

Priority Income Fund

PREFERRED CAPITAL | SECURITIES
★ ★ ★ ★ ★

3284 Northside Parkway NW

Suite 100

Atlanta, GA 30327

877.855.3434

www.prefcapitalsecurities.com

member FINRA/SIPC

THE INFORMATION REGARDING PRIOR PERFORMANCE IN THIS PRESENTATION SHOULD NOT BE CONSIDERED AS INDICATIVE OF HOW PRIORITY INCOME FUND WILL PERFORM.

PREFERRED CAPITAL SECURITIES, LLC (MEMBERFINRA/SIPC) IS THE DEALER MANAGER FOR PRIORITY INCOME FUND.

3284 Northside Parkway NW, Suite 150 | Atlanta, GA 30327 SALES DESK 855.330.6594 | INVESTOR SERVICES 855.320.1414

THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN. AN OFFERING IS MADE ONLY BY THE PROSPECTUS. THIS MATERIAL MUST BE PRECEDED OR ACCOMPANIED BY A PROSPECTUS. YOU SHOULD READ THE PROSPECTUS IN ORDER TO UNDERSTAND FULLY ALL OF THE IMPLICATIONS AND RISKS OF THE OFFERING OF SECURITIES TO WHICH IT RELATES. AN INVESTMENT IN PRIORITY INCOME FUND SHOULD BE MADE ONLY AFTER CAREFUL REVIEW OF THE PROSPECTUS. ALL INFORMATION CONTAINED IN THIS MATERIAL IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PROSPECTUS. THE ACHIEVEMENT OF ANY GOALS IS NOT GUARANTEED.

Priority Income Fund's investment objective is to generate current income and, as a secondary objective, long-term capital appreciation.

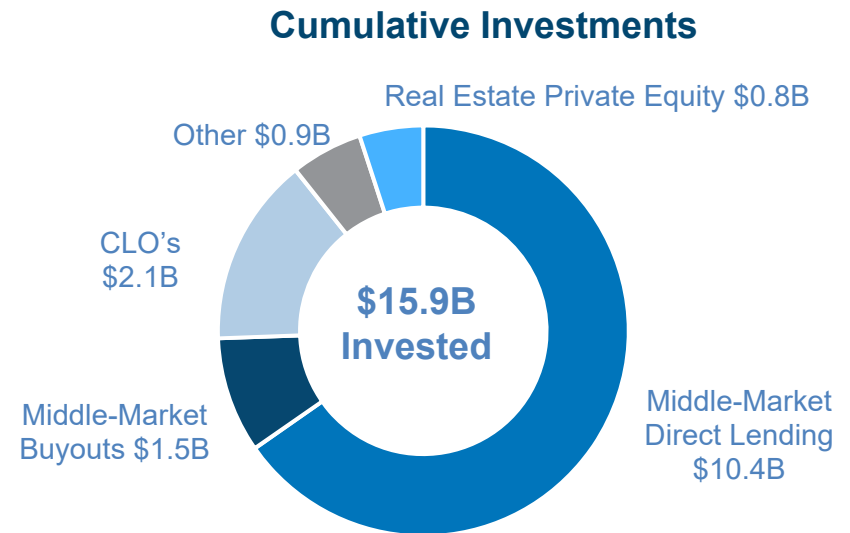
An investment in Priority Income Fund is speculative and involves a high degree of risk, including the risk of a substantial loss of investment. You should carefully consider the information set forth in the "Risk Factors" section of the Prospectus for a discussion of material risk factors relevant to an investment in the Priority Income Fund, including the risk of leverage. Additional risk factors to be considered include but are not limited to the following:

- ▲ The Fund seeks to achieve its objective by investing at least 80% of its total assets in senior secured loans made to companies whose debt is rated below investment grade. Senior Secured Debt involves a greater risk of default and higher price volatility than investment grade debt.
- ▲ The Fund will invest in equity and junior tranches of collateralized loan obligations ("CLOs"), which may be riskier than a direct investment in the underlying companies.
- ▲ CLOs will typically have no significant assets other than their underlying Senior Secured Loans.
- ▲ The Fund's investment strategy involves investments in securities issued by foreign entities, which will expose investors to risks not typically associated with investing in U.S. securities.
- ▲ The Fund may invest a substantial percentage of its portfolio in securities that are considered illiquid, which may prevent the advisor from readily disposing of securities at favorable prices.
- ▲ Priority Income Fund is not obligated to complete a liquidity event by a specified date; therefore, it will be difficult or impossible for an investor to sell his or her shares, which are not listed on a securities exchange.

PROSPECT CAPITAL

PROSPECT MANAGEMENT CAPITAL – WHO ARE WE?

- ▲ \$6.2B Private Debt & Equity Manager
Founded 1988
- ▲ \$15.9B Invested Since 2004
- ▲ 100 Professionals
- ▲ 19 Years Same Management Team
- ▲ \$15.9B Invested In 567 Investments



\$6.2B Prospect AUM

MIDDLE-MARKET
DIRECT LENDING

\$2.6B

COLLATERALIZED
LOAN OBLIGATION

\$1.4B

MIDDLE-MARKET
BUYOUTS

\$1.0B

REAL ESTATE
PRIVATE EQUITY

\$0.9B

OTHER

\$0.3B

PRIORITY INCOME FUND PORTFOLIO MANAGERS



Nishil Mehta
Managing Director

Mr. Mehta is a Managing Director and has been in the finance industry since 2003. He is responsible for capital-raising and business development, the firm's CLO investments, and managing investors, lenders, investment banks, and rating agencies. Additionally, Nishil is responsible for originating, executing, and monitoring investments. Prior to joining Prospect, from 2009 to 2010, he worked at CIT Asset Management, where he served as one of four credit analysts managing a portfolio of middle-market and broadly syndicated leveraged loans. From 2003 to 2008, Nishil worked at Wachovia Securities, where he raised and managed structured debt for U.S. and European hedge funds, specialty finance companies, and asset managers. He also originated and purchased leveraged loans for the purpose of building and managing CLO portfolios.

Nishil received his BBA with honors from the Goizueta Business School at Emory University.



