



Q2 2017 Earnings Presentation

August 8, 2017

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Q2 2017 Highlights

Investing activities

- Invested \$58.2 MM into 24 new loan obligors and 3 new collateralized loan obligations (“CLOs”)
- Sold \$20.5 MM of investments and received \$32.5 MM of repayments ⁽¹⁾
 - Net realized losses on exited investments of \$3.7 MM

Net investment income of \$0.24 per share, or \$2.4 MM

- Decreased \$0.07 per share from Q1 2017 net investment income of \$0.31 per share

Net earnings of \$0.04 per share, or \$0.4 MM

- Decreased \$0.24 per share from the Q1 2017 net earnings of \$0.28 per share

Net Asset Value (“NAV”) as of June 30, 2017 of \$13.41 per share, or \$134.1 MM

- \$0.25 per share decrease from March 31, 2017 NAV per share of \$13.66

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

- 8.7% annualized yield on the June 30, 2017 NAV per share

\$252.0 MM investment portfolio at fair value as of June 30, 2017

- \$193.1 MM, or 77%, in first lien floating rate loans
- \$14.8 MM, or 6%, in second lien floating rate loans
- \$44.1 MM, or 17%, in CLO equity

6.74% investment portfolio yield at cost as of June 30, 2017

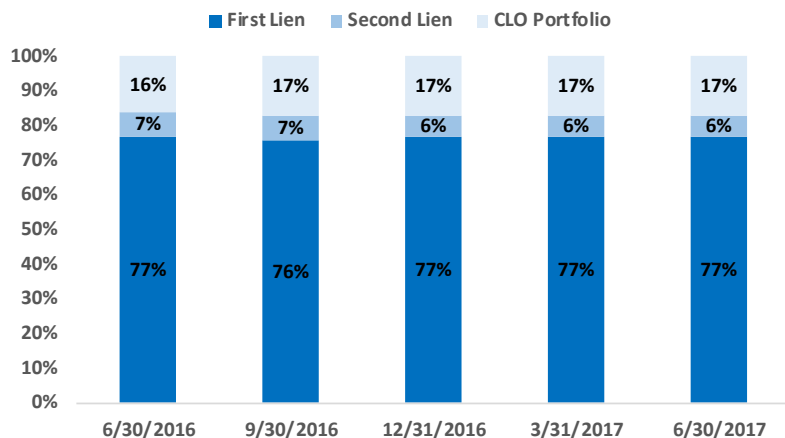
3.38% cost of funds as of June 30, 2017

0.73x debt to equity ratio as of June 30, 2017

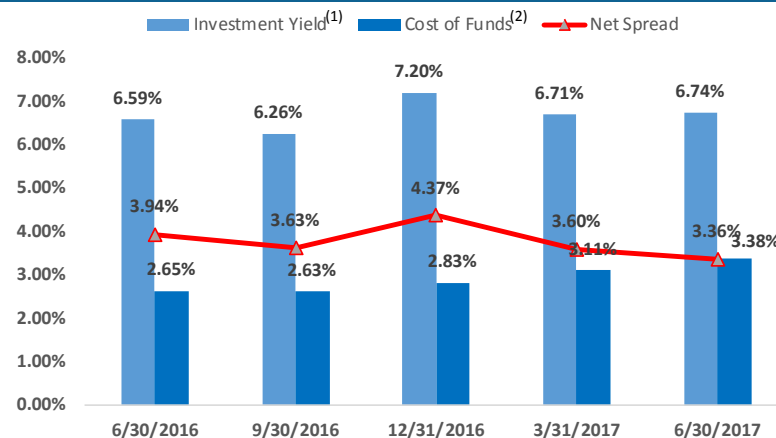
(1) Includes distributions received from our CLO Portfolio.

