New Mountain Finance Corporation Fourth Quarter 2025 Earnings Call
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Presenters:

Steven Klinsky – Chairman of NMFC & Chief Executive Officer of New Mountain Capital

John R. Kline – President & Chief Executive Officer

Laura C. Holson – Chief Operating Officer

Kris Corbett – Chief Financial Officer & Treasurer

Q&A Participants:

Finian O'Shea – Wells Fargo Securities

Ethan Kaye – Lucid Capital Markets

Operator

Good day, and welcome to the New Mountain Finance Corporation Fourth Quarter 2025 Earnings Call. Please note this event is being recorded.

I would now like to turn the conference over to Mr. John Kline. Please go ahead.

John R. Kline

Thank you, and good morning, everyone. Welcome to New Mountain Finance Corporation's fourth quarter 2025 earnings call. On the line here with me today are Steve Klinsky, Chairman of NMFC and CEO of New Mountain Capital; Laura Holson, COO of NMFC; and Kris Corbett, CFO and Treasurer of NMFC. Steve is going to make some introductory remarks, but before he does, I'd like to ask Kris to make some important statements regarding today's call.

Kris Corbett

Thanks, John. Good morning, everyone. Before we get into the presentation, I would like to advise everyone that today's call and webcast are being recorded. Please note that they are the property of New Mountain Finance Corporation and that any unauthorized broadcast in any form is strictly prohibited. Information about the audio replay of this call is available on our February 24th earnings press release. I would also like to call your attention to the customary Safe Harbor disclosure in our press release on pages 2 and 3 of the slide presentation regarding forward-looking statements. Today's conference call and webcast may include forward-looking statements and projections, and we ask that you refer to our most recent filings with the SEC for important factors that could cause actual results to differ materially from those statements and projections.

We do not undertake to update our forward-looking statements or projections unless required to by law. To obtain copies of our latest SEC filings and to access the slide presentation that we will be referring to throughout this call, please visit our website at www.newmountainfinance.com.

At this time, I'd like to turn the call over to Steve Klinsky, NMFC's Chairman, who will give some highlights beginning on page 7 of the slide presentation. Steve?

Steven Klinsky

Thanks, Kris. It's great to be able to address you all today, both as NMFC's Chairman and as a major fellow shareholder. My belief is that NMFC is in a good position overall relative to general market conditions, and particularly relative to where our stock trades today. Adjusted net investment income for the fourth quarter was $0.32 per share, covering our $0.32 per share dividend that was paid in cash on December 31st. Our net investment income and dividend were supported by consistent recurring income from our

loan portfolio, full utilization of the dividend protection program, which reduces our performance fee to 15% until the end of 2026, plus an additional and voluntary fee waiver by the manager of $2.4 million.

Looking forward to Q1, we would like to announce a $0.32 dividend payable on March 31st to shareholders of record as of March 17th. Again, we, as managers, will reduce the performance fee to 15% pursuant to our pledge under the dividend protection program. We have also volunteered to make an additional optional waiver in order to fully cover this dividend.

Our December 31st, 2025 net asset value declined to $11.52 per share, compared to $12.06 per share, chiefly due to a lower valuation on the common equity piece of Edmentum. For broader perspective, Edmentum is actually a company that has grown well under NMFC's leadership participation. We inherited the keys to Edmentum when the company defaulted in 2015. We and other partners subsequently improved the business over the course of the next five years and then sold the majority stake to another sponsor and monetized a significant portion of our stake. We retained approximately a 10% common equity ownership stake after the sale, which reached a peak in value during the COVID years, when Edmentum's virtual learning solutions were most in demand, and which has since given back its value as earnings normalized post-COVID and as non-cash pay interest and dividends have accrued ahead of our common equity.

