



Q4 2017 Earnings Presentation

March 14, 2018

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Q4 2017 Highlights

Investing activities

- Invested \$40.8 MM into 15 new loan obligors and 4 new collateralized loan obligations (“CLOs”)
- Sold \$20.0 MM of investments and received \$20.9 MM of repayments ⁽¹⁾

Net investment income of \$0.25 per share, or \$2.5 MM

- Decreased \$0.01 per share from Q3 2017 net investment income of \$0.26 per share

Net earnings of \$0.25 per share, or \$2.5 MM

- Increased \$0.25 per share from the Q3 2017 net earnings of \$0.00 per share

Net Asset Value (“NAV”) as of December 31, 2017 of \$13.09 per share, or \$130.9 MM

- \$0.03 per share decrease from September 30, 2017 NAV per share of \$13.12

Monthly cash distributions to stockholders of \$0.097 per share (\$0.291 for the quarter)

- 8.9% annualized yield on the December 31, 2017 NAV per share

\$229.2 MM investment portfolio at fair value as of December 31, 2017

- \$170.9 MM, or 75%, in first lien floating rate loans
- \$14.4 MM, or 6%, in second lien floating rate loans
- \$43.8 MM, or 19%, in CLO equity

7.05% investment portfolio yield at cost as of December 31, 2017

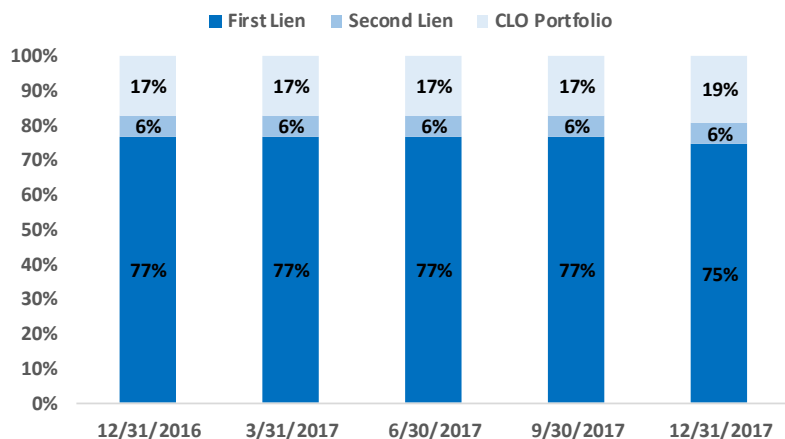
3.83% cost of funds as of December 31, 2017

0.67x debt to equity ratio as of December 31, 2017

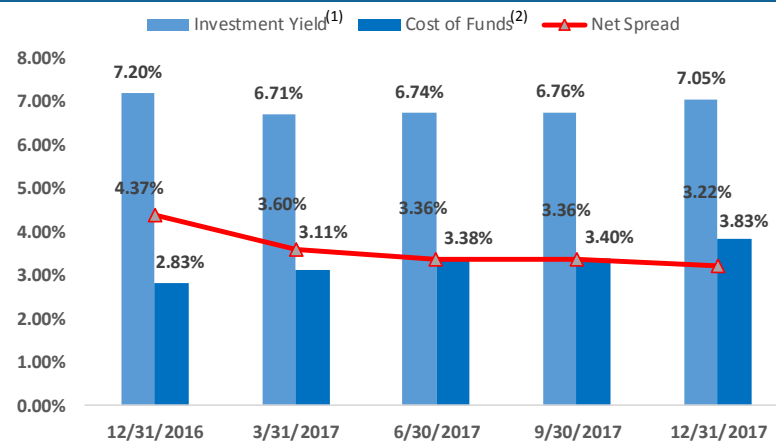
(1) Includes distributions received from our CLO Portfolio.

