdings, Inc.	Healthcare Services	3.50% (L + 3.25%)	10/24/2025	3,400	3,394	3,349
Pelican Products, Inc.	Business Products	4.50% (L + 3.50%)	5/1/2025	4,875	4,867	4,796
Peraton Corp. (fka MHVC Acquisition Corp.)	Federal Services	6.25% (L + 5.25%)	4/29/2024	15,272	15,225	15,310
Planview Parent, Inc.	Software	4.75% (L + 4.00%)	12/17/2027	6,484	6,419	6,496
Premise Health Holding Corp.	Healthcare Services	3.75% (L + 3.50%)	7/10/2025	13,583	13,538	13,279
Project Accelerate Parent, LLC	Business Services	5.25% (L + 4.25%)	1/2/2025	9,822	9,786	8,939
Project Boost Purchaser, LLC	Business Services	5.00% (L + 4.25%)	6/1/2026	1,995	1,975	2,002
Quest Software US Holdings Inc.	Software	4.46% (L + 4.25%)	5/16/2025	14,700	14,650	14,480
Ryan Specialty Group, LLC	Business Services	4.00% (L + 3.25%)	9/1/2027	3,491	3,441	3,491
Sierra Enterprises, LLC	Food & Beverage	5.00% (L + 4.00%)	11/11/2024	2,431	2,429	2,393
Sovos Brands Intermediate, Inc.	Food & Beverage	4.96% (L + 4.75%)	11/20/2025	3,591	3,582	3,609
Spring Education Group, Inc. (fka SSH Group Holdings, Inc.)	Education	4.50% (L + 4.25%)	7/30/2025	12,183	12,161	11,665
Symplr Software, Inc.(fka Caliper Software, Inc.)	Healthcare I.T.	5.25% (L + 4.50%)	12/22/2027	10,000	9,850	9,913
Syndigo LLC	Software	5.25% (L + 4.50%)	12/15/2027	15,000	14,888	14,888
TIBCO Software Inc.	Software	3.90% (L + 3.75%)	6/30/2026	7,654	7,637	7,572
Unified Women's Healthcare, LP	Healthcare Servies	5.00% (L + 4.25%)	12/20/2027	10,000	9,923	9,975
Wirepath LLC	Distribution & Logistics	4.25% (L + 4.00%)	8/5/2024	17,127	17,127	16,527
WP CityMD Bidco LLC	Healthcare Services	5.50% (L + 4.50%)	8/13/2026	19,868	19,701	19,914
VT Topco, Inc.	Business Services	3.65% (L + 3.50%)	8/1/2025	2,795	2,795	2,763
YI, LLC	Healthcare Services	5.00% (L + 4.00%)	11/7/2024	9,691	9,685	8,915
Total Funded Investments				**$ 619,147**	**$ 615,974**	**$ 609,981**
Unfunded Investments - First lien						
Cano Health, LLC	Healthcare Services	—	11/23/2027	$ 2,300	$ (23)	$ (23)
Covenant Surgical Partners, Inc.	Healthcare Services	—	7/1/2021	2,000	(20)	(40)
Higginbotham Insurance Agency, Inc.	Financial Services	—	11/25/2026	2,023	(15)	40
Planview Parent, Inc.	Software	—	12/17/2027	1,515	—	3
Total Unfunded Investments				**$ 7,838**	**$ (58)**	**$ (20)**
Total Investments				**$ 626,985**	**$ 615,916**	**$ 609,961**

(1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of December 31, 2020.

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

Below is certain summarized financial information for SLP III as of December 31, 2021 and December 31, 2020 and for the years ended December 31, 2021, December 31, 2020 and December 31, 2019:

Selected Balance Sheet Information:	December 31, 2021	December 31, 2020
Investments at fair value (cost of $701,743 and $615,916, respectively)	$ 702,148	$ 609,961
Receivable from unsettled securities sold	7,351	—
Cash and other assets	16,505	10,176
Total assets	$ 726,004	$ 620,137
Credit facility	$ 510,900	$ 424,200
Deferred financing costs (net of accumulated amortization of $3,338 and $2,064, respectively)	(3,198)	(2,471)
Payable for unsettled securities purchased	34,552	47,192
Distribution payable	5,031	3,800
Other liabilities	2,378	2,501
Total liabilities	549,663	475,222
Members' capital	$ 176,341	$ 144,915
Total liabilities and members' capital	$ 726,004	$ 620,137

	Year Ended December 31,		
Selected Statement of Operations Information:	2021	2020	2019
Interest income	$ 31,240	$ 27,476	$ 27,226
Other income	573	576	368
Total investment income	31,813	28,052	27,594
Interest and other financing expenses	10,624	11,872	14,129
Other expenses	804	747	632
Total expenses	11,428	12,619	14,761
Less: expenses waived and reimbursed	—	—	(22)
Net expenses	11,428	12,619	14,739
Net investment income	20,385	15,433	12,855
Net realized gains on investments	572	262	263
Net change in unrealized appreciation (depreciation) of investments	6,360	(418)	2,528
Net increase in members' capital	$ 27,317	$ 15,277	$ 15,646

For the years ended December 31, 2021, December 31, 2020 and December 31, 2019, the Company earned approximately $16,712, $11,864 and $10,520, respectively, of dividend income related to SLP III, which is included in dividend income. As of December 31, 2021 and December 31, 2020 approximately $4,025 and $3,040, respectively, of dividend income related to SLP III was included in interest and dividend receivable.

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

NMFC Senior Loan Program IV LLC

SLP IV was formed as a Delaware limited liability company on April 6, 2021, and commenced operations on May 5, 2021. SLP IV is structured as a private joint venture investment fund between the Company and SkyKnight Alpha and operates under the First Amended and Restated Limited Liability Company Agreement of NMFC Senior Loan Program IV LLC (the "SLP IV Agreement"). Upon the effectiveness of the SLP IV Agreement dated May 5, 2021, the members contributed their respective membership interests in SLP I and SLP II to SLP IV. Immediately following the contribution of their membership interests, SLP I and SLP II became wholly-owned subsidiaries of SLP IV.The purpose of the joint venture is to invest primarily in senior secured loans issued by portfolio companies within the Company's core industry verticals. These investments are typically broadly syndicated first lien loans. All investment decisions must be unanimously approved by the board of managers of SLP IV, which has equal representation from the Company and SkyKnight Alpha. SLP IV has a five year investment period and will continue in existence until May 5, 2026. The investment period may be extended for up to one year pursuant to certain terms of the SLP IV Agreement.

SLP IV is capitalized with equity contributions which were transferred and contributed from its members. As of December 31, 2021, the Company and SkyKnight Alpha have transferred and contributed $112,400 and $30,600, respectively, of their membership interests in SLP I and SLP II to SLP IV. The Company's investment in SLP IV is disclosed on the Company's Consolidated Schedule of Investments as of December 31, 2021.

On May 5, 2021, SLP IV entered into a $370,000 revolving credit facility with Wells Fargo Bank, National Association which matures on May 5, 2026 and bears interest at a rate of LIBOR plus 1.60% per annum. As of December 31, 2021, SLP IV had total investments with an aggregate fair value of approximately $504,948 and debt outstanding under its credit facility of $360,137. As of December 31, 2021, none of SLP IV's investments were on non-accrual. Additionally, as of December 31, 2021, SLP IV had unfunded commitments in the form of delayed draws of $6,103.

Below is a summary of SLP IV's consolidated portfolio, along with a listing of the individual investments in SLP IV's consolidated portfolio as of December 31, 2021:

	December 31, 2021
First lien investments (1)	$ 513,298
Weighted average interest rate on first lien investments (2)	4.64 %
Number of portfolio companies in SLP IV	68
Largest portfolio company investment (1)	$ 22,215
Total of five largest portfolio company investments (1)	$ 99,875

(1) Reflects principal amount or par value of investment.
(2) Computed as the all in interest rate in effect on accruing investments divided by the total principal amount of investments.

The following table is a listing of the individual investments in SLP IV's consolidated portfolio as of December 31, 2021:

Portfolio Company and Type of Investment	Industry	Interest Rate (1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value (2)
Funded Investments - First lien						
ADG, LLC	Healthcare Services	6.25% (L + 4.75% + 0.50% PIK)	9/28/2023	$ 16,565	$ 16,518	$ 16,565
ADMI Corp. (aka Aspen Dental)	Healthcare Services	4.00% (L + 3.50%)	12/23/2027	1,870	1,862	1,870
Advisor Group Holdings, Inc.	Financial Services	4.60% (L + 4.50%)	7/31/2026	11,697	11,615	11,735
Artera Services, LLC	Distribution & Logistics	4.50% (L + 3.50%)	3/6/2025	5,329	5,293	5,173
Bayou Intermediate II, LLC	Healthcare Services	5.25% (L + 4.50%)	8/2/2028	8,693	8,652	8,704
Bearcat Buyer, Inc.	Healthcare Services	5.25% (L + 4.25%)	7/9/2026	1,976	1,969	1,976
Bearcat Buyer, Inc.	Healthcare Services	5.25% (L + 4.25%)	7/9/2026	410	408	410
Bella Holding Company, LLC	Healthcare Services	4.50% (L + 3.75%)	5/10/2028	1,769	1,763	1,770
Bleriot US Bidco Inc.	Federal Services	4.22% (L + 4.00%)	10/30/2026	3,980	3,980	3,983
Bracket Intermediate Holding Corp.	Healthcare Services	4.38% (L + 4.25%)	9/5/2025	4,473	4,461	4,469
Brave Parent Holdings, Inc.	Software	4.10% (L + 4.00%)	4/18/2025	2,390	2,385	2,392
Cano Health, LLC	Healthcare Services	5.25% (L + 4.50%)	11/23/2027	5,737	5,731	5,748
CE Intermediate I, LLC	Software	4.50% (L + 4.00%)	11/10/2028	8,239	8,182	8,188
CentralSquare Technologies, LLC	Software	3.97% (L + 3.75%)	8/29/2025	14,550	14,530	13,761
Certara Holdco, Inc.	Healthcare Information Technology	3.60% (L + 3.50%)	8/15/2026	3,940	3,931	3,932
CHA Holdings, Inc.	Business Services	5.50% (L + 4.50%)	4/10/2025	10,919	10,894	10,919
CHA Holdings, Inc.	Business Services	5.50% (L + 4.50%)	4/10/2025	2,004	1,998	2,004
Confluent Health, LLC	Healthcare Services	4.50% (L + 4.00%)	11/30/2028	8,076	8,035	8,076
Cornerstone OnDemand, Inc.	Software	4.25% (L + 3.75%)	10/16/2028	3,247	3,231	3,244
Cvent, Inc.	Software	3.85% (L + 3.75%)	11/29/2024	2,322	2,319	2,322
Dealer Tire, LLC	Distribution & Logistics	4.35% (L + 4.25%)	12/12/2025	10,748	10,729	10,767
Dispatch Acquisition Holdings, LLC	Industrial Services	5.00% (L + 4.25%)	3/27/2028	9,975	9,851	9,969
Drilling Info Holdings, Inc.	Business Services	4.35% (L + 4.25%)	7/30/2025	20,500	20,449	20,346
EAB Global, Inc.	Education	4.00% (L + 3.50%)	8/16/2028	10,000	9,952	9,961
Emerald 2 Limited	Business Services	3.47% (L + 3.25%)	7/12/2028	445	444	443
Energize Holdco LLC	Business Services	4.25% (L + 3.75%)	12/8/2028	9,068	9,023	9,045
eResearchTechnology, Inc.	Healthcare Services	5.50% (L + 4.50%)	2/4/2027	4,429	4,396	4,455
EyeCare Partners, LLC	Healthcare Services	4.25% (L + 3.75%)	11/15/2028	8,000	7,980	7,982
EyeCare Partners, LLC	Healthcare Services	6.00% (P + 2.75%)	11/15/2028	1,364	1,360	1,360
Foundational Education Group, Inc.	Education	4.75% (L + 4.25%)	8/31/2028	6,500	6,438	6,516
Greenway Health, LLC	Healthcare Information Technology	4.75% (L + 3.75%)	2/16/2024	20,948	20,912	20,104
Heartland Dental, LLC	Healthcare Services	3.60% (L + 3.50%)	4/30/2025	3,572	3,563	3,541
Heartland Dental, LLC	Healthcare Services	4.10% (L + 4.00%)	4/30/2025	6,269	6,241	6,261
Help/Systems Holdings, Inc.	Software	4.75% (L + 4.00%)	11/19/2026	9,909	9,876	9,888
Hunter Holdco 3 Limited	Healthcare Services	4.75% (L + 4.25%)	8/19/2028	3,949	3,911	3,959
Idera, Inc.	Software	4.50% (L + 3.75%)	3/2/2028	9,318	9,245	9,338
Kestra Advisor Services Holdings A, Inc.	Financial Services	4.36% (L + 4.25%)	6/3/2026	5,486	5,434	5,459
Keystone Acquisition Corp.	Healthcare Services	6.25% (L + 5.25%)	5/1/2024	5,171	5,150	5,146
LSCS Holdings, Inc.	Healthcare Services	5.00% (L + 4.50%)	12/16/2028	5,897	5,867	5,911
Mamba Purchaser, Inc.	Healthcare Services	4.25% (L + 3.75%)	10/16/2028	4,124	4,104	4,126
Mandolin Technology Intermediate Holdings, Inc.	Software	4.25% (L + 3.75%)	7/31/2028	10,000	9,953	9,975
Maverick Bidco Inc.	Software	4.50% (L + 3.75%)	5/18/2028	8,000	7,963	8,015
Mavis Tire Express Services Topco Corp.	Retail	4.75% (L + 4.00%)	5/4/2028	8,432	8,394	8,447
Mercury Borrower, Inc.	Business Services	4.00% (L + 3.50%)	8/2/2028	6,250	6,220	6,240
MH Sub I, LLC (Micro Holding Corp.)	Software	4.75% (L + 3.75%)	9/13/2024	7,898	7,878	7,925
Ministry Brands, LLC	Software	5.00% (L + 4.00%)	12/2/2022	16,734	16,719	16,734
Ministry Brands, LLC	Software	5.00% (L + 4.00%)	12/2/2022	2,051	2,050	2,051
Ministry Brands, LLC	Software	5.00% (L + 4.00%)	12/2/2022	862	861	862

