

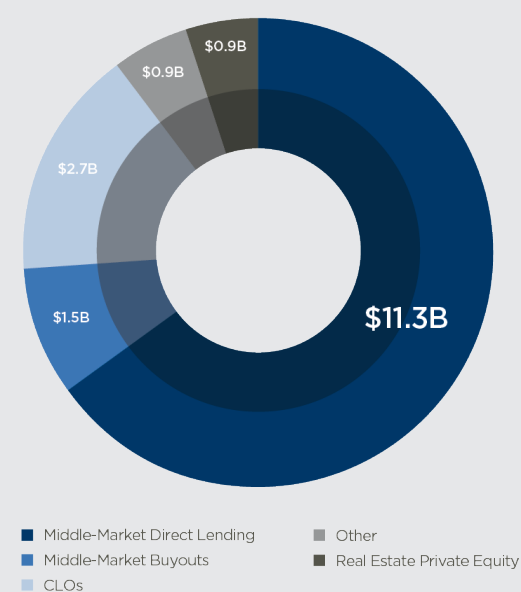


## ▲ Priority Income Fund



# PROSPECT CAPITAL MANAGEMENT — WHO WE ARE

## CUMULATIVE INVESTMENTS



  
**\$6.3B**  
Private Debt & Equity Manager  
Founded 1988

  
**20 Years**  
Same Management Team

  
**\$17.3B**  
Invested In 658 Investments

  
About **100** Professionals

**\$6.3B**  
PROSPECT AUM

MIDDLE-MARKET  
DIRECT LENDING

**\$2.8B**

CLOs

**\$1.5B**

MIDDLE-MARKET  
BUYOUTS

**\$1.0B**

REAL ESTATE  
PRIVATE EQUITY

**\$0.9B**

OTHER

**\$0.1B**

## 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.

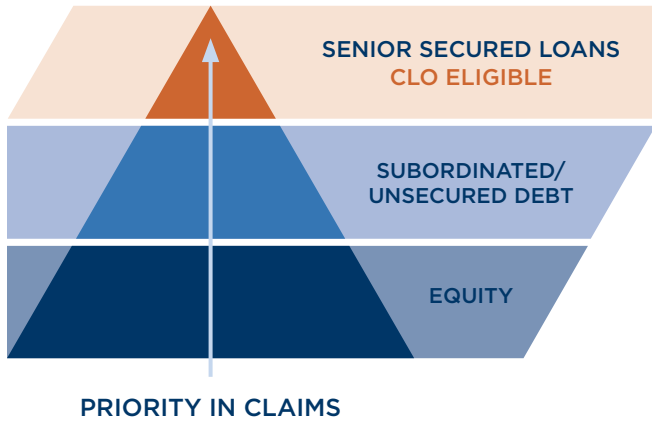


**COLIN MCGINNIS**  
Portfolio Manager

Mr. McGinnis is a Principal 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.

## 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
- Restrictive financial covenants

- Yield protection through floating rates and Libor floors

### Typical borrower:

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

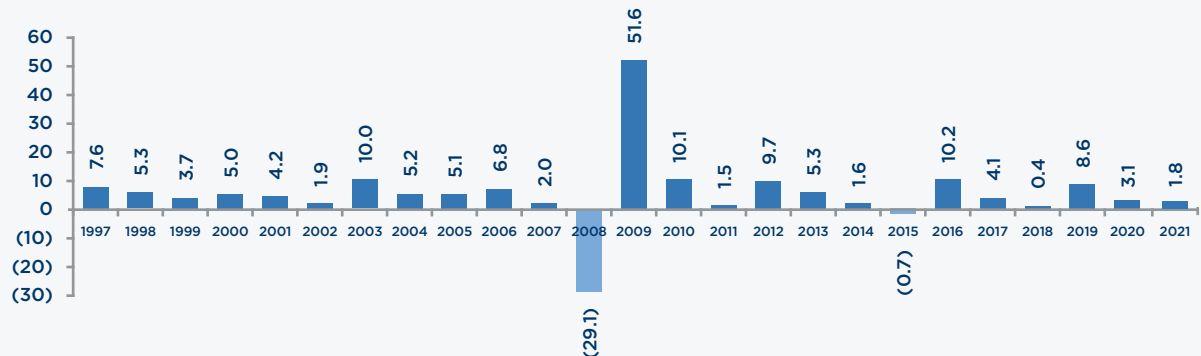
## CONSISTENT RETURNS

- Senior secured loans only had **2 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 mgmt. team opportunity to purchase discounted loans, **BENEFITING CLOs**

1) S&P Capital IQ.