ACSF Historical Overview

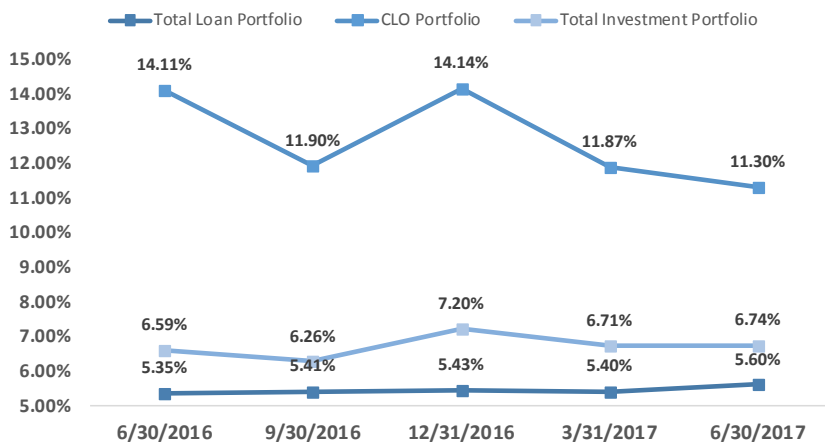
Portfolio Composition at Fair Value



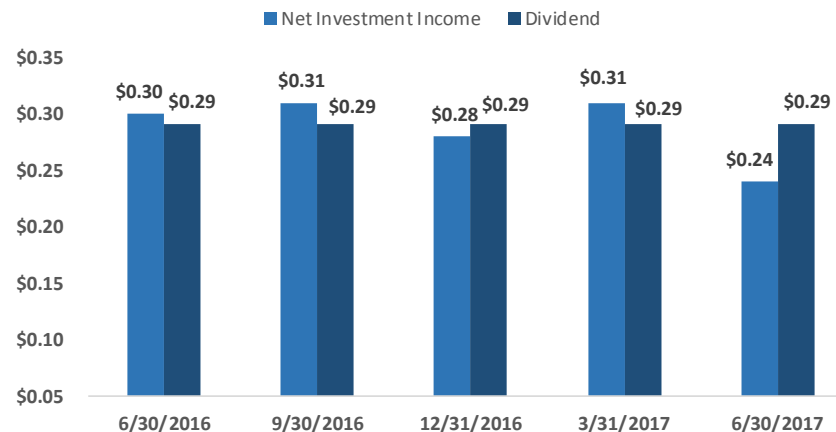
Net Spread



Investment Portfolio Yields⁽¹⁾



Per Share Data



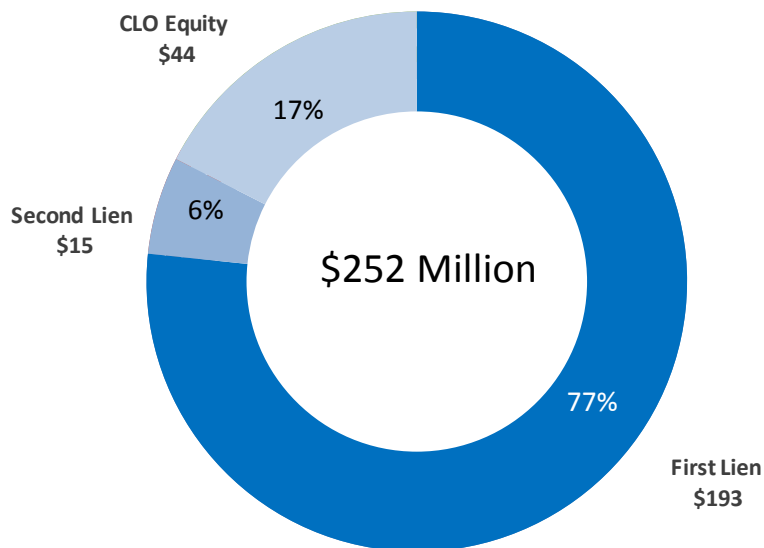
(1) Represents investment yield at cost at the end of each period.

(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.