Colin McGinnis, CFA
Principal

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. Prior to joining Prospect, from 2011 to 2012, Colin worked as an associate at Credit Suisse, where he originated and executed leveraged finance, IPO and M&A transactions. From 2005 to 2009, he worked as a credit analyst and associate at Barclays Capital, where he underwrote, invested in and restructured CDO and CLO, leveraged finance and commercial real estate transactions for corporations and financial sponsors. Colin also managed a portfolio of performing and non-performing loans financed through total return swaps with hedge fund counterparts.

Colin received his BS, magna cum laude and his MBA with honors from the Wharton School of the University of Pennsylvania. He also holds the CFA designation.

PRIORITY INCOME FUND

PRIORITY INCOME FUND – 5 KEY FEATURES

1. SENIOR SECURED LOANS

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

2. CONSISTENT INCOME TO SHAREHOLDERS

Priority currently pays an 8.9% annualized base distribution paid monthly. Priority currently pays a quarterly “bonus” distribution approximately 2%. 24 consecutive bonus distributions paid as of 12/31/2019

3. DIVERSIFICATION

Well diversified with exposure to approximately 2,600 senior secured loans to over 1,000 companies through approximately 127 CLO positions.⁽¹⁾

4. LACK OF DURATION RISK

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

5. ACCESS TO SUPERIOR MGMT TEAMS

Priority has chosen to partner to date with approximately 20 select fixed income managers out of nearly 150+ manager universe who have issued CLOs since the credit crisis.

(1) Priority filings, investor presentations and management. As of December 31, 2019.

PRIORITY INCOME FUND HIGHLIGHTS

~11%

Dividend Fully Covered
Historically By NII⁽¹⁾

Over \$500M

Of Assets

\$2.4B

Invested In CLOs By
Prospect Capital Management

.48%

LTM Default Date vs.
Market Default Rate of 1.39%⁽²⁾

127

Investments and Exposure To
Approximately 2,600 Senior
Secured Loans

6 Year

History of Paying a 11%
Annualized Dividend

(1) Approximately
(2) S&P Capital IQ

ACCESS TO BEST-IN-CLASS MANAGEMENT TEAMS

- 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	Manager
1	Credit Suisse Asset Management
2	Blackstone / GSO Capital Partners
3	CIFC Asset Management
4	Octagon Credit Investors
5	Carlyle Group
6	Prudential Group
7	MJX Asset Management
8	Ares Management
9	Apollo Global Management
10	Sound Point Capital Management
11	Voya Alternative Asset Management
12	THL Credit Advisors
13	Och Ziff
14	BlueMountain Capital Management
15	Anchorage Capital

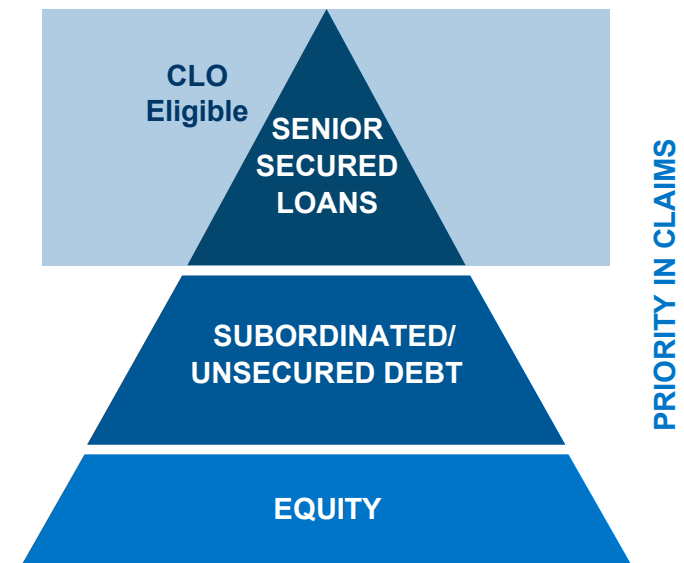
Rank	Manager
16	KKR
17	LCM Asset Management
18	CBAM
19	Neuberger Berman
20	CVC Credit Partners
21	BlackRock
22	Oak Hill Advisors
23	Benefit Street Partners
24	Onex Credit Partners
25	Barings
26	Symphony Asset Management
27	HPS Investment Partners
28	Bain Capital Credit
29	Palmer Square Capital Management
30	PineBridge Investments

SENIOR SECURED LOANS AND HOW TO INVEST IN THE MARKET

BENEFITS OF SENIOR SECURED LOANS

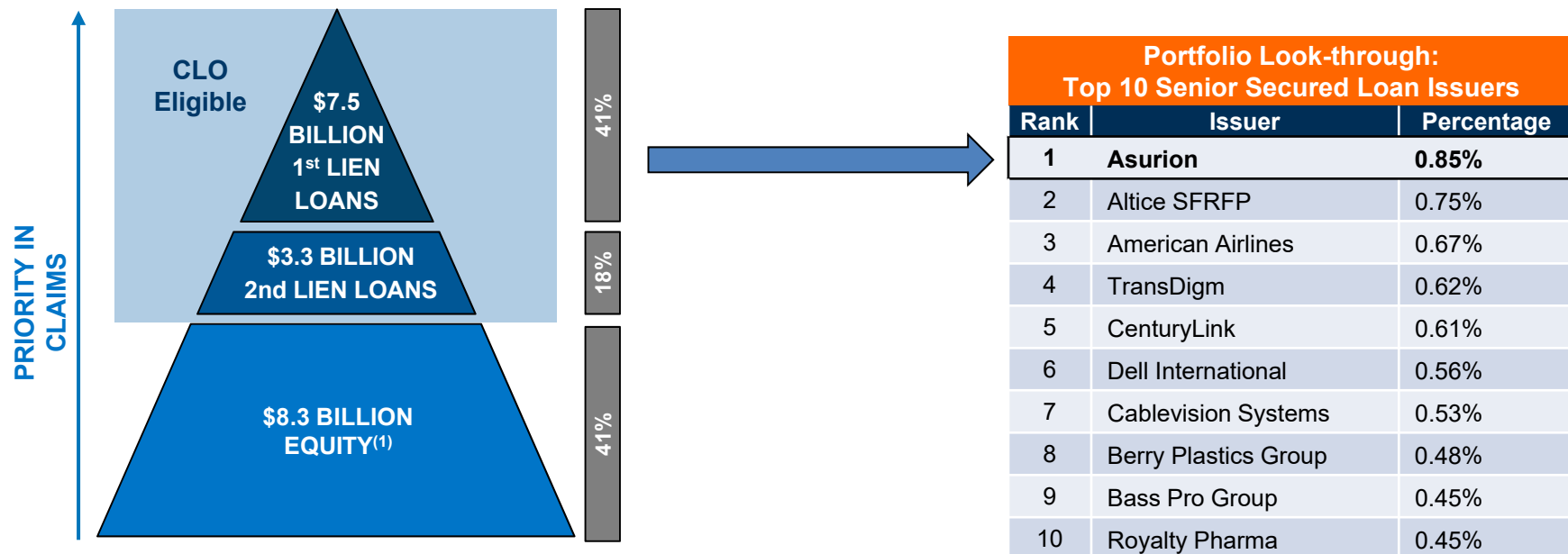
Features of Senior Secured Loans:

