New Mountain Finance Corp
Form 497
August 15, 2018

Filed Pursuant to Rule 497
Securities Act File No. 333-218040

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but the information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting an offer to buy these securities in any jurisdiction where the offer and sale is not permitted.

Subject to Completion, Dated August 15, 2018

PRELIMINARY PROSPECTUS SUPPLEMENT
(to Prospectus dated July 13, 2018)

$100,000,000

New Mountain Finance Corporation

% Convertible Notes due 2023

New Mountain Finance Corporation ("NMFC", the "Company", "we", "us" and "our") is a Delaware corporation that was originally incorporated on June 29, 2010. We are a closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended (the "1940 Act"). Our investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. Our first lien debt may include traditional first lien senior secured loans or unitranche loans. Unitranche loans combine characteristics of traditional first lien senior secured loans as well as second lien and subordinated loans. Unitranche loans will expose us to the risks associated with second lien and subordinated loans to the extent we invest in the "last out" tranche. In some cases, our investments may also include equity interests. Our primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance.

The investments that we invest in are almost entirely rated below investment grade or may be unrated, which are often referred to as "leveraged loans", "high yield" or "junk" debt investments, and may be considered "high risk" or speculative compared to debt investments that are rated investment grade. Such issuers are considered more likely than investment grade issuers to default on their payments of interest and principal and such risk of default could reduce our net asset value and income distributions. Our investments are also primarily floating rate debt investments that contain interest reset provisions that may make it more difficult for borrowers to make debt repayments to us if interest rates rise. In addition, some of our debt investments will not fully amortize during their lifetime, which could result in a loss or a substantial amount of unpaid principal and interest due upon maturity. Our debt investments may also lose significant market value before a default occurs. Furthermore, an active trading market may not exist for these securities. This illiquidity may make it more difficult to value our investments.

We are offering $100.0 million aggregate principal amount of our % Convertible Notes due 2023 (the "Convertible Notes"). The Convertible Notes will bear interest at a rate of % per year, payable on February 15 and August 15 of each year, commencing on February 15, 2019. The Convertible Notes will mature on August 15, 2023.

The Convertible Notes will be convertible, at your option, into shares of our common stock initially at a conversion rate of shares per $1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of approximately $ per share), subject to adjustment as described in this prospectus supplement, at any time on or prior to the close of business on the business day immediately preceding the maturity date. In the case of Convertible Notes that are converted in connection with certain types of fundamental changes, we will, in certain circumstances, increase the conversion rate by a number of additional shares.

We may not redeem the Convertible Notes prior to May 15, 2023. On or after May 15, 2023, we may redeem the notes for cash, in whole or from time to time in part, at our option at a redemption price equal to the sum of (i) 100% of the principal amount of the Convertible Notes to be redeemed, (ii) accrued and unpaid interest thereon to, but excluding, the redemption date and (iii) the make-whole premium (as defined herein). No sinking fund will be provided for the Convertible Notes.

You may require us to repurchase all or a portion of your Convertible Notes upon a fundamental change at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest (including additional interest, if any) through, and including, the maturity date. See "Description of the Notes Fundamental Change Put".

The Convertible Notes will be our unsecured obligations. As of August 13, 2018, we had $1,095.3 million of indebtedness outstanding, $655.0 million of which was secured indebtedness and $440.3 million of which was unsecured indebtedness. The Convertible Notes will be our direct unsecured obligations and rank *pari passu*, or equally in right of payment, with all outstanding and future unsecured, unsubordinated indebtedness issued by us.

There is no public market for the Convertible Notes, and we do not intend to apply for listing of the Convertible Notes on any securities exchange or for inclusion of the Convertible Notes in any automated quotation system. Our common stock is listed on the New York Stock Exchange under the symbol "NMFC". On August 13, 2018 the last reported sales price on the New York Stock Exchange for our common stock was $14.05 per share, and the net asset value per share of our common stock on June 30, 2018 (the last date prior to the date of this prospectus supplement on which we determined our net asset value per share) was $13.57.

The price at issuance of the Convertible Notes will be % of the principal amount, plus accrued and unpaid interest, if any, from August , 2018.

An investment in the Convertible Notes involves risks that are described in the "Supplementary Risk Factors" section beginning on page S-25 in this prospectus supplement and the "Risk Factors" section beginning on page 27 of the accompanying prospectus.

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in the Convertible Notes. Please read this prospectus supplement and the accompanying prospectus before investing and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission (http://www.sec.gov), which is available free of charge by contacting us by mail at 787 Seventh Avenue, 48th Floor, New York, New York 10019 or on our website at *http://www.newmountainfinance.com*. Information contained on our website is not incorporated by reference into this prospectus supplement and the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement and the accompanying prospectus.

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public Offering Price	$	$
Sales Load paid by us (Underwriting Discounts and Commissions)(1)	$	$
Proceeds to us (before expenses)(2)	$	$

(1) See "Underwriting" for details of compensation to be received by the underwriters.

(2) All expenses of the offering will be borne by us. We will incur approximately $0.4 million of estimated expenses in connection with this offering.

We have granted the underwriters an option to purchase up to an additional $15.0 million aggregate principal amount of Convertible Notes on the same terms and conditions as set forth above, exercisable within 30 days from the date of this prospectus supplement. If the underwriters exercise this option in full, the total public offering price will be $, the total sales load (discounts and commissions) paid by us will be $, and total proceeds, before expenses, will be $.

THE CONVERTIBLE NOTES ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

Delivery of the Convertible Notes in book-entry form only through The Depository Trust Company will be made on or about August , 2018.

Sole Bookrunner

Wells Fargo Securities

Prospectus Supplement dated August , 2018

TABLE OF CONTENTS
PROSPECTUS SUPPLEMENT

TABLE OF CONTENTS

Table of Contents

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized any other person to provide you with different information from that contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to buy, these securities by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information contained in this prospectus supplement and the accompanying prospectus is complete and accurate only as of their respective dates, regardless of the time of their delivery or sale of these securities. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information different from or additional to the information in that prospectus.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from the information contained in the accompanying prospectus, the information in this prospectus supplement shall control. Please carefully read this prospectus supplement and the accompanying prospectus together with any exhibits and the additional information described under "Available Information", "Prospectus Supplement Summary" and "Supplementary Risk Factors" in this prospectus supplement and the "Available Information", "Summary" and "Risk Factors" sections of the accompanying prospectus before you make an investment decision. Unless otherwise indicated, all information included in this prospectus supplement assumes no exercise by the underwriters of their option to purchase up to an additional $15,000,000 aggregate principal amount of Convertible Notes.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights some of the information in this prospectus supplement and the accompanying prospectus. It may not contain all the information that is important to you. For a more complete understanding, we encourage you to read this entire prospectus supplement and the accompanying prospectus and the documents to which we have referred in this prospectus supplement, together with the accompanying prospectus, including the risks set forth under "Supplementary Risk Factors" in this prospectus supplement and "Risk Factors" in the accompanying prospectus, and the other information included in this prospectus supplement and the accompanying prospectus.

In this prospectus supplement, unless the context otherwise requires, references to:

- *"NMFC", the "Company", "we", "us" and "our" refers to New Mountain Finance Corporation, a Delaware corporation, which was incorporated on June 29, 2010, including, where appropriate, its wholly-owned direct and indirect subsidiaries;*
- *"NMF Holdings" and "Predecessor Operating Company" refers to New Mountain Finance Holdings, L.L.C., a Delaware limited liability company;*
- *"NMF SLF" refers to New Mountain Finance SPV Funding, L.L.C., a Delaware limited liability company;*
- *"NMNLC" refers to New Mountain Net Lease Corporation, a Maryland corporation;*
- *"SBIC I GP" refers to New Mountain Finance SBIC G.P. L.L.C., a Delaware limited liability company;*
- *"SBIC I" refers to New Mountain Finance SBIC L.P., a Delaware limited partnership;*
- *"SBIC II GP" refers to New Mountain Finance SBIC II G.P. L.L.C., a Delaware limited liability company;*
- *"SBIC II" refers to New Mountain Finance SBIC II L.P., a Delaware limited partnership;*
- *"Guardian AIV" refers to New Mountain Guardian AIV, L.P.;*
- *"AIV Holdings" refers to New Mountain Finance AIV Holdings Corporation, a Delaware corporation which was incorporated on March 11, 2011, of which Guardian AIV was the sole stockholder;*
- *"Investment Adviser" refers to New Mountain Finance Advisers BDC, L.L.C., our investment adviser;*
- *"Administrator" refers to New Mountain Finance Administration, L.L.C., our administrator;*
- *"New Mountain Capital" refers to New Mountain Capital Group, L.L.C. and its affiliates;*
- *"Predecessor Entities" refers to New Mountain Guardian (Leveraged), L.L.C. and New Mountain Guardian Partners, L.P., together with their respective direct and indirect wholly-owned subsidiaries prior to our initial public offering;*

"NMFC Credit Facility" refers to our Senior Secured Revolving Credit Agreement with Goldman Sachs Bank USA, Morgan Stanley Bank, N.A. and Stifel Bank & Trust, dated June 4, 2014, as amended (together with the related guarantee and security agreement);

"Holdings Credit Facility" refers to NMF Holdings' Third Amended and Restated Loan and Security Agreement with Wells Fargo Bank, National Association, dated October 24, 2017, as amended;

"Predecessor Holdings Credit Facility" refers to NMF Holdings' Amended and Restated Loan and Security Agreement with Wells Fargo Bank, National Association, dated May 19, 2011, as amended;

Table of Contents

"SLF Credit Facility" refers to NMF SLF's Loan and Security Agreement with Wells Fargo Bank, National Association, dated October 27, 2010, as amended;

"2014 Convertible Notes" refers to our 5.00% convertible notes due 2019 issued on June 3, 2014 and September 30, 2016 under an indenture dated June 3, 2014, between us and U.S. Bank National Association, as trustee;

"2016 Unsecured Notes" refers to our 5.313% unsecured notes due May 15, 2021 issued on May 6, 2016 and September 30, 2016 to institutional investors in a private placement;

"2017A Unsecured Notes" refers to our 4.760% unsecured notes due July 15, 2022 issued on June 30, 2017 to institutional investors in a private placement;

"2018A Unsecured Notes" refers to our 4.870% unsecured notes due January 30, 2023 issued on January 30, 2018 to institutional investors in a private placement;

"2018B Unsecured Notes" refers to our 5.36% unsecured notes due June 28, 2023 issued on July 5, 2018 to institutional investors in a private placement; and

"Unsecured Notes" refers to the 2016 Unsecured Notes, the 2017A Unsecured Notes, the 2018A Unsecured Notes and the 2018B Unsecured Notes.

For the periods prior to and as of December 31, 2013, all financial information provided in this prospectus supplement and accompanying prospectus reflect our organizational structure prior to the restructuring on May 8, 2014 described under "Description of Restructuring" in the accompanying prospectus, where NMF Holdings functioned as the operating company.

Overview

New Mountain Finance Corporation

We are a Delaware corporation that was originally incorporated on June 29, 2010 and completed our initial public offering ("IPO") on May 19, 2011. We are a closed-end, non-diversified management investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). As such, we are obligated to comply with certain regulatory requirements. We have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). NMFC is also registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

The Investment Adviser is a wholly-owned subsidiary of New Mountain Capital. New Mountain Capital is a firm with a track record of investing in the middle market. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity and credit investment vehicles. The Investment Adviser manages our day-to-day operations and provides us with investment advisory and management services. The Administrator, a wholly-owned subsidiary of New Mountain Capital, provides the administrative services necessary to conduct our day-to-day operations.

Our wholly-owned subsidiary, NMF Holdings, is a Delaware limited liability company whose assets are used to secure NMF Holdings' credit facility. For additional information about our organizational structure prior to May 8, 2014, see "Description of Restructuring" in the accompanying prospectus. NMF Ancora Holdings Inc. ("NMF Ancora"), NMF QID NGL Holdings, Inc. ("NMF QID") and NMF YP Holdings Inc. ("NMF YP"), our wholly-owned subsidiaries, are structured as Delaware entities that serve as tax blocker corporations which hold equity or equity-like investments in portfolio companies organized as limited liability companies (or other forms of pass-through entities). We consolidate our tax blocker corporations for accounting purposes. The tax blocker corporations are not consolidated for income tax purposes and may incur income tax expense as a result of their ownership of the portfolio companies. Additionally, our wholly-owned subsidiary, New Mountain Finance Servicing, L.L.C. ("NMF

Servicing"), serves as the administrative agent on certain investment transactions. SBIC I, and its general partner, SBIC I GP, are organized in Delaware as a limited partnership and limited liability company, respectively. During the year ended December 31, 2017, SBIC II and its general partner, SBIC II GP, were organized in Delaware as a limited partnership and limited liability company, respectively. SBIC I, SBIC I GP, SBIC II and SBIC II GP are our consolidated wholly-owned direct and indirect subsidiaries. SBIC I and SBIC II each received a license from the United States ("U.S.") Small Business Administration (the "SBA") to operate as a small business investment company ("SBIC") under Section 301(c) of the Small Business Investment Act of 1958, as amended (the "1958 Act"). Our wholly-owned subsidiary, NMNLC, a Maryland corporation, was formed to acquire commercial real properties that are subject to "triple net" leases and has qualified and intends to continue to qualify as a real estate investment trust ("REIT") within the meaning of Section 856(a) of the Code.

Our investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. The first lien debt may include traditional first lien senior secured loans or unitranche loans. Unitranche loans combine characteristics of traditional first lien senior secured loans as well as second lien and subordinated loans. Unitranche loans will expose us to the risks associated with second lien and subordinated loans to the extent we invest in the "last out" tranche. In some cases, our investments may also include equity interests. Our primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance. Similar to us, SBIC I's and SBIC II's investment objectives are to generate current income and capital appreciation under our investment criteria. However, SBIC I's and SBIC II's investments must be in SBA eligible small businesses. Our portfolio may be concentrated in a limited number of industries. As of June 30, 2018, our top five industry concentrations were business services, software, healthcare services, education and investment funds.

The investments that we invest in are almost entirely rated below investment grade or may be unrated, which are often referred to as "leveraged loans", "high yield" or "junk" debt investments, and may be considered "high risk" or speculative compared to debt investments that are rated investment grade. Such issuers are considered more likely than investment grade issuers to default on their payments of interest and principal, and such risk of default could reduce our net asset value and income distributions. Our investments are also primarily floating rate debt investments that contain interest reset provisions that may make it more difficult for borrowers to make debt repayments to us if interest rates rise. In addition, some of our debt investments will not fully amortize during their lifetime, which could result in a loss or a substantial amount of unpaid principal and interest due upon maturity. Our debt investments may also lose significant market value before a default occurs. Furthermore, an active trading market may not exist for these securities. This illiquidity may make it more difficult to value our investments.

As of June 30, 2018, our net asset value was $1,032.6 million and our portfolio had a fair value of approximately $2,098.0 million in 89 portfolio companies, with a weighted average yield to maturity at cost for income producing investments ("YTM at Cost") of approximately 11.1% and a weighted average yield to maturity at cost for all investments ("YTM at Cost for Investments") of approximately 10.9%. The YTM at Cost calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. The YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased as cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. YTM at Cost and YTM at Cost for Investments calculations exclude the impact of existing leverage. YTM at Cost and YTM at Cost for Investments uses the London Interbank Offered Rate ("LIBOR") curves at each quarter's end date. The actual yield to maturity may be higher or lower due to the future selection of the LIBOR contracts by the individual companies in our portfolio or other factors.

