



**OAKTREE**

OCSL | Specialty Lending Corporation

FOURTH QUARTER 2021

INVESTOR PRESENTATION  
NASDAQ: OCSL



# Forward Looking Statements & Legal Disclosures

Some of the statements in this presentation constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this presentation may include statements as to: our future operating results and distribution projections; the ability of Oaktree Fund Advisors, LLC (together with its affiliates, “Oaktree”) to reposition our portfolio and to implement Oaktree’s future plans with respect to our business; the ability of Oaktree and its affiliates to attract and retain highly talented professionals; our business prospects and the prospects of our portfolio companies; the impact of the investments that we expect to make; the ability of our portfolio companies to achieve their objectives; our expected financings and investments and additional leverage we may seek to incur in the future; the adequacy of our cash resources and working capital; the timing of cash flows, if any, from the operations of our portfolio companies; and the cost or potential outcome of any litigation to which we may be a party. In addition, words such as “anticipate,” “believe,” “expect,” “seek,” “plan,” “should,” “estimate,” “project” and “intend” indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this presentation involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in “Risk Factors” and elsewhere in our annual report on Form 10-K for the fiscal year ended September 30, 2021. Other factors that could cause actual results to differ materially include: changes or potential disruptions in our operations, the economy, financial markets or political environment; risks associated with possible disruption in our operations or the economy generally due to terrorism, natural disasters or the COVID-19 pandemic; future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or regulated investment companies; general considerations associated with the COVID-19 pandemic; the ability to realize the anticipated benefits of the merger of Oaktree Strategic Income Corporation (“OCSI”) with and into us (the “Merger”); and other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

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

## Calculation of Assets Under Management

References to total “assets under management” or “AUM” represent assets managed by Oaktree and a proportionate amount of the AUM reported by DoubleLine Capital LP (“DoubleLine Capital”), in which Oaktree owns a 20% minority interest. Oaktree’s methodology for calculating AUM includes (i) the net asset value (“NAV”) of assets managed directly by Oaktree, (ii) the leverage on which management fees are charged, (iii) undrawn capital that Oaktree is entitled to call from investors in Oaktree funds pursuant to their capital commitments, (iv) for collateralized loan obligation vehicles (“CLOs”), the aggregate par value of collateral assets and principal cash, (v) for publicly-traded business development companies, gross assets (including assets acquired with leverage), net of cash, and (vi) Oaktree’s pro rata portion (20%) of the AUM reported by DoubleLine Capital. This calculation of AUM is not based on the definitions of AUM that may be set forth in agreements governing the investment funds, vehicles or accounts managed and is not calculated pursuant to regulatory definitions.



# Managed by Oaktree: A Leading Global Alternative Asset Manager

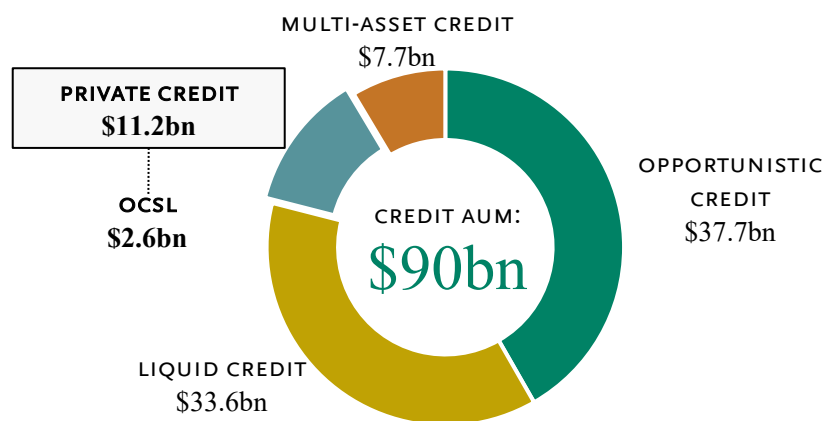
- Founded in 1995, Oaktree is a leading global investment management firm focused on credit investing
- Assets under management of \$158 billion<sup>1</sup> in contrarian, value-oriented, risk-controlled investment strategies across a variety of asset classes
- Partnered with Brookfield Asset Management in 2019, creating one of the largest and most comprehensive alternative investment platforms globally
- Manages assets for a wide variety of clients including many of the most significant investors in the world

## SIGNIFICANT GLOBAL PRESENCE<sup>2</sup>



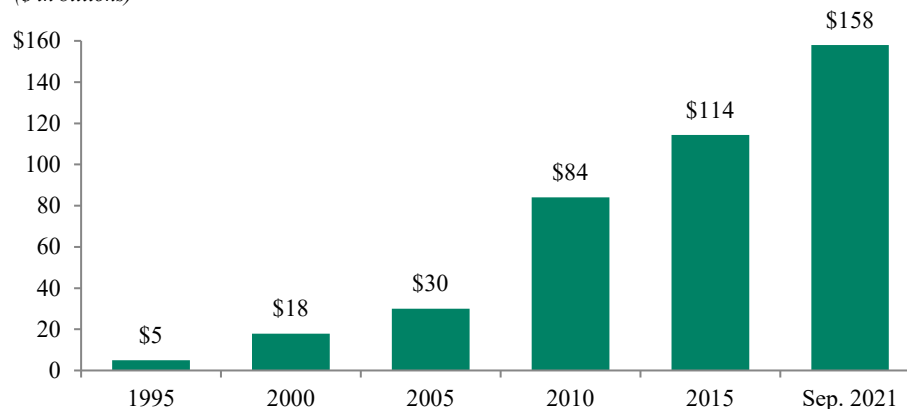
*Over 1,000 employees in 19 cities and 14 countries*

## STRONG EMPHASIS ON CREDIT STRATEGIES



## HISTORICAL ASSETS UNDER MANAGEMENT<sup>1</sup>

(\$ in billions)



As of September 30, 2021

<sup>1</sup> Includes Oaktree's proportionate amount of DoubleLine Capital AUM resulting from its 20% minority interest therein. See Forward Looking Statements & Legal Disclosures section for important information regarding Oaktree's calculation methodology for assets under management.

<sup>2</sup> Includes offices of affiliates of Oaktree-managed funds in Amsterdam, Luxembourg and Dublin. Oaktree is headquartered in Los Angeles.



# Oaktree's Investment Philosophy

## PRIMACY OF RISK CONTROL

Rather than merely searching for prospective profits, we place the highest priority on preventing losses;  
*"If we avoid the losers, the winners will take care of themselves" – Howard Marks*

## EMPHASIS ON CONSISTENCY

A superior record is best built on a high batting average rather than a mix of brilliant successes and dismal failures

## IMPORTANCE OF MARKET INEFFICIENCY

It is only in less-efficient markets that hard work and skill are likely to produce superior investment results

## BENEFITS OF SPECIALIZATION

Our team members' long-term experience and expertise in creative, efficient structuring and institutional knowledge of bankruptcies and restructurings enables a focus on risk control that competitors lack

## MACRO-FORECASTING NOT CRITICAL TO INVESTING

A bottom-up investment approach based on proprietary, company-specific research is most productive

## DISAVOWAL OF MARKET TIMING

Bargains are purchased without reliance on predictions about the market's future direction

***The key tenets of Oaktree's investment philosophy are strongly aligned with the interests of Oaktree Specialty Lending shareholders***



# The Oaktree Advantage

## SIGNIFICANT SCALE & PRESENCE

- Oaktree's roots are in credit, dating back to our founders' investing activities in 1978<sup>1</sup>
- \$90 billion of credit-focused AUM
- Deep and broad credit platform drawing from more than 350 highly experienced investment professionals with significant origination, structuring and underwriting expertise

## INTEGRATED INVESTMENT APPROACH

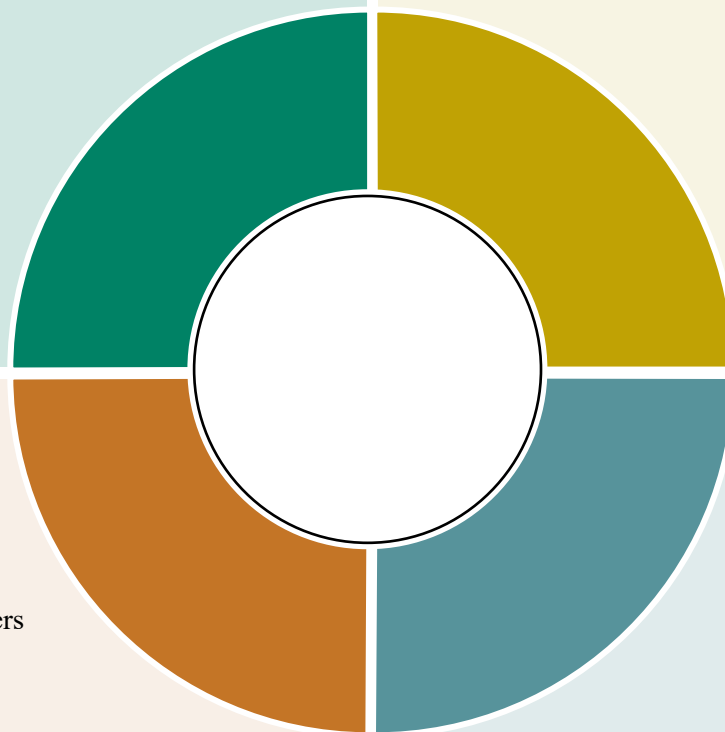
- Deep relationships with many sources of investment opportunities – private equity sponsors, capital raising advisers and borrowers
- Collaboration across teams of multi-disciplinary investment professionals drives superior investment insights
- Access to proprietary deal flow and frequent first look at investment opportunities

## “ALL WEATHER” CREDIT MANAGER

- Over three decades of investment experience, in areas ranging from performing credit to distressed debt, over multiple market cycles<sup>1</sup>
- Over \$26 billion invested in more than 450 directly originated loans since 2005
- Active investor in periods of market strength and distress

## DISCIPLINED CREDIT UNDERWRITING PROCESS CENTERED ON RISK CONTROL

- Bottom-up, fundamental credit analysis at the core of our value-driven investment approach
- Expertise to structure comprehensive, flexible and creative credit solutions for companies of all sizes across various industries
- Capacity to invest in large deals and to sole underwrite transactions



As of September 30, 2021

<sup>1</sup> This includes the investment team's record achieved at TCW Group since their inception through the first quarter of 1995, at which time they commenced portfolio management at newly formed Oaktree.



