



Q1 2017 Earnings Presentation

May 10, 2017

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Q1 2017 Highlights

Investing activities

- Invested \$63.8 MM into 45 new loan obligors
- Sold \$36.2 MM of investments and received \$26.7 MM of repayments ⁽¹⁾
 - Net realized gains on exited investments of \$0.5 MM

Net investment income of \$0.31 per share, or \$3.1 MM

- Increased \$0.03 per share from Q4 2016 net investment income of \$0.28 per share

Net earnings of \$0.28 per share, or \$2.8 MM

- Decreased \$0.49 per share from the Q4 2016 net earnings of \$0.77 per share

Net Asset Value (“NAV”) as of March 31, 2017 of \$13.66 per share, or \$136.6 MM

- \$0.02 per share decrease from December 31, 2016 NAV per share of \$13.68

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

- 8.5% annualized yield on the March 31, 2017 NAV per share

\$247.3 MM investment portfolio at fair value as of March 31, 2017

- \$190.9 MM, or 77%, in first lien floating rate loans
- \$14.4 MM, or 6%, in second lien floating rate loans
- \$42.0 MM, or 17%, in CLO equity

6.71% investment portfolio yield at cost as of March 31, 2017

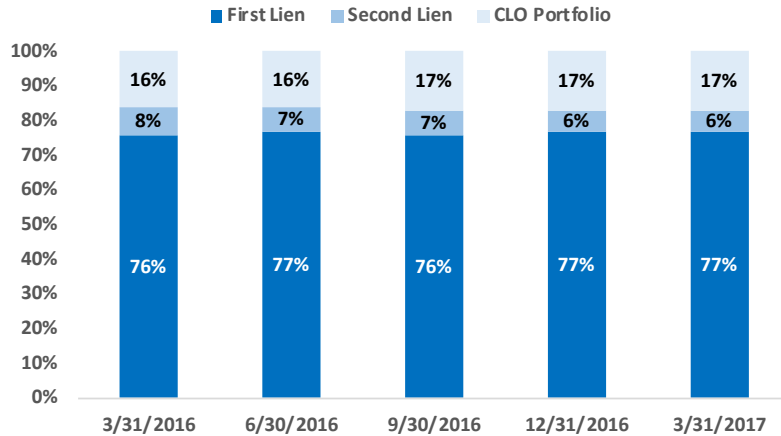
3.11% cost of funds as of March 31, 2017

0.76x debt to equity ratio as of March 31, 2017

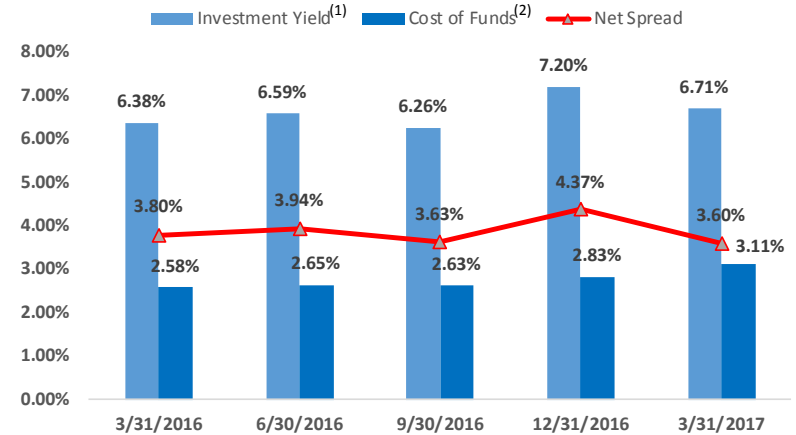
(1) Includes distributions received from our CLO Portfolio.