Recent Developments

On July 5, 2018, we entered into a third supplement (the "Supplement") to our Amended and Restated Note Purchase Agreement, dated September 30, 2016 (the "NPA"). Pursuant to the Supplement, on July 5, 2018, we issued to an institutional investor identified therein, in a private placement, $50.0 million in aggregate principal amount of 2018B Unsecured Notes as an additional series of notes under the NPA. Except as set forth in the Supplement, the 2018B Unsecured Notes have the same terms as the $90.0 million in aggregate principal amount of the 2016 Unsecured Notes, the $55.0 million in aggregate principal amount of the 2017A Unsecured Notes and the $90.0 million in aggregate principal amount of the 2018A Unsecured Notes (collectively, the "Prior Notes") that we previously issued pursuant to the NPA, the first supplement and the second supplement thereto, respectively. The Supplement includes certain additional covenants and terms, including, without limitation, a requirement that we not exceed a debt-to-equity ratio of 1.65 to 1.00 at the time of incurring additional indebtedness and a requirement that we not exceed a secured debt ratio of 0.70 to 1.00 at any time. The 2018B Unsecured Notes will rank equal in priority with our other unsecured indebtedness, including the Prior Notes, the 2014 Convertible Notes and the Convertible Notes offered hereby. Interest on the 2018B Unsecured Notes will be payable semi-annually in arrears on January 15 and July 15 of each year, commencing on January 15, 2019.

On July 5, 2018, we entered into Amendment No. 4 (the "Amendment") to our NMFC Credit Facility. The Amendment reduces the minimum asset coverage ratio that we must maintain at the time of any borrowing under the NMFC Credit Facility and as of each quarter end from 2.00 to 1.00 to 1.50 to 1.00. The Amendment also includes a requirement that we not exceed a debt-to-equity ratio of 1.65 to 1.00 at the time of incurring additional indebtedness and a requirement that we not exceed a secured debt ratio of 0.70 to 1.00 at any time.

On August 1, 2018, our board of directors declared a third quarter 2018 distribution of $0.34 per share payable on September 28, 2018 to holders of record as of September 14, 2018.

We had approximately $169.6 million of originations and commitments since the end of the second quarter through August 3, 2018. This was offset by approximately $178.9 million of repayments and $3.4 million of sales during the same period.

The Investment Adviser

The Investment Adviser, a wholly-owned subsidiary of New Mountain Capital, manages our day-to-day operations and provides us with investment advisory and management services. In particular, the Investment Adviser is responsible for identifying attractive investment opportunities, conducting research and due diligence on prospective investments, structuring our investments and monitoring and servicing our investments. We currently do not have, and do not intend to have, any employees. The Investment Adviser also manages New Mountain Guardian Partners II, L.P., a Delaware limited partnership, and New Mountain Guardian Partners II Offshore, L.P., a Cayman Islands exempted limited partnership, (together "Guardian II"), which commenced operations in April 2017. As of June 30, 2018, the Investment Adviser was supported by over 140 employees and senior advisors of New Mountain Capital.

The Investment Adviser is managed by a five member investment committee (the "Investment Committee"), which is responsible for approving purchases and sales of our investments above $10.0 million in aggregate by issuer. The Investment Committee currently consists of Steven B. Klinsky, Robert A. Hamwee, Adam B. Weinstein and John R. Kline. The fifth and final member of the Investment Committee will consist of a New Mountain Capital Managing Director who will hold the position on the Investment Committee on an annual rotating basis. Beginning in August 2017, Peter N. Masucci was appointed to the Investment Committee for a one year term. In addition, our executive officers and certain investment professionals of the Investment Adviser are invited to all Investment Committee meetings. Purchases and dispositions below $10.0 million may be approved by our Chief Executive Officer. These approval thresholds are subject to change over time. We expect to benefit from the extensive and varied relevant experience of the investment professionals serving on the Investment Committee, which includes expertise in private equity, primary and secondary leveraged credit, private mezzanine finance and distressed debt.

Competitive Advantages

We believe that we have the following competitive advantages over other capital providers to middle market companies:

Proven and Differentiated Investment Style With Areas of Deep Industry Knowledge

In making its investment decisions, the Investment Adviser applies New Mountain Capital's long-standing, consistent investment approach that has been in place since its founding more than 15 years ago. We focus on companies in defensive growth niches of the middle market space where we believe few debt funds have built equivalent research and operational size and scale.

We benefit directly from New Mountain Capital's private equity investment strategy that seeks to identify attractive investment sectors from the top down and then works to become a well positioned investor in these sectors. New Mountain Capital focuses on companies and industries with sustainable strengths in all economic cycles, particularly ones that are defensive in nature, that have secular tailwinds and can maintain pricing power in the midst of a recessionary and/or inflationary environment. New Mountain Capital focuses on companies within sectors in which it has significant expertise (examples include software, education, niche healthcare, business services, federal services and distribution & logistics) while typically avoiding investments in companies with products or services that serve markets that are highly cyclical, have the potential for long-term decline, are overly-dependent on consumer demand or are commodity-like in nature.

In making its investment decisions, the Investment Adviser has adopted the approach of New Mountain Capital, which is based on three primary investment principles:

1. A generalist approach, combined with proactive pursuit of the highest quality opportunities within carefully selected industries, identified via an intensive and structured ongoing research process;

2. Emphasis on strong downside protection and strict risk controls; and

3. Continued search for superior risk adjusted returns, combined with timely, intelligent exits and outstanding return performance.

Experienced Management Team and Established Platform

The Investment Adviser's team members have extensive experience in the leveraged lending space. Steven B. Klinsky, New Mountain Capital's Founder, Chief Executive Officer and Managing Director and Chairman of our board of directors, was a general partner of Forstmann Little & Co., a manager of debt and equity funds totaling multiple billions of dollars in the 1980s and 1990s. He was also a co-founder of Goldman, Sachs & Co.'s Leverage Buyout Group in the period from 1981 to 1984. Robert A. Hamwee, our Chief Executive Officer and Managing Director of New Mountain Capital, was formerly President of GSC Group, Inc. ("GSC"), where he was the portfolio manager of GSC's distressed debt funds and led the development of GSC's CLOs. John R. Kline, our President and Chief Operating Officer and Managing Director of New Mountain Capital, worked at GSC as an investment analyst and trader for GSC's control distressed and corporate credit funds and at Goldman, Sachs & Co. in the Credit Risk Management and Advisory Group.

Table of Contents

Many of the debt investments that we have made to date have been in the same companies with which New Mountain Capital has already conducted months of intensive acquisition due diligence related to potential private equity investments. We believe that private equity underwriting due diligence is usually more robust than typical due diligence for loan underwriting. In its underwriting of debt investments, the Investment Adviser is able to utilize the research and hands-on operating experience that New Mountain Capital's private equity underwriting teams possess regarding the individual companies and industries. Business and industry due diligence is led by a team of investment professionals of the Investment Adviser that generally consists of three to seven individuals, typically based on their relevant company and/or industry specific knowledge. Additionally, the Investment Adviser is also able to utilize its relationships with operating management teams and other private equity sponsors. We believe this differentiates us from many of our competitors.

Significant Sourcing Capabilities and Relationships

We believe the Investment Adviser's ability to source attractive investment opportunities is greatly aided by both New Mountain Capital's historical and current reviews of private equity opportunities in the business segments we target. To date, a significant majority of the investments that we have made are in the debt of companies and industry sectors that were first identified and reviewed in connection with New Mountain Capital's private equity efforts, and the majority of our current pipeline reflects this as well. Furthermore, the Investment Adviser's investment professionals have deep and longstanding relationships in both the private equity sponsor community and the lending/agency community which they have and will continue to utilize to generate investment opportunities.

Risk Management through Various Cycles

New Mountain Capital has emphasized tight control of risk since its inception. To date, New Mountain Capital has never experienced a bankruptcy of any of its portfolio companies in its private equity efforts. The Investment Adviser seeks to emphasize tight control of risk with our investments in several important ways, consistent with New Mountain Capital's historical approach. In particular, the Investment Adviser:

- Emphasizes the origination or purchase of debt in what the Investment Adviser believes are defensive growth companies, which are less likely to be dependent on macro-economic cycles;

- Targets investments in companies that are preeminent market leaders in their own industries, and when possible, investments in companies that have strong management teams whose skills are difficult for competitors to acquire or reproduce; and

- Targets investments in companies with significant equity value in excess of our debt investments.

Access to Non Mark to Market, Seasoned Leverage Facility

The amount available under the Holdings Credit Facility is generally not subject to reduction as a result of mark to market fluctuations in our portfolio investments. None of our credit facilities mature prior to June 2022. For a detailed discussion of our credit facilities, see "Management's Discussion and Analysis of Financial Conditions and Results of Operations Liquidity and Capital Resources" in this prospectus supplement.

Table of Contents

Market Opportunity

We believe that the size of the market for investments that we target, coupled with the demands of middle market companies for flexible sources of capital at competitive terms and rates, create an attractive investment environment for us.

Large pool of uninvested private equity capital available for new buyouts. We expect that private equity firms will continue to pursue acquisitions and will seek to leverage their equity investments with mezzanine loans and/or senior loans (including traditional first and second lien, as well as unitranche loans) provided by companies such as ours.

The leverage finance market has a high level of financing needs over the next several years due to significant bank debt maturities. We believe that the large dollar volume of loans that need to be refinanced will present attractive opportunities to invest capital in a manner consistent with our stated objectives.

Middle market companies continue to face difficulties in accessing the capital markets. We believe opportunities to serve the middle market will continue to exist. While many middle market companies were formerly able to raise funds by issuing high-yield bonds, we believe this approach to financing has become more difficult as institutional investors have sought to invest in larger, more liquid offerings.

Increased regulatory scrutiny of banks has reduced middle market lending. We believe that many traditional bank lenders to middle market businesses have either exited or de-emphasized their service and product offerings in the middle market. These traditional lenders have instead focused on lending and providing other services to large corporate clients. We believe this has resulted in fewer key players and the reduced availability of debt capital to the companies we target.

Conservative loan to value. As a result of the credit crisis, many lenders are requiring larger equity contributions from financial sponsors. Larger equity contributions create an enhanced margin of safety for lenders because leverage is a lower percentage of the implied enterprise value of the company.

Attractive pricing. Reduced access to, and availability of, debt capital typically increases the interest rates, or pricing, of loans for middle market lenders. Recent primary debt transactions in this market often include upfront fees, original issue discount, prepayment protections and, in some cases, warrants to purchase common stock, all of which should enhance the profitability of new loans to lenders.

Operating and Regulatory Structure

We are a closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act and are required to maintain an asset coverage ratio, as defined in the 1940 Act, of at least 150.0%, which was reduced from 200% effective as of June 9, 2018 by approval of our stockholders. Changing the asset coverage ratio permits us to double our leverage, which may result in increased leverage risk and increased expenses. We include the assets and liabilities of our consolidated subsidiaries for purposes of satisfying the requirements under the 1940 Act. See "Regulation   Senior Securities" in the accompanying prospectus.

We have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as a RIC under Subchapter M of the Code. See "Certain Material U.S. Federal Income Tax Considerations" in this prospectus supplement and "Material U.S. Federal Income Tax Considerations" in the accompanying prospectus. As a RIC, we generally will not be subject to corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we timely distribute to our stockholders as dividends if we meet certain source-of-income, distribution and asset diversification requirements. We

intend to distribute to our stockholders substantially all of our annual taxable income except that we may retain certain net capital gains for reinvestment.

Risks

An investment in the Convertible Notes involves risk, including the risk of leverage and the risk that our operating policies and strategies may change without prior notice. See "Supplementary Risk Factors" in this prospectus supplement and "Risk Factors" in the accompanying prospectus, and the other information included in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in the Convertible Notes. The value of our assets, as well as the market price of our securities, will fluctuate. Our investments may be risky, and you may lose all or part of your investment. Investing in us involves other risks, including the following:

- Our amount of debt outstanding will increase as a result of this offering, which could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under the Convertible Notes and our other debt;

- If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Convertible Notes;

- The Convertible Notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future;

- The Convertible Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries;

- The indenture governing the Convertible Notes contains limited restrictive covenants and provides only limited protection in the event of a change of control;

- The conversion rate of the Convertible Notes may not be adjusted for all dilutive events that may adversely affect the trading price of the Convertible Notes or the common stock issuable upon conversion of the Convertible Notes;

- We may be unable to repurchase the Convertible Notes following a fundamental change;

- Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the Convertible Notes;

- Provisions of the Convertible Notes could discourage an acquisition of us by a third party;

- The adjustment to the conversion rate upon the occurrence of certain types of fundamental changes may not adequately compensate you for the lost option time value of your Convertible Notes as a result of such fundamental change;

- There is currently no public market for the Convertible Notes, and an active trading market may not develop for the Convertible Notes. The failure of a market to develop for the Convertible Notes could adversely affect the liquidity and value of your Convertible Notes;

Recent regulatory actions may adversely affect the trading price and liquidity of the Convertible Notes;

The accounting for convertible debt securities is subject to uncertainty;

The price of our common stock and of the Convertible Notes may fluctuate significantly, and this may make it difficult for you to resell the Convertible Notes or common stock issuable upon conversion of the Convertible Notes when you want or at prices you find attractive;

Future sales of our common stock in the public market or the issuance of securities senior to our common stock could adversely affect the trading price of our common stock and the value of the Convertible Notes and our ability to raise funds in new stock offerings;

Holders of the Convertible Notes will not be entitled to any rights with respect to our common stock, but will be subject to all changes made with respect to our common stock;

You may be deemed to receive a taxable distribution without the receipt of any cash or property;

We may suffer credit losses;

We do not expect to replicate the Predecessor Entities' historical performance or the historical performance of other entities managed or supported by New Mountain Capital;

There is uncertainty as to the value of our portfolio investments because most of our investments are, and may continue to be, in private companies and recorded at fair value;

Our ability to achieve our investment objective depends on key investment personnel of the Investment Adviser. If the Investment Adviser were to lose any of its key investment personnel, our ability to achieve our investment objective could be significantly harmed;

The Investment Adviser has limited experience managing a BDC or a RIC, which could adversely affect our business;

We operate in a highly competitive market for investment opportunities and may not be able to compete effectively;

Our investments in securities rated below investment grade are speculative in nature and are subject to additional risk factors such as increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates;

Our business, results of operations and financial condition depend on our ability to manage future growth effectively;

We borrow money, which could magnify the potential for gain or loss on amounts invested in us and increase the risk of investing in us;

Changes in interest rates may affect our cost of capital and net investment income;

Regulations governing the operations of BDCs will affect our ability to raise additional equity capital as well as our ability to issue senior securities or borrow for investment purposes, any or all of which could have a negative effect on our investment objectives and strategies;

We may experience fluctuations in our annual and quarterly results due to the nature of our business;

Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse to your interests;

We will be subject to corporate-level U.S. federal income tax on all of our income if we are unable to maintain tax treatment as a RIC under Subchapter M of the Code, which would have a material adverse effect on our financial performance;

We cannot predict how tax reform legislation will affect us, our investments, or our stockholders, and any such legislation could adversely affect our business;

Recent legislation allows us to incur additional leverage, which could increase the risk of investing in the Company;

Table of Contents

Internal and external cyber threats, as well as other disasters, could impair our ability to conduct business effectively;

Our investments in portfolio companies may be risky, and we could lose all or part of any of our investments;

The lack of liquidity in our investments may adversely affect our business;

Economic recessions, downturns or government spending cuts could impair our portfolio companies and harm our operating results;

The market price of our common stock may fluctuate significantly; and

Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.

Company Information

Our administrative and executive offices are located at 787 Seventh Avenue, 48th Floor, New York, New York 10019, and our telephone number is (212) 720-0300. We maintain a website at *www.newmountainfinance.com*. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus.

Presentation of Historical Financial Information and Market Data

Historical Financial Information

Unless otherwise indicated, historical references contained in this prospectus for periods prior to and as of December 31, 2013 in "Selected Financial and Other Data", "Selected Quarterly Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Senior Securities" relate to NMF Holdings. The consolidated financial statements of New Mountain Finance Holdings, L.L.C., formerly known as New Mountain Guardian (Leveraged), L.L.C., and New Mountain Guardian Partners, L.P. are NMF Holdings' historical consolidated financial statements.