Portfolio Company and Type of Investment	Industry	Interest Rate (1)	Maturity Date	Principal Amount or Par Value	Cost	Fair Value (2)
National Intergovernmental Purchasing Alliance Company	Business Services	3.72% (L + 3.50%)	5/23/2025	$ 1,327	$ 1,329	$ 1,325
Netsmart, Inc.	Healthcare Information Technology	4.75% (L + 4.00%)	10/1/2027	6,965	6,965	6,987
OEConnection LLC	Business Services	4.10% (L + 4.00%)	9/25/2026	4,123	4,092	4,118
PetVet Care Centers, LLC	Consumer Services	4.25% (L + 3.50%)	2/14/2025	9,974	9,950	9,987
Premise Health Holding Corp.	Healthcare Services	3.72% (L + 3.50%)	7/10/2025	1,966	1,961	1,959
Project Boost Purchaser, LLC	Business Services	4.00% (L + 3.50%)	5/30/2026	2,488	2,482	2,491
Quest Software US Holdings Inc.	Software	4.38% (L + 4.25%)	5/16/2025	14,550	14,512	14,555
RealPage, Inc.	Business Services	3.75% (L + 3.25%)	4/24/2028	4,988	4,970	4,979
RLG Holdings, LLC	Packaging	5.00% (L + 4.25%)	7/7/2028	4,767	4,744	4,765
Sierra Enterprises, LLC	Food & Beverage	5.00% (L + 4.00%)	11/11/2024	4,216	4,204	4,216
Snap One Holdings Corp.	Distribution & Logistics	5.00% (L + 4.50%)	12/8/2028	8,649	8,563	8,639
Sovos Brands Intermediate, Inc.	Food & Beverage	4.50% (L + 3.75%)	6/8/2028	8,290	8,270	8,296
Storable, Inc.	Software	3.75% (L + 3.25%)	4/17/2028	4,000	3,977	3,991
Syndigo LLC	Software	5.25% (L + 4.50%)	12/15/2027	7,839	7,834	7,858
Therapy Brands Holdings LLC	Healthcare Information Technology	4.75% (L + 4.00%)	5/18/2028	4,609	4,588	4,609
Thermostat Purchaser III, Inc.	Business Services	5.25% (L + 4.50%)	8/31/2028	4,252	4,231	4,252
TIBCO Software Inc.	Software	3.86% (L + 3.75%)	6/30/2026	2,977	2,961	2,961
Trader Interactive, LLC (fka Dominion Web Solutions LLC)	Business Services	4.50% (L + 4.00%)	7/28/2028	5,303	5,277	5,296
Unified Women's Healthcare, LP	Healthcare Services	5.00% (L + 4.25%)	12/20/2027	7,400	7,365	7,426
USIC Holdings, Inc.	Business Services	4.25% (L + 3.50%)	5/12/2028	3,839	3,825	3,839
Valcour Packaging, LLC	Packaging	4.25% (L + 3.75%)	10/4/2028	3,301	3,291	3,301
VetCor Professional Practices LLC	Consumer Services	5.00% (L + 4.25%)	7/2/2025	9,972	9,779	9,889
VT Topco, Inc.	Business Services	4.50% (L + 3.75%)	8/1/2025	8,489	8,451	8,436
WP CityMD Bidco LLC	Healthcare Services	3.75% (L + 3.25%)	12/22/2028	7,044	7,002	7,045
Wrench Group LLC	Consumer Services	4.22% (L + 4.00%)	4/30/2026	9,567	9,506	9,567
YI, LLC	Healthcare Services	5.00% (L + 4.00%)	11/7/2024	22,215	22,203	22,104
Total Funded Investments				**$ 507,195**	**$ 505,052**	**$ 504,958**
Unfunded Investments - First Lien						
Confluent Health, LLC	Healthcare Services	-	11/30/2023	$ 1,759	$ (9)	$ —
EyeCare Partners, LLC	Healthcare Services	-	11/15/2028	636	—	(1)
Therapy Brands Holdings LLC	Healthcare Information Technology	-	5/18/2023	1,470	—	—
Thermostat Purchaser III, Inc.	Business Services	-	8/31/2023	748	—	—
VT Topco, Inc.	Business Services	-	8/4/2023	1,490	—	(9)
Total Unfunded Investments				**$ 6,103**	**$ (9)**	**$ (10)**
Total Investments				**$ 513,298**	**$ 505,043**	**$ 504,948**

(1) All interest is payable in cash unless otherwise indicated. A majority of the variable rate debt investments bear interest at a rate that may be determined by reference to the LIBOR (L), the Prime Rate (P) and the alternative base rate (Base). For each investment, the current interest rate provided reflects the rate in effect as of December 31, 2021.

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

Below is certain summarized consolidated financial information for SLP IV as of December 31, 2021 and for the period from May 5, 2021 through December 31, 2021:

Selected Consolidated Balance Sheet Information:	**December 31, 2021**
Investments at fair value (cost of $505,043)	$ 504,948
Receivable from unsettled securities sold	2,595
Cash and other assets	12,912
Total assets	$ 520,455
Credit facility	$ 360,137
Deferred financing costs (net of accumulated amortization of $396)	(2,609)
Payable for unsettled securities purchased	13,893
Distribution payable	3,396
Other liabilities	1,910
Total liabilities	376,727
Members' capital	$ 143,728
Total liabilities and members' capital	$ 520,455

Selected Consolidated Statement of Operations Information:	**Year Ended December 31, 2021(1)**
Interest income	$ 14,821
Other income	234
Total investment income	15,055
Interest and other financing expenses	4,163
Other expenses	773
Total expenses	4,936
Net investment income	10,119
Net realized gains on investments	183
Net change in unrealized appreciation of investments	5,033
Net increase in members' capital	$ 15,335

(1) Reflects the results of operations for the period from May 5, 2021 through December 31, 2021.

For the period from May 5, 2021 through December 31, 2021, the Company earned approximately $7,767 of dividend income related to SLP IV, which is included in dividend income. As of December 31, 2021, approximately $2,670 of dividend income related to SLP IV was included in interest and dividend receivable.

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

Unconsolidated Significant Subsidiaries

In accordance with Regulation S-X Rules 3-09 and 4-08(g), the Company evaluates its unconsolidated controlled portfolio companies to determine if any are as "significant subsidiaries." This determination is made based upon an analysis performed, pursuant to which the Company must determine if any of its portfolio companies are considered a "significant subsidiary" as defined by Rule 1-02(w) of Regulation S-X under this rule. As of December 31, 2021, the Company did not have any portfolio companies that were deemed to be a "significant subsidiary."

Investment Risk Factors—First and second lien debt that the Company invests in is almost entirely rated below investment grade or may be unrated. Debt investments rated below investment grade are often referred to as "leveraged loans", "high yield" or "junk" debt investments, and may be considered "high risk" compared to debt investments that are rated investment grade. These debt investments are considered speculative because of the credit risk of the issuers. Such issuers are considered more likely than investment grade issuers to default on their payments of interest and principal and such risk of default could reduce the net asset value and income distributions of the Company. In addition, some of the Company's debt investments will not fully amortize during their lifetime, which could result in a loss or a substantial amount of unpaid principal and interest due upon maturity. First and second lien debt may also lose significant market value before a default occurs. Furthermore, an active trading market may not exist for these first and second lien debt investments. This illiquidity may make it more difficult to value the debt.

Subordinated debt is generally subject to similar risks as those associated with first and second lien debt, except that such debt is subordinated in payment and/or lower in lien priority. Subordinated debt is subject to the additional risk that the cash flow of the borrower and the property securing the debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured and unsecured obligations of the borrower.

The Company may directly invest in the equity of private companies or, in some cases, equity investments could be made in connection with a debt investment. Equity investments may or may not fluctuate in value resulting in recognized realized gains or losses upon disposition.

The Company's operating results and portfolio companies may be negatively impacted by the COVID-19 pandemic. While several countries, as well as certain states, counties and cities in the United States, have relaxed initial public health restrictions with the view to partially or fully reopening their economies, many cities have since experienced a surge in the reported number of cases, hospitalizations and deaths related to the COVID-19 pandemic. These surges have led to the re-introduction of such restrictions and business shutdowns in certain states in the United States and globally and could continue to lead to the re-introduction of such restrictions elsewhere. Health advisors warn that recurring COVID-19 outbreaks, including outbreaks of variants such as the delta and omicron variants, will continue if reopening is pursued too soon or in the wrong manner, which may lead to the re-introduction or continuation of certain public health restrictions (such as instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues). Additionally, travelers from the United States are restricted from visiting many countries including countries in Europe, Asia, Africa and South America. These continued travel restrictions may prolong the global economic downturn. In addition, although the Federal Food and Drug Administration authorized vaccines beginning in December 2020 and a significant portion of the U.S. population have been vaccinated, and it remains unclear how quickly the vaccines will continue to be distributed nationwide and globally, or when "herd immunity" will be achieved and the restrictions that were imposed to slow the spread of the virus will be lifted entirely. Any delay in distributing the vaccines could lead people to continue to self-isolate and not participate in the economy at pre-pandemic levels for a prolonged period of time. Even after the COVID-19 pandemic subsides, the U.S. economy and most other major global economies may continue to experience a recession, and we anticipate our business and operations could be materially adversely affected by a prolonged recession in the United States and other major markets.

This outbreak is having, and any future outbreaks could have, an adverse impact on the markets and the economy in general, which could have a material adverse impact on, among other things, the ability of lenders to originate loans, the volume and type of loans originated, and the volume and type of amendments and waivers granted to borrowers and remedial actions taken in the event of a borrower default, each of which could negatively impact the amount and quality of loans available for investment by the Company and returns to the Company, among other things. As of the date of this Annual Report on Form 10-K, it is impossible to determine the scope of this outbreak, or any future outbreaks, how long any such outbreak, market disruption or uncertainties may last, the effect any governmental actions will have or the full potential impact on the Company and our portfolio companies. Any potential impact to our results of operations will depend to a large extent on future developments and new information that could emerge regarding the duration and severity of COVID-19 and the actions taken by authorities and other entities to contain COVID-19 or treat its impact, all of which are beyond our control. These potential impacts, while uncertain, could adversely affect our and our portfolio companies' operating results.

Note 4. Fair Value

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes and ranks the inputs to valuation techniques used in measuring investments at fair value. The hierarchy classifies the inputs used in measuring fair value into three levels as follows:

Level I—Quoted prices (unadjusted) are available in active markets for identical investments and the Company has the ability to access such quotes as of the reporting date. The type of investments which would generally be included in Level I include active exchange-traded equity securities and exchange-traded derivatives. As required by ASC 820, the Company, to the extent that it holds such investments, does not adjust the quoted price for these investments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

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

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

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

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

The inputs into the determination of fair value require significant judgment or estimation by management and consideration of factors specific to each investment. A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in the transfer of certain investments within the fair value hierarchy from period to period.

The following table summarizes the levels in the fair value hierarchy that the Company's portfolio investments fall into as of December 31, 2021:

	Total	Level I	Level II	Level III
First lien	$ 1,657,815	$ —	$ 22,672	$ 1,635,143
Second lien	627,356	—	308,236	319,120
Subordinated	50,742	—	—	50,742
Equity and other	838,451	—	—	838,451
Total investments	$ 3,174,364	$ —	$ 330,908	$ 2,843,456

The following table summarizes the levels in the fair value hierarchy that the Company's portfolio investments fall into as of December 31, 2020:

	Total	Level I	Level II	Level III
First lien	$ 1,576,217	$ —	$ 92,850	$ 1,483,367
Second lien	692,828	—	122,795	570,033
Subordinated	36,939	—	—	36,939
Equity and other	647,518	—	—	647,518
Total investments	$ 2,953,502	$ —	$ 215,645	$ 2,737,857

The following table summarizes the changes in fair value of Level III portfolio investments for the year ended December 31, 2021, as well as the portion of appreciation (depreciation) included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Company at December 31, 2021:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, December 31, 2020	$ 2,737,857	$ 1,483,367	$ 570,033	$ 36,939	$ 647,518
Total gains or losses included in earnings:					
Net realized (losses) gains on investments	(6,785)	(10,329)	349	(5,150)	8,345
Net change in unrealized appreciation (depreciation) of investments	101,260	5,552	(7,889)	5,688	97,909
Purchases, including capitalized PIK and revolver fundings(1)	1,134,829	821,224	101,881	13,265	198,459
Proceeds from sales and paydowns of investments(1)	(987,561)	(664,671)	(209,110)	—	(113,780)
Transfers out of Level III(2)	(136,144)	—	(136,144)	—	—
Fair value, December 31, 2021	$ 2,843,456	$ 1,635,143	$ 319,120	$ 50,742	$ 838,451
Unrealized appreciation (depreciation) for the period relating to those Level III assets that were still held by the Company at the end of the period:	$ 94,448	$ 5,392	$ (7,897)	$ 538	$ 96,415

(1) Includes non-cash reorganizations and restructurings.
(2) As of December 31, 2021, portfolio investments were transferred out of Level III into Level II at fair value as of the beginning of the period in which the reclassification occurred.

The following table summarizes the changes in fair value of Level III portfolio investments for the year ended December 31, 2020, as well as the portion of appreciation (depreciation) included in income attributable to unrealized appreciation (depreciation) related to those assets and liabilities still held by the Company at December 31, 2020:

	Total	First Lien	Second Lien	Subordinated	Equity and other
Fair value, December 31, 2019	$ 2,506,741	$ 1,538,423	$ 419,391	$ 45,904	$ 503,023
Total gains or losses included in earnings:					
Net realized (losses) gains on investments	(1,937)	(15,947)	14	(3,600)	17,596
Net change in unrealized (depreciation) appreciation of investments	(39,994)	(15,632)	5,800	(3,065)	(27,097)
Purchases, including capitalized PIK and revolver fundings(1)	647,683	381,314	65,586	28,486	172,297
Proceeds from sales and paydowns of investments(1)	(639,885)	(487,614)	(103,184)	(30,786)	(18,301)
Transfers into Level III(2)	292,612	110,186	182,426	—	—
Transfers out of Level III(2)	(27,363)	(27,363)	—	—	—
Fair value, December 31, 2020	$ 2,737,857	$ 1,483,367	$ 570,033	$ 36,939	$ 647,518
Unrealized (depreciation) appreciation for the period relating to those Level III assets that were still held by the Company at the end of the period:	$ (23,092)	$ (16,067)	$ 5,349	$ (4,488)	$ (7,886)

(1) Includes non-cash reorganizations and restructurings.
(2) As of December 31, 2020, portfolio investments were transferred into Level III from Level II and out of Level III into Level II at fair value as of the beginning of the period in which the reclassification occurred.

Except as noted in the tables above, there were no other transfers in or out of Level I, II, or III during the years ended December 31, 2021 and December 31, 2020. Transfers into Level III occur as quotations obtained through pricing services are deemed not representative of fair value as of the balance sheet date and such assets are internally valued. As quotations obtained through pricing services are substantiated through additional market sources, investments are transferred out of Level III. In addition, transfers out of Level III and transfers into Level III occur based on the increase or decrease in the availability of certain observable inputs.

The Company invests in revolving credit facilities. These investments are categorized as Level III investments as these assets are not actively traded and their fair values are often implied by the term loans of the respective portfolio companies.

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

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

For debt investments, the Company may employ the Market Based Approach (as described below) to assess the total enterprise value of the portfolio company, in order to evaluate the enterprise value coverage of the Company’s debt investment.

For equity investments or in cases where the Market Based Approach implies a lack of enterprise value coverage for the debt investment, the Company may additionally employ a discounted cash flow analysis based on the free cash flows of the portfolio company to assess the total enterprise value.

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

Market Based Approach: The Company may estimate the total enterprise value of each portfolio company by utilizingEBITDA or revenue multiples of publicly traded comparable companies and comparable transactions. The Company considers numerous factors when selecting the appropriate companies whose trading multiples are used to value its portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, and relevant risk factors, as well as size, profitability and growth expectations. The Company may apply an average of various relevant comparable company EBITDA or revenue multiples to the portfolio company's latest twelve month ("LTM") EBITDA or revenue or projected EBITDA or revenue to calculate the enterprise value of the portfolio company. Significant increases or decreases in the EBITDA or revenue multiple will result in an increase or decrease in enterprise value, which may result in an increase or decrease in the fair value estimate of the investment. In applying the market based approach as of December 31, 2021 and December 31, 2020, the Company used the relevant EBITDA or revenue multiple ranges set forth in the table below to determine the enterprise value of its portfolio companies. The Company believes these were reasonable ranges in light of current comparable company trading levels and the specific portfolio companies involved.

Income Based Approach: The Company also may use a discounted cash flow analysis to estimate the fair value of the investment. Projected cash flows represent the relevant security's contractual interest, fee and principal payments plus the assumption of full principal recovery at the investment's expected maturity date. These cash flows are discounted at a rate established utilizing a combination of a yield calibration approach and a comparable investment approach. The yield calibration approach incorporates changes in the credit quality (as measured by relevant statistics) of the portfolio company, as compared to changes in the yield associated with comparable credit quality market indices, between the date of origination and the valuation date. The comparable investment approach utilizes an average yield-to maturity of a selected set of high-quality, liquid investments to determine a comparable investment discount rate. Significant increases or decreases in the discount rate would result in a decrease or increase in the fair value measurement. In applying the income based approach as of December 31, 2021 and December 31, 2020, the Company used the discount ranges set forth in the table below to value investments in its portfolio companies.