ACSF Historical Overview

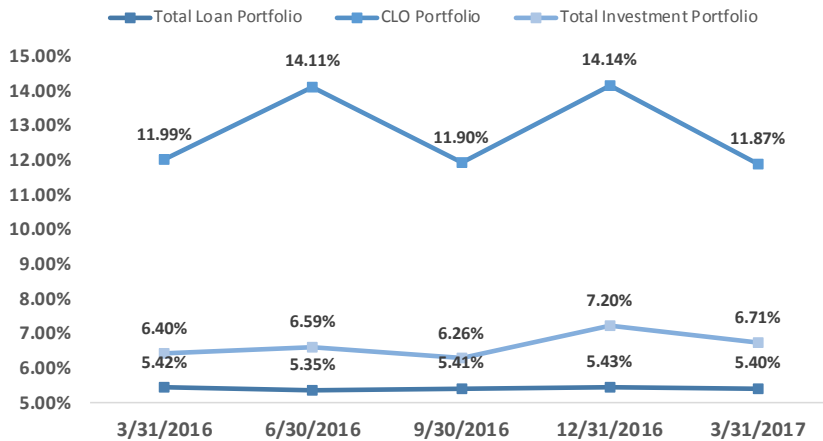
Portfolio Composition at Fair Value



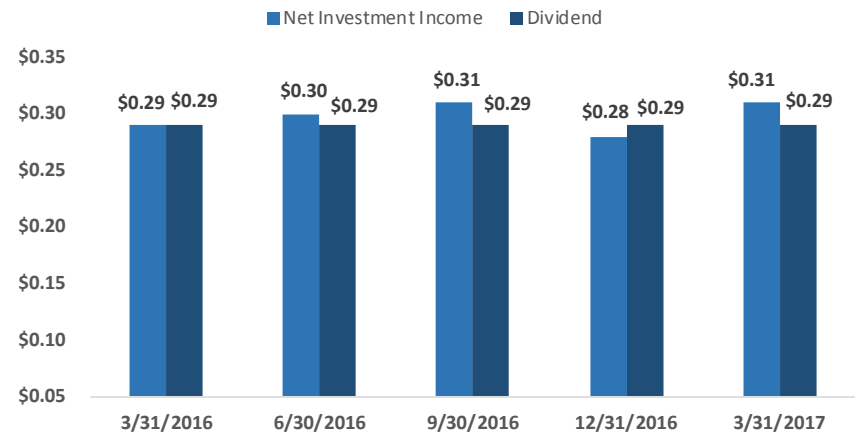
Net Spread



Investment Portfolio Yields⁽¹⁾



Per Share Data



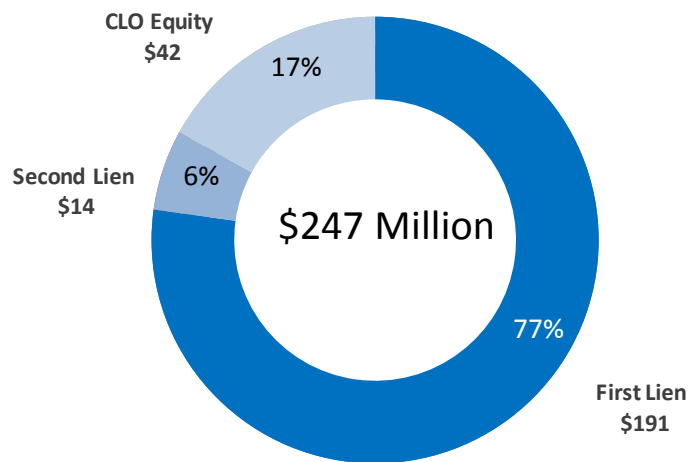
(1) Represents investment yield at cost at the end of each period.

(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.