ACSF Historical Overview

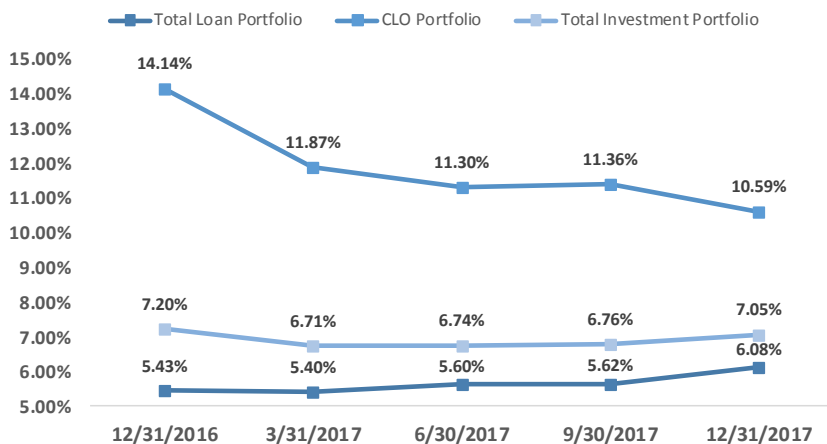
Portfolio Composition at Fair Value



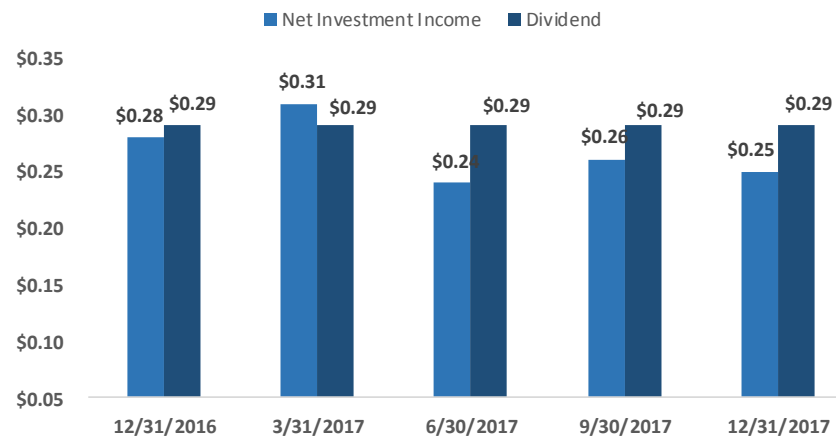
Net Spread



Investment Portfolio Yields⁽¹⁾



Per Share Data

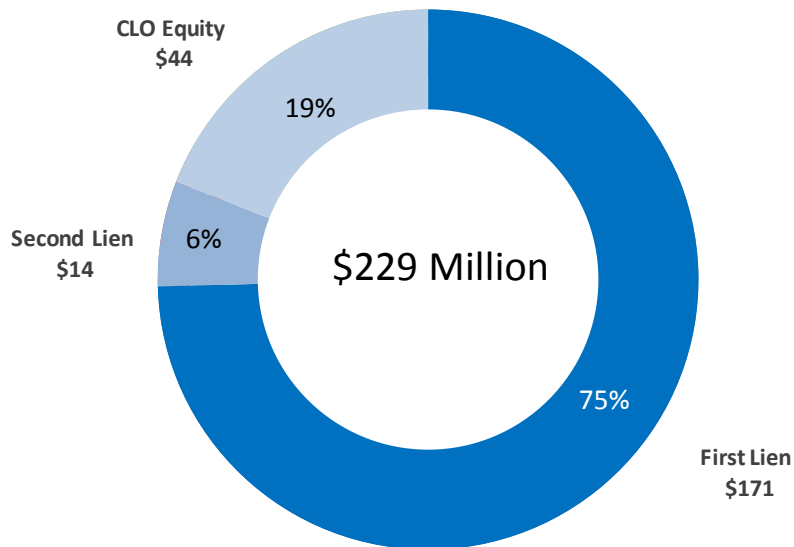


(1) Represents investment yield at cost at the end of each period.

