

# BDC Industry Review: Fourth Quarter 2014

## FS Investment Corporation III

Total Assets.....	\$1,023.3 Million
Investments.....	\$695.8 Million
Cash & Equivalents.....	\$204.5 Million
Other.....	\$123.0 Million

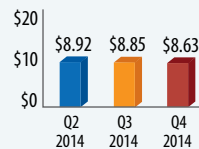


Public Offering Price: .....	\$9.85
Current Distribution Rate: .....	7.11%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	December 31, 2013
Number of Months Effective:.....	12

Cash & Equivalents to Total Assets Ratio:.....20.0%  
 Asset Type: ..... Diversified Private Debt  
 Number of Companies in Portfolio: .....83  
 Sponsor/Advisor: ..... Franklin Square Capital Partners  
 Sub-Advisor:..... GSO - Blackstone  
 Use of Total Return Swap (TRS): ..... Yes  
 Assets of TRS: ..... \$285.8 Million\*

\*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:

\$231.4 million in EBITDA

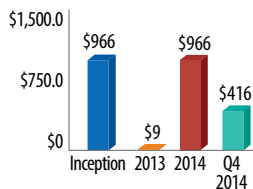
### Management

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 \$72.9 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$290.4 billion in assets under management.

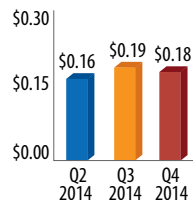
**Franklin Square Capital Partners** – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$14.9 billion in BDC assets.

### Gross Offering Proceeds



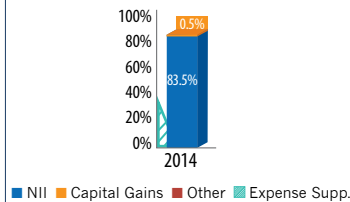
\*Includes reinvested distributions (in millions)

### Historical Distribution Per Share



\*Does not include special distributions

### Sources of Distributions



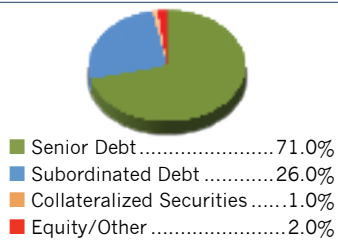
\*Other may include other taxable income items.

### Portfolio Yields

NA-Limited Operating Data

\*Commencing operation on April 2, 2014.

### Portfolio by Asset Type



### Portfolio Concentration – Top 5 Industries

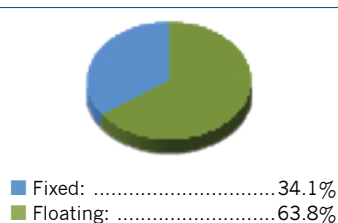
Industry	2014 YTD
Energy	16%
Consumer Services	14%
Software & Services	12%
Commercial & Professional Services	11%
Diversified Financials	9%

### Performance Returns

	2014 YTD
FS Investment Corporation III	1.67%
S&P/LSTA Leveraged Loan Index	0.99%
BofA Merrill Lynch High Yield Master II	2.50%

\* 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.....	26.5%
Taxable Income Payout Ratio* .....	100.4%
Net Change in Assets Payout Ratio.....	(301.3%)
Expense Support % of Distribution .....	16.0%

\*Commenced operations on April 2, 2014 - limited operating data

### Contact Information

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\*See additional notes on page 19.