

# ▲ Priority Income Fund

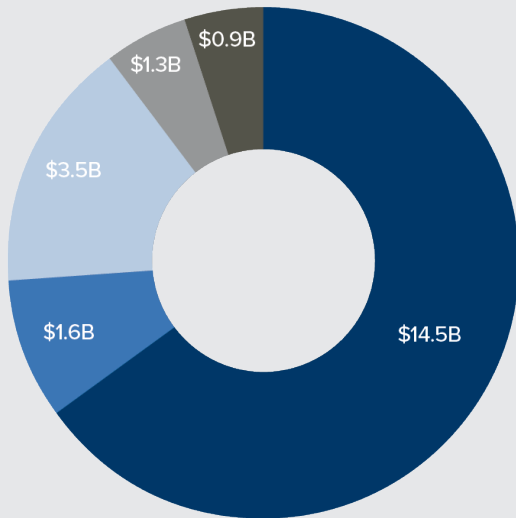
 **Creditflux**  
by Debtwire

Manager Awards 2023

Finalist

# PROSPECT CAPITAL MANAGEMENT — WHO WE ARE

## CUMULATIVE INVESTMENTS



- Middle-Market Direct Lending
- Middle-Market Buyouts
- CLOs
- Real Estate Private Equity
- Other

\*Figures may not add up due to rounding



**\$11.8B**

Private Debt & Equity Manager  
Founded 1988



**22 Years**

Same Management Team



**\$21.8B**

Invested In 988 Investments



Over **100**

Professionals

**\$11.8B**

PROSPECT AUM\*\*



MIDDLE-MARKET  
DIRECT LENDING

**\$4.1B**

REAL ESTATE  
PRIVATE EQUITY

**\$3.3B**

CLOs

**\$2.0B**

OTHER

**\$1.1B**

MIDDLE-MARKET  
BUYOUTS

**\$1.4B**

## PRIORITY INCOME FUND PORTFOLIO MANAGERS



**GRIER ELIASEK**  
CEO

Mr. Eliasek is President, Chief Operating Officer and a Director of Prospect Capital Corporation, Chief Executive Officer of Priority Income Fund, Inc., and a Managing Director of Prospect Capital Management and Prospect Administration. Grier has served on the boards of directors of public and private companies.



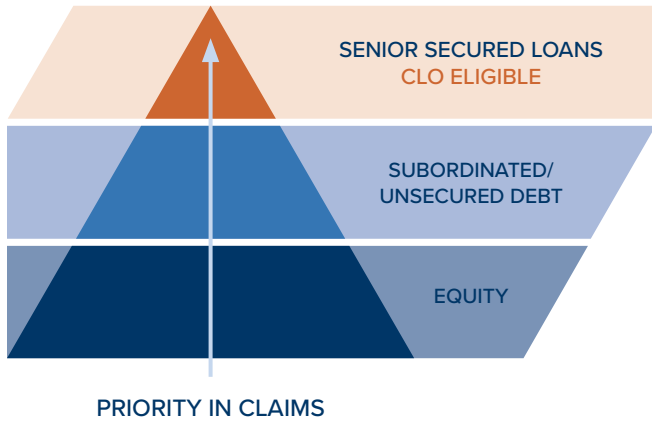
**COLIN MCGINNIS**  
Managing Director

Mr. McGinnis is a Managing Director and has been in the finance industry since 2005. He is responsible for originating, executing and managing investments in a variety of industries, including the firm's investments in CLOs.

\*\*The \$11.8 billion of Assets Under Management ("AUM") refers to the assets managed by Prospect and its affiliated registered investment advisors. AUM equals the sum of: (i) the gross assets of Prospect Capital Corporation ("PSEC"), Priority Income Fund, Inc. ("PRIS"), and Prospect Floating Rate and Alternative Income Fund, Inc. ("PFLOAT"), (ii) any amounts available to be borrowed under certain credit facilities of the investment companies, (iii) total managed assets for real estate and structured credit investments, and (iv) uncalled capital commitments. Prospect's AUM measure includes assets under management for which Prospect charges either nominal or zero fees. Prospect's definition of AUM is not based on any definition of assets under management contained in any management agreements of the investment companies Prospect manages. Given the differences in the investment strategies and structures among other investment advisors, Prospect's calculation of AUM may differ from the calculations employed by other investment managers and, as a result, this measure may not be directly comparable to similar measures presented by other investment managers. Prospect's calculation also differs from the manner in which Prospect and its affiliates registered with the SEC report "Regulatory Assets Under Management" (\$8.8 billion) on Form ADV.