- **PRIORITY**
 - Highest priority in the capital structure
 - Senior to unsecured and subordinated debt, preferred stock, and common stock
- **SECURED** – First lien on borrower's assets
- **YIELD** – Floating rates and Libor Floors
- **LARGE BORROWERS**
 - Average loan size of \$1.0+ billion
 - EBITDA of \$100+ million
 - Rated by Moody's and S&P



CASE STUDY – ASURION, LLC

- With 305 million customers in 23 countries, Asurion is a leading provider of device insurance, warranty & support services for cell phones, consumer electronics & home appliances
- The company is owned by a consortium of investors including the following private equity firms: Madison Dearborn, Berkshire Partners, Providence Equity Partners, and Welsh, Carson, Anderson & Stowe
- The company has issued \$7.5 billion in 1st lien loans and \$3.3 billion in 2nd lien loans
- Asurion is Priority’s largest individual loan exposure at 0.89%



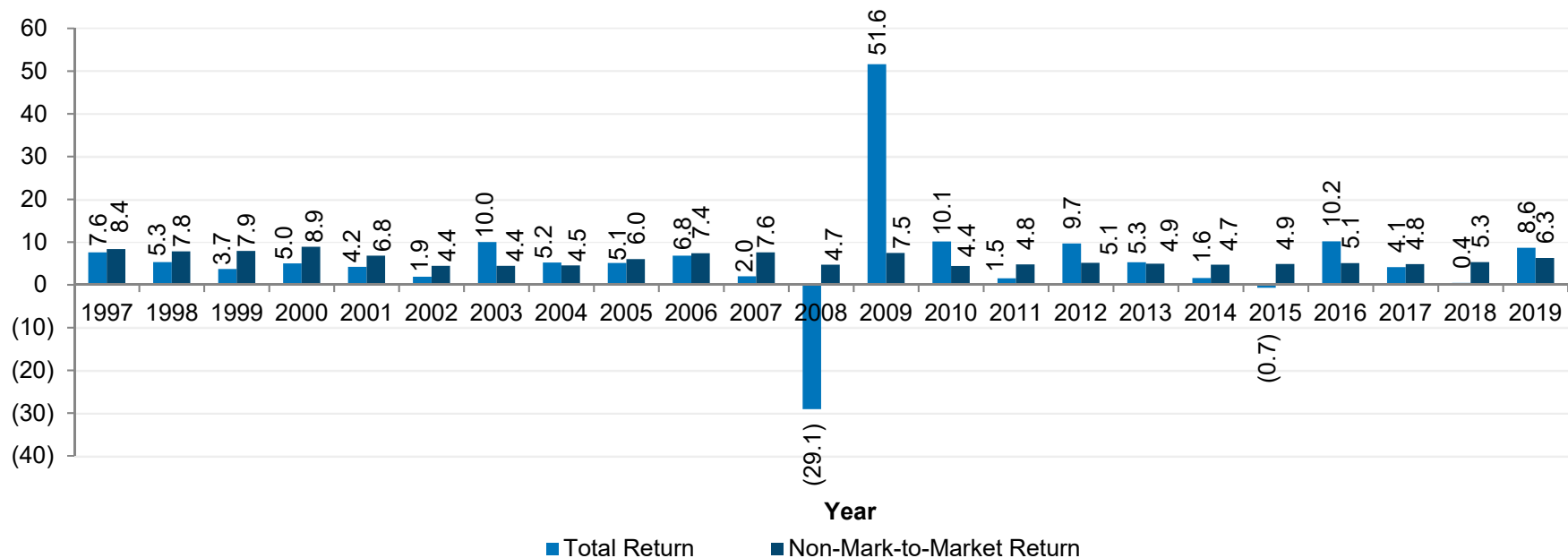
Data in this presentation is as of December 31, 2019 unless otherwise noted. Sources include S&P Global Market Intelligence and Prospect Capital Management L.P. (“Prospect”) estimates. Numbers may not add up to precise totals due to rounding.

(1) Equity is implied based on an estimated 8.0x enterprise value / EBITDA multiple.

CONSISTENT RETURNS

- Senior secured loans only had 2 years of negative returns since 1997
- 2-year return of 7.5% from 2008 – 2009 despite significant capital markets dislocation
- Dislocations offer management team opportunity to purchase discounted loans, benefiting CLO equity

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

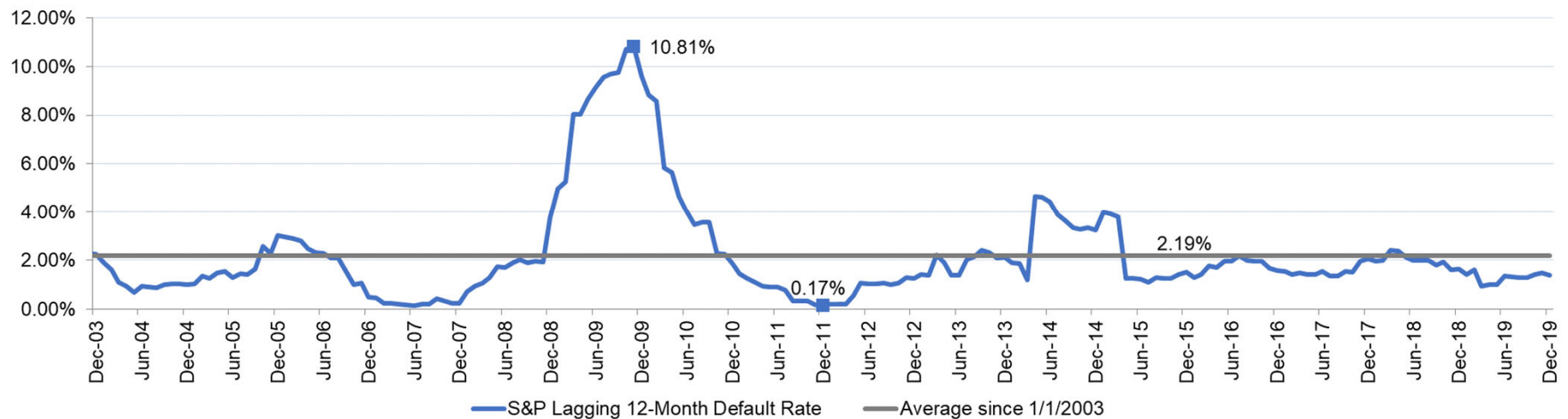


Source: S&P Capital IQ.