Altogether, NMFC historically invested $29 million into Edmentum's first lien, which was fully repaid at par with interest. NMFC has also invested $174 million into Edmentum, related to our initial second lien investment from inception to date. We realized back $166 million of cash proceeds to date against that $174 million, comprised of $131 million of principal repayments and $36 million of interest and fees collected for nearly a one-time cash recovery. We've now reduced the valuation of the equity piece to just $5 million, but we also still hold $27 million in subordinated notes and $9 million of the most senior preferred equity tranche, which are valued at par.

So while the Edmentum position is down from last quarter, we do believe that business building has made the position more valuable than it might have been when it was one of our few defaults. Our goal is to help build back enterprise value and potential equity from here. More generally, approximately 95% of NMFC's loan portfolio is ranked green on our heat map, approximately 5% is yellow or orange, and no names are ranked red. Approximately $17 million of positions improved in rating last quarter, and no positions worsened.

New Mountain Capital itself, as a firm, has grown from zero in assets under management in 2000 to approximately $60 billion today, with a team of 300 people. Our private equity portfolio companies have produced over $100 billion of enterprise value gains for all shareholders while we have owned them, while minimizing losses. More than ever, we see opportunities to use our expertise as owners and builders of businesses to select great credit investments.

Regarding the market's particular issues around software loans, I would make these personal observations. My career began in 1981, when the 10-year treasury rate was at a record high of 15.84%. And I have lived through multiple technology shifts, including the introduction of personal computers, the Internet, the cloud and now, AI. As a private equity firm, New Mountain has successfully owned, managed, and built a number of software companies as a control shareholder. We have experienced successfully adding AI and machine learning to the product offerings of the businesses we own. For many years, New Mountain Private Equity has been generally cautious in acquiring software companies because of the risk of enterprise value multiple compression from the roughly 20 times EBITDA type averages to something lower as may in fact be occurring now.

However, this is exactly why we have liked software loans, where we can be under 40% of loan-to-value in some great performing names, and therefore sheltered from multiple compression. Also, all software companies and loans are not the same. The best software companies have thousands of repeat customers in place, and therefore, may be in the best position to add AI agents and upgrades for their client base as these innovations come, just as we added AI to certain of New Mountain's owned businesses. These companies often also provide services or data far beyond pure software code in a way that AI simply cannot duplicate.

We believe NMFC Software loan portfolio fits this general description for high quality overall. So, looking forward, what guidance can we give about NMFC's long-term performance? As a major shareholder myself, I believe there are a number of positive factors that justify NMFC shares trading back towards book value and significantly higher than the roughly $8 or so level where they trade today.

First, as promised, we will continue to utilize the full dividend protection program, where we have pledged to reduce our incentive fee from 20% to 15% to the end of 2026. Further, we are now announcing that after the dividend protection period ends, we intend to voluntarily and permanently reduce our incentive fee to the same 15% level from its longstanding 20% level to show alignment with our shareholders.

Second, we have now signed an agreement to sell approximately $477 million of many of our hardest to value assets at a price meaningfully above where our stock trades. This sale is scheduled to close in March and will include a sizable piece of our Benevis term loan, several PIK and subordinated positions, and some of our other most concentrated and illiquid assets, all at a price of 94% of our 12/31/25 marks, which we believe is essentially par, less a normal transaction discount for a large, concentrated block of this sale. The 6% discount on this sale will initially take our book value down by another approximately $0.35 to $11.17 per share, but with a more diversified and improved asset mix going forward. And again, at a level that is very meaningfully above where the stock market values us.

At the 15% performance fee rate, the long-term sustainable dividend rate for NMFC is now expected to be roughly $0.25 per share per quarter, beginning in Q2 2026, due to continued base rate compression, lower market spreads, and a reduction in some of our higher earning PIK securities. This assumes around $0.27 per share of quarterly net investment income, which will allow us to perhaps overearn our dividend and build book value. A $1 per year dividend equates to a 9% yield on our pro forma book value and a 12% yield on our current share price. There are then potential paths to try to improve earnings and book value from there.