The unobservable inputs used in the fair value measurement of the Company's Level III investments as of December 31, 2021 were as follows:

Type	Fair Value as of December 31, 2021	Approach	Unobservable Input	Range Low	Range High	Weighted Average
First lien	$ 1,478,445	Market & income approach	EBITDA multiple	4.5x	32.5x	14.7x
			Revenue multiple	4.0x	19.5x	7.0x
			Discount rate	4.8 %	17.0 %	7.6 %
	55,326	Market quote	Broker quote	N/A	N/A	N/A
	101,372	Other	N/A(1)	N/A	N/A	N/A
Second lien	253,587	Market & income approach	EBITDA multiple	7.5x	32.0x	15.2x
			Discount rate	7.5 %	28.2 %	11.3 %
	22,528	Market quote	Broker quote	N/A	N/A	N/A
	43,005	Other	N/A(1)	N/A	N/A	N/A
Subordinated	39,798	Market & income approach	EBITDA multiple	8.0x	14.5x	11.5x
			Discount rate	11.1 %	18.4 %	16.0 %
	10,944	Other	N/A(1)	N/A	N/A	N/A
Equity and other	824,151	Market & income approach	EBITDA multiple	5.0x	26.5x	12.7x
			Revenue multiple	5.0x	19.5x	14.3x
			Discount rate	4.0 %	31.3 %	10.0 %
	14,300	Other	N/A(1)	N/A	N/A	N/A
	$ 2,843,456					

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

The unobservable inputs used in the fair value measurement of the Company's Level III investments as of December 31, 2020 were as follows:

Type	Fair Value as of December 31, 2020	Approach	Unobservable Input	Range Low	Range High	Range Weighted Average
First lien	$ 1,401,169	Market & income approach	EBITDA multiple	5.0x	35.0x	14.5x
			Revenue multiple	4.0x	11.0x	6.2x
			Discount rate	4.4 %	18.6 %	7.6 %
	82,198	Market quote	Broker quote	N/A	N/A	N/A
Second lien	474,956	Market & income approach	EBITDA multiple	6.5x	32.0x	14.9x
			Discount rate	6.9 %	22.6 %	9.5 %
	52,374	Market quote	Broker quote	N/A	N/A	N/A
	42,703	Other	N/A(1)	N/A	N/A	N/A
Subordinated	36,939	Market & income approach	EBITDA multiple	8.0x	13.5x	10.0x
			Discount rate	11.7 %	13.6 %	12.5 %
Equity and other	647,360	Market & income approach(2)	EBITDA multiple	5.0x	19.5x	11.9x
			Discount rate	5.8 %	40.9 %	11.6 %
	158	Other	N/A(1)	N/A	N/A	N/A
	$ 2,737,857					

(1) Fair value was determined based on transaction pricing or recent acquisition or sale as the best measure of fair value with no material changes in operations of the related portfolio company since the transaction date.
(2) Since December 31, 2019, there were changes in valuation techniques within Level III that did not have a material impact on the valuation of these investments. Certain investments that were previously valued using Black Scholes analysis are now valued based on market & income approach as these methods are better indicators of the fair value measurement.

Based on a comparison to similar BDC credit facilities, the terms and conditions of the Holdings Credit Facility, the NMFC Credit Facility and the DB Credit Facility are representative of market. The carrying values of the Holdings Credit Facility, NMFC Credit Facility and DB Credit Facility approximate fair value as of December 31, 2021, as the facilities are continually monitored and examined by both the borrower and the lender and are considered Level III. See Note 7. *Borrowings,* for details. The carrying value of the SBA-guaranteed debentures, the 2017A Unsecured Notes, the 2018A Unsecured Notes, the 2018B Unsecured Notes, the 2019A Unsecured Notes and the 2021A Unsecured Notes approximate fair value as of December 31, 2021 based on a comparison of market interest rates for the Company's borrowings and similar entities and are considered Level III. The fair value of the Convertible Notes as of December 31, 2021 was $213,577 which was based on quoted prices and considered Level II. See Note 7. *Borrowings*, for details. The carrying value of the collateralized agreement approximates fair value as of December 31, 2021 and is considered Level III. The fair value of other financial assets and liabilities approximates their carrying value based on the short-term nature of these items.

Fair value risk factors—The Company seeks investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the Company's portfolio companies conduct their operations, as well as general economic, political and public health conditions (including the COVID-19 pandemic), may have a significant negative impact on the operations and profitability of the Company's investments and/or on the fair value of the Company's investments. The Company's investments are subject to the risk of non-payment of scheduled interest or principal, resulting in a reduction in income to the Company and their corresponding fair valuations. Also, there may be risk associated with the concentration of investments in one geographic region or in certain industries. These events are beyond the control of the Company and cannot be predicted. Furthermore, the ability to liquidate investments and realize value is subject to uncertainties.

Note 5. Agreements

The Company entered into an investment advisory and management agreement (the “Investment Management Agreement”) with the Investment Adviser which was most recently re-approved by the Company's board of directors on February 23, 2022, at a virtual meeting, for a period of 12 months commencing on May 8, 2022. The Company's board of directors held such meeting by virtual means in reliance on relief provided by the U.S. Securities and Exchange Commission (the "SEC") in response to the COVID-19 pandemic. Under the Investment Management Agreement, the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, the Company. For providing these services, the Investment Adviser receives a fee from the Company, consisting of two components—a base management fee and an incentive fee. On November 1, 2021, the Company entered into Amendment No. 1 to the Investment Management Agreement (“Amendment No. 1”). As described below, the sole purpose of Amendment No. 1 was to reduce the base management fee from 1.75% of the Company’s gross assets to 1.4% of the Company’s gross assets.

Pursuant to Amendment No. 1, the base management fee is calculated at an annual rate of 1.4% of the Company's gross assets, which equals the Company's total assets on the Consolidated Statements of Assets and Liabilities, less cash and cash equivalents. Prior to Amendment No. 1, pursuant to the Investment Management Agreement, the base management fee was calculated at an annual rate of 1.75% of the Company's gross assets, which equaled the Company's total assets on the Consolidated Statements of Assets and Liabilities, less (i) the borrowings under the New Mountain Finance SPV Funding, L.L.C. Loan and Security Agreement, as amended and restated, dated October 27, 2010 (the "SLF Credit Facility") and (ii) cash and cash equivalents. The base management fee is payable quarterly in arrears, and is calculated based on the average value of the Company's gross assets, which equals the Company's total assets, as determined in accordance with GAAP, less cash and cash equivalents at the end of each of the two most recently completed calendar quarters, and appropriately adjusted on a pro rata basis for any equity capital raises or repurchases during the current calendar quarter. The Company has not invested, and currently is not invested, in derivatives. To the extent the Company invests in derivatives in the future, the Company will use the actual value of the derivatives, as reported on the Consolidated Statements of Assets and Liabilities, for purposes of calculating its base management fee.

Since the IPO and through November 1, 2021, the date of Amendment No. 1, the base management fee calculation has deducted the borrowings under the SLF Credit Facility. The SLF Credit Facility had historically consisted of primarily lower yielding assets at higher advance rates. As part of an amendment to the Company’s existing credit facilities with Wells Fargo Bank, National Association, the SLF Credit Facility merged with the NMF Holdings Loan and Security Agreement, as amended and restated, dated May 19, 2011, and formed the Holdings Credit Facility on December 18, 2014, as amended and restated on October 25, 2017. See Note 7. *Borrowings,* for details. The amendment merged the credit facilities and combined the amount of borrowings previously available. Post credit facility merger and to be consistent with the methodology since the IPO, the Investment Adviser continued to waive management fees on the leverage associated with those assets held under revolving credit facilities that share the same underlying yield characteristics with investments leveraged under the legacy SLF Credit Facility. Effective as of and for the quarter ended March 31, 2021 through the quarter ending December 31, 2022, the Investment Adviser entered into a fee waiver agreement (the "Fee Waiver Agreement") pursuant to which the Investment Adviser will waive base management fees in order to reach a target base management fee of 1.25% on gross assets (the “Reduced Base Management Fee”) as opposed to the Company’s then-current (i.e., prior to Amendment No. 1) base management fee of 1.75% on gross assets less the borrowings under the SLF Credit Facility and less cash and cash equivalents. On November 2, 2021, the Investment Adviser extended the term of the Fee Waiver Agreement to be effective through the quarter ended December 31, 2023, rather than the quarter ended December 31, 2022. If, for any quarterly period during the term of the Fee Waiver Agreement, the Reduced Base Management Fee would be greater than the base management fee calculated under the terms of the Investment Management Agreement, as amended by Amendment No. 1 (i.e., 1.4% of the Company’s gross assets), the Investment Adviser shall only be entitled to the lesser of those two amounts. The Investment Adviser cannot recoup management fees that the Investment Adviser has previously waived. For the years ended December 31, 2021, December 31, 2020 and December 31, 2019, management fees waived were approximately $13,104, $12,311 and $12,012, respectively.

The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20.0% of the Company's "Pre-Incentive Fee Net Investment Income" for the immediately preceding quarter, subject to a "preferred return", or "hurdle", and a "catch-up" feature. "Pre-Incentive Fee Net Investment Income" means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, upfront, diligence and consulting fees or other fees that the Company receives from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses for the quarter (including the base management fee, expenses payable under an administration agreement, as amended and restated (the "Administration Agreement"), with the Administrator, and any interest expense and distributions paid on any issued and outstanding preferred stock (of which there are none as of December 31, 2021), but excluding the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), accrued income that the Company has not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

Pre-Incentive Fee Net Investment Income, expressed as a rate of return on the value of the Company's net assets at the end of the immediately preceding calendar quarter, will be compared to a "hurdle rate" of 2.0% per quarter (8.0% annualized), subject to a "catch-up" provision measured as of the end of each calendar quarter. The hurdle rate is appropriately pro-rated for any partial periods. The calculation of the Company's incentive fee with respect to the Pre-Incentive Fee Net Investment Income for each quarter is as follows:

- No incentive fee is payable to the Investment Adviser in any calendar quarter in which the Company's Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate of 2.0% (the "preferred return" or "hurdle").
- 100.0% of the Company's Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than or equal to 2.5% in any calendar quarter (10.0% annualized) is payable to the Investment Adviser. This portion of the Company's Pre-Incentive Fee Net Investment Income (which exceeds the hurdle rate but is less than or equal to 2.5%) is referred to as the "catch-up". The catch-up provision is intended to provide the Investment Adviser with an incentive fee of 20.0% on all of the Company's Pre-Incentive Fee Net Investment Income as if a hurdle rate did not apply when the Company's Pre-Incentive Fee Net Investment Income exceeds 2.5% in any calendar quarter.
- 20.0% of the amount of the Company's Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.5% in any calendar quarter (10.0% annualized) is payable to the Investment Adviser once the hurdle is reached and the catch-up is achieved.

For the year ended December 31, 2021, December 31, 2020 and December 31, 2019 incentive fees waived were approximately $0, $500 and $0, respectively. The Investment Adviser cannot recoup incentive fees that the Investment Adviser has previously waived.

The second part of the incentive fee will be determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement) and will equal 20.0% of the Company's realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fee.

In accordance with GAAP, the Company accrues a hypothetical capital gains incentive fee based upon the cumulative net realized capital gains and realized capital losses and the cumulative net unrealized capital appreciation and unrealized capital depreciation on investments held at the end of each period. Actual amounts paid to the Investment Adviser are consistent with the Investment Management Agreement and are based only on actual realized capital gains computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis from inception through the end of each calendar year as if the entire portfolio was sold at fair value.

The following table summarizes the management fees and incentive fees incurred by the Company for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

	Year Ended December 31,		
	2021	2020	2019
Management fee	$ 52,960	$ 53,032	$ 49,115
Less: management fee waiver	(13,104)	(12,311)	(12,012)
Total management fee	39,856	40,721	37,103
Incentive fee, excluding accrued capital gains incentive fees	$ 29,710	$ 29,211	$ 29,288
Less: incentive fee waiver	—	(500)	—
Total incentive fee	29,710	28,711	29,288
Accrued capital gains incentive fees(1)	$ —	$ —	$ —

(1) As of December 31, 2021, December 31, 2020 and December 31, 2019, no actual capital gains incentive fee was owed under the Investment Management Agreement by the Company, as cumulative net realized capital gains did not exceed cumulative unrealized capital depreciation.

The Company has entered into the Administration Agreement with the Administrator under which the Administrator provides administrative services. The Administration Agreement was most recently re-approved by the board of directors on February 17, 2021, for a period of 12 months commencing on May 8, 2021. The Administrator maintains, or oversees the maintenance of, the Company’s consolidated financial records, prepares reports filed with the SEC, generally monitors the payment of the Company's expenses and oversees the performance of administrative and professional services rendered by others. The Company will reimburse the Administrator for the Company's allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to the Company under the Administration Agreement. Pursuant to the Administration Agreement and further restricted by the Company, the Administrator may, in its own discretion, submit to the Company for reimbursement some or all of the expenses that the Administrator has incurred on behalf of the Company during any quarterly period. As a result, the amount of expenses for which the Company will have to reimburse the Administrator may fluctuate in future quarterly periods and there can be no assurance given as to when, or if, the Administrator may determine to limit the expenses that the Administrator submits to the Company for reimbursement in the future. However, it is expected that the Administrator will continue to support part of the expense burden of the Company in the near future and may decide to not calculate and charge through certain overhead related amounts as well as continue to cover some of the indirect costs. The Administrator cannot recoup any expenses that the Administrator has previously waived. For the years ended December 31, 2021, December 31, 2020 and December 31, 2019, approximately $2,827, $2,651 and $2,594, respectively, of indirect administrative expenses were included in administrative expenses of which $244, $924 and $335, respectively, were waived by the Administrator. As of December 31, 2021 and December 31, 2020, $545 and $738, respectively, of indirect administrative expenses were included in payable to affiliates. For the years ended December 31, 2021, December 31, 2020 and December 31, 2019, the reimbursement to the Administrator represented approximately 0.08%, 0.06% and 0.07%, respectively, of the Company's gross assets.

The Company, the Investment Adviser and the Administrator have also entered into a Trademark License Agreement, as amended, with New Mountain Capital, pursuant to which New Mountain Capital has agreed to grant the Company, the Investment Adviser and the Administrator a non-exclusive, royalty-free license to use the "New Mountain" and the "New Mountain Finance" names, as well as the NMF logo. Under the Trademark License Agreement, as amended, subject to certain conditions, the Company, the Investment Adviser and the Administrator will have a right to use the "New Mountain" and "New Mountain Finance" names, as well as the NMF logo, for so long as the Investment Adviser or one of its affiliates remains the investment adviser of the Company. Other than with respect to this limited license, the Company, the Investment Adviser and the Administrator will have no legal right to the "New Mountain" or the "New Mountain Finance" names, as well as the NMF logo.

Note 6. Related Parties

The Company has entered into a number of business relationships with affiliated or related parties.

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

The Company has entered into the Fee Waiver Agreement with the Investment Adviser, pursuant to which the Investment Adviser agreed to voluntarily reduce the base management fees payable to the Investment Adviser by the Company under the Investment Management Agreement beginning with the quarter ended March 31, 2021 through the quarter ending December 31, 2022. Subsequently, the Company and the Investment Adviser extended the term of the Fee Waiver Agreement to be effective through the quarter ending December 31, 2023. See Note 5. *Agreements*, for details.

The Company has entered into the Administration Agreement with the Administrator, a wholly-owned subsidiary of New Mountain Capital. The Administrator arranges office space for the Company and provides office equipment and administrative services necessary to conduct their respective day-to-day operations pursuant to the Administration Agreement. The Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations to the Company under the Administration Agreement which includes the fees and expenses associated with performing administrative, finance and compliance functions, and the compensation of the Company's chief financial officer and chief compliance officer and their respective staffs.

