

**BlueVault**  
P A R T N E R S , L L C

# BDC Industry Review

**SECOND QUARTER 2014**

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September 4, 2014

We are excited to release our second quarter 2014 BDC report. We thank our subscribers for helping us accomplish the goal of providing transparency, education and understanding to the industry.

As investors and financial advisors are becoming more aware of the benefits of BDCs and the diversification they can provide, the industry is becoming more established. The industry now raises a respectable \$5 billion plus annually across nine active funds. Additionally, competition is expected to heat up with several sponsors registering offerings at a collective \$7.7 billion. It will be interesting to see how funds differentiate themselves in the market as they compete for capital, investments and mindshare.

As always, we appreciate your support and welcome any comments, suggestions or questions on the report. We are always looking for new ways to enhance the reports and add value to our subscribers.

Our Best Regards,

Stacy Chitty  
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## Metric Definitions & Explanations

**A Portfolio Details** Includes a summary of the portfolio holdings for the current period as reported on the BDC's balance sheet. Items categorized as investments include debt investments, preferred equity, common equity and other short-term investments. Cash and Cash Equivalents include cash on the balance sheet and other cash-like liquid assets.

This section also includes a current overview of the BDC's investment strategy as it relates to the types of investments it makes, the industries the fund is focused on and the size of companies the fund plans to invest in. Specifics found in this section include number of portfolio companies and the investment management advisor. Also included is whether the company employs a Total Return Swap (TRS) and the value of the assets in the TRS.

**Total Return Swaps (TRS)** – An investment vehicle designed to give the fund additional interest payments and capital gains without having to purchase the assets and hold on the balance sheet. Cash collateral and payments to the institution holding the investments are typically required. The fund essentially “borrows” the TRS portfolio without the full risk of purchasing the investments outright.

**Net Taxable Income** – The tax-basis of earnings, which includes net investment income, realized capital gains, unrealized gains on TRS Assets and foreign exchange and other derivatives. Taxable income is what is reported on an investor's 1099 to reconcile distributions into taxable income, capital gains and return of capital.

The initial offering date is defined as the date the BDC was considered “effective” by the SEC and began raising money in its public offering. The number of months indicates how long the BDC has been raising capital and the anticipated offering close date is the date the BDC anticipates closing the BDC to new investments. The current price per share and reinvestment price per share are based on either the most recent offering price or the most recent price published.

**B Public Offering Price (POP)**

The price at which shares are offered to the public. The offering price changes whenever a material change in the Net Asset Value (NAV) occurs.

**C Net Asset Value (NAV) Per Share**

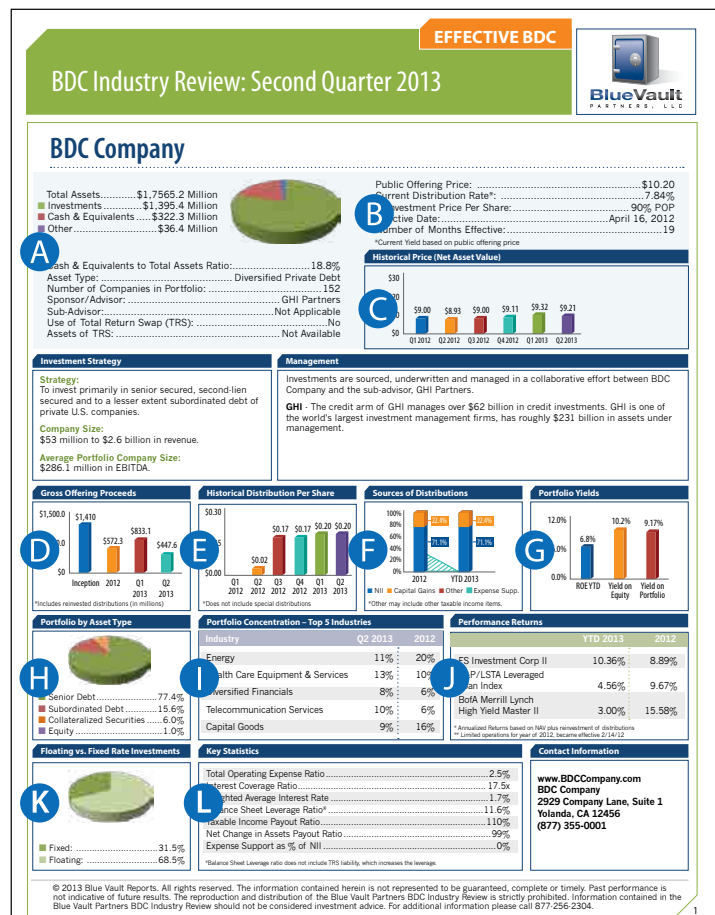
The sum of the fair value of the total assets minus the total liabilities divided by the total number of shares outstanding. This number is reported publicly at least every quarter.

**D Gross Offering Proceeds**

Defined as the sales of nontraded BDC shares plus shares purchased through dividend reinvestment.

**E Current Distribution & Historical Distribution**

The annualized distribution rate for the current quarter. Historical distribution shows the per share distribution amount in dollars.



**F Sources of Distributions**

*Note – comparisons may differ due to the fact that some funds use GAAP numbers and some use tax numbers for showing sources of distributions. In funds showing taxable income sources of distributions, unpaid & not yet earned incentive fees may show as “Other” for sources of distributions.*

**Net Investment Income (NII)** – Income earned from investments during the quarter or year less investment and operating expenses. Expense support or the reimbursement of expense support may be subtracted from or added, respectively, to operating expenses. This portion of income is the most sustainable portion and should represent where the majority of distributions are coming from.

**Net Realized Gains (Capital Gains)** – Gains or losses from investments that were sold in the quarter or year. Although it is an important component of income to the fund, realized gains can be unpredictable and will not be consistent from quarter to quarter.

**Expense Support** – Expenses paid for by the advisor, sponsor or affiliated holding company during the quarter or year. Typically expense support is given at the beginning of the fund's lifecycle and tapers off as the fund begins to make



## Metric Definitions & Explanations

investments and generate income and capital gains. These expenses are typically reimbursed to the sponsor or advisor over time. This number may also include fee waivers by the fund.

### G Portfolio Yields

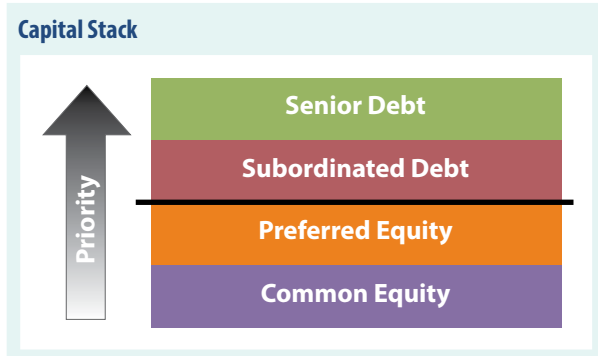
**Return on Equity (ROE)** – Calculated as the annualized Net Change in Assets from Operations (GAAP earnings measure), a line item that includes net investment income, realized and unrealized gains/losses, divided by the average total equity year-to-date.

**Yield on Equity** – Calculated as the annualized total investment income for the quarter divided by average equity for the period.

**Yield on Portfolio** – Calculated as the annualized total investment income for the quarter divided by the average total dollar amount of investments for the period.

### H Portfolio by Asset Type

The percentage of investments that appear as senior debt, subordinated debt, preferred stock or common stock as it relates to total investment assets. The priority of repayment refers to the priority each investor receives in repayment in the event of bankruptcy. This is sometimes referred to as the capital stack.

