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Corporate Speakers

- Dane Kleven; Oaktree Specialty Lending Corp.; Investor Relations
- Mathew Pendo; Oaktree Specialty Lending Corp.; President
- Armen Panossian; Oaktree Specialty Lending Corp.; Chief Executive Officer and Co-Chief Investment Officer
- Raghav Khanna; Oaktree Specialty Lending Corp.; Co-Chief Investment Officer
- Christopher McKown; Oaktree Specialty Lending Corp.; Chief Financial Officer and Treasurer

Participants

- Finian O'Shea; Wells Fargo Securities; Analyst
- Matthew Hurwit; Jefferies; Analyst
- Melissa Wedel; JPMorgan; Analyst
- Mike Whitaker; Private Investor; Analyst

PRESENTATION

Operator^ Welcome. Thank you for joining Oaktree Specialty Lending Corporation's First Fiscal Quarter Conference Call. Today's conference call is being recorded. (Operator Instructions)

Now I would like to introduce Dane Kleven, Head of Investor Relations, who will host today's conference call. Mr. Kleven, you may begin.

Dane Kleven^ Thank you, operator, and thank you all for joining our call. We appreciate your support of Oaktree Specialty Lending Corporation. This morning, we issued our earnings release and accompanying slide presentation, which can be accessed on the Investors section of our website at oaktreespecialtylending.com. We encourage investors, the media and others to review the information posted on our website.

Joining us on the call today are Armen Panossian, Chief Executive Officer and Co-Chief Investment Officer; Raghav Khanna, Co-Chief Investment Officer; Matt Pendo, President; and Chris McKown, Chief Financial Officer and Treasurer.

Before we begin, I want to remind you that comments on today's call include forward-looking statements reflecting our current views with respect to our future operating results and financial performance. Our actual results could differ materially from those implied or expressed in the forward-looking statements. Please refer to our SEC filings for a discussion of these factors in further detail. We undertake no duty to update or revise any forward-looking statements. I'd also like to remind you that nothing on this call constitutes an offer to sell or a solicitation of an offer to purchase any interest of an Oaktree fund.

Before we turn to our results, I want to address the recent fires and the impact they've had on our community. We're heartbroken by the devastation caused by the fires in Los Angeles, Oaktree's headquarters, and our homes since our founding in 1995. In response to these tragic events, we deployed a variety of resources to ensure the safety and well-being of our employees, and Oaktree will continue to support the long and challenging road to recovery for them as well as the broader Los Angeles community. Despite these challenging circumstances, we've kept our operations running without interruption, allowing us to continue serving our clients.

With that, I would like to now turn the call over to Matt to discuss our results.

Mathew Pendo^ Thanks, Dane. Welcome, everyone, and thank you for joining us today. I want to begin the call by discussing some of the strategic actions we took this quarter to best position OCSL for future success. First, on February 3, Oaktree purchased from OCSL, $100 million of newly issued common stock at a price of $17.63 per share, which is equal to OCSL's net asset value as of January 31, 2025. This represents a 10% premium to the stock price and resulted in a nearly 7% increase to NAV.

Second, we permanently amended our fee structure, instituting a cap, also known as a total return hurdle, in the calculation of our Part 1 incentive fee to consider capital gains and losses. The total return hurdle includes a look-back provision that commences effective October 1, 2024, and will build over time to a rolling 12-quarter look back by the company's 2027 fiscal year-end. Under the new incentive fee structure, we are waiving $6.2 million of Part 1 incentive fees this quarter.

Third, we amended our dividend policy to include a base dividend and a supplemental dividend. For the upcoming quarter, our Board declared a base dividend of $0.40 per share, plus a supplemental dividend of $0.07 per share, which are both payable in cash on March 31, 2025, and to stockholders of record as of March 17, 2025. We generally expect that the supplemental distributions will be equal to approximately 50% of the amount by which adjusted NII exceeds the base quarterly distribution of $0.40 per share, subject to the Board's approval.

