

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

BDC Industry Review

THIRD QUARTER 2014

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December 10, 2014

We are pleased to release our third quarter 2014 BDC Industry Report. We thank our subscribers for their support of Blue Vault Partners, the industry's independent research resource for providing transparency, education and understanding to the industry.

With \$14.7 billion in assets under management, nontraded BDCs have become a significant piece of the alternative investment spectrum. Additionally, the nearly \$9 billion in new funds registered with the SEC shows that there is substantial growth still to come. Competition in the industry will increase as well-capitalized entrants step in. Funds will need to find ways of differentiating themselves through strategy, messaging, distribution channels or otherwise.

As always, we appreciate your support and welcome any comments, suggestions or questions on the report. Our goal is that Blue Vault Partners will allow you to be better educated and make more informed investment decisions. We are always looking for new ways to enhance the reports and add value for 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.

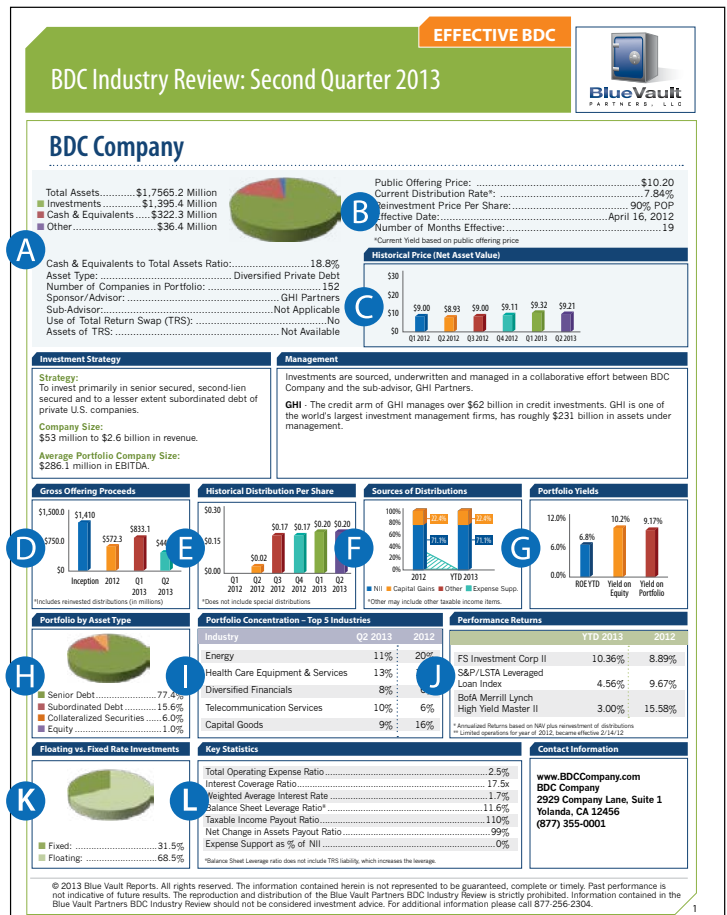
This section also includes a current overview of the BDC's investment strategy as it relates to the types of investments it makes, the industries the fund is focused on and the size of companies the fund plans to invest in. Specifics found in this section include number of portfolio companies and the 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 Swap (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 reported on an investor's 1099 to reconcile distributions to 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) & Current Distribution Rate**
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. Current distribution rate is annualized.
- 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 Historical Distribution**
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

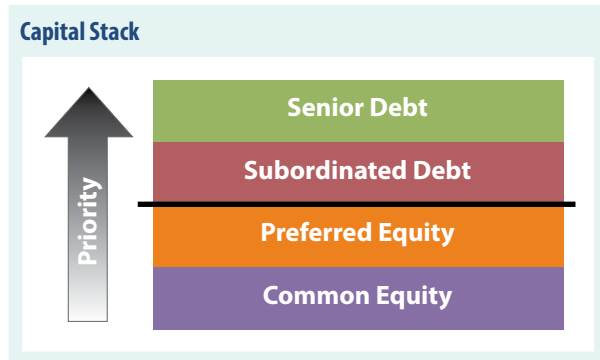
Return on Equity (ROE) – Calculated as the annualized Net Change in Assets from Operations (GAAP earnings measure), a line item that includes net investment income, realized and unrealized gains/losses, divided by the average total equity year-to-date.