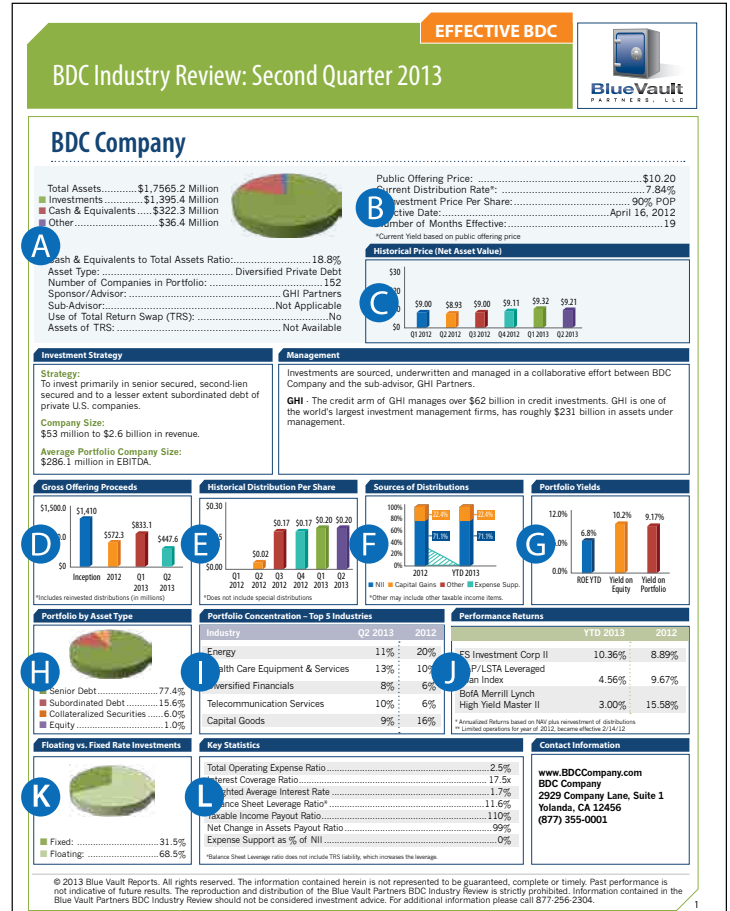


### I Portfolio Concentration - Top 5 Industries

The top five industries that the fund holds in its portfolio (through companies in those respective industries) and the represented percentage of portfolio for the most recent quarter and previous year. This metric gives an understanding of whether the fund is overly concentrated in one or more industries.

### J Performance Returns

**Annualized Return** – Calculated as the total return for the period converted into an annual rate. An example is a quarterly total return of 3% times 4 quarters equals 12% annualized rate. The annualized rate is subject to change based on future periods.



**S&P/LSTA US Leveraged Loan Index** – Capitalization-weighted syndicated loan index based upon market weightings, spreads and interest payments. The index seeks to mirror the market-weighted performance of the largest institutional leveraged loans. This index can be used to compare floating rate debt performance.

**Bank of America Merrill Lynch High Yield Master II** – A commonly used benchmark index for high yield corporate bonds. It is administered by Merrill Lynch. The Master II is a measure of the broad high yield market, unlike the Merrill Lynch BB/B Index, which excludes lower-rated securities. This index can be used to compare fixed rate/high yield debt performance.

### K Floating Rate vs. Fixed Rate Investments

Calculated as the total dollar amount of floating rate debt investments divided by the total dollar amount of debt investments. The same calculation is done for fixed rate debt investments. Generally for debt investors, fixed rate debt is preferred during times of falling interest rates and floating rate debt is preferred during times of rising interest rates. This section does not cover equity and other securities.

## Metric Definitions & Explanations

**Floating Rate Debt** – Debt that has a variable rate that changes based on changes in key interest rate indicators such as LIBOR, Fed Funds rate, Prime rate, Treasury yields, etc. The debt will many times be quoted as the indicator plus a spread amount. An example would be LIBOR + 250, which means the current LIBOR rate plus 2.50% is the current interest rate. Additionally, many floating rate loans have a floor at which the minimum interest rate can be.

**Fixed Rate Debt** – Debt that has a fixed interest rate for a set period of time.

### Key Statistics

**Fund Operating Expense Ratio** – Calculated as the operating expenses (not including interest expenses) for the fund year-to-date divided by average net assets year-to-date starting with the beginning balance of the year. This ratio measures operational efficiency and impact of management fees and administrative expenses on the fund.

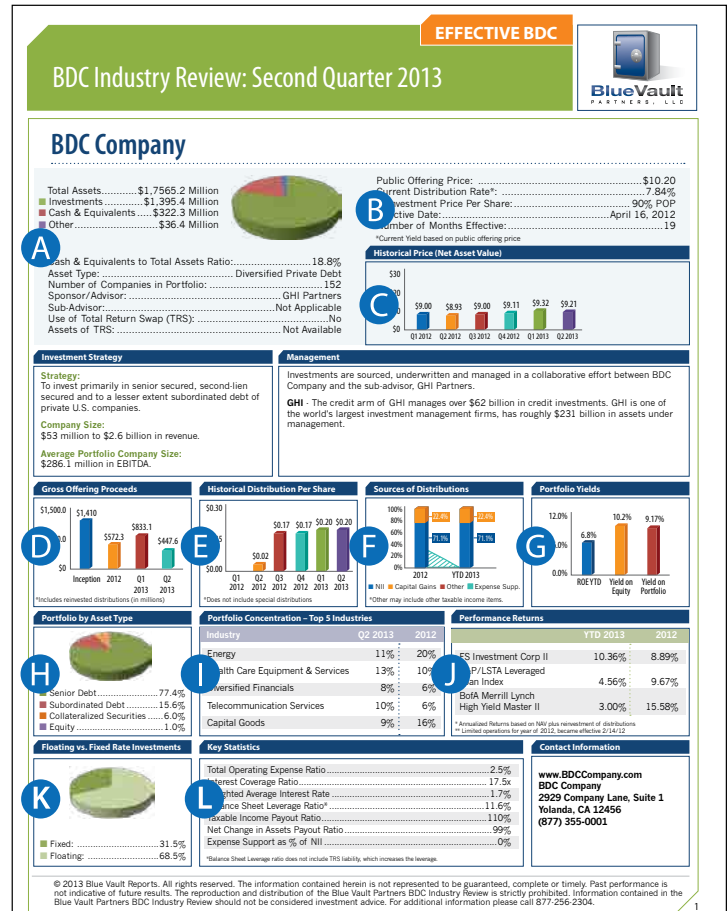
**Interest Coverage Ratio** – Calculated as the sum of NII plus realized capital gains plus interest expense divided by total interest expense. This measures the ability of the company to pay ongoing interest expenses from operations.

**Weighted Average Interest Rate** – Calculated as the annualized current period interest expense divided by average borrowings for the period. This measure does not precisely evaluate the go-forward interest rate the fund pays, as new borrowings may not be reflected in interest payments for a given period. It does provide an estimate to determine the spread between interest payments and yield on borrowed assets.

**Leverage Ratio** – Calculated as the total borrowings divided by total assets. This number also includes off-balance sheet net TRS borrowings (TRS Notional Value minus Cash Collateral divided by TRS Notional Value).

**Taxable Income Payout Ratio** – Calculated as the year-to-date total distributions divided by the estimated year-to-date net taxable income. The metric is designed to determine how much of the distribution is derived from taxable income. Beyond the beginning stages of the fund, the ratio should be below or close to 100%.

**Net Change in Net Assets (Net Change in Assets)** – The GAAP measure for earnings, which includes net investment income, realized and unrealized capital gains, as well as certain accruals such as unearned performance incentive fees.



**Net Change in Assets Payout Ratio** – Calculated as the year-to-date total distributions divided by the year-to-date net change in net assets. The metric is designed to determine how much of the distribution is derived from the net change in assets, or GAAP-related earnings. Beyond the beginning stages of the fund, the ratio should be below or close to 100%.

**Expense Support Percentage of Distribution** – Calculated as the year-to-date total expense support divided by the year-to-date distribution. This measures the amount of distributions that are provided through the sponsor/advisor's expense support agreement.



## The History of Business Development Companies (BDCs)

A business development company (BDC) is an SEC-registered investment company that invests in primarily private US-based businesses. This form of company was created by Congress in 1980 as amendments to the Investment Company Act of 1940. BDCs are typically taxed as regulated investment companies (RICs). Similar to REITs, BDCs are required to distribute at least 90% of taxable income as dividends to investors, and the company itself has to pay little or no corporate income tax.

Although the regulation for BDCs was passed in 1980, the creation of these companies did not come until the late 1990s and early 2000s. Furthermore, they did not begin to gain popularity until Apollo Investment Corporation raised \$930 million in a period of three months. This ignited a stream of BDC IPOs over the years following. Still the BDC industry remains relatively small when compared to mutual funds, REITs and other investments. Total BDC assets in the traded and nontraded are estimated to be close to \$45 billion.

### Investments of BDCs

BDCs invest in primarily private companies. They are required to invest 70% or more of their assets in US-based private companies. This is an investment type that was previously limited to institutional and wealthy individuals through private equity and private debt funds. Now through these SEC reporting funds, retail investors now have access to private equity and debt investments.

Many times, BDCs will invest in smaller or medium sized businesses. BDCs may be diversified in the industries they invest in or have a specific industry specialization (i.e. energy, technology, healthcare). Additionally they may focus on equity investments in companies, debt investments in companies or a hybrid of the two. BDCs utilize management teams and advisors to underwrite investments and make loans or equity investments into companies. So far, nontraded BDCs have primarily been focused on investing in the debt side of businesses.

### Traded and Nontraded BDCs

Historically BDCs have been traded on public exchanges. Mirroring what happened about a decade ago in the REIT industry, nontraded BDCs have become available in the past few years. The first nontraded BDC, FS Investment Corporation, became effective in January 2009. Another nontraded BDC did not become effective until 2011 with Corporate Capital Trust.