# Oaktree's Extensive Origination Capabilities

## EXTENSIVE, GLOBAL CREDIT PLATFORM TO SOURCE DEAL FLOW

- Strong market presence and established relationships with traditional sponsor channels as well as with management teams, capital raising advisors and individual issuers
- Leverage Oaktree's significant marketable securities presence to identify and create new lending opportunities
- Emphasis on proprietary deals: frequent "first look" opportunities, well positioned for difficult and complex transactions
- Established reputation as a "go-to" source for borrowers due to longstanding track record in direct lending; over \$26 billion invested in more than 450 directly originated loans since 2005

## ABILITY TO ADDRESS A WIDE RANGE OF BORROWER NEEDS

- Capability to invest across the capital structure
- Certainty to borrowers by seeking to provide fully underwritten finance commitments
- Capacity to fund large loans
- Expertise in performing credit, as well as restructuring and turnaround situations



*Oaktree's extensive origination capabilities has led to greater ability to source quality investments*



## Experienced Management Team



**ARMEN PANOSSIAN**

*Chief Executive Officer &  
Chief Investment Officer*



**MATT PENDO**

*President &  
Chief Operating Officer*



**MEL CARLISLE**

*Chief Financial Officer &  
Treasurer*

- Managing Director, Portfolio Manager of Oaktree's Strategic Credit Strategy and Oaktree's Head of Performing Credit
- Joined Oaktree in 2007 as a senior member of its Distressed Debt investment team
- Previously Portfolio Manager of Oaktree's U.S. Senior Loan group and led launch of Oaktree's CLO business
- Experience investing across market cycles in performing and stressed asset classes

- Managing Director, Head of Oaktree's Corporate Development and Capital Markets
- Joined Oaktree in 2015
- Former CIO of TARP (Troubled Asset Relief Program) of the U.S. Department of the Treasury
- 30 years of investment banking experience at leading Wall Street firms

- Managing Director, Head of Oaktree's Distressed Debt and Strategic Credit Fund Accounting Groups
- Joined Oaktree in 1995
- Prior experience includes public accounting at PwC and fund accounting at TCW Group, Inc.

OCSL IS SUPPORTED BY STRATEGIC CREDIT TEAM OF 29 INVESTMENT PROFESSIONALS<sup>1</sup> AND  
LEVERAGES OAKTREE'S FIRST-CLASS OPERATIONAL INFRASTRUCTURE



### SIGNIFICANT EXPERIENCE

*29 investment professionals<sup>1</sup>; senior  
investment professionals average  
18 years of investment experience<sup>2</sup>*



### HIGHLY INTEGRATED

*investment professionals, with a centralized  
trading desk and origination team*



### DEEP BENCH

*367 multi-disciplinary investment  
professionals across the firm, including  
154 managing directors*



# Overview of OCSL

## INVESTMENT OBJECTIVE

- Seek to generate current income and capital appreciation by providing companies with flexible and innovative financing solutions
- Primarily focused on first lien and second lien loans, mezzanine and unsecured debt, preferred equity and certain equity co-investments
- Pursue opportunities that may generate capital appreciation and income through secondary investments at discounts to par in either private or syndicated transactions
- May opportunistically take advantage of dislocations in the financial markets and other situations that may benefit from Oaktree's credit and structuring expertise

## MANAGED BY OAKTREE

- Leverage the extensive firm-wide resources and expertise of Oaktree for sourcing, due diligence and credit selection
- Supported by a dedicated, 29-person investment team with significant investment experience<sup>2</sup>
- Longstanding relationships with banks, advisers, companies and private equity sponsors enhances ability to source opportunities
- Collaboration with over 350 investment professionals to supplement analytical support and access to deal flow

## HIGHLIGHTS

○ As of September 30, 2021

### PORTFOLIO

○ \$2.6 billion in Total Investments  
138 Portfolio Companies

### TOTAL NAV

○ \$1.3 billion

### ASSET TYPE

○ 69% First Lien  
18% Second Lien  
6% Unsecured and Equity  
7% Joint Ventures

### TICKER

○ Nasdaq: OCSL

### MARKET CAP.

○ \$1.3 billion<sup>1</sup>

Note: Numbers may not sum due to rounding.

<sup>1</sup> As of November 16, 2021.

<sup>2</sup> Includes seven members of Sourcing & Origination team, which is a shared resource.





# Positioned to Provide Attractive Risk-Adjusted Returns to Shareholders



ACCESS TO OAKTREE'S DEEP AND BROAD CREDIT PLATFORM



ABILITY TO PARTICIPATE IN PROPRIETARY INVESTMENTS



DIVERSE, HIGH-QUALITY SENIOR SECURED FLOATING RATE LOAN PORTFOLIO



SUPPORTED BY DEDICATED STRATEGIC CREDIT TEAM OF 29 TENURED INVESTMENT PROFESSIONALS<sup>1</sup>



CONSERVATIVE BALANCE SHEET, STRONG LIQUIDITY AND FLEXIBLE, LOW-COST LIABILITY STRUCTURE



FURTHER OPPORTUNITIES TO INCREASE RETURN ON EQUITY

<sup>1</sup> Includes seven members of Sourcing & Origination team, which is a shared resource.



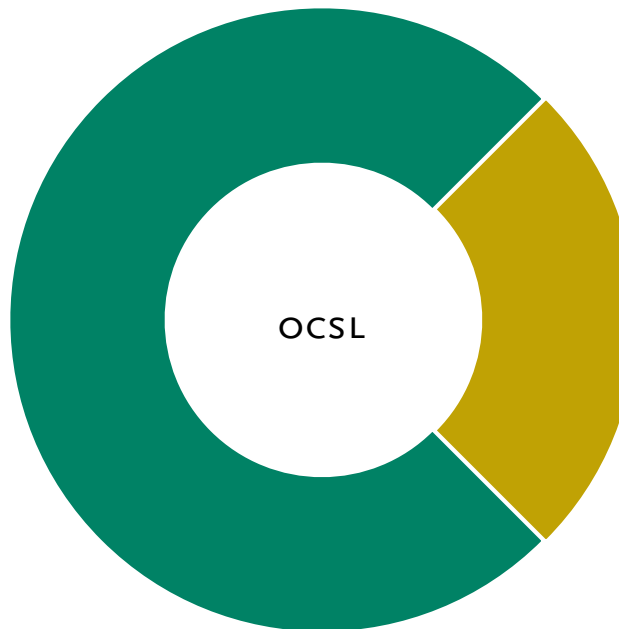
# OCSL's Areas of Focus

PRIMARY FOCUS ON DIFFERENTIATED PRIVATE CREDIT TRANSACTIONS WITH A SECONDARY EMPHASIS ON MARKETABLE SECURITIES

## PRIMARY FOCUS

### PRIVATE CREDIT

- Bespoke, highly structured private investments in non-sponsor companies that have unique needs, complex business models or specific business challenges
- Focus on opportunities that are not well-trafficked by other lenders
- Direct lending to businesses backed by sponsors that have demonstrated industry expertise or value long-term partnerships



## SECONDARY FOCUS

### OPPORTUNISTIC PUBLIC CREDIT

- Leverage Oaktree's presence in liquid credit markets to uncover attractive primary market new issuance or discounted secondary opportunities
- Examples include broadly syndicated loans, high yield bonds and structured credit
- Generally shorter hold periods and smaller positions relative to private credit investments



# Current Market Opportunities in Focus

## SITUATIONAL LENDING

- Directly originated loans to non-sponsor companies that are hard to understand and value using traditional underwriting techniques

### *Opportunity*

- Leverages Oaktree's ability to negotiate and structure bespoke private deals that provide downside risk management by mitigating the specific risks of the issuer and its business
- Many lenders do not have the skill or capacity to make these complex loans, making this a less competitive segment of the direct lending market

### *Examples*

- Life sciences companies with revenue generating drugs and hard assets seeking to commercialize products; public companies seeking capital to fund acquisitions

## SPONSOR-RELATED FINANCINGS

- Financing to support leveraged buyouts of companies with specialized sponsors that have expertise in certain industries

### *Opportunity*

- Sponsors have a significant amount of dry powder and can write large equity checks which provide downside protection
- Lending to sponsors that act as partners to portfolio companies, and we are capable of underwriting valuable businesses with limited EBITDA

### *Examples*

- Private equity firms focused on the software and healthcare sectors

## STRESSED SECTOR & RESCUE LENDING

- Opportunistic private loans in industries experiencing stress or limited access to capital

### *Opportunity*

- Lenders have a history of avoiding certain industries resulting in a lack of capital availability to both favorable and unfavorable issuers
- By leveraging Oaktree's extensive sourcing network, we are able to find attractive opportunities that are often over-secured by the issuer's most valuable assets
- Existing loan documents have weak legal protections that allow for well-structured priming debt to be issued