Taken together, we believe these actions bring several benefits and position OCSL for future success. The equity raise will help grow our asset base and further diversify the portfolio. 2025 Is shaping up to be a more active year than -- 2024 for deal flow and the equity capital, plus the associated impact of leverage will give us the dry powder to capitalize on the attractive opportunities within our growing pipeline. Regarding the amended fee structure, although we have voluntarily waived fees over the past three quarters, the new incentive fee structure is permanent, providing the market and shareholders with more clarity.

Lastly, the change to the dividend policy establishes a stable base dividend that we believe is sustainable through market cycles amid fluctuations in rates and spreads. In

addition, we expect our approach to the supplemental dividend to help us grow NAV going forward.

Turning now to financial results. Adjusted NII was $45 million or $0.54 per share for the fiscal first quarter, down slightly from $0.55 per share in the prior quarter. Our net asset value per share declined to $17.63 from $18.09 last quarter.

I'll now turn the call over to Armen to provide more details on our portfolio and the market environment.

Armen Panossian^ Thanks, Matt, and hello, everyone. Before I cover the portfolio and our outlook on the market, I wanted to add my thoughts on the changes Matt outlined. Our private credit platform is a core focus for Oaktree, and OCSL is a critical part of our franchise. While we acknowledge the challenged performance over recent quarters, we remain committed to OCSL. We believe the equity purchase by Oaktree at a significant premium to the market price is a clear signal of our support.

I firmly believe that the actions we laid out today demonstrate our commitment to position OCSL for further growth and success. With that said, I'll begin with an overview of our portfolio activity in the quarter before addressing our view on current market conditions. Our portfolio remains well diversified with $2.8 billion of fair value invested across 136 companies as of December 31, 2024, and the weighted average yield on our debt investments remains healthy at 10.7%.

During the first quarter, we invested $198 million in five new and eight existing portfolio companies, in line with our strategy to invest at the top of the capital structure. 82% of our portfolio is now in first lien positions, up from 78% a year ago. We remain focused on investing in larger companies and strong sectors that further diversify our portfolio.

In the first quarter, the median EBITDA of our portfolio companies was $142 million, and the median leverage was 5.4 times. The leverage ratios for our portfolio companies increased slightly from the previous quarter but remain below the average for middle market companies. The vast majority of our portfolio companies are performing well in the current environment with a weighted average interest coverage ratio of 2.1 times, assuming current base rates.

I'll now address the credit quality of the portfolio. In the first quarter, one investment was restructured and removed from nonaccrual status. However, we classified one new investment as nonaccrual and took further write-downs on other investments. As a result, the investments on nonaccrual status at quarter end were 3.9% of the portfolio at fair value and 5.1% at cost, relatively unchanged from the prior quarter. The new addition to the nonaccrual list this quarter is Dominion Diagnostics, a clinical toxicology testing company in which we hold a first lien term loan and a revolver.

Although the company continued to pay cash interest in the December quarter, it has struggled to grow EBITDA and faces liquidity challenges looking ahead, so we felt it was

prudent to place it on nonaccrual. We are working closely with management to address these matters.

Although not new to our nonaccrual list, we placed the first lien term loan for Dialyze on nonaccrual. As a reminder, Dialyze provide hemodialysis services directly to patients in skilled nursing facilities. Our original investment in Dialyze included a first lien term loan and warrants. In connection with amendment activity and funding incremental amounts on the term loan, we received a relatively small mezzanine loan at 0 cash cost. We put this smaller mezzanine loan on nonaccrual last summer, as the company's plans to achieve profitability was taking longer than originally forecasted. Unfortunately, the situation has not materially improved. And given the ongoing cash needs of the company, we placed the first lien term loans on nonaccrual. We are in ongoing discussions with the company and are evaluating all options.

Along with the investments on nonaccrual, we further wrote down several underperforming assets. These write-downs are concentrated in a handful of struggling investments. We continue to monitor these names closely while taking a conservative approach to their valuation.