There are a few reasons that the nontraded structure has come about. One such reason is that it allows the BDC to raise capital continuously. There are two parts to this. It allows the BDC to have capital across economic cycles rather than when the capital markets are up. Also, the continuous capital raise allows time for underwriting and investing in assets. Another reason is that the liquidity restrictions allow the BDC to be long-term focused. Additionally, the value of the investor's investment is based on Net Asset Value (NAV) of the assets and is not subject to the same volatility and pricing as the stock market. However, these investments are not for all investors. They cannot be bought and sold on the public markets and have limited liquidity provisions. Typically the investor will have to wait five to ten years until a "liquidity event," sale of the portfolio or listing on an exchange, takes place.

### External and Internal Management

Similar to REITs, BDCs can be externally or internally managed. External management is a structure where an advisor makes investments and manages the portfolio for the BDC. The BDC itself has no employees, but pays a management fee to the advisor. Internal management means that the BDC has employees and overhead that are a normal operating expense to the BDC. However most BDCs traded and nontraded are externally managed. The reason for this is that many BDCs are advised by experienced private equity or investment management companies. This allows those investment companies to use resources from across their organization to underwrite, manage and handle the administration of the BDC.





## Nontraded BDC Industry Highlights & Capital Market Overview

### BDC Industry Facts (as of June 30, 2014)

- \$13 billion in total nontraded BDC assets
- YTD Gross Equity Raise of \$2.9 billion
- Top-3 funds raised 73% of industry equity, top 4 raised 83%
- 9 funds currently raising capital
- 1 closed fund (FS Investment Corporation II)
- 4 funds in registration with \$7.7 billion of registered equity offerings

Fund Name	Total Assets as of 2Q 2014	Gross Equity Raised YTD 2014
FS Investment Corporation II (closed)	\$ 4,205.1	\$ 522.7
FS Energy and Power Fund	\$ 3,153.3	\$ 648.1
Corporate Capital Trust, Inc.	\$ 2,397.7	\$ 376.1
Business Development Corporation of America	\$ 1,960.2	\$ 718.2
Sierra Income Corporation	\$ 404.1	\$ 171.2
CION Investment Corporation	\$ 337.5	\$ 174.1
HMS Income Fund, Inc.	\$ 271.2	\$ 91.4
FS Investment Corporation III	\$ 251.9	\$ 193.3
VII Peaks Co-Optivist Income BDC II, Inc.	\$ 33.9	\$ 8.7
Triton Pacific Investment Corporation, Inc.	\$ 2.6	NA

### Capital Market Update

Capital raise for the 1st half of 2014 totaled \$2.9 billion. Capital raise was in line with our previous estimate of \$6 billion. We anticipate that the raise will be slightly above \$6 billion unless one of the larger funds in the market closes, which typically causes a flood of capital before the investment is taken off of the market.

Funds in registration currently total \$7.7 billion; two funds from new sponsors in the industry and two with funds currently in the market.

Fund Name	Affiliated Sponsor / Sub-Adviser	Dealer Manager	Registered Amount
NexPoint Capital LLC.	Highland Capital Management	Highland Capital Securities	\$1,500,000,000
Yorke Capital Corp.	Yorke Capital Management	Orchard Securities LLC	\$ 200,000,000
FS Energy & Power Fund II	Franklin Square Capital Partners & GSO/Blackstone (Sub)	FS2 Capital	\$ 3,000,000,000
Business Development Corporation of America II	AR Capital / BDCA Adviser	RCS Capital	\$ 3,000,000,000
<b>TOTAL AMOUNT REGISTERED</b>			<b>\$ 7,700,000,000</b>

BDC portfolios have not only remained heavily weighted with floating rate loans, but also have shifted toward a heavier weighting up the capital structure to senior loans. Many funds focus solely on senior and senior-secured debt, but the funds with flexible mandates have gradually become more concentrated in senior debt. Perhaps this is somewhat of a flight to safety within the private debt markets and potentially a reaction to investors' level of risk tolerance in the market.

With the prevalence of mezzanine / junior debt investment groups, it is surprising that the BDC market does not have a fund with a strategy around junior debt investments. It will be seen whether future funds decide to break out of the senior debt mold that most of the industry is following.

# BDC Industry Review: Second Quarter 2014

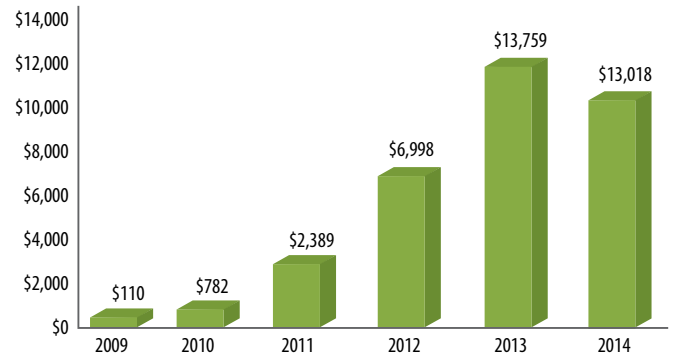


## BDC Overall Industry Summary

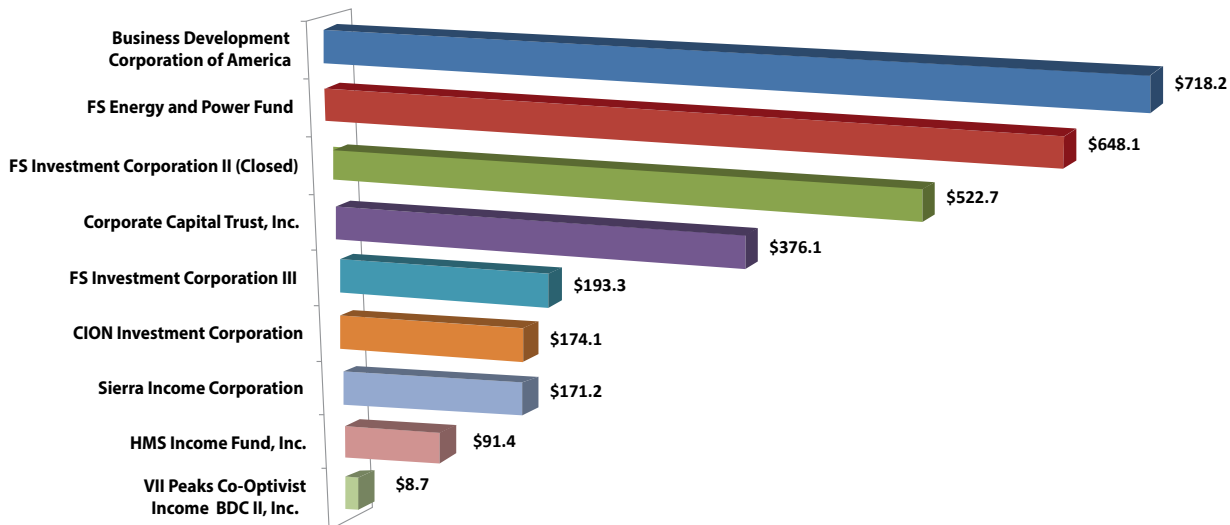
**Total Nontraded BDC Industry Assets**  
(in \$ Millions) as of June 30, 2014



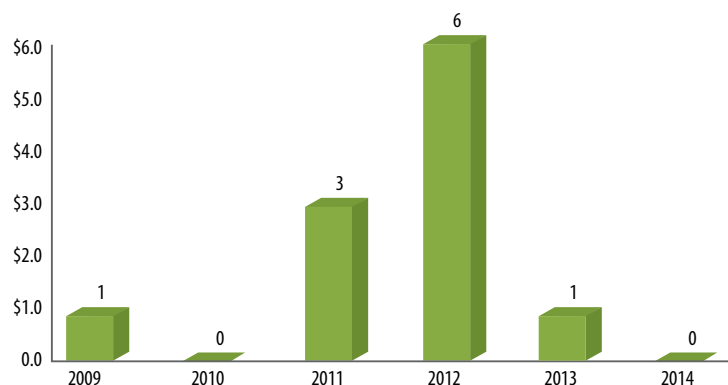
**Total Industry Assets**  
(in \$ Millions) as of June 30, 2014