### *Examples*

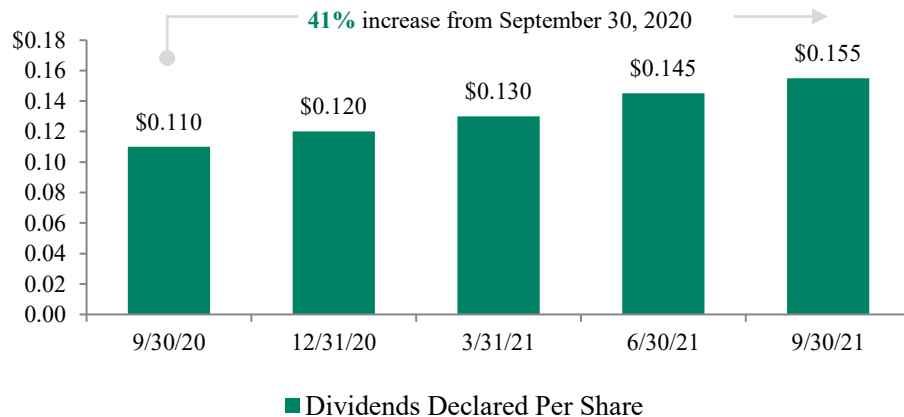
- DIP loans, COVID-impacted industries

*We believe there are ample opportunities for generating alpha in less crowded areas of the direct lending market*

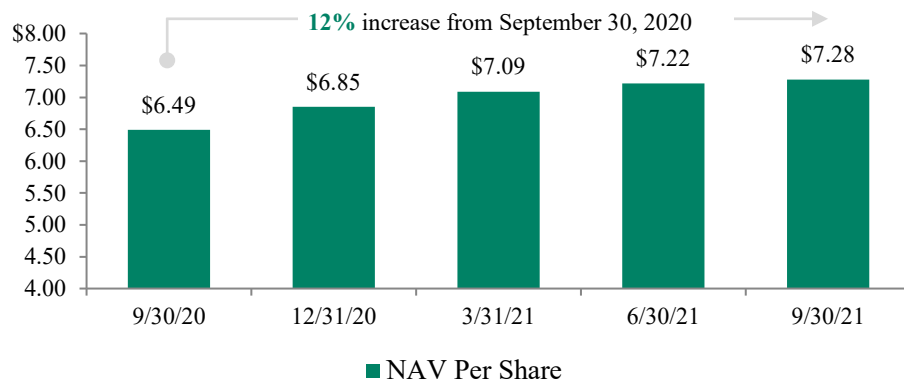


# Full Year 2021 Highlights

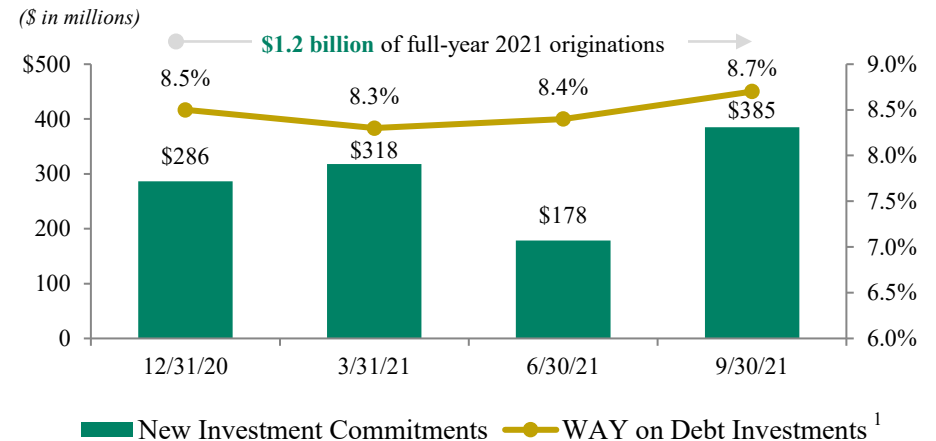
## INCREASED DIVIDEND



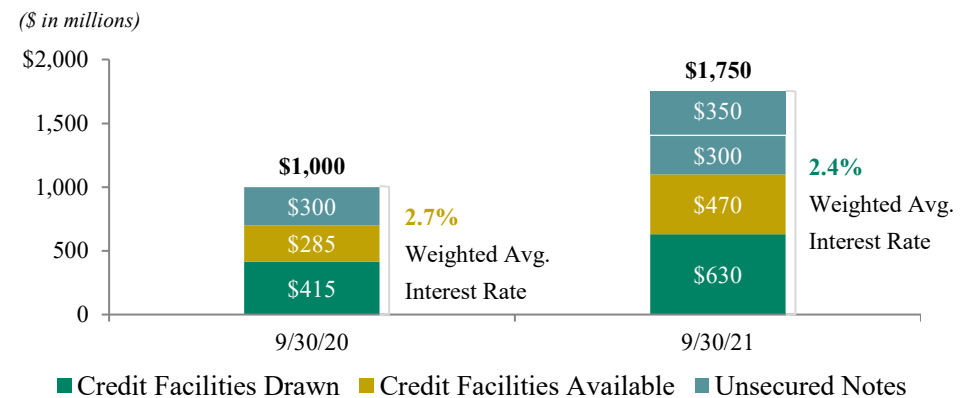
## NAV PER SHARE ACCRETION



## STRONG NEW INVESTMENT ACTIVITY & IMPROVED TOTAL DEBT PORTFOLIO YIELD



## FURTHER STRENGTHENED THE CAPITAL STRUCTURE



***Full year 2021 was further bolstered by the closing of the merger with Oaktree Strategic Income, which increased the size and scale of OCSL***

<sup>1</sup> Annual stated yield earned plus net annual amortization of OID or premium earned on accruing investments, including the Company's share of the return on debt investments in the Kemper JV and Glick JV, and excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 for the assets acquired in connection with the Merger. See page 32 for a description of the non-GAAP financial measures.



# Highlights for the Quarter Ended September 30, 2021

NET ASSET VALUE PER SHARE	<ul style="list-style-type: none"> <li>\$7.28, up 1% from \$7.22 as of June 30, 2021 and up 10% from \$6.61 as of December 31, 2019 (prior to the onset of the pandemic)</li> <li>Quarterly increase primarily due to realized and unrealized gains on certain debt and equity investments and undistributed net investment income</li> </ul>
ADJUSTED NET INVESTMENT INCOME <sup>1</sup>	<ul style="list-style-type: none"> <li>\$0.16 per share, as compared with \$0.19 per share for the quarter ended June 30, 2021, primarily reflecting lower one-time OID acceleration and prepayment income from investments that were repaid in the June quarter and lower amendment fees</li> <li>GAAP net investment income was \$0.18 per share, as compared with \$0.20 per share for the quarter ended June 30, 2021</li> </ul>
DIVIDEND	<ul style="list-style-type: none"> <li>Declared a cash distribution of \$0.155 per share, an increase of 7% from the prior quarter and 41% from one year ago</li> <li><b>Sixth consecutive quarter with a distribution increase</b></li> <li>Distribution will be payable on December 31, 2021 to stockholders of record as of December 15, 2021</li> </ul>
INVESTMENT ACTIVITY	<ul style="list-style-type: none"> <li>\$385 million of new investment commitments; 8.6% weighted average yield on new debt investments</li> <li>\$416 million of new investment fundings and received \$202 million of proceeds from prepayments, exits, other paydowns and sales, which had a weighted average yield of 6.4%</li> </ul>
INVESTMENT PORTFOLIO	<ul style="list-style-type: none"> <li>\$2.6 billion at fair value diversified across 138 portfolio companies</li> <li>8.7% weighted average yield on debt investments, up from 8.4% as of June 30, 2021</li> <li><b>No investments on non-accrual status</b></li> </ul>
CAPITAL STRUCTURE & LIQUIDITY	<ul style="list-style-type: none"> <li>0.97x total debt to equity ratio, up as compared with 0.86x as of June 30, 2021</li> <li>0.95x net debt to equity ratio, up as compared with 0.79x as of June 30, 2021</li> <li>\$29 million of cash and \$470 million of undrawn capacity on credit facilities</li> <li>Amended Citibank Facility to, among other things, resize the facility, extend the maturity date and modify the interest rate on outstanding borrowings</li> </ul>

<sup>1</sup> See page 32 for a description of this non-GAAP measure.