Next, I want to highlight some of the positive developments in the portfolio. I will begin with the discussion on FinThrive, which was removed from the nonaccrual list. FinThrive is a software company that helps health care clients manage their revenue and cash flow and was successfully restructured in November of last year. As part of the transaction, the company raised new capital, extended the maturity of its revolving credit facility and delevered its balance sheet. In addition, we continue to make progress with several other names on nonaccrual. For example, EBITDA trends have remained positive for all web leads, and Avery successfully closed additional condo sales in 2024, including a penthouse unit. We are optimistic these positive trends in these portfolio companies will continue into the new year.

Turning to our view of the market environment. Although the Fed lowered rates by 50 basis points in the last quarter of 2024 and may reduce rates further in 2025, elevated interest rates remain a challenge for many borrowers, especially those with levered balance sheets. Even with inflation beginning to subside, we do not believe interest rates are going back to ultra-low levels.

During the fiscal first quarter, spreads continued to tighten compared to the fourth quarter. Competition between broadly syndicated loans and private credit drove spreads lower, which now seem to be stabilizing as many companies have already repriced or refinanced their debt. We believe a more favorable regulatory environment and an expected increase in private equity activity will increase opportunities for M&A and IPOs over the years ahead. This increased deal flow should help fix the supply and demand imbalance we have seen between lenders and borrowers in the private credit space, easing the competitive pressure that has contributed to spread compression in recent years.

The uptick in dealmaking is also likely to create a strong pipeline in 2025. At the same time private equity firms are sitting on over $2 trillion of dry powder. Conditions for deal volume are recovering with declining rates, along with valuation gaps between buyers and sellers improving. We believe all of these factors combined suggest a positive outlook for the sector in 2025.

I'll now turn the call over to Raghav to share details on our originations for the quarter.

Raghav Khanna^ Thanks, Armen, and hello, everyone. It's a pleasure to join you on the call today. Turning to our investment activity for the first quarter. As Armen mentioned, we originated $198 million of new investment commitments with a weighted average yield of 9.6%, a slight decline from last quarter, given the move lower in reference rates. We are encouraged by the still healthy level of origination activity even at these lower yields that reflect today's more competitive environment.

We continue to see many compelling investment opportunities that meet our underwriting standards across sponsor and non-sponsored companies alongside undervalued publicly traded credits. This allows us to take a selective and relative value approach to new portfolio investments. Paydowns, exits and sales in the first quarter generated $352 million, up from $338 million in the fourth quarter, primarily reflecting a higher level of refinancing activity across the broader market. This high level of paydowns underscores the strength of the portfolio, the Oaktree platform, and the quality of our underwriting process.

These paydowns also reflect the success of our portfolio companies in executing their business and fiscal management plans, which include refinancing debt at more favorable terms, reducing leverage, or selling their businesses. In addition to paydowns, we also took advantage of the recent strength in the liquid credit markets and sold certain positions at prices that we believe reflect significant value.

Next, I will discuss some noteworthy investments in the quarter. Starting with Encore, a global leader in audio-visual and corporate event production services owned by Blackstone. Encore is a preferred provider for many of the largest hotel chains around the world and has contracts with more than 2,200 venues across 20 countries. Oaktree participated in a $2.9 billion refinancing to improve the existing capital structure. Oaktree was the co-lead arranger and book runner for this deal, which included a $2.4 billion term loan and $250 million revolving credit facility. Oaktree provided $452 million of the term loan, which has a coupon of SOFR plus 5% and $48 million of the revolving credit facility. And OCSL was allocated $62 million of this deal.

Next, we also made an investment in TEAM Technologies. The company is an outsourced manufacturer of non-discretionary consumable products for large medical and dental OEMs. This financing supported Arlington Capital Partners' acquisition of TEAM Technologies. This facility consists of a $330 million term loan, a $90 million delayed draw term loan and a $50 million revolving credit facility. Oaktree provided $67 million of the term loan, $18 million of the delayed draw term loan and $10 million of the

revolving credit facility. The term loan has a coupon of SOFR plus 4.75%, and OCSL was allocated $22 million of this deal.