BENIGN DEFAULT ENVIRONMENT

- 2.19% average default rate from 1/1/2003 through 12/31/2019 for the senior secured loan market⁽¹⁾
- 0.43% interpolated credit losses when coupled with an 80.3%⁽²⁾ historical recovery rate
- Priority’s portfolio LTM default rate of 0.48%⁽³⁾ is significantly lower than the market default rate of 1.39%⁽¹⁾

S&P LAGGING 12-MONTH DEFAULT RATE



(1) S&P Capital IQ.

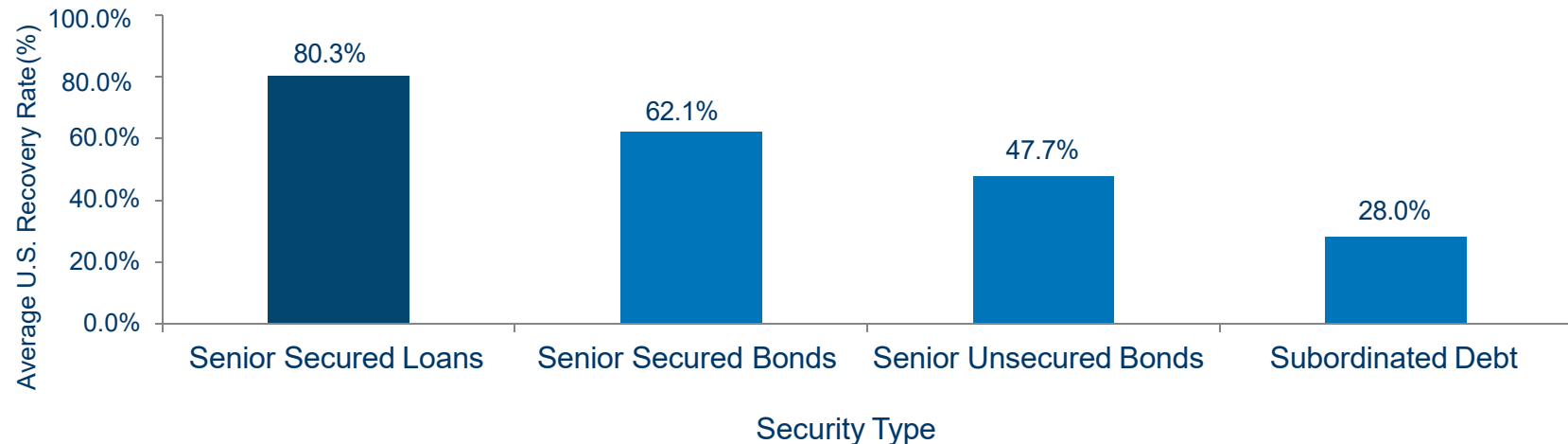
(2) Moody's Corporate Default and Recovery Rates, 1987 – 2018.

(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

AVERAGE U.S. CORPORATE DEBT RECOVERY RATES 1987 - 2018



Source: Moody's Corporate Default and Recovery Rates, 1987 – 2018.

CLO INVESTMENT RATIONALE

DESCRIPTION	<ul style="list-style-type: none"> Diversified pools of rated senior secured loans to large companies
WELL DIVERSIFIED	<ul style="list-style-type: none"> 200+ senior secured loans, with limits on exposure to any single company or industry
FIRST LIEN	<ul style="list-style-type: none"> Assets (unlike high yield bonds) have a first lien creditor claim on borrowers
NOT REAL ESTATE	<ul style="list-style-type: none"> Unlike CDOs, typically no exposure to real estate, mortgages, consumer debt, or other concentrated strategies that had losses during the credit crisis
LARGE SIZE	<ul style="list-style-type: none"> \$683B⁽¹⁾ market with a multi-decade history Borrowers typically have at least ~\$100M in EBITDA (not middle market)
STABLE INVESTMENT GRADE DEBT FINANCING	<ul style="list-style-type: none"> Stable matched debt financing (~70% AAA and average AA credit rating) Typically 10 – 13 year term No mark-to-market triggers Can typically be refinanced after a non-call period (typically 2 to 3 years)
NON-RECOURSE DEBT FINANCING	<ul style="list-style-type: none"> No margin calls or recourse to equity investors

(1) Wells Fargo Structured Products Research.

CLO INVESTMENT RATIONALE

<p>DETAILED TRANSPARENCY</p>	<ul style="list-style-type: none"> • Monthly third-party trustee reports with copious amounts of information
<p>CONTRACTUAL OVERSIGHT</p>	<ul style="list-style-type: none"> • Serviced by management teams under tight contractual constraints
<p>MARKET IMPORTANCE</p>	<ul style="list-style-type: none"> • CLO's account for 71% of the \$1.2T senior secured loan market⁽¹⁾
<p>CONSISTENT RETURNS</p>	<ul style="list-style-type: none"> • 98.1% of CLOs redeemed since 2000 (over 1,200) have a positive equity return⁽²⁾
<p>RECESSION RESILIENCE</p>	<ul style="list-style-type: none"> • In 2009 (the nadir of the last recession), CLOs generated an 8% current cash yield⁽³⁾
<p>HIGH CASH-ON-CASH YIELD</p>	<ul style="list-style-type: none"> • 21%⁽³⁾ average annualized CLO current cash-on-cash yield since 2003