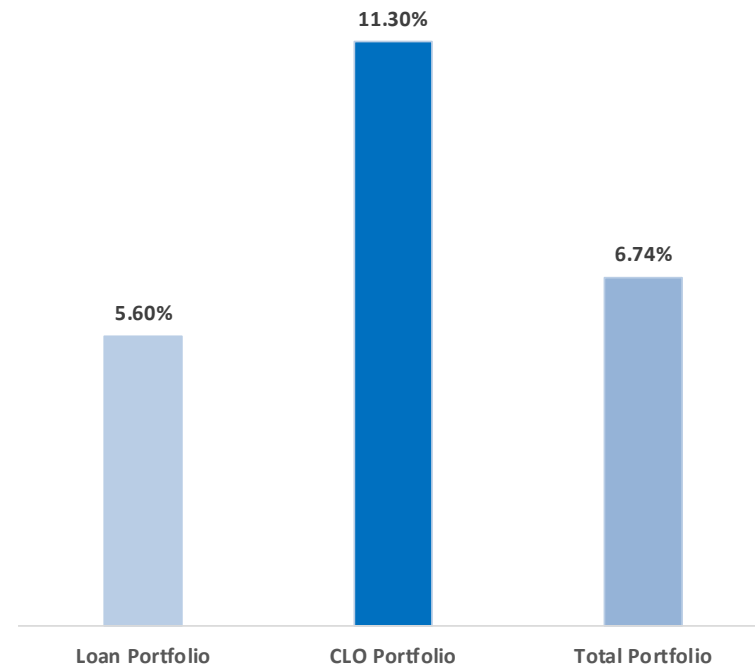
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ACSF Investment Portfolio Overview

Portfolio Composition at Fair Value ⁽¹⁾



Portfolio Yield at Cost ⁽¹⁾



Portfolio diversified across 173 companies ⁽²⁾ with largest exposure of 1.75% and an average exposure of 0.6% per portfolio company ⁽³⁾

(1) As of June 30, 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⁾

\$208 MM in senior floating rate loans at fair value

Loan Portfolio is diversified across industries and obligors

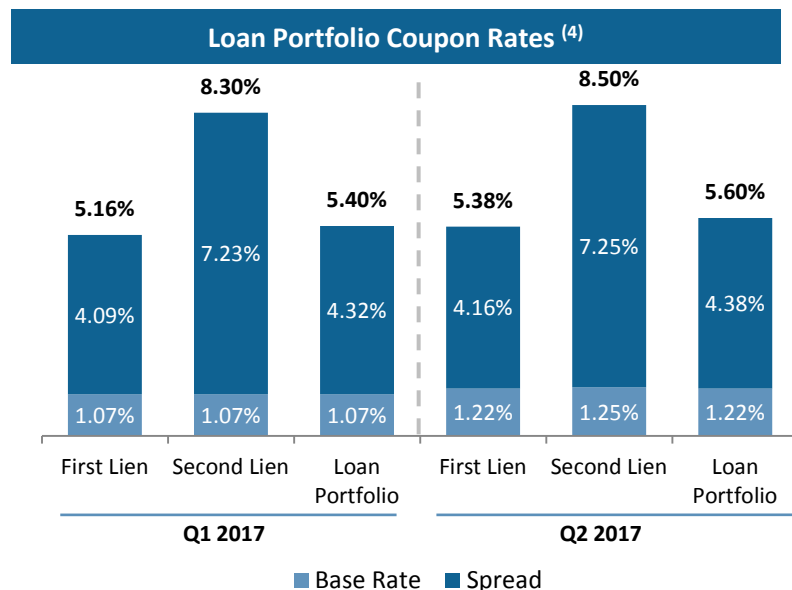
- 149 portfolio companies with largest exposure of 1.4% ⁽²⁾
- Invested across 38 different industries ⁽³⁾

5.60% Loan Portfolio yield at cost as of June 30, 2017

- 20 bps increase from 5.40% yield at cost as of March 31, 2017

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

- 98% 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	16.8%	13.8%
Health Care	12.6%	10.4%
Business equipment and service:	10.2%	8.4%
Aerospace and Defense	5.2%	4.3%
Industrial Equipment	4.1%	3.4%
Diversified Insurance	3.9%	3.2%
Clothing/Textiles	3.8%	3.1%
Containers and Glass Products	2.8%	2.3%
Utilities	2.6%	2.2%
Telecommunications	2.5%	2.1%
Top 10 Industries	64.5%	53.2%

(1) As of June 30, 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 June 30, 2017.