The Company, the Investment Adviser and the Administrator have entered into a royalty-free Trademark License Agreement, as amended, with New Mountain Capital, pursuant to which New Mountain Capital has agreed to grant the Company, the Investment Adviser and the Administrator a non-exclusive, royalty-free license to use the name "New Mountain" and "New Mountain Finance", as well as the NMF logo.

The Company has adopted a formal code of ethics that governs the conduct of its officers and directors. These officers and directors also remain subject to the duties imposed by the 1940 Act and the Delaware General Corporation Law.

The Investment Adviser and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole or in part, to the Company’s investment mandates. The Investment Adviser and its affiliates may determine that an investment is appropriate for the Company or for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, the Investment Adviser or its affiliates may determine that the Company should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the SEC and its staff and consistent with the Investment Adviser’s allocation procedures. On October 8, 2019, the SEC issued an exemptive order (the “Exemptive Order”), which superseded a prior order issued on December 18, 2017, which permits the Company to co-invest in portfolio companies with certain funds or entities managed by the Investment Adviser or its affiliates in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act, subject to the conditions of the Exemptive Order. Pursuant to the Exemptive Order, the Company is permitted to co-invest with its affiliates if a “required majority” (as defined in Section 57(o) of the 1940 Act) of the Company's independent directors make certain conclusions in connection with a co-investment transaction, including, but not limited to, that (1) the terms of the potential co-investment transaction, including the consideration to be paid, are reasonable and fair to the Company and its stockholders and do not involve overreaching in respect of the Company or its stockholders on the part of any person concerned, and (2) the potential co-investment transaction is consistent with the interests of the Company's stockholders and is consistent with its then-current investment objective and strategies.

On March 30, 2020, an affiliate of the Investment Adviser purchased directly from NMNLC 105,030 shares of NMNLC’s common stock at a price of $107.63 per share, which represented the net asset value per share of NMNLC at the date of purchase, for an aggregate purchase price of approximately $11,315. Immediately thereafter, NMNLC redeemed 105,030 shares of its common stock held by the Company in exchange for a promissory note with a principal amount of $11,315 and a 7.0% interest rate, which was repaid by NMNLC to the Company on March 31, 2020.

On March 30, 2020, the Company entered into an unsecured revolving credit facility with NMF Investments III, L.L.C., an affiliate of the Investment Adviser, with a $30,000 maximum amount of revolver borrowings available and a maturity date of December 31, 2022. On May 4, 2020, the Company entered into an Amended and Restated Uncommitted Revolving Loan Agreement with NMF Investments III, L.L.C., which increased the maximum amounts of revolving borrowings available thereunder from $30,000 to $50,000. On December 17, 2021, the Company entered into Amendment No. 1 to the Amended and Restated Uncommitted Revolving Loan Agreement with NMF Investments III, L.L.C., which lowered the interest rate and extended the maturity date from December 31, 2022 to December 31, 2024. Refer to Note 7. *Borrowings* for discussion of the Unsecured Management Company Revolver (defined below).

Note 7. Borrowings

On June 8, 2018 the Company's shareholders approved the application of the modified asset coverage requirements set forth in Section 61(a) of the 1940 Act, which resulted in the reduction from 200.0% to 150.0% of the minimum asset coverage ratio applicable to the Company as of June 9, 2018 (which means the Company can borrow $2 for every $1 of its equity). As a result of the Company's exemptive relief received on November 5, 2014, the Company is permitted to exclude its SBA-guaranteed debentures from the 150.0% asset coverage ratio that the Company is required to maintain under the 1940 Act. The agreements governing the NMFC Credit Facility, the Convertible Notes and the Unsecured Notes contain certain covenants and terms, including a requirement that the Company not exceed a debt-to-equity ratio of 1.65 to 1.00 at the time of incurring additional indebtedness and a requirement that the Company not exceed a secured debt ratio of 0.70 to 1.00 at any time. As of December 31, 2021, the Company’s asset coverage ratio was 181.21%.

Holdings Credit Facility—On October 24, 2017, the Company entered into the Third Amended and Restated Loan and Security Agreement among the Company, as the Collateral Manager, NMF Holdings, as the Borrower, Wells Fargo Securities, LLC, as the Administrative Agent and Wells Fargo Bank, National Association, as the Lender and Collateral Custodian (as amended from time to time, the "Holdings Credit Facility"). As of the most recent amendment on April 20, 2021, the maturity date of the Holdings Credit Facility is April 20, 2026, and the maximum facility amount is the lesser of $800,000 and the actual commitments of the lenders to make advances as of such date.

As of December 31, 2021, the maximum amount of revolving borrowings available under the Holdings Credit Facility is $730,000. Under the Holdings Credit Facility, NMF Holdings is permitted to borrow up to 25.0%, 45.0%, 67.5% or 70.0% of the purchase price of pledged assets, subject to approval by Wells Fargo Bank, National Association. The Holdings Credit Facility is non-recourse to the Company and is collateralized by all of the investments of NMF Holdings on an investment by investment basis. All fees associated with the origination, amending or upsizing of the Holdings Credit Facility are capitalized on the Company's Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the Holdings Credit Facility. The Holdings Credit Facility contains certain customary affirmative and negative covenants and events of default. In addition, the Holdings Credit Facility requires the Company to maintain a minimum asset coverage ratio of 150.0%. The covenants are generally not tied to mark to market fluctuations in the prices of NMF Holdings investments, but rather to the performance of the underlying portfolio companies.

As of the most recent amendment on April 20, 2021, the Holdings Credit Facility bears interest at a rate of LIBOR plus 1.60% per annum for Broadly Syndicated Loans (as defined in the Fifth Amendment to the Loan and Security Agreement) and LIBOR plus 2.10% per annum for all other investments. From September 30, 2020 to April 19, 2021 the Holdings Credit Facility bore interest at a rate of LIBOR plus 2.00% per annum for Broadly Syndicated Loans (as defined in the Fourth Amendment Loan and Security Agreement) and LIBOR plus 2.50% per annum for all other investments. Prior to September 30, 2020, the Holdings Credit Facility bore interest at a rate of LIBOR plus 1.75% per annum for Broadly Syndicated Loans (as defined in the Second Amendment to the Loan and Security Agreement) and LIBOR plus 2.25% per annum for all other investments. The Holdings Credit Facility also charges a non-usage fee, based on the unused facility amount multiplied by the Non-Usage Fee Rate (as defined in the Third Amended and Restated Loan and Security Agreement).

The following table summarizes the interest expense, non-usage fees and amortization of financing costs incurred on the Holdings Credit Facility for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

	Year Ended December 31,		
	2021	2020	2019
Interest expense	$ 10,210	$ 14,164	$ 25,446
Non-usage fee	$ 1,282	$ 1,304	$ 643
Amortization of financing costs	$ 2,852	$ 1,507	$ 2,784
Weighted average interest rate	2.1 %	2.7 %	4.3 %
Effective interest rate	3.0 %	3.2 %	4.8 %
Average debt outstanding	$ 478,016	$ 526,645	$ 598,129

As of December 31, 2021, December 31, 2020 and December 31, 2019, the outstanding balance on the Holdings Credit Facility was $545,263, $450,163 and $661,563, respectively, and NMF Holdings was in compliance with the applicable covenants in the Holdings Credit Facility on such dates.

NMFC Credit Facility—The Amended and Restated Senior Secured Revolving Credit Agreement, (as amended from time to time, and together with the related guarantee and security agreement, the "RCA"), dated June 4, 2021, among the Company, as the Borrower, Goldman Sachs Bank USA, as the Administrative Agent and Collateral Agent, and Goldman Sachs Bank USA, Morgan Stanley Bank, N.A., Stifel Bank & Trust and MUFG Union Bank, N.A., as Lenders (the "NMFC Credit Facility"), is structured as a senior secured revolving credit facility. The NMFC Credit Facility is guaranteed by certain of the Company's domestic subsidiaries and proceeds from the NMFC Credit Facility may be used for general corporate purposes, including the funding of portfolio investments. As of the most recent amendment on June 4, 2021, the maturity date of the NMFC Credit Facility is June 4, 2026.

As of December 31, 2021, the maximum amount of revolving borrowings available under the NMFC Credit Facility was $198,500. The Company is permitted to borrow at various advance rates depending on the type of portfolio investment, as outlined in the RCA. All fees associated with the origination and amending of the NMFC Credit Facility are capitalized on the Company's Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the NMFC Credit Facility. The NMFC Credit Facility contains certain customary affirmative and negative covenants and events of default, including certain financial covenants related to asset coverage and liquidity and other maintenance covenants.

As of the most recent amendment on June 4, 2021, the NMFC Credit Facility generally bears interest at a rate of LIBOR plus 2.10% per annum or the prime rate plus 1.10% per annum, and charges a commitment fee, based on the unused facility amount multiplied by 0.375% per annum (as defined in the RCA). Prior to June 4, 2021, the NMFC Credit Facility bore interest at a rate of LIBOR plus 2.50% per annum or the prime rate plus 1.50% per annum, and charged a commitment fee, based on the unused facility amount multiplied by 0.375% per annum (as defined in the RCA).

The following table summarizes the interest expense, non-usage fees and amortization of financing costs incurred on the NMFC Credit Facility for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

	Year Ended December 31,		
	2021	2020	2019
Interest expense	$ 3,171	$ 5,023	$ 5,050
Non-usage fee	$ 213	$ 126	$ 128
Amortization of financing costs	$ 199	$ 137	$ 283
Weighted average interest rate	2.4 %	3.2 %	4.8 %
Effective interest rate	2.7 %	3.4 %	5.2 %
Average debt outstanding	$ 132,685	$ 155,497	$ 105,533

As of December 31, 2021, December 31, 2020 and December 31, 2019, the outstanding balance on the NMFC Credit Facility was $127,192, which included £16,400 denominated in British Pound Sterling ("GBP") that has been converted to U.S. dollars, $165,500 and $188,500, respectively, and NMFC was in compliance with the applicable covenants in the NMFC Credit Facility on such dates.

Unsecured Management Company Revolver—The Uncommitted Revolving Loan Agreement, dated March 30, 2020, by and between the Company, as the Borrower, and NMF Investments III, L.L.C., as Lender, an affiliate of the Investment Adviser (the "Unsecured Management Company Revolver"), is structured as a discretionary unsecured revolving credit facility. The proceeds from the Unsecured Management Company Revolver may be used for general corporate purposes, including the funding of portfolio investments. As of the most recent amendment on December 17, 2021, the maturity date of the Unsecured Management Company Revolver is December 31, 2024.

As of the most recent amendment on December 17, 2021, the Unsecured Management Company Revolver bears interest at a rate of 4.00% per annum. Prior to December 17, 2021, the Unsecured Management Company Revolver bore interest at a rate of 7.00% per annum (as defined in the Uncommitted Revolving Loan Agreement). On May 4, 2020, the Company entered into an Amended and Restated Uncommitted Revolving Loan Agreement with NMF Investments III, L.L.C., which increased the maximum amounts of revolving borrowings available thereunder from $30,000 to $50,000. As of December 31, 2021, the maximum amount of revolving borrowings available under the Unsecured Management Company Revolver was $50,000 and no borrowings were outstanding. For the year ended December 31, 2021, and December 31, 2020, amortization of financing costs were $11 and $8, respectively.

DB Credit Facility—The Loan Financing and Servicing Agreement (the "LFSA") dated December 14, 2018 and as amended from time to time, among NMFDB as the borrower, Deutsche Bank AG, New York Branch ("Deutsche Bank") as the facility agent, Lender and other agent from time to time party thereto and U.S. Bank National Association, as collateral agent and collateral custodian (the "DB Credit Facility"), is structured as a secured revolving credit facility and the maturity date is March 25, 2026.

As of December 31, 2021, the maximum amount of revolving borrowings available under the DB Credit Facility was $280,000. The Company is permitted to borrow at various advance rates depending on the type of portfolio investment, as outlined in the LFSA. The DB Credit Facility is non-recourse to the Company and is collateralized by all of the investments of NMFDB on an investment by investment basis. All fees associated with the origination and amending of the DB Credit Facility are capitalized on the Company's Consolidated Statement of Assets and Liabilities and charged against income as other financing expenses over the life of the DB Credit Facility. The DB Credit Facility contains certain customary affirmative and negative covenants and events of default. The covenants are generally not tied to mark to market fluctuations in the prices of NMFDB investments, but rather to the performance of the underlying portfolio companies.

The advances under the DB Credit Facility accrue interest at a per annum rate equal to the Applicable Margin plus the lender's Cost of Funds Rate. Prior to March 25, 2021, the Applicable Margin was equal to 2.60% during the Revolving Period and then increases by 0.20% during an Event of Default. Effective March 25, 2021, the Applicable Margin is equal to 2.35% during the Revolving Period and then increases by 0.20% during an Event of Default. The "Cost of Funds Rate" for a conduit lender is the lower of its commercial paper rate and the Base Rate plus 0.50%, and for any other lender is the Base Rate. The "Base Rate" is the three-months LIBOR Rate but may become an alternative base rate based on Deutsche Bank's base lending rate if certain LIBOR disruption events occur. The Company is also charged a non-usage fee, based on the unused facility amount multiplied by the Undrawn Fee Rate (as defined in the LFSA) and a facility agent fee of 0.25% per annum on the total facility amount.

The following table summarizes the interest expense, non-usage fees and amortization of financing costs incurred on the DB Credit Facility for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

	Year Ended December 31,		
	2021	2020	2019
Interest expense(1)	$ 5,985	$ 8,499	$ 5,809
Non-usage fee(1)	$ 362	$ 236	$ 218
Amortization of financing costs	$ 981	$ 641	$ 398
Weighted average interest rate	2.9 %	3.6 %	5.1 %
Effective interest rate	3.5 %	4.0 %	5.6 %
Average debt outstanding	$ 209,307	$ 233,649	$ 113,967

(1) Interest expense includes the portion of the facility agent fee applicable to the drawn portion of the DB Credit Facility and non-usage fee includes the portion of the facility agent fee applicable to the undrawn portion of the DB Credit Facility.

As of December 31, 2021, December 31, 2020 and December 31, 2019 the outstanding balance on the DB Credit Facility was $226,300, $244,000 and $230,000, respectively, and NMFDB was in compliance with the applicable covenants in the DB Credit Facility on such dates.

NMNLC Credit Facilities—The Revolving Credit Agreement (together with the related guarantee and security agreement, the “NMNLC Credit Facility”), dated September 21, 2018, by and between NMNLC, as the Borrower, and KeyBank National Association, as the Administrative Agent and Lender (the "NMNLC Revolving Credit Agreement"), was structured as a senior secured revolving credit facility and matured on September 23, 2020. The NMNLC Credit Facility was guaranteed by the Company and proceeds from the NMNLC Credit Facility were able to be used for funding of additional acquisition properties.

The NMNLC Credit Facility bore interest at a rate of LIBOR plus 2.50% per annum or the prime rate plus 1.50% per annum, and charged a commitment fee, based on the unused facility amount multiplied by 0.15% per annum (as defined in the NMNLC Revolving Credit Agreement). For the year ended December 31, 2020, interest expense, non-usage fees and amortization of financing costs were $0, $33 and $11, respectively. For the year ended December 31, 2019, interest expense, non-usage fees and amortization of financing costs were $64, $44 and $87, respectively.

The Credit Agreement (together with the related guarantee and security agreement, the "NMNLC CA"), dated February 26, 2021, by and between NMNLC, as the Borrower, and City National Bank, as the Lender (the "NMNLC Credit Facility II"), is structured as a senior secured revolving credit facility. As of the most recent amendment on December 7, 2021, the NMNLC CA matures on February 25, 2023. The NMNLC Credit Facility II is guaranteed by the Company and proceeds from the NMNLC Credit Facility II are able to be used for funding of additional acquisition properties. As of December 31, 2021, the maximum amount of revolving borrowings available under the NMNLC Credit Facility II is $20,000.