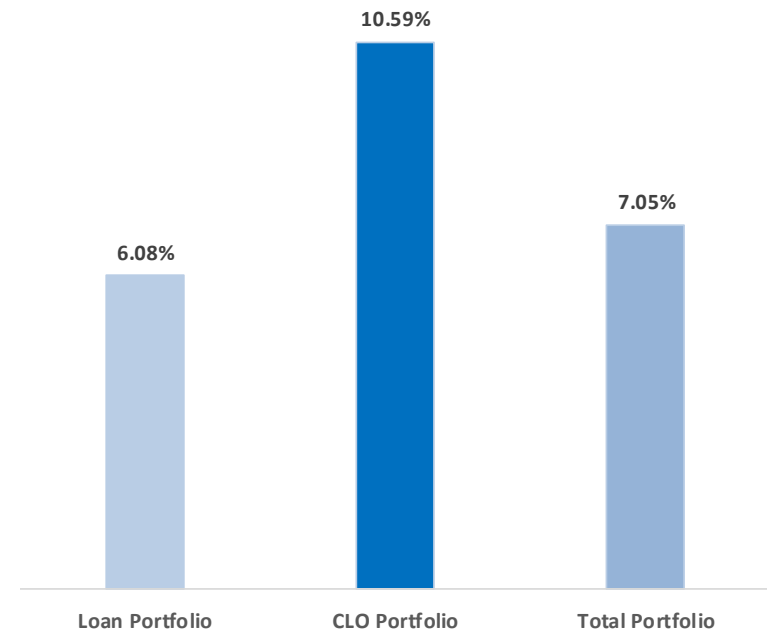
(2) Cost of funds represents the actual interest rate as of each period-end along with an estimate for the cost of unfunded fees based on debt outstanding at each period-end plus annual amortization of debt financing costs.

ACSF Investment Portfolio Overview

Portfolio Composition at Fair Value ⁽¹⁾



Portfolio Yield at Cost ⁽¹⁾



Portfolio diversified across 155 companies ⁽²⁾ with largest exposure of 1.9% and an average exposure of 0.7% per portfolio company. ⁽³⁾

(1) As of December 31, 2017.

(2) Number of portfolio companies includes individual loan obligors combined with the number of CLO issuers and one equity/warrant.

(3) Largest and average exposure percentage based on total portfolio at fair value.

ACSF Loan Portfolio Overview⁽¹⁾

\$185 MM in senior floating rate loans at fair value

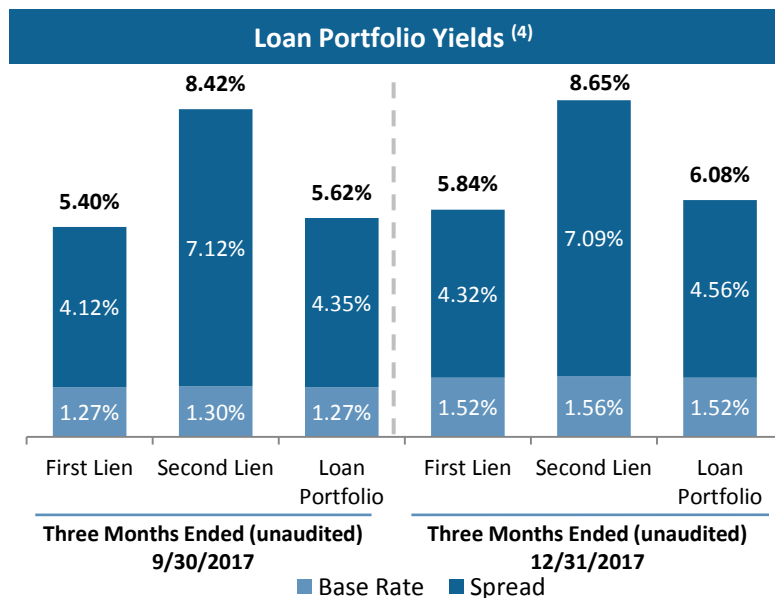
Loan Portfolio is diversified across industries and obligors

- 129 loan portfolio companies with largest exposure of 1.4%⁽²⁾
- Invested across 37 different industries⁽³⁾

6.08% Loan Portfolio yield at cost as of December 31, 2017

- 46 bps increase from 5.62% yield at cost as of September 30, 2017

100% of our Loan Portfolio is in senior floating rate loans



Top 10 Industries^{(3) (5) (6)}

	<u>% Loans</u>	<u>% Portfolio</u>
Electronics/Electric	16.7%	13.6%
Health Care	13.6%	11.0%
Business Equipment and Services	8.6%	6.9%
Aerospace and Defense	7.0%	5.7%
Technology	4.7%	3.8%
Clothing/Textiles	4.2%	3.4%
Oil and Gas	3.6%	2.9%
Food/Drug Retailers	3.0%	2.4%
Utilities	2.7%	2.2%
Chemical/Plastics	2.6%	2.1%
Top 10 Industries	66.5%	53.8%

(1) As of December 31, 2017.

