

# FIFTH STREET SENIOR FLOATING RATE CORP.

NASDAQ:FSFR



FIFTH STREET

## FSFR STRATEGY & OBJECTIVES

FSFR is a business development company (BDC) that provides financing solutions in the form of floating rate senior secured loans to mid-sized companies, primarily in connection with investments by private equity sponsors. The company originates and invests in one-stop financings, first lien and second lien debt instruments that pay interest at rates which are determined periodically on the basis of a floating base lending rate.

Our investment objective is to maximize our portfolio's total return by generating current income from our debt investments while seeking to preserve our capital.

## INVESTMENT HIGHLIGHTS

### HIGH QUALITY PORTFOLIO<sup>(1)</sup>

- One of the largest public senior floating rate BDCs
- Focus on senior secured debt, typically the safest loans in the capital structure
- Targets larger and more liquid loans from established middle market borrowers



- Senior Secured Debt – 87.6%
- Subordinated Notes & Equity Interests of the FSFR Glick JV – 11.0%
- Equity – 1.4%

### ACCESS TO FIFTH STREET PLATFORM

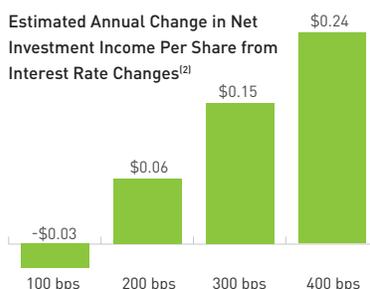
- Experienced management team with an 18+ year track record investing across multiple economic cycles
- Multi-faceted deal sourcing strategy that earns premium yields by originating and structuring debt investments throughout the capital structure
- Intense focus on managing credit risk with institutional infrastructure and systems in place

### DIVERSIFICATION

- \$574MM portfolio with 63 portfolio company investments across 29 industries
- Top 3 industry groups include information technology (30%), healthcare (17%) and consumer discretionary (16%)

### PROACTIVE POSITIONING

- Well-positioned to benefit from the effects of inflation and rising interest rates
- Floating rate investments offer attractive yields on both a relative and absolute basis



### TRANSPARENCY & SHAREHOLDER ALIGNMENT

- Experienced and cohesive team aligned with investors; FSFR Board, Fifth Street Asset Management and its senior management own over 26% of FSFR common stock<sup>(3)</sup>
- Discloses leverage ratio for each loan ranking category, non-performing assets (if any) and other metrics
- Independent directors represent 5 out of 7 members of the Board of Directors<sup>(4)</sup>

## ATTRACTIVE DIVIDEND YIELD

Dividend Yield: 9.7%<sup>(5)</sup>

Dividends Declared: Monthly dividend of \$0.075 per share declared through February 2017

## PORTFOLIO OVERVIEW

Average Portfolio Company EBITDA \$55.7MM

Largest Debt Investment<sup>(6)</sup> 4.8% of Total Assets

Weighted Average Yield on Debt Investments 8.6%

Net PIK Income<sup>(7)</sup> <0.5%

## TOP 10 INVESTMENTS<sup>(1)</sup>

Diverse portfolio with the top 10 investments accounting for 36.7% of assets.

Company	% of Total Assets
FSFR Glick JV LLC	10.1%
All Web Leads, Inc.	4.8%
LegalZoom.com, Inc.	3.2%
BeyondTrust Software, Inc.	3.0%
My Alarm Center, LLC	2.9%
Idera, Inc.	2.7%
PowerPlan, Inc.	2.7%
OBHG Management Services, LLC	2.6%
Teaching Strategies, LLC	2.5%
Motion Recruitment Partners, LLC	2.3%
<b>Top 10 Investments</b>	<b>36.7%</b>

## SPOTLIGHT ON FSFR GLICK JV

FSFR and GF Funding formed a joint venture (FSFR Glick JV) to invest primarily in middle market senior secured floating rate debt securities with a \$100MM commitment (\$87.5MM from FSFR and \$12.5MM from GF Funding)

- Leverage provided through a \$200MM Credit Suisse AG, Cayman Islands Branch revolving credit facility

FSFR Glick JV had total assets of \$201MM at fair value under its investment capacity of ~\$300MM as of September 30, 2016