Market Data

Statistical and market data used in this prospectus supplement and the accompanying prospectus has been obtained from governmental and independent industry sources and publications. We have not independently verified the data obtained from these sources, and we cannot assure you of the accuracy or completeness of the data. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements contained in this prospectus supplement and accompanying prospectus. See "Cautionary Statement Regarding Forward-Looking Statements" in this prospectus supplement and the accompanying prospectus.

Table of Contents

SPECIFIC TERMS OF THE NOTES AND THE OFFERING

This prospectus supplement sets forth certain terms of the Convertible Notes that we are offering pursuant to this prospectus supplement and supplements the accompanying prospectus that is attached to the back of this prospectus supplement. This section outlines the specific legal and financial terms of the Convertible Notes. You should read this section together with the section titled "Description of the Notes" in this prospectus supplement and the more general description of the notes in the accompanying prospectus under the heading "Description of Debt Securities" before investing in the Convertible Notes. Capitalized terms used in this prospectus supplement and not otherwise defined shall have the meanings ascribed to them in the indenture governing the Convertible Notes.

Issuer	New Mountain Finance Corporation
Title of the Securities	% Convertible Notes due 2023
Aggregate Principal Amount Being Offered	$100,000,000
Overallotment Option	We have granted the underwriters an option to purchase up to an additional $15,000,000 aggregate principal amount of Convertible Notes to cover overallotments, if any, exercisable within 30 days from the date of this prospectus supplement.
Initial Public Offering Price	% of the aggregate principal amount, which reflects that, for the first interest payment, plus accrued and unpaid interest, if any, from August , 2018.
Maturity	August 15, 2023, unless earlier converted, repurchased, or redeemed.
Principal Payable at Maturity	% of the aggregate principal amount; the principal amount of each Convertible Note will be payable on its stated maturity date
Interest Rate	% per year
Interest Payment Dates	Interest will be payable in cash on February 15 and August 15 of each year, beginning February 15, 2019.
Interest Periods	The initial interest period will be the period from and including August , 2018 to, but excluding, the next interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date.
Optional Redemption	We may not redeem the Convertible Notes prior to May 15, 2023. On or after May 15, 2023, we may redeem the Convertible Notes for cash, in whole or from time to time in part, at our option at a redemption price equal to the sum of (i) 100% of the principal amount of the Convertible Notes to be redeemed, (ii) accrued and unpaid interest (including additional interest, if any) to, but excluding, the redemption date and (iii) the make-whole premium. We will give notice of any redemption not less than 15 nor more than 30 calendar days before the redemption date to holders of the notes. See "Description of Notes Redemption During Final Three Month Term of the Convertible Notes."

Ranking

The Convertible Notes will be our general, unsecured obligations and will rank:

equal in right of payment with all of our existing and future unsecured indebtedness, including $155.3 million and $285.0 million in aggregate principal amount of 2014 Convertible Notes and Unsecured Notes, respectively, outstanding as of August 13, 2018;

senior in right of payment to all of our future indebtedness that is expressly subordinated in right of payment to the Convertible Notes;

effectively subordinated to our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness, including $145.0 million outstanding under the NMFC Credit Facility as of August 13, 2018; and

structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries, including $345.0 million outstanding under the Holdings Credit Facility and $165.0 million outstanding under the SBA-guaranteed debentures as of August 13, 2018.

As of August 13, 2018, we had $1,095.3 million of indebtedness outstanding, $655.0 million of which was secured indebtedness and $440.3 million of which was unsecured indebtedness.

Denominations

We will issue the Convertible Notes in book-entry form only in denominations of $1,000 principal amount and integral multiples thereof.

Business Day

Any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York or U.S. Bank National Association, as trustee under the indenture to govern the Convertible Notes, is authorized or required by law or executive order to close or be closed.

Sinking Fund

The Convertible Notes will not be subject to any sinking fund.

Defeasance

The Convertible Notes are not subject to defeasance.

Certain Covenants

We will be subject to (i) a Debt to Equity Ratio covenant with respect to the incurrence of any additional indebtedness and (ii) a Secured Debt Ratio covenant as follows:

Debt to Equity Ratio: Immediately after the issuance of any senior security representing indebtedness (as determined pursuant to the 1940 Act), and after giving pro forma effect thereto and the application of the proceeds thereof, we will not permit the Debt to Equity Ratio (as defined under the caption "Description of the Notes Certain Covenants Debt to Equity Ratio"), to be greater than 1.65 to 1.00.

Maximum Secured Debt: We will not permit the Secured Debt Ratio (as defined under the caption "Description of the Notes Certain Covenants Maximum Secured Debt") at any time to exceed 0.70 to 1.00.

See "Description of the Notes Certain Covenants."

Table of Contents

Conversion Rights	You may convert your Convertible Notes into shares of our common stock at any time on or prior to the close of business on the business day immediately preceding the maturity date. The Convertible Notes will be convertible at an initial conversion rate of shares of common stock per $1,000 principal amount of the Convertible Notes (equivalent to an initial conversion price of approximately $ per share). The conversion rate, and thus the conversion price, may be adjusted under certain circumstances as described under "Description of the Notes Conversion Rights Conversion Rate Adjustments". Upon any conversion, unless you convert after a record date for an interest payment but prior to the corresponding interest payment date, you will receive a cash payment representing accrued and unpaid interest to, but not including, the conversion date. See "Description of the Notes Conversion Rights".
Limitation on Beneficial Ownership	Notwithstanding the foregoing, no holder of Convertible Notes will be entitled to receive shares of our common stock upon conversion to the extent (but only to the extent) that such receipt would cause such converting holder to become, directly or indirectly, a "beneficial owner" (within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder) of more than 5.0% of the shares of our common stock outstanding at such time (the "Limitation"). Any purported delivery of shares of our common stock upon conversion of Convertible Notes shall be void and have no effect to the extent (but only to the extent) that such delivery would result in the converting holder becoming the beneficial owner of more than 5.0% of the shares of common stock outstanding at such time. If any delivery of shares of our common stock owed to a holder upon conversion of Convertible Notes is not made, in whole or in part, as a result of the Limitation, our obligation to make such delivery shall not be extinguished and we shall deliver such shares as promptly as practicable after any such converting holder gives notice to us that such delivery would not result in it being the beneficial owner of more than 5.0% of the shares of common stock outstanding at such time. The Limitation shall no longer apply following the effective date of any Fundamental Change, as defined in "Description of the Notes Fundamental Change Put".

Table of Contents

Adjustment to Conversion Rate Upon a Non-Stock Change of Control	If and only to the extent holders elect to convert the Convertible Notes in connection with a transaction described under clause (1), (2) or (4) of the definition of fundamental change as described in "Description of the Notes Fundamental Change Put" and determined after giving effect to any exceptions to or exclusions from such definition, but without regard to the provision in clause (2) of the definition thereof, pursuant to which more than 10.0% of the consideration for our common stock (other than cash payments for fractional shares and cash payments made in respect of dissenters' appraisal rights) consists of cash or securities (or other property) that are not shares of common stock traded or scheduled to be traded immediately following such transaction on the New York Stock Exchange (the "NYSE"), the NASDAQ Global Market or the NASDAQ Global Select Market (or any of their respective successors), which we refer to as a "non-stock change of control", we will increase the conversion rate by a number of additional shares determined by reference to the table in "Description of the Notes Conversion Rights Adjustment to Conversion Rate Upon a Non-Stock Change of Control", based on the effective date and the price paid per share of our common stock in such nonstock change of control. If the price paid per share of our common stock in the fundamental change is less than $ or more than $ (subject to adjustment), there will be no such adjustment. If holders of our common stock receive only cash in the type of transaction described above, the price paid per share will be the cash amount paid per share. Otherwise, the stock price shall be the average of the last reported sale prices of our common stock over the five trading-day period ending on, and including, the trading day immediately preceding the effective date of the non-stock change of control.
Fundamental Change Repurchase Right of Holders	If we undergo a fundamental change (as defined in this prospectus supplement) prior to maturity, you will have the right, at your option, to require us to repurchase for cash some or all of your Convertible Notes at a repurchase price equal to 100% of the principal amount of the Convertible Notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date. See "Description of the Notes Fundamental Change Put".
Events of Default	If an event of default on the Convertible Notes occurs, the principal amount of the Convertible Notes, plus accrued and unpaid interest (including additional interest, if any) may be declared immediately due and payable, subject to certain conditions set forth in the indenture. These amounts automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving NMFC.
No Established Trading Market	We cannot assure you that any active or liquid market will develop for the Convertible Notes. See "Underwriting".
No Listing	We do not intend to apply to have the Convertible Notes listed on any securities exchange or for inclusion of the Convertible Notes in an automated quotation system. Our common stock is traded on the NYSE under the symbol "NMFC".

Table of Contents

Use of Proceeds	We estimate that the net proceeds we will receive from the sale of the $100.0 million aggregate principal amount of Convertible Notes in this offering will be approximately $ million (or approximately $ million if the underwriters fully exercise their overallotment option), after deducting the discounts, commissions and expenses payable by us. We intend to use the net proceeds from this offering to repay outstanding indebtedness under the NMFC Credit Facility and then, to the extent any net proceeds remain, the Holdings Credit Facility. However, through re-borrowing under our credit facilities, we also intend to use the amount of the net proceeds from this offering to make new investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus and use available capital for other general corporate purposes, including working capital requirements. See "Use of Proceeds".
Certain U.S. Federal Income Tax Consequences	You should consult your tax advisor with respect to the U.S. federal income tax consequences of the purchase ownership, disposition and conversion of the Convertible Notes, our qualification and taxation as a RIC for U.S. federal income tax purposes and the ownership and disposition of shares of our common stock and with respect to any tax consequences arising under the laws of any state, local, foreign or other taxing jurisdiction. See "Certain Material U.S. Federal Income Tax Considerations" in this prospectus supplement and "Material U.S. Federal Income Tax Considerations" in the accompanying prospectus.
Book-Entry Form	The Convertible Notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of a nominee of DTC. Beneficial interests in any of the Convertible Notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.
Trustee, Paying Agent and Conversion Agent	U.S. Bank National Association.

Table of Contents

Available Information	We have filed with the SEC a registration statement on Form N-2 together with all amendments and related exhibits under the Securities Act. The registration statement contains additional information about us and the securities being offered by this prospectus supplement and the accompanying prospectus. We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act. This information is available at the SEC's public reference room at 100 F Street, NE, Washington, District of Columbia 20549 and on the SEC's website at *http://www.sec.gov*. The public may obtain information on the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. This information is also available free of charge by contacting us at New Mountain Finance Corporation, 787 Seventh Avenue, 48th Floor, New York, New York 10019, by telephone at (212) 720-0300, or on our website at *www.newmountainfinance.com*. Information contained on our website or on the SEC's web site about us is not incorporated into this prospectus supplement and the accompanying prospectus and you should not consider information contained on our website or on the SEC's website to be part of this prospectus supplement and the accompanying prospectus.

FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly on an as-converted basis. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement and the accompanying prospectus contains a reference to fees or expenses paid by "you", "NMFC", or "us" or that "we", "NMFC", or the "Company" will pay fees or expenses, we will pay such fees and expenses out of our net assets and, consequently, you will indirectly bear such fees or expenses as an investor in us. However, you will not be required to deliver any money or otherwise bear personal liability or responsibility for such fees or expenses.

Stockholder transaction expenses:		
Sales load borne by us (as a percentage of offering price)		%(1)
Offering expenses borne by us (as a percentage of offering price)		%(2)
Dividend reinvestment plan fees (per sales transaction)	$	15.00(3)
Total stockholder transaction expenses (as a percentage of offering price)		%
Annual expenses (as a percentage of net assets attributable to common stock):		
Base management fees		3.71%(4)
Incentive fees payable under the Investment Management Agreement		2.49%(5)
Interest payments on borrowed funds (other than the Convertible Notes offered hereby)		4.84%(6)
Interest payments on the Convertible Notes offered hereby		%
Other expenses		0.80%(7)
Acquired fund fees and expenses		1.18%(8)
Total annual expenses		%(9)

Example

The following example, required by the SEC, demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our borrowings and annual operating expenses would remain at the levels set forth in the table above. See Note 6 below for additional information regarding certain assumptions regarding our level of leverage.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return	$	$	$	$

The example should not be considered a representation of future expenses, and actual expenses may be greater or less than those shown.

While the example assumes, as required by the applicable rules of the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. The incentive fee under the Investment Management Agreement, which, assuming a 5.0% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the above example. The above illustration assumes that we will not realize any capital gains (computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher. For example, if we assumed that we received our 5.0% annual return completely in the form of net realized capital gains on our investments, computed net of all cumulative unrealized depreciation on our investments, the projected dollar amount of total cumulative expenses set forth in the above illustration would be as follows:

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return	$	$	$	$

The example assumes a sales load borne by us of %. In addition, while the examples assume reinvestment of all distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date. The market price per share of our common stock may be at, above or below net asset value. See "Dividend Reinvestment Plan" in the accompanying prospectus for additional information regarding the dividend reinvestment plan.

---

(1) Represents the commission with respect to the Convertible Notes being sold in this offering, which we will pay to the underwriters in connection with sales of Convertible Notes effected by the underwriters in this offering.

(2) The offering expenses of this offering are estimated to be approximately $0.4 million.

(3) If a participant elects by written notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a $15.00 transaction fee plus a $0.10 per share brokerage commission from the proceeds. The expenses of the dividend reinvestment plan are included in "other expenses." The plan administrator's fees will be paid by us. There will be no brokerage charges or other charges to stockholders who participate in the plan. For additional information, see "Dividend Reinvestment Plan" in the accompanying prospectus.

(4) The base management fee under the Investment Management Agreement is based on an annual rate of 1.75% of our average gross assets for the two most recent quarters, which equals our total assets on the Consolidated Statements of Assets and Liabilities, less (i) the borrowings under the SLF Credit Facility and (ii) cash and cash equivalents. We have not invested, and currently do not invest, in derivatives. To the extent we invest in derivatives in the future, we will use the actual value of the derivatives, as reported on our Consolidated Statements of Assets and Liabilities, for purposes of calculating our base management fee. Since our IPO, the base management fee calculation has deducted the borrowings under the SLF Credit Facility. The SLF Credit Facility had historically consisted of primarily lower yielding assets at higher advance rates. As part of an amendment to our existing credit facilities with Wells Fargo Bank, National Association, the SLF Credit Facility merged with the Predecessor Holdings Credit Facility and into the Holdings Credit Facility on December 18, 2014. Post credit facility merger and to be consistent with the methodology since our IPO, the Investment Adviser will continue to waive management fees on the leverage associated with those assets that share the same underlying yield characteristics with investments leveraged under the legacy SLF Credit Facility. The Investment Adviser cannot recoup management fees that the Investment Adviser has previously waived. The base management fee reflected in the table above is based on the six months ended June 30, 2018 and is calculated without deducting any management fees waived. The annual base management fee after deducting the management fee waiver as a percentage of net assets would be 3.10% based on the six months ended June 30, 2018. See "Investment Management Agreement" in the accompanying prospectus

(5) Assumes that annual incentive fees earned by the Investment Adviser remain consistent with the gross incentive fees earned by the Investment Adviser during the six months ended June 30, 2018 and calculated without deducting any incentive fees waived. For the six months ended June 30,

2018, no incentive fees were waived by the Investment Adviser. The Investment Adviser cannot recoup incentive fees that the Investment Adviser has previously waived. As of June 30, 2018, we did not have a capital gains incentive fee accrual. As we cannot predict whether we will meet the thresholds for incentive fees under the Investment Management Agreement, the incentive fees paid in subsequent periods, if any, may be substantially different than the fees incurred during the six months ended June 30, 2018. For more detailed information about the incentive fee calculations, see "Investment Management Agreement" in the accompanying prospectus.