The company will have more cash available for accretive stock buybacks. There is the chance for equity appreciation at companies like UniTek that are now projected by company management to be growing at a good rate. We also see opportunities to lend at slightly higher spreads, and in some cases, to purchase specifically well-chosen loans at attractive discounts given this more uncertain environment in the debt markets.

I and my fellow NMC executives remain the largest shareholders of NMFC stock, and our ownership position has been increasing over time. NMFC itself repurchased approximately $52 million of shares in 2025, approximately $15 million worth of shares thus far in 2026. And we have board authorization in place to buy approximately $80 million more. We thank you, as always, for your ownership and partnership, and we are working diligently to serve your interests in the months and years ahead.

With that, let me turn the call over to John for more details and comments.

John R. Kline

Thank you, Steve. I would like to begin by offering more details on the $477 million asset sale, which we believe meaningfully diversifies our portfolio, reduces PIK income, and enhances NMFC's financial flexibility. Starting on page 9, you'll find a pie chart with the positions that we sold to a newly formed vehicle backed by Coller Capital.

The portfolio is comprised of many of our largest positions, including Benevis, Dealer Tire, Alliance Animal Health, and iCIMS. Overall, we sold 15 positions in the sale and reduced exposure to 7 of our 10 largest names. Subordinated positions represented nearly 25% of the value of the secondary portfolio. 37% of these assets generate PIK income, including Benevis and Dealer Tire. 60% of the loans were originated in 2021 or earlier, and 33% of the portfolio are software-related companies. It's important to note that we believe these names are high quality loans, but in nearly all cases, they have characteristics that were scrutinized by the market for reasons such as PIK interest, seniority, industry type, or concentration.

Page 10 provides an overall update on the progress we've made on our strategic initiatives. Pro forma for the sale, our top five positions are now just 14% of NMFC's portfolio value. We expect this percentage to decrease as we redeploy proceeds from the sale, primarily in first lien assets. Our senior-oriented assets will now represent 81% of NMFC's portfolio, up from 75% in the prior year. Our post-sale leverage will decrease to 0.9 times from 1.21 times at the end of Q4. And during the quarter, we repaid our higher-cost convertible notes with proceeds from lower-cost credit lines.

Overall, PIK income is expected to decrease by 20% to 25% as we redeploy the cash proceeds. It's worth noting that approximately 41% of our pro forma PIK income will be generated by Benevis and UniTek, which are performing very well. Benevis is in the midst of an impressive turnaround and UniTek can be an AI winner with good execution in 2026 and 2027. Both are companies where New Mountain has control or co-control with another investor.

Finally, as we consider our non-yielding positions, we see opportunities to monetize one or two other equity positions in coming quarters. On page 11, we show a pie chart of our industry exposure to our defensive growth-oriented sectors. We provide industry-specific classifications, including some new classifications, so that our stakeholders have a clear understanding of our end markets, which we believe is particularly important in today's environment where there is heightened scrutiny on certain sectors.

We want to continue to be a leader in providing investors with transparency on our investment exposures. As always, these sectors are areas of the economy where New Mountain Private Equity owns businesses and has differentiated insights and resources. As we consider industry exposure, the impact of AI has been a major topic of conversation in the investing community, particularly as it relates to the software end market.

On page 12, we offer more details on our approach to AI at New Mountain. First and foremost, we acknowledge that there is an increased level of risk across various sectors related to AI, but there will also be great opportunities for well-informed lenders. We have consistently highlighted that the pace of technological change is one of our biggest focus areas as it relates to underwriting credit, constructing our portfolio, and controlling risk.

Our specific focus on AI is not new. In fact, we have had a firmwide task force consisting of many of our most tech-forward leaders and executive partners in place since the early days of ChatGPT.

Within the credit business, we have a standardized system for evaluating new investments and existing portfolio companies for AI-driven disruption. And as Steve highlighted, as a firm, we have 20-plus-years of industry experience managing and owning software businesses. When we consider the capital structures of software loans within NMFC, it's important to remember that these positions have significantly higher sponsor equity contributions and lower loan-to-values than both our non-software loans and the marketplace in general.