**Gross Equity Raise YTD 2014**  
(in \$ Millions) as of June 30, 2014



**New Product Introductions Since 2009**



# BDC Industry Review: Second Quarter 2014



## BDC Fund Offerings Summary

Fund Name	Open/Closed	Effective Date	Sponsor/Advisor	Sub-Advisor	Total Assets Q2 2014	Gross Proceeds YTD 2014	Current Yield
<b>FS Investment Corporation II</b>	Closed	February 14, 2012	Franklin Square Capital Partners	GSO - Blackstone	\$4,205.1	\$522.7	7.11%
<b>FS Investment Corporation III</b>	Open	December 31, 2013	Franklin Square Capital Partners	GSO - Blackstone	\$251.9	\$193.3	7.00%
<b>FS Energy and Power Fund</b>	Open	May 12, 2011	Franklin Square Capital Partners	GSO - Blackstone	\$3,153.3	\$648.1	6.44%
<b>Corporate Capital Trust, Inc.</b>	Open	April 4, 2011	CNL Financial Group	KKR	\$2,397.7	\$376.1	7.12%
<b>Business Development Corporation of America</b>	Open	January 25, 2011	AR Capital	NA	\$1,960.2	\$718.2	7.75%
<b>CION Investment Corp</b>	Open	July 2, 2013	Icon Investments	Apollo Global Management	\$337.5	\$174.1	7.00%
<b>Sierra Income Corporation</b>	Open	April 16, 2012	Sierra - Medley Capital	NA	\$404.1	\$171.2	7.80%
<b>HMS Income Fund, Inc.</b>	Open	June 4, 2012	Hines	Main Street Capital	\$271.2	\$91.4	7.00%
<b>VII Peaks Co-Optivist Income BDC II, Inc.</b>	Open	March 1, 2012	VII-Peaks	NA	\$33.9	\$8.7	7.20%
<b>Triton Pacific Investment Corporation, Inc.</b>	Open	September 4, 2012	Triton Pacific Group	NA	\$2.6	NA	NA
<b>TOTAL</b>					<b>\$13,018</b>	<b>\$2,904</b>	

# BDC Industry Review: Second Quarter 2014



## BDC Fee Comparison

Effective Nontraded BDCs		Maximum Front-End Fees				Management Fees				Actual Operating Expenses
Fund Name	Sponsor/Advisor	Max. Sales Commission	Dealer-Manager Fee	Offering Expenses	Max Total Load	AUM Fee	Incentive Fee Income/ Capital Gains	Preferred Return	Catch-Up Percent	Annualized Operating Expense Ratio (2014 YTD)*
<b>Business Development Corporation of America</b>	AR Capital	7.00%	3.00%	1.50%	11.50%	1.50%	20.00%	7.00%	8.75%	3.31%
<b>CION Investment Corp</b>	Icon Investments	7.00%	3.00%	1.50%	11.50%	2.00%	20.00%	7.50%	9.38%	5.72%
<b>Corporate Capital Trust, Inc.</b>	CNL Financial Group	7.00%	3.00%	1.10%	11.10%	2.00%	20.00%	7.00%	8.75%	5.23%
<b>FS Energy and Power Fund</b>	Franklin Square Capital Partners	7.00%	3.00%	1.50%	11.50%	2.00%	20.00%	6.50%	8.13%	5.79%
<b>FS Investment Corporation II</b>	Franklin Square Capital Partners	7.00%	3.00%	1.50%	11.50%	2.00%	20.00%	7.50%	9.38%	5.45%
<b>FS Investment Corporation III</b>	Franklin Square Capital Partners	7.00%	3.00%	1.50%	11.50%	2.00%	20.00%	7.50%	9.38%	NA
<b>HMS Income Fund, Inc.</b>	Hines	7.00%	3.00%	1.50%	11.50%	2.00%	20.00%	7.50%	9.38%	8.19%
<b>Sierra Income Corporation</b>	Sierra - Medley Capital	7.00%	2.75%	1.25%	11.00%	1.75%	20.00%	7.00%	8.75%	6.87%
<b>Triton Pacific Investment Corporation, Inc.</b>	Triton Pacific Capital	7.00%	3.00%	2.00%	12.00%	2.00%	20.00%	8.00%	10.00%	—
<b>VII Peaks-KBR Co-Optivist Income BDC II, Inc.</b>	VII-Peaks KBR	7.00%	3.00%	1.50%	11.50%	1.5%-2.0%	20.00%	8.00%	NA	—

\*Annualized Operating Expense Ratio uses expenses stated on the income statement and does not take into account expense support or fee waivers. Total Operating Expense Ratio will likely be overstated during the fundraising stage of each fund. The average net assets used in the calculation is likely to be less than current net assets, causing the ratio to be higher than if the fund was stabilized.

\*Fee waivers are not reflected in the expense ratios, and may cause expenses to be lower than stated in the table above.

# BDC Industry Review: Second Quarter 2014



## BDC Performance Summary

Effective Nontraded BDCs (Greater than \$50 million in AUM)		Total Returns			
Fund Name	Sponsor/Advisor	2014 YTD	2013	2012	2011*
<b>Business Development Corporation of America</b>	AR Capital	4.63%	14.12%	15.19%	8.36%
<b>Corporate Capital Trust</b>	CNL Financial Group	5.30%	11.40%	14.30%	12.23%
<b>FS Energy and Power Fund</b>	Franklin Square Capital Partners	5.38%	10.49%	14.07%	2.11%
<b>FS Investment Corporation II (Closed)</b>	Franklin Square Capital Partners	5.86%	10.81%	8.82%	—
<b>Sierra Income Corporation</b>	Sierra - Medley Capital	5.20%	11.75%	—	—
<b>CION Investment Corporation</b>	ICON Investments	4.45%	11.96%		
<b>HMS Income Fund</b>	Hines	3.25%	8.47%		

### Benchmark Comparison

<b>S&amp;P/LSTA Leveraged Loan Index</b>	<b>2.60%</b>	<b>5.25%</b>	<b>9.67%</b>	<b>1.51%</b>
<b>BofA High Yield Master II Index</b>	<b>5.64%</b>	<b>7.42%</b>	<b>15.58%</b>	<b>4.38%</b>
<b>Median</b>	<b>5.20%</b>	<b>11.40%</b>	<b>14.19%</b>	<b>8.36%</b>
<b>Mean</b>	<b>4.87%</b>	<b>11.29%</b>	<b>13.10%</b>	<b>7.57%</b>

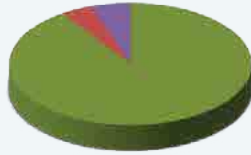
\* All funds but FS Investment Corp had limited operations for the year of 2011, FS Investment Corp II had limited operations in 2012

## BDC Industry Review: Second Quarter 2014



## Business Development Corporation of America

Total Assets.....\$1,960.0 Million  
 Investments.....\$1,774.1 Million  
 Cash & Equivalents.....\$83.7 Million  
 Other.....\$102.4 Million



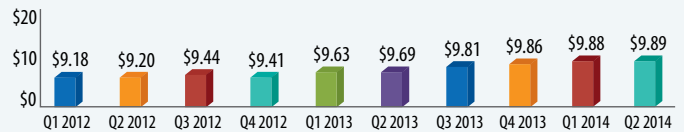
Public Offering Price: .....\$11.20  
 Current Distribution Rate: .....7.75%  
 Reinvestment Price Per Share: .....90% POP  
 Effective Date:.....January 25, 2011  
 Number of Months Effective:.....41

\*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....4.3%  
 Asset Type: ..... Diversified Private Debt  
 Number of Companies in Portfolio: .....132  
 Sponsor/Advisor: ..... AR Capital - BDCA Adviser  
 Sub-Advisor:.....Not Applicable  
 Use of Total Return Swap (TRS): .....No  
 Assets of TRS: .....\$0.0 Million

\*TRS was terminated on June 27, 2014

## Historical Price (Net Asset Value)



## Investment Strategy

## Strategy:

To invest largely in senior secured and second lien debt securities and mezzanine debt securities issued by middle market companies.

## Company Size:

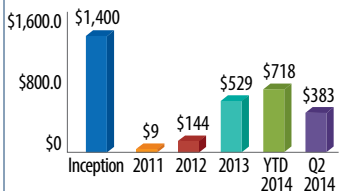
\$10 million to \$1 billion in revenue

## Management

Investments are sourced, underwritten and managed by a single advisor and management team. BDCA Adviser is a wholly owned affiliate of AR Capital. The management team has experience in banking, loan origination, private equity investing & management, as well as real estate credit underwriting and investing.

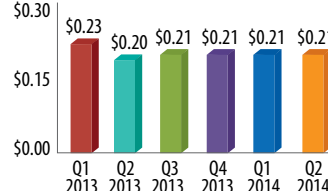
**AR Capital** – An alternative investment firm that invests in real estate and private company securities. AR Capital manages \$15 billion in alternative investments.