S&P/LSTA INDEX:  
TOTAL RETURNS (%)



## BENIGN DEFAULT ENVIRONMENT

- **2.29%** average default rate from 1/1/2003 through 3/30/21<sup>1</sup>
- **0.45%** interpolated credit losses when coupled with an **80.0%**<sup>2</sup> historical recovery rate

- PRIS' portfolio LTM default rates of **1.44%**<sup>3</sup> is significantly lower than the market default rate of **3.15%**<sup>1</sup>

1) S&P Capital IQ.

2) Moody's Investor Service, Annual Default Study: Corporate Default and Recovery Rates, 1920-2019

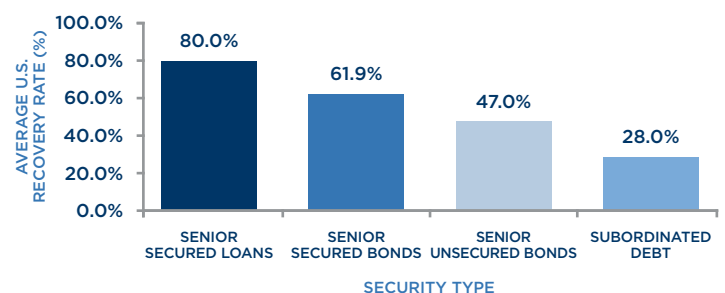
3) Intex.

## HIGH HISTORICAL RECOVERY RATES

- 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

Source: Moody's Investor Service, Annual Default Study: Corporate Default and Recovery Rates, 1920-2019

### AVERAGE U.S. CORPORATE DEBT RECOVERY RATES 1987-2019



## PRIORITY INCOME FUND – 5 KEY FEATURES

### 1. Senior secured loans

Priority Income Fund invests in pools of 1st lien, senior secured loans to large U.S. companies.

### 2. Consistent income to shareholders

Priority has a 6+ year track record of paying a fully covered dividend. Priority currently pays a 10.10% annualized distribution paid monthly.

### 3. Diversification

Well diversified with exposure to 2,457 senior secured loans to over 1,000 companies through approximately 147 CLO positions.<sup>1</sup>

### 4. Lack of duration risk

PRIS 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 mgmt teams

Only chosen to partner with approximately 20 out of nearly 150+ fixed income managers that have issued CLO since the credit crisis.<sup>2</sup>

1) Priority filings, investor presentations and management.  
As of March 31, 2021.

2) Creditflux, an Acuris Company

# Priority Income Fund

## PRIORITY INCOME FUND HIGHLIGHTS

- Significant Scale With Over **\$600M** of Assets
- **FULL COVERAGE** of Dividend Through GAAP NII
- Diversified Portfolio - **147** Investments and Exposure to **2,457** Senior Secured Loans<sup>1</sup>
- Credit Out Performance with LTM Default Rate of **1.44%**<sup>2</sup> vs. Market Default Rate of **3.15%**<sup>3</sup>
- Partnering with **TOP-TIER** management team
- Benefits from Prospect scale with over **\$2.7B** Invested in CLOs
- Currently Paying a **10.10%** Annualized Dividend

1) Priority filings, investor presentations and management.  
As of March 30, 2021.