(6)

We may borrow funds from time to time to make investments to the extent we determine that additional capital would allow us to take advantage of additional investment opportunities or if the economic situation is otherwise conducive to doing so. The costs associated with these borrowings are indirectly borne by our stockholders. As of June 30, 2018, we had $390.5 million, $150.0 million, $155.3 million, $235.0 million and $163.0 million of indebtedness outstanding under the Holdings Credit Facility, the NMFC Credit Facility, the 2014 Convertible Notes, the Unsecured Notes and the SBA-guaranteed debentures, respectively. For purposes of this calculation, we have assumed the June 30, 2018 amounts outstanding under the Holdings Credit Facility, NMFC Credit Facility, 2014 Convertible Notes, Unsecured Notes and SBA-guaranteed debentures, and have computed interest expense using an assumed interest rate of 4.1% for the Holdings Credit Facility, 4.6% for the NMFC Credit Facility, 5.0% for the 2014 Convertible Notes, 5.0% for the Unsecured Notes and 2.9% for the SBA-guaranteed debentures, which were the rates payable as of June 30, 2018. See "Senior Securities" in this prospectus supplement. In addition, for the purpose of this calculation, we have included $50.0 million of 2018B Unsecured Notes outstanding and have computed interest expense assuming an interest rate of 5.4% for the 2018B Unsecured Notes.

(7)

"Other expenses" include our overhead expenses, including payments by us under the Administration Agreement based on the allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us under the Administration Agreement. Pursuant to the Administration Agreement, the Administrator may, in its own discretion, submit to us for reimbursement some or all of the expenses that the Administrator has incurred on our behalf during any quarterly period. As a result, the amount of expenses for which we will have to reimburse the Administrator may fluctuate in future quarterly periods and there can be no assurance given as to when, or if, the Administrator may determine to limit the expenses that the Administrator submits to us for reimbursement in the future. However, it is expected that the Administrator will continue to support part of our expense burden in the near future and may decide to not calculate and charge through certain overhead related amounts as well as continue to cover some of the indirect costs. The Administrator cannot recoup any expenses that the Administrator has previously waived. This expense ratio is calculated without deducting any expenses waived or reimbursed by the Administrator. Assuming the expenses waived or reimbursed by the Administrator for the six months ended June 30, 2018, the annual expense ratio after deducting the expenses waived or reimbursed by the Administrator as a percentage of net assets would be 0.75%. For the six months ended June 30, 2018, we reimbursed the Administrator approximately $0.9 million for any expenses, which represents approximately 0.18% of our net assets on an annulized basis. See "Administration Agreement" in the accompanying prospectus.

(8)

The holders of shares of our common stock indirectly bear the expenses of our investment in NMFC Senior Loan Program I, LLC ("SLP I"), NMFC Senior Loan Program II, LLC ("SLP II") and NMFC Senior Loan Program III, LLC ("SLP III"). No management fee is charged on our investment in SLP I in connection with the administrative services provided to SLP I. As SLP II and SLP III are structured as private joint ventures, no management fees are paid by SLP II and SLP III. Future expenses for SLP I, SLP II and SLP IIII may be substantially higher or lower because certain expenses may fluctuate over time.

(9)

The holders of shares of our common stock indirectly bear the cost associated with our annual expenses.

Table of Contents

SELECTED FINANCIAL AND OTHER DATA

The selected financial data should be read in conjunction with the respective consolidated financial statements and related consolidated notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus supplement and the accompanying prospectus. Financial information for the years ended December 31, 2017, December 31, 2016, December 31, 2015, December 31, 2014 and December 31, 2013 has been derived from the Predecessor Operating Company and our financial statements and the related notes thereto that were audited by Deloitte & Touche LLP, an independent registered public accounting firm. The financial information at and for the six months ended June 30, 2018 was derived from our unaudited consolidated financial statements and related consolidated notes. In the opinion of management, all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods, have been included. Our results for the interim periods may not be indicative of our results for any future interim period or the full year. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities" in this prospectus supplement and the accompanying prospectus for more information.

The below selected financial and other data is for NMFC.

(in thousands except shares and per share data)

New Mountain Finance Corporation	Six Months Ended June 30, 2018	Year Ended December 31, 2017	2016	2015	2014	2013
Statement of Operations Data:						
Investment income	$ 107,487	$ 197,806	$ 168,084	$ 153,855	$ 91,923	$
Investment income allocated from NMF Holdings					43,678	90,876
Net expenses	56,030	95,602	79,976	71,360	34,727	
Net expenses allocated from NMF Holdings					20,808	40,355
Net investment income	51,457	102,204	88,108	82,495	80,066	50,521
Net realized (losses) gains on investments	(6,403)	(39,734)	(16,717)	(12,789)	357	
Net realized and unrealized gains (losses) allocated from NMF Holdings					9,508	11,443
Net change in unrealized appreciation (depreciation) of investments	2,919	50,794	40,131	(35,272)	(43,863)	
Net change in unrealized (depreciation) appreciation of securities purchased under collateralized agreements to resell	(12)	(4,006)	(486)	(296)		
Net change in unrealized (depreciation) appreciation of investment in NMF Holdings						(44)
(Provision) benefit for taxes	(984)	140	642	(1,183)	(493)	
Net increase in net assets resulting from operations	46,997	109,398	111,678	32,955	45,575	61,920
Per share data:						
Net asset value	$ 13.57	$ 13.63	$ 13.46	$ 13.08	$ 13.83	$ 14.38
Net increase in net assets resulting from operations (basic)	0.62	1.47	1.72	0.55	0.88	1.76
Net increase in net assets resulting from operations (diluted)(1)	0.58	1.38	1.60	0.55	0.86	1.76
Distributions declared(2)	0.68	1.36	1.36	1.36	1.48	1.48

Table of Contents

New Mountain Finance Corporation	Six Months Ended June 30, 2018	Year Ended December 31, 2017	2016	2015	2014	2013
Balance sheet data:						
Total assets(3)	$ 2,205,941	$ 1,928,018	$ 1,656,018	$ 1,588,146	$ 1,500,868	$ 650,107
Holdings Credit Facility	390,463	312,363	333,513	419,313	468,108	N/A
Convertible Notes	155,357	155,412	155,523	115,000	115,000	N/A
SBA-guaranteed debentures	163,000	150,000	121,745	117,745	37,500	N/A
Unsecured Notes	235,000	145,000	90,000			N/A
NMFC Credit Facility	150,000	122,500	10,000	90,000	50,000	N/A
Total net assets	1,032,646	1,034,975	938,562	836,908	802,170	650,107
Other data:						
Total return based on market value(4)	5.52%	5.54%	19.68%	(4.00)%	9.66%	11.62%
Total return based on net asset value(5)	4.59%	11.77%	13.98%	4.32%	6.56%	13.27%
Number of portfolio companies at period end	89	84	78	75	71	N/A
Total new investments for the period(6)	$ 560,460	$ 999,677	$ 558,068	$ 612,737	$ 720,871	N/A
Investment sales and repayments for the period(6)	$ 296,835	$ 767,360	$ 547,078	$ 483,936	$ 384,568	N/A
Weighted average YTM at Cost on debt portfolio at period end (unaudited)(7)	11.1%	10.9%	11.1%	10.7%	10.7%	N/A
Weighted average YTM at Cost for Investments at period end (unaudited)(8)	10.9%	10.9%	10.5%	10.7%	10.6%	N/A
Weighted average shares outstanding for the period (basic)	75,936,986	74,171,268	64,918,191	59,715,290	51,846,164	35,092,722
Weighted average shares outstanding for the period (diluted)	85,761.113	83,995,395	72,863,387	66,968,089	56,157,835	35,092,722
Portfolio turnover(6)	14.57%	41.98%	36.07%	33.93%	29.51%	N/A

(1) In applying the if-converted method, conversion is not assumed for purposes of computing diluted earnings per share if the effect would be anti-dilutive. For the year ended December 31, 2015, there was anti-dilution. For the six months ended June 30, 2018 and the years ended December 31, 2017, December 31, 2016 and December 31, 2014, there was no anti-dilution. For the year ended December 31, 2013, due to reflecting earnings for the full year of operations of the Predecessor Operating Company assuming 100.0% NMFC ownership of Predecessor Operating Company and assuming all of New Mountain Finance AIV Holdings Corporation's ("AIV Holdings") units in the Predecessor Operating Company were exchanged for public shares of NMFC during the year then ended, the earnings per share would be $1.79.

(2) Distributions declared in the year ended December 31, 2014 include a $0.12 per share special dividend related to realized capital gains attributable to NMF Holdings' warrant investments in Learning Care Group (US), Inc. Distributions declared in the year ended December 31, 2013 include a $0.12 per share special dividend related to a distribution received attributable to NMF Holdings' investment in YP Equity Investors LLC.

(3) On January 1, 2016, we adopted Accounting Standards Update No. 2015-03, *Interest Imputation of Interest Subtopic 835-30 Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). Upon adoption, we revised our presentation of deferred financing costs from an asset to a liability, which is a direct deduction to our debt on the Consolidated Statements of Assets and Liabilities. In addition, as of December 31, 2015 and December 31, 2014, we retrospectively revised our presentation of $14.0 million and $14.1 million, respectively, of deferred financing costs that were previously presented as an asset, which resulted in a decrease to total assets and total liabilities as of December 31, 2015 and December 31, 2014. For the years ended December 31, 2013 and December 31, 2012, NMFC was a holding company with no direct operations of its own and its sole asset was its ownership in the Predecessor Operating Company and, as such, ASU 2015-03 did not apply to NMFC.

(4) Total return is calculated assuming a purchase of common stock at the opening of the first day of the period and a sale on the closing of the last business day of the respective period ends. Dividends and distributions, if any, are assumed for purposes of this calculation,

to be reinvested at prices obtained under our dividend reinvestment plan.

(5) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the period and a sale at net asset value on the last day of the period. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter.

(6) For the year ended December 31, 2014, amounts include our investment activity and the investment activity of the Predecessor Operating Company.

(7) The weighted average YTM at Cost calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at the adjusted cost on the respective period ends and held until their

Table of Contents

respective maturities with no prepayments or losses and exited at par at maturity. Adjusted cost reflects the cost for post-IPO investments in accordance with GAAP and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).

(8) The weighted average YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased at the adjusted cost on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. Adjusted cost reflects the cost for post-IPO investments in accordance with GAAP and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).

As of May 8, 2014, NMFC assumed all operating activities previously undertaken by NMF Holdings. The following table sets forth selected financial and other data for NMF Holdings when it was the Predecessor Operating Company.

(in thousands except units and per unit data)

New Mountain Finance Holdings, L.L.C.		**Year Ended December 31, 2013**
Statement of Operations Data:		
Total investment income	$	114,912
Net expenses		51,235
Net investment income		63,677
Net realized and unrealized gains (losses)		15,247
Net increase in net assets resulting from operations		78,924
Per unit data:		
Net asset value	$	14.38
Net increase in net assets resulting from operations (basic and diluted)		1.79
Distributions declared(1)		1.48
Balance sheet data:		
Total assets	$	1,147,841
Holdings Credit Facility		221,849
SLF Credit Facility		214,668
Total net assets		688,516
Other data:		
Total return at net asset value(2)		13.27%
Number of portfolio companies at period end		59
Total new investments for the period	$	529,307
Investment sales and repayments for the period	$	426,561
Weighted average YTM at Cost on debt portfolio at period end (unaudited)(3)		11.0%
Weighted average YTM at Cost for Investments at period end (unaudited)(5)		11.0%
Weighted average YTM on debt portfolio at period end (unaudited)(4)		10.6%
Weighted average common membership units outstanding for the period		44,021,920
Portfolio turnover		40.52%

(1) Distributions declared in the year ended December 31, 2013 include a $0.12 per unit special dividend related to a distribution received attributable to NMF Holdings' investment in YP Equity Investors LLC. Actual cash payments on the distributions declared to AIV Holdings only, for the quarter ended March 31, 2013 was made on April 5, 2013.

(2) Total return is calculated assuming a purchase at net asset value on the opening of the first day of the year and a sale at net asset value on the last day of the respective period ends. Dividends and distributions, if any, are assumed for purposes of this calculation, to

be reinvested at the net asset value on the last day of the respective quarter. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at the net asset value on the last day of the respective quarter.

(3) The weighted average YTM at Cost calculation assumes that all investments not on non-accrual are purchased at the adjusted cost on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. Adjusted cost reflects the GAAP cost for post-IPO investments and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).

(4) The weighted average YTM calculation assumes that all investments not on non-accrual are purchased at fair value on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. The weighted average YTM was not calculated subsequent to December 31, 2013.

(5) The weighted average YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased at the adjusted cost on the respective period ends and held until their respective maturities with no prepayments or losses and exited at par at maturity. Adjusted cost reflects the cost for post-IPO investments in accordance with GAAP and a stepped up cost basis of pre-IPO investments (assuming a step-up to fair market value occurred on the IPO date).

Table of Contents

SELECTED QUARTERLY FINANCIAL DATA

The selected quarterly financial data should be read in conjunction with our respective consolidated financial statements and related consolidated notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus supplement and the accompanying prospectus. The following table sets forth certain quarterly financial data for the quarter ended June 30, 2018, March 31, 2018 and each of the quarters for the fiscal years ended December 31, 2017 and December 31, 2016. This data is derived from our unaudited financial statements. Results for any quarter are not necessarily indicative of results for the full year or for any future quarter. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities" included in this prospectus supplement and the accompanying prospectus for more information.

The below selected quarterly financial data is for NMFC.

(in thousands except for per share data)

	Total Investment Income		Net Investment Income		Total Net Realized Gains (Losses) and Net Changes in Unrealized Appreciation (Depreciation) of Investments(1)		Net Increase (Decrease) in Net Assets Resulting from Operations	
Quarter Ended	**Total**	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**
June 30, 2018	$ 54,598	$ 0.72	$ 25,721	$ 0.34	$ (2,588)	$ (0.04)	$ 23,133	$ 0.30
March 31, 2018	52,889	0.70	25,736	0.34	(1,892)	(0.03)	23,844	0.31
December 31, 2017	$ 53,244	$ 0.70	$ 26,683	$ 0.35	$ 194	$	$ 26,877	$ 0.35
September 30, 2017	51,236	0.68	26,292	0.35	(1,516)	(0.02)	24,776	0.33
June 30, 2017	50,019	0.66	25,798	0.34	1,530	0.02	27,328	0.36
March 31, 2017	43,307	0.62	23,431	0.34	6,986	0.10	30,417	0.44
December 31, 2016	$ 43,784	$ 0.64	$ 22,980	$ 0.34	$ 10,875	$ 0.16	$ 33,855	$ 0.50
September 30, 2016	41,834	0.66	21,729	0.34	3,350	0.05	25,079	0.39
June 30, 2016	41,490	0.65	21,832	0.34	22,861	0.36	44,693	0.70
March 31, 2016	40,976	0.64	21,567	0.34	(13,516)	(0.21)	8,051	0.13

(1) Includes securities purchased under collateral agreements to resell, benefit (provision) for taxes and the accretive effect of common stock issuances per share, if applicable.

SUPPLEMENTARY RISK FACTORS

Investing in the Convertible Notes involves a number of significant risks. In addition to the other information contained in this prospectus supplement and the accompanying prospectus, you should consider carefully the following information before making an investment in the Convertible Notes. The risks set out below are not the only risks we face and you should read the risks set out in the accompanying prospectus. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline and you may lose all or part of your investment.

RISKS RELATING TO THE NOTES

Our amount of debt outstanding will increase as a result of this offering, which could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under the Convertible Notes and our other debt.