(5) Based on fair value as of June 30, 2017.

(6) May not foot due to rounding.

ACSF Loan Portfolio Credit Quality ⁽¹⁾

Portfolio quality

- No investments were on non-accrual

Weighted average cost of our Loan Portfolio is approximately par vs a weighted average fair value of 97.6% of par

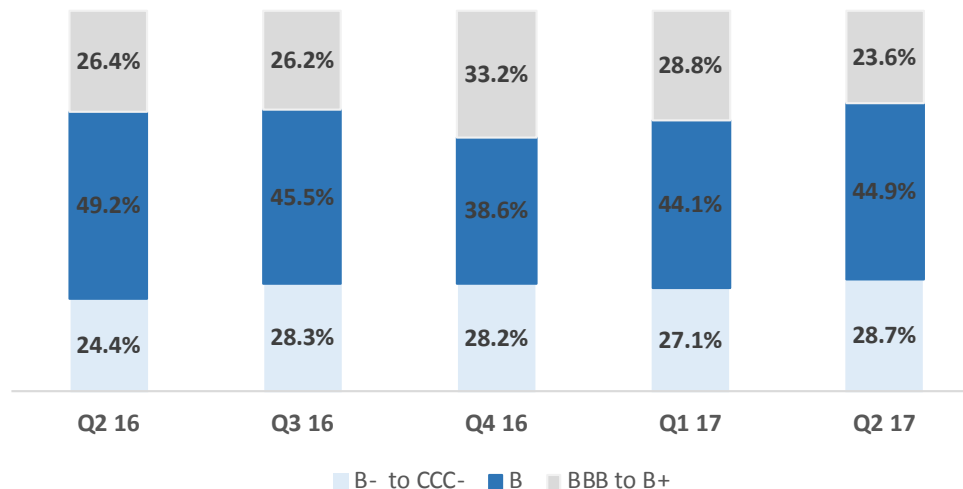
- Loan Portfolio fair value price decreased from the March 31, 2017 fair value price of 98.1% of par

Only 5.1% 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 69% 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 June 30, 2017 unless otherwise noted.

(2) Based on fair value as of June 30, 2017.

ACSF CLO Equity Portfolio Overview ⁽¹⁾

\$44.1 MM of CLO equity ⁽²⁾ at fair value invested across 23 CLOs managed by 16 different CLO managers

Weighted average yield at cost of 11.30% as of June 30, 2017 ⁽³⁾

\$0.4 MM decrease in Q2 2017 GAAP revenue

- Decrease in weighted average yield at cost from 11.87% at March 31, 2017 to 11.30% at June 30, 2017

Cash distributions of \$2.4 MM versus GAAP income of \$1.4 MM in Q2 2017

CLO Statistics (\$ in thousands)					
	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16
Cash Received	\$2,415	\$2,646	\$3,137	\$3,365	\$3,084
GAAP Revenue	\$1,428	\$1,835	\$1,567	\$1,910	\$1,649
Fair Value as a % of Par	58.8%	54.6%	55.1%	52.6%	50.1%
Cost as a % of Par	70.6%	68.9%	69.8%	70.7%	72.6%
Weighted Average Yield at Cost End of Period	11.30%	11.87%	14.14%	11.90%	14.11%
# of Cash Flowing	23/23	22/22	21/21	22/22	22/22
Cumulative Cash Receipts as % of Original Cost ^{(4) (5)}	62.4%	54.8%	52.1%	48.1%	43.7%

(1) All data as of June 30, 2017 unless otherwise noted.

(2) Cost basis of \$53.0MM as of June 30, 2017.