## SENIOR SECURED LOANS

SENIOR SECURED LOANS PROVIDE CAPITAL PRESERVATION AND DOWNSIDE PROTECTION



Principal protection through:

- Highest priority in the capital structure
- First lien on borrower's assets
- Yield protection through floating rates and floors

Typical borrower:

- Average loan size of **\$1.0B+**
- EBITDA of **\$100M+**
- Rated by Moody's and S&P

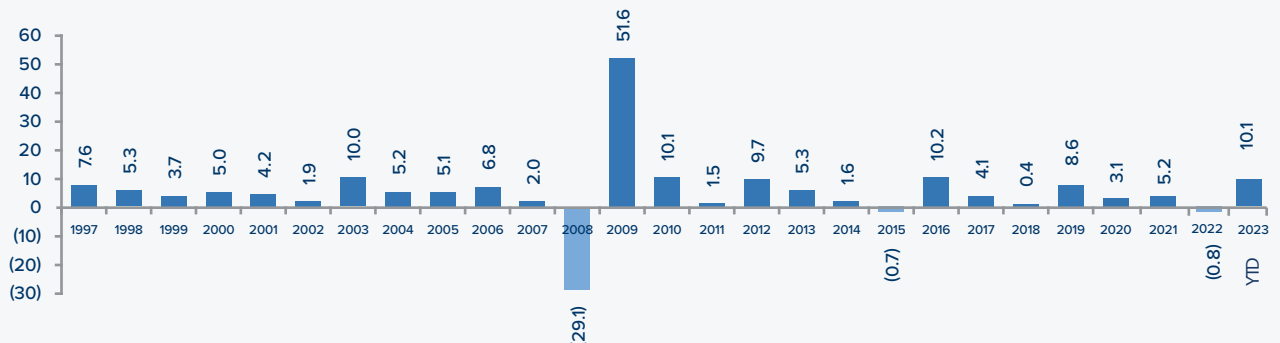
## CONSISTENT RETURNS

- Senior secured loans only had **3 YEARS** of negative returns (including mark-to-market volatility) since 1997
- 2-year return of **7.5%** from 2008 – 2009 despite significant capital markets dislocation<sup>1</sup>

- Dislocations offer management team opportunity to purchase discounted loans, **BENEFITING CLOs**

1) Leveraged Commentary and Data (LCD) from Pitchbook as of October 31, 2023

LSTA LEVERAGED LOAN INDEX:  
TOTAL RETURNS (%)



## BENIGN DEFAULT ENVIRONMENT

- **2.17%** average default rate from 1/1/2003 through 9/30/23<sup>2</sup>
- **0.61%** average annual credit losses when coupled with an **71.7%**<sup>3</sup> historical recovery rate

- Portfolio LTM default rate of **0.93%**<sup>4</sup>

2) Leveraged Commentary and Data (LCD) from Pitchbook

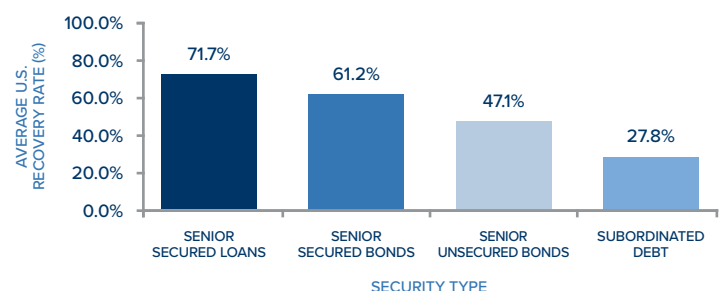
3) Moody's Investor Service, "Annual default study: Corporate default rate will rise in 2023 and peak in early 2024"

4) Intex.

