

5 T H A N N U A L

Innovative ALTERNATIVE INVESTMENT STRATEGIES

Using Non-Correlated Assets To Diversify and Improve Alpha

Business Development Companies

MODERATOR

Kirk Michie

Partner

Triton Pacific Capital Partners LLC

PANELISTS

Dean Choski, CFA

Exec. Dir. Of Finance & Head of IR
Fifth Street Management LLC

Jeff Tonkel

President

Sierra Income Corporation

Brody Browe, CAIA

Executive Director

Franklin Square Capital Partners



The Business Development Company

- ☒ Created by Congress in 1980 as a result of a perceived crisis in the capital markets during the 1970's.
- ☒ Uses the same regulatory framework as mutual funds.
- ☒ Facilitates and increases the flow of investment capital into private companies.
- ☒ Opened up private equity investment to a broader base of investors, increasing diversity of available investment vehicles.
- ☒ Typically structured as a Regulated Investment Company (RIC) for reduced tax burden to the investors.



Fifth Street Overview

Fifth Street's 16-Year Track Record

- Platform founded in 1998
- A core focus on credit strategies
- Issued billions of dollars in public equity, private capital and public debt securities

Leading Alternative Asset Manager

- Fifth Street Management LLC has \$5B in AUM
- >95% owned by management
- The investment adviser of two publicly-traded business development companies ("BDCs"), Fifth Street Finance Corp. ("FSC") and Fifth Street Senior Floating Rate Corp. ("FSFR")

Comprehensive Financing Solutions

- Flexible investments across the capital structure to growing mid-sized companies
- Hold size up to \$150 million, with the ability to commit up to \$250 million and structure and syndicate up to \$500 million
- Extensive industry knowledge with dedicated teams specifically focused on healthcare, technology and aircraft leasing

Nationwide Platform

- Leading loan origination platform, with sourcing, underwriting and portfolio management
- Headquartered in Greenwich, CT, with other primary locations in Chicago, IL and Palo Alto, CA
- 80+ professionals, approximately half of whom are investment professionals



Nationally Recognized Middle Market Platform

Closed \$2B of Investments across 110+ Deals in 2013 and Agented and Syndicated \$1.6B¹

KEY FACTS:

- Leading direct origination platform that creates premium yields by originating and structuring loans
- Mutually beneficial strategic partnerships with private equity sponsors provide incremental due diligence, additional layer of monitoring and an additional source of operating expertise
- Comprehensive financing solutions include revolvers, first lien, second lien, mezzanine and one-stop debt, as well as equity co-investments
- Extensive long-standing sourcing relationships with sponsors, other middle market lenders and investment banks provide access to deal flow and enhance origination efficiency
- Intense focus on managing credit risk through comprehensive investment review process
- In-house portfolio management capabilities with highly customized loan management and accounting systems



Ranked one of the
 2013 Most Active U.S. Lenders:
 PE Deal League Tables²



GE Capital
Madison Capital Funding
BMO Harris Bank
Ares Capital
BofA Merrill Lynch
Goldman Sachs
Fifth Street Management
JP Morgan
NXT Capital
Morgan Stanley
Citigroup
Wells Fargo
SunTrust Robinson Humphrey
PNC Financial Services Group
Fifth Third Bank

¹ Source: Thomson Reuters LPC League Tables;

² Source: PitchBook 2014 Annual Report;
 PE Deal Lenders by Firm HQ.

Fifth Street Finance Corp. Highlights (NASDAQ:FSC)

FSC is one of the largest, most established BDCs in the country.



Market Capitalization

\$1.5B

INSTITUTIONAL



Dividend Yield

11.2%

INCOME



Investment Grade Ratings

2
(BBB-)

SAFER



Daily Trading Volume
(3-Month Average)

2.1MM
shares

LIQUID



CEO Ownership of Common Stock

\$19MM

ALIGNED



Analyst Coverage

17
analysts

RECOGNIZED

Note: All figures as of July 15, 2014. FSC dividend yield based on annualized monthly dividend rate of \$0.0917 per share declared by FSC's Board of Directors beginning in September 2014 through November 2014.