Another notable origination for the quarter was a large refinancing for Optimizely, which is a top player in the digital experience space that provides cloud-based software to enterprise and middle market customers to manage websites, content and marketing campaigns. This financing includes a $673 million term loan with a coupon of SOFR plus 5%, as well as a $100 million revolving credit facility. Oaktree provided $101 million of the term loan and $15 million of the revolving credit facility. And OCSL was allocated $18.5 million of this deal.

These transactions reflect the deal sourcing power of Oaktree's platform and our ability to participate in larger deals, which we believe is a competitive advantage today. As Armen just mentioned, we are optimistic about continued deal flow into 2025. And with the additional equity provided by Oaktree, we are well positioned to participate in these attractive opportunities.

Now I will turn the call over to Chris to discuss our financial results in more detail.

Christopher McKown^ Thank you, Raghav. In our first fiscal quarter ending December 31, 2024, we reported adjusted net investment income of $44.7 million or $0.54 per share, down slightly from $45.2 million or $0.55 per share in the prior quarter. The decrease was primarily driven by lower total investment income, partially offset by reduced interest expense, management fees and Part 1 incentive fees during the quarter. Adjusted total investment income in the quarter declined $8 million compared to the prior quarter, primarily due to a decrease in nonrecurring revenue, a decline in reference rates and the impact of investments on nonaccrual status. All told, these factors resulted in a $5.5 million decrease in interest income and a $2.2 million decrease in fee income. Additionally, there was a $0.3 million reduction in dividend income, largely driven by the Kemper JV.

As I mentioned in my remarks last quarter, our September 30 quarterly results benefited from larger than usual nonrecurring income, whereas our December quarter results reflect a more typical level of nonrecurring income. To provide some additional context, nonrecurring income is generally composed of prepayment fees and OID acceleration on successful investment exits, and we generally see it in the neighborhood of $0.03 to $0.05 per quarter.

Our nonrecurring income for the September and December quarters was about $0.09 and $0.05, respectively. Net expenses declined to $7.7 million from the prior quarter, driven by a $6.2 million decrease in Part 1 incentive fees, net of fees waived as a result of the newly implemented incentive fee structure that Matt described. We also saw a $1.5 million decline in interest expense driven by lower reference rates on our floating rate liabilities.

Now moving to our balance sheet. OCSL's net leverage ratio at quarter end was 1.03 times, down from 1.07 times last quarter. Prepayments and sales of $352 million outpaced our newly funded investments of $201 million, which resulted in a slight decline in the size of our portfolio. As of December 31, total debt outstanding was $1.61 billion and had a weighted average interest rate of 6.2%, including the effect of our interest rate swap agreements. This is down from last quarter, primarily reflecting lower interest rates on our floating rate liabilities. Unsecured debt represented 59% of the total debt at quarter end, up from last quarter.

We have plenty of dry powder to fund investment commitments, with liquidity of approximately $1.1 billion, including $113 million of cash and $958 million of undrawn capacity on our credit facilities as of December 31. Unfunded commitments, excluding those related to the joint ventures, were $275 million, approximately $244 million of which can be drawn immediately, as the remaining $31 million is subject to portfolio companies meeting certain milestones before the funds can be drawn. Our liquidity and purchasing power was further bolstered by the $100 million of newly issued common shares on February 3, which will help diversify the portfolio and position us well to take advantage of what we believe will be an active deal flow environment in calendar year 2025.

I would also note that our leverage -- our target leverage ratio remains unchanged at 0.9 times to 1.25 times. And so as we add leverage to the newly issued equity, we expect it to generate a little over $200 million of additional purchasing power.

Turning now to our joint ventures. Together, the JVs currently hold $470 million of investments, primarily in broadly syndicated loans spread across 44 portfolio companies. During the first fiscal quarter, the JVs again generated attractive annualized ROE, which were approximately 12% in aggregate. Leverage at the JVs was 1.2 times, down modestly from the last quarter. In addition, we received a $700,000 dividend from the Kemper JV.