## HIGH HISTORICAL RECOVERY RATES<sup>5</sup>

- Senior secured loans have experienced **SIGNIFICANTLY HIGHER RECOVERY RATES** than other fixed income asset classes
- **COLLATERAL PROTECTION** through a first lien on assets of the borrower
- **SIGNIFICANT SUBORDINATED CAPITAL** (subordinated debt and equity)
- Restrictive negative covenants **IMPROVE LENDER PROTECTION** and provide a mechanism for repricing risk

## AVERAGE U.S. CORPORATE DEBT RECOVERY RATES 1987-2022



5) Moody's Investor Service, "Annual Default Study: Corporate default and recovery rate will rise in 2023 and peak in early 2024"

## PRIORITY INCOME FUND – 5 KEY FEATURES

### 1. Senior secured loans

Priority Income Fund invests in pools of first lien, senior secured loans to large U.S. companies.

### 2. Consistent income to shareholders

Priority has a 9+ year track record of paying a fully covered dividend. Priority currently pays 11.58% annualized distribution paid monthly.

### 3. Diversification

Well diversified with exposure to 1,958 senior secured loans to over 1,300 companies through approximately 228 CLO positions.<sup>1</sup>

### 4. Lack of duration risk

Priority is not significantly impacted by interest rate movements due to floating rate nature of underlying loans and the financing in CLOs.

### 5. Access to best-in-class management teams

Only chosen to partner with approximately 20 out of nearly 130+ fixed income managers that have issued CLO since the credit crisis.<sup>2</sup>

1) Priority filings, investor presentations and management.

As of October 31, 2023.

2) Creditflux, an Acuris Company

# Priority Income Fund

## PRIORITY INCOME FUND HIGHLIGHTS

- Significant Scale With Over **\$950M** of Assets
- **FULL COVERAGE** of Dividend Through GAAP NII
- Diversified Portfolio - **228** Investments and Exposure to **1,958** Senior Secured Loans<sup>3</sup>
- Portfolio LTM Default Rate of **0.93%**<sup>4</sup>
- Partnering with **TOP-TIER** management team
- Benefits from Prospect scale with over **\$3.4B** Invested in CLOs
- Currently Paying a **11.58%** Annualized Dividend

3) Priority filings, investor presentations and management. Based on Class R offering price at of October 31, 2023.

4) Intex

## ACCESS TO BEST-IN-CLASS MANAGEMENT TEAMS<sup>5</sup>

- Over 130 fixed income managers have issued CLO since the financial crisis
- Priority Income Fund has partnered with 20 of the leading CLO management teams

### TOP 30 CLO MANAGEMENT TEAMS (RANKED BY CLO AUM)

Rank	Partner	Manager
1	✓	Carlyle Group
2		Blackstone Credit
3	✓	Credit Suisse Asset Management
4	✓	PGIM
5	✓	Sound Point Capital Management
6	✓	Apollo Global Management
7		Golub Capital
8		Ares Management
9	✓	CIFC Asset Management
10		KKR
11	✓	Octagon Credit Investors
12	✓	CVC Credit Partners
13		BlackRock
14	✓	Bain Capital Credit
15		Investcorp Credit Management