Prior to the amendment on December 7, 2021, the NMNLC Credit Facility II bore interest at a rate of LIBOR plus 2.75% per annum, and charged a commitment fee, based on the unused facility amount multiplied by 0.05% per annum (as defined in the NMNLC CA). As of December 7, 2021, the NMNLC Credit Facility II bears interest at a rate of the Secured Overnight Financing Rate ("SOFR") plus 2.75% per annum with a 0.35% floor, and charges a commitment fee, based on the unused facility amount multiplied by 0.05% per annum (as defined in the NMNLC CA). For the year ended December 31, 2021, interest expense, non-usage fees and amortization of financing costs were $93, $3 and $83, respectively and the weighted average interest rate and effective interest rate was 2.7% and 5.1%, respectively. As of December 31, 2021, the outstanding balance on the NMNLC Credit Facility II was $15,200 and NMNLC was in compliance with the applicable covenants in the NMNLC Credit Facility II on such date.

Convertible Notes—On August 20, 2018, the Company closed a registered public offering of $100,000 aggregate principal amount of unsecured convertible notes (the “Convertible Notes”), pursuant to an indenture, dated August 20, 2018, as supplemented by a first supplemental indenture thereto, dated August 20, 2018 (together the “2018A Indenture”). On August 30, 2018, in connection with the registered public offering, the Company issued an additional $15,000 aggregate principal amount of the Convertible Notes pursuant to the exercise of an overallotment option by the underwriter of the Convertible Notes. On June 7, 2019, the Company closed a registered public offering of an additional $86,250 aggregate principal amount of the Convertible Notes. These additional Convertible Notes constitute a further issuance of, rank equally in right of payment with, and form a single series with the $115,000 aggregate principal amount of Convertible Notes that the Company issued in August 2018.

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

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

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

The following table summarizes certain key terms related to the convertible features of the Company's Convertible Notes as of December 31, 2021.

		Convertible Notes	
Initial conversion premium		10.0	%
Initial conversion rate(1)		65.8762	
Initial conversion price	$	15.18	
Conversion premium at December 31, 2021		10.0	%
Conversion rate at December 31, 2021(1)(2)		65.8762	
Conversion price at December 31, 2021(2)(3)	$	15.18	
Last conversion price calculation date		August 20, 2021	

(1) Conversion rates denominated in shares of common stock per $1 principal amount of the Convertible Notes converted.
(2) Represents conversion rate and conversion price, as applicable, taking into account certain de minimis adjustments that will be made on the conversion date.
(3) The conversion price in effect at December 31, 2021 was calculated on the last anniversary of the issuance and will be calculated again on the next anniversary, unless the exercise price shall have changed by more than 1.0% before the anniversary.

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

The Convertible Notes are unsecured obligations and rank senior in right of payment to the Company's existing and future indebtedness, if any, that is expressly subordinated in right of payment to the Convertible Notes; equal in right of payment to the Company's existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company's secured indebtedness (including existing unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries and financing vehicles. As reflected in Note 12*Earnings Per Share*, the issuance is considered part of the if-converted method for calculation of diluted earnings per share.

The following table summarizes the interest expense, amortization of financing costs and amortization of premium incurred on the Convertible Notes for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

	Year Ended December 31,		
	2021	2020	2019
Interest expense	$ 11,572	$ 11,572	$ 12,959
Amortization of financing costs	$ 395	$ 396	$ 796
Amortization of premium	$ (103)	$ (103)	$ (109)
Weighted average interest rate	5.8 %	5.8 %	5.5 %
Effective interest rate	5.9 %	5.9 %	5.8 %
Average debt outstanding	$ 201,250	$ 201,250	$ 234,332

As of December 31, 2021, December 31, 2020 and December 31, 2019, the outstanding balance on the Convertible Notes was $201,250, $201,250 and $201,250, respectively, and NMFC was in compliance with the terms of the 2018A Indenture on such date.

Unsecured Notes

On May 6, 2016, the Company issued $50,000 in aggregate principal amount of five-year unsecured notes (the “2016 Unsecured Notes”), pursuant to a note purchase agreement, dated May 4, 2016, to an institutional investor in a private placement. On September 30, 2016, the Company entered into an amended and restated note purchase agreement (the "NPA") and issued an additional $40,000 in aggregate principal amount of 2016 Unsecured Notes to institutional investors in a private placement. On February 16, 2021, the Company repaid all $90,000 in aggregate principal amount of the issued and outstanding 2016 Unsecured Notes. On June 30, 2017, the Company issued $55,000 in aggregate principal amount of five-year unsecured notes that mature on July 15, 2022 (the "2017A Unsecured Notes"), pursuant to the NPA and a supplement to the NPA. On January 30, 2018, the Company issued $90,000 in aggregate principal amount of five year unsecured notes that mature on January 30, 2023 (the "2018A Unsecured Notes") pursuant to the NPA and a second supplement to the NPA. On July 5, 2018, the Company issued $50,000 in aggregate principal amount of five year unsecured notes that mature on June 28, 2023 (the "2018B Unsecured Notes") pursuant to the NPA and a third supplement to the NPA (the "Third Supplement"). On April 30, 2019, the Company issued $116,500 in aggregate principal amount of five year unsecured notes that mature on April 30, 2024 (the "2019A Unsecured Notes") pursuant to the NPA and a fourth supplement to the NPA. On January 29, 2021, the Company issued $200,000 in aggregate principal amount of five year unsecured notes that mature on January 29, 2026 (the "2021A Unsecured Notes") pursuant to the NPA and a fifth supplement to the NPA. The NPA provides for future issuances of unsecured notes in separate series or tranches.

The 2016 Unsecured Notes bore interest at an annual rate of 5.313%, payable semi-annually on May 15 and November 15 of each year, which commenced on November 15, 2016. The 2017A Unsecured Notes bear interest at an annual rate of 4.760%, payable semi-annually on January 15 and July 15 of each year, which commenced on January 15, 2018. The 2018A Unsecured Notes bear interest at an annual rate of 4.870%, payable semi-annually on February 15 and August 15 of each year, which commenced on August 15, 2018. The 2018B Unsecured Notes bear interest at an annual rate of 5.360%, payable semi-annually on January 15 and July 15 of each year, which commenced on January 15, 2019. The 2019A Unsecured Notes bear interest at an annual rate of 5.494%, payable semi-annually on April 15 and October 15 of each year, which commenced on October 15, 2019. The 2021A Unsecured Notes bear interest at an annual rate of 3.875%, payable semi-annually in arrears on January 29 and July 29 of each year, which commenced on July 29, 2021. These interest rates are subject to increase in the event that: (i) subject to certain exceptions, the underlying unsecured notes or the Company ceases to have an investment grade rating or (ii) the aggregate amount of the Company’s unsecured debt falls below $150,000. In each such event, the Company has the option to offer to prepay the underlying unsecured notes at par, in which case holders of the underlying unsecured notes who accept the offer would not receive the increased interest rate. In addition, the Company is obligated to offer to prepay the underlying unsecured notes at par if the Investment Adviser, or an affiliate thereof, ceases to be the Company’s investment adviser or if certain change in control events occur with respect to the Investment Adviser.

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

On September 25, 2018, the Company closed a registered public offering of $50,000 in aggregate principal amount of five-year unsecured notes that mature on October 1, 2023 (the "5.75% Unsecured Notes" and together with the 2016 Unsecured Notes, 2017A Unsecured Notes, 2018A Unsecured Notes, 2018B Unsecured Notes, 2019A Unsecured Notes and the 2021A Unsecured Notes, the "Unsecured Notes") pursuant to an indenture, dated August 20, 2018, as supplemented by a second supplemental indenture thereto, dated September 25, 2018 (together, the "2018B Indenture"). On October 17, 2018, in connection with the registered public offering, the Company issued an additional $1,750 aggregate principal amount of the 5.75% Unsecured Notes pursuant to the exercise of an overallotment option by the underwriters of the 5.75% Unsecured Notes.

On March 8, 2021, the Company redeemed $51,750 in aggregate principal amount of the 5.75% Unsecured Notes at a redemption price of 100% plus accrued and unpaid interest.

The 5.75% Unsecured Notes bore interest at an annual rate of 5.75%, payable quarterly on January 1, April 1, July 1 and October 1 of each year, which commenced on January 1, 2019. The 5.75% Unsecured Notes were listed on the New York Stock Exchange and traded under the trading symbol “NMFX” until September 13, 2020. On September 14, 2020, the 5.75% Unsecured Notes began trading on the NASDAQ under the ticker symbol "NMFCL", until redeemed on March 8, 2021.

The Unsecured Notes are unsecured obligations and rank senior in right of payment to the Company’s existing and future indebtedness, if any, that is expressly subordinated in right of payment to the Unsecured Notes; equal in right of payment to the Company’s existing and future unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company’s secured indebtedness (including existing unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company’s subsidiaries and financing vehicles.

The following table summarizes the interest expense and amortization of financing costs incurred on the Unsecured Notes for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

	Year Ended December 31,		
	2021	2020	2019(1)
Interest expense	$ 24,401	$ 23,839	$ 21,723
Amortization of financing costs	$ 1,864	$ 1,276	$ 1,207
Weighted average interest rate	4.7 %	5.3 %	5.2 %
Effective interest rate	5.1 %	5.5 %	5.5 %
Average debt outstanding	$ 516,611	$ 453,250	$ 414,949

(1) For the year ended December 31, 2019, amounts reported include interest and amortization of financing costs related to the 2019A Unsecured Notes for the period from April 30, 2019 (issuance date of the 2019A Unsecured Notes) to December 31, 2019.

As of December 31, 2021, December 31, 2020 and December 31, 2019, the outstanding balance on the Unsecured Notes was $511,500, $453,250 and $453,250, respectively, and the Company was in compliance with the terms of the NPA and the 2018B Indenture as of such dates, as applicable.

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

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

The maximum amount of borrowings available under current SBA regulations for a single licensee is $150,000 as long as the licensee has at least $75,000 in regulatory capital, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing. In June 2018, legislation amended the 1958 Act by increasing the individual leverage limit from $150,000 to $175,000, subject to SBA approvals.

As of December 31, 2021 and December 31, 2020, SBIC I had regulatory capital of $75,000 and $75,000, respectively, and SBA-guaranteed debentures outstanding of $150,000 and $150,000, respectively. As of December 31, 2021 and December 31, 2020, SBIC II had regulatory capital of $75,000 and $75,000, respectively, and $150,000 and $150,000, respectively, of SBA-guaranteed debentures outstanding. The SBA-guaranteed debentures incur upfront fees of 3.435%, which consists of a 1.00% commitment fee and a 2.435% issuance discount, which are amortized over the life of the SBA-guaranteed debentures.

The following table summarizes the Company's SBA-guaranteed debentures as of December 31, 2021.

Issuance Date	Maturity Date	Debenture Amount		Interest Rate		SBA Annual Charge	
Fixed SBA-guaranteed debentures(1):							
March 25, 2015	March 1, 2025	$	37,500	2.517	%	0.355	%
September 23, 2015	September 1, 2025		37,500	2.829	%	0.355	%
September 23, 2015	September 1, 2025		28,795	2.829	%	0.742	%
March 23, 2016	March 1, 2026		13,950	2.507	%	0.742	%
September 21, 2016	September 1, 2026		4,000	2.051	%	0.742	%
September 20, 2017	September 1, 2027		13,000	2.518	%	0.742	%
March 21, 2018	March 1, 2028		15,255	3.187	%	0.742	%
Fixed SBA-guaranteed debentures(2):							
September 19, 2018	September 1, 2028		15,000	3.548	%	0.222	%
September 25, 2019	September 1, 2029		19,000	2.283	%	0.222	%
March 25, 2020	March 1, 2030		41,000	2.078	%	0.222	%
March 25, 2020	March 1, 2030		24,000	2.078	%	0.275	%
September 23, 2020	September 1, 2030		51,000	1.034	%	0.275	%
Total SBA-guaranteed debentures		**$**	**300,000**				

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

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

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

The following table summarizes the interest expense and amortization of financing costs incurred on the SBA-guaranteed debentures for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

	Year Ended December 31,								
	2021			2020			2019		
Interest expense	$	8,104		$	8,006		$	5,819	
Amortization of financing costs	$	1,002		$	958		$	601	
Weighted average interest rate		2.7	%		2.8	%		3.2	%
Effective interest rate		3.0	%		3.1	%		3.6	%
Average debt outstanding	$	300,000		$	285,852		$	179,408	

The SBIC program is designed to stimulate the flow of private investor capital into eligible small businesses, as defined by the SBA. Under SBA regulations, SBICs are subject to regulatory requirements, including making investments in SBA-eligible small businesses, investing at least 25.0% of its investment capital in eligible smaller enterprises (as defined under the 1958 Act), placing certain limitations on the financing terms of investments, regulating the types of financing, prohibiting investments in smaller businesses with certain characteristics or in certain industries and requiring capitalization thresholds that limit distributions to the Company. SBICs are subject to an annual periodic examination by an SBA examiner to determine the SBIC's compliance with the relevant SBA regulations and an annual financial audit of its financial statements that are prepared on a basis of accounting other than GAAP (such as ASC 820) by an independent auditor. As of December 31, 2021, December 31, 2020 and December 31, 2019, SBIC I and SBIC II were in compliance with SBA regulatory requirements.

Leverage risk factors—The Company utilizes and may utilize leverage to the maximum extent permitted by the law for investment and other general business purposes. The Company's lenders will have fixed dollar claims on certain assets that are superior to the claims of the Company's common stockholders, and the Company would expect such lenders to seek recovery against these assets in the event of a default. The use of leverage also magnifies the potential for gain or loss on amounts invested. Leverage may magnify interest rate risk (particularly on the Company's fixed-rate investments), which is the risk that the prices of portfolio investments will fall or rise if market interest rates for those types of securities rise or fall. As a result, leverage may cause greater changes in the Company's net asset value. Similarly, leverage may cause a sharper decline in the Company's income than if the Company had not borrowed. Such a decline could negatively affect the Company's ability to make distributions to its stockholders. Leverage is generally considered a speculative investment technique. The Company's ability to service any debt incurred will depend largely on financial performance and will be subject to prevailing economic conditions and competitive pressures.

Note 8. Regulation

The Company has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a RIC under Subchapter M of the Code. In order to continue to qualify and be subject to tax as a RIC, among other things, the Company is required to timely distribute to its stockholders at least 90.0% of its investment company taxable income, as defined by the Code, for each year. The Company, among other things, intends to make and will continue to make the requisite distributions to its stockholders, which will generally relieve the Company from U.S. federal, state, and local income taxes (excluding excise taxes which may be imposed under the Code).

Additionally, as a BDC, the Company must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70.0% of its total assets are qualifying assets (with certain limited exceptions). In addition, the Company must offer to make available to all "eligible portfolio companies" (as defined in the 1940 Act) managerial assistance.

Note 9. Commitments and Contingencies

In the normal course of business, the Company may enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Company may also enter into future funding commitments such as revolving credit facilities, bridge financing commitments or delayed draw commitments. As of December 31, 2021, the Company had unfunded commitments on revolving credit facilities of $86,989, no outstanding bridge financing commitments and other future funding commitments of $128,446. As of December 31, 2020, the Company had unfunded commitments on revolving credit facilities of $63,411, no outstanding bridge financing commitments and other future funding commitments of $9,715. The unfunded commitments on revolving credit facilities and delayed draws are disclosed on the Company's Consolidated Schedules of Investments.