# Portfolio Summary as of September 30, 2021

## PORTFOLIO CHARACTERISTICS

(At fair value)

**\$2.6bn**

TOTAL INVESTMENTS

**138**

PORTFOLIO COMPANIES

**8.7%**

WEIGHTED AVERAGE YIELD ON  
DEBT INVESTMENTS

**\$106mm**

MEDIAN DEBT PORTFOLIO  
COMPANY EBITDA<sup>1</sup>

**87%**

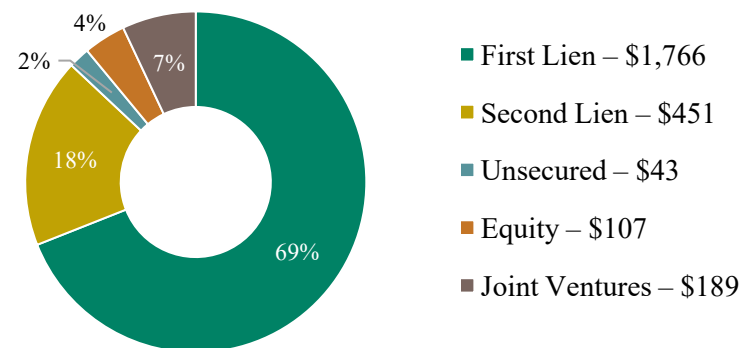
SENIOR SECURED  
DEBT INVESTMENTS

**0**

NON-ACCRUALS

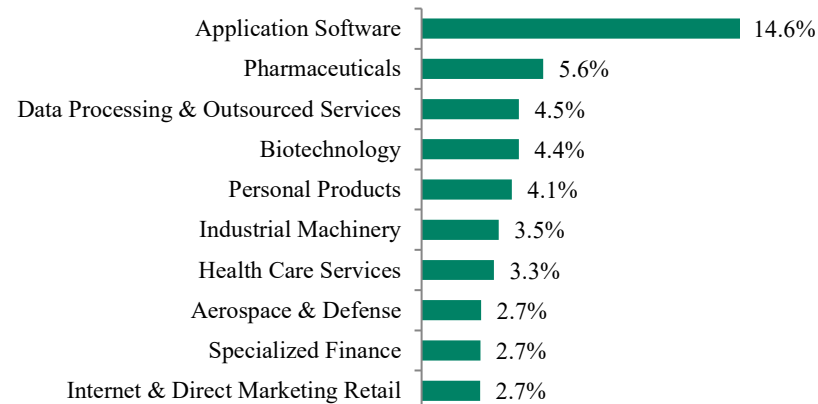
## PORTFOLIO COMPOSITION

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



## TOP TEN SUB-INDUSTRIES<sup>2, 3</sup>

(As % of total portfolio at fair value)



Note: Numbers may not sum due to rounding.

<sup>1</sup> Excludes negative EBITDA borrowers, investments in aviation subsidiaries, investments in structured products and recurring revenue software investments.

<sup>2</sup> Based on GICS sub-industry classification.

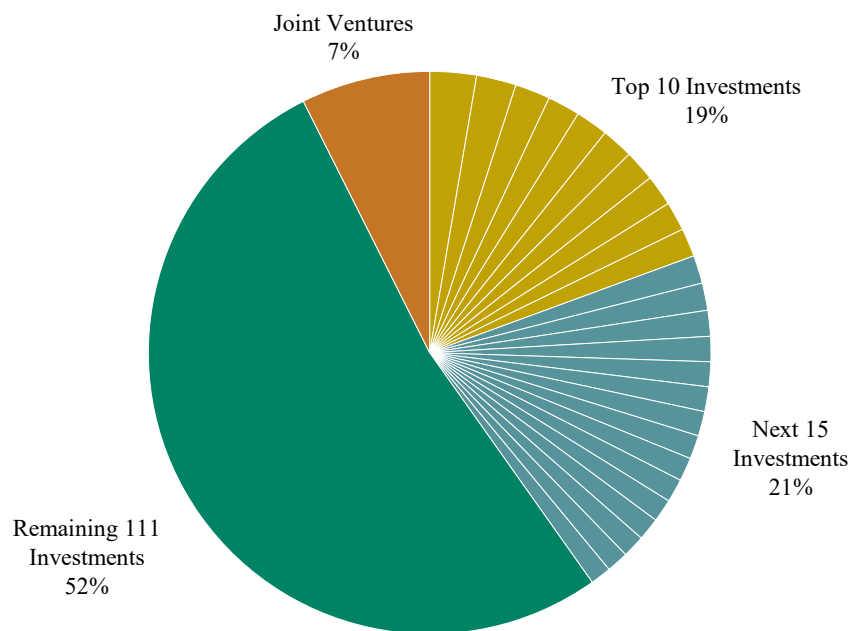
<sup>3</sup> Excludes multi-sector holdings, which is primarily composed of investments in Senior Loan Fund JV I LLC (the "Kemper JV") and OCSI Glick JV (the "Glick JV"), joint ventures that invest primarily in senior secured loans of middle market companies.



# Portfolio Diversity

## DIVERSITY BY INVESTMENT SIZE

(As % of total portfolio at fair value)



## PORTFOLIO BY INDUSTRY<sup>1</sup>

(As % of total portfolio at fair value)

Industry	% of Portfolio
Software	14.8%
IT Services	6.6
Pharmaceuticals	5.6
Health Care Providers & Services	4.8
Chemicals	4.5
Biotechnology	4.4
Personal Products	4.1
Machinery	3.5
Specialty Retail	3.5
Diversified Financial Services	3.3
Oil, Gas & Consumable Fuels	3.0
Aerospace & Defense	2.7
Remaining 29 Industries	31.7
Joint Ventures	7.4

***OCSL's portfolio is diverse across borrowers and industries***

As of September 30, 2021

Note: Numbers may not sum due to rounding.

<sup>1</sup> Based on GICS industry classification.



# Investment Activity

## NEW INVESTMENT HIGHLIGHTS

**\$385mm**

NEW INVESTMENT  
COMMITMENTS

**\$416mm**

NEW INVESTMENT  
FUNDINGS<sup>1</sup>

**8.6%**

WEIGHTED AVERAGE YIELD ON  
NEW DEBT COMMITMENTS

**100%**

ALSO HELD BY OTHER  
OAKTREE FUNDS

**\$345mm**

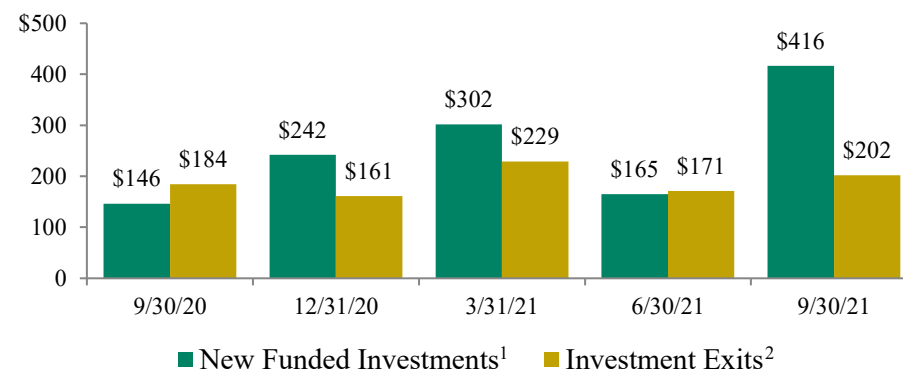
NEW INVESTMENT  
COMMITMENTS IN NEW  
PORTFOLIO COMPANIES

**\$40mm**

NEW INVESTMENT  
COMMITMENTS IN EXISTING  
PORTFOLIO COMPANIES

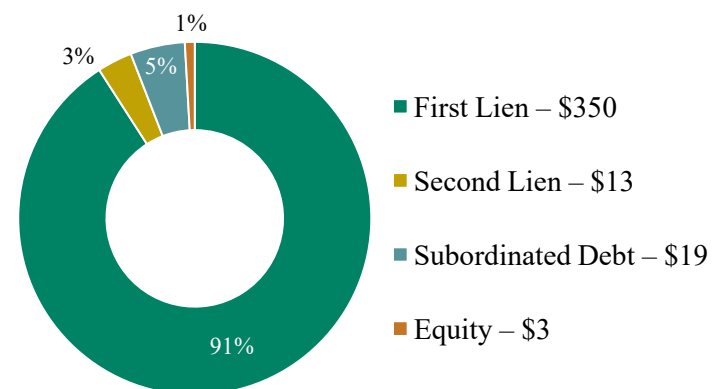
## HISTORICAL FUNDED ORIGINATIONS AND EXITS

(\$ in millions)



## NEW INVESTMENT COMPOSITION

(As % of new investment commitments; \$ in millions)



Note: Numbers rounded to the nearest million or percentage point and may not sum as a result.

<sup>1</sup> New funded investments includes drawdowns on existing delayed draw and revolver commitments.

<sup>2</sup> Investment exits includes proceeds from prepayments, exits, other paydowns and sales.





# Investment Activity (continued)

## NEW INVESTMENT COMMITMENT DETAIL

(\$ in millions)

Fiscal Quarter	Investment Commitments	Number of Deals	Security Type			Market			
			First Lien	Second Lien	Unsecured & Other	Private Placement	Primary (Public)	Secondary (Public)	Avg. Secondary Purchase Price
2Q2020	\$273	39	\$210	\$21	\$42	\$141	\$58	\$75	83%
3Q2020	261	18	177	8	76	154	71	35	74
4Q2020	148	10	123	25	0.5	90	57	2	96
1Q2021	286	21	196	90	--	181	84	22	93
2Q2021	318	20	253	44	21	245	63	10	93
3Q2021	178	10	141	25	12	104	70	5	97
4Q2021	385	20	350	13	23	304	79	2	100

Note: Numbers may not sum due to rounding. Excludes any positions originated, purchased and sold within the same quarter.