(3) Yield calculated as of June 30, 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

	June 30, 2017 (unaudited)	March 31, 2017 (unaudited)	December 31, 2016	September 30, 2016 (unaudited)	June 30, 2016 (unaudited)
<i>\$ in thousands, except per share data</i>					
Assets					
Investments, fair value	\$ 252,032	\$ 247,327	\$ 244,872	\$ 231,006	\$ 227,417
Cash and cash equivalents	1,247	5,355	8,795	4,724	3,181
Receivable for investments sold	1,824	6,596	2,272	4,975	3,675
Other assets	1,484	1,884	1,401	1,275	1,605
Total assets	\$ 256,587	\$ 261,162	\$ 257,340	\$ 241,980	\$ 235,878
Liabilities					
Credit facility payable	\$ 98,200	\$ 103,400	\$ 104,900	\$ 100,000	\$ 97,100
Payable for investments purchased	22,407	18,244	12,202	7,043	11,872
Distributions to stockholders payable	970	-	970	970	970
Management fee payable	533	2,577	2,046	1,520	1,008
Other liabilities	363	410	433	463	383
Total liabilities	122,473	124,631	120,551	109,996	111,333
Total net assets	134,114	136,631	136,789	131,984	124,545
Total liabilities and net assets	\$ 256,587	\$ 261,262	\$ 257,340	\$ 241,980	\$ 235,878
Net asset value per share	\$ 13.41	\$ 13.66	\$ 13.68	\$ 13.20	\$ 12.45

Income Statement

Three Months Ended (unaudited)

\$ in thousands, except per share data

	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Investment Income:					
Senior floating rate loans	\$ 2,691	\$ 2,777	\$ 2,797	\$ 2,679	\$ 2,623
CLO equity	1,428	1,835	1,567	1,910	1,649
Total investment income	4,119	4,612	4,364	4,589	4,272
Expenses:					
Interest and other debt related costs	769	733	683	665	640
Management fee	533	531	525	512	511
Other operating expenses	541	713	580	564	733
Total expenses	1,843	1,977	1,788	1,741	1,884
Expense waiver	(176)	(437)	(299)	(283)	(455)
Net expenses	1,667	1,540	1,489	1,458	1,429
Net investment income before taxes	2,452	3,072	2,875	3,131	2,843
Income tax (provision) benefit	(9)	(19)	(31)	(23)	125
Net investment income	2,443	3,053	2,844	3,108	2,968
Net realized and unrealized gain (loss) on Investments:					
Net realized gain (loss) on investments	(3,735)	462	429	(154)	(409)
Net unrealized appreciation (depreciation) on investments	1,685	(763)	4,442	7,395	7,709
Net realized and unrealized gain (loss) on investments	(2,050)	(301)	4,871	7,241	7,300
Net increase in net assets resulting from operations ("Net Earnings")	\$ 393	\$ 2,752	\$ 7,715	\$ 10,349	\$ 10,268
Net investment income per share	\$0.24	\$0.31	\$0.28	\$0.31	\$0.30
Net Earnings per share	\$0.04	\$0.28	\$0.77	\$1.03	\$1.03
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

98% of our Loan Portfolio has LIBOR floors (~1%)

Our credit facility is floating rate

Change to Libor	NII/Share Benefit ^{(2) (3)}
3%	\$0.34
2%	\$0.23
1%	\$0.12
-1%	\$0.06
-2%	(\$0.04)
-3%	(\$0.04)

CLO Portfolio

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

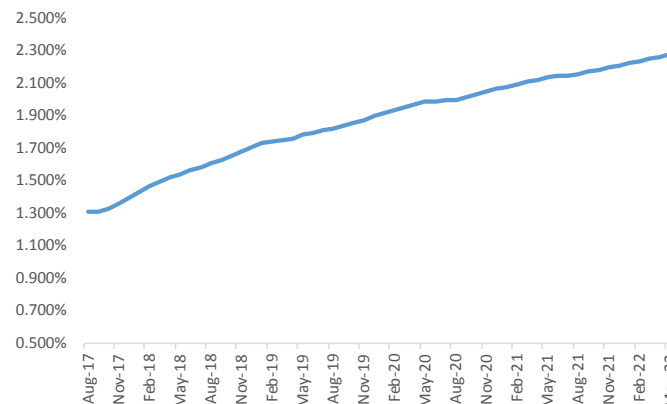
Funding within our CLO Portfolio is largely floating rate

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 June 30, 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 June 30, 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 23 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 June 30, 2017 and includes ACSF.

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