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.

EFFECTIVE BDC

BDC Industry Review: Second Quarter 2013

BDC Company

A Total Assets: \$1,756.2 Million

Investments: \$1,395.4 Million

Cash & Equivalents: \$322.3 Million

Other: \$36.4 Million

Public Offering Price: \$10.20

Current Distribution Rate*: 7.84%

Investment Price Per Share: 90% POP

Effective Date: April 16, 2012

Number of Months Effective: 19

B Cash & Equivalents to Total Assets Ratio: 18.8%

Asset Type: Diversified Private Debt

Number of Companies in Portfolio: 152

Sponsor/Advisor: GHI Partners

Sub-Advisor: Not Applicable

Use of Total Return Swap (TRS): No

Assets of TRS: Not Available

C Historical Price (Net Asset Value)

Quarter	Price
Q1 2012	\$9.00
Q2 2012	\$8.99
Q3 2012	\$9.00
Q4 2012	\$9.11
Q1 2013	\$9.32
Q2 2013	\$9.31

Investment Strategy
To invest primarily in senior secured, second-lien secured and to a lesser extent subordinated debt of private U.S. companies.

Company Size: \$53 million to \$2.6 billion in revenue.

Average Portfolio Company Size: \$286.1 million in EBITDA.

Management
Investments are sourced, underwritten and managed in a collaborative effort between BDC Company and the sub-advisor, GHI Partners.

GHI: The credit arm of GHI manages over \$62 billion in credit investments. GHI is one of the world's largest investment management firms, has roughly \$231 billion in assets under management.

D Gross Offering Proceeds

Period	Amount
Inception	\$1,470
2012	\$572.3
Q1 2013	\$467.1
Q2 2013	\$447.1

E Historical Distribution Per Share

Quarter	Amount
Q1 2012	\$0.02
Q2 2012	\$0.17
Q3 2012	\$0.17
Q4 2012	\$0.20
Q1 2013	\$0.20
Q2 2013	\$0.20

F Sources of Distributions

Source	2012	2013
NI	100%	100%
Capital Gains	0%	0%
Expense Supp.	0%	0%

G Portfolio Yields

Metric	2013	2012
ROE	6.8%	10.2%
Yield on Equity	0.0%	9.17%
Yield on Portfolio	0.0%	0.0%

H Portfolio by Asset Type

Asset Type	Percentage
Senior Debt	77.4%
Subordinated Debt	15.6%
Collateralized Securities	6.0%
Equity	1.0%

I Portfolio Concentration - Top 5 Industries

Industry	Q2 2013	2012
Energy	11%	20%
Health Care Equipment & Services	13%	10%
Diversified Financials	8%	6%
Telecommunication Services	10%	6%
Capital Goods	9%	16%

J Performance Returns

Index	YTD 2013	2012
CS Investment Corp II	10.36%	8.89%
S&P/LSTA Leveraged Loan Index	4.56%	9.67%
BoFA Merrill Lynch High Yield Master II	3.00%	15.58%

K Floating vs. Fixed Rate Investments

Type	Percentage
Fixed	31.5%
Floating	68.5%

L Key Statistics

Total Operating Expense Ratio	2.5%
Interest Coverage Ratio	17.5x
Weighted Average Interest Rate	1.7%
Balance Sheet Leverage Ratio*	11.6%
Available Income Payout Ratio	110%
Net Change in Assets Payout Ratio	90%
Expense Support as % of Nil	0%

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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 which sets the minimum interest rate.

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

L 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.