(2) Obligor exposure of Total Portfolio.

(3) Utilized Standard & Poor's Industry Classification Standard ("S&P") to classify the loan investments.

(4) Based on cost basis as of December 31, 2017.

(5) Based on fair value as of December 31, 2017.

(6) May not foot due to rounding.

ACSF Loan Portfolio Credit Quality ⁽¹⁾

Portfolio quality

- One investment was on non-accrual status, which represents 0.6% of the total investments at cost and 0.3% of the total investments at fair value

Weighted average cost of our Loan Portfolio is approximately par vs a weighted average fair value of 97.1% of par

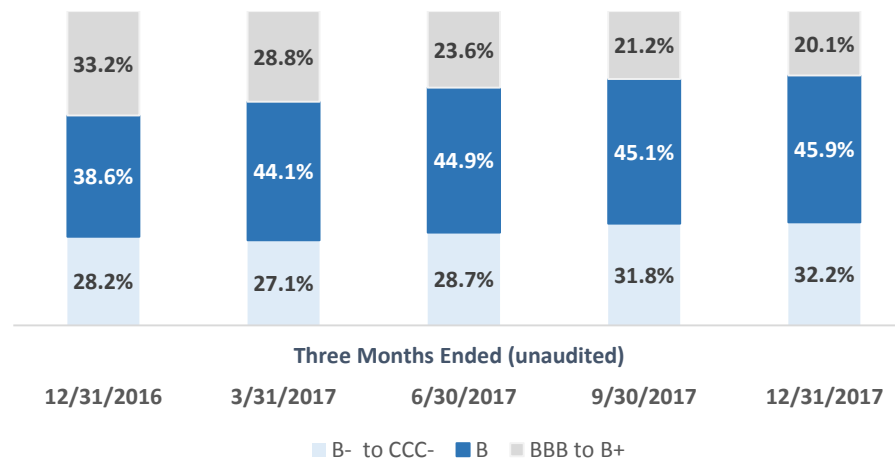
- Loan Portfolio fair value price decreased from the September 30, 2017 fair value price of 97.4% of par

Only 6.7% of the Loan Portfolio at cost has direct or indirect exposure to commodities sectors

- Granular portfolio seeks to prevent over-concentrations in individual obligors or industries

Approximately 66% of our Loan Portfolio consisted of loans with a facility credit rating by S&P of at least “B” or higher

Loan Portfolio by S&P Facility Rating ⁽²⁾⁽³⁾



(1) All data as of December 31, 2017 unless otherwise noted.

(2) Based on fair value as of December 31, 2017.

(3) As a percentage of the total Loan Portfolio, excluding non-rated loans which represent 1.8% of the total Loan Portfolio as of 12/31/17.

ACSF CLO Equity Portfolio Overview ⁽¹⁾

\$43.8 MM of CLO equity ⁽²⁾ at fair value invested across 25 CLOs managed by 18 different CLO managers

Weighted average yield at cost of 10.59% as of December 31, 2017 ⁽³⁾

GAAP Revenue was flat quarter over quarter

- Decrease in weighted average yield at cost from 11.36% at September 30, 2017 to 10.59% at December 31, 2017

Cash distributions of \$2.2 MM versus GAAP income of \$1.5 MM in Q4 2017

CLO Statistics (\$ in thousands)					
	Three Months Ended (unaudited)				
	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
Cash Received	\$3,137	\$2,646	\$2,415	\$3,612	\$2,246
GAAP Revenue	\$1,567	\$1,835	\$1,428	\$1,509	\$1,528
Fair Value as a % of Par	55.1%	54.6%	58.8%	57.0%	58.7%
Cost as a % of Par	69.8%	68.9%	70.6%	69.2%	69.5%
Weighted Average Yield at Cost End of Period	14.14%	11.87%	11.30%	11.36%	10.59%
# of Cash Flowing	21/21	22/22	23/23	22/22	25/25
Cumulative Cash Receipts as % of Original Cost ^{(4) (5)}	52.1%	54.8%	62.4%	50.4%	66.3%

(1) All data as of December 31, 2017 unless otherwise noted.