The Company also had revolving borrowings available under the Holdings Credit Facility, the DB Credit Facility, the NMFC Credit Facility, the Unsecured Management Company Revolver and the NMNLC Credit Facility II as of December 31, 2021 and revolver borrowings available under the Holdings Credit Facility, the DB Credit Facility, the NMFC Credit Facility and the Unsecured Management Company Revolver as of December 31, 2020. See Note 7. *Borrowings*, for details.

The Company may from time to time enter into financing commitment letters. As of December 31, 2021 and December 31, 2020, the Company had commitment letters to purchase investments in the aggregate par amount of $6,800 and $44,918, respectively, which could require funding in the future.

COVID-19 Developments

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The net asset value of the Company has experienced a significant reduction from the period of March 31, 2020 through December 31, 2020 as compared to its net asset value as of December 31, 2019, due to an increase in unrealized depreciation of its investment portfolio resulting from decreases in fair value of investments. These decreases were attributable to the impact of the COVID-19 pandemic on the markets. As of December 31, 2021, the net asset value of the Company has experienced a recovery from that of March 31, 2020.

The Company has been closely monitoring, and will continue to monitor, the impact of the COVID-19 pandemic, including those caused by variants such as the delta and omicron variants, and its impact on all aspects of the Company's business, including how it will impact the Company's portfolio companies, employees, due diligence and underwriting processes, and financial markets. Further, the operational and financial performance of the portfolio companies in which the Company makes investments may be significantly impacted by COVID-19, which may in turn impact the valuation of the Company's investments. The Company believes that its portfolio companies have taken, and continue to take, immediate actions to effectively and efficiently respond to the challenges posed by COVID-19 and related restrictions imposed by state and local governments, including developing liquidity plans supported by internal cash reserves, and shareholder support. The COVID-19 pandemic and preventative measures taken to contain or mitigate its spread have caused, and are continuing to cause, business shutdowns and cancellations of events and travel. In addition, while consumer demand for goods and services has begun to rebound, we continue to see reductions in business activity and financial transactions, supply chain interruptions and overall economic and financial market instability both in the United States and globally. Such effects will likely continue for the duration of the pandemic, which is uncertain, and for some period thereafter.

The extent of the impact of the COVID-19 pandemic on the financial performance of our current and future investments will depend on future developments, including the duration and spread of the outbreak, how quickly vaccines will continue to be distributed nationwide and globally, whether a "herd immunity" will be achieved, whether the restrictions that were imposed to slow the spread of the virus will be lifted entirely and the impact of the COVID-19 pandemic on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. To the extent the Company’s portfolio companies are adversely impacted by the continued effects of the COVID-19 pandemic, the Company may experience a material adverse impact on the its future net investment income, the fair value of its portfolio investments, its financial condition and the results of operations and financial condition of its portfolio companies.

Note 10. Distributions

Differences between taxable income and the results of operations for financial reporting purposes may be permanent or temporary in nature. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes. During the years ended December 31, 2021, December 31, 2020 and December 31, 2019, the Company's reclassifications of amounts for book purposes arising from permanent book/tax differences primarily related to return of capital distributions were as follows:

	Year Ended December 31,		
	2021	2020	2019
Undistributed net investment income	$ 10,476	$ 18,182	$ 29,579
Distributions in excess of net realized gains	—	—	—
Additional paid-in-capital	(10,476)	(18,182)	(29,579)

For U.S. federal income tax purposes, distributions paid to stockholders of the Company are reported as ordinary income, return of capital, long term capital gains or a combination thereof. The tax character of distributions paid by the Company for the years ended December 31, 2021, December 31, 2020 and December 31, 2019 were estimated to be as follows:

	Year Ended December 31,		
	2021	2020	2019
Ordinary income (non-qualified)	$ 105,963	$ 101,547	$ 84,523
Ordinary income (qualified)	—	—	—
Capital gains	—	—	—
Return of capital	10,490	18,519	32,851
Total	$ 116,453	$ 120,066	$ 117,374

As of December 31, 2021, December 31, 2020 and December 31, 2019, the costs of investments for the Company for tax purposes were $3,114,145, $2,950,729 and $3,124,113, respectively.

	December 31, 2021(1)(2)	December 31, 2020(1)(2)
Tax cost	$ 3,114,145	$ 2,950,729
Gross unrealized appreciation on investments	343,520	190,217
Gross unrealized depreciation on investments	(298,616)	(181,579)
Total investments at fair value	$ 3,159,049	$ 2,959,367

(1) Includes securities purchased under collateralized agreement to resell.
(2) Excludes investments attributable to non-controlling interest in NMNLC.

At December 31, 2021, December 31, 2020 and December 31, 2019, the components of distributable earnings on a tax basis differ from the amounts reflected per the Company's Consolidated Statements of Assets and Liabilities by temporary book/tax differences primarily arising from differences between the tax and book basis of the Company's investment in securities held directly as well as through undistributed income.

As of December 31, 2021, December 31, 2020 and December 31, 2019, the Company's components of accumulated earnings (deficit) on a tax basis were as follows:

	Year Ended December 31,		
	2021	2020	2019
Accumulated capital gains (capital loss carryforwards)	$ (25,837)	$ (56,486)	$ (63,333)
Other temporary differences	9,722	10,695	11,791
Undistributed ordinary income	—	—	—
Unrealized (appreciation) depreciation	63,585	(2,973)	46,190
Total	$ 47,470	$ (48,764)	$ (5,352)

The Company is subject to a 4.0% nondeductible U.S. federal excise tax on certain undistributed income unless the Company distributes, in a timely manner as required by the Code, an amount at least equal to the sum of (1) 98.0% of its net ordinary income earned for the calendar year and (2) 98.2% of its capital gain net income for the one-year period ending October 31 in the calendar year. For the year ended December 31, 2021, the Company does not expect to incur any excise taxes. For the years ended December 31, 2020 and December 31, 2019, the Company did not incur any excise taxes.

The following information is hereby provided with respect to distributions declared during the calendar years ended December 31, 2021, December 31, 2020 and December 31, 2019:

	Year Ended December 31,		
(unaudited)	2021	2020	2019
Distributions per share	$ 1.20	$ 1.24	$ 1.36
Ordinary dividends	90.99 %	84.58 %	72.01 %
Long-term capital gains	— %	— %	— %
Qualified dividend income	— %	— %	— %
Dividends received deduction	— %	— %	— %
Interest-related dividends(1)	74.53 %	79.13 %	66.87 %
Qualified short-term capital gains(1)	— %	— %	— %
Return of capital	9.01 %	15.42 %	27.99 %

(1) Represents the portion of the taxable ordinary dividends eligible for exemption from U.S. withholding tax for nonresident aliens and foreign corporations.

Dividends and distributions that were reinvested through the Company's dividend reinvestment plan are treated, for tax purposes, as if they had been paid in cash. Therefore, stockholders who participated in the dividend reinvestment plan should also refer to the information as provided in the table above.

Note 11. Net Assets

The table below illustrates the effect of certain transactions on the net asset accounts of the Company during the years ended December 31, 2021, December 31, 2020 and December 31, 2019:

	Common Stock			Accumulated Overdistributed Earnings					
	Shares	Par Amount	Paid in Capital in Excess of Par	Accumulated Net Investment Income	Accumulated Net Realized Gains (Losses)	Net Unrealized Appreciation (Depreciation)	Total Net Assets of NMFC	Non-Controlling Interest in NMNLC	Total Net Assets
Net assets at December 31, 2018	76,106,372	$ 761	$ 1,035,629	$ 61,975	$ (86,338)	$ (5,758)	$ 1,006,269	$ —	$ 1,006,269
Issuances of common stock	20,720,970	207	282,632	—	—	—	282,839	—	282,839
Offering costs	—	—	(829)	—	—	—	(829)	—	(829)
Distributions declared	—	—	—	(117,374)	—	—	(117,374)	—	(117,374)
Net increase (decrease) in net assets resulting from operations	—	—	—	117,153	890	(5,480)	112,563	—	112,563
Tax reclassifications related to return of capital distributions (See Note 10)	—	—	(29,579)	29,579	—	—	—	—	—
Net assets at December 31, 2019	96,827,342	$ 968	$ 1,287,853	$ 91,333	$ (85,448)	$ (11,238)	$ 1,283,468	$ —	$ 1,283,468
Distributions declared	—	—	—	(120,066)	—	—	(120,066)	(726)	(120,792)
Purchase of non-controlling interest in NMNLC	—	—	—	—	—	—	—	12,376	12,376
Net increase (decrease) in net assets resulting from operations	—	—	—	116,532	(2,802)	(55,257)	58,473	3,364	61,837
Tax reclassifications related to return of capital distributions (See Note 10)	—	—	(18,182)	18,182	—	—	—	—	—
Net assets at December 31, 2020	96,827,342	$ 968	$ 1,269,671	$ 105,981	$ (88,250)	$ (66,495)	$ 1,221,875	$ 15,014	$ 1,236,889
Issuances of common stock	1,080,099	11	14,644	—	—	—	14,655	—	14,655
Offering costs	—	—	(231)	—	—	—	(231)	—	(231)
Distributions declared	—	—	—	(116,453)	—	—	(116,453)	(1,222)	(117,675)
Contributions related to non-controlling interest in NMNLC	—	—	—	—	—	—	—	1,792	1,792
Net increase (decrease) in net assets resulting from operations	—	—	—	117,514	(3,849)	87,734	201,399	5,783	207,182
Tax reclassifications related to return of capital distributions (See Note 10)	—	—	(11,288)	11,288	—	—	—	—	—
Net assets at December 31, 2021	97,907,441	$ 979	$ 1,272,796	$ 118,330	$ (92,099)	$ 21,239	$ 1,321,245	$ 21,367	$ 1,342,612

On November 3, 2021, the Company entered into an equity distribution agreement (the “Distribution Agreement”) with B. Riley Securities, Inc. and Raymond James & Associates, Inc. (collectively, the “Agents”). The Distribution Agreement provides that the Company may issue and sell its shares from time to time through the Agents, up to $250,000 worth of its common stock.

For the year ended December 31, 2021, the Company sold 914,175 shares of common stock under the Distribution Agreement. For the same period, the Company received total accumulated net proceeds of approximately $12,427, including $189 of offering expenses, from these sales.

The Company generally uses net proceeds from these offerings to make investments, to pay down liabilities and for general corporate purposes. As of December 31, 2021, shares representing approximately $237,384 of its common stock remain available for issuance and sale under the Distribution Agreement.

Note 12. Earnings Per Share

The following information sets forth the computation of basic and diluted net increase in the Company's net assets per share resulting from operations for the years ended December 31, 2021, December 31, 2020 and December 31, 2019:

	Year Ended December 31,		
	2021	2020	2019
Earnings per share—basic			
Numerator for basic earnings per share:	$ 201,399	$ 58,473	$ 112,563
Denominator for basic weighted average share:	96,952,959	96,827,342	85,209,378
Basic earnings per share:	$ 2.08	$ 0.60	$ 1.32
Earnings per share—diluted(1)			
Numerator for increase in net assets per share	$ 201,399	$ 58,473	$ 112,563
Adjustment for interest on Convertible Notes and incentive fees, net	9,258	9,258	10,367
Numerator for diluted earnings per share:	$ 210,657	$ 67,731	$ 122,930
Denominator for basic weighted average share	96,952,959	96,827,342	85,209,378
Adjustment for dilutive effect of Convertible Notes	13,257,586	13,257,585	15,254,667
Denominator for diluted weighted average share	110,210,545	110,084,927	100,464,045
Diluted earnings per share	$ 1.91	$ 0.60	$ 1.22

(1) In applying the if-converted method, conversion is not assumed for purposes of computing diluted earnings per share if the effect would be anti-dilutive. For the years ended December 31, 2021 and December 31, 2019, there was no anti-dilution. For the year ended December 31, 2020, there was anti-dilution.

Note 13. Financial Highlights

The following information sets forth the Company's financial highlights for the years ended December 31, 2021, December 31, 2020, December 31, 2019, December 31, 2018 and December 31, 2017.

	Year Ended December 31,				
	2021	2020	2019	2018	2017
Per share data(1):					
Net asset value at the beginning of the period	$ 12.62	$ 13.26	$ 13.22	$ 13.63	$ 13.46
Net investment income	1.21	1.20	1.37	1.39	1.38
Net realized and unrealized (losses) gains(2)	0.86	(0.60)	0.03	(0.44)	0.15
Total net increase	2.07	0.60	1.40	0.95	1.53
Distributions declared to stockholders from net investment income	(1.20)	(1.24)	(1.36)	(1.36)	(1.36)
Net asset value at the end of the period	$ 13.49	$ 12.62	$ 13.26	$ 13.22	$ 13.63
Per share market value at the end of the period	$ 13.70	$ 11.36	$ 13.74	$ 12.58	$ 13.55
Total return based on market value(3)	31.91 %	(5.24) %	20.45 %	2.70 %	5.54 %
Total return based on net asset value(4)	16.97 %	5.52 %	10.90 %	7.16 %	11.77 %
Shares outstanding at end of period	97,907,441	96,827,342	96,827,342	76,106,372	75,935,093
Average weighted shares outstanding for the period	96,952,959	96,827,342	85,209,378	76,022,375	74,171,268
Average net assets for the period	$ 1,261,338	$ 1,168,043	$ 1,154,615	$ 1,026,313	$ 1,011,562
Ratio to average net assets:					
Net investment income	9.32 %	10.05 %	10.15 %	10.33 %	10.10 %
Total expenses, before waivers/reimbursements	13.11 %	14.56 %	14.87 %	12.90 %	10.23 %
Total expenses, net of waivers/reimbursements	12.05 %	13.39 %	13.80 %	12.22 %	9.45 %
Average debt outstanding—Holdings Credit Facility	$ 478,016	$ 526,645	$ 598,129	$ 384,433	$ 345,174
Average debt outstanding—Convertible Notes	201,250	201,250	234,332	197,058	155,250
Average debt outstanding—SBA-guaranteed debentures	300,000	285,852	179,408	158,471	132,572
Average debt outstanding—Unsecured Notes	516,611	453,250	414,949	266,296	117,877
Average debt outstanding—NMFC Credit Facility(5)	132,685	155,497	105,533	117,719	54,853
Average debt outstanding—DB Credit Facility(6)	209,307	233,649	113,967	49,833	—
Average debt outstanding—NMNLC Credit Facility(7)	—	—	1,471	3,570	—
Average debt outstanding—NMNLC Credit Facility II(8)	3,501	—	—	—	—
Asset coverage ratio(9)	181.21 %	180.68 %	173.98 %	181.37 %	240.76 %
Portfolio turnover	35.33 %	15.43 %	11.58 %	36.75 %	41.98 %

(1) Per share data is based on weighted average shares outstanding for the respective period (except for distributions declared to stockholders which is based on actual rate per share).
(2) Includes the effect of common stock issuances per share, which for the years ended December 31, 2021, December 31, 2020, December 31, 2019, December 31, 2018 and December 31, 2017 were $(0.01), $0.00, $0.08, $0.00 and $0.05, respectively.
(3) Total return is calculated assuming a purchase of common stock at the opening of the first day of the year and a sale on the closing of the last business day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Company's dividend reinvestment plan. Total return does not reflect sales load.
(4) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the year and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter. Total return does not reflect sales load.
(5) Under the NMFC Credit Facility, the Company may borrow in U.S. dollars or certain other permitted currencies. As of December 31, 2021, the Company had borrowings denominated in GBP of £16,400 that has been converted to U.S. dollars.
(6) For the year ended December 31, 2018, average debt outstanding represents the period from December 14, 2018 (commencement of the DB Credit Facility) to December 31, 2018.
(7) For the year ended December 31, 2020, average debt outstanding represents the period from January 1, 2020 to September 23, 2020 (maturity of the NMNLC Credit Facility). For the year ended December 31, 2018, average debt outstanding represents the period from September 21, 2018 (commencement of the NMNLC Credit Facility to December 31, 2018.
(8) For the year ended December 31, 2021, average debt outstanding represents the period from February 26, 2021 (commencement of the NMNLC Credit Facility II) to December 31, 2021.
(9) On November 5, 2014, the Company received exemptive relief from the SEC allowing the Company to modify the asset coverage requirement to exclude the SBA-guaranteed debentures from this calculation.