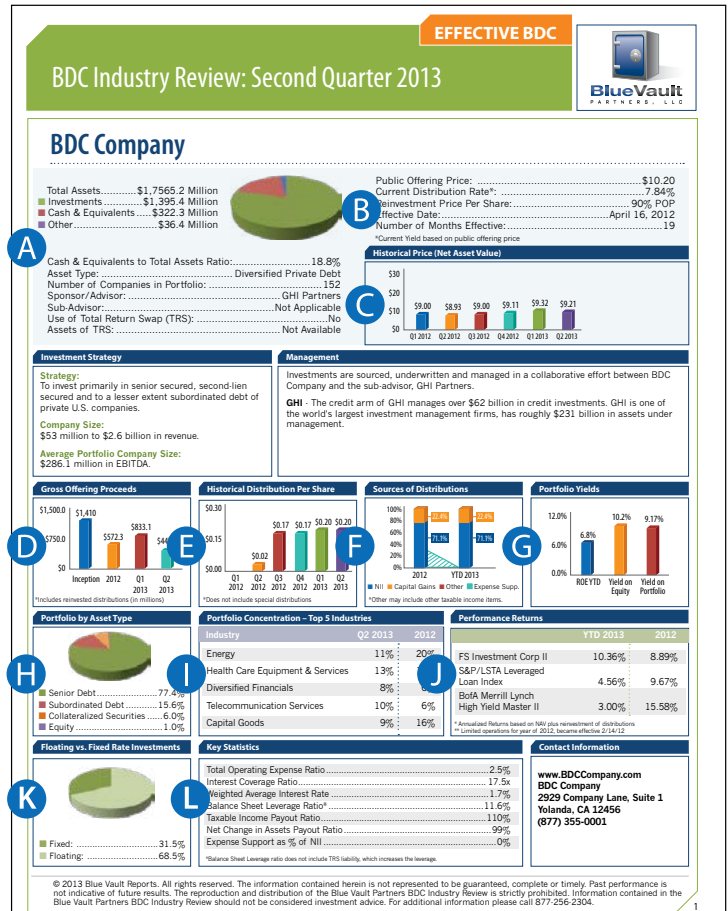
Interest Coverage Ratio – Calculated as the sum of Net Investment Income plus realized capital gains plus interest expense divided by total interest expense. This measures the ability of the company to pay ongoing interest expenses from operations.

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 pays 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 primarily in 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 have access to private equity and debt investments.

Often, 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 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 raise 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," such as the 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 September 30, 2014)

- \$14.7 billion in assets under management
- Average yield of 7.16%
- YTD Gross Equity Raise of \$4.2 billion
- Top 3 funds raised 57% of equity compared to 73% as of the 1st half of 2014
- Top 4 funds raised just less than 71% of industry equity, down from 83% in the 1st half of 2014
- 10 funds currently raising capital
- 1 closed fund (FS Investment Corporation II)
- 1 full cycle fund, now listed (FS Investment Corporation [NYSE:FSIC])
- 7 funds in registration with \$8.9 billion of registered equity offerings

Fund Name	Total Assets 3Q 2014	Gross Proceeds YTD 2014
Business Development Corporation of America	\$ 2,034.0	\$ 785.0
Business Development Corporation of America II	NA	NA
CION Investment Corporation	\$ 440.0	\$ 272.8
Corporate Capital Trust, Inc.	\$ 2,646.5	\$ 601.2
FS Energy and Power Fund	\$ 3,450.4	\$ 1,021.7
FS Investment Corporation II (Closed)	\$ 4,501.4	\$ 522.7
FS Investment Corporation III	\$ 595.3	\$ 549.9
HMS Income Fund, Inc.	\$ 385.6	\$ 163.0
Sierra Income Corporation	\$ 640.0	\$ 268.2
Triton Pacific Corporation	\$ 3.6	2.7
VII Peaks Co-Optivist Income BDC II	\$ 33.9	\$ 8.7
TOTAL	\$ 14,730	\$ 4,196

Capital Market Update

Capital raise as of September 30, 2014 totaled \$4.2 billion. The trend of equity raise slowed from its 1st half-based expectation of \$6 billion. The slowdown can be attributed, in part, to the lower sales of Business Development Corporation of America because of broker dealers' lag time between signing on to the follow-on offering after finishing its IPO. Regardless of the temporary slowdown, we still anticipate that capital raise will be near \$6 billion for the year.

Another development on the capital raise end of the market is that although total capital raise in the industry is increasing, the top funds are not raising as much from a market share standpoint as they were before. This quarter, the top three funds raised only 57% of industry capital compared to 73% in the first half of 2014. Although the drop can be partially attributed to specific situations with individual BDCs, we expect that this will become the norm as more BDCs enter the market (especially well-capitalized and well-known sponsored funds).