(1) Source: S&P LCD Leveraged Lending Review 4Q 2019

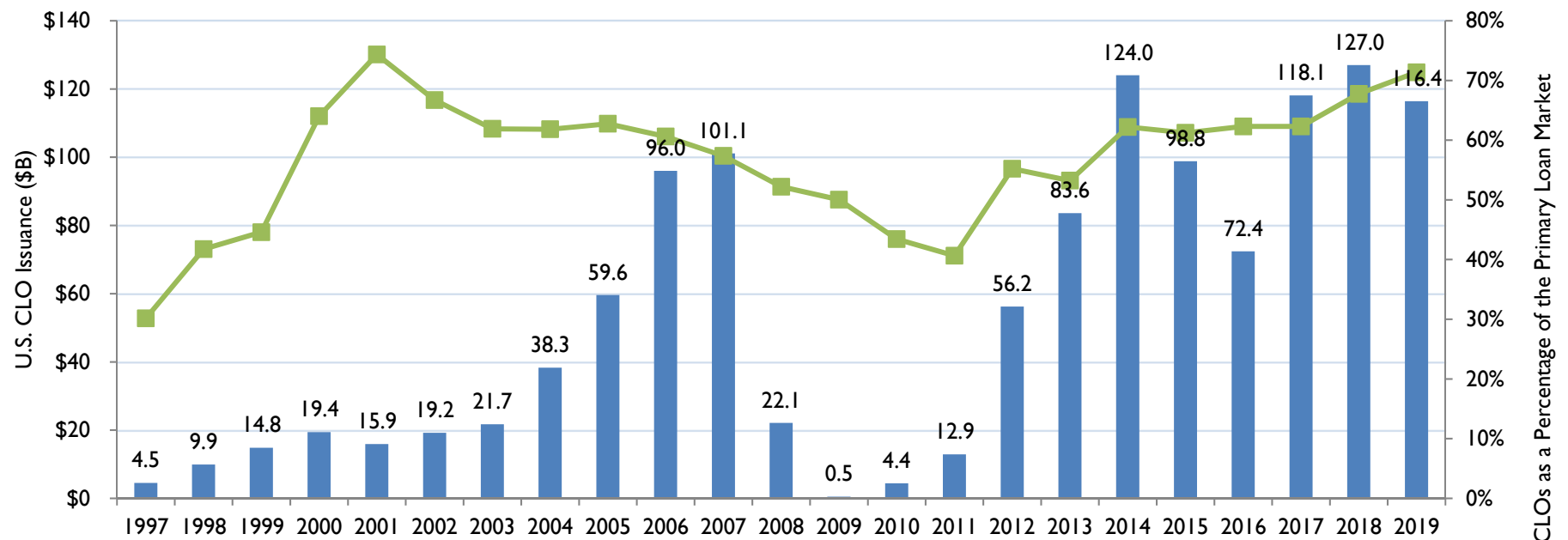
(2) Wells Fargo Structured Products Research, Intex, and data provided by mgmt. teams.

(3) Citigroup Global Markets Research

LARGE AND CRITICAL MARKET

- U.S. CLO market totals \$683B outstanding⁽¹⁾
- Senior secured loan market is \$1.2T in size⁽²⁾
 - CLOs account for over 60% of the primary loan market (over 50% since 1997)⁽²⁾

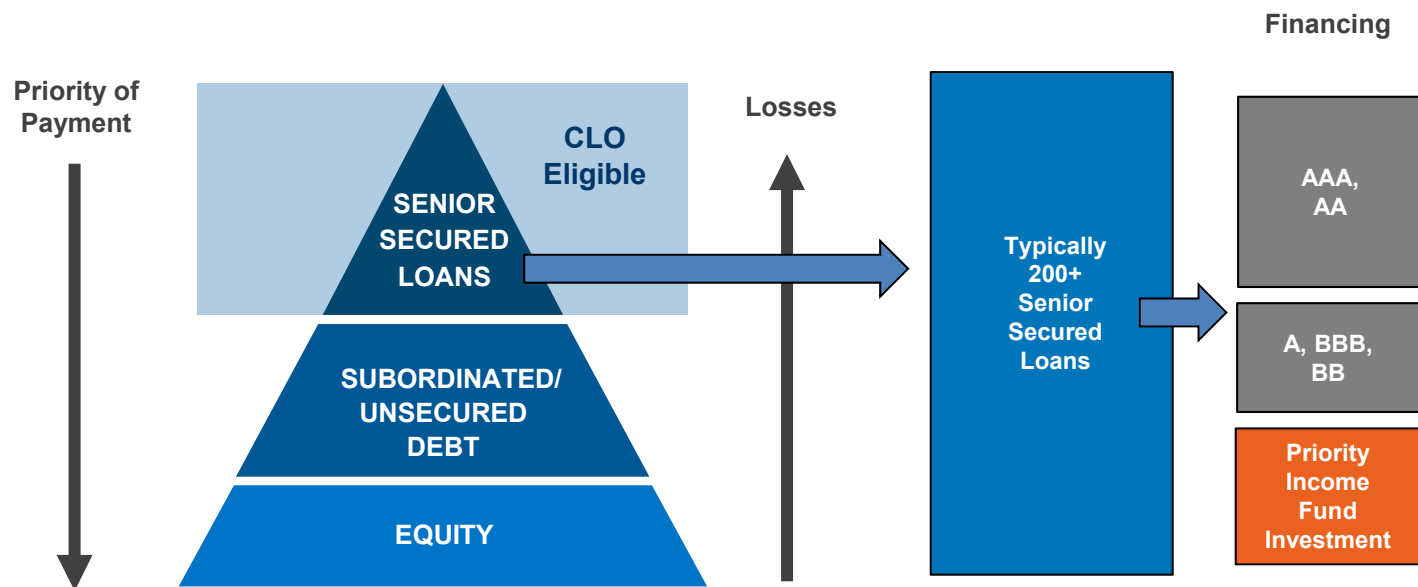
U.S. CLO ISSUANCE (\$B) & CLOs AS A PERCENTAGE OF THE PRIMARY LOAN MARKET ⁽¹⁾⁽²⁾



(1) Wells Fargo Securities, LLC Structured Products Research.

(2) S&P LCD Leveraged Lending Review 4Q 2019.

