

New Mountain Finance Corp  
Form 10-Q  
August 05, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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

For the Quarter Ended June 30, 2015

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

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Commission  
File Number  
814-00832

Exact name of registrant as specified in its charter, address of principal executive  
offices, telephone numbers and states or other jurisdictions of incorporation or organization

**New Mountain Finance Corporation**

787 Seventh Avenue, 48th Floor  
New York, New York 10019  
Telephone: (212) 720-0300  
State of Incorporation: Delaware

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I.R.S. Employer  
Identification Number  
27-2978010

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

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

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

Description	Shares as of August 5, 2015
Common stock, \$0.01 par value	58,161,821

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****New Mountain Finance Corporation****Consolidated Statements of Assets and Liabilities****(in thousands, except shares and per share data)**

(unaudited)

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>Assets</b>		
Investments at fair value		
Non-controlled/non-affiliated investments (cost of \$1,181,684 and \$1,422,891, respectively)	\$ 1,172,100	\$ 1,402,210
Non-controlled/affiliated investments (cost \$90,001 and \$23,000, respectively)	89,601	22,461
Controlled investments (cost \$40,437 and \$0, respectively)	47,171	
Total investments at fair value (cost \$1,312,122 and \$1,445,891, respectively)	1,308,872	1,424,671
Securities purchased under collateralized agreements to resell	30,000	30,000
Cash and cash equivalents	24,226	23,445
Deferred financing costs (net of accumulated amortization of \$7,286 and \$5,867, respectively)	13,994	14,052
Interest and dividend receivable	11,456	11,744
Receivable from affiliates	362	490
Receivable from unsettled securities sold		8,912
Other assets	3,191	1,606
<b>Total assets</b>	<b>\$ 1,392,101</b>	<b>\$ 1,514,920</b>
<b>Liabilities</b>		
Holdings Credit Facility	\$ 359,858	\$ 468,108
Convertible Notes	115,000	115,000
SBA-guaranteed debentures	55,000	37,500
NMFC Credit Facility	38,000	50,000
Incentive fee payable	5,057	4,803
Management fee payable	4,951	5,144
Interest payable	1,360	1,352
Deferred tax liability	1,129	493
Capital gains incentive fee payable	490	
Payable to affiliates	460	822
Payable for unsettled securities purchased		26,460
Other liabilities	2,470	3,068
<b>Total liabilities</b>	<b>583,775</b>	<b>712,750</b>
<b>Commitments and contingencies (see Note 9)</b>		
<b>Net assets</b>		

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Preferred stock, par value \$0.01 per share, 2,000,000 shares authorized, none issued			
Common stock, par value \$0.01 per share, 100,000,000 shares authorized, and 58,161,821 and 57,997,890 shares issued and outstanding, respectively		582	580
Paid in capital in excess of par		819,570	817,129
Accumulated undistributed net investment income		2,380	2,530
Accumulated undistributed net realized gains on investments		660	14,131
Net unrealized (depreciation) appreciation of investments (net of provision for taxes of \$1,129 and \$493, respectively)		(14,866)	(32,200)
<b>Total net assets</b>	\$	808,326	\$ 802,170
<b>Total liabilities and net assets</b>	\$	1,392,101	\$ 1,514,920
Number of shares outstanding		58,161,821	57,997,890
<b>Net asset value per share</b>	\$	13.90	\$ 13.83

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

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## New Mountain Finance Corporation

## Consolidated Statements of Operations

(in thousands, except shares and per share data)

(unaudited)