# Strategic Joint Ventures are Accretive to Earnings

OCSL'S JOINT VENTURES ARE INCOME-ENHANCING VEHICLES THAT PRIMARILY INVEST IN SENIOR SECURED LOANS OF MIDDLE MARKET COMPANIES AND OTHER CORPORATE DEBT SECURITIES

## Key Attributes of Joint Ventures:

- Equity ownership: 87.5% OCSL and 12.5% joint venture partner
- Shared voting control: 50% OCSL and 50% joint venture partner

### KEMPER JV CHARACTERISTICS

(At fair value)

<b>\$134mm</b> OCSL'S INVESTMENTS IN THE KEMPER JV	<b>5.2%</b> % OF OCSL'S PORTFOLIO	<b>\$3.5mm</b> NET INVESTMENT INCOME <sup>1</sup>
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### GLICK JV CHARACTERISTICS

(At fair value)

<b>\$56mm</b> OCSL'S INVESTMENTS IN THE GLICK JV	<b>2.2%</b> % OF OCSL'S PORTFOLIO	<b>\$1.4mm</b> NET INVESTMENT INCOME <sup>2</sup>
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### COMBINED PORTFOLIO SUMMARY

INVESTMENT PORTFOLIO	FIRST LIEN	PORTFOLIO COMPANY COUNT	WTD. AVG. DEBT PORTFOLIO YIELD	LEVERAGE RATIO
<b>\$471mm</b>	<b>93%</b>	<b>60</b>	<b>5.9%</b>	<b>1.3x</b>

As of September 30, 2021

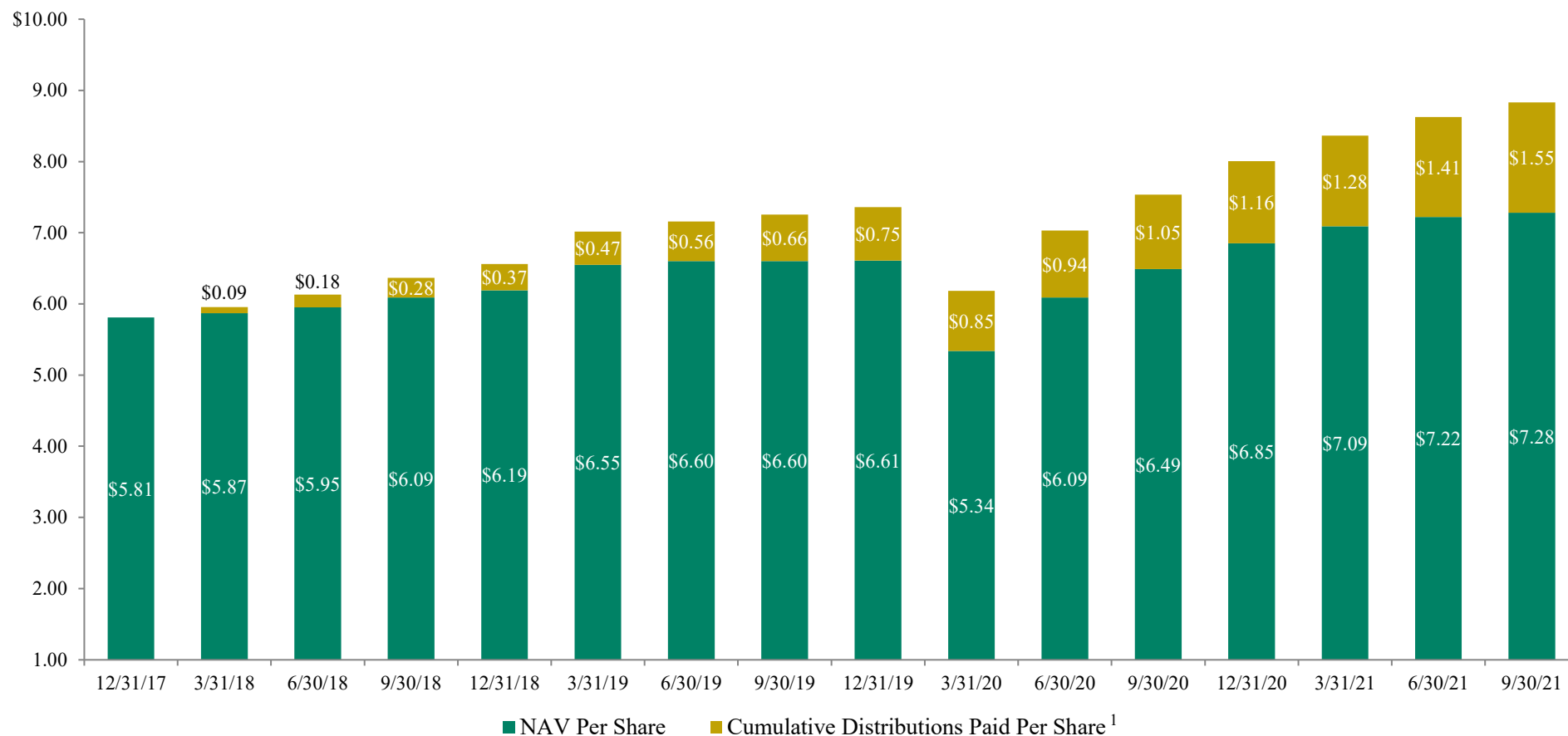
<sup>1</sup> Represents OCSL's 87.5% share of the Kemper JV's net investment income (excluding subordinated note interest expense) earned during the quarter ended September 30, 2021.

<sup>2</sup> Represents OCSL's 87.5% share of the Glick JV's net investment income (excluding subordinated note interest expense) earned during the quarter ended September 30, 2021.



# Compelling Performance Under Oaktree Management

## NAV AND CUMULATIVE DISTRIBUTIONS PAID PER SHARE



***OCSL has generated an 11.8% annualized return on equity under Oaktree management<sup>2</sup>***

<sup>1</sup> Cumulative distributions declared and paid from December 31, 2017 through September 30, 2021.

<sup>2</sup> Annualized return on equity calculated as the change in net asset value plus distributions paid from December 31, 2017 through September 30, 2021.



# Opportunities to Increase Return on Equity

**1**

## CONTINUE ROTATING INTO HIGHER-YIELDING INVESTMENTS

- Opportunity to improve the portfolio's yield by rotating out of lower-yielding investments into higher-yielding, proprietary ones
- Exited \$45 million of lower yielding senior secured loans during the quarter
- The weighted average yield of the debt portfolio increased to 8.7% from 8.4% last quarter, highlighting this progress
- \$83 million at fair value of senior secured loans with interest rates at or below LIBOR + 4.50%<sup>1</sup>

**2**

## CONTINUE TO OPERATE WITHIN TARGET LEVERAGE RANGE

- Maintaining a leverage ratio within the target range of 0.85x to 1.00x debt to equity may support the earnings power of the portfolio
- 0.95x net debt to equity, up from 0.79x last quarter following \$215 million of net new investment activity during the quarter ended September 30, 2021
- Ample dry powder with \$470 million of undrawn capacity under credit facilities<sup>2</sup>

**3**

## OPTIMIZE JOINT VENTURES

- Opportunity to increase underlying joint venture portfolio yields by rotating into higher spread in investments
  - \$79 million of investments with interest rates at or below LIBOR + 3.75% in the Kemper and Glick JVs<sup>1</sup>
- Utilize additional borrowings to operate within target leverage range
  - Target leverage range: 1.25x to 1.75x debt to equity
  - 1.4x and 1.1x total debt to equity at Kemper JV and Glick JV, respectively

*We believe OCSL is well-positioned to provide further improvements to return on equity*

As of September 30, 2021

<sup>1</sup> For senior secured loans that have a cost basis above 92.5%.

<sup>2</sup> Subject to borrowing base and other limitations.

# Capital Structure Overview

**0.85x to 1.00x**

TARGET LEVERAGE RATIO

**Investment  
Grade Rated**

BY MOODY'S AND FITCH

**51%**

UNSECURED  
BORROWINGS

**\$499mm**

AVAILABLE LIQUIDITY<sup>3</sup>

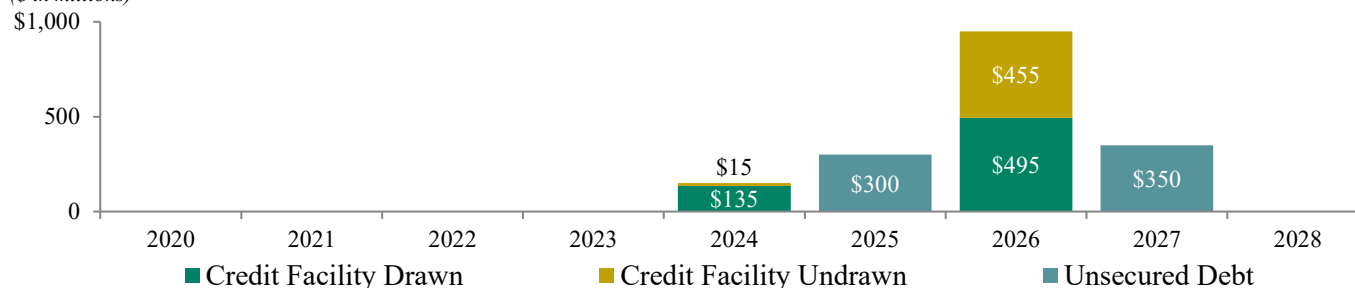
## FUNDING SOURCES

(\$ in millions)

	Committed	Principal Outstanding	Interest Rate	Maturity
Syndicated Credit Facility	\$950	\$495	LIBOR + 2.00%	5/4/2026
Citibank Facility	150	135	LIBOR + 1.25%-2.25% <sup>1</sup>	7/18/2024
2025 Notes	300	300	3.500%	2/25/2025
2027 Notes	350	350	2.700% (LIBOR + 1.658%) <sup>2</sup>	1/15/2027
Cash and Cash Equivalents	--	(29)	--	--
<b>Total</b>	<b>\$1,750</b>	<b>\$1,251</b>		
<b>Weighted Average Interest Rate</b>		<b>2.4%</b>		
<b>Net Debt to Equity Ratio</b>		<b>0.95x</b>		

## MATURITIES

(\$ in millions)



***Diverse and flexible sources of debt capital with no near-term maturities***

As of September 30, 2021

Note: Numbers may not sum due to rounding.