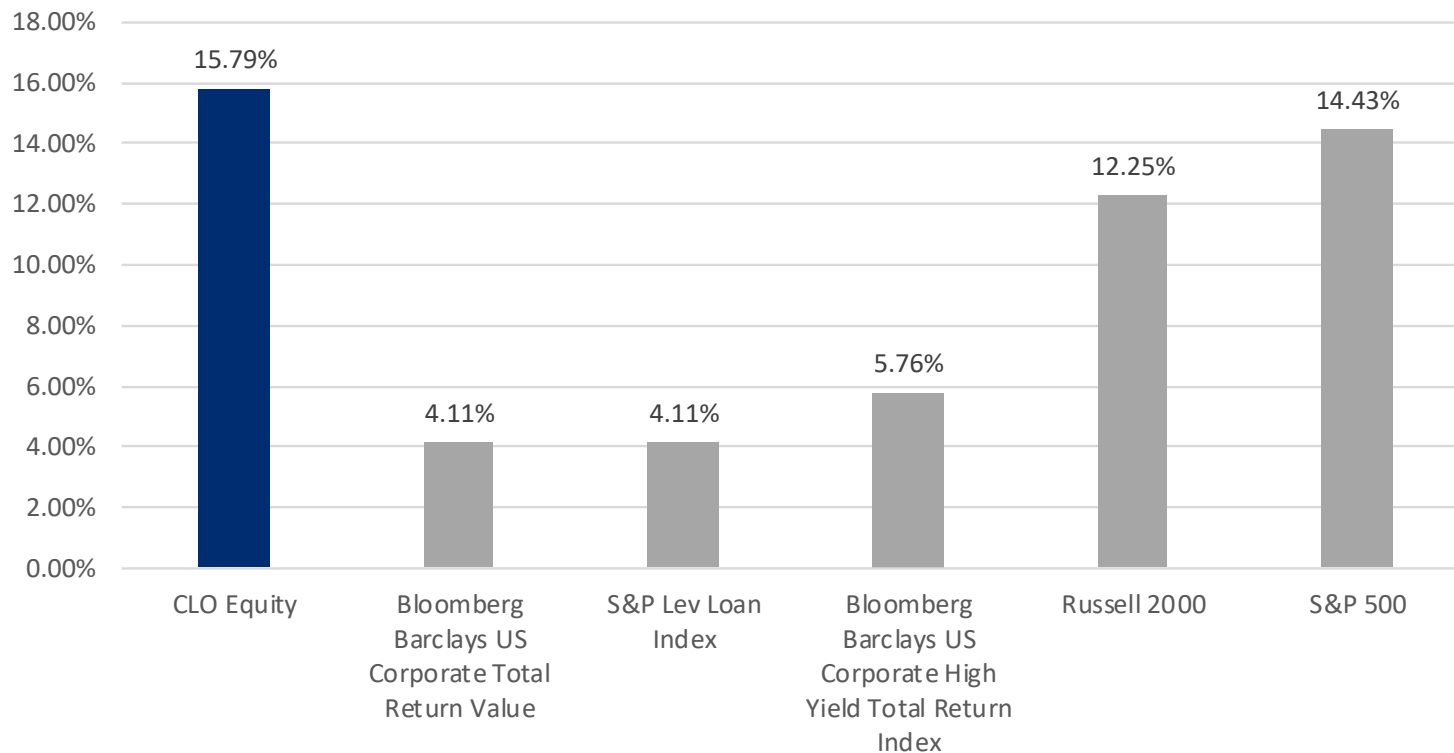
INCOME GENERATION THROUGH A CLO



MARKET PERFORMANCE

- CLOs have produced 15.79% average annual returns over the past 7-years outperforming other assets classes
 - 4.11% for the Barclays Bond Index | 4.1% for senior loans | 5.8% for high yield bonds

U.S. CLO EQUITY 7-YEAR AVG. RETURNS VERSUS OTHER ASSET CLASSES¹



(1) Citigroup Global Markets Research, Bloomberg, LCD as of 12/31/2019.

FUND OVERVIEW AND OFFERING

HISTORIC SHAREHOLDER NET RETURNS

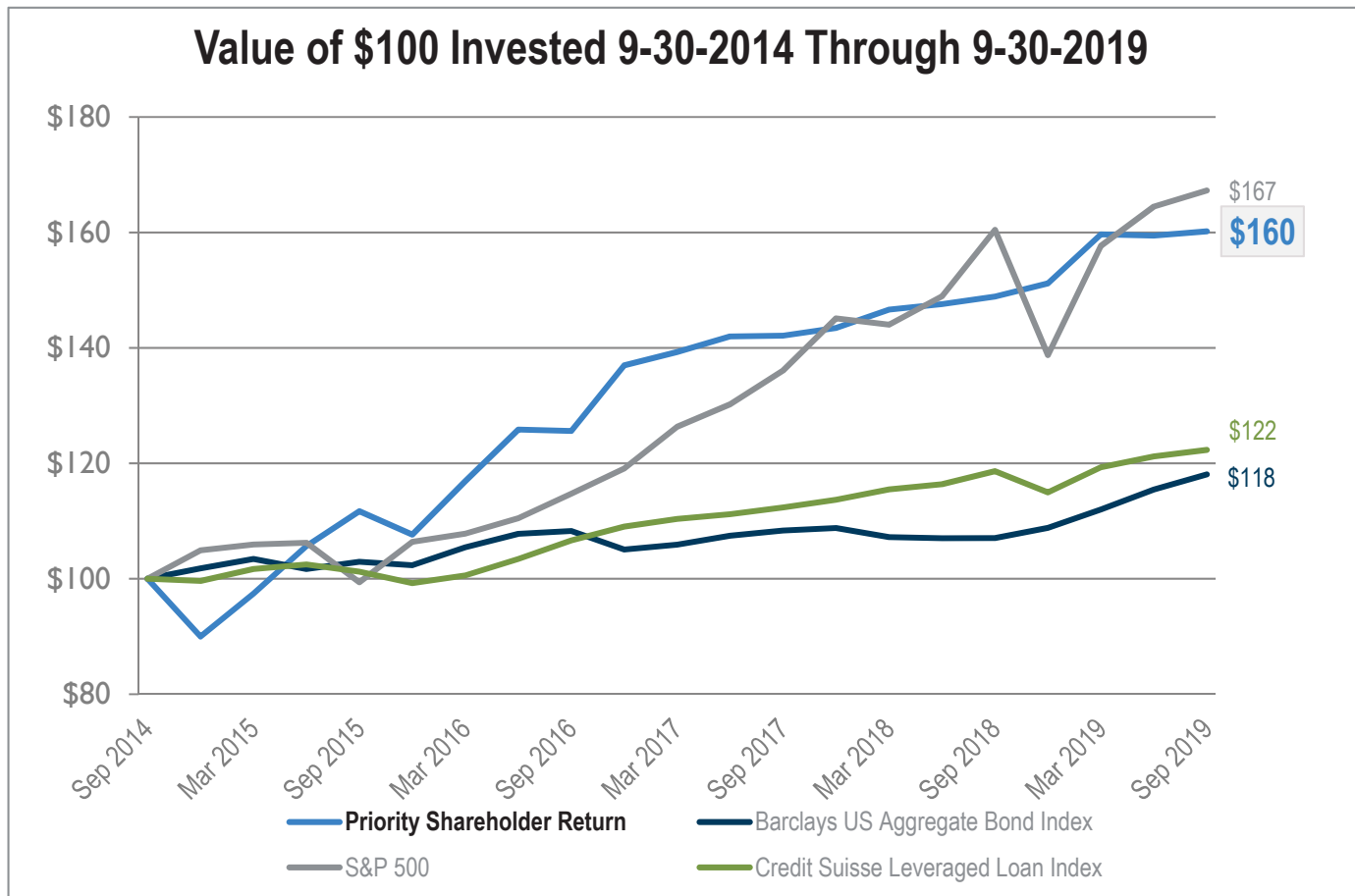
- Since escrow break Priority has outperformed the CS Leveraged Loan Index and the Barclays Capital US Aggregate Index
 - Note, the returns shown for Priority shares include the effect of the purchase price premium to NAV
 - As a result the one year return is below that of the indices shown
 - As such premium amortizes over time, Priority begins to outperform index returns over the longer time periods shown