In closing, we made solid progress in the first quarter, strengthening our portfolio while also generating a healthy level of new originations. However, we acknowledge the current challenges within our portfolio and remain committed to working through these situations and maximizing recovery. In combination with the shareholder-friendly measures we implemented, we believe OCSL is well positioned to navigate the current market environment and to deliver attractive risk-adjusted returns to our shareholders over the long-term.

We appreciate your participation on our call today and we'll now take your questions. Operator, please open the line.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) And the first question will come from Finian O'Shea with Wells Fargo Securities.

Finian O'Shea^ Hi, everyone. Good morning. First question on the $100 million -- this quarter equity investment. Any color you could give on where that came from? And then the future plans for that? I think the filing says that the entity agreed not to sell until February '26. So if that's in the plan or on the other hand, if you might continue to add more going forward? Thanks.

Mathew Pendo^ Thanks, Fin, it's Matt. So on the last point regarding the sales plan, that's just a standard lockup, just a one year standard lockup. So I wouldn't read anything into that other than normally, when we have purchases like this, there's a lockup provision. So it basically prevents OCSL or Oaktree from selling for the next year.

And then beyond that, obviously, Oaktree has been a shareholder in OCSL for a long time and hasn't sold any stock to date. So I wouldn't read too much into that part of it, other than just kind of a standard lockup provision. In terms of the kind of the $100 million, just some more color on that. We felt just kind of given the market environment where we're seeing deployment opportunities, that would be helpful to have some significant dry powder and equity buying power that we could combine with leverage and really deploy into the pipeline. And Raghav and Armen can talk a little bit more about the market environment. But the market environment was in terms of investing is attractive.

So we thought having the Oaktree GP buy the equity and purchase it at NAV, I just want to be clear that the purchase was at the January 31 NAV made a ton of sense, it gives us kind of 5% to 10% additional liquidity or buying power for assets. And just seem to make a lot of sense all the way around as we looked at it.

Finian O'Shea^ Okay. That's helpful. Thanks. And maybe one for Armen as an extension of that. We heard some more language on it this quarter with market senior. Can you sort of talk about the why behind the strategic credit group's ongoing push toward more of the plain direct lending, larger company, more senior participations? If that's a change in the market or your platform driving that and how we should think of that as the better risk-adjusted opportunity?

Armen Panossian^ Yes. Thanks, Fin. So I don't think it's a change in philosophy or what we're kind of doing rit large at the firm or in the strategic credit group. We continue to have capabilities that are sort of sector focused. We continue to invest in life sciences and in other sectors on a dedicated basis. However, I think with the rapid increase in rates and the continued sustained fairly high SOFR rates, we think that first lien sponsored lending that is sort of high single digit and into the low double digits, it represents really good value relative to other things we're seeing. So really leaning into first lien there because we don't think that picking up the extra return by going junior is usually worth it.

Now why is that? It's because when rates did go -- when SOFR was above 5% and spreads were 6%, 6% to 6.5%, that implied first lien lending was returning something like 11% or 12% or the cost of borrowing for borrowers was 11% or 12%. To go junior would mean we would have to charge 14% or 15% to those same borrowers. And private equity sponsors, and frankly, other borrowers that are non-sponsor owned, when they

looked at that pricing, they said, you know what, that's the cost of my equity anyway. I'd rather over equitize then to than to pay you 14%, 15%, 16%.

And so if you did want to kind of hold firm to junior positioning, it usually meant some sort of inadequacy either in the sponsor or in the company that caused them to borrow at that cost of borrowing. So we really pushed heavily into first lien because we thought that it was lower risk, attractive return. So on a relative basis, the best risk-adjusted return we saw in the market.

Now that the rates are going down, spreads have declined, we're seeing an increase in M&A deal volume, we think some junior opportunities will become more interesting as first lien lending goes to sort of 8% to 10%. And so there could be some junior opportunities at 10% to 12% or maybe 10% to 13% that could be interesting. But we're always evaluating the quality of those situations versus the first lien.