Source: FactSet



The Franklin Square product portfolio

	INVESTMENT OBJECTIVE	STRATEGY	AUM (\$MM)	TARGET ANNUALIZED DISTRIBUTION RATE	TARGET ANNUAL RETURN ³
FSIC <i>LISTED</i>	Income	Senior secured loans of private U.S. companies	\$4,504 ¹	>7%	10%-12%
FSIC II <i>CLOSED</i>	Income	Senior secured loans of private U.S. companies	\$3,734 ¹	>7%	10%-12%
FSIC III	Income	Senior secured loans of private U.S. companies	—	>7%	10%-12%
FS ENERGY & POWER	Income & growth	Debt with upside; U.S. private energy & power	\$2,718 ¹	>6%	12%-14%
FS GLOBAL CREDIT OPPORTUNITY FUND	Total return	Event-driven global credit	\$64 ²	>8%	15%+

¹ As of March 31, 2014.

² As of December 31, 2013.

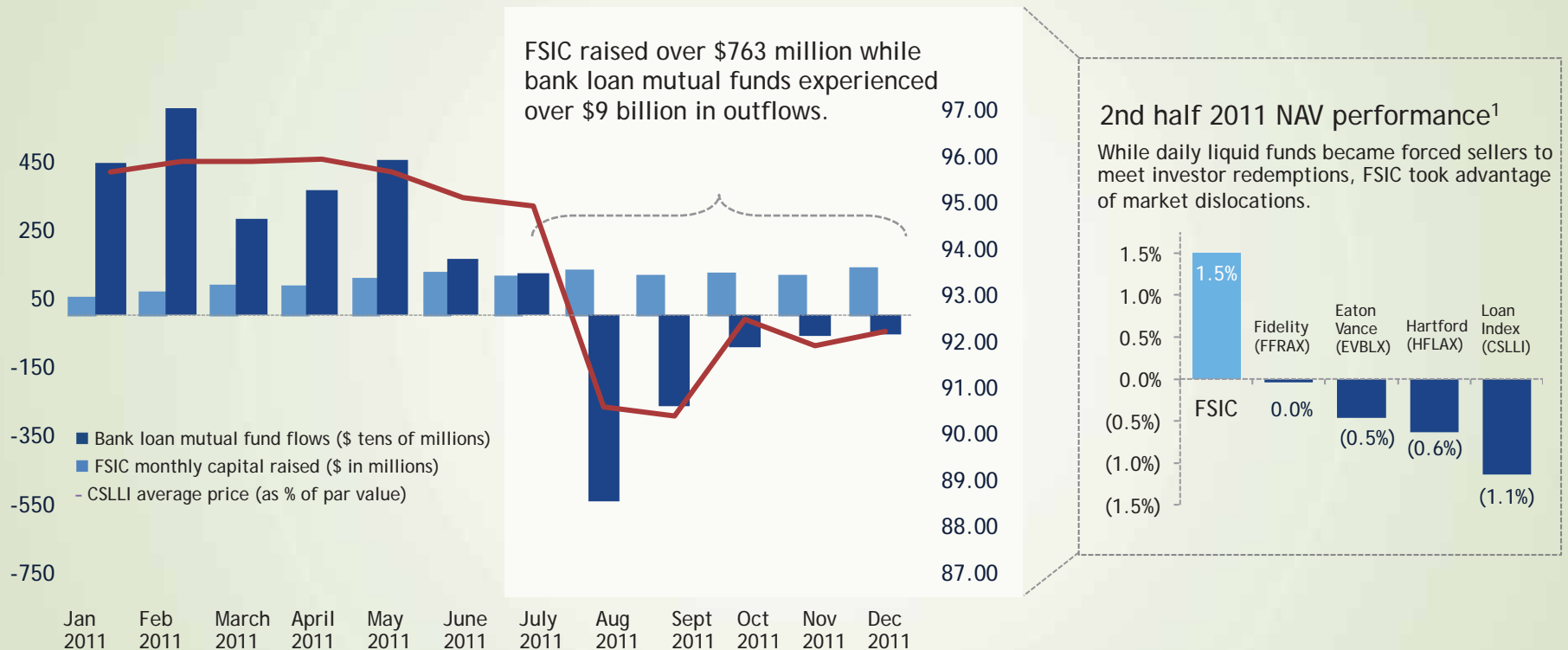
³ There is no guaranty that any fund above will meet its target distribution rate or total return. Please see the "Disclosures" section for additional information.



Permanent capital structure and continuous offering

FRANKLIN SQUARE'S CONTINUOUS OFFERING MODEL ALLOWS OUR FUNDS TO BUY WHEN OTHERS ARE SELLING, A DIRECT DRIVER OF RETURNS

The optimal way to execute our long-term investment strategy and capitalize on market dislocations.