2) Intex

3) S&P Capital IQ

## ACCESS TO BEST-IN-CLASS MANAGEMENT TEAMS<sup>1</sup>

- Over 150 fixed income managers have issued CLO since the financial crisis
- Priority Income Fund has selected to partner with only approximately 20 of them

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

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

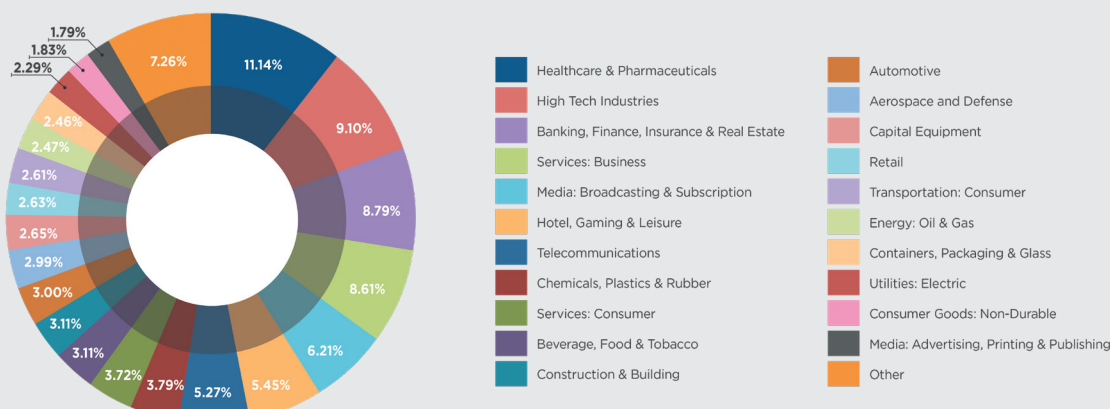
1) Creditflux, an Acuris Company

Rank	Partner	Manager
16		BlackRock
17		Anchorage Capital
18	✓	Sculptor
19	✓	Barings
20		Bain Capital Credit
21	✓	Assured Investment Management
22		Neuberger Berman
23		Oak Hill Advisors
24		Investcorp Credit Management
25		HPS Investment Partners
26		Alcentra
27		CBAM
28		Intermediate Capital Group
29	✓	GoldenTree
30		Fortress Investment Group

## 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>	\$1.30
Cumulative Distributions Per Share (since inception)	\$10.45328
NII Distribution Coverage	137% <sup>5</sup>

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

Total Capital Raised**	\$747 million
Underlying Loans in Portfolio	2,457
Aggregate Balance of Underlying Loans	\$67.7 billion
Default Rate of Underlying Loans	1.44%

## KEY FACTS

<b>Inception Date:</b> May 9, 2013
<b>Offering Period:</b> 100 million shares or up to 18 months from the effective date of the current prospectus.
<b>Distribution Frequency:</b> Monthly
<b>Portfolio Manager:</b> Prospect Capital Management, L.P.
<b>Minimum Investment:</b> \$1,000
<b>Redemption Policy:</b> Capped at DRP proceeds <sup>4</sup>

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

Rank	Issuer	Industry	Percentage
1	Altice SFRFP	Telecommunications	0.78%
2	TransDigm	Aerospace and Defense	0.77%
3	Asurion	Banking, Finance, Insurance & Real Estate	0.76%
4	CenturyLink	Telecommunications	0.74%
5	Cablevision Systems	Media: Broadcasting & Subscription	0.64%
6	American Airlines	Transportation: Consumer	0.62%
7	Univision Communications	Media: Broadcasting & Subscription	0.54%
8	Virgin Media	Telecommunications	0.49%
9	Bass Pro Group	Retail	0.45%
10	Peraton	Aerospace and Defense	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.

<sup>1</sup>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. <sup>2</sup>\*\*Includes \$34.7 million from Stira merger.

Not FDIC-Insured, Not Bank Guaranteed, May Lose Value

## 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 shown here include all regular and special distributions for the past two quarters.
- 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 March 2021 to May 2021 of \$0.3250 per share in aggregate, or \$1.30 per share on an annualized basis announced on February 24, 2021.
- 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 The number of shares we intend on offering to repurchase in any calendar quarter we expect to be capped at the number of shares we are able to repurchase with the cash retained as a result of issuing shares through our distribution reinvestment plan to those shareholders electing to receive their distributions in the form of additional shares.
- 5 As of 3/31/21. 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 March 31, 2021.

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.



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