As of August 13, 2018, we had $1,095.3 million of indebtedness outstanding, $655.0 million of which was secured indebtedness and $440.3 million of which was unsecured indebtedness. The use of debt could have significant consequences on our future operations, including:

- making it more difficult for us to meet our payment and other obligations under the Convertible Notes and our other outstanding debt;
- resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which event of default could result in all of our debt becoming immediately due and payable;
- reducing the availability of our cash flow to fund investments, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our credit facilities; and
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Convertible Notes and our other debt. Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations under the Convertible Notes and our other debt and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including the Convertible Notes, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Convertible Notes and our other debt.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Convertible Notes.

Any default under the agreements governing our indebtedness or other indebtedness to which we may be a party that is not waived by the required lenders or holders, and the remedies sought by the

Table of Contents

holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on the Convertible Notes and substantially decrease the market value of the Convertible Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our secured credit facilities could elect to terminate their commitments, cease making further loans, and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek to obtain waivers from the required holders of our debt to avoid being in default. If we breach our covenants under our debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders. If this occurs, we would be in default and our lenders or debt holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations could proceed against the collateral securing the debt. Because our credit facilities, 2014 Convertible Notes, and Unsecured Notes have, and any future credit facilities will likely have, customary cross-default provisions, if the indebtedness thereunder or under any future credit facility is accelerated, we may be unable to repay or finance the amounts due.

The Convertible Notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future.

The Convertible Notes will not be secured by any of our assets or any of the assets of our subsidiaries. As a result, the Convertible Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have outstanding as of the date of this prospectus supplement or that we or they may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Convertible Notes. As of August 13, 2018, we had $1,095.3 million of indebtedness outstanding, $655.0 million of which was secured indebtedness, and therefore effectively senior to the Convertible Notes to the extent of the value of such assets, and $440.3 million of which was unsecured indebtedness.

The Convertible Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

The Convertible Notes are obligations exclusively of NMFC and not of any of our subsidiaries. None of our subsidiaries is a guarantor of the Convertible Notes and the Convertible Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors, including trade creditors, and holders of preferred stock, if any, of our subsidiaries will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the Convertible Notes) with respect to the assets of such subsidiaries. Even if we were recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the Convertible Notes will be subordinated structurally to all indebtedness and other liabilities, including trade payables, of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish as financing vehicles or otherwise. All of the existing indebtedness of our subsidiaries would be structurally senior to the Convertible Notes. In

Table of Contents

addition, our subsidiaries may incur substantial additional indebtedness in the future, all of which would be structurally senior to the Convertible Notes.

The indenture governing the Convertible Notes contains limited restrictive covenants and provides only limited protection in the event of a change of control.

The indenture under which the Convertible Notes will be issued contains limited financial covenants and does not contain operating covenants or any other restrictive covenants that would limit our or our subsidiaries' ability to engage in certain transactions that may adversely affect your investment in the Convertible Notes. In particular, without limitation, the indenture does not place any restrictions on our or any of our subsidiaries' ability to:

- unless, after giving effect to such incurrence, we will have a Debt to Equity Ratio of not greater than 1.65 to 1.00 (as set forth under "Description of the Notes Certain Covenants Debt to Equity Ratio" in this prospectus supplement), incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Convertible Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Convertible Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Convertible Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the Convertible Notes with respect to the assets of our subsidiaries;

- pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Convertible Notes, including subordinated indebtedness;

- sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);

- enter into transactions with affiliates;

- create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;

- make investments; or

- create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

However, we must maintain a Secured Debt Ratio of not greater than 0.70 to 1.00 at all times. See "Description of the Notes Certain Covenants Maximum Secured Debt" In this prospectus supplement.

We will only be required to offer to repurchase the Convertible Notes upon a change of control in the case of the transactions specified in the definition of a "fundamental change" under "Description of the Notes Fundamental Change Put". Similarly, we will only be required to adjust the conversion rate upon the occurrence of a "non-stock change of control" in circumstances where a Convertible Note is converted in connection with such a transaction as set forth under "Description of the Notes Conversion Rights Adjustment to Conversion Rate Upon a Non-Stock Change of Control". Accordingly, subject to restrictions contained in our other debt agreements, we will be permitted to engage in certain transactions, such as acquisitions, re-financings or recapitalizations, that could affect our capital structure and the value of the Convertible Notes and our common stock but would not constitute a fundamental change under the Convertible Notes.

Furthermore, the terms of the indenture and the Convertible Notes do not protect holders of the Convertible Notes in the event that we experience changes (including significant adverse changes) in

Table of Contents

our financial condition, results of operations or credit ratings, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow or liquidity. Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the Convertible Notes may have important consequences for you as a holder of the Convertible Notes, including making it more difficult for us to satisfy our obligations with respect to the Convertible Notes or negatively affecting the trading value of the Convertible Notes. Certain of our current debt instruments include more protections for their holders than the indenture and the Convertible Notes. In addition, other debt we issue or incur in the future could contain more protections for its holders than the indenture and the Convertible Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for and trading levels and prices of the Convertible Notes.

The conversion rate of the Convertible Notes may not be adjusted for all dilutive events that may adversely affect the trading price of the Convertible Notes or the common stock issuable upon conversion of the Convertible Notes.

The conversion rate of the Convertible Notes is subject to adjustment upon certain events, including the issuance of certain stock dividends on our common stock, certain issuance of rights or warrants, subdivisions, combinations, certain distributions of capital stock, indebtedness or assets, certain cash dividends and certain issuer tender or exchange offers as described under "Description of the Notes Conversion Rights Conversion Rate Adjustments". The conversion rate will not be adjusted for certain other events, including cash dividends below the dividend threshold amount (as defined in clause (4) of "Description of the Notes Conversion Rights Conversion Rate Adjustments"), which may adversely affect the trading price of the Convertible Notes or the common stock issuable upon conversion of the Convertible Notes.

We may be unable to repurchase the Convertible Notes following a fundamental change.

Holders of the Convertible Notes have the right to require us to repurchase the Convertible Notes prior to their maturity upon the occurrence of a fundamental change as described under "Description of the Notes Fundamental Change Put". Any of our future debt agreements may contain similar provisions. We may not have sufficient funds or the ability to arrange necessary financing on acceptable terms at the time we are required to make repurchases of tendered Convertible Notes. In addition, our ability to repurchase the Convertible Notes may be limited by law or the terms of other agreements relating to our debt outstanding at the time, including our credit facilities. Under certain of our existing credit facilities, we would be prohibited from making any such repurchase without consent from the lenders thereunder or a waiver or modification of such requirements. If we fail to repurchase the Convertible Notes as required by the indenture, it would constitute an event of default under the indenture governing the Convertible Notes.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the Convertible Notes.

Upon the occurrence of a fundamental change, you have the right to require us to offer to repurchase the Convertible Notes. However, the fundamental change provisions will not afford protection to holders of the Convertible Notes in the event of certain transactions. For example, transactions such as leveraged recapitalizations, re-financings, restructurings or acquisitions initiated by us would not constitute a fundamental change requiring us to repurchase the Convertible Notes. In the event of any such transaction, the holders would not have the right to require us to repurchase the Convertible Notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of the Convertible Notes.

Table of Contents

Provisions of the Convertible Notes could discourage an acquisition of us by a third party.

Certain provisions of the Convertible Notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, holders of the Convertible Notes will have the right, at their option, to require us to repurchase all of their Convertible Notes or any portion of the principal amount of such Convertible Notes in integral multiples of $1,000. We may also be required to increase the conversion rate or provide for conversion into the acquirer's capital stock in the event of certain fundamental changes. These provisions could discourage an acquisition of us by a third party.

The adjustment to the conversion rate upon the occurrence of certain types of fundamental changes may not adequately compensate you for the lost option time value of your Convertible Notes as a result of such fundamental change.

If certain types of fundamental changes occur on or prior to the maturity date of the Convertible Notes, we may increase the conversion rate by an additional number of shares for holders that elect to convert their Convertible Notes in connection with the fundamental change. The number of additional shares to be added to the conversion rate will be determined based on the date on which the fundamental change becomes effective and the price paid per share of our common stock in the fundamental change as described under "Description of the Notes Conversion Rights Adjustment to Conversion Rate Upon a Non-Stock Change of Control". Although this adjustment is designed to compensate you for the lost option value of your Convertible Notes as a result of certain types of fundamental changes, the adjustment is only an approximation of such lost value based upon assumptions made on the date of this prospectus supplement and may not adequately compensate you for such loss. In addition, if the price paid per share of our common stock in the fundamental change is less than $ or more than $ (subject to adjustment), there will be no such adjustment.

There is currently no public market for the Convertible Notes, and an active trading market may not develop. The failure of a market to develop for the Convertible Notes could adversely affect the liquidity and value of your Convertible Notes.

There is currently no public market for the Convertible Notes, and we do not intend to apply for listing of the Convertible Notes on any securities exchange or for quotation of the Convertible Notes on any automated dealer quotation system. We have been advised by the underwriters that, following the completion of the offering, they currently intend to make a market in the Convertible Notes. However, the underwriters are not obligated to do so and any market-making activities with respect to the Convertible Notes may be discontinued at any time without notice. In addition, any market-making activity will be subject to limits imposed by law. A market may not develop for the Convertible Notes, and there can be no assurance as to the liquidity of any market that may develop for the Convertible Notes. If an active, liquid market does not develop for the Convertible Notes, the market price and liquidity of the Convertible Notes may be adversely affected. If any of the Convertible Notes are traded after their initial issuance, they may trade at a discount from their initial offering price.

The liquidity of the trading market, if any, and future trading prices of the Convertible Notes will depend on many factors, including, among other things, the market price of our common stock, prevailing interest rates, our operating results, financial performance and prospects, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in these factors. Historically, the market for convertible debt has been subject to disruptions that have caused volatility in prices. It is possible that the market for the Convertible Notes will be subject to disruptions which may have a negative effect on the holders of the Convertible Notes, regardless of our operating results, financial performance or prospects.

Table of Contents

Regulatory actions may adversely affect the trading price and liquidity of the Convertible Notes.

We expect that many investors in the Convertible Notes will employ, or seek to employ, a convertible arbitrage strategy with respect to the Convertible Notes. Investors that employ a convertible arbitrage strategy with respect to convertible debt instruments typically implement that strategy by selling short the common stock underlying the convertible notes and dynamically adjusting their short position while they hold the notes. Investors may also implement this strategy by entering into swaps on the common stock in lieu of or in addition to short selling the common stock. As a result, any specific rules regulating short selling of securities or equity swaps or other governmental action that interfere with the ability of market participants to effect short sales or equity swaps with respect to our common stock could adversely affect the ability of investors in the Convertible Notes to conduct the convertible arbitrage strategy that we believe they will employ, or seek to employ, with respect to the Convertible Notes. This could, in turn, adversely affect the trading price and liquidity of the Convertible Notes.

The SEC and other regulatory and self-regulatory authorities have implemented various rule changes and may adopt additional rule changes in the future that may impact those engaging in short-selling activity involving equity securities (including our common stock), including Rule 201 of SEC Regulation SHO, the Financial Industry Regulatory Authority, Inc.'s "Limit Up-Limit Down" program, market-wide circuit breaker systems that halt trading of stock for certain periods following specific market declines, and rules stemming from the enactment and implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Past regulatory actions, including emergency actions or regulations, have had a significant impact on the trading prices and liquidity of equity-linked instruments. Any governmental action that similarly restricts the ability of investors in, or potential purchasers of, the Convertible Notes to effect short sales of our common stock could similarly adversely affect the trading price and the liquidity of the Convertible Notes.

The accounting for convertible debt securities is subject to uncertainty.

The accounting for convertible debt securities is subject to frequent scrutiny by the accounting regulatory bodies and is subject to change. We cannot predict if or when any such change could be made and any such change could have an adverse impact on our reported or future financial results. Any such impacts could adversely affect the market price of our common stock and in turn negatively impact the trading price of the Convertible Notes.

The price of our common stock and of the Convertible Notes may fluctuate significantly, and this may make it difficult for you to resell the Convertible Notes or common stock issuable upon conversion of the Convertible Notes when you want or at prices you find attractive.

The price of our common stock constantly changes and may fluctuate significantly. We expect that the market price and liquidity of our common stock will continue to fluctuate. In addition, because the Convertible Notes are convertible into our common stock, volatility or depressed prices for our common stock could have a similar effect on the trading price of the Convertible Notes. Our stock price and its liquidity may fluctuate as a result of a variety of factors, many of which are beyond our control. These factors include:

- price and volume fluctuations in the overall stock market or in the market for BDCs from time to time;
- investor demand for shares of our common stock;
- significant volatility in the market price and trading volume of securities of registered closed-end management investment companies, BDCs or other financial services companies, which is not necessarily related to the operating performance of these companies;
- the inability to raise equity capital;

Table of Contents

- our inability to borrow money or deploy or invest our capital;
- fluctuations in interest rates;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- operating performance of companies comparable to us;
- changes in regulatory policies or tax guidelines with respect to RICs or BDCs;
- our loss of status as or ability to operate as a BDC;
- our failure to qualify as a RIC, loss of RIC status or ability operate as a RIC;
- actual or anticipated changes in our earnings or fluctuations in our operating results;
- changes in the value of our portfolio of investments;
- general economic conditions, trends and other external factors;
- departures of key personnel; or
- loss of a major source of funding.

In addition, we are required to continue to meet certain listing standards in order for our common stock to remain listed on the NYSE. If we were to be delisted by the NYSE, the liquidity of our common stock would be materially impaired.

Future sales of our common stock in the public market or the issuance of securities senior to our common stock could adversely affect the trading price of our common stock and the value of the Convertible Notes and our ability to raise funds in new stock offerings.

Future sales of substantial amounts of our common stock or equity-related securities in the public market, or the perception that such sales could occur, could adversely affect prevailing trading prices of our common stock and the value of the Convertible Notes and could impair our ability to raise capital through future offerings of our securities, should we decide to offer them. We may not, unless otherwise agreed to by the underwriters, commence any sales of shares of our common stock until 30 days following the date of this prospectus supplement. No prediction can be made as to the effect, if any, that future sales of shares of common stock, or the availability of shares of common stock for future sale, will have on the trading price of our common stock or the value of the Convertible Notes.

Holders of the Convertible Notes will not be entitled to any rights with respect to our common stock, but will be subject to all changes made with respect to our common stock.

Holders of the Convertible Notes will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights or rights to receive any dividends or other distributions on our common stock), but will be subject to all changes affecting our common stock. Holders will only be entitled to rights in respect of our common stock if and when we deliver shares of our common stock upon conversion for their Convertible Notes and, to a limited extent, under the conversion rate adjustments applicable to the Convertible Notes. For example, in the event that an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to a holder's conversion of Convertible Notes, the holder will not be entitled to vote on the amendment, although the holder will nevertheless be subject to any changes in the powers, preferences or rights of our common stock that result from such amendment.

You may be deemed to receive a taxable distribution without the receipt of any cash or property.

The conversion rate of the Convertible Notes will be adjusted in certain circumstances. See the discussion under the headings "Description of the Notes Conversion Rights Conversion Rate Adjustments" and " Adjustment to Conversion Rate Upon a Non-Stock Change of Control". Adjustments (or failures to make adjustments) to the conversion rate of the Convertible Notes that have the effect of increasing your proportionate interest in our assets or earnings may in some circumstances result in a taxable constructive distribution to you for U.S. federal income tax purposes, notwithstanding the fact that you do not receive an actual distribution of cash or property. In addition, if you are a Non-U.S. Holder (as defined in "Certain Material U.S. Federal Income Tax Considerations" in this prospectus supplement), you may be subject to U.S. federal withholding taxes in connection with such a constructive distribution. If we pay withholding taxes on your behalf as a result of an adjustment to the conversion rate of the Convertible Notes, we may, at our option, set off such payments against payments of cash and common stock on the Convertible Notes. You are urged to consult your tax advisors with respect to the U.S. federal income tax consequences resulting from an adjustment to the conversion rate of the Convertible Notes. See the discussions under the headings "Certain Material U.S. Federal Income Tax Considerations Tax Consequences to U.S. Holders of Convertible Notes Constructive distributions" and " Tax Consequences to Non-U.S. Holders of Convertible Notes Constructive distributions" in this prospectus supplement.