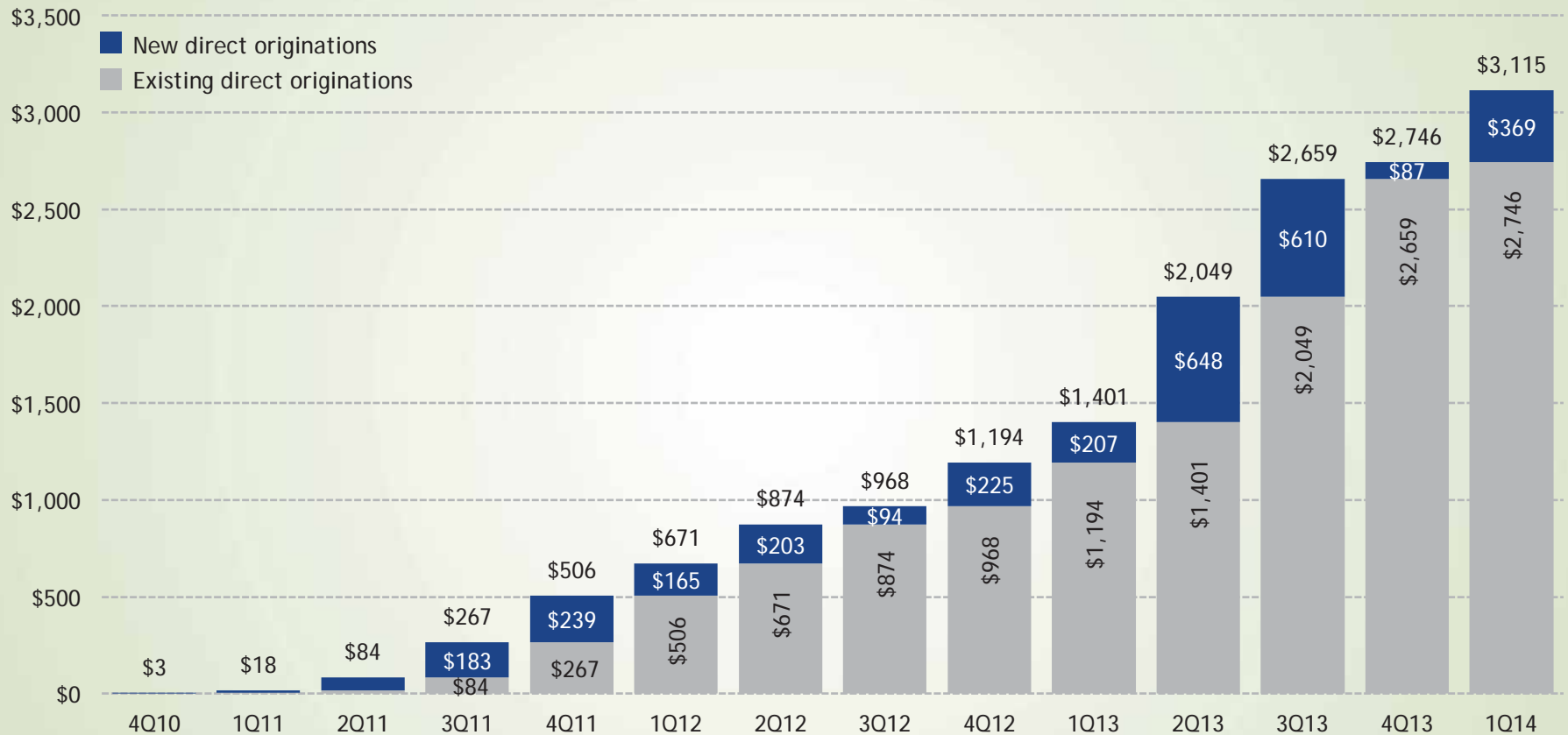


¹ FSIC NAV performance shown based on Company reports. Mutual fund performance sourced from Morningstar. The FFRAX is the Fidelity Advisor Floating Rate High Income Fund. The EVBLX is the Eaton Vance Floating Rate A Fund. The HFLAX is the Hartford Floating Rate A Fund. The CSLLI is the Credit Suisse Leveraged Loan Index.