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
<b>Investment income(1)</b>				
From non-controlled/non-affiliated investments:				
Interest income	\$ 33,767	\$ 18,788	\$ 65,621	\$ 18,788
Dividend income	201	972	102	972
Other income	320	705	1,877	705
From non-controlled/affiliated investments:				
Interest income	1,183		2,226	
Dividend income	951		1,809	
Other income	308	4	622	4
From controlled investments:				
Interest income	520		970	
Dividend income	643		1,191	
Other income	12		23	
<b>Investment income allocated from New Mountain Finance Holdings, L.L.C.(2)</b>				
Interest income		12,847		40,515
Dividend income		279		2,368
Other income		113		795
Total investment income	37,905	33,708	74,441	64,147
<b>Expenses</b>				
Incentive fee(1)	5,057	2,747	9,935	2,747
Capital gains incentive fee(1)	9	763	490	763
Total incentive fees(1)	5,066	3,510	10,425	3,510
Management fee(1)	6,198	2,742	12,666	2,742
Interest and other financing expenses(1)	5,598	2,559	11,075	2,559
Professional fees(1)	909	640	1,648	640
Administrative expenses(1)	522	360	1,157	360
Other general and administrative expenses(1)	453	239	882	239
Net expenses allocated from New Mountain Finance Holdings, L.L.C. (2)		6,427		20,808
Total expenses	18,746	16,477	37,853	30,858
Less: management fee waived (see Note 5) (1)	(1,247)		(2,629)	
Less: expenses waived and reimbursed (see Note 5) (1)		(58)	(400)	(58)
Net expenses	17,499	16,419	34,824	30,800
Net investment income before income taxes	20,406	17,289	39,617	33,347
Income tax expense(1)	153		302	
<b>Net investment income</b>	<b>20,253</b>	<b>17,289</b>	<b>39,315</b>	<b>33,347</b>
Net realized (losses) gains:				
Non-controlled/non-affiliated investments(1)	(13,338)	(1,067)	(13,471)	(1,067)
Investments allocated from New Mountain Finance Holdings, L.L.C. (2)		5,860		8,568

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Net change in unrealized appreciation (depreciation):					
Non-controlled/non-affiliated investments(1)	11,970		5,708	10,508	5,708
Non-controlled/affiliated investments(1)	1,600			728	
Controlled investments(1)	(86)			6,734	
Investments allocated from New Mountain Finance Holdings, L.L.C. (2)					
			(3,742)		940
Provision for taxes(1)	(135)		(386)	(636)	(386)
<b>Net increase in net assets resulting from operations</b>	<b>20,264</b>		<b>23,662</b>	<b>43,178</b>	<b>47,110</b>
Basic earnings per share	\$ 0.35	\$	0.46	\$ 0.74	\$ 0.95
Weighted average shares of common stock outstanding basic (see Note 11)					
	58,076,552		51,595,684	58,037,868	49,343,462
Diluted earnings per share	\$ 0.33	\$	0.44	\$ 0.70	\$ 0.94
Weighted average shares of common stock outstanding diluted (see Note 11)					
	65,313,497		54,292,924	65,265,931	50,699,533
Dividends declared and paid per share	\$ 0.34	\$	0.34	\$ 0.68	\$ 0.68

(1) For the three and six months ended June 30, 2014, the amounts reported relate to the period from May 8, 2014 to June 30, 2014.

(2) For the three and six months ended June 30, 2014, the amounts reported relate to the period from April 1, 2014 to May 7, 2014 and January 1, 2014 to May 7, 2014, respectively.

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

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(in thousands)

(unaudited)

	Six months ended	
	June 30, 2015	June 30, 2014
<b>Increase (decrease) in net assets resulting from operations:</b>		
Net investment income(1)	\$ 39,315	\$ 10,477
Net investment income allocated from New Mountain Finance Holdings, L.L.C. (2)		22,870
Net realized losses on investments(1)	(13,471)	(1,067)
Net realized gains on investments allocated from New Mountain Finance Holdings, L.L.C. (2)		8,568
Net change in unrealized appreciation (depreciation) of investments(1)	17,970	5,708
Net change in unrealized appreciation (depreciation) of investments allocated from New Mountain Finance Holdings, L.L.C.(2)		940
Provision for taxes(1)	(636)	(386)
<b>Net increase in net assets resulting from operations</b>	<b>43,178</b>	<b>47,110</b>
<b>Capital transactions</b>		
Net proceeds from shares sold		58,644
Deferred offering costs(1)	59	
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.(2)		(250)
Value of shares issued for exchanged units		38,840
Dividends declared to stockholders from net investment income	(39,465)	(33,347)
Dividends declared to stockholders from net realized gains		(615)
Reinvestment of dividends	2,384	2,066
<b>Total net (decrease) increase in net assets resulting from capital transactions</b>	<b>(37,022)</b>	<b>65,338</b>
<b>Net increase in net assets</b>	<b>6,156</b>	<b>112,448</b>
<b>Net assets at the beginning of the period</b>	<b>802,170</b>	<b>650,107</b>
<b>Net assets at the end of the period</b>	<b>\$ 808,326</b>	<b>\$ 762,555</b>