Note 14. Recent Accounting Standards Updates

In March 2020, the Financial Accounting Standards Board (the "FASB") issued ASU 2020-04, Reference Rate Reform. The amendments in ASU 2020-04 provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The standard is effective as of March 12, 2020 through December 31, 2022. Management is currently evaluating the impact of the optional guidance on the Company's consolidated financial statements and disclosures. The Company did not utilize the optional expedients and exceptions provided by ASU 2020-04 during the year ended December 31, 2021.

In August 2020, the FASB issued ASU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which simplifies the accounting for convertible instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, after adoption, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost. Additionally, ASU 2020-06 requires the application of the if-converted method to calculate the impact of convertible instruments on diluted earnings per share. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted for fiscal years beginning after December 15, 2020, and can be adopted on either a fully retrospective or modified retrospective basis. The Company is in the process of evaluating the impact that this guidance will have on its consolidated financial statements.

Rule 2a-5 under the 1940 Act was recently adopted by the SEC and establishes requirements for determining fair value in good faith for purposes of the 1940 Act. The Company is evaluating the impact of adopting Rule 2a-5 on the consolidated financial statements and intends to comply with the new rule’s requirements on or before the compliance date in September 2022.

Note 15. Subsequent Events

On February 23, 2022, the Company's board of directors declared a first quarter 2022 distribution of $0.30 per share payable on March 31, 2022 to holders of record as of March 17, 2022.

The terms "we", "us", "our" and the "Company" refers to New Mountain Finance Corporation and its consolidated subsidiaries.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of December 31, 2021 (the end of the period covered by this Annual Report on Form 10-K), we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended). Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic United States Securities and Exchange Commission filings is recorded, processed, summarized and reported within the time periods specified in the United States Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

(b) Report of Management on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Management performed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2021 based upon the criteria in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's assessment, management determined that our internal control over financial reporting was effective as of December 31, 2021.

(c) Attestation Report of the Registered Public Accounting Firm.

Our independent registered public accounting firm, Deloitte & Touche LLP, has issued an attestation report on New Mountain Finance Corporation's internal control over financial reporting, which is set forth on the following page.

Deloitte.

Deloitte & Touche LLP

30 Rockefeller Plaza
New York, NY 10112
USA

Tel: 212 492 4000
Fax: 212 489 1687
www.deloitte.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of New Mountain Finance Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of New Mountain Finance Corporation and subsidiaries (the "Company") as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021 of the Company and our report dated February 28, 2022, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

February 28, 2022

Changes in Internal Control Over Financial Reporting

Management has not identified any change in our internal control over financial reporting that occurred during the quarter ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

The terms "we", "us", "our" and the "Company" refers to New Mountain Finance Corporation and its consolidated subsidiaries.

PART III

We will file a definitive Proxy Statement for our 2022 Annual Meeting of Stockholders with the United States Securities and Exchange Commission, pursuant to Regulation 14A, not later than 120 days after the end of our fiscal year. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of our definitive Proxy Statement that specifically address the items set forth herein are incorporated by reference.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 is hereby incorporated by reference from the definitive Proxy Statement relating to our 2022 Annual Meeting of Stockholders, to be filed with the United States Securities and Exchange Commission within 120 days following the end of our fiscal year.

Item 11. Executive Compensation

The information required by Item 11 is hereby incorporated by reference from the definitive Proxy Statement relating to our 2022 Annual Meeting of Stockholders, to be filed with the United States Securities and Exchange Commission within 120 days following the end of our fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 is hereby incorporated by reference from the definitive Proxy Statement relating to our 2022 Annual Meeting of Stockholders, to be filed with the United States Securities and Exchange Commission within 120 days following the end of our fiscal year.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is hereby incorporated by reference from the definitive Proxy Statement relating to our 2022 Annual Meeting of Stockholders, to be filed with the United States Securities and Exchange Commission within 120 days following the end of our fiscal year.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 is hereby incorporated by reference from the definitive Proxy Statement relating to our 2022 Annual Meeting of Stockholders, to be filed with the United States Securities and Exchange Commission within 120 days following the end of our fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents Filed as Part of this Report

The following financial statements are set forth in Item 8:

New Mountain Finance Corporation

(b) Exhibits

The following exhibits are filed as part of this Annual Report on Form 10-K or hereby incorporated by reference to exhibits previously filed with the United States Securities and Exchange Commission:

Exhibit Number	Description
3.1(a)	Amended and Restated Certificate of Incorporation of New Mountain Finance Corporation(2)
3.1(b)	Certificate of Change of Registered Agent and/or Registered Office of New Mountain Finance Corporation(3)
3.1(c)	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of New Mountain Finance Corporation(28)
3.2	Amended and Restated Bylaws of New Mountain Finance Corporation(2)
4.1	Form of Stock Certificate of New Mountain Finance Corporation(1)
4.2	Indenture by and between New Mountain Finance Corporation, as Issuer, and U.S. Bank National Association, as Trustee, dated August 20, 2018(22)
4.3	First Supplemental Indenture, dated August 20, 2018, relating to the 5.75% Convertible Notes Due 2023, by and between New Mountain Finance Corporation and U.S. Bank National Association, as trustee(22)
4.4	Form of Global Note 5.75% Convertible Note Due 2023 (included as part of Exhibit (43))(22)
4.5	Description of Securities*
10.1	Investment Advisory and Management Agreement by and between New Mountain Finance Corporation and New Mountain Finance Advisers BDC, LLC(6)
10.2	Second Amended and Restated Administration Agreement(9)
10.3	Amended and Restated Dividend Reinvestment Plan(38)
10.4	Form of Trademark License Agreement(1)
10.5	Amendment No. 1 to Trademark License Agreement(4)
10.6	Form of Indemnification Agreement by and between New Mountain Finance Corporation and each director(1)
10.7	Form of Safekeeping Agreement among New Mountain Finance Holdings, L.L.C., Wells Fargo Securities, LLC as the Administrative Agent and Wells Fargo Bank, National Association, as Safekeeping Agent(1)
10.8	Custody Agreement by and between New Mountain Finance Corporation and U.S. Bank National Association(5)
10.9	Limited Liability Company Agreement of NMFC Senior Loan Program II LLC, dated March 9, 2016(11)
10.10	Limited Liability Company Agreement for NMFC Senior Loan Program III LLC, dated April 25, 2018(18)
10.11	Third Amended and Restated Loan and Security Agreement, dated as of October 24, 2017, by and among New Mountain Finance Corporation, as the collateral manager, New Mountain Finance Holdings, L.L.C., as the borrower, Wells Fargo Bank, National Association, as the administrative agent, the lenders party thereto and Wells Fargo Bank, National Association, as the collateral custodian(15)
10.12	First Amendment to Loan and Security Agreement, dated as of March 30, 2018, by and among New Mountain Finance Corporation, as the collateral manager, New Mountain Finance Holdings, L.L.C., as the borrower, Wells Fargo Bank, National Association, as the administrative agent, the lenders party thereto and Wells Fargo Bank, National Association, as the collateral custodian (18)
10.13	Third Amended and Restated Loan and Security Agreement, conformed through Amendment No. 2, dated as of November 19, 2018, by and among New Mountain Finance Corporation, as the collateral manager, New Mountain Finance Holdings, L.L.C., as the borrower, Wells Fargo Bank, National Association, as the administrative agent, the lenders party thereto and Wells Fargo Bank, National Association, as the collateral custodian(23)
10.14	Form of Joinder Supplement, dated as of December 13, 2018, by and among TIAA, FSB, New Mountain Finance Holdings, L.L.C., as the borrower, and Wells Fargo Bank, National Association, as the administrative agent(24)
10.15	Form of Joinder Supplement, dated as of January 8, 2019, by and among Old Second National Bank, New Mountain Finance Holdings, L.L.C., as the borrower, and Wells Fargo Bank, National Association, as the administrative agent(25)
10.16	Form of Joinder Supplement, dated as of January 25, 2019, by and among Sumitomo Mitsui Trust Bank, Limited, New York, New Mountain Finance Holdings, L.L.C., as the borrower, and Wells Fargo Bank, National Association, as the administrative agent(25)

Exhibit Number	Description
10.17	Form of Third Amended and Restated to Loan and Security Agreement, conformed through the Third Amendment to Loan and Security Agreement dated as of May 7, 2019, by and among New Mountain Finance Corporation, as the collateral manager, New Mountain Finance Holdings, L.L.C., as the borrower, Wells Fargo Bank, National Association, as the administrative agent, the lenders party thereto and Wells Fargo Bank, National Association, as the collateral custodian(30)
10.18	Form of Joinder Supplement, dated as of May 7, 2019, by and among Fifth Third Bank, New Mountain Finance Holdings, L.L.C., as the borrower, and Wells Fargo Bank, National Association, as the administrative agent(30)
10.19	Incremental Commitment Supplement, dated as of September 6, 2019, to the Third Amended and Restated Loan and Security Agreement, dated October 24, 2017, as amended, by and among New Mountain Finance Corporation, as the collateral manager, New Mountain Finance Holdings, L.L.C., as the borrower, Wells Fargo Bank, National Association, as the administrative agent, the lenders party thereto and Wells Fargo Bank, National Association, as the collateral custodian(33)
10.20	Form of Joinder Supplement, dated as of September 6, 2019, by and among Old Second National Bank, New Mountain Finance Holdings, L.L.C., as the borrower and Wells Fargo Bank, National Association, as the administrative agent(33)
10.21	Form of Joinder Supplement, dated as of September 6, 2019, by and among Raymond James, N.A., New Mountain Finance Holdings, L.L.C., as the borrower and Wells Fargo Bank, National Association, as the administrative agent(33)
10.22	Facility Increase Agreement, dated as of September 6, 2019, by and among State Street Bank and Trust Company, New Mountain Finance Holdings, L.L.C., as the borrower and Wells Fargo Bank, National Association, as the Administrative Agent(33)
10.23	Form of Fourth Amendment to Loan and Security Agreement, dated as of September 30, 2020, by and among New Mountain Finance Corporation, as the collateral manager, New Mountain Finance Holdings, L.L.C., as the borrower, Wells Fargo Bank, National Association, as the administrative agent, the lenders party thereto and Wells Fargo Bank, National Association, as the collateral custodian(36)
10.24	Form of Amended and Restated Account Control Agreement among New Mountain Finance Holdings, L.L.C., Wells Fargo Securities, LLC as the Administrative Agent and Wells Fargo Bank, National Association, as Securities Intermediary(1)
10.25	Form of Senior Secured Revolving Credit Agreement, by and between New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent, dated June 4, 2014(7)
10.26	Form of Guarantee and Security Agreement dated June 4, 2014, among New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent(7)
10.27	Amendment No. 1, dated December 29, 2014, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Bank USA, as Administrative Agent and Syndication Agent(7)
10.28	Amendment No. 2, dated June 26, 2015, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Bank USA, as Administrative Agent and Syndication Agent(10)
10.29	Commitment Increase Agreement, dated March 23, 2016, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent(11)
10.30	Commitment Increase Agreement, dated May 4, 2016, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent(12)
10.31	Commitment Increase Agreement, dated January 25, 2018, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent(16)
10.32	Amendment No. 3, dated February 27, 2018 to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Bank USA, as Administrative Agent and Syndication Agent(17)
10.33	Amendment No. 4, dated as of July 5, 2018, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as borrower, Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent(20)
10.34	Amendment No. 5, dated as of December 12, 2018, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as borrower, Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent(24)

Exhibit Number	Description
10.35	Commitment Increase Agreement, dated August 27, 2019 to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent(31)
10.36	Form of Amendment No. 6, Dated December 10, 2019, to the Senior Secured Revolving Credit Agreement dated June 4, 2014, by and among New Mountain Finance Corporation, as Borrower, and Goldman Sachs Bank USA, as Administrative Agent and Issuing Bank(34)
10.37	Amended and Restated Note Purchase Agreement relating to 5.313% Notes due 2021, dated September 30, 2016, by and between New Mountain Finance Corporation and the purchasers party thereto(13)
10.38	Form of First Supplement to the Amended and Restated Note Purchase Agreement relating to 4.760% Notes due 2022, dated June 30, 2017, by and between New Mountain Finance Corporation and the purchasers party thereto(14)
10.39	Form of Second Supplement to the Amended and Restated Note Purchase Agreement relating to 4.870% Notes due 2023, dated January 30, 2018, by and between New Mountain Finance Corporation and the purchasers party thereto(16)
10.40	Form of Third Supplement to the Amended and Restated Note Purchase Agreement relating to 5.360% Notes due 2023, dated July 5, 2018, by and between New Mountain Finance Corporation and the purchasers party thereto(20)
10.41	Form of Fourth Supplement to Amended and Restated Note Purchase Agreement, relating to 5.494% Notes due 2024, dated April 30, 2019, by and between New Mountain Finance Corporation and the purchasers party thereto(29)
10.42	Form of Fifth Supplement to Amended and Restated Note Purchase Agreement, relating to 3.875% Notes due 2026, dated January 29, 2021, by and between New Mountain Finance Corporation and the purchasers party thereto(38)
10.43	Form of Loan Financing and Servicing Agreement, dated as of December 14, 2018, by and among New Mountain Finance DB, L.L.C., New Mountain Finance Corporation, as equityholder and servicer, the lenders from time to time party thereto, Deutsche Bank, as the facility agent, the other agents from time to time party thereto and U.S. Bank National Association, as collateral agent and collateral custodian(24)
10.44	Form of Sale and Contribution Agreement, dated as of December 14, 2018, between New Mountain Finance Corporation, as seller, and New Mountain Finance DB, L.L.C., as purchaser(24)
10.45	Form of First Amended and Restated Loan Finance and Servicing Agreement, conformed through Amendment No. 1, dated on March 18, 2019, by and among New Mountain Finance DB, L.L.C., New Mountain Finance Corporation, as equityholder and servicer, the lenders from time to time party thereto, Deutsche Bank, as the facility agent, the other agents from time to time party thereto and U.S. Bank National Association, as collateral agent and collateral custodian(28)
10.46	Form of Amendment No. 2 to Loan Financing and Servicing Agreement, dated as of June 28, 2019, by and among New Mountain Finance Corporation, as the equityholder, New Mountain Finance DB, L.L.C., as the borrower, U.S. Bank National Association, as the collateral Agent and collateral custodian, and Deutsche Bank AG, New York Branch, as the facility agent, agent and a lender(31)
10.47	Form of Amendment No. 3 to Loan Financing and Servicing Agreement, dated as of August 12, 2019, by and among New Mountain Finance Corporation, as the equityholder, New Mountain Finance DB, L.L.C., as the borrower, U.S. Bank National Association, as the collateral Agent and collateral custodian, and Deutsche Bank AG, New York Branch, as the facility agent, an agent and a lender, and the other agents and lenders party thereto(32)
10.48	Form of Joinder Supplement, dated as of October 16, 2019, by and among Hitachi Capital America Corporation, New Mountain Finance DB, L.L.C., as the borrower and Deutsche Bank AG, New York Branch, as facility agent(33)
10.49	Form of Amendment No. 5 to Loan Financing and Servicing Agreement, dated as of December 12, 2019, by and among New Mountain Finance Corporation, as the equityholder, New Mountain Finance DB, L.L.C., as the borrower, U.S. Bank National Association, as the collateral Agent and collateral custodian, and Deutsche Bank AG, New York Branch, as the facility agent, an agent and a lender, and the other agents and lenders party thereto(34)
10.50	Amended and Restated Uncommitted Revolving Loan Agreement, by and between New Mountain Finance Corporation, as Borrower, and NMF Investments III, L.L.C., as Lender(35)
10.51	Form of Amendment No. 1 to Amended and Restated Loan Agreement, by and between New Mountain Finance Corporation, as Borrower, and NMF Investment III, L.L.C., as Lender(43)