<sup>1</sup> The interest rate on outstanding borrowings is LIBOR plus 1.25%-2.20% on broadly syndicated loans subject to observable market depth and LIBOR plus 2.25% on all other eligible loans.

<sup>2</sup> The Company entered into an interest rate swap agreement under which the Company receives a fixed interest rate of 2.700% and pays a floating rate of the three-month LIBOR plus 1.658% on a notional amount of \$350 million.

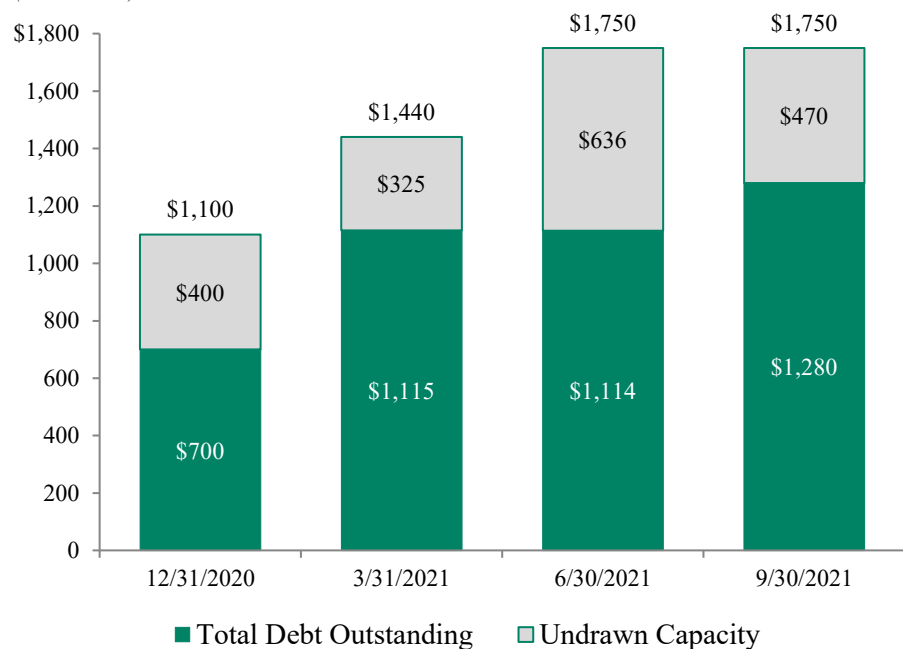
<sup>3</sup> Liquidity was composed of \$29.3 million of unrestricted cash and cash equivalents and \$470.0 million of undrawn capacity under the credit facilities (subject to borrowing base and other limitations).



# Funding and Liquidity Metrics

## LEVERAGE UTILIZATION

(\$ in millions)



	12/31/2020	3/31/2021	6/30/2021	9/30/2021
Cash	\$24	\$40	\$85	\$29
Net Assets	\$965	\$1,279	\$1,302	\$1,313
Net Leverage	0.70x	0.84x	0.79x	0.95x
Total Leverage	0.73x	0.87x	0.86x	0.97x

## LIQUIDITY OVERVIEW

(\$ in millions)

	12/31/2020	3/31/2021	6/30/2021	9/30/2021
Credit Facility Committed	\$800	\$1,140	\$1,100	\$1,100
Credit Facility Drawn	(400)	(815)	(464)	(630)
Cash and Cash Equivalents	24	40	85	29
<b>Total Liquidity</b>	<b>424</b>	<b>365</b>	<b>721</b>	<b>499</b>
Total Unfunded Commitments <sup>1</sup>	(198)	(242)	(239)	(216)
Unavailable Unfunded Commitments <sup>2</sup>	48	50	73	62
<b>Adjusted Liquidity</b>	<b>\$274</b>	<b>\$173</b>	<b>\$555</b>	<b>\$345</b>

*Ample liquidity to support funding needs<sup>3</sup>*

<sup>1</sup> Excludes unfunded commitments to the Kemper JV and Glick JV.

<sup>2</sup> Includes unfunded commitments ineligible to be drawn due to certain limitations in credit agreements.

<sup>3</sup> As of September 30, 2021, we have analyzed cash and cash equivalents, availability under our credit facilities, the ability to rotate out of certain assets and amounts of unfunded commitments that could be drawn and believe our liquidity and capital resources are sufficient to take advantage of market opportunities in the current economic climate.

# Appendix



**OAKTREE**

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# Portfolio Progression Under Oaktree Management

## PORTFOLIO PROGRESSION: SEPTEMBER 30, 2017 VS. SEPTEMBER 30, 2021

(\$ in millions, at fair value)

	9/30/2017		9/30/2021
<b>BALANCE SHEET</b>			
Investments at Fair Value	\$1,542		\$2,557
Net Assets	\$868		\$1,313
Net Leverage Ratio	0.70x		0.95x
Weighted Average Interest Rate on Debt Outstanding	4.3%		2.4%
Credit Ratings (Moody's/S&P/Fitch)	- / BB+ / -		Baa3 / - / BBB-
<b>PORTFOLIO</b>			
First Lien	53.9%		69.1%
Second Lien	24.1%		17.6%
Senior Secured Debt	78.0%		86.7%
Unsecured Debt	6.1%		1.7%
Equity & Limited Partnership Interests	7.2%		4.2%
Joint Venture Interests	8.7%		7.4%
Median Debt Portfolio Company EBITDA <sup>1</sup>	\$50		\$106
<b>NON-CORE PORTFOLIO</b>			
Total Non-Core Investments	\$893		\$134
Number of Non-Core Debt Portfolio Companies	54		4
Non-Accruals % of Debt Portfolio	4.7%		--%

As of September 30, 2021

<sup>1</sup> Excludes negative EBITDA borrowers, investments in aviation subsidiaries and recurring revenue software investments.





# Non-Core Investment Portfolio Detail

## NON-CORE INVESTMENT PORTFOLIO CHARACTERISTICS

### DEBT INVESTMENTS

- \$74 million at fair value in four companies
- Received \$3 million partial paydowns in one investment during the quarter ended September 30, 2021

### EQUITY INVESTMENTS<sup>1</sup>

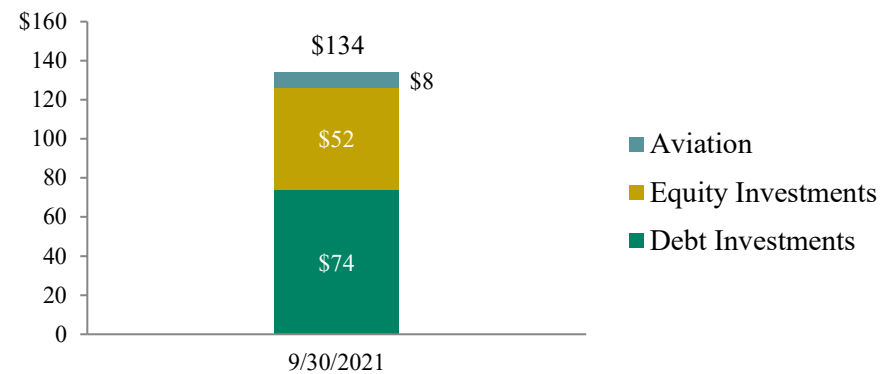
- \$52 million at fair value in 15 companies and limited partnership interests in one third-party managed fund

### AVIATION

- \$8 million at fair value in one aircraft

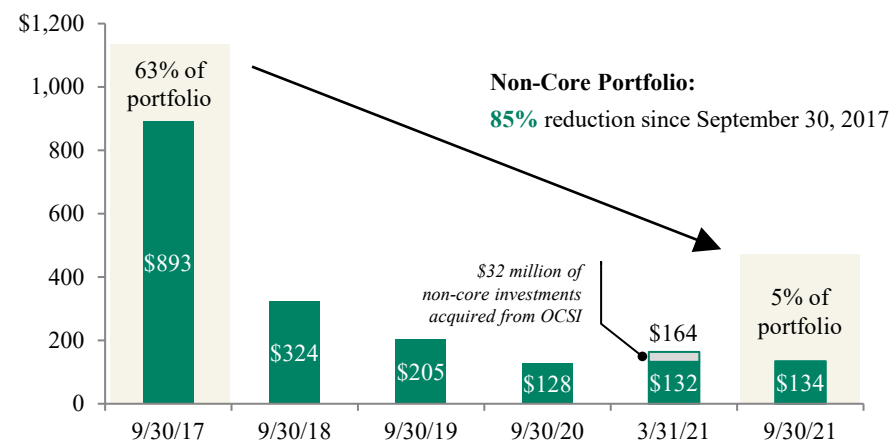
## NON-CORE PORTFOLIO COMPOSITION

(At fair value; \$ in millions)



## NON-CORE PORTFOLIO PROGRESSION<sup>2</sup>

(At fair value; \$ in millions)



Note: Numbers may not sum due to rounding.

<sup>1</sup> Excludes OCSL's equity investment in First Star Speir Aviation Limited.

<sup>2</sup> Excludes investments in the Kemper JV and Glick JV.