(1) For the six months ended June 30, 2014, the amounts reported relate to the period from May 8, 2014 to June 30, 2014.

(2) For the six months ended June 30, 2014, the amounts reported relate to the period from January 1, 2014 to May 7, 2014.

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



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## New Mountain Finance Corporation

## Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Six months ended	
	June 30, 2015	June 30, 2014
<b>Cash flows from operating activities</b>		
Net increase in net assets resulting from operations	\$ 43,178	\$ 47,110
Adjustments to reconcile net (increase) decrease in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net investment income allocated from New Mountain Finance Holdings, L.L.C.(2)		(22,870)
Net realized losses on investments(1)	13,471	1,067
Net realized gains on investments allocated from New Mountain Finance Holdings, L.L.C. (2)		(8,568)
Net change in unrealized (appreciation) depreciation of investments(1)	(17,970)	(5,708)
Net change in unrealized (appreciation) depreciation of investments allocated from New Mountain Finance Holdings, L.L.C. (2)		(940)
Amortization of purchase discount(1)	(1,176)	(405)
Amortization of deferred financing costs(1)	1,419	336
Non-cash investment income(1)	(3,209)	(261)
<b>(Increase) decrease in operating assets:</b>		
Cash and cash equivalents from New Mountain Finance Holdings, L.L.C.(3)		957
Purchase of investments and delayed draw facilities(1)	(187,045)	(128,598)
Proceeds from sales and paydowns of investments(1)	315,219	15,698
Cash received for purchase of undrawn portion of revolving credit or delayed draw facilities(1)	54	
Cash paid for purchase of drawn portion of revolving credit facilities(1)	(3,050)	
Cash paid on drawn revolvers(1)	(970)	
Cash repayments on drawn revolvers(1)	475	380
Interest and dividend receivable(1)	288	(1,381)
Receivable from affiliates(1)	128	378
Receivable from unsettled securities sold(1)	8,912	
Other assets(1)	(1,162)	(1,112)
Purchase of investment in New Mountain Finance Holdings, L.L.C.(2)		(58,644)
Distributions from New Mountain Finance Holdings, L.L.C.(2)		15,247
<b>Increase (decrease) in operating liabilities:</b>		
Incentive fee payable(1)	254	(1,695)
Management fee payable(1)	(193)	(1,434)
Interest payable(1)	8	1,195
Deferred tax liability(1)	636	386
Capital gains incentive fee payable(1)	490	763
Payable to affiliates(1)	(362)	269
Payable for unsettled securities purchased(1)	(26,460)	(6,428)
Other liabilities(1)	(658)	(306)
<b>Net cash flows provided by (used in) operating activities</b>	<b>142,277</b>	<b>(154,564)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from shares sold		58,644
Dividends paid	(37,081)	(31,896)
Offering costs paid(1)	(56)	(166)