Priority and Index Returns <i>(as of September 30, 2019)</i>	One Year	Three Years		Five Years		Since Escrow Break	
		<i>Annualized Cumulative</i>	<i>Annualized Cumulative</i>	<i>Annualized Cumulative</i>	<i>Annualized Cumulative</i>		
Priority Income Fund, Class R	-5.23%	3.92%	12.21%	8.06%	47.38%	8.40%	58.81%
Priority Income Fund, Class RIA	0.82%	6.09%	19.37%	9.40%	56.78%	9.58%	68.94%
Priority Income Fund, Class I	3.01%	6.85%	21.94%	9.87%	60.19%	9.99%	72.62%
CS Leveraged Loan Index	3.11%	4.68%	14.70%	4.11%	22.33%	3.99%	25.18%
Barclays Capital US Aggregate Index	10.30%	2.93%	9.04%	3.38%	18.08%	3.65%	22.91%
S&P 500	4.25%	13.39%	45.80%	10.84%	67.27%	10.89%	81.22%

All Index data was sourced from S&P Global Market Intelligence, Bloomberg and Morningstar Direct. See page 30 for relevant notes and disclaimers with respect to Priority data.

HISTORIC SHAREHOLDER NET RETURNS

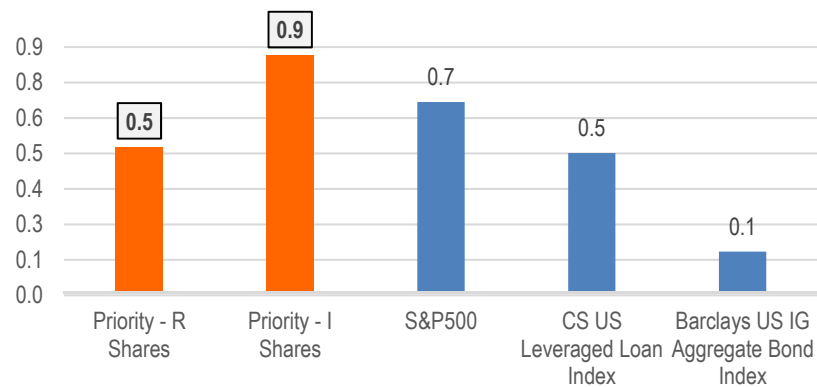
- Priority Income Fund has generated consistent returns to shareholders that have outpaced, or performed in line with, the various indices shown (comparisons below use net returns of Class I Shares)



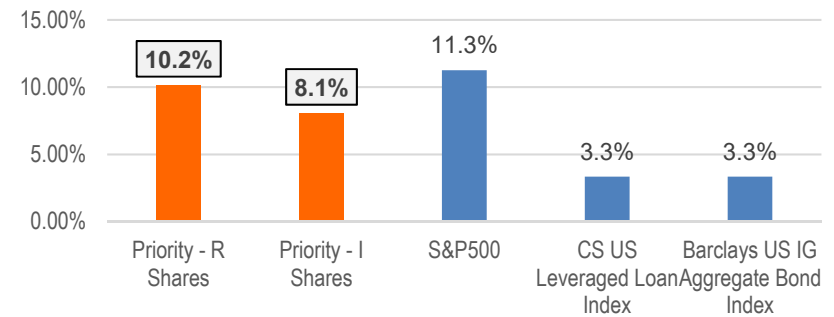
All Index data was sourced from S&P Global Market Intelligence, Bloomberg and Morningstar Direct. See page 30 for relevant notes and disclaimers with respect to Priority data.

PERFORMANCE MEASURES

Sharpe Ratio – Since 9/30/2014



Volatility (standard deviation of returns) – Since 9/30/2014



CORRELATION OF PRIORIY SHAREHOLDER RETURNS SINCE INCEPTION

	Priority Net Returns	Credit Suisse Leveraged Loan Index	Barclays US IG Aggregate Bond Index	S&P 500 Index
Priority Net Returns	1.00	0.02	0.00	0.06
Credit Suisse Leveraged Loan Index	--	1.00	0.08	0.62
Barclays US IG Aggregate Bond Index	--	--	1.00	0.03
S&P 500 Index	--	--	--	1.00

All Index data was sourced from S&P Global Market Intelligence, Bloomberg and Morningstar Direct. See page 30 for relevant notes and disclaimers with respect to Priority data.