And as for now, without a meaningful increase in the potential deal flow of junior debt or the potential deal flow of teams returning non sponsored direct lending in a really -- in a very significant way in terms of additional deal flow, we still getting sort of 9%-ish on first lien lending is pretty attractive relative to other things we could be doing.

Operator^ Our next question will come from Matthew Hurwit with Jefferies.

Matthew Hurwit^ Hi, everybody. Just a quick one. That upcoming debt maturity this month, maybe I missed it, but can you talk about the options you're considering there?

Mathew Pendo^ Sure. Sure. So we have a bond maturity at the end of February. And we're looking at really all of our options. We have plenty of liquidity, existing liquidity between -- we have almost $1 billion of capacity on our revolver. We have ABL facilities. We obviously have the equity just raised. And OCSL has been a frequent and successful issuer in the unsecured market. So we'll continue to look at that. And really kind of post earnings, just take a sense of all the various markets and opportunities to us and then kind of take a course of action, I think, makes the most sense. But the good news, we have plenty of liquidity through -- in all of our facilities. So we'll just look at the market environment and make a decision.

Matthew Hurwit^ Okay. Great. Makes sense. And then just sort of high level, could you talk about what the short-term and medium-term goals are for the company at this point with your recent dividend and management fee structure?

Armen Panossian^ Can you be a little bit more specific about -- I mean, in terms of our goal -- I'll be general and then if you have a specific question, please feel free to follow up. But I think the general goal of the BDC is to cover our dividend in a comfortable way. It is to grow the asset base and further diversify the portfolio. It is to take our nonaccrual assets and those equities that aren't paying dividends and coupons and convert them into interest income earning performing credit assets. So working through the troubled assets as quickly and as efficiently as we can.

That would really be the summary of it. I mean, that's why we've changed the dividend in a manner where it's -- the base dividend is kind of reset lower where we think we could comfortably cover it. And any excess will both kind of add to the dividend and help improve NAV. So we decided to roll out all of these changes all at once to really improve both the stability of the dividend and the ability of OCSL to improve NAV, but we continue to separate, and apart from that, block, and tackle to turn those -- some of the troubled assets into good assets.

So if you have specific questions beyond that, we're happy to take them.

Matthew Hurwit^ Okay. No. That's -- sort of what I was looking for. Thanks very much.

Operator^ And our next question comes from Melissa Wedel with JPMorgan.

Melissa Wedel^ Good morning. Thanks for taking my question. When we think about the supplemental dividend level going forward, can you help us better understand how much of the excess earnings above the base you're aiming to pay out versus retain? Is it -- should we think of half and half or something a little bit more than that?

Mathew Pendo^ Yes. Melissa, it's Matt. Thanks for the question. I would kind of assume half and half. So roughly 50% of the income above the base would be paid in a supplemental dividend. So I would just use 50%

Melissa Wedel^ That's helpful. Okay. And then just looking at sort of existing cash balances on interesting timing on the equity injection from Oaktree. I would think there -- we should be expecting some sort of multiple quarter deployment period for that. So should we think of there being potentially a bit of cash drag over the next couple of quarters?

Raghav Khanna^ Melissa, it's Raghav. I can take that. So we do have a pretty strong pipeline that we've been building into in anticipation of the equity raise, both on the private side as well as public side. So you're right, it will take us a couple of quarters. But given the pipeline we have, I think we can deploy the new equity plus the associated leverage fairly quickly.

Melissa Wedel^ Okay. So when you think of the pipeline, that's not just on a gross basis, but also on net, just to clarify?

Raghav Khanna^ Correct. So net of anticipated repayments on the existing portfolio.

Operator^ (Operator Instructions) Our next question comes from Mike Whitaker, private investor.

Mike Whitaker^ Thank you so much for taking my call. I was kind of curious. I noticed in your announcement that you bought back shares at net asset value, while it's obviously

available in the marketplace at, give or take a point, about 13% discount. And I'm sure that there's a reason for that, but I was just kind of curious as to what that reason is?