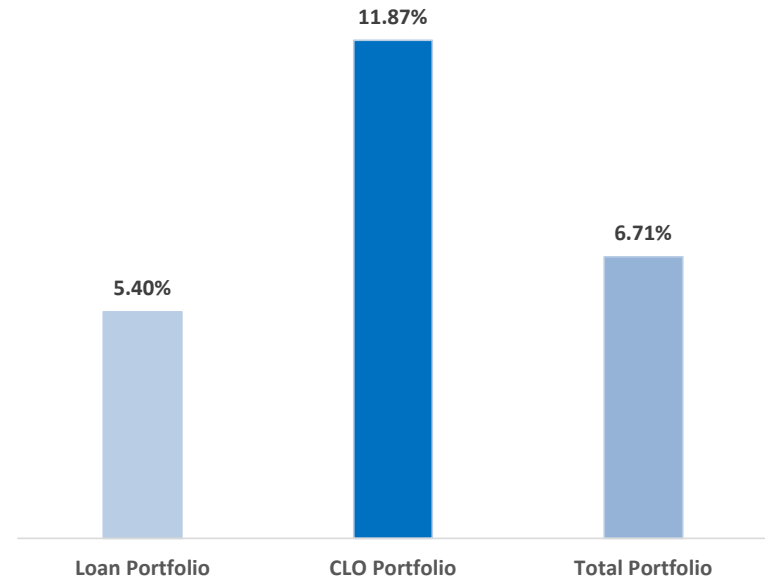
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ACSF Investment Portfolio Overview

Portfolio Composition at Fair Value ⁽¹⁾



Portfolio Yield at Cost ⁽¹⁾



Portfolio diversified across 179 companies ⁽²⁾ with largest exposure of 1.5% and an average exposure of 0.6% per portfolio company ⁽³⁾

(1) As of March 31, 2017

(2) Number of portfolio companies includes individual loan obligors combined with the number of CLO issuers

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

ACSF Loan Portfolio Overview ⁽¹⁾

\$205 MM in senior floating rate loans at fair value

Loan Portfolio is diversified across industries and obligors

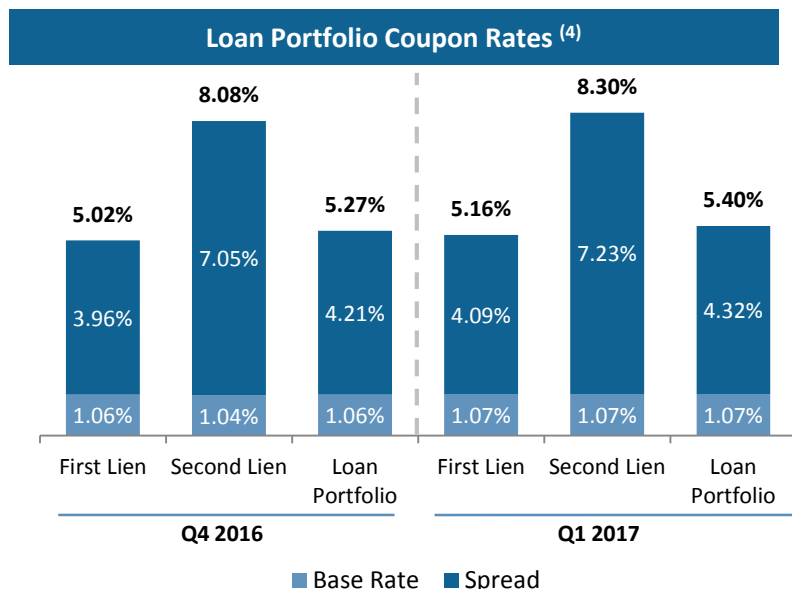
- 157 portfolio companies with largest exposure of 1.4% ⁽²⁾
- Invested across 34 different industries ⁽³⁾

5.40% Loan Portfolio yield at cost as of March 31, 2017

- 3 bps decrease from 5.43% yield at cost as of December 31, 2016

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

- 99% of our Loan Portfolio has LIBOR floors (weighted-average LIBOR floor of 1.0%)



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

	<u>% Loans</u>	<u>% Portfolio</u>
Electronics/Electric	18.9%	15.7%
Health Care	12.6%	10.5%
Business Equipment and Services	10.7%	8.9%
Diversified Insurance	5.2%	4.3%
Aerospace and Defense	4.6%	3.8%
Industrial Equipment	4.5%	3.7%
Clothing/Textiles	4.2%	3.5%
Containers and Glass Products	4.0%	3.3%
Food Products	3.7%	3.1%
Financial Intermediaries	2.8%	2.4%
Top 10 Industries	71.3%	59.2%

(1) As of March 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 March 31, 2017.

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

(6) May not foot due to rounding.