(2) Cost basis of \$51.9MM as of December 31, 2017.

(3) Yield calculated as of December 31, 2017.

(4) Original cost only for CLOs that have begun to make quarterly distributions to ACSF and were held as of each reporting date.

(5) Cash received represents quarterly distributions and does not include proceeds from sales or complete exits of any CLO.

Appendices



Balance Sheet

\$ in thousands, except per share data

	December 31, 2017	September 30, 2017 (unaudited)	June 30, 2017 (unaudited)	March 31, 2017 (unaudited)	December 31, 2016
Assets					
Investments, fair value	\$ 229,240	\$ 227,796	\$ 252,032	\$ 247,327	\$ 244,872
Cash and cash equivalents	1,756	2,902	1,247	5,355	8,795
Receivable for investments sold	2,324	5,224	1,824	6,596	2,272
Other assets	1,337	1,298	1,484	1,884	1,401
Total assets	\$ 234,657	\$ 237,220	\$ 256,587	\$ 261,162	\$ 257,340
Liabilities					
Credit facility payable	\$ 87,500	\$ 96,800	\$ 98,200	\$ 103,400	\$ 104,900
Payable for investments purchased	14,413	7,396	22,407	18,244	12,202
Distributions to stockholders payable	970	970	970	-	970
Management fee payable	494	497	533	2,577	2,046
Other liabilities	424	332	363	410	433
Total liabilities	103,801	105,995	122,473	124,631	120,551
Total net assets	130,856	131,225	134,114	136,631	136,789
Total liabilities and net assets	\$ 234,657	\$ 237,220	\$ 256,587	\$ 261,262	\$ 257,340
Net asset value per share	\$ 13.09	\$ 13.12	\$ 13.41	\$ 13.66	\$ 13.68

Income Statement

Three Months Ended (unaudited)

\$ in thousands, except per share data

	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Investment Income:					
Senior floating rate loans	\$ 2,866	\$ 2,891	\$ 2,691	\$ 2,777	\$ 2,797
CLO equity	1,528	1,509	1,428	1,835	1,567
Total investment income	4,394	4,400	4,119	4,612	4,364
Expenses:					
Interest and other debt related costs	865	891	769	733	683
Management fee	494	497	533	531	525
Other operating expenses	505	417	541	713	580
Total expenses	1,864	1,805	1,843	1,977	1,788
Expense reimbursement	-	(59)	(176)	(437)	(299)
Net expenses	1,864	1,746	1,667	1,540	1,489
Net investment income before taxes	2,530	2,654	2,452	3,072	2,875
Income tax (provision) benefit, including excise tax	(36)	(5)	(9)	(19)	(31)
Net investment income	2,494	2,649	2,443	3,053	2,844
Net realized and unrealized gain (loss) on Investments:					
Net realized gain (loss) on investments	21	(2,785)	(3,735)	462	429
Net unrealized gain (loss) on investments	26	157	1,685	(763)	4,442
Net realized and unrealized gain (loss) on investments	47	(2,628)	(2,050)	(301)	4,871
Net increase in net assets resulting from operations ("Net Earnings")	\$ 2,541	\$ 21	\$ 393	\$ 2,752	\$ 7,715
Net investment income per share	\$0.25	\$0.26	\$0.24	\$0.31	\$0.28
Net Earnings per share	\$0.25	\$0.00	\$0.04	\$0.28	\$0.77
Distributions to stockholders per share	\$0.29	\$0.29	\$0.29	\$0.29	\$0.29

Interest Rate Sensitivity ⁽¹⁾

Loan Portfolio

100% of our Loan Portfolio is floating rate

97% of our Loan Portfolio has LIBOR floors (~1%)