Mathew Pendo^ Sure. It's a great question, Mike. And as you mentioned, we did the Oaktree, the manager purchased the shares at the January 31 NAV, which was at the time, roughly a 10% premium to market and -- versus buying it in the market at the discount. And just kind of reiterating and digging a little deeper into the rationale for that.

So what we think is super -- the interesting opportunity, a great way -- the best way to add value to OCSL is to continue to invest in the current environment and the pipeline we're seeing. And so if we were just -- the manager just to buy in the market doesn't create any equity or any kind of asset growth to the BDC. Whereas by investing at NAV, putting the equity in -- we haven't changed our leverage target.

So we can borrow against that equity and deploy that into assets and grow the asset, create more diversification and asset growth in -- on the balance sheet in OCSL. We think that was better than just buying -- and the manager buying in the market, even if it was at a discount. So that was the rationale behind that action.

Armen Panossian^ Yes. And this is Armen. We recognize that in us buying at NAV versus a stock price that's trading at a discount to NAV is a great thing for shareholders. And that's something that Oaktree felt very comfortable doing as a sign of support for OCSL, as a sign of support for our NAV in the BDC. And it made sense for us in that scale to press forward and to really, as Matt said, deploy capital on behalf of OCSL into a very attractive market environment. So we know it's a very positive thing for shareholders, and that's something we felt very comfortable doing.

Mike Whitaker^ And it wasn't nearly as positive as being able to buy it at a discount?

Armen Panossian^ Well, it's more positive for shareholders, doing it the way we did it, than it is to buy at a discount. And as Matt said, this puts dry powder on the balance sheet of OCSL rather than buying existing shares from other shareholders. So we really want to grow the size of OCSL, the deployment -- the additional deployment, I think that's also a good thing for the shareholders. So I think it's doubly good, the way we did it.

Mike Whitaker^ Okay. I'll accept that. Is there somebody that I could talk to after the call, just so I get a better understanding on that? I have a pretty substantial investor in OCSL and two of the private placements, and I would just like to drill down on that a bit, just to make me a little bit smarter in that area.

And then I do have one other question is, if I understood you correctly, and I didn't read it, I apologize, the full announcement. But it sounded to me earlier on the call that you have issued more shares in OCSL. And if so at what price were those shares issued?

Mathew Pendo^ Sure. So we issued $100 million of shares of OCSL to Oaktree, the manager, at $17.63 per share, which was the net asset value at January 31, 2025, and at a premium to the market price.

Armen Panossian^ So all of those are one and the same. Everything we're talking about is part of a single transaction where we bought --

Mike Whitaker^ That kind of became the -- why are you doing that? But -- and I don't want to take up time here on the call just to answer my stupidity, but it's an unusual transaction, I think you have to agree. And I would just like to drill down on that a little bit further.

Dane Kleven^ Mike, this is Dane. I'll happily give you a call after this, and we can walk through it.

Mike Whitaker^ That would be super, Dane. Thank you, so much.

Dane Kleven^ Not a problem.

Operator^ And our next question comes from again Melissa Wedel with JPMorgan.

Melissa Wedel^ Thanks for the follow up. I just wanted to clarify with the new look back feature on the incentive fee. When you're incorporating the impact of any losses, I realized -- I think the Q indicated that's both realized and unrealized. Should we be including any of the foreign currency gains and losses on there, too?

Christopher McKown^ Hey, Melissa, it's Chris. Thanks for the question. And yes, it will include all capital gains and losses, including the foreign currency movements. And I think you may have touched on it before, but we -- those foreign currency movements that you see broken out are for our foreign currency board contracts that we're using for hedging purposes. So kind of net-net, that foreign currency impact, kind of [de minimis] on our results.

Melissa Wedel^ Yeah. Okay. Thank you.

Operator^ With no further questions, this concludes our question and answer session. I would like to turn the conference back over to Dane Kleven for any closing remarks.

Dane Kleven^ Thank you, all for participating on our call today. Please don't hesitate to reach out if you have additional questions. Have a great day. And thank you for your continued support of OCSL.

Operator^ The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.