AUM has increased explosively since 2009 when the first nontraded BDC went effective. With an annual growth rate of 166% from 2009 to 3Q 2014, this sub-industry is booming. We expect growth to slow as the market reaches

Fund Name	Sub-Advisor / Affiliated Sponsor	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 & (Sub) GSO/Blackstone	FS2 Capital	\$ 3,000,000,000
Griffin-Benefit Street Partners BDC Corp.	Benefit Street Partners / Griffin Capital	Griffin Capital	\$ 1,500,000,000
Carey Credit Income Fund (A & T Shares)	W.P. Carey / Guggenheim Partners	Carey Financial / WP Carey	\$ 700,000,000
Corporate Capital Trust II (A & T Shares)	KKR / CNL Financial	CNL Securities	\$ 1,460,250,000
Credit Suisse Corporate Credit	Credit Suisse	Credit Suisse	\$ 500,000,000
TOTAL AMOUNT REGISTERED			\$8,860,250,000



Nontraded BDC Industry Highlights & Capital Market Overview

a critical mass, but will likely reach \$30 billion in the next 3-5 years (slightly less than the market cap of all traded BDCs).

New funds in registration total nearly \$9 billion. Among the largest new entrants are Credit Suisse, Highland Capital Management and WP Carey with Guggenheim Partners as a sub-advisor.

From a broader credit market perspective, a pullback in bond and secondary loan prices during the 3rd quarter hindered total returns for many BDCs as the market anticipated a potential interest rate hike by the U.S. Federal Reserve. As BDCs originate loans and hold loans to maturity, the price changes are not as relevant to the long-term performance of BDCs. As yield producers, BDCs focus more on the current income of their investments, rather than the quarter to quarter or day to day changes in loan/bond prices. The importance of underwriting loans that ensure continuity of interest income to the portfolio is becoming more apparent as BDCs are originating more loans as they grow in AUM (assets under management).

A risk, even with BDCs weighted toward variable rate loans, is how well portfolios will perform in the face of interest rate hikes by the Federal Reserve heading into 2015. Rapid and large rate hikes could move more quickly than the loans have the ability to adjust. However, the best portfolios will continue to provide attractive income to investors even during periods of uncertainty.

When looking at the current income investment universe, BDCs offer a relatively attractive proposition. With the 10-year U.S. Treasury hovering near 2.25%, U.S. corporate bonds yielding 3.14% and high yield bonds yielding 6.33% as of December 8, 2014, the healthy average yield of 7.16% for BDCs provide a significant advantage to yield seekers. Each of those previously mentioned investments carry their own risk profiles, but investors get rewarded handsomely for the risk assumed.

