

## BDC Industry Review: Second Quarter 2014



## FS Investment Corporation III

Total Assets.....	\$251.9 Million
Investments.....	\$139.6 Million
Cash & Equivalents.....	\$108.9 Million
Other.....	\$3.4 Million

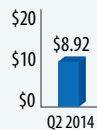


Public Offering Price: .....	\$10.00
Current Distribution Rate: .....	7.00%
Reinvestment Price Per Share:.....	95% POP
Effective Date:.....	December 31, 2013
Number of Months Effective:.....	6

Cash & Equivalents to Total Assets Ratio:.....	43.2%
Asset Type: .....	Diversified Private Debt
Number of Companies in Portfolio: .....	29
Sponsor/Advisor: .....	Franklin Square Capital Partners
Sub-Advisor:.....	GSO - Blackstone
Use of Total Return Swap (TRS): .....	Yes
Assets of TRS: .....	NA*

\*TRS Agreement began June 26, 2014

## Historical Price (Net Asset Value)



## Investment Strategy

## Strategy:

To invest primarily in senior secured, second-lien secured and to a lesser extent subordinated debt of private U.S. companies.

## Company Size:

\$50 million to \$2.5 billion in revenue

## Average Portfolio Company Size:

\$482 million in EBITDA

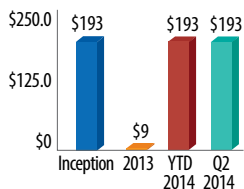
## Management

Investments are sourced, underwritten and managed in a collaborative effort between Franklin Square (FS) Capital Partners and the sub-advisor, GSO Capital Partners, a Blackstone company.

**GSO - Blackstone** – The credit arm of Blackstone, GSO manages over \$69.5 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$279 billion in assets under management.

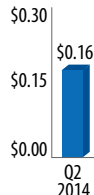
**Franklin Square Capital Partners** – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$12.4 billion in BDC assets.

## Gross Offering Proceeds



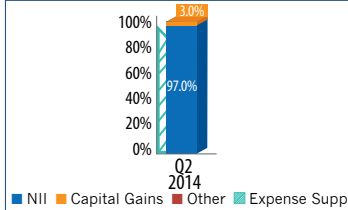
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



\*Does not include special distributions

## Sources of Distributions

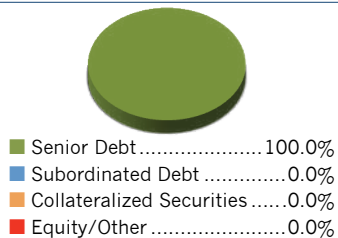


\*Other may include other taxable income items.

## Portfolio Yields

Not Applicable

## Portfolio by Asset Type



## Portfolio Concentration - Top 5 Industries

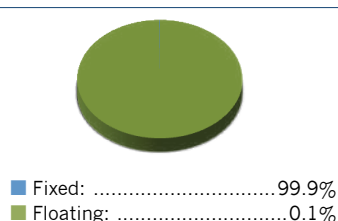
Industry	2014 YTD
Transportation	16%
Software & Services	13%
Consumer Durables & Apparel	10%
Utilities	10%
Capital Goods	9%

## Performance Returns

	2014 YTD
FS Investment Corporation III	5.30%
S&P/LSTA Leveraged Loan Index	2.60%
BofA Merrill Lynch High Yield Master II	5.64%

\* YTD returns are not annualized  
\*\* Annualized due to limited operating data in 2014

## Floating vs. Fixed Rate Investments



## Key Statistics

Fund Operating Expense Ratio.....	NA
Interest Coverage Ratio.....	NA
Weighted Average Interest Rate* .....	NA
Leverage Ratio.....	NA
Taxable Income Payout Ratio.....	103.1%
Net Change in Assets Payout Ratio.....	51.0%
Expense Support % of Distribution .....	0.0%

\* Average borrowings stated in quarterly SEC filing.

## Contact Information

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\*See additional notes on page 19.

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