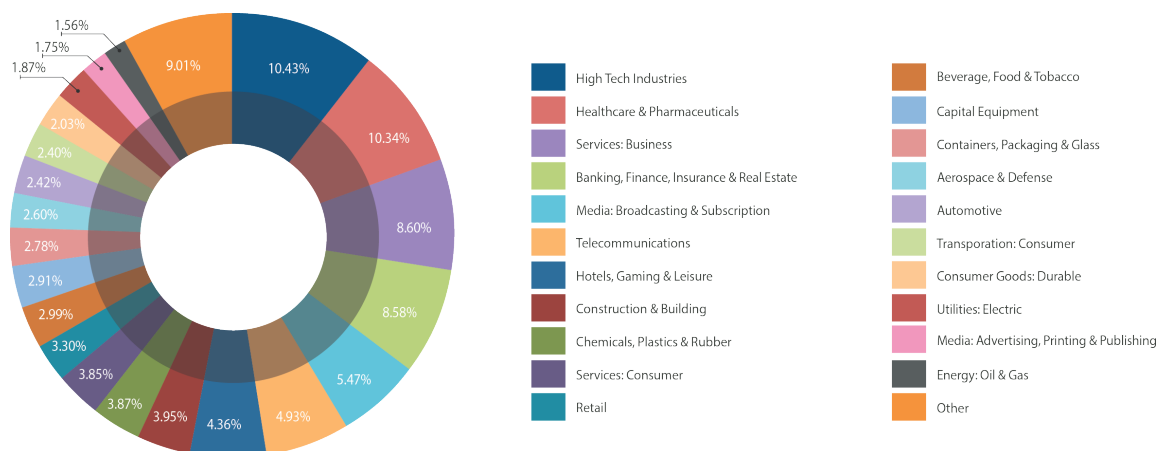
Rank	Partner	Manager
16	✓	Neuberger Berman Anchorage Capital
17		Palmer Square Capital
18	✓	Barings
19		Anchorage Capital
20	✓	Voya Alternative Asset Management
21		Oak Hill Advisors
22	✓	First Eagle
23	✓	MJX Asset Management
24	✓	Sculptor
25		Onex Credit Partners
26	✓	Golden Tree
27		Trinitas Capital Management
28		Invesco
29		Blue Owl
30		HPS Investment Partners

5) Creditflux, an Acuris Company

## INVESTMENT STRATEGY

The Fund intends to generate current income and, as a secondary objective, long-term capital appreciation by investing at least 80% of total assets in securitized pools of senior secured loans and/or investing in senior secured loans in the primary or secondary markets.

## INDUSTRIES OF UNDERLYING SENIOR SECURED LOANS



## DISTRIBUTION RATE<sup>1</sup>

Annualized Distribution Rate (\$) <sup>2</sup>	\$1.39
Cumulative Distributions Per Share (since inception)	\$13.81100
NII Distribution Coverage	146% <sup>5</sup>

## PORTFOLIO CHARACTERISTICS (ESTIMATED)<sup>3</sup>

Total Assets	\$951 million
Underlying Loans in Portfolio	1,958
Aggregate Balance of Underlying Loans	\$92.5 billion
LTM Default Rate of Underlying Loans	0.93%

## KEY FACTS

Inception Date: May 9, 2013
Offering Period: 150 million shares in the course of our offerings
Base Distribution Frequency: Monthly
Portfolio Manager: Prospect Capital Management, L.P.
Minimum Investment: \$1,000
Redemption Policy: 2.5% of the Fund's shares per quarter at Net Asset Value <sup>4</sup>

## PORTFOLIO LOOK-THROUGH: TOP 10 SENIOR SECURED LOAN ISSUERS BY EXPOSURE\*

Rank	Issuer	Industry	Percentage
1	Asurion	Services: Consumer	0.82%
2	Cablevision Systems	Media: Broadcasting & Subscription	0.71%
3	CenturyLink	Telecommunications	0.62%
4	Altice France	Media: Broadcasting & Subscription	0.58%
5	Medline Industries	Healthcare & Pharmaceuticals	0.50%
6	Virgin Media	Media: Broadcasting & Subscription	0.49%
7	Acrisure	Banking, Finance, Insurance & Real Estate	0.48%
8	Univision Communications	Media: Broadcasting & Subscription	0.48%
9	Peraton	Aerospace & Defense	0.44%
10	Ultimate Kronos Group	High Tech	0.43%

\* Excludes newly issued transactions for which collateral data is not yet available.

Investors should consider the investment objective and policies, risk considerations, charges and ongoing expenses of an investment carefully before investing. The prospectus and summary prospectus contains this and other information relevant to an investment in the fund. Please read the prospectus or summary prospectus carefully before you invest or send money. To obtain a prospectus, please contact your investment representative, PCS Sales Desk: 855.330.6594, Priority Income Fund, Inc.: 646.845.6059 or access our website at PriorityIncomeFund.com.

The public offering price, NAV and distribution reinvestment price are subject to change. Current Reinvestment Price: Stockholders' reinvested distributions will purchase shares at a price equal to 95% of the net offering price that shares are sold in the offering at the closing immediately following the distribution payment date.

Past performance is neither indicative nor a guarantee of future results.