## Gross Offering Proceeds



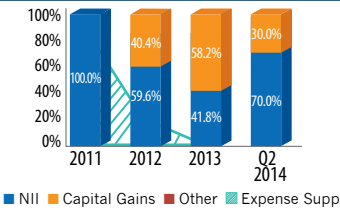
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



\*Does not include special distributions

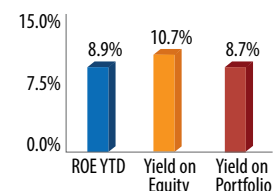
## Sources of Distributions



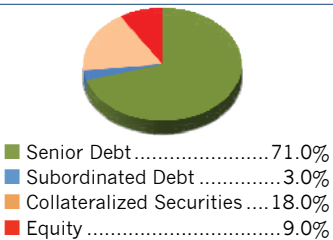
\*Other may include other taxable income items.

\*\*9.7% of distributions attributable to waived fees.

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration – Top 5 Industries

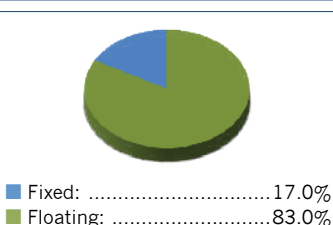
Industry	2014 YTD	2013
Diversified Investment Vehicles	23%	24%
Health Care Providers & Services	7%	7%
Hotels, Restaurants & Services	5%	7%
Aerospace & Defense	5%	3%
Automotive	5%	NA

## Performance Returns

	2014 YTD	2013	2012	2011*
Business Development Corporation of America	4.63%	14.12%	15.19%	8.36%
S&P/LSTA Leveraged Loan Index	2.60%	5.25%	9.67%	1.51%
BofA Merrill Lynch High Yield Master II	5.64%	7.42%	15.58%	4.38%

\*YTD returns are not annualized

## Floating vs. Fixed Rate Investments



## Key Statistics

Fund Operating Expense Ratio	3.3%
Interest Coverage Ratio	17.7x
Weighted Average Interest Rate	2.2%
Leverage Ratio	24.0%
Taxable Income Payout Ratio*	93.0%
Net Change in Assets Payout Ratio	100.0%
Expense Support % of Distribution	0.0%

\*BDCA only reports adjusted net investment income quarterly, may differ from taxable income

## Contact Information

[www.BDCofAmerica.com](http://www.BDCofAmerica.com)  
**Realty Capital Securities**  
**Three Copley Place**  
**Suite 3300**  
**Boston, MA 02116**  
**(877) 373-2522**

\*See additional notes on page 19.

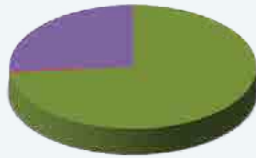
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## BDC Industry Review: Second Quarter 2014



## CION Investment Corporation

Total Assets.....	\$337.5 Million
Investments.....	\$247.3 Million
Cash & Equivalents.....	\$1.8 Million
Other.....	\$88.4 Million

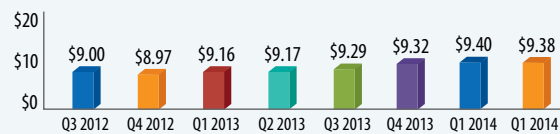


Public Offering Price: .....	\$10.45
Current Distribution Rate*: .....	7.00%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	July 2, 2012
Number of Months Effective:.....	23

\*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....	0.5%
Asset Type: .....	Diversified Private Debt
Number of Companies in Portfolio: .....	103
Sponsor/Advisor: .....	ICON Investments / CIM
Sub-Advisor:.....	Apollo Investment Management
Use of Total Return Swap (TRS): .....	Yes
Assets of TRS: .....	\$277.5 Million

## Historical Price (Net Asset Value)



## Investment Strategy

## Strategy:

Primarily invests in the senior secured debt of U.S. middle market companies. The investment objective is to generate current income and to a lesser extent, capital appreciation for its investors.

## Company Size:

EBITDA of \$50 million or less.

## Average Portfolio Company Size:

\$60.7 million in EBITDA

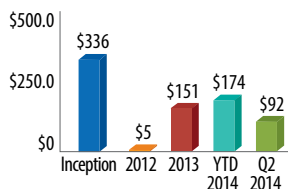
## Management

Investments are sourced, underwritten and managed by CION Investment Management, an ICON Investments subsidiary, and has engaged Apollo Investment Management as a sub-advisor to source investments and make investment recommendations.

**ICON Investments** – With more than 27 years of experience and having made approximately \$4 billion in total investments, ICON provides direct financing to public and private companies through secured financing such as equipment financing.

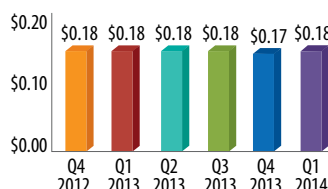
**Apollo Investment Management - a subsidiary of Apollo Global** – a global private equity, credit and real estate investment management firm with over \$159 billion in assets under management.

## Gross Offering Proceeds



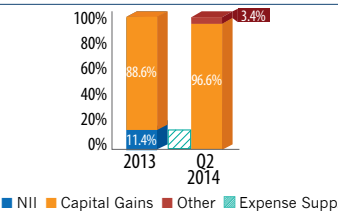
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



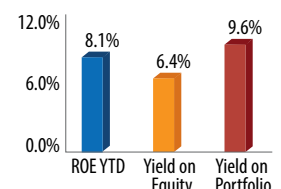
\*Does not include special distributions

## Sources of Distributions

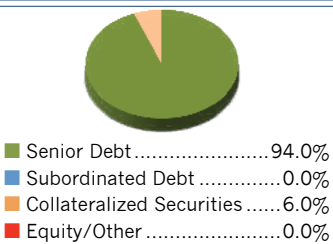


\*Other may include other taxable income items.

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration - Top 5 Industries

Industry	2014 YTD	2013
Services: Business	15%	15%
Healthcare & Pharmaceuticals	12%	9%
High Tech Industries	8%	3%
Retail	7%	3%
Diversified Financial	6%	4%

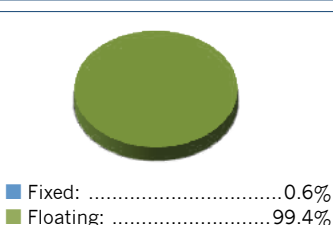
\* Short-term Treasury Investments not included

## Performance Returns

	2014* YTD	2013*
CION Investment Corp	4.45%	11.96%
S&P/LSTA Leveraged Loan Index	2.60%	5.25%
BofA Merrill Lynch High Yield Master II	5.64%	7.42%

\*YTD returns are not annualized

## Floating vs. Fixed Rate Investments



\*See additional notes on page 19.

## Key Statistics

Fund Operating Expense Ratio.....	5.7%
Interest Coverage Ratio.....	Not Applicable
Weighted Average Interest Rate .....	Not Applicable
Leverage Ratio.....	36.0%
Taxable Income Payout Ratio.....	106.0%
Net Change in Assets Payout Ratio.....	92.0%
Expense Support % of Distribution.....	12.4%

## Contact Information

[www.CIONInvestmentcorp.com](http://www.CIONInvestmentcorp.com)  
**CION Investment Corp.**  
**3 Park Avenue, 36th Floor**  
**New York, NY 10016**  
**(800) 435-5697**

## BDC Industry Review: Second Quarter 2014



## Corporate Capital Trust, Inc.

Total Assets.....	\$2,398 Million
Investments.....	\$2,171 Million
Cash & Equivalents.....	\$123 Million
Other.....	\$104 Million

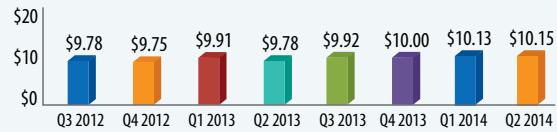


Public Offering Price: .....	\$11.30
Current Distribution Rate: .....	7.12%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	April 4, 2011
Number of Months Effective:.....	38

Cash & Equivalents to Total Assets Ratio:.....	5.1%
Asset Type: .....	Diversified Private Debt
Number of Companies in Portfolio*: .....	105
Sponsor/Advisor: .....	CNL Financial Group
Sub-Advisor:.....	KKR
Use of Total Return Swap (TRS): .....	Yes
Assets of TRS: .....	\$119 Million

\*Including TRS

## Historical Price (Net Asset Value)



## Investment Strategy

## Strategy:

To invest in senior and subordinated debt of medium and large sized U.S. companies. Investments in companies may be accompanied by warrants, options, equity co-investments or other forms of equity.

## Company Size:

EBITDA greater than \$25 million

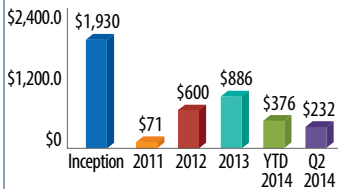
## Management

Investments are sourced, underwritten and managed in a collaborative effort by KKR and CNL. Although the investment activity is primarily led by KKR, the partnership provides dual underwriting for investments.