RISKS RELATED TO OUR BUSINESS AND STRUCTURE

Our ability to achieve our investment objective depends on key investment personnel of the Investment Adviser. If the Investment Adviser were to lose any of its key investment personnel, our ability to achieve our investment objective could be significantly harmed.

We depend on the investment judgment, skill and relationships of the investment professionals of the Investment Adviser, particularly Steven B. Klinsky, Robert A. Hamwee and John R. Kline, as well as other key personnel to identify, evaluate, negotiate, structure, execute, monitor and service our investments. The Investment Adviser, as an affiliate of New Mountain Capital, is supported by New Mountain Capital's team, which as of June 30, 2018 consisted of approximately 140 employees and senior advisors of New Mountain Capital and its affiliates to fulfill its obligations to us under the Investment Management Agreement. The Investment Adviser may also depend upon New Mountain Capital to obtain access to investment opportunities originated by the professionals of New Mountain Capital and its affiliates. Our future success depends to a significant extent on the continued service and coordination of the key investment personnel of the Investment Adviser. The departure of any of these individuals could have a material adverse effect on our ability to achieve our investment objective.

The Investment Committee, which provides oversight over our investment activities, is provided by the Investment Adviser. The Investment Committee currently consists of five members. The loss of any member of the Investment Committee or of other senior professionals of the Investment Adviser and its affiliates without suitable replacement could limit our ability to achieve our investment objective and operate as we anticipate. This could have a material adverse effect on our financial condition, results of operation and cash flows. To achieve our investment objective, the Investment Adviser may hire, train, supervise and manage new investment professionals to participate in its investment selection and monitoring process. If the Investment Adviser is unable to find investment professionals or do so in a timely manner, our business, financial condition and results of operations could be adversely affected.

We borrow money, which could magnify the potential for gain or loss on amounts invested in us and increase the risk of investing in us.

We borrow money as part of our business plan. Borrowings, also known as leverage, magnify the potential for gain or loss on invested equity capital and may, consequently, increase the risk of investing in us. We expect to continue to use leverage to finance our investments, through senior securities issued

Table of Contents

by banks and other lenders. Lenders of these senior securities have fixed dollar claims on our assets that are superior to claims of our common stockholders and we would expect such lenders to seek recovery against our assets in the event of a default. If the value of our assets decreases, leveraging would cause our net asset value to decline more sharply than it otherwise would have had it not leveraged. Similarly, any decrease in our income would cause our net income to decline more sharply than it would have had it not borrowed. Such a decline could adversely affect our ability to make common stock distribution payments. In addition, because our investments may be illiquid, we may be unable to dispose of them or to do so at a favorable price in the event we need to do so if we are unable to refinance any indebtedness upon maturity and, as a result, we may suffer losses. Leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities.

Our ability to service any debt that we incur depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. Moreover, as the Investment Adviser's management fee is payable to the Investment Adviser based on gross assets, including those assets acquired through the use of leverage, the Investment Adviser may have a financial incentive to incur leverage which may not be consistent with our interests and the interests of our common stockholders. In addition, holders of our common stock will, indirectly, bear the burden of any increase in our expenses as a result of leverage, including any increase in the management fee payable to the Investment Adviser.

At June 30, 2018, we had $390.5 million, $150.0 million, $155.3 million, $235.0 million, and $163.0 million of indebtedness outstanding under the Holdings Credit Facility, the NMFC Credit Facility, the 2014 Convertible Notes, the Unsecured Notes and the SBA-guaranteed debentures, respectively. The Holdings Credit Facility, the NMFC Credit Facility, the SBA-guaranteed debentures and the Unsecured Notes had weighted average interest rates of 4.0%, 4.3%, 3.2% and 5.0%, respectively, for the six months ended June 30, 2018. The interest rate on the 2014 Convertible Notes is 5.0% per annum.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses and adjusted for unsettled securities purchased. The calculations in the table below are hypothetical. Actual returns may be higher or lower than those appearing below. The calculation assumes (i) $2,205.9 million in total assets, (ii) a weighted average cost of borrowings of 4.3%, which assumes the weighted average interest rates as of June 30, 2018 for the Holdings Credit Facility, the NMFC Credit Facility, Unsecured Notes and the SBA-guaranteed debentures and the interest rate as of June 30, 2018 for the 2014 Convertible Notes, (iii) $1,093.8 million in debt outstanding and (iv) $1,032.6 million in net assets. This table excludes the impact of our July 5, 2018 issuance of the 2018B Unsecured Notes as the issuance occurred after June 30, 2018.

Assumed Return on Our Portfolio

(net of expenses)

	(10.0)%	**(5.0)%**	**0%**	**5.0%**	**10.0%**
Corresponding return to stockholder	(25.9)%	(15.2)%	(4.5)%	6.2%	16.8%

If we are unable to obtain additional debt financing, or if our borrowing capacity is materially reduced, our business could be materially adversely affected.

We may want to obtain additional debt financing, or need to do so upon maturity of our credit facilities, in order to obtain funds which may be made available for investments. The Holdings Credit Facility, the NMFC Credit Facility and the 2014 Convertible Notes mature on October 24, 2022, June 4, 2022 and June 15, 2019, respectively. Our $90.0 million in aggregate principal amount of the 2016 Unsecured Notes will mature on May 15, 2021, our $55.0 million in aggregate principal amount of the 2017A Unsecured Notes will mature on July 15, 2022, our $90.0 million in aggregate principal amount of the 2018A Unsecured Notes will mature on January 30, 2023 and our $50.0 million in aggregate principal amount of 2018B Unsecured Notes will mature on June 28, 2023. The SBA-guaranteed debentures have ten year maturities and will begin to mature on March 1, 2025. If we are unable to increase, renew or replace any such facilities and enter into new debt financing facilities or other debt financing on commercially reasonable terms, our liquidity may be reduced significantly. In addition, if we are unable to repay amounts outstanding under any such facilities and are declared in default or are unable to renew or refinance these facilities, we may not be able to make new investments or operate our business in the normal course. These situations may arise due to circumstances that we may be unable to control, such as lack of access to the credit markets, a severe decline in the value of the U.S. dollar, an economic downturn or an operational problem that affects us or third parties, and could materially damage our business operations, results of operations and financial condition.

RISKS RELATED TO OUR OPERATIONS

Regulations governing the operations of BDCs will affect our ability to raise additional equity capital as well as our ability to issue senior securities or borrow for investment purposes, any or all of which could have a negative effect on our investment objectives and strategies.

Our business requires a substantial amount of capital. We may acquire additional capital from the issuance of senior securities, including borrowing under a credit facility or other indebtedness. In addition, we may also issue additional equity capital, which would in turn increase the equity capital available to us. However, we may not be able to raise additional capital in the future on favorable terms or at all.

We may issue debt securities, preferred stock, and we may borrow money from banks or other financial institutions, which we refer to collectively as "senior securities", up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150.0% after each issuance of senior securities. As a result of our SEC exemptive relief, we are permitted to exclude our SBA-guaranteed debentures from the definition of senior securities in the 150.0% asset coverage ratio we are required to maintain under the 1940 Act. If our asset coverage ratio is not at least 150.0% we would be unable to issue senior securities, and if we had senior securities outstanding (other than any indebtedness issued in consideration of a privately arranged loan, such as any indebtedness outstanding under the Holdings Credit Facility and NMFC Credit Facility), we would be unable to make distributions to our stockholders. However, at June 30, 2018, our only senior securities outstanding were indebtedness under the Holdings Credit Facility, NMFC Credit Facility, 2014 Convertible Notes and Unsecured Notes and therefore at June 30, 2018, we would not have been precluded from paying distributions. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous.

The Holdings Credit Facility matures on October 24, 2022 and permits borrowings of $495.0 million as of June 30, 2018. The Holdings Credit Facility had $390.5 million in debt outstanding as of June 30, 2018. The NMFC Credit Facility matures on June 4, 2022 and permits borrowings of $150.0 million as of June 30, 2018. The NMFC Credit Facility had $150.0 million in debt outstanding as of June 30, 2018. The 2014 Convertible Notes mature on June 15, 2019. The 2014 Convertible Notes had $155.3 million in debt outstanding as of June 30, 2018. The 2016 Unsecured Notes, 2017A Unsecured Notes and 2018A Unsecured Notes mature on May 15, 2021, July 15, 2022 and January 30, 2023, respectively, and had $90.0 million, $55.0 million and $90.0 million, respectively, in debt outstanding as of June 30, 2018. The $50.0 million in aggregate principal amount of 2018B Unsecured Notes were issued on July 5, 2018 and mature on June 28, 2023. The SBA-guaranteed debentures have ten year maturities and will begin to mature on March 1, 2025. As of June 30, 2018, $163.0 million of SBA-guaranteed debentures were outstanding.

In addition, we may in the future seek to securitize other portfolio securities to generate cash for funding new investments. To securitize loans, we would likely create a wholly-owned subsidiary and contribute a pool of loans to the subsidiary. We would then sell interests in the subsidiary on a non-recourse basis to purchasers and we would retain all or a portion of the equity in the subsidiary. If we are unable to successfully securitize its loan portfolio, which must be done in compliance with the relevant restrictions in the Holdings Credit Facility, our ability to grow our business or fully execute our business strategy could be impaired and our earnings, if any, could decrease. The securitization market is subject to changing market conditions, and we may not be able to access this market when it would be otherwise deemed appropriate. Moreover, the successful securitization of our portfolio might expose us to losses as the residual investments in which we do not sell interests will tend to be those that are riskier and more apt to generate losses. The 1940 Act also may impose restrictions on the structure of any securitization.

We may also obtain capital through the issuance of additional equity capital. As a BDC, we generally are not able to issue or sell our common stock at a price below net asset value per share. If our common stock trades at a discount to our net asset value per share, this restriction could adversely affect our ability to raise equity capital. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below our net asset value per share of the common stock if our board of directors and independent directors determine that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any underwriting commission or discount). If we raise additional funds by issuing more shares of our common stock, or if we issue senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders may decline and you may experience dilution.

RISKS RELATING TO OUR INVESTMENTS

Our portfolio may be concentrated in a limited number of industries, which may subject us to a risk of significant loss if there is a downturn in a particular industry in which a number of our investments are concentrated.

Our portfolio may be concentrated in a limited number of industries. For example, as of June 30, 2018, our investments in the business services and the software industries represented approximately 32.8% and 15.7%, respectively, of the fair value of our portfolio. A downturn in any particular industry in which we are invested could significantly impact the portfolio companies operating in that industry, and accordingly, the aggregate returns that we realize from our investment in such portfolio companies.

Specifically, companies in the business services industry are subject to general economic downturns and business cycles, and will often suffer reduced revenues and rate pressures during periods of economic uncertainty. In addition, companies in the software industry often have narrow product lines and small market shares. Because of rapid technological change, the average selling prices of products and some services provided by software companies have historically decreased over their productive lives. As a result, the average selling prices of products and services offered by software companies in which we invest may decrease over time. If an industry in which we have significant investments suffers from adverse business or economic conditions, as these industries have to varying degrees, a material portion of our investment portfolio could be affected adversely, which, in turn, could adversely affect our financial position and results of operations.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "potential", "project", "seek", "should", "target", "will", "would" or variations of these words and similar expressions are intended to identify forward-looking statements. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus involve risks and uncertainties, including statements as to:

- the preliminary estimates of our net asset value and adjusted net investment income;
- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- an economic downturn could impair our portfolio companies' ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;
- a contraction of available credit and/or an inability to access the equity markets could impair our lending and investment activities;
- interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;

- currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and

- the risks, uncertainties and other factors we identify in "Supplementary Risk Factors" in this prospectus supplement and "Risk Factors" in the accompanying prospectus, and elsewhere in this prospectus supplement, the accompanying prospectus and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement or the accompanying prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in "Supplementary Risk Factors" in this prospectus supplement and "Risk Factors" in the accompanying prospectus, and elsewhere in this prospectus supplement and the accompanying prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus supplement. However, we will update this prospectus supplement to reflect any material changes to the information contained herein. The forward-looking statements and projections contained in this prospectus supplement are excluded from the safe harbor protection provided by Section 27A of the Securities Act.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2018:

- on an actual basis;
- on an as adjusted basis to give effect to the issuance of $50.0 million in aggregate principal amount of 5.36% Series 2018B Notes due June 28, 2023 issued on July 5, 2018 to an institutional investor in a private placement; and
- on an as further adjusted basis to give effect to the assumed sale of $100.0 million aggregate principal amount of Convertible Notes (assuming no exercise of the overallotment option), excluding accrued interest, after deducting the underwriting discounts and commissions of approximately $ million payable by us and estimated offering expenses of approximately $ payable by us, and without giving effect to the use of the cash proceeds from such sale as described in "Use of Proceeds".

You should read this table together with "Use of Proceeds" and the financial statements and related notes thereto included elsewhere in this prospectus supplement and the accompanying prospectus.

(in thousands)	Actual (unaudited)	As Adjusted (unaudited)	As Further Adjusted (unaudited)
Assets:			
Cash and cash equivalents	$ 33,948	$ 33,948	$
Investments at fair value	2,098,018	2,098,018	
Other assets	73,975	73,975	
Total assets	2,205,941	2,205,941	
Liabilities:			
Net outstanding borrowings	$ 1,078,711	$ 1,028,711	$
Additional notes offered		50,000	
Convertible Notes offered hereby			
Other liabilities	94,584	94,584	
Total liabilities	$ 1,173,295	$ 1,173,295	$
Net assets	$ 1,032,646	$ 1,032,646	$
Net assets:			
Preferred stock, par value $0.01 per share; 2,000,000 shares authorized, none issued	$	$	$
Common stock, par value $0.01 per share; 100,000,000 shares authorized, 76,106,372 shares issued and outstanding, respectively	761	761	
Paid in capital in excess of par	1,055,796	1,055,796	
Accumulated undistributed net investment income	38,986	38,986	
Accumulated undistributed net realized losses on investments	(83,084)	(83,084)	

Net unrealized (depreciation) appreciation (net of provision for taxes)	20,187	20,187
Total net assets	1,032,646	1,032,646

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of the $100.0 million aggregate principal amount of Convertible Notes in this offering will be approximately $ (or approximately $ if the underwriters fully exercise their overallotment option), after deducting the discounts, commissions and expenses payable by us.

We intend to use the net proceeds from this offering to repay outstanding indebtedness under the NMFC Credit Facility and then, to the extent any net proceeds remain, the Holdings Credit Facility. However, through re-borrowing under our credit facilities, we intend to make new investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus and use available capital for other general corporate purposes, including working capital requirements. We are continuously identifying, reviewing and, to the extent consistent with our investment objective, funding new investments. As a result, we typically raise capital as we deem appropriate to fund such new investments.

Under the NMFC Credit Facility, which matures in June 2022, we had $145.0 million outstanding as of August 13, 2018. Borrowings under the NMFC Credit Facility generally bear interest at a rate of LIBOR plus 2.50% per annum or the prime rate plus 1.50% per annum. Under the Holdings Credit Facility, which matures in December 2022, we had $345.0 million outstanding as of August 13, 2018. Borrowings under the Holdings Credit Facility bear interest at a rate of LIBOR plus 1.75% per annum for broadly syndicated loans and LIBOR plus 2.25% per annum for all other investments. As of August 13, 2018, we had $155.3 million, $285.0 million and $165.0 million outstanding in connection with the 2014 Convertible Notes, the Unsecured Notes and the SBA-guaranteed debentures, respectively. For additional information regarding our outstanding indebtedness, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources" in this prospectus supplement and the accompanying prospectus.

Affiliates of Wells Fargo Securities, LLC are lenders under the Holdings Credit Facility. Accordingly, affiliates of Wells Fargo Securities, LLCmay receive more than 5.0% of the net proceeds of this offering to the extent such proceeds are used to temporarily repay outstanding indebtedness under the Holdings Credit Facility.