Growth in FSIC proprietary originations

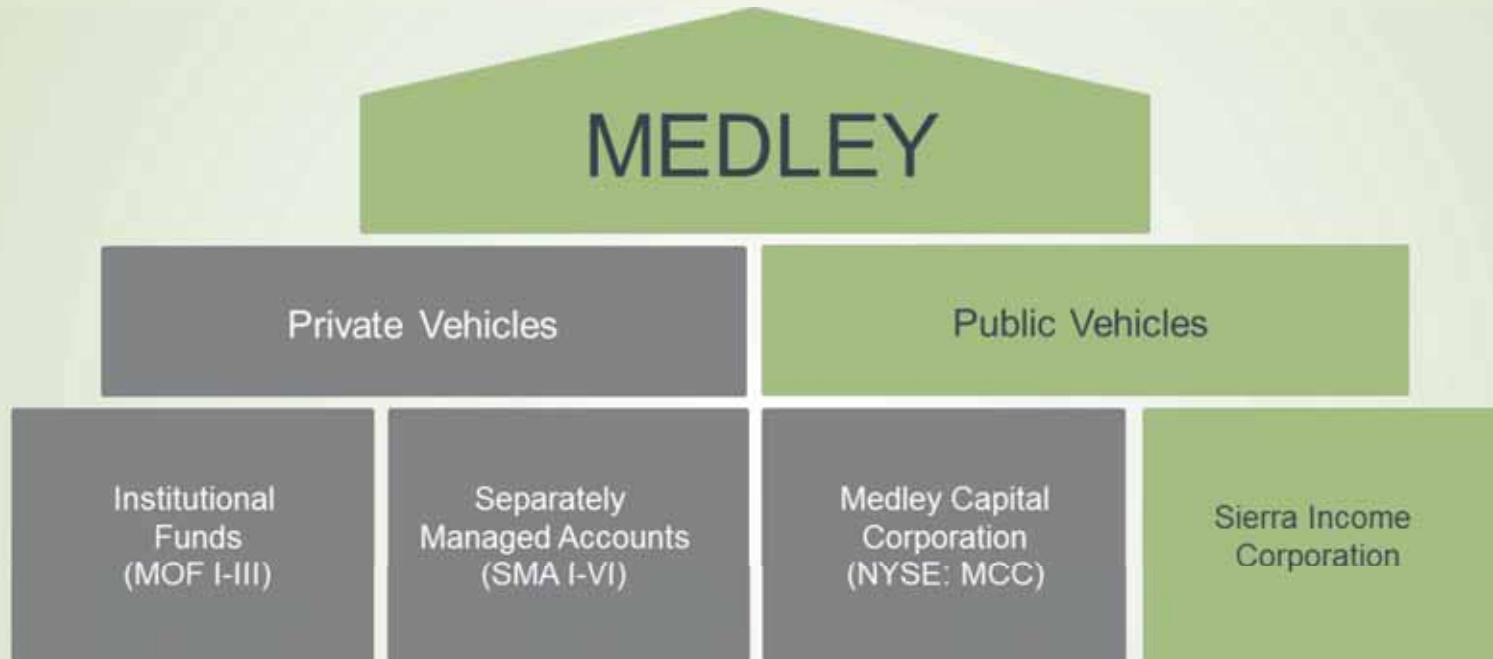
FSIC PROPRIETARY ORIGINATIONS (\$mm)



Note: FSIC originations include all direct originated deals since inception through March 31, 2014.



Medley is a credit-focused asset management firm with over \$3.2 billion of investable capital¹



CLIENTS INCLUDE:

- › Pension Funds
- › Endowments
- › Public Equity Funds
- › Broker Dealers
- › Insurance Companies
- › Foundations
- › Private Wealth
- › RIAs

¹ As of 6/30/2014 - "Medley" refers, collectively, to the activities and operations of Medley LLC and its Registered Investment Adviser subsidiaries and associated investment funds and includes SIC Advisors LLC, the Investment Manager for Sierra Income Corporation.



Sponsor Overview

- › Medley has strong institutional expertise with over 70 employees in New York and San Francisco¹
- › Principals are in their 12th year of investing in middle market credit as a team
- › Medley has invested approximately \$4.4 billion with 262 borrowers in private debt strategies¹
- › Origination focus – we look and feel like an old-school commercial bank that makes loans to companies
- › Distinct portfolio that investors typically can't access through mutual funds, high yield funds, ETFs, etc.

¹ As of 7/15/2014





Sierra is a Business Development Company (“BDC”) sponsored by Medley LLC (“Medley”)

- › Offers access to Medley’s institutional investment platform
- › Focused on senior secured loans to middle market borrowers in the United States
- › Diversified investment portfolio (99% senior secured, 79% floating rate¹)
- › Raising approximately \$100.0M per quarter
- › Over 100 selling agreements and 27,000 financial advisors
- › Up to \$1.5B offering size

¹ As of 3/31/14