**KKR** – A global investments firm that manages over \$102 billion in assets. The firm was founded in 1976 and has completed 250 private equity transactions with a total value of more than \$480 billion.

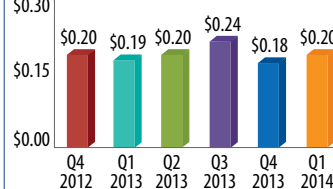
**CNL** – A private investment firm founded in 1973 that provides global real estate and alternative investment opportunities. CNL and its affiliates have formed or acquired companies with more than \$28 billion in assets.

## Gross Offering Proceeds



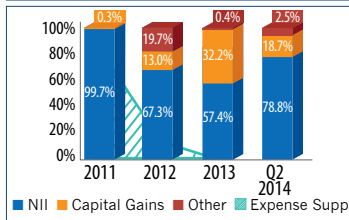
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



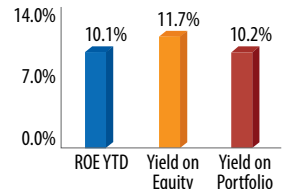
\*Special distribution in Q4 2013 of \$0.03

## Sources of Distributions

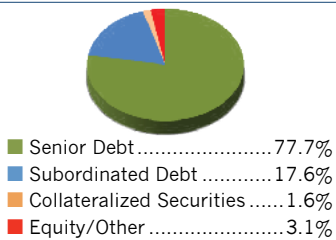


\*Other may include other taxable income items.

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration – Top 5 Industries

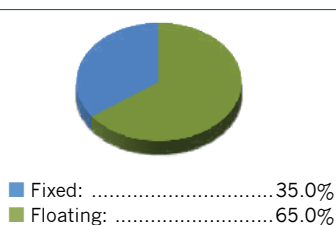
Industry	2014 YTD	2013
Consumer Durables & Apparel	20%	19%
Capital Goods	11%	5%
Retailing	10%	10%
Technology Hardware & Equipment	9%	13%
Health Care Equipment & Services	8%	9%

## Performance Returns

	2014 YTD	2013	2012	2011**
Corporate Capital Trust, Inc.	5.30%	11.40%	14.30%	12.23%
S&P/LSTA Leveraged Loan Index	2.60%	5.25%	9.70%	1.50%
BofA Merrill Lynch High Yield Master II	5.64%	7.42%	15.58%	4.30%

\* YTD returns are not annualized  
\*\* Annualized due to limited operating data in 2011

## Floating vs. Fixed Rate Investments



## Key Statistics

Fund Operating Expense Ratio.....	5.2%
Interest Coverage Ratio.....	5.7x
Weighted Average Interest Rate* .....	3.6%
Leverage Ratio.....	24.0%
Taxable Income Payout Ratio.....	98.0%
Net Change in Assets Payout Ratio.....	74.0%
Expense Support % of Distribution.....	0.0%

\* Average borrowings stated in quarterly SEC filing.

## Contact Information

[www.CorporateCapitalTrust.com](http://www.CorporateCapitalTrust.com)  
**CNL Financial Group Inc.**  
**450 S. Orange Ave.**  
**Orlando, FL 32801**  
**(407) 650-1000**

\*See additional notes on page 19.

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## BDC Industry Review: Second Quarter 2014



## FS Energy &amp; Power Fund

Total Assets.....\$3,153.3 Million  
 Investments.....\$2,955.0 Million  
 Cash & Equivalents.....\$142.6 Million  
 Other.....\$55.8 Million



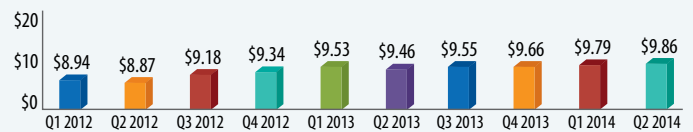
Cash & Equivalents to Total Assets Ratio:.....4.5%  
 Asset Type:..... Diversified Private Debt  
 Number of Companies in Portfolio:.....120  
 Sponsor/Advisor:..... Franklin Square Capital Partners  
 Sub-Advisor:..... GSO – Blackstone  
 Use of Total Return Swap (TRS):.....No\*  
 Assets of TRS:.....\$0 Million

\*FS Energy and Power Fund terminated the TRS agreement on May 24, 2013

Public Offering Price:.....\$11.00  
 Current Distribution Rate\*:.....6.44%  
 Reinvestment Price Per Share:.....90% POP  
 Effective Date:.....May 12, 2011  
 Number of Months Effective:.....37

\*Current distribution rate based on public offering price. \*\*Public offering price and yield as of 7/1/14

## Historical Price (Net Asset Value)



## Investment Strategy

## Strategy:

To invest primarily in the debt and income-oriented equity securities of private U.S. companies in the energy and power industry.

## Company Size:

Not Applicable

## Average Portfolio Company Size:

\$221.8 million in EBITDA

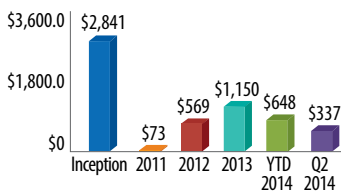
## Management

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.

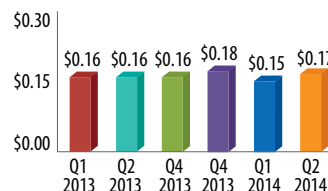
**Franklin Square Capital Partners** – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$12.4 billion in BDC assets.

## Gross Offering Proceeds



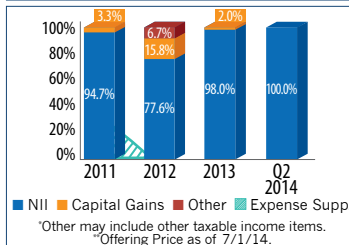
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



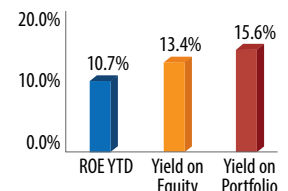
\*Does not include special distributions

## Sources of Distributions

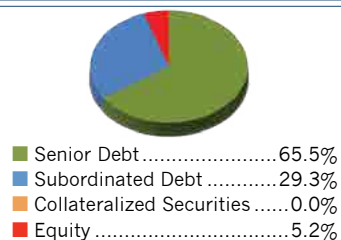


\*Other may include other taxable income items.  
 \*Offering Price as of 7/1/14.

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration – Top 5 Industries

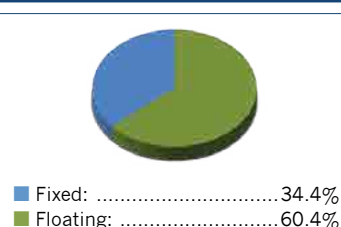
Industry	2014 YTD	2013
Upstream	50%	48%
Midstream	9%	13%
Downstream	0%	0%
Power	8%	7%
Service & Equipment	33%	32%

## Performance Returns

	2014 YTD	2013	2012	2011**
FS Energy & Power Fund	5.38%	10.49%	14.07%	2.11%
S&P/LSTA Leveraged Loan Index	2.60%	5.25%	9.67%	1.51%
BofA Merrill Lynch High Yield Master II	5.64%	7.42%	15.58%	4.38%

\*YTD returns are not annualized  
 \*\*Annualized due to limited operating data in 2011

## Floating vs. Fixed Rate Investments



## Key Statistics

Fund Operating Expense Ratio	5.8%
Interest Coverage Ratio	10.6x
Weighted Average Interest Rate	2.4%
Leverage Ratio	22.5%
Taxable Income Payout Ratio	97.2%
Net Change in Assets Payout Ratio	60.9%
Expense Support % of Distribution	0.0%

## Contact Information

[www.FSEnergyandPowerFund.com](http://www.FSEnergyandPowerFund.com)  
**Franklin Square Capital Partners**  
 2929 Arch Street, Suite 675  
 Philadelphia, PA 19104  
 (877) 372-9880

\*See additional notes on page 19.

## 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

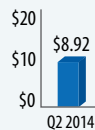


Public Offering Price: .....	\$10.00
Current Distribution Rate: .....	7.00%
Reinvestment Price Per Share:.....	95% POP
Effective Date:.....	December 31, 2013
Number of Months Effective:.....	6

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

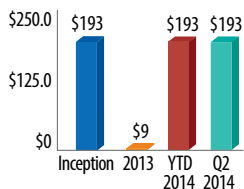
## Management

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.

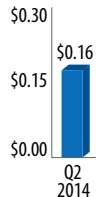
**Franklin Square Capital Partners** – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$12.4 billion in BDC assets.