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Proceeds from Holdings Credit Facility(1)	138,750	108,469
Repayment of Holdings Credit Facility(1)	(247,000)	(69,600)
Proceeds from NMFC Credit Facility(1)	51,300	
Repayment of NMFC Credit Facility(1)	(63,300)	
Proceeds from Convertible Notes(1)		115,000
Proceeds from SBA-guaranteed debentures(1)	17,500	
Deferred financing costs paid(1)	(1,609)	(4,222)
<b>Net cash flows (used in) provided by financing activities</b>	<b>(141,496)</b>	<b>176,229</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>781</b>	<b>21,665</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>23,445</b>	
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 24,226</b>	<b>\$ 21,665</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash interest paid	\$ 9,303	\$ 965
Income taxes paid	143	
<b>Non-cash operating activities:</b>		
Non-cash activity on investments	\$ 60,652	\$
<b>Non-cash financing activities:</b>		
New Mountain Finance AIV Holdings Corporation exchange of New Mountain Finance Holdings, L.L.C. units for shares	\$	\$ 38,840
Value of shares issued in connection with dividend reinvestment plan	2,384	2,066
Accrual for offering costs(1)	824	1,293
Accrual for deferred financing costs(1)	127	776
Deferred offering costs allocated from New Mountain Finance Holdings, L.L.C.(2)		(250)

(1) For the six months ended June 30, 2014, the amounts reported relate to the period from May 8, 2014 to June 30, 2014.

(2) For the six months ended June 30, 2014, the amounts reported relate to the period from January 1, 2014 to May 7, 2014.

(3) Represents the cash and cash equivalent balance of New Mountain Finance Holdings, L.L.C. s at the date of restructuring. See Note 1, *Formation and Business Purpose*.

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

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## New Mountain Finance Corporation

## Consolidated Schedule of Investments

June 30, 2015

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
<b>Non-Controlled/Non-Affiliated Investments</b>							
<b>Funded Debt Investments Australia</b>							
Project Sunshine IV Pty Ltd**							
Media		8.00% (Base Rate +					
	First lien(2)	7.00%)	9/23/2019	\$ 13,244	\$ 13,180	\$ 13,360	1.65%
<b>Total Funded Debt Investments Australia</b>				<b>\$ 13,244</b>	<b>\$ 13,180</b>	<b>\$ 13,360</b>	<b>1.65%</b>
<b>Funded Debt Investments Luxembourg</b>							
Pinnacle Holdco S.à.r.l. / Pinnacle (US) Acquisition Co Limited**							
Software		10.50% (Base Rate +					
	Second lien(2)	9.25%)	7/30/2020	\$ 24,630	\$ 24,329	\$ 22,659	
	Second lien(3)	10.50% (Base Rate +					
		9.25%)	7/30/2020	8,204	8,321	7,547	
				32,834	32,650	30,206	3.74%
<b>Total Funded Debt Investments Luxembourg</b>				<b>\$ 32,834</b>	<b>\$ 32,650</b>	<b>\$ 30,206</b>	<b>3.74%</b>
<b>Funded Debt Investments Netherlands</b>							
Eiger Acquisition B.V. (Eiger Co-Borrower, LLC)**							
Software		10.13% (Base Rate +					
	Second lien(3)	9.13%)	2/17/2023	\$ 10,000	\$ 9,271	\$ 9,050	1.12%
<b>Total Funded Debt Investments Netherlands</b>				<b>\$ 10,000</b>	<b>\$ 9,271</b>	<b>\$ 9,050</b>	<b>1.12%</b>
<b>Funded Debt Investments United Kingdom</b>							
Air Newco LLC**							
Software		10.50% (Base Rate +					
	Second lien(3)	9.50%)	1/31/2023	\$ 30,000	\$ 29,266	\$ 28,650	3.54%
<b>Total Funded Debt Investments United Kingdom</b>				<b>\$ 30,000</b>	<b>\$ 29,266</b>	<b>\$ 28,650</b>	<b>3.54%</b>
<b>Funded Debt Investments United States</b>							
TIBCO Software Inc.							
Software		6.50% (Base Rate +					
	First lien(2)	5.50%)	12/4/2020	\$ 29,925	\$ 28,543	\$ 29,939	
	Subordinated(3)	11.38%	12/1/2021	15,000	14,589	14,963	
				44,925	43,132	44,902	5.56%
Deltek, Inc.							
Software		9.50% (Base Rate +					
	Second lien(3)	8.50%)	6/26/2023	21,000	20,962	21,210	
	Second lien(2)	9.50% (Base Rate +					
		8.50%)	6/26/2023	20,000	19,610	20,200	
				41,000	40,572	41,410	5.12%
Ascend Learning, LLC							
Education	First lien(2)		7/31/2019	10,795	10,753	10,822	