BDC Industry Review: Third Quarter 2014

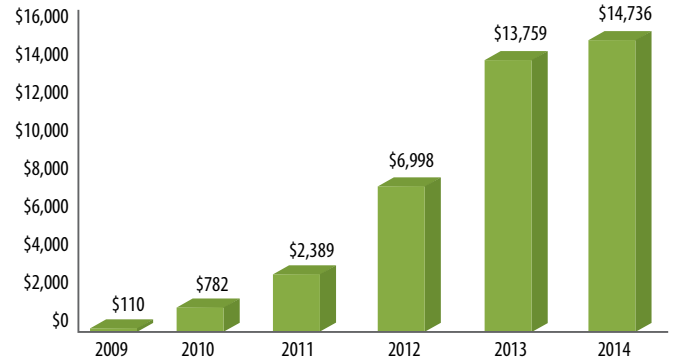


BDC Overall Industry Summary

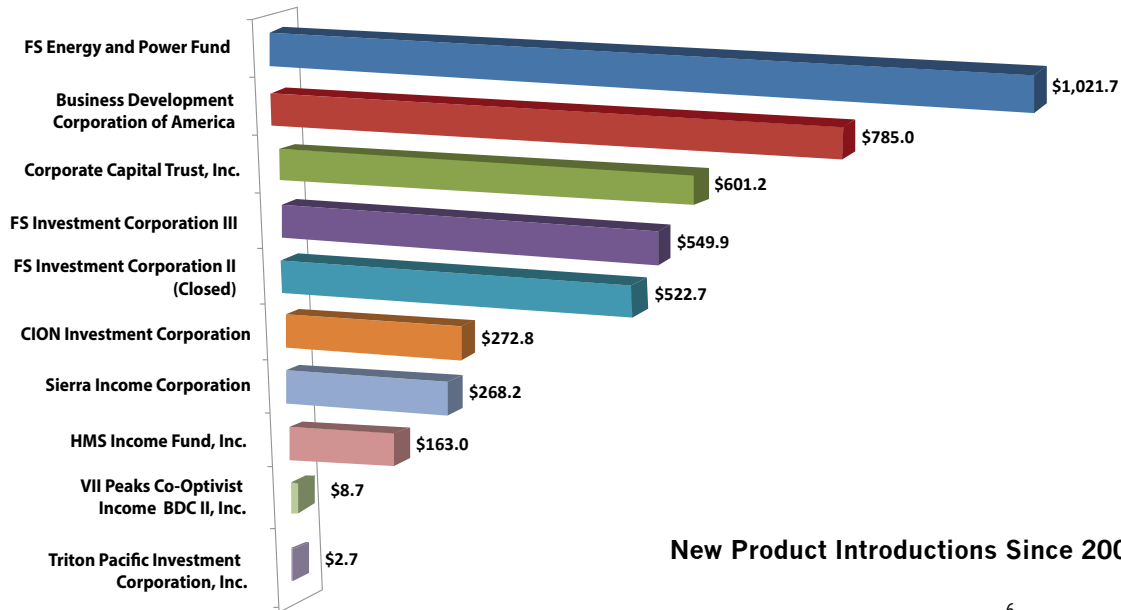
Total Nontraded BDC Industry Assets
(in \$ Millions) as of September 30, 2014



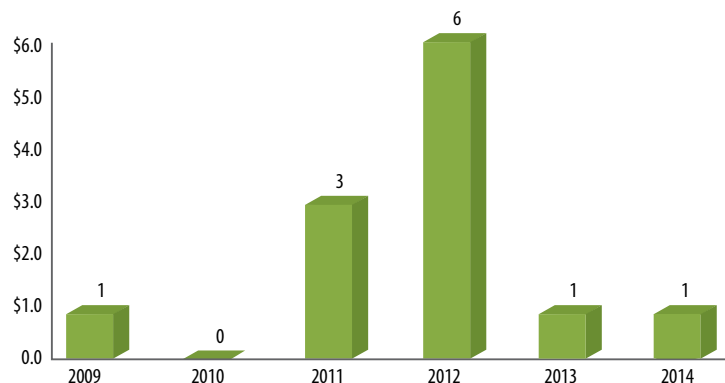
Total Industry Assets
(in \$ Millions) as of September 30, 2014



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



New Product Introductions Since 2009



BDC Industry Review: Third 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
Business Development Corporation of America	Open	January 25, 2011	AR Capital	NA	\$2,034.0	\$785.0	7.75%
Business Development Corporation of America II	Open	September 8, 2014	AR Capital	NA	NA	NA	NA
CION Investment Corp	Open	July 2, 2012	Icon Investments	Apollo Global Management	\$440.0	\$272.8	7.00%
Corporate Capital Trust, Inc.	Open	April 4, 2011	CNL Financial Group	KKR	\$2,646.5	\$601.2	7.12%
FS Energy and Power Fund	Open	May 12, 2011	Franklin Square Capital Partners	GSO - Blackstone	\$3,450.4	\$1,021.7	6.44%
FS Investment Corporation II (Closed)	Closed	February 14, 2012	Franklin Square Capital Partners	GSO - Blackstone	\$4,501.4	\$522.7	7.11%
FS Investment Corporation III	Open	December 31, 2013	Franklin Square Capital Partners	GSO - Blackstone	\$595.3	\$549.9	7.00%
HMS Income Fund, Inc.	Open	June 4, 2012	Hines	Main Street Capital	\$385.6	\$163.0	7.00%
Sierra Income Corporation, Inc.	Open	April 16, 2012	Sierra - Medley Capital	NA	\$640.0	