# Oaktree's ESG Framework



- Oaktree has invested with a sensitivity to ESG considerations since the firm's inception, a commitment first formalized in our Socially Responsible Investment policy in 2014
- Oaktree is a signatory to the United Nations-supported Principles for Responsible Investment ("PRI") and a supporter of the Task Force on Climate-Related Financial Disclosures ("TCFD")
- Oaktree's investment professionals are active participants in advancing ESG at the firm, both as part of the firm's ESG Governance Committee and in each individual strategy

## OUR BELIEFS

- ESG considerations directly affect company fundamentals and investment outcomes, both positively and negatively
- A focus on ESG throughout the investment lifecycle advances our mission to deliver superior investment results with risk under control
- Engagement with company management can influence positive change
- ESG integration deepens our alignment with our stakeholders, their beneficiaries and their collective long-term interests

## OUR APPROACH

- Oaktree's ESG Governance Committee:
  - Drives the firm's approach to ESG matters
  - Ensures ESG best practices are shared and applied in every strategy
  - Comprises senior professionals from investment strategies and non-investment areas
- Each strategy investment team:
  - Factors ESG risks and opportunities into its assessment of prospective returns
  - Manages portfolios in accordance with Oaktree's SRI policy and the strategy's distinct ESG implementation plan

# Portfolio Highlights

(\$ in thousands, at fair value)	As of				
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
Investments at Fair Value	\$2,556,629	\$2,339,301	\$2,327,353	\$1,712,324	\$1,573,851
Number of Portfolio Companies	138	135	137	115	113
Average Portfolio Company Debt Investment Size	\$18,700	\$17,600	\$17,600	\$16,200	\$15,800
<b>Asset Class:</b>					
First Lien	69.1%	67.6%	68.3%	60.3%	62.3%
Second Lien	17.6	19.1	18.2	25.4	21.7
Unsecured Debt	1.7	1.4	1.1	3.1	4.2
Equity	4.2	3.9	4.4	3.8	4.1
Limited Partnership Interests	0.0	0.0	0.0	0.1	0.2
Joint Venture Interests	7.4	8.1	8.0	7.3	7.5
<b>Interest Rate Type for Debt Investments:</b>					
% Floating-Rate	91.5%	91.4%	91.8%	88.8%	88.3%
% Fixed-Rate	8.5	8.6	8.2	11.2	11.7
<b>Yields:</b>					
Weighted Average Yield on Debt Investments <sup>1</sup>	8.7%	8.4%	8.3%	8.5%	8.3%
Cash Component of Weighted Average Yield on Debt Investments	7.4	7.1	7.1	7.1	7.0
Weighted Average Yield on Total Portfolio Investments <sup>2</sup>	8.3	8.0	7.8	8.0	7.8

Note: Numbers may not sum due to rounding.

<sup>1</sup> Annual stated yield earned plus net annual amortization of OID or premium earned on accruing investments, including the Company's share of the return on debt investments in the Kemper JV and Glick JV, and excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 for the assets acquired in connection with the Merger. See page 32 for a description of the non-GAAP financial measures.

<sup>2</sup> Annual stated yield earned plus net annual amortization of OID or premium earned on accruing investments and dividend income, including the Company's share of the return on debt investments in the Kemper JV and Glick JV, and excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 for the assets acquired in connection with the Merger. See page 32 for a description of the non-GAAP financial measures.



# Investment Activity

	As of				
(\$ in thousands)	9/30/2021	6/30/2021	3/31/2021 <sup>1</sup>	12/31/2020	9/30/2020
New Investment Commitments	\$385,000	\$178,400	\$317,700	\$286,300	\$148,500
New Funded Investment Activity <sup>2</sup>	\$416,400	\$165,300	\$301,800	\$241,500	\$146,300
Proceeds from Prepayments, Exits, Other Paydowns and Sales	\$201,800	\$170,600	\$228,900	\$160,700	\$184,200
Net New Investments <sup>3</sup>	\$214,600	\$(5,300)	\$72,900	\$80,800	\$(37,900)
New Investment Commitments in New Portfolio Companies	14	9	18	14	8
New Investment Commitments in Existing Portfolio Companies	6	1	2	7	3
Portfolio Company Exits	11	11	12	12	12
Weighted Average Yield at Cost on New Debt Investment Commitments	8.6%	9.2%	8.2%	8.7%	10.6%

<sup>1</sup> Excludes the assets acquired in the Merger.

<sup>2</sup> New funded investment activity includes drawdowns on existing revolver commitments. Includes \$103 million of unsettled purchases as of December 31, 2020.

<sup>3</sup> Net new investments consists of new funded investment activity less proceeds from prepayments, exits, other paydowns and sales.



# Financial Highlights

	As of				
(\$ and number of shares in thousands, except per share amounts)	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
GAAP Net Investment Income per Share	\$0.18	\$0.20	\$0.12	\$0.07	\$0.17
<i>Adjusted Net Investment Income per Share<sup>1</sup></i>	<i>\$0.16</i>	<i>\$0.19</i>	<i>\$0.14</i>	<i>\$0.14</i>	<i>\$0.17</i>
Net Realized and Unrealized Gains (Losses), Net of Taxes per Share	\$0.02	\$0.06	\$0.48	\$0.39	\$0.33
<i>Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes per Share<sup>1</sup></i>	<i>\$0.05</i>	<i>\$0.09</i>	<i>\$0.25</i>	<i>\$0.39</i>	<i>\$0.33</i>
Earnings (Loss) per Share	\$0.20	\$0.26	\$0.60	\$0.46	\$0.50
<i>Adjusted Earnings (Loss) per Share<sup>1</sup></i>	<i>\$0.20</i>	<i>\$0.26</i>	<i>\$0.37</i>	<i>\$0.46</i>	<i>\$0.50</i>
Distributions per Share	\$0.145	\$0.130	\$0.120	\$0.110	\$0.105
NAV per Share	\$7.28	\$7.22	\$7.09	\$6.85	\$6.49
Weighted Average Shares Outstanding	180,361	180,361	146,652	140,961	140,961
Shares Outstanding, End of Period	180,361	180,361	180,361	140,961	140,961
Investment Portfolio (at Fair Value)	\$2,556,629	\$2,339,301	\$2,327,353	\$1,712,324	\$1,573,851
Cash and Cash Equivalents	\$29,334	\$84,689	\$39,872	\$24,234	\$39,096
Total Assets	\$2,636,387	\$2,462,708	\$2,433,413	\$1,793,903	\$1,640,712
Total Debt Outstanding <sup>2</sup>	\$1,268,743	\$1,104,099	\$1,109,897	\$694,827	\$709,315
Net Assets	\$1,312,823	\$1,302,414	\$1,278,823	\$964,917	\$914,879
Total Debt to Equity Ratio	0.97x	0.86x	0.87x	0.73x	0.78x
Net Debt to Equity Ratio	0.95x	0.79x	0.84x	0.70x	0.74x
Weighted Average Interest Rate on Debt Outstanding <sup>3</sup>	2.4%	2.4%	2.6%	2.7%	2.7%

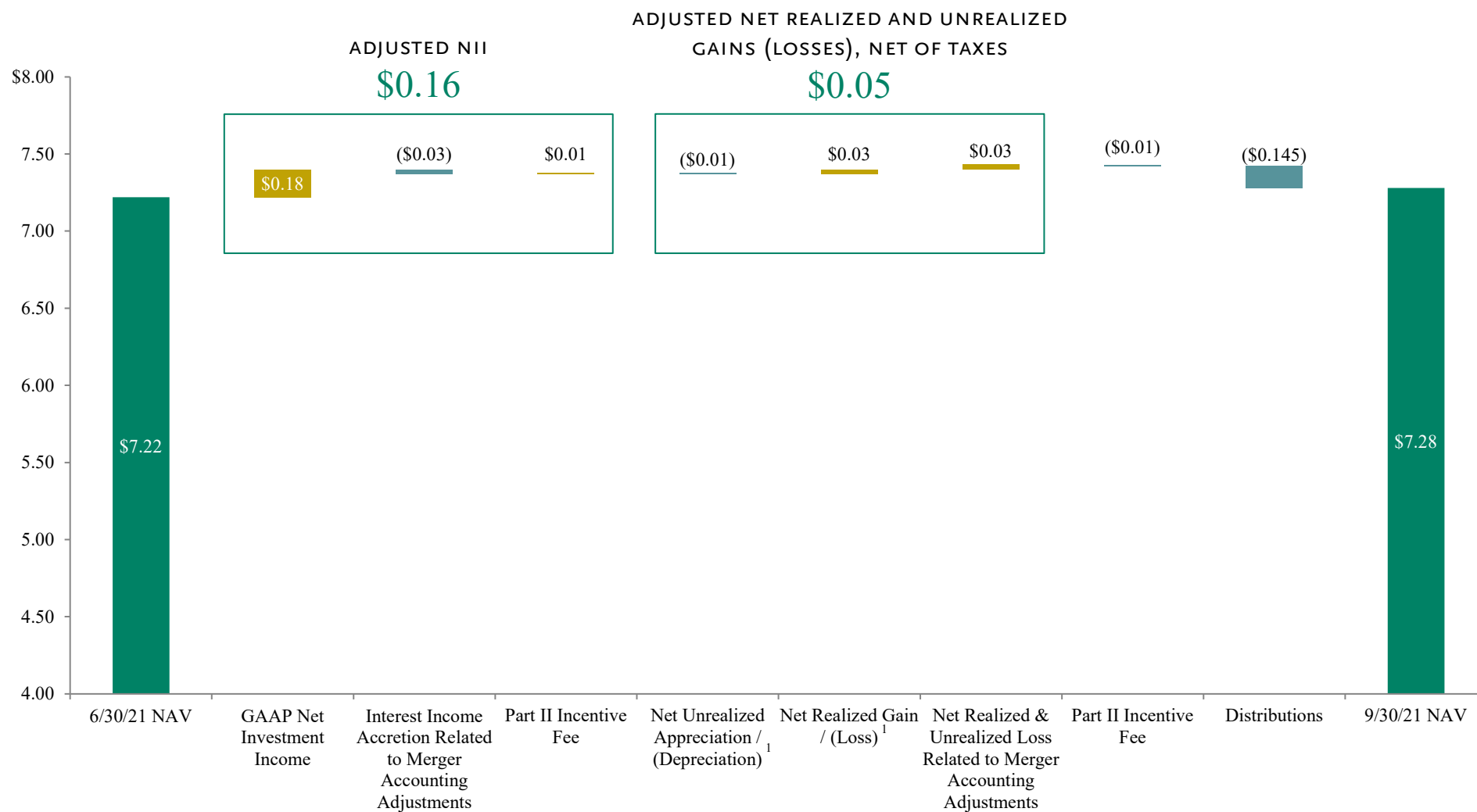
<sup>1</sup> See page 32 for a description of the non-GAAP measures.