- 36 portfolio companies
- 11.7% weighted average annualized return

## SUMMARY QUARTERLY AND ANNUAL FINANCIAL INFORMATION

(\$ in millions, except per share data)	Three Months Ended 9/30		Fiscal Year Ended 9/30	
	2016	2015	2016	2015
<b>Total Investments (at Fair Value)</b>	\$573.6	\$623.6	\$573.6	\$623.6
<b>Total Assets</b>	\$624.9	\$697.7	\$624.9	\$697.7
<b>Net Assets</b>	\$325.8	\$356.8	\$325.8	\$356.8
<i>Per Share Data</i>				
<b>Net Investment Income</b>	\$0.22	\$0.25	\$0.86	\$0.96
<b>Dividend</b>	\$0.23	\$0.18	\$0.90	\$1.08
<b>NAV at End of Period</b>	\$11.06	\$12.11	\$11.06	\$12.11

## KEY TEAM MEMBERS<sup>(4)</sup>

### Patrick J. Dalton | Chief Executive Officer

- 25+ years experience in investment management and credit underwriting
- Formerly President and CEO at Gordon Brothers Finance Company and President, Chief Investment Officer and Chief Operating Officer at Apollo Investment Corporation

### Steven M. Noreika, CPA, CFA | Chief Financial Officer

- 18+ years experience in various finance and accounting positions
- Former experiences include roles at Time Warner Inc. and Marcum & Kleigman, LLP

### Bernard D. Berman | Chairman of the Board

- 21+ years experience focusing on corporate and investment transactions
- Formerly practiced as a corporate attorney where he negotiated and structured a variety of investment transactions

## RESEARCH COVERAGE<sup>(8)</sup>

### Barclays Capital

Mark DeVries  
212.526.9484

### Deutsche Bank

Stephen Laws  
901.322.8212

### Maxim Group

Michael Diana  
212.895.3641

## CORPORATE INFORMATION

### Securities Listing:

Common Stock - NASDAQ:FSFR

### Structure: BDC

### IPO Date: July 2013

### Fiscal Year End: September 30

### Funding Sources:

- \$309MM debt securitization transaction comprised of:
  - \$223MM in senior secured notes
  - \$86MM of unsecured subordinated notes
- \$175MM senior secured revolving facility provided by Citibank
- \$25MM senior secured revolving credit facility with East West Bank

### Investment Adviser: Fifth Street Management LLC

### Independent Audit Firm: PricewaterhouseCoopers LLP

### Transfer Agent:

American Stock Transfer & Trust Company  
P: 718.921.8200 / www.amstock.com

### Corporate Office:

777 West Putnam Avenue, 3rd Floor  
Greenwich, CT 06830

## BOARD OF DIRECTORS<sup>(4)</sup>

### Interested:

Bernard D. Berman (Chairman)  
Patrick J. Dalton

### Independent:

Richard W. Cohen  
Richard P. Dutkiewicz  
Jeffrey R. Kay  
Douglas F. Ray  
James Castro Blanco

Note: Percentages and other numbers in this fact sheet may not sum due to rounding.

(1) At fair value as of September 30, 2016. (2) Net investment income calculated as the difference between the change in interest income and interest expense. Based on total number of shares outstanding as of December 13, 2016. At September 30, 3-month LIBOR was 0.8537%. (3) Insider ownership share amounts reported as of November 28, 2016. Includes amounts owned by Leonard Tannenbaum, Chairman and CEO of Fifth Street Asset Management. (4) Effective as of January 2, 2017. (5) FSFR dividend yield as of November 22, 2016. (6) Excludes FSFR Glick JV. (7) For the quarter ended September 30, 2016. Net PIK income is defined as PIK interest income recognized net of PIK collected in cash. (8) FSFR is followed by the analysts listed herein. Please note that any opinions, estimates or forecasts regarding FSFR's performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of FSFR or its management. FSFR does not by its reference above or distribution imply its endorsement of or concurrence with such information, conclusions or recommendations.

**DISCLAIMER:** Investing involves substantial risks such as high volatility and/or potential loss of principal. An investor should consider the investment objectives, risks, charges and expenses carefully before investing.

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