If we apply a 25% discount to the enterprise value of every software loan in our portfolio, the capital structures remain in line with the rest of the portfolio and the market in general. As it relates to the underlying characteristics of our software portfolio companies, we believe that most of our investments sell sticky solutions at a fair price to a large and diversified set of customers. Additionally, many of our portfolio companies offer compelling expertise in specific industry verticals and hold valuable proprietary data that serves underlying customers or have material network effects.

In some cases, shorter maturities can be a catalyst for near-term takeouts on certain of our performing positions. As shown on page 13, the internal risk ratings remain consistent with approximately 95% of the portfolio green rated. We had two investments migrate positively on our rating scale due to improved capital structure and outlook. Importantly, there are no names in the portfolio rated in the red category, and our most challenged names, marked orange, represent only 3.2% of NMFC's fair value, making them a small portion of the portfolio.

Turning to page 14, we provide a graphical analysis of NAV changes during the quarter, resulting in a book value of $11.52, a $0.54 decline compared to last quarter. The main drivers of the decline this quarter were Edmentum and Affordable Care, partially offset by a handful of unrealized gains and accretive share repurchases. Biggest mover, representing two-thirds of the Q4 book value decline was Edmentum, which was covered by Steve earlier in the call.

While we have reduced the value of the common equity meaningfully, we are maintaining consistent valuations on the subordinated debt and preferred equity, which are meaningfully more senior in the capital structure. The other material valuation change, representing approximately 20% of the Q4 decline was Affordable Care, a specialty dental practice management business that has been orange on our heat map for a while.

Due to the continuing operating underperformance combined with a highly leveraged capital structure, we expect this business to restructure in the near-term. While performance has been challenged, we are hopeful that a debt-for-equity swap could be a catalyst for improved overall prospects. Page 15 addresses NMFC's non-accrual performance. During the quarter, we completed the restructuring of Beauty Industry Group, reinstating a portion of the debt on full accrual and equitizing the rest, providing us with a significant ownership stake and an opportunity to achieve upside over time.

Offsetting this, we moved our preferred equity investment in Affordable Care and our first lien debt position in DCA to non-accrual status. We expect DCA to be back on accrual in Q2. Overall, non-accruals continue to be very low, comprising just 1.4% of

the portfolio at fair value. On the right side of the page, we show our cumulative credit performance since IPO. During that time, NMFC has made nearly $10.4 billion of investments while realizing losses, net of realized gains of $24 million.

On page 16, we present NMFC's consistent returns over the last 15 years. Cumulatively, NMFC has earned $1.5 billion in net investment income, while generating $24 million of cumulative net realized losses and $211 million of cumulative net unrealized depreciation, resulting in approximately $1.3 billion of value created for shareholders. While the realized loss rate remains very strong, we as a management team are focused on reversing the unrealized depreciation within the existing portfolio.

I will now turn the call over to our Chief Operating Officer, Laura Holson, to discuss the current market environment and provide more details on NMFC's quarterly performance.

Laura C. Holson

Thanks, John. As previewed on last quarter's call, we saw a flurry of deal activity at the end of 2025. The backlog of potential private equity exits remains full, and there is ongoing pressure to deploy private equity dry powder. That said, the recent AI-induced market volatility will likely impact M&A activity for the foreseeable future. We continue to believe direct lending remains an attractive asset class in today's market and provides good risk-adjusted returns and enhanced yield relative to other asset classes.

We also think the value proposition of direct lending particularly resonates with sponsors during periods of volatility. Direct lending spreads were reasonably stable in 2025, albeit, at the tighter end of spreads over the course of unitranche history. We are starting to see signs of some spread widening, as well as an increase in pricing dispersion. We are excited about the prospect of having some dry powder from the portfolio sale to deploy into these conditions. However, our underwriting bar remains higher than ever, and our pass rate on deals has increased. The more challenging environment underscores the importance of our differentiated underwriting strategy, which allows us to go deeper on diligence and identify the most compelling credit opportunities. Page 18 presents an interest rate analysis that provides insight into the effect of base rates on NMFC's earnings.