## Gross Offering Proceeds



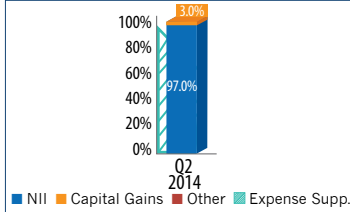
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



\*Does not include special distributions

## Sources of Distributions

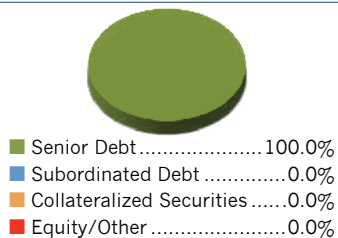


\*Other may include other taxable income items.

## Portfolio Yields

Not Applicable

## Portfolio by Asset Type



## Portfolio Concentration - Top 5 Industries

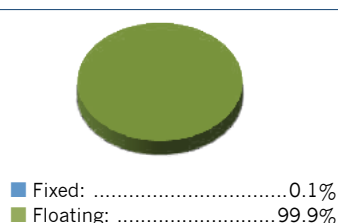
Industry	2014 YTD
Transportation	16%
Software & Services	13%
Consumer Durables & Apparel	10%
Utilities	10%
Capital Goods	9%

## 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

**www.FSInvestmentCorpiii.com**  
**Franklin Square Capital Partners**  
**2929 Arch Street, Suite 675**  
**Philadelphia, PA 19104**  
**(877) 372-9880**

\*See additional notes on page 19.

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## BDC Industry Review: Second Quarter 2014



## HMS Income Fund Inc.

Total Assets.....	\$271.2 Million
Investments.....	\$248.7 Million
Cash & Equivalents.....	\$12.3 Million
Other.....	\$10.2 Million

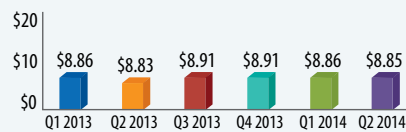


Public Offering Price: .....	\$10.00
Current Distribution Rate*: .....	7.00%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	June 4, 2012
Number of Months Effective:.....	24

\*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....	4.5%
Asset Type: .....	Diversified Private Debt
Number of Companies in Portfolio: .....	80
Sponsor/Advisor: .....	Hines
Sub-Advisor:.....	Main Street Capital Corporation
Use of Total Return Swap (TRS): .....	No
Assets of TRS: .....	Not Applicable

## Historical Price (Net Asset Value)



## Investment Strategy

## Strategy:

Generate current income and to a lesser, extent capital gains primarily through debt and equity investments in privately owned U.S. lower middle market companies as well as upper middle market firms.

## Company Size:

Annual revenues of \$10 million to \$150 million (lower middle market) up to \$3 billion (upper middle market)

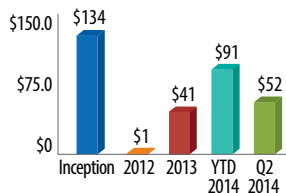
## Management

Investments are managed by HMS Adviser, a Hines subsidiary, and sub-advised by Main Street Capital. Main Street provides sourcing, evaluation, negotiation and structuring for HMS's investments.

**Hines** – A global real estate investment firm that manages or has interests in over \$23 billion of investments. Together with its predecessor, Hines has been investing and managing real estate for over 50 years..

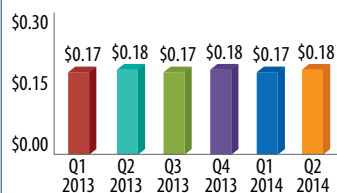
**Main Street Capital** – A manager of private debt and equity investments, Main Street Capital Corp. is a publicly traded BDC with a market capitalization of roughly \$1.25 billion.

## Gross Offering Proceeds



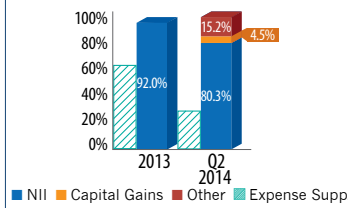
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



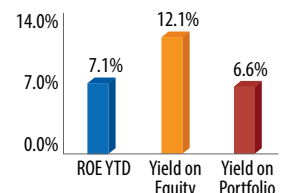
\*Does not include special distributions

## Sources of Distributions

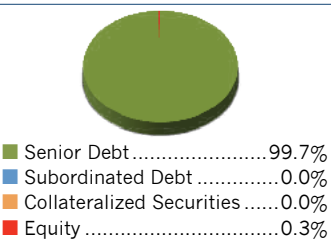


\*Other may include other taxable income items.

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration – Top 5 Industries

Industry	2014 YTD	2013
Media	9%	7%
Electronic Equipment, Instruments, & Components	9%	3%
IT Services	8%	11%
Hotels, Restaurants, and Leisure	7%	5%
Health Care Providers and Services	7%	6%

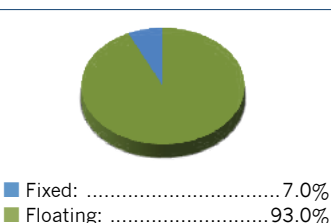
\* Short-term Treasury Investments not included

## Performance Returns

	2014 YTD*	2013*	2012
HMS Income Fund Inc.	3.25%	8.47%	10.85%
S&P/LSTA Leveraged Loan Index	2.60%	5.25%	9.67%
BofA Merrill Lynch High Yield Master II	5.64%	7.42%	15.58%

\* Annualized Returns based on NAV plus reinvestment of distributions  
\*\* Limited operations for year of 2012, became effective 2/14/12

## Floating vs. Fixed Rate Investments



\*See additional notes on page 19.

## Key Statistics

Fund Operating Expense Ratio.....	8.2%
Interest Coverage Ratio.....	6.1x
Weighted Average Interest Rate .....	3.8%
Leverage Ratio.....	31.0%
Taxable Income Payout Ratio.....	117.9%
Net Change in Assets Payout Ratio.....	108.0%
Expense Support % of Distribution.....	26.0%

## Contact Information

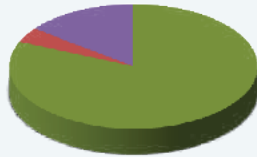
[www.HinesSecurities.com/BDCS/HMS-Income-Fund](http://www.HinesSecurities.com/BDCS/HMS-Income-Fund)  
**Hines Securities**  
 2800 Post Oak Boulevard, Suite 4700, Houston, TX 77056  
 888.446.3773

## BDC Industry Review: Second Quarter 2014



## Sierra Income Corporation

Total Assets.....	\$404.1 Million
Investments.....	\$329.3 Million
Cash & Equivalents.....	\$15.5 Million
Other.....	\$59.3 Million

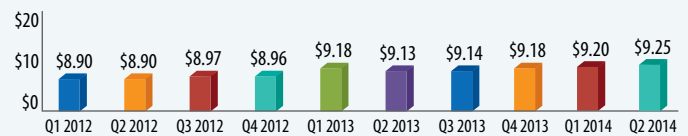


Public Offering Price: .....	\$10.25
Current Distribution Rate*: .....	7.80%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	April 16, 2012
Number of Months Effective:.....	26

\*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....	3.8%
Asset Type: .....	Diversified Private Debt
Number of Companies in Portfolio: .....	59
Sponsor/Advisor: .....	SIC Advisors - Medley Capital
Sub-Advisor:.....	Not Applicable
Use of Total Return Swap (TRS): .....	Yes
Assets of TRS: .....	\$160.0 Million

## Historical Price (Net Asset Value)



## Investment Strategy

## Strategy:

To invest primarily in debt of privately owned U.S. companies with a focus on senior secured debt, second lien debt, and to a lesser extent, subordinated debt.

## Company Size:

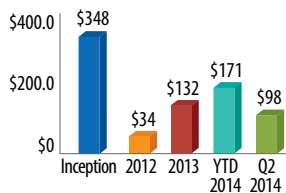
Enterprise value of \$50 million to \$4 billion

## Management

Investments are sourced, underwritten and managed by SIC Advisors, Medley Capital professionals.

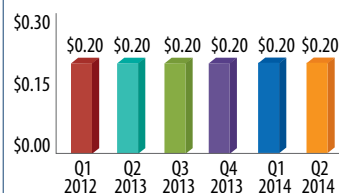
**SIC Advisors - Medley Capital** – Management team members bring an average of more than 20 years experience in principal finance, investment sourcing, credit analysis, transaction structuring, due diligence and investing. Medley Capital, the parent company of SIC Advisors has several private investment funds and a publicly traded BDC (Medley Capital Corporation) with combined assets of \$2.5 billion.