Table of Contents

PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "NMFC". The following table sets forth, for each fiscal quarter during the last two fiscal years and the current fiscal year to date, the net asset value ("NAV") per share of our common stock, the high and low closing sale price for our common stock, the closing sale price as a percentage of NAV and the quarterly distributions per share.

Fiscal Year Ended	NAV Per Share(2)	Closing Sales Price(3) High	Closing Sales Price(3) Low	Premium (Discount) of High Closing Sales Price to NAV(4)	Premium (Discount) of Low Closing Sales Price to NAV(4)	Declared Distributions Per Share(5)(6)
December 31, 2018						
Third Quarter(1)	*	$ 14.25	$ 13.70	*	*	$ 0.34
Second Quarter	$ 13.57	$ 13.95	$ 13.25	2.80%	(2.36)%	$ 0.34
First Quarter	$ 13.60	$ 13.75	$ 12.55	1.10%	(7.72)%	$ 0.34
December 31, 2017						
Fourth Quarter	$ 13.63	$ 14.50	$ 13.55	6.38%	(0.59)%	$ 0.34
Third Quarter	$ 13.61	$ 14.70	$ 13.55	8.01%	(0.44)%	$ 0.34
Second Quarter	$ 13.63	$ 14.95	$ 14.35	9.68%	5.28%	$ 0.34
First Quarter	$ 13.56	$ 14.90	$ 14.00	9.88%	3.24%	$ 0.34
December 31, 2016						
Fourth Quarter	$ 13.46	$ 14.30	$ 13.20	6.24%	(1.93)%	$ 0.34
Third Quarter	$ 13.28	$ 14.28	$ 13.11	7.53%	(1.28)%	$ 0.34
Second Quarter	$ 13.23	$ 12.90	$ 12.10	(2.49)%	(8.54)%	$ 0.34
First Quarter	$ 12.87	$ 12.96	$ 11.09	0.70%	(13.83)%	$ 0.34

(1) Period from July 1, 2018 through August 13, 2018.

(2) NAV is determined as of the last date in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low closing sales prices. The NAVs shown are based on outstanding shares at the end of each period.

(3) Closing sales price is determined as the high or low closing sales price noted within the respective quarter, not adjusted for distributions.

(4) Calculated as of the respective high or low closing sales price divided by the quarter end NAV.

(5) Represents the distributions declared or paid for the specified quarter.

(6) Tax characteristics of all distributions paid are reported to stockholders on Form 1099 after the end of the calendar year. For the years ended December 31, 2017 and December 31, 2016, total distributions were $100.9 million and $88.8 million, respectively, of which the distributions were comprised of approximately 71.50% and 89.46%, respectively, of ordinary income, 0.00% and 0.00%, respectively, of long-term capital gains and approximately 28.50% and 10.54%, respectively, of a return of capital.

* Not determinable at the time of filing.

On August 13, 2018, the last reported sales price of our common stock was $14.05 per share. As of August 13, 2018, we had approximately 14 stockholders of record and approximately one beneficial owner whose shares are held in the names of brokers, dealers, funds, trusts and clearing agencies.

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from NAV or at premiums that are unsustainable over the long term are separate and distinct from the risk that our NAV will decrease. Since our initial public offering on May 19, 2011, our shares of common stock

Table of Contents

have traded at times at both a discount and a premium to the net assets attributable to those shares. As of August 13, 2018, our shares of common stock traded at a premium of approximately 3.5% of the NAV attributable to those shares as of June 30, 2018. It is not possible to predict whether the shares offered hereby will trade at, above, or below NAV.

We intend to pay quarterly distributions to our stockholders in amounts sufficient to maintain our status as a RIC. We intend to distribute approximately our entire net investment income on a quarterly basis and substantially all of our taxable income on an annual basis, except that we may retain certain net capital gains for reinvestment. The distributions we pay to our stockholders in a year may exceed our taxable income for that year and, accordingly, a portion of such distributions may constitute a return of capital, which is a return of a portion of a stockholder's original investment in our common stock, for U.S. federal tax purposes. Generally, a return of capital will reduce an investor's basis in our stock for U.S. federal income tax purposes, which will result in a higher tax liability when the stock is sold. The specific tax characteristics of our distributions will be reported to stockholders after the end of the calendar year.

We maintain an "opt out" dividend reinvestment plan on behalf of our stockholders, pursuant to which each of our stockholders' cash distributions will be automatically reinvested in additional shares of our common stock, unless the stockholder elects to receive cash.

We apply the following in implementing the dividend reinvestment plan. If the price at which newly issued shares are to be credited to stockholders' accounts is equal to or greater than 110.0% of the last determined NAV of the shares, we will use only newly issued shares to implement the dividend reinvestment plan. Under such circumstances, the number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the distribution payable to such stockholder by the market price per share of our common stock on the NYSE on the distribution payment date. Market price per share on that date will be the closing price for such shares on the NYSE or, if no sale is reported for such day, the average of their electronically reported bid and ask prices.

If the price at which newly issued shares are to be credited to stockholders' accounts is less than 110.0% of the last determined NAV of the shares, we will either issue new shares or instruct the plan administrator to purchase shares in the open market to satisfy the additional shares required. Shares purchased in open market transactions by the plan administrator will be allocated to a stockholder based on the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased in the open market. The number of shares of our common stock to be outstanding after giving effect to payment of the distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated.

Table of Contents

The following table reflects the cash distributions, including dividends and returns of capital, if any, per share that have been declared by our board of directors for the two most recent fiscal years and the current fiscal year to date:

Date Declared	Record Date	Payment Date	Per Share Amount
August 1, 2018	September 14, 2018	September 28, 2018	$ 0.34
May 2, 2018	June 15, 2018	June 29, 2018	0.34
February 21, 2018	March 15, 2018	March 29, 2018	0.34
			$ 1.02
November 2, 2017	December 15, 2017	December 28, 2017	$ 0.34
August 4, 2017	September 15, 2017	September 29, 2017	0.34
May 4, 2017	June 16, 2017	June 30, 2017	0.34
February 23, 2017	March 17, 2017	March 31, 2017	0.34
			$ 1.36
November 4, 2016	December 15, 2016	December 29, 2016	$ 0.34
August 2, 2016	September 16, 2016	September 30, 2016	0.34
May 3, 2016	June 16, 2016	June 30, 2016	0.34
February 22, 2016	March 17, 2016	March 31, 2016	0.34
			$ 1.36

Tax characteristics of all distributions paid are reported to stockholders on Form 1099 after the end of the calendar year. For the years ended December 31, 2017 and December 31, 2016, total distributions were $100.9 million and $88.8 million, respectively, of which the distributions were comprised of approximately 71.50% and 89.46%, respectively, of ordinary income, 0.00% and 0.00%, respectively, of long-term capital gains and approximately 28.50% and 10.54%, respectively, of a return of capital. Future quarterly distributions, if any, will be determined by our board of directors.

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this section should be read in conjunction with the Selected Financial and Other Data and our Financial Statements and notes thereto appearing elsewhere in this prospectus supplement and the accompanying prospectus. The following discussion and other parts of this prospectus supplement and the accompanying prospectus contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed under "Supplementary Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" appearing elsewhere in this prospectus supplement and "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" in the accompanying prospectus.

Overview

We are a Delaware corporation that was originally incorporated on June 29, 2010 and completed our IPO on May 19, 2011. We are a closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act. As such, we are obligated to comply with certain regulatory requirements. We have elected to be treated, and intend to comply with the requirements to continue to qualify annually, as a RIC under Subchapter M of the Code. NMFC is also registered as an investment adviser under the Advisers Act. Since our IPO, and through June 30, 2018, we raised approximately $614.6 million in net proceeds from additional offerings of common stock.

The Investment Adviser is a wholly-owned subsidiary of New Mountain Capital. New Mountain Capital is a firm with a track record of investing in the middle market. New Mountain Capital focuses on investing in defensive growth companies across its private equity, public equity and credit investment vehicles. The Investment Adviser manages our day-to-day operations and provides us with investment advisory and management services. The Administrator provides the administrative services necessary to conduct our day-to-day operations.

Our wholly-owned subsidiary, NMF Holdings, is a Delaware limited liability company whose assets are used to secure NMF Holdings' credit facility. NMF Ancora, NMF QID and NMF YP, our wholly-owned subsidiaries, are structured as Delaware entities that serve as tax blocker corporations which hold equity or equity-like investments in portfolio companies organized as limited liability companies (or other forms of pass-through entities). We consolidate our tax blocker corporations for accounting purposes. The tax blocker corporations are not consolidated for income tax purposes and may incur income tax expense as a result of their ownership of the portfolio companies. Additionally, our wholly-owned subsidiary, NMF Servicing, serves as the administrative agent on certain investment transactions. SBIC I and its general partner, SBIC I GP, were organized in Delaware as a limited partnership and limited liability company, respectively. SBIC II and its general partner, SBIC II GP, were also organized in Delaware as a limited partnership and limited liability company, respectively. SBIC I, SBIC I GP, SBIC II and SBIC II GP are our consolidated wholly-owned direct and indirect subsidiaries. SBIC I and SBIC II received licenses from the SBA to operate as SBICs under Section 301(c) of the 1958 Act. Our wholly-owned subsidiary, NMNLC, a Maryland corporation, was formed to acquire commercial real properties that are subject to "triple net" leases and intends to qualify as a real estate investment trust, or REIT, within the meaning of Section 856(a) of the Code.

Our investment objective is to generate current income and capital appreciation through the sourcing and origination of debt securities at all levels of the capital structure, including first and second lien debt, notes, bonds and mezzanine securities. The first lien debt may include traditional first lien senior secured loans or unitranche loans. Unitranche loans combine characteristics of traditional first lien senior secured loans as well as second lien and subordinated loans. Unitranche loans will expose us to the risks associated with second lien and subordinated loans to the extent we invest in the "last out" tranche. In some cases, our investments may also include equity interests.

Our primary focus is in the debt of defensive growth companies, which are defined as generally exhibiting the following characteristics: (i) sustainable secular growth drivers, (ii) high barriers to competitive entry, (iii) high free cash flow after capital expenditure and working capital needs, (iv) high returns on assets and (v) niche market dominance. Similar to us, SBIC I's and SBIC II's investment objectives are to generate current income and capital appreciation under our investment criteria. However, SBIC I's and SBIC II's investments must be in SBA eligible small businesses. Our portfolio may be concentrated in a limited number of industries. As of June 30, 2018, our top five industry concentrations were business services, software, healthcare services, education and investment funds.

As of June 30, 2018, our net asset value was $1,032.6 million and our portfolio had a fair value of approximately $2,098.0 million in 89 portfolio companies, with a weighted average yield to maturity at cost for income producing investments ("YTM at Cost") of approximately 11.1% and a weighted average yield to maturity at cost for all investments ("YTM at Cost for Investments") of approximately 10.9%. The YTM at Cost calculation assumes that all investments, including secured collateralized agreements, not on non-accrual are purchased at cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. The YTM at Cost for Investments calculation assumes that all investments, including secured collateralized agreements, are purchased as cost on the quarter end date and held until their respective maturities with no prepayments or losses and exited at par at maturity. YTM at Cost and YTM at Cost for Investments calculations exclude the impact of existing leverage. YTM at Cost and YTM at Cost for Investments uses the London Interbank Offered Rate ("LIBOR") curves at each quarter's end date. The actual yield to maturity may be higher or lower due to the future selection of the LIBOR contracts by the individual companies in our portfolio or other factors.

Recent Developments

On July 5, 2018, we entered into a third supplement (the "Supplement") to our Amended and Restated Note Purchase Agreement, dated September 30, 2016 (the "NPA"). Pursuant to the Supplement, on July 5, 2018, we issued to an institutional investor identified therein, in a private placement, $50.0 million in aggregate principal amount of 5.36% Series 2018B Notes due June 28, 2023 (the "2018B Unsecured Notes") as an additional series of notes under the NPA. Except as set forth in the Supplement, the 2018B Unsecured Notes have the same terms as the $90.0 million in aggregate principal amount of the 5.313% Notes due May 15, 2021, the $55.0 million in aggregate principal amount of the 4.76% Series 2017A Notes due July 15, 2022 and the $90.0 million in aggregate principal amount of 4.87% Series 2018A Notes due January 30, 2023 (collectively, the "Prior Notes") that we previously issued pursuant to the NPA, the first supplement and the second supplement thereto, respectively. The Supplement includes certain additional covenants and terms, including, without limitation, a requirement that we not exceed a debt-to-equity ratio of 1.65 to 1.00 at the time of incurring additional indebtedness and a requirement that we not exceed a secured debt ratio of 0.70 to 1.00 at any time. The 2018B Unsecured Notes will rank equal in priority with our other unsecured indebtedness, including the Prior Notes. Interest on the 2018B Unsecured Notes will be payable semi-annually in arrears on January 15 and July 15 of each year, commencing on January 15, 2019.

On July 5, 2018, we entered into Amendment No. 4 (the "Amendment") to our NMFC Credit Facility (as defined below). The Amendment reduces the minimum asset coverage ratio that we must maintain at the time of any borrowing under the NMFC Credit Facility (as defined below) and as of each quarter end from 2.00 to 1.00 to 1.50 to 1.00. The Amendment also includes a requirement that we not exceed a debt-to-equity ratio of 1.65 to 1.00 at the time of incurring additional indebtedness and a requirement that we not exceed a secured debt ratio of 0.70 to 1.00 at any time.

On August 1, 2018, our board of directors declared a third quarter 2018 distribution of $0.34 per share payable on September 28, 2018 to holders of record as of September 14, 2018.

Table of Contents

We had approximately $169.6 million of originations and commitments since the end of the second quarter through August 3, 2018. This was offset by approximately $178.9 million of repayments and $3.4 million of sales during the same period.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies.

Basis of Accounting

We consolidate our wholly-owned direct and indirect subsidiaries: NMF Holdings, NMF Servicing, NMNLC, SBIC I, SBIC I GP, SBIC II, SBIC II GP, NMF Ancora, NMF QID and NMF YP. We are an investment company following accounting and reporting guidance as described in Accounting Standards Codification Topic 946, *Financial Services Investment Companies*, ("ASC 946").

Valuation and Leveling of Portfolio Investments

At all times consistent with GAAP and the 1940 Act, we conduct a valuation of assets, which impacts our net asset value.

We value our assets on a quarterly basis, or more frequently if required under the 1940 Act. In all cases, our board of directors is ultimately and solely responsible for determining the fair value of our portfolio investments on a quarterly basis in good faith, including investments that are not publicly traded, those whose market prices are not readily available and any other situation where our portfolio investments require a fair value determination. Security transactions are accounted for on a trade date basis. Our quarterly valuation procedures are set forth in more detail below:

(1) Investments for which market quotations are readily available on an exchange are valued at such market quotations based on the closing price indicated from independent pricing services.

(2) Investments for which indicative prices are obtained from various pricing services and/or brokers or dealers are valued through a multi-step valuation process, as described below, to determine whether the quote(s) obtained is representative of fair value in accordance with GAAP.

  a. Bond quotes are obtained through independent pricing services. Internal reviews are performed by the investment professionals of the Investment Adviser to ensure that the quote obtained is representative of fair value in accordance with GAAP and, if so, the quote is used. If the Investment Adviser is unable to sufficiently validate the quote(s) internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below); and

  b. For investments other than bonds, we look at the number of quotes readily available and perform the following procedures:

    i. Investments for which two or more quotes are received from a pricing service are valued using the mean of the mean of the bid and ask of the quotes obtained;

    ii. Investments for which one quote is received from a pricing service are validated internally. The investment professionals of the Investment Adviser analyze the

Table of Contents

market quotes obtained using an array of valuation methods (further described below) to validate the fair value. If the Investment Adviser is unable to sufficiently validate the quote internally and if the investment's par value or its fair value exceeds the materiality threshold, the investment is valued similarly to those assets with no readily available quotes (see (3) below).