- 1 Distributions are not guaranteed. There is no assurance that distributions will be made or that any particular rate of distribution will be maintained. Distributions include an annualized base distribution paid monthly, and an annualized bonus distribution paid quarterly.
- 2 The annualized distribution rate is based on the current offering price of a share class, and is calculated by annualizing the monthly common share distributions from September 2023 to November 2023 of \$0.35 per share in aggregate, or \$1.38516 per share on an annualized basis announced on August 28, 2023.
- 3 Data in this section is estimated and based on information compiled from Intex Solutions upon portfolio close at end of quarter and are subject to change.
- 4 We intend to limit the number of shares to be repurchased in any calendar quarter to up to 2.5% of the number of shares outstanding at the close of business on the last day of the prior fiscal year ended June 30, 2023.
- 5 As of September 30, 2023. This is an estimate and subject to change.

## Important Risk Factors to Consider

An investment in shares of Priority Income Fund, Inc. (the "Fund") involves substantial risk and may result in the loss of principal invested. This Fund may not be suitable for all investors. You should carefully read the information found in the Fund's prospectus, including the "Risk Factors" section, before deciding to invest in the Fund's shares. These risks include:

- Absence of a public market for these securities
- Limited operating history
- The Adviser's lack of experience managing a registered closed-end fund
- Limited liquidity and lack of transferability
- Reinvestment risk
- Risks related to failing to qualify as a regulated investment company for U.S. federal income tax purposes
- Exposure to leveraged credit risk and interest rate risk
- Risks associated with lending activities, including underlying borrower fraud
- Non-investment grade debt involves a greater risk of default and higher price volatility than investment grade debt.
- Absence of investments identified for acquisition
- Payment of significant fees to the Fund's Adviser and its affiliates
- Potential uncertainty as to the value of the Fund's assets
- Potential conflicts of interest
- Risk that the net offering price per share will not reflect the Fund's net asset value
- Risk that the purchase price paid by you may be higher than a prior purchase price per share and therefore you may receive a smaller number of shares
- Risk of significant leverage within the Fund and collateralized loan obligations ("CLOs")
- Potential interruption and deferral of cash flow
- No assurance that distributions will be made or that any particular rate of distribution will be maintained
- Distributions to stockholders may be funded from expense support payments provided by the Adviser that are subject to repayment to the Adviser if certain conditions are met
- Distributions may not be based on investment performance and may not continue in the future. The reimbursement of these payments to the Adviser (if any such reimbursements are made) would reduce the future distributions to which investors would otherwise be entitled.
- Lack of diversification in assets of the Fund until significant funds have been raised
- Risk that the Fund's operating results will be affected by economic and regulatory changes that have an adverse impact on the Fund's investments
- Unforeseen increases in operating and capital expenses
- Lack of availability of due diligence information
- Risk related to the fact that the assets of the Fund are intended to be concentrated in senior secured loans and CLOs
- Risk that the Fund will not achieve its investment objectives if it does not raise sufficient capital
- The Fund will not be a diversified investment fund for purposes of the 1940 Act

These and other risks may impact the Fund's financial condition, operating results, returns to its investors, and ability to make distributions as stated in the Fund's prospectus.

Portfolio information is as of September 30, 2023.

This material contains forward-looking statements relating to the business and financial outlook of Priority Income Fund, Inc. that are based on the Fund's current expectations, estimates, forecasts, and projections, and are not guarantees of future performance. Actual results may differ materially from those expressed in these forward-looking statements, and you should not place undue reliance on any such statements. A number of important factors could cause actual results to differ materially from the forward-looking statements contained in this material. Such factors include those listed above, and those described in the "Risk Factors" section of the Fund prospectus. Forward-looking statements in this material speak only as of the date on which such statements were made, and the Fund undertakes no obligation to update any such statements that may become untrue because of subsequent events.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED ANY OFFERING OF PRIORITY INCOME FUND, INC. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy or sell securities, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her advisors.

Creditflux, a CLO industry publication and data source, calculates its Best CLO Manager awards based purely on the analysis of underlying data provided to the CLO-i and Creditflux credit hedge fund databases. 2023 winners of fund-related awards are chosen based on 2022 returns.



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