Exhibit Number	Description
10.52	Form of Amendment No. 6 to Loan Financing and Servicing Agreement, dated as of March 25, 2021, by and among New Mountain Finance Corporation, as the equityholder, New Mountain Finance DB, L.L.C., as the borrower, U.S. Bank National Association, as the collateral Agent and collateral custodian, and Deutsche Bank AG, New York Branch, as the facility agent, an agent and a lender, and the other agents and lenders party thereto(39)
10.53	Form of Fifth Amendment to Loan and Security Agreement, dated as of April 20, 2021, by and among New Mountain Finance Corporation, as the collateral manager, New Mountain Finance Holdings, L.L.C., as the borrower, Wells Fargo Bank, National Association, as the administrative agent, the lenders party thereto and Wells Fargo Bank, National Association, as the collateral custodian(40)
10.54	Fee Waiver Letter Agreement, dated May 4, 2021, delivered pursuant to the Investment Advisory and Management Agreement, by and between New Mountain Finance Corporation and New Mountain Finance Advisers BDC, L.L.C.(40)
10.55	Form of Amended and Restated Senior Secured Revolving Credit Agreement dated as of June 4, 2021, among New Mountain Finance Corporation, as Borrower, the Lenders Party Hereto and Goldman Sachs Bank USA, as Administrative Agent and Syndication Agent(42)
10.56	Amendment No. 1 to the Investment Advisory and Management Agreement by and between New Mountain Finance Corporation and New Mountain Finance Advisers BDC, L.L.C.(43)
10.57	Fee Waiver Letter Agreement, dated November 2, 2021, delivered pursuant to the Investment Advisory and Management Agreement, by and between New Mountain Finance Corporation and New Mountain Finance Advisers BDC, L.L.C.(42)
10.58	Equity Distribution Agreement, dated November 3, 2021, by among New Mountain Finance Corporation, New Mountain Finance Advisers BDC, L.L.C., and New Mountain Finance Administration, L.L.C., on the one hand, and B. Riley Securities, Inc. and Raymond James, Inc. & Associates, on the other hand(44)
14.1	Code of Ethics(31)
21.1	Subsidiaries of New Mountain Finance Corporation:
	New Mountain Finance Holdings, L.L.C. (Delaware)
	NMF Ancora Holdings, Inc. (Delaware)
	NMF QID NGL Holdings, Inc. (Delaware)
	NMF YP Holdings, Inc. (Delaware)
	NMF Permian Holdings L.L.C. (Delaware)
	NMF HB, Inc. (Delaware)
	NMF TRM, L.L.C. (Delaware)
	NMF Pioneer, Inc. (Delaware)
	NMF OEC, Inc. (Delaware)
	New Mountain Finance DB, L.L.C. (Delaware)
	New Mountain Finance Servicing, L.L.C. (Delaware)
	New Mountain Finance SBIC G.P., L.L.C. (Delaware)
	New Mountain Finance SBIC II G.P., L.L.C. (Delaware)
	New Mountain Finance SBIC, L.P. (Delaware)
	New Mountain Finance SBIC II, L.P. (Delaware)
	New Mountain Net Lease Corporation (Maryland)
23.1	Consent of Deloitte & Touche LLP*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended*
32.1	Certification of Chief Executive Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)*
32.2	Certification of Chief Financial Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)*
99.1	Report of Deloitte & Touche LLP on Senior Securities Table*

(1) Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 Pre-Effective Amendment No. 3 (File Nos. 333-168280 and 333-172503) filed on May 9, 2011.

(2) Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on August 11, 2011.

(3) Previously filed in connection with New Mountain Finance Corporation and New Mountain Finance AIV Holdings Corporation report on Form 8-K filed on August 25, 2011.

(4) Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on November 14, 2011.

(5) Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 Post-Effective Amendment No. 2 (File Nos. 333-189706 and 333-189707) filed on April 11, 2014.

(6) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on May 8, 2014.

(7) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on June 10, 2014.

(8) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on January 5, 2015.

(9) Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on May 5, 2015.

(10) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on June 30, 2015.

(11) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on March 29, 2016.

(12) Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on May 4, 2016.

(13) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on October 3, 2016.

(14) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on July 3, 2017.

(15) Previously filed in connection with New Mountain Finance Corporation’s report on Form 8-K filed on October 31, 2017.

(16) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on February 5, 2018.

(17) Previously filed in connection with New Mountain Finance Corporation’s annual report on Form 10-K filed on February 28, 2018.

(18) Previously filed in connection with New Mountain Finance Corporation’s report on Form 8-K filed on April 5, 2018.

(19) Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on May 7, 2018.

(20) Previously filed in connection with New Mountain Finance Corporation’s report on Form 8-K filed on July 11, 2018.

(21) Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 Post-Effective Amendment No. 3 (File No. 333-218040) filed on August 20, 2018.

(22) Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 Post-Effective Amendment No. 4 (File No. 333-218040) filed on September 25, 2018.

(23) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on December 19, 2018.

(24) Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 Post-Effective Amendment No. 5 (File No. 333-218040) filed on February 13, 2019.

(25) Previously filed in connection with New Mountain Finance Corporation's report on Form 10-K filed on February 27, 2019.

(26) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on April 3, 2019.

(27) Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 Pre-Effective Amendment No. 1 (File No. 333-230326) filed on April 26, 2019.

(28) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on May 3, 2019.

(29) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on May 9, 2019.

(30) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on July 3, 2019.

(31) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on August 16, 2019.

(32) Previously filed in connection with New Mountain Finance Corporation's registration statement on Form N-2 Post-Effective Amendment No. 3 (File No. 333-230326) filed on October 25, 2019.

(33) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on December 16, 2019.

(34) Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on May 6, 2020.

(35) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on September 30, 2020.

(36) Previously filed in connection with New Mountain Finance Corporation's quarterly report on Form 10-Q filed on November 4, 2020.

(37) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on February 1, 2021.

(38) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on March 31, 2021.

(39) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on April 26, 2021.

(40) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on May 5, 2021.

(41) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on June 9, 2021.

(42) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on November 3, 2021.

(43) Previously filed in connection with New Mountain Finance Corporation's report on Form 8-K filed on December 23, 2021.

(44) Previously filed in connection with new Mountain Finance Corporation's report on Form 8-K filed on November 4, 2021.

* Filed herewith.

Financial Statement Schedules

No financial statement schedules are filed herewith because (1) such schedules are not required or (2) the information has been presented in the aforementioned financial statements.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 28, 2022.

NEW MOUNTAIN FINANCE CORPORATION

By: /s/ ROBERT A. HAMWEE

Robert A. Hamwee
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

	SIGNATURE	TITLE	DATE
By:	/s/ ROBERT A. HAMWEE Robert A. Hamwee	Chief Executive Officer (Principal Executive Officer), and Director	February 28, 2022
By:	/s/ SHIRAZ Y. KAJEE Shiraz Y. Kajee	Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2022
By:	/s/ JOHN R. KLINE John R. Kline	President and Director	February 28, 2022
By:	/s/ STEVEN B. KLINSKY Steven B. Klinsky	Chairman of the Board of Directors	February 28, 2022
By:	/s/ ADAM B. WEINSTEIN Adam B. Weinstein	Executive Vice President, Chief Administrative Officer and Director	February 28, 2022
By:	/s/ ROME G. ARNOLD III Rome G. Arnold III	Director	February 28, 2022
By:	/s/ ALICE W. HANDY Alice W. Handy	Director	February 28, 2022
By:	/s/ DANIEL B. HEBERT Daniel B. Hebert	Director	February 28, 2022
By:	/s/ ALFRED F. HURLEY, JR. Alfred F. Hurley, Jr.	Director	February 28, 2022
By:	/s/ DAVID OGENS David Ogens	Director	February 28, 2022

Exhibit 4.5

DESCRIPTION OF SECURITIES

The following is a brief description of the securities of New Mountain Finance Corporation (the “Company,” “we,” “our” or “us”), registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). This description of our securities does not purport to be complete and is subject to and qualified in its entirety by reference to the applicable provisions of Delaware General Corporation Law (the “DGCL”), and the full text of our charter, bylaws and the relevant indenture and supplemental indenture governing the debt securities described herein. As of December 31, 2021 and the date hereof, our common stock and the debt securities described herein are the only securities that we have registered under Section 12 of the Exchange Act.

A. **Common Stock**

As of December 31, 2021, our authorized capital stock consists of 200,000,000 shares of common stock, par value $0.01 per share, of which 97,907,441 shares are outstanding as of December 31, 2021. Our common stock is listed on the NASDAQ Global Select Market under the ticker symbol "NMFC". No stock has been authorized for issuance under any equity compensation plans. Under Delaware law, our stockholders generally will not be personally liable for our debts or obligations.

Under the terms of our amended and restated certificate of incorporation, all shares of our common stock will have equal rights as to earnings, assets, dividends and voting and, when they are issued, are duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized and declared by our board of directors out of funds legally available therefore. Shares of our common stock will have no preemptive, exchange, conversion or redemption rights and are freely transferable, except where their transfer is restricted by federal and state securities laws or by contract. In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There are no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock are able to elect all of our directors (other than directors to be elected solely by the holders of preferred stock), and holders of less than a majority of such shares are unable to elect any director.

Delaware Law and Certain Certificate of Incorporation and Bylaw Provisions; Anti-Takeover Measures

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws, as summarized below, and applicable provisions of the DGCL and certain other agreements to which we are a party may make it more difficult for or prevent an unsolicited third party from acquiring control of us or changing our board of directors and management. These provisions may have the effect of deterring hostile takeovers or delaying changes in our control or in our management. These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and in the policies furnished by them and to discourage certain types of transactions that may involve an actual or threatened change in our control. The provisions also are intended to discourage certain tactics that may be used in proxy fights. These provisions, however, could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts.

Classified Board; Vacancies; Removal

The classification of our board of directors and the limitations on removal of directors and filling of vacancies could have the effect of making it more difficult for a third party to acquire us, or of discouraging a third party from acquiring us. Our board of directors is divided into three classes, with the term of one class expiring at each annual meeting of stockholders. At each annual meeting, one class of directors is elected to a three-year term. This provision could delay for up to two years the replacement of a majority of the board of directors.

Our amended and restated certificate of incorporation provides that, subject to the applicable requirements of the Investment Company Act of 1940, as amended (the “1940 Act”), and the rights of any holders of preferred stock, any vacancy on the board of directors, however the vacancy occurs, including a vacancy due to an enlargement of the board, may only be filled by vote a majority of the directors then in office.

A director may be removed at any time at a meeting called for that purpose, but only for cause and only by the affirmative vote of the holders of at least 75.0% of the shares then entitled to vote for the election of the respective director.

Advance Notice Requirements for Stockholder Proposals and Director Nominations.

Our amended and restated bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to the board of directors and the proposal of business to be considered by stockholders may be made only (1) by or at the direction of the board of directors or (2) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the amended and restated bylaws. Nominations of persons for election to the board of directors at a special meeting may be made only (1) by or at the direction of the board of directors or (2) provided that the board of directors has determined that directors are elected at the meeting, by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the amended and restated bylaws. The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our board of directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our board of directors, to inform its stockholders and make recommendations about such qualifications or business, as well as to approve a more orderly procedure for conducting meetings of stockholders. Although our amended and restated bylaws do not give its board of directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Amendments to Certificate of Incorporation and Bylaws.

The DGCL provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws requires a greater percentage. Our amended and restated certificate of incorporation provides that the following provisions, among others, may be amended by our stockholders only by a vote of at least two-thirds of the shares of our capital stock entitled to vote:

- the classification of our board of directors;
- the removal of directors;
- the limitation on stockholder action by written consent;
- the limitation of directors' personal liability to us or our stockholders for breach of fiduciary duty as a director;
- the ability to call a Special Meeting of Stockholders being vested in our board of directors, the chairperson of our board, our chief executive officer and in the holders of at least fifty (50) percent of the voting power of all shares of our capital stock generally entitled to vote on the election of directors then outstanding subject to certain procedures; and
- the amendment provision requiring that the above provisions be amended only with a two-thirds supermajority vote.

The amended and restated bylaws generally can be amended by approval of (i) a majority of the total number of authorized directors or (ii) the affirmative vote of the holders of at least two-thirds of the shares of our capital stock entitled to vote.

Calling of Special Meetings by Stockholders

Our certificate of incorporation and bylaws also provide that special meetings of the stockholders may only be called by our board of directors, the chairperson of our board, our chief executive officer or upon the request of the holders of at least 50.0% of the voting power of all shares of our capital stock, generally entitled to vote on the election of directors then outstanding, subject to certain limitations.

Section 203 of the DGCL

We will not be subject to Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the "business combination" or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status, did own) 15.0% or more of a corporation's voting stock. In our certificate of incorporation, we have elected not to be bound by Section 203.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form N-2 of our reports dated February 28, 2022, relating to the consolidated financial statements of New Mountain Finance Corporation and subsidiaries (the "Company') and the effectiveness of New Mountain Finance Corporation's internal control over financial reporting, appearing in the Annual Report on Form 10-K of New Mountain Finance Corporation for the year ended December 31, 2021, and of our report dated February 28, 2022, relating to information of New Mountain Finance Corporation set forth under the heading "Senior Securities" appearing in the Form 10-K.

We also consent to the reference to us under the headings "Senior Securities" and "Independent Registered Public Accounting Firm" in such Registration Statement.

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 28, 2022

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Robert A. Hamwee, Chief Executive Officer of New Mountain Finance Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of New Mountain Finance Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 28th day of February 2022

/s/ ROBERT A. HAMWEE

Robert A. Hamwee

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Shiraz Y. Kajee, Chief Financial Officer of New Mountain Finance Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of New Mountain Finance Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 28th day of February 2022

/s/ SHIRAZ Y. KAJEE

Shiraz Y. Kajee

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the period ended December 31, 2021 (the "Report") of New Mountain Finance Corporation (the "Registrant"), as filed with the United States Securities and Exchange Commission on the date hereof, I, Robert A. Hamwee, the Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ ROBERT A. HAMWEE

Name:	Robert A. Hamwee
Date:	February 28, 2022

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the period ended December 31, 2021 (the "Report") of New Mountain Finance Corporation (the "Registrant"), as filed with the United States Securities and Exchange Commission on the date hereof, I, Shiraz Y. Kajee, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ SHIRAZ Y. KAJEE

Name:	Shiraz Y. Kajee
Date:	February 28, 2022

EXHIBIT 99.1

Deloitte.

Deloitte & Touche LLP

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USA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of New Mountain Finance Corporation

We have audited the consolidated statements of assets and liabilities of New Mountain Finance Corporation and subsidiaries (the "Company"), including the consolidated schedules of investments, as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended December 31, 2021, and have issued our report dated February 28, 2022. We have also previously audited the consolidated statements of assets, liabilities and members' capital of New Mountain Finance Holdings, L.L.C. ("NMF Holdings"), including the consolidated schedules of investments, as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in members' capital, and cash flows for each of the three years in the period ended December 31, 2013, and have issued our report dated March 5, 2014; and we expressed unqualified opinions on those consolidated financial statements. Our audits of the Company and NMF Holdings also included the information as of December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, and 2012, appearing under the caption "Senior Securities". This information is the responsibility of the Company's management. Information about the Company's senior securities as of December 31,2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 and information about NMF Holdings' senior securities as of December 31, 2013, and 2012 appearing under the caption "Senior Securities" has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

/s/ DELOITTE & TOUCHE LLP

February 28, 2022