<sup>2</sup> Net of unamortized financing costs.

<sup>3</sup> Includes effect of the interest rate swap agreement the Company entered into in connection with the issuance of the 2027 Notes.



# Net Asset Value Per Share Bridge



Note: Net asset value per share amounts are based on the shares outstanding at each respective quarter end. Net investment income per share, net unrealized appreciation / (depreciation), and net realized gain / (loss) are based on the weighted average number of shares outstanding for the period. Numbers may not sum due to rounding. See page 32 for a description of the non-GAAP measures.

<sup>1</sup> Excludes reclassifications of net unrealized appreciation / (depreciation) to net realized gains / (losses) as a result of investments exited during the quarter.

# Quarterly Statement of Operations

(\$ in thousands)	For the three months ended				
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
<b>INVESTMENT INCOME</b>					
Interest income	\$55,094	\$51,999	\$35,655	\$31,633	\$37,153
PIK interest income	4,960	4,597	3,801	3,089	2,573
Fee income	645	7,823	2,278	3,352	3,571
Dividend income	3,101	1,019	209	130	302
<b>GAAP total investment income</b>	<b>63,800</b>	<b>65,438</b>	<b>41,943</b>	<b>38,204</b>	<b>43,599</b>
Less: Interest income accretion related to merger accounting adjustments	(5,571)	(5,060)	(665)	--	--
<b>Adjusted total investment income</b>	<b>58,229</b>	<b>60,378</b>	<b>41,278</b>	<b>38,204</b>	<b>43,599</b>
<b>EXPENSES</b>					
Base management fee	9,768	8,905	7,074	6,541	6,005
Part I incentive fee	6,015	6,990	4,444	4,149	5,206
Part II incentive fee	1,629	2,837	3,609	9,540	--
Interest expense	9,032	8,823	6,568	6,095	6,133
Other operating expenses <sup>1</sup>	2,627	2,343	2,242	1,861	1,710
<b>Total expenses</b>	<b>29,071</b>	<b>29,898</b>	<b>23,937</b>	<b>28,186</b>	<b>19,054</b>
Reversal of fees waived (fees waived)	(750)	(750)	(108)	--	--
<b>Net expenses</b>	<b>28,321</b>	<b>29,148</b>	<b>23,829</b>	<b>28,186</b>	<b>19,054</b>
(Provision) benefit for taxes on net investment income	(2,437)	(358)	--	--	--
<b>GAAP net investment income</b>	<b>33,042</b>	<b>35,932</b>	<b>18,114</b>	<b>10,018</b>	<b>24,545</b>
Less: Interest income accretion related to merger accounting adjustments	(5,571)	(5,060)	(665)	--	--
Add: Part II incentive fee	1,629	2,837	3,609	9,540	--
<b>Adjusted net investment income</b>	<b>\$29,100</b>	<b>\$33,709</b>	<b>\$21,058</b>	<b>\$19,558</b>	<b>\$24,545</b>

Note: See page 32 for a description of the non-GAAP measures.

<sup>1</sup> Includes professional fees, directors fees, administrator expense and general and administrative expenses.

# Quarterly Statement of Operations (continued)

(\$ in thousands, except per share amounts)	For the three months ended				
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
<b>NET REALIZED AND UNREALIZED GAINS (LOSSES)</b>					
Net unrealized appreciation (depreciation)	\$(2,098)	\$3,917	\$65,144	\$47,556	\$39,468
Net realized gains (losses)	3,739	8,610	5,856	8,215	6,447
(Provision) benefit for taxes on realized and unrealized gains (losses)	1,878	(1,421)	(997)	(245)	157
<b>GAAP net realized and unrealized gains (losses), net of taxes</b>	<b>\$3,519</b>	<b>\$11,106</b>	<b>\$70,003</b>	<b>\$55,526</b>	<b>\$46,072</b>
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	5,569	5,045	(33,396)	--	--
<b>Adjusted net realized and unrealized gains (losses), net of taxes</b>	<b>\$9,088</b>	<b>\$16,151</b>	<b>\$36,607</b>	<b>\$55,526</b>	<b>\$46,072</b>
<b>GAAP net increase (decrease) in net assets resulting from operations</b>	<b>\$36,561</b>	<b>\$47,038</b>	<b>\$88,117</b>	<b>\$65,544</b>	<b>\$70,617</b>
Less: Interest income accretion related to merger accounting adjustments	(5,571)	(5,060)	(665)	--	--
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	5,569	5,045	(33,396)	--	--
<b>Adjusted earnings (loss)</b>	<b>\$36,559</b>	<b>\$47,023</b>	<b>\$54,056</b>	<b>\$65,544</b>	<b>\$70,617</b>
<b>PER SHARE DATA:</b>					
GAAP total investment income	\$0.35	\$0.36	\$0.29	\$0.27	\$0.31
Adjusted total investment income	0.32	0.33	0.28	0.27	0.31
GAAP net investment income	0.18	0.20	0.12	0.07	0.17
Adjusted net investment income	0.16	0.19	0.14	0.14	0.17
GAAP net realized and unrealized gains (losses), net of taxes	0.02	0.06	0.48	0.39	0.33
Adjusted net realized and unrealized gains (losses), net of taxes	0.05	0.09	0.25	0.39	0.33
GAAP net increase/decrease in net assets resulting from operations	0.20	0.26	0.60	0.46	0.50
Adjusted earnings (loss)	0.20	0.26	0.37	0.46	0.50
Weighted average common shares outstanding	180,361	180,361	146,652	140,961	140,961
Shares outstanding, end of period	180,361	180,361	180,361	140,961	140,961

Note: See page 32 for a description of the non-GAAP measures.





## Non-GAAP Disclosures

On March 19, 2021, the Company completed the Merger. The Merger was accounted for as an asset acquisition in accordance with the asset acquisition method of accounting as detailed in ASC 805-50, Business Combinations—Related Issues ("ASC 805"). The consideration paid to OCSI's stockholders was allocated to the individual assets acquired and liabilities assumed based on the relative fair values of the net identifiable assets acquired other than "non-qualifying" assets, which established a new cost basis for the acquired OCSI investments under ASC 805 that, in aggregate, was significantly lower than the historical cost basis of the acquired OCSI investments prior to the Merger. Additionally, immediately following the completion of the Merger, the acquired OCSI investments were marked to their respective fair values under ASC 820, Fair Value Measurements, which resulted in unrealized appreciation. The new cost basis established by ASC 805 on debt investments acquired will accrete over the life of each respective debt investment through interest income, with a corresponding adjustment recorded to unrealized appreciation on such investment acquired through its ultimate disposition. The new cost basis established by ASC 805 on equity investments acquired will not accrete over the life of such investments through interest income and, assuming no subsequent change to the fair value of the equity investments acquired and disposition of such equity investments at fair value, the Company will recognize a realized gain with a corresponding reversal of the unrealized appreciation on disposition of such equity investments acquired.

On March 19, 2021, in connection with the closing of the Merger, OCSL entered into an amended and restated investment advisory agreement (the "A&R Advisory Agreement") with Oaktree. The A&R Advisory Agreement amended and restated the existing investment advisory agreement, dated as of May 4, 2020, by and between the Company and Oaktree to (1) waive an aggregate of \$6 million of base management fees otherwise payable to Oaktree in the two years following the closing of the Merger at a rate of \$750,000 per quarter (with such amount appropriately prorated for any partial quarter) and (2) revise the calculation of the incentive fees to eliminate certain unintended consequences of the accounting treatment of the Merger on the incentive fees payable to Oaktree.

The Company's management uses the non-GAAP financial measures described above internally to analyze and evaluate financial results and performance and to compare its financial results with those of other business development companies that have not adjusted the cost basis of certain investments pursuant to ASC 805. The Company's management believes "Adjusted Total Investment Income", "Adjusted Total Investment Income Per Share", "Adjusted Net Investment Income" and "Adjusted Net Investment Income Per Share" are useful to investors as an additional tool to evaluate ongoing results and trends for the Company without giving effect to the accretion income resulting from the new cost basis of the OCSI investments acquired in the Merger because these amounts do not impact the fees payable to Oaktree under the A&R Advisory Agreement, and specifically as it relates to "Adjusted Net Investment Income" and "Adjusted Net Investment Income Per Share", without giving effect to Part II incentive fees. In addition, the Company's management believes that "Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes", "Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes Per Share", "Adjusted Earnings (Loss)" and "Adjusted Earnings (Loss) Per Share" are useful to investors as they exclude the non-cash income/gain resulting from the Merger and used by management to evaluate the economic earnings of its investment portfolio. Moreover, these metrics align the Company's key financial measures with the calculation of incentive fees payable to Oaktree under with the A&R Advisory Agreement (i.e., excluding amounts resulting solely from the lower cost basis of the acquired OCSI investments established by ASC 805 that would have been to the benefit of Oaktree absent such exclusion).



# OAKTREE

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## VISIT US:

[oaktreespecialtylending.com](http://oaktreespecialtylending.com)