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		5.50% (Base Rate + 4.50%)					
	Second lien(3)	9.50% (Base Rate + 8.50%)	11/30/2020	29,000	28,888	28,946	
				39,795	39,641	39,768	4.92%
Kronos Incorporated							
Software	Second lien(2)	9.75% (Base Rate + 8.50%)	4/30/2020	32,641	32,424	33,641	
	Second lien(3)	9.75% (Base Rate + 8.50%)	4/30/2020	5,000	4,958	5,152	
				37,641	37,382	38,793	4.80%
Tolt Solutions, Inc.(15)							
Business Services	First lien(2)	7.00% (Base Rate + 6.00%)	3/7/2019	18,349	18,349	17,866	
	First lien(2)	12.00% (Base Rate + 11.00%)	3/7/2019	18,800	18,800	18,297	
				37,149	37,149	36,163	4.47%
Hill International, Inc.							
Business Services	First lien(2)	7.75% (Base Rate + 6.75%)	9/26/2020	34,738	34,425	34,520	4.27%
TASC, Inc.							
Federal Services	First lien(2)	7.00% (Base Rate + 6.00%)	5/22/2020	30,705	30,333	31,076	
	Second lien(3)	12.00%	5/21/2021	2,000	1,960	2,113	
				32,705	32,293	33,189	4.11%
SRA International, Inc.							
Federal Services	First lien(2)	6.50% (Base Rate + 5.25%)	7/20/2018	31,765	31,149	31,884	3.94%
Navex Global, Inc.							
Software	First lien(4)	5.75% (Base Rate + 4.75%)	11/19/2021	10,494	10,397	10,468	
	First lien(2)	5.75% (Base Rate + 4.75%)	11/19/2021	4,431	4,389	4,420	
	Second lien(4)	9.75% (Base Rate + 8.75%)	11/18/2022	11,953	11,840	11,834	
	Second lien(3)	9.75% (Base Rate + 8.75%)	11/18/2022	5,047	4,999	4,996	
				31,925	31,625	31,718	3.92%
Rocket Software, Inc.							
Software	Second lien(2)	10.25% (Base Rate + 8.75%)	2/8/2019	30,875	30,768	31,094	3.85%
Physio-Control International, Inc.							
Healthcare Products	Second lien(2)	10.00% (Base Rate + 9.00%)	6/5/2023	30,000	29,402	29,850	3.69%
CompassLearning, Inc.(14)							
Education	First lien(2)	8.00% (Base Rate + 6.75%)	11/26/2018	30,000	29,459	29,061	3.60%
Aderant North America, Inc.							
Software	Second lien(2)	10.00% (Base Rate + 8.75%)	6/20/2019	24,000	23,779	24,000	
	Second lien(3)	10.00% (Base Rate + 8.75%)	6/20/2019	5,000	5,072	5,000	
				29,000	28,851	29,000	3.59%
Transtar Holding Company							
Distribution & Logistics	Second lien(2)	10.00% (Base Rate + 8.75%)	10/9/2019	28,300	27,939	27,734	3.43%

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

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## New Mountain Finance Corporation