PRIORITY INCOME FUND STATISTICS AS OF 12/31/19

Annualized Distribution Rate¹

R Shares: **10.78%**²

I Shares: **11.56%**²

<i>Cumulative Distributions Per Share</i> ² :	\$8.85339 (since inception)
<i>Distribution Reinvestment Program</i> ³ :	\$12.28 (per share)
<i>Distribution Frequency</i> :	Monthly
<i>Consecutive Months of Distributions</i> :	71 (since inception)
<i>Special Distribution Frequency</i> :	Quarterly (if any, as approved by Board)
<i>Consecutive Special Distributions</i> :	24 (quarters)
<i>Total Capital Raised</i> :	\$629 million
<i>Underlying Loans in Portfolio</i> ⁴ :	2,603
<i>Aggregate Balance of Underlying Loans</i> ⁴ :	\$59.9 billion
<i>Default Rate of Underlying Loans</i> ⁴ :	0.48%

¹ Distributions are not guaranteed. There is no assurance that distributions will be made or that any particular rate of distribution will be maintained. The annualized distribution rate is based on the current offering price of a share class, and is calculated by annualizing the sum of all distributions during the preceding 12 months (or since the inception of distributions, if shorter) divided by the offering price of the share class as of the date of publication. A portion of the fund's distributions over the past 12 months includes a return of capital. A significant portion of the Fund's distributions are from expense support payments provided by the Fund's Adviser that may be subject to repayment by the Fund within three years if certain conditions are met.

² As of 1/31/20

³ 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.

⁴ Data is estimated and based on information compiled from Intex Solutions upon portfolio close at end of quarter and are subject to change.

PORTFOLIO ALLOCATION AS OF 12/31/19

Industry Allocation – Top 20 Industries by Exposure



Portfolio Look-through: Top 10 Senior Secured Loan Issuers by Exposure

Rank	Issuer	Industry	Percentage
1	Asurion	Banking, Finance, Insurance & Real Estate	0.85%
2	Altice SFRFP	Telecommunications	0.75%
3	American Airlines	Transportation: Consumer	0.67%
4	TransDigm	Aerospace and Defense	0.62%
5	CenturyLink	Telecommunications	0.61%
6	Dell Technologies	High Tech Industries	0.56%
7	Cablevision Systems	Media: Broadcasting & Subscription	0.53%
8	Berry Plastics Group	Containers, Packaging & Glass	0.48%
9	Bass Pro Group	Retail	0.45%
10	RPI Finance Trust (Royalty Pharma)	Healthcare & Pharmaceuticals	0.45%

All data as of December 31, 2019. Portfolio holdings are subject to change.

PRIORITY INCOME FUND HIGHLIGHTS

~11%

Dividend Fully Covered
Historically By NII⁽¹⁾

Over \$500M

Of Assets

\$2.4B

Invested In CLOs By
Prospect Capital Management

.48%

LTM Default Date vs.
Market Default Rate of 1.39%⁽²⁾

127

Investments and Exposure To
Approximately 2,600 Senior
Secured Loans

6 Year

History of Paying a 11%
Annualized Dividend

(1) Approximately
(2) S&P Capital IQ

PRIORITY INCOME FUND OFFERING OVERVIEW

Offering Terms Overview	
Offering	Closed-end fund, 18-month follow-on offering
Liquidity	Quarterly tender offers Beginning in June 2020, redemptions will increase from dividend reinvestment cap to 2.5% per quarter and 2.5% per quarter thereafter
3 share options	Class R: 6% selling commission, 0.75% dealer manager fee (6.75% load, no trail) Class RIA: 0% selling commission, 0.75% dealer manager fee (0.75% load, no trail) Class I: 0% selling commission, 0% dealer manager fee (no load, no trail)
Investment strategy	CLO equity and debt
Historical distribution yield on offering price	10% (8% annualized base distribution paid monthly and 2% annualized bonus yield paid quarterly) Net Investment Income coverage of distribution: ~106.5% as of 9/30/19
Investment adviser	Priority Senior Secured Income Management, LLC
Transfer agent	DST Systems, Inc.
Custodian	U.S. Bank National Association
Auditor	BDO USA, LLP
Administrator	Prospect Administration LLC
Total assets (9/30/2019)	\$536.6 million
Due diligence report	Bowman and FactRight
Minimum investment	\$1,000

HISTORIC SHAREHOLDER NET RETURNS

Notes:

1. Shareholder returns presented are net of all fees and expenses and assume (i) an investor purchased Class I shares (unless noted otherwise) at escrow break on January 3, 2014, (ii) such investor has not made any additional purchases or sales since initial investment though the measurement date of September 30, 2019, (iii) such investor has reinvested any dividends and (iv) such investor tenders all of its shares on the measurement date at the Net Asset Value of Priority. The actual price at which an investor may tender its shares depends upon the Net Asset Value on the designated share repurchase date. Priority is not required to repurchase shares and only does so at the discretion of its Board of Directors.

The index returns shown herein for the S&P 500 Index, Barclays US Aggregate Bond Index and Credit Suisse Leveraged Loan Index assume all dividend and interest income is reinvested.

The calculations herein have many inherent limitations, only some of which have been described. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used have been stated or fully considered, and any reliance on the returns presented is at an investor's own risk. Alternative assumptions would produce different results, which differences could be significant, and prove to be more appropriate. Investors should not assume that they will have, and no assurance can be given that investors will have, an investment experience similar to the hypothetical performance shown.

The value of outstanding Priority investments is determined by the Board of Directors of Priority in accordance with its valuation policies and procedures, which include a review of quarterly valuations by independent valuation firm Gifford Fong Associates (who has valued each applicable Priority investment at quarter end) prepared in accordance with U.S. GAAP and FASB Accounting Standards Codification Topic 820 (ASC 820). Because substantially all of Priority's investments are not actively traded, this determination of current value is a material factor in determining the returns presented. Actual amounts subsequently realized on an investment may differ materially from

ADDITIONAL TRACK RECORD DISCLAIMER

These materials contain information about Priority. This information has been supplied by Priority Senior Secured Income Management LLC to provide prospective investors with information as to its general portfolio management experience. No assurance can be given that any particular individual will be responsible for managing the proposed investments for any length of time.

An investor's net return may differ significantly from the Shareholder returns shown due to differences in timing of the investment and other factors. In fact, net returns may be significantly higher or lower than an investor's estimated return.