ACSF Loan Portfolio Credit Quality ⁽¹⁾

Portfolio quality

- One investment on non-accrual representing 0.2% of the Loan Portfolio at cost

Weighted average cost of our Loan Portfolio is approximately par vs a weighted average fair value of 98.1% of par

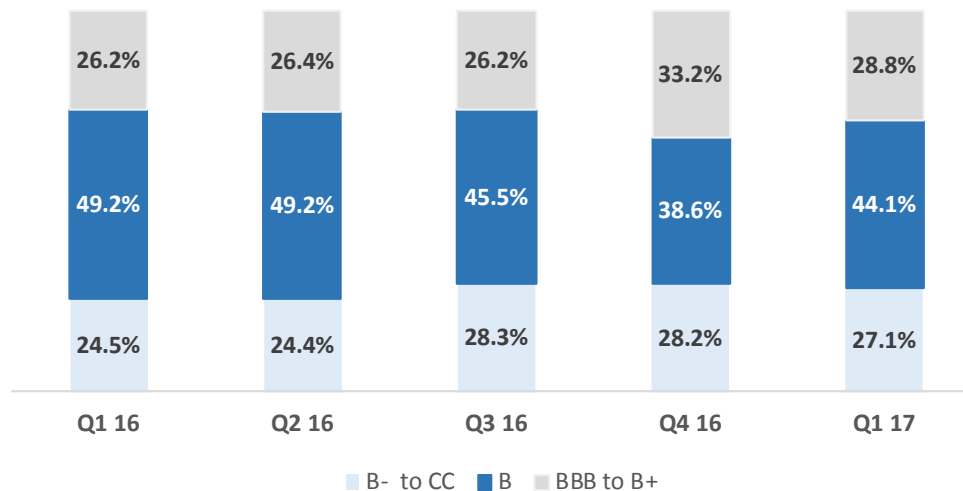
- Loan Portfolio fair value price remained at the December 31, 2016 fair value price of 98.1% of par

Only 4.3% 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 73% 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⁾



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

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

ACSF CLO Equity Portfolio Overview ⁽¹⁾

\$42.0 MM of CLO equity ⁽²⁾ at fair value invested across 22 CLOs managed by 15 different CLO managers

Weighted average yield at cost of 11.87% as of March 31, 2017 ⁽³⁾

\$0.3 MM increase in Q1 2017 GAAP revenue

- Increase in weighted average yield at cost from 11.90% at September 30, 2016 to 14.14% at December 31, 2016

Cash distributions of \$2.6 MM versus GAAP income of \$1.8 MM in Q1 2017

CLO Statistics (\$ in thousands)					
	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Cash Received	\$2,646	\$3,137	\$3,365	\$3,084	\$3,600
GAAP Revenue	\$1,835	\$1,567	\$1,910	\$1,649	\$1,657
Fair Value as a % of Par	54.6%	55.1%	52.6%	50.1%	45.7%
Cost as a % of Par	68.9%	69.8%	70.7%	72.6%	74.6%
Weighted Average Yield at Cost End of Period	11.87%	14.14%	11.90%	14.11%	11.99%
# of Cash Flowing	22/22	21/21	22/22	22/22	20/22
Cumulative Cash Receipts as % of Original Cost ^{(4) (5)}	54.8%	52.1%	48.1%	43.7%	39.2%

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

(2) Cost basis of \$53.1MM as of March 31, 2017.

(3) Yield calculated as of March 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