## Consolidated Schedule of Investments (Continued)

June 30, 2015

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
KeyPoint Government Solutions, Inc. Federal Services	First lien(2)	7.75% (Base Rate + 6.50%)	11/13/2017	\$ 27,609	\$ 27,289	\$ 27,607	3.42%
McGraw-Hill Global Education Holdings, LLC Education	First lien(2)(9)	9.75%	4/1/2021	24,500	24,370	27,073	3.35%
Pelican Products, Inc. Business Products	Second lien(3)	9.25% (Base Rate + 8.25%)	4/9/2021	15,500	15,525	15,423	
	Second lien(2)	9.25% (Base Rate + 8.25%)	4/9/2021	10,000	10,119	9,950	
				25,500	25,644	25,373	3.14%
Confie Seguros Holding II Co. Consumer Services	Second lien(2)	10.25% (Base Rate + 9.00%)	5/8/2019	18,886	18,787	18,815	
	Second lien(3)	10.25% (Base Rate + 9.00%)	5/8/2019	5,571	5,648	5,550	
				24,457	24,435	24,365	3.02%
CRGT Inc. Federal Services	First lien(2)	7.50% (Base Rate + 6.50%)	12/19/2020	24,688	24,457	24,286	3.00%
YP Holdings LLC/Print Media Holdings LLC(10) YP LLC/Print Media LLC Media	First lien(2)	8.00% (Base Rate + 6.75%)	6/4/2018	23,664	23,451	23,901	2.96%
PetVet Care Centers LLC Consumer Services	Second lien(3)	9.75% (Base Rate + 8.75%)	6/17/2021	24,000	23,775	23,760	2.94%
Aricent Technologies Business Services	Second lien(2)	9.50% (Base Rate + 8.50%)	4/14/2022	20,000	19,876	20,100	
	Second lien(3)	9.50% (Base Rate + 8.50%)	4/14/2022	2,550	2,557	2,563	
				22,550	22,433	22,663	2.80%
McGraw-Hill School Education Holdings, LLC Education	First lien(2)	6.25% (Base Rate + 5.00%)	12/18/2019	21,670	21,500	21,801	2.70%
Weston Solutions, Inc. Business Services	Subordinated(4)		7/3/2019	20,923	20,923	21,194	2.62%

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		16.00% (11.50% + 4.50% PIK)*					
American Pacific Corporation Specialty Chemicals and Materials	First lien(2)	7.00% (Base Rate + 6.00%)	2/27/2019	19,750	19,636	19,972	2.47%
TWDiamondback Holdings Corp.(18) Diamondback Drugs of Delaware, L.L.C.(TWDiamondback II Holdings LLC)							
Distribution & Logistics	First lien(4)	9.75% (Base Rate + 8.75%)	11/19/2019	19,895	19,895	19,895	2.46%
VetCor Professional Practices LLC Consumer Services	First lien(4)	7.00% (Base Rate + 6.00%)	4/20/2021	19,600	19,407	19,404	
	First lien(3)(11) - Drawn	7.00% (Base Rate + 6.00%)	4/20/2021	495	495	490	
				20,095	19,902	19,894	2.46%
Sierra Hamilton LLC / Sierra Hamilton Finance, Inc.							
Energy	First lien(2)	12.25%	12/15/2018	25,000	25,000	17,750	
	First lien(3)	12.25%	12/15/2018	2,660	1,994	1,889	
				27,660	26,994	19,639	2.43%
Novitex Acquisition, LLC (fka ARSloane Acquisition, LLC)							
Business Services	First lien(2)	7.50% (Base Rate + 6.25%)	7/7/2020	19,850	19,512	18,858	2.33%
First American Payment Systems, L.P. Business Services	Second lien(2)	10.75% (Base Rate + 9.50%)	4/12/2019	18,643	18,396	18,549	2.29%
AgKnowledge Holdings Company, Inc. Business Services	Second lien(2)	9.25% (Base Rate + 8.25%)	7/23/2020	18,500	18,338	17,792	2.20%
Vertafore, Inc. Software	Second lien(2)	9.75% (Base Rate + 8.25%)	10/27/2017	13,855	13,850	14,045	
	Second lien(3)	9.75% (Base Rate + 8.25%)	10/27/2017	2,000	2,016	2,028	
				15,855	15,866	16,073	1.99%
Permian Tank & Manufacturing, Inc. Energy	First lien(2)	10.50%	1/15/2018	24,357	24,525	15,710	1.94%
MailSouth, Inc. (d/b/a Mspark) Media	First lien(2)	6.75% (Base Rate + 5.00%)	12/14/2016	15,956	15,533	15,079	1.87%
GSDM Holdings Corp. Healthcare Services	Subordinated(4)	10.00%	6/23/2020	15,000	14,869	14,710	1.82%
Vision Solutions, Inc. Software	Second lien(2)	9.50% (Base Rate + 8.00%)	7/23/2017	14,000	13,972	14,000	1.73%
SW Holdings, Inc. Business Services	Second lien(4)	9.75% (Base Rate + 8.75%)	12/30/2021	13,500	13,365	13,365	1.65%
American Tire Distributors, Inc. Distribution & Logistics	Subordinated(3)	10.25%	3/1/2022	10,000	10,000	10,725	1.33%