(3) Investments for which quotations are not readily available through exchanges, pricing services, brokers, or dealers are valued through a multi-step valuation process:

a. Each portfolio company or investment is initially valued by the investment professionals of the Investment Adviser responsible for the credit monitoring;

b. Preliminary valuation conclusions will then be documented and discussed with our senior management;

c. If an investment falls into (3) above for four consecutive quarters and if the investment's par value or its fair value exceeds the materiality threshold, then at least once each fiscal year, the valuation for each portfolio investment for which we do not have a readily available market quotation will be reviewed by an independent valuation firm engaged by our board of directors; and

d. When deemed appropriate by our management, an independent valuation firm may be engaged to review and value investment(s) of a portfolio company, without any preliminary valuation being performed by the Investment Adviser. The investment professionals of the Investment Adviser will review and validate the value provided.

For investments in revolving credit facilities and delayed draw commitments, the cost basis of the funded investments purchased is offset by any costs/netbacks received for any unfunded portion on the total balance committed. The fair value is also adjusted for the price appreciation or depreciation on the unfunded portion. As a result, the purchase of a commitment not completely funded may result in a negative fair value until it is called and funded.

The values assigned to investments are based upon available information and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot be reasonably determined until the individual positions are liquidated. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period and the fluctuations could be material.

GAAP fair value measurement guidance classifies the inputs used in measuring fair value into three levels as follows:

Level I Quoted prices (unadjusted) are available in active markets for identical investments and we have the ability to access such quotes as of the reporting date. The type of investments which would generally be included in Level I include active exchange-traded equity securities and exchange-traded derivatives. As required by Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), we, to the extent that we hold such investments, do not adjust the quoted price for these investments, even in situations where we hold a large position and a sale could reasonably impact the quoted price.

Level II Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Level II inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;

- Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);

Table of Contents

- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including foreign exchange forward contracts); and

- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level III Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment.

The inputs used to measure fair value may fall into different levels. In all instances when the inputs fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level of input that is significant to the fair value measurement in its entirety. As such, a Level III fair value measurement may include inputs that are both observable and unobservable. Gains and losses for such assets categorized within the Level III table below may include changes in fair value that are attributable to both observable inputs and unobservable inputs.

The inputs into the determination of fair value require significant judgment or estimation by management and consideration of factors specific to each investment. A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in the transfer of certain investments within the fair value hierarchy from period to period. Reclassifications impacting the fair value hierarchy are reported as transfers in/out of the respective leveling categories as of the beginning of the period in which the reclassifications occur. The following table summarizes the levels in the fair value hierarchy that our portfolio investments fall into as of June 30, 2018:

(in thousands)	**Total**	**Level I**	**Level II**	**Level III**
First lien	$ 828,387	$	$ 117,309	$ 711,078
Second lien	713,974		332,109	381,865
Subordinated	67,801		26,675	41,126
Equity and other	487,856	14		487,842
Total investments	$ 2,098,018	$ 14	$ 476,093	$ 1,621,911

We generally use the following framework when determining the fair value of investments where there are little, if any, market activity or observable pricing inputs. We typically determine the fair value of our performing debt investments utilizing an income approach. Additional consideration is given using a market based approach, as well as reviewing the overall underlying portfolio company's performance and associated financial risks. The following outlines additional details on the approaches considered:

Company Performance, Financial Review, and Analysis: Prior to investment, as part of our due diligence process, we evaluate the overall performance and financial stability of the portfolio company. Post investment, we analyze each portfolio company's current operating performance and relevant financial trends versus prior year and budgeted results, including, but not limited to, factors affecting its revenue and earnings before interest, taxes, depreciation, and amortization ("EBITDA") growth, margin trends, liquidity position, covenant compliance and changes to its capital structure. We also attempt to identify and subsequently track any developments at the portfolio company, within its customer or vendor base or within the industry or the macroeconomic environment, generally, that may alter any material element of our original investment thesis. This analysis is specific to each portfolio company. We leverage the knowledge gained from our original due diligence process, augmented by this subsequent monitoring, to continually refine our outlook for each of our portfolio companies and ultimately form the valuation of our investment in each portfolio company. When an external event such as a purchase transaction, public offering or subsequent sale occurs, we will consider the pricing indicated by the external event to corroborate the private valuation.

Table of Contents

For debt investments, we may employ the Market Based Approach (as described below) to assess the total enterprise value of the portfolio company, in order to evaluate the enterprise value coverage of our debt investment. For equity investments or in cases where the Market Based Approach implies a lack of enterprise value coverage for the debt investment, we may additionally employ a discounted cash flow analysis based on the free cash flows of the portfolio company to assess the total enterprise value.

After enterprise value coverage is demonstrated for our debt investments through the method(s) above, the Income Based Approach (as described below) may be employed to estimate the fair value of the investment.

Market Based Approach: We may estimate the total enterprise value of each portfolio company by utilizing market value cash flow (EBITDA) multiples of publicly traded comparable companies and comparable transactions. We consider numerous factors when selecting the appropriate companies whose trading multiples are used to value our portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, and relevant risk factors, as well as size, profitability and growth expectations. We may apply an average of various relevant comparable company EBITDA multiples to the portfolio company's latest twelve month ("LTM") EBITDA or projected EBITDA to calculate the enterprise value of the portfolio company. Significant increases or decreases in the EBITDA multiple will result in an increase or decrease in enterprise value, which may result in an increase or decrease in the fair value estimate of the investment. In applying the market based approach as of June 30, 2018, we used the relevant EBITDA multiple ranges set forth in the table below to determine the enterprise value of our portfolio companies. We believe these were reasonable ranges in light of current comparable company trading levels and the specific portfolio companies involved.

Income Based Approach: We also may use a discounted cash flow analysis to estimate the fair value of the investment. Projected cash flows represent the relevant security's contractual interest, fee and principal payments plus the assumption of full principal recovery at the investment's expected maturity date. These cash flows are discounted at a rate established utilizing a yield calibration approach, which incorporates changes in the credit quality (as measured by relevant statistics) of the portfolio company, as compared to changes in the yield associated with comparable credit quality market indices, between the date of origination and the valuation date. Significant increases or decreases in the discount rate would result in a decrease or increase in the fair value measurement. In applying the income based approach as of June 30, 2018, we used the discount ranges set forth in the table below to value investments in our portfolio companies.

Table of Contents

The unobservable inputs used in the fair value measurement of our Level III investments as of June 30, 2018 were as follows:

(in thousands) Type	Fair Value as of June 30, 2018	Approach	Unobservable Input	Range Low	Range High	Range Weighted Average
First lien	$ 527,399	Market & income approach	EBITDA multiple	2.0x	19.8x	11.5x
			Revenue multiple	3.5x	6.3x	5.5x
			Discount rate	7.3%	12.9%	9.8%
	100,379	Market quote	Broker quote	N/A	N/A	N/A
	83,300	Other	N/A(1)	N/A	N/A	N/A
Second lien	211,125	Market & income approach	EBITDA multiple	8.0x	16.0x	11.4x
			Revenue multiple	1.0x	1.1x	1.1x
			Discount rate	9.7%	12.8%	11.3%
	170,740	Market quote	Broker quote	N/A	N/A	N/A
Subordinated	41,126	Market & income approach	EBITDA multiple	5.5x	12.5x	9.4x
			Discount rate	8.1%	21.8%	15.6%
Equity and other	487,347	Market & income approach	EBITDA multiple	0.4x	18.0x	11.9x
			Revenue multiple	1.0x	1.1x	1.1x
			Discount rate	7.0%	26.1%	12.7%
	495	Black Scholes analysis	Expected life in years	7.8	7.8	7.8
			Volatility	35.8%	35.8%	35.8%
			Discount rate	2.9%	2.9%	2.9%
	$ 1,621,911					

(1) Fair value was determined based on transaction pricing or recent acquisition or sale as the best measure of fair value with no material changes in operations of the related portfolio company since the transaction date.

NMFC Senior Loan Program I LLC

NMFC Senior Loan Program I LLC ("SLP I") was formed as a Delaware limited liability company on May 27, 2014 and commenced operations on June 10, 2014. SLP I is a portfolio company held by us. SLP I is structured as a private investment fund, in which all of the investors are qualified purchasers, as such term is defined under the 1940 Act. Transfer of interests in SLP I is subject to restrictions and, as a result, such interests are not readily marketable. SLP I operates under a limited liability company agreement (the "SLP I Agreement") and will continue in existence until July 31, 2020, subject to earlier termination pursuant to certain terms of the SLP I Agreement. The term may be extended pursuant to certain terms of the SLP I Agreement and SLP I's re-investment period is through July 31, 2018. SLP I invests in senior secured loans issued by companies within our core industry verticals. These investments are typically broadly syndicated first lien loans.

SLP I is capitalized with $93.0 million of capital commitments and $265.0 million of debt from a revolving credit facility and is managed by us. Our capital commitment is $23.0 million, representing less than 25.0% ownership, with third party investors representing the remaining capital commitments. As of June 30, 2018, SLP I had total investments with an aggregate fair value of approximately $347.2 million, debt outstanding of $251.6 million and capital that had been called and funded of $93.0 million. As of December 31, 2017, SLP I had total investments with an aggregate fair value of approximately $348.7 million, debt outstanding of $223.7 million and capital that had been called and funded of $93.0 million. Our investment in SLP I is disclosed on our Consolidated Schedule of Investments as of June 30, 2018 and December 31, 2017.

We, as an investment adviser registered under the Advisers Act, act as the collateral manager to SLP I and are entitled to receive a management fee for our investment management services provided to SLP I. As a result, SLP I is classified as our affiliate. No management fee is charged on our investment in SLP I in connection with the administrative services provided to SLP I. For the three and

Table of Contents

six months ended June 30, 2018, we earned approximately $0.3 million and $0.6 million, respectively, in management fees related to SLP I, which is included in other income. For the three and six months ended June 30, 2017, we earned approximately $0.3 million and $0.6 million, respectively, in management fees related to SLP I, which is included in other income. As of June 30, 2018 and December 31, 2017, approximately $0.9 million and $0.3 million, respectively, of management fees related to SLP I was included in receivable from affiliates. For the three and six months ended June 30, 2018, we earned approximately $0.8 million and $1.6 million, respectively, of dividend income related to SLP I, which is included in dividend income. For the three and six months ended June 30, 2017, we earned approximately $0.8 million and $1.8 million, respectively, of dividend income related to SLP I, which is included in dividend income. As of June 30, 2018 and December 31, 2017, approximately $1.0 million and $0.8 million, respectively, of dividend income related to SLP I was included in interest and dividend receivable.

NMFC Senior Loan Program II LLC

NMFC Senior Loan Program II LLC ("SLP II") was formed as a Delaware limited liability company on March 9, 2016 and commenced operations on April 12, 2016. SLP II is structured as a private joint venture investment fund between us and SkyKnight Income, LLC ("SkyKnight") and operates under a limited liability company agreement (the "SLP II Agreement"). The purpose of the joint venture is to invest primarily in senior secured loans issued by portfolio companies within our core industry verticals. These investments are typically broadly syndicated first lien loans. All investment decisions must be unanimously approved by the board of managers of SLP II, which has equal representation from us and SkyKnight. SLP II has a three year investment period and will continue in existence until April 12, 2021. The term may be extended for up to one year pursuant to certain terms of the SLP II Agreement.

SLP II is capitalized with equity contributions which were called from its members, on a pro-rata basis based on their equity commitments, as transactions are completed. Any decision by SLP II to call down on capital commitments requires approval by the board of managers of SLP II. As of June 30, 2018, we and SkyKnight have committed and contributed $79.4 million and $20.6 million, respectively, of equity to SLP II. Our investment in SLP II is disclosed on our Consolidated Schedule of Investments as of June 30, 2018 and December 31, 2017.

On April 12, 2016, SLP II closed its $275.0 million revolving credit facility with Wells Fargo Bank, National Association, which matures on April 12, 2021 and currently bears interest at a rate of LIBOR plus 1.60% per annum. As of June 30, 2018 and December 31, 2017, SLP II had total investments with an aggregate fair value of approximately $368.9 million and $382.5 million, respectively, and debt outstanding under its credit facility of $267.9 million and $266.3 million, respectively. As of June 30, 2018 and December 31, 2017, none of SLP II's investments were on non-accrual. Additionally, as of June 30, 2018 and December 31, 2017, SLP II had unfunded commitments in the form of delayed draws of $7.0 million and $4.9 million, respectively. Below is a summary of SLP II's portfolio, along with a listing of the individual investments in SLP II's portfolio as of June 30, 2018 and December 31, 2017:

(in thousands)	**June 30, 2018**	**December 31, 2017**
First lien investments(1)	374,972	386,100
Weighted average interest rate on first lien investments(2)	6.51%	6.05%
Number of portfolio companies in SLP II	33	35
Largest portfolio company investment(1)	17,183	17,369
Total of five largest portfolio company investments(1)	80,614	81,728

(1) Reflects principal amount or par value of investments.

(2) Computed as the all in interest rate in effect on accruing investments divided by the total principal amount of investments.

Table of Contents

The following table is a listing of the individual investments in SLP II's portfolio as of June 30, 2018:

Portfolio Company and Type of Investment	Industry	Interest Rate(1)	Maturity Date	Principal Amount or Par Value (in thousands)	Cost (in thousands)	Fair Value(2) (in thousands)
Funded Investments First lien:						
Access CIG, LLC	Business Services	5.84% (L + 3.75%)	2/27/2025	$ 8,870	$ 8,827	$ 8,898
ADG, LLC	Healthcare Services	6.84% (L + 4.75%)	9/28/2023	16,948	16,815	16,694
ASG Technologies Group, Inc.	Software	5.59% (L + 3.50%)	7/31/2024	5,449	5,424	5,427
Beaver-Visitec International Holdings, Inc.	Healthcare Products	7.09% (L + 5.00%)	8/21/2023	14,738	14,622	14,756
Brave Parent Holdings, Inc.	Software	6.33% (L + 4.00%)	4/18/2025	8,500	8,479	8,543
CHA Holdings, Inc.	Business Services	6.58% (L + 4.50%)	4/10/2025	9,857	9,808	9,931
CommerceHub, Inc.	Software	5.86% (L + 3.75%)	5/21/2025	2,500	2,487	2,512
DigiCert, Inc.	Business Services	6.84% (L + 4.75%)	10/31/2024	9,975	9,929	9,977
FPC Holdings, Inc.	Distribution & Logistics	6.59% (L + 4.50%)	11/18/2022	14,963	14,532	15,084
Globallogic Holdings Inc.	Business Services	6.08% (L + 3.75%)	6/20/2022	4,665	4,637	4,677
Greenway Health, LLC	Software	6.08% (L + 3.75%)	2/16/2024	14,849	14,788	14,869
Idera, Inc.	Software	6.60% (L + 4.50%)	6/28/2024	12,555	12,443	12,750
J.D. Power (fka J.D. Power and Associates)	Business Services	6.34% (L + 4.25%)	9/7/2023	13,290	13,244	13,340
Keystone Acquisition Corp.	Healthcare Services	7.58% (L + 5.25%)	5/1/2024	5,360	5,313	5,356
LSCS Holdings, Inc.	Healthcare Services	6.52% (L + 4.25%)	3/17/2025	6,384	6,373	6,384
LSCS Holdings, Inc.	Healthcare Services	6.34% (L + 4.25%)	3/17/2025	1,264	1,263	1,264
Market Track, LLC	Business Services	6.58% (L + 4.25%)	6/5/2024	11,880	11,828	11,880
Medical Solutions Holdings, Inc.	Healthcare Services	5.84% (L + 3.75%)	6/14/2024	4,454	4,434	4,457
Ministry Brands, LLC	Software	6.10% (L + 4.00%)	12/2/2022	2,127	2,118	2,127
Ministry Brands, LLC	Software					