	March 31, 2017 (unaudited)	December 31, 2016	September 30, 2016 (unaudited)	June 30, 2016 (unaudited)	March 31, 2016 (unaudited)
<i>\$ in thousands, except per share data</i>					
Assets					
Investments, fair value	\$ 247,327	\$ 244,872	\$ 231,006	\$ 227,417	\$ 216,018
Cash and cash equivalents	5,355	8,795	4,724	3,181	2,607
Receivable for investments sold	6,596	2,272	4,975	3,675	-
Other assets	1,884	1,401	1,275	1,605	1,420
Total assets	\$ 261,162	\$ 257,340	\$ 241,980	\$ 235,878	\$ 220,045
Liabilities					
Credit facility payable	\$ 103,400	\$ 104,900	\$ 100,000	\$ 97,100	\$ 98,800
Payable for investments purchased	18,244	12,202	7,043	11,872	2,150
Distributions to stockholders payable	-	970	970	970	970
Management fee payable	2,577	2,046	1,520	1,008	497
Other liabilities	410	433	463	383	441
Total liabilities	124,631	120,551	109,996	111,333	102,858
Total net assets	136,631	136,789	131,984	124,545	117,187
Total liabilities and net assets	\$ 261,262	\$ 257,340	\$ 241,980	\$ 235,878	\$ 220,045
Net asset value per share	\$ 13.66	\$ 13.68	\$ 13.20	\$ 12.45	\$ 11.72

Income Statement

Three Months Ended (unaudited)

\$ in thousands, except per share data

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Investment Income:					
Senior floating rate loans	\$ 2,799	\$ 2,797	\$ 2,679	\$ 2,623	\$ 2,688
CLO equity	1,813	1,567	1,910	1,649	1,657
Total investment income	4,612	4,364	4,589	4,272	4,345
Expenses:					
Interest and other debt related costs	733	683	665	640	664
Management fee	531	525	512	511	497
Other operating expenses	713	580	564	733	517
Total expenses	1,977	1,788	1,741	1,884	1,678
Expense waiver	(437)	(299)	(283)	(455)	(238)
Net expenses	1,540	1,489	1,458	1,429	1,440
Net investment income before taxes	3,072	2,875	3,131	2,843	2,905
Income tax (provision) benefit	(19)	(31)	(23)	125	(27)
Net investment income	3,053	2,844	3,108	2,968	2,878
Net Realized and Unrealized (Loss) Gain on Investments:					
Net realized gain (loss) on investments	462	429	(154)	(409)	(890)
Net unrealized (depreciation) appreciation on investments	(763)	4,442	7,395	7,709	180
Net realized and unrealized (loss) gain on investments	(301)	4,871	7,241	7,300	(710)
Net increase in net assets resulting from operations ("Net Earnings")	\$ 2,752	\$ 7,715	\$ 10,349	\$ 10,268	\$ 2,168
Net investment income per share	\$0.31	\$0.28	\$0.31	\$0.30	\$0.29
Net Earnings per share	\$0.28	\$0.77	\$1.03	\$1.03	\$0.22
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

99% of our Loan Portfolio has LIBOR floors (~1%)

Our credit facility is floating rate

Change to Libor	NI/Share Benefit ^{(2) (3)}
3%	\$0.32
2%	\$0.22
1%	\$0.11
-1%	(\$0.02)
-2%	(\$0.02)
-3%	(\$0.02)

CLO Portfolio

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

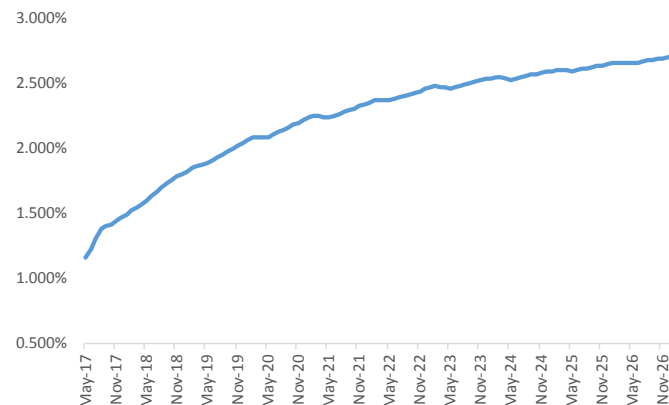
Funding within our CLO Portfolio is largely floating rate

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 March 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. 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 March 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	<ul style="list-style-type: none">• 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 \$4.3 billion across 22 vehicles ⁽¹⁾• Access to the platform at Ares Management, a leading global alternative asset manager
Our Investment Objective and Focus	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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 March 31, 2017 and includes ACSF.

 **American**
 **Capital**
 **Senior Floating**