Our credit facility is floating rate

Change to Libor	NII/Share Benefit ^{(2) (3)}
3%	\$0.31
2%	\$0.21
1%	\$0.10
-1%	(\$0.05)
-2%	\$0.00
-3%	\$0.00

CLO Portfolio

Our CLO Portfolio is backed by floating rate loans with similar LIBOR floors

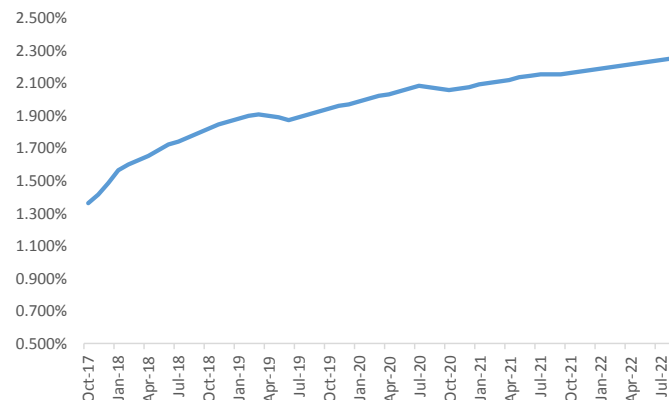
Funding within our CLO Portfolio is largely floating rate

Income from our CLO Portfolio is recognized using the effective interest method, which utilizes forecasted cash flows

Cash flows are modeled assuming a forward LIBOR curve, which incorporates current assumptions about future rates

If LIBOR rises differently from current projections or if underlying spreads change, our CLO cash flows and income will be affected either positively or negatively depending on the direction and magnitude of the change

Forward LIBOR Curve ^{(4) (5)}



(1) As of December 31, 2017.

(2) Although management believes that this measure is indicative of our sensitivity to interest rates, it does not reflect any potential impact to the fair value of our investments as a result of changes to interest rates, nor does it adjust for potential changes in spreads or changes in the credit market, credit quality, size and composition of the assets in our consolidated statements of assets and liabilities and other business developments that could affect the net increase/(decrease) in net assets resulting from operations or net investment income. In addition, this illustration does not include the impact of interest rates or the borrowing costs under our credit facility. Accordingly, no assurances can be given that actual results would not differ materially from those shown above.

(3) Approximate annualized impact to the components of our results of operations from hypothetical base rate changes in interest rates to our Loan Portfolio and debt financing. The sensitivity analysis does not include the impact of rising base interest rates on revenue from our CLO Portfolio.

(4) 3 month LIBOR curve reflected on a monthly basis as of December 31, 2017.

(5) Any change to base interest rates that is not in-line with the forward LIBOR curve used in the projections, in either the timing or magnitude of the change, or change in spreads will cause actual distributions to differ from the current projections and will impact the related revenue recognized from these investments.

American Capital Senior Floating

A publicly traded, business development company that invests in a portfolio comprised primarily of diversified investments in senior first lien and second lien floating rate loans to large, U.S. based corporate borrowers and in debt and equity tranches in Collateralized Loan Obligations that are collateralized by senior floating rate loans

Our External Manager

- Externally managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation with total assets under management of approximately \$4.1 billion across 21 vehicles ⁽¹⁾
- Access to the platform at Ares Management, a leading global alternative asset manager

Our Investment Objective and Focus

- Seek to provide our investors attractive, risk-adjusted returns over the long term, primarily through current income, while seeking to preserve capital
- Intend to achieve our investment objective by selectively constructing and actively managing a leveraged portfolio comprised primarily of diversified investments in leveraged loans, as well as debt and equity tranches in CLOs

Our Investment Process

- Disciplined investment approach with a focus on principal protection and relative value
- Investment philosophy and portfolio construction generally involving fundamental company-specific research and credit and structure analysis

Our Team

- Senior investment team has extensive experience investing across the loan space with over 20 years of investment experience, on average
- Experience investing through credit and economic cycles
- Investment professionals aligned by industry specialization

(1) As of December 31, 2017 and includes ACSF.

 American
 Capital
 Senior Floating