As of 12/31, the NMFC loan portfolio was 85% floating rate and 15% fixed rate, while our liabilities were 65% floating rate and 35% fixed rate. Pro forma for the anticipated refinancing activity in 2026, we expect our mix will shift meaningfully to approximately 79% floating and 21% fixed. This will more closely align us with our target of matching our percent of liabilities that float with the percent of our assets that float. As shown on the bottom table, while we would expect to see earnings pressure in the scenarios where base rates decrease, the ongoing evolution of our liability structure helps to alleviate some of that pressure.

Moving on to page 19. Despite the active Q4 across New Mountain's credit platform overall, NMFC saw modest originations in the fourth quarter. As previewed on our last call, we remain reasonably fully invested and therefore, originated just $30 million of assets during the quarter, which was offset by $195 million of repayments and sales. Repayment velocity remains strong and we have line of sight into some additional expected repayments in the coming quarters. As mentioned earlier, the portfolio sale provides meaningful capacity for us to deploy in the coming quarters.

Turning to page 20. Pro forma for the portfolio sale, approximately 81% of our investments, inclusive of first lien, SLPs and net lease are senior in nature, up from 75% in the prior year period. The secondary sale provides meaningful capacity for deployment, which we anticipate investing primarily in first lien assets. Approximately 4% of the portfolio is comprised of our equity positions, the largest of which are shown on the right side of the page. We continue to dedicate meaningful time and resources to business building at these companies as Steve discussed earlier.

Finally, as illustrated on page 21, pro forma for the portfolio sale, we have a meaningfully more diversified portfolio across 113 companies. Excluding our investments in the SLPs and net lease funds, the top 10 single name issuers account for just 22.8% of total fair value, down from 25.6% last quarter. As we redeploy the secondary sale proceeds, we anticipate the diversification of the portfolio to improve further.

I will now turn the call over to our Chief Financial Officer, Kris Corbett, to discuss our financial results.

Kris Corbett

Thank you, Laura. For more details, please refer to our quarterly report on Form 10-K that was filed yesterday with the SEC. As shown on slide 22, the portfolio had $2.8 billion in investments at fair value on December 31st and total assets of $2.9 billion.

Total liabilities were $1.7 billion, of which total statutory debt outstanding was $1.5 billion. Net asset value of $1.2 billion or $11.52 per share was down 4.5% compared to prior quarter. At quarter end, our net debt to equity ratio was 1.21 to 1 and pro forma for the secondary sale, our net debt to equity ratio decreases to approximately 0.9 times.

On slide 23, we show our quarterly income statement results. For the current quarter, we earned total investment income of $77 million, a 4% decrease compared to prior quarter. Total net expenses of $44 million decreased 5% versus prior quarter, inclusive of the fee waiver previously mentioned. Our adjusted net investment income for the quarter was $0.32 per weighted average share, which covered our Q4 dividend. Our earnings were driven by our strong core income and effective incentive fee rate of 8.4% and the share repurchase program.

Slide 24 highlights that 97% of our total investment income is recurring in the fourth quarter. On the following page, you could see that 77% of our investment income was paid in cash and 15% was PIK income from positions that included PIK from inception to best enable these borrowers to execute on their strategic growth plans. Only 4% of investment income is driven by modified PIK from an amendment or restructuring.

Importantly, investments generating non-cash income during the fourth quarter are marked at a weighted average fair market value of approximately 98% of par, and approximately 94% of this income is generated from our green-rated names.