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

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## New Mountain Finance Corporation

## Consolidated Schedule of Investments (Continued)

June 30, 2015

(in thousands, except shares)

(unaudited)

Portfolio Company, Location and Industry(1)	Type of Investment	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Fair Value	Percent of Net Assets
PowerPlan Holdings, Inc. Software	Second lien(2)	10.75% (Base Rate + 9.75%)	2/23/2023	\$ 10,000	\$ 9,903	\$ 9,900	1.22%
Smile Brands Group Inc. Healthcare Services	First lien(2)	7.50% (Base Rate + 6.25%)	8/16/2019	12,251	12,125	9,382	1.16%
Harley Marine Services, Inc. Distribution & Logistics	Second lien(2)	10.50% (Base Rate + 9.25%)	12/20/2019	9,000	8,856	8,910	1.10%
Vitera Healthcare Solutions, LLC Software	First lien(2)	6.00% (Base Rate + 5.00%)	11/4/2020	1,970	1,954	1,976	
	Second lien(2)	9.25% (Base Rate + 8.25%)	11/4/2021	7,000	6,911	6,895	
				8,970	8,865	8,871	1.10%
QC McKissock Investment, LLC(17) McKissock, LLC Education	First lien(2)	7.50% (Base Rate + 6.50%)	8/5/2019	4,899	4,857	4,795	
	First lien(2)	7.50% (Base Rate + 6.50%)	8/5/2019	3,163	3,136	3,096	
	First lien(2)(11) Drawn	7.50% (Base Rate + 6.50%)	8/5/2019	576	571	564	
				8,638	8,564	8,455	1.05%
TTM Technologies, Inc.** Business Products	First lien(2)	6.00% (Base Rate + 5.00%)	5/31/2021	8,000	7,723	7,970	0.99%
Brock Holdings III, Inc. Industrial Services	Second lien(2)	10.00% (Base Rate + 8.25%)	3/16/2018	7,000	6,943	6,790	0.84%
Sotera Defense Solutions, Inc. (Global Defense Technology & Systems, Inc.) Federal Services	First lien(2)	9.00% (Base Rate + 7.50%)	4/21/2017	6,909	6,867	6,426	0.79%
Immucor, Inc. Healthcare Services	Subordinated(2)(9)	11.13%	8/15/2019	5,000	4,959	5,325	0.66%
Packaging Coordinators, Inc.(12) Healthcare Products	Second lien(3)	9.00% (Base Rate + 8.00%)	8/1/2022	5,000	4,955	4,950	0.61%
GCA Services Group, Inc. Business Services	Second lien(3)		11/1/2020	4,000	3,970	3,985	0.49%

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		9.25% (Base Rate + 8.00%)					
Sophia Holding Finance LP / Sophia Holding Finance Inc.							
Software	Subordinated(3)	9.63%	12/1/2018	3,500	3,502	3,557	0.44%
York Risk Services Holding Corp.							
Business Services	Subordinated(3)	8.50%	10/1/2022	3,000	3,000	2,654	0.33%
Synarc-Biocore Holdings, LLC							
Healthcare Services	Second lien(3)	9.25% (Base Rate + 8.25%)	3/10/2022	2,500	2,478	2,313	0.29%
Education Management Corporation(22)							
Education Management II LLC							
Education	First lien(2)	5.50% (Base Rate + 4.50%)	7/2/2020				