## Gross Offering Proceeds



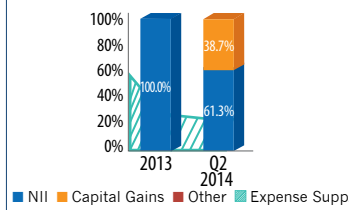
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



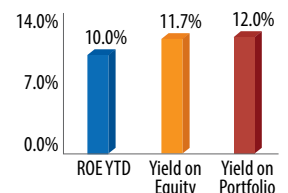
\*Does not include special distributions

## Sources of Distributions

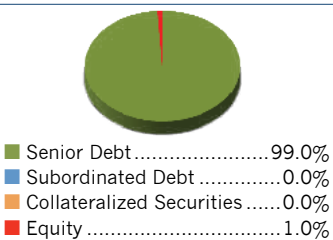


\*Other may include other taxable income items.

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration - Top 5 Industries

Industry	2014 YTD	2013
Electronics	13%	10%
Beverage, Food, and Tobacco	11%	12%
Oil and Gas	10%	14%
Automobile	9%	4%
Telecommunications	7%	12%

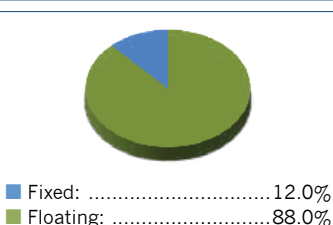
\*Includes TRS Portfolio

## Performance Returns

	2014* YTD	2013*
Sierra Income Corporation	5.20%	11.75%
S&P/LSTA Leveraged Loan Index	2.60%	5.25%
BofA Merrill Lynch High Yield Master II	5.64%	7.42%

\*Annualized Returns based on NAV plus reinvestment of distributions  
\*Limited operations for year of 2012, became effective 2/14/12

## Floating vs. Fixed Rate Investments



\*See additional notes on page 19.

## Key Statistics

Fund Operating Expense Ratio.....	6.9%
Interest Coverage Ratio.....	13.5x
Weighted Average Interest Rate .....	4.7%
Leverage Ratio.....	31.5%
Taxable Income Payout Ratio.....	100.0%
Net Change in Assets Payout Ratio.....	87.0%
Expense Support % of Distribution.....	21.0%

## Contact Information

**www.SierraincomeCorp.com**  
**SC Distributors**  
**610 Newport Center Drive**  
**Suite #350**  
**Newport Beach, CA 92660**  
**(949) 706-8640**



## Effective Nontraded BDCs with Limited Operating Results (Under \$45mm in Assets)

	Effective Date	Investment Style	Total Assets (in \$ Millions)	Minimum Shares Sold / Funds Released from Escrow	Gross Offering Proceeds Raised Since Inception (in \$ Millions)	Investments (in \$ Millions)	Distributions Declared	Debt on Balance Sheet
<b>VII Peaks Co-Optivist Income BDC II, Inc.*</b>	March 1, 2012	Diversified Private Debt	\$33.9	Yes	\$40.8	\$30.8	7.20%	None
<b>Triton Pacific Investment Corporation</b>	September 4, 2012	Diversified Private Debt	\$2.6	No	\$0.4	\$0.4	NA	NA

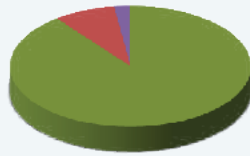
\*VII Peaks has ceased its relationship with KBR citing financial instability with the broker dealer.



# BDC Industry Review: Second Quarter 2014

## FS Investment Corporation II

Total Assets.....\$4,205.1 Million  
 Investments.....\$3,763.9 Million  
 Cash & Equivalents.....\$349.9 Million  
 Other.....\$91.3 Million



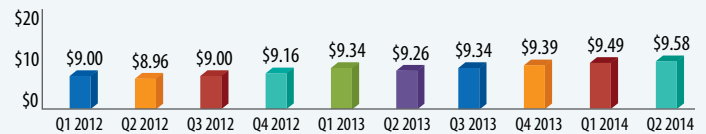
Last Offering Price: .....\$10.60  
 Current Distribution Rate\*: .....7.11%  
 Reinvestment Price Per Share:.....Set by Board\*  
 Effective Date:.....February 14, 2012  
 Offering Close Date:.....March 5, 2014

\*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....8.3%  
 Asset Type: .....Diversified Private Debt  
 Number of Companies in Portfolio: .....201  
 Sponsor/Advisor: .....Franklin Square Capital Partners  
 Sub-Advisor:.....GSO – Blackstone  
 Use of Total Return Swap (TRS): .....No\*  
 Assets of TRS: .....\$0 Million

\*FS Investment Corporation II terminated the TRS agreement on June 13, 2013

### 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:

\$273.4 million in EBITDA.

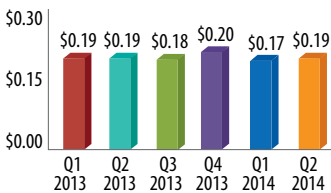
### Management

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 \$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.

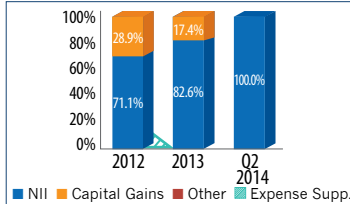
**Franklin Square Capital Partners** – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$12.4 billion in BDC assets.

### Historical Distribution Per Share



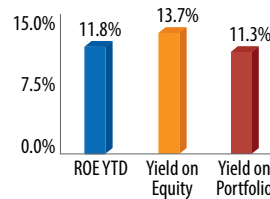
\*Does not include special distributions

### Sources of Distributions

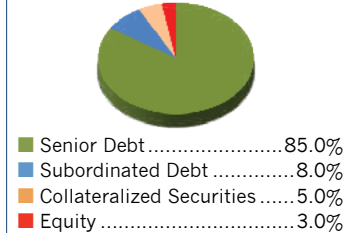


\*Other may include other taxable income items.

### Portfolio Yields



### Portfolio by Asset Type



### Portfolio Concentration – Top 5 Industries

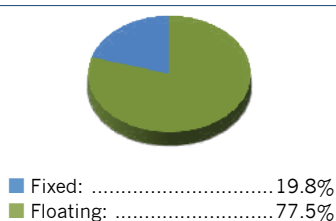
Industry	2014 YTD	2013
Consumer Services	17%	15%
Energy	13%	16%
Capital Goods	11%	8%
Software & Services	7%	7%
Telecommunication Services	6%	5%

### Performance Returns

	2014* YTD	2013*	2012
FS Investment Corporation II	5.86%	10.81%	8.82%
S&P/LSTA Leveraged Loan Index	2.60%	5.25%	9.67%
BofA Merrill Lynch High Yield Master II	5.64%	7.42%	15.58%

\*Annualized Returns based on NAV plus reinvestment of distributions  
 \*Limited operations for year of 2012, became effective 2/14/12

### Floating vs. Fixed Rate Investments



\*See additional notes on page 19.

### Key Statistics

Total Operating Expense Ratio	5.5%
Interest Coverage Ratio	7.9x
Weighted Average Interest Rate	3.3%
Leverage Ratio	25.3%
Taxable Income Payout Ratio	96.4%
Net Change in Assets Payout Ratio	66.0%
Expense Support as % of NII	0.0%

### Contact Information

[www.FSInvestmentCorpII.com](http://www.FSInvestmentCorpII.com)  
**Franklin Square Capital Partners**  
 2929 Arch Street, Suite 675  
 Philadelphia, PA 19104  
 (877) 372-9880



## Additional BDC Notes

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### **Business Development Corporation of America**

- Leading 2014 capital raise with YTD gross proceeds in excess of \$700 million
- High current yield at 7.75%

### **CION Investment Corp.**

- 99.4% floating rate investments
- TRS assets at \$278 million compared to \$247 million in balance sheet investments

### **Corporate Capital Trust**

- 20% of investments in Consumer Durables & Apparel sector
- Originated investments total \$973 million, or 45.3% of total portfolio
- YTD total return of 5.30%
- Expanded TRS leverage back to nearly \$120 million

### **FS Energy and Power Fund**

- Largest open fund covered with \$3.2 billion in assets
- Total Return leader YTD of open funds at 5.38%

### **FS Investment Corp. II**

- Largest nontraded BDC at \$4.2 billion in assets
- Closed to new investors since March 5, 2014

### **FS Investment Corp. III**

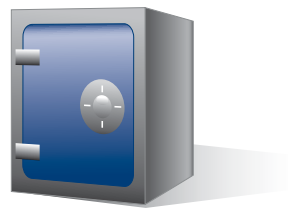
- Commenced operations April 2, 2014
- Raised nearly \$200 million in 2Q14, holds over \$250 million in assets

### **HMS Income Fund**

- Made first non-senior debt investment in 2Q14
- 99.7% Senior debt, 93% variable interest rate

### **Sierra Income Corp.**

- Originated investments represent 41% of portfolio
- 21% of distributions from expense support
- Highest yield distribution at 7.8%



**BlueVault**  
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