In addition, 2025 year-to-date, we collected approximately $35 million of previously accrued PIK income in cash. Turning to slide 26, the red line shows the coverage of our dividend. For Q1 2026, our board of directors has again declared a dividend of $0.32 per share. On slide 27, we highlight our various financing sources and diversified leverage profile. As John noted, during the quarter, we repaid the 7.5% convertible notes, and subsequent to year-end, we also repaid the 2021 unsecured bond using our lower cost revolver and holdings credit facilities.

Taking into account SBA-guaranteed debentures, we have $2.3 billion of total borrowing capacity with approximately $650 million available on our revolving lines, subject to borrowing base limitations as of January 30th. This more than covers our unfunded commitments of $210 million, as well as our near-term bond maturity.

Finally, on slide 28, we show our leverage maturity schedule. We continue to ladder our maturities and have sufficient liquidity to manage upcoming maturities. Notably, 65% of our debt matures in or after 2028. We remain focused on continuing to access the unsecured market.

With that, I would like to turn the call back over to John.

John R. Kline

Thank you, Kris. In closing, we would like to thank all of our stakeholders for the ongoing partnership and look forward to speaking to you again on our first quarter 2026 earnings call in May. I will now turn things back to the operator to begin the Q&A. Operator.

Operator

Thank you. We will now begin the question-and-answer session. And the first question will come from Finian O'Shea with Wells Fargo. Please go ahead.

Finian O'Shea

Hey, everyone. Good morning. Just to start with a couple on the portfolio sale. One, is the 94 discount inclusive of any advisory fee, or might that be an extra sort of income statement hit next quarter? And then, from the sound of it, it sounds like mostly redeployment, maybe buyback, less so than delevering, if I heard that right. Or will there be any updated leverage posture? Thank you.

John R. Kline

Good morning. Thanks for the question. The 94% of par was the purchase price of the assets. There will be fees and expenses associated with that transaction, and those are expected to be about $7 million. On the overall posture around the leverage target

that we have, we're maintaining our target between 1 and 1.25. The sale puts us under our stated leverage target. And going forward, we expect to operate within the target that we've always operated within. What we're excited about is that we have the opportunity to deploy the proceeds of the sale into what we think will be a better market to invest in credit, in direct lending. And we also have the opportunity to buy back that stock to the extent we feel the stock is cheap, and I think we've made statements that we do feel like the stock is undervalued.

So we want to – our strategy remains unchanged and we plan to deploy the proceeds of the sale in different ways that serve our shareholders.

Finian O'Shea

Okay. That's helpful. And just a follow up, looking at the portfolio. There's a couple of names that most of us are probably happy to see go. Benevis, that was a big restructuring. It has an overall deeper vintage. So, you know, more good than bad. But it wasn't say totally the group of names that were more likely really holding you down on a stock price perspective? So, I guess, sort of question is, did you try to sell any of the more struggling, depressed, so forth assets or was this more of a, hey, let's move the clean, easy to explain kind of stuff?

John R. Kline

Sure. Thanks for that. I mean, overall, we like our portfolio. We think we have a lot of good assets. Steve talked about some assets that, where we have hopes for equity gains in the future. I spoke about the same thing. So our portfolio is roughly 95% green. So, we like our portfolio. We don't think there are a lot of terrible assets we're looking to unload on someone. That's not the mindset we have. The mindset around this transaction, and we previewed this for many, many quarters is that we feel – if we're self-critical, we feel like we have a little bit too much concentration in NMFC. Our biggest positions are way too big. They're bigger than we want them to be.

And we have PIK income that is higher than what our targets are. So we just felt like this sale overnight enables us to deliver on our strategic initiatives very quickly. And I think, in some ways, Benevis has been a position that's probably been scrutinized by a lot of investors because it is a restructuring. It's gotten very big. In a lot of ways, I think, this is extremely validating of the value and the progress we've made on Benevis, so we're quite pleased with that. And it's important to note that we retain all the upside in Benevis to the extent we can continue to steer that company in what we think is a good direction.

So it's really driven by the fact that we can reduce our PIK, we can reduce subordinated positions. We talked about how we did that. And there is some earlier vintage assets, which isn't necessarily a bad thing, but again, I think, it's very much scrutinized by the market. So that's the way we think about the sale. I think it's worth noting as well that, in an environment where software is heavily scrutinized, we did sell a bunch of software loans. Now, we think they're good software loans, but at the margin, I'm sure there are some investors that feel better about the fact that we're slightly lower in our software exposure. So that's just an additional point I wanted to make to you.

Finian O'Shea

Great. That's all for me. Thanks, John.

Operator

Our next question will come from Ethan Kaye with Lucid Capital Markets. Please go ahead.

Ethan Kaye

Hey, guys, thanks for taking my question, and congrats on the asset sale. Just a couple of questions on that, I guess, specifics. Curious whether – I guess, specific to the process here, curious whether there were multiple bidders here. Was it kind of an auction type process? How were the assets selected and priced? Any kind of information you can give on kind of that process would be helpful?

John R. Kline

Sure. It was a competitive process that was led by a bank that we hired, Evercore. And we went out to a number of bidders and we did get multiple bids. This overall – the overall bid from Coller was the most attractive overall solution for us. And we feel good about the completion of that sale. As it relates to the way we selected assets, it really ties back to the comments that I just made to Fin, which is, we really wanted to reduce PIK income and we wanted to get a lot more diversified amongst our top positions. So if you look at a lot of the biggest, most important names that we sold in the sale, they were our largest positions and we thought it was particularly important to get Benevis, which is on an improving track down from over 5% of the portfolio to in the 3s. We thought that was very important, just from a portfolio management perspective. So that was the thinking around how we picked the names. It was really our over-concentrated names with high PIK and in some cases subordinated names.

Ethan Kaye

Got it. Okay. So it was more of a, you selected the assets and then shopped them as opposed to more of a, I guess, bilateral-type process?

John R. Kline

Yeah, that's a good point. I mean, it wasn't – it was very much driven by our goals and desires, which we've talked about very openly. So that's a great point. I'm happy you helped us clarify that is that we really chose the assets that we felt were the most concentrated or in some cases had the PIK characteristics. It wasn't that people were reverse inquiry into us on the assets that they wanted to buy.

Ethan Kaye

Great. And one more so...

John R. Kline

And then, the other thing – the final thing I'd say, I think this was talked about in our comments is, some of these assets are just, I think, in the eyes of our shareholders, tougher to value, tougher to have transparency into. And so, again, we feel like on some of these tougher to value assets or I don't want to say opaque, but, just assets that are a little bit less obvious, and in some cases, in assets that had a material turnaround, we thought it was incredibly validating to have a third party come in and price those assets at a price that is very supportive of our marks.

Ethan Kaye

Yeah. That actually is a good kind of segue into kind of my next question. I wanted to get some thoughts on like how you interpret the pricing of these assets relative to the internal marks. Obviously, on one hand, the assets are being sold at a slight discount. On the other hand, as you mentioned, there are some characteristics to these assets like PIK and software that, we know investors kind of discount. And ostensibly, there are some sort of deal discount that is kind of regular way here. But can you just kind of help us think about how you see the 94% kind of valuation here?

John R. Kline

Look, we think there's a fair deal for both sides. The buyer got some great assets at a slight discount, and that's very commercially normal in this market. And we feel like we were able to, as I said, validate our marks and reduce concentration and improve the overall portfolio composition of our vehicle, of our company. And we're doing it, and again, Steve made this point, we're doing it in an environment where our stock price trades at, I don't know, under 70% of book or so. And so, we just feel like this was the right move given the implicit scrutiny on NMFC.

Ethan Kaye

Great. Appreciate it. Thanks, guys.

John R. Kline

I think, we're waiting for one more question in the queue.

Operator, do we have another question in the queue?

Okay. It looks like there are no more questions in the queue. We'll conclude today's call. Thank you for everyone's participation and we look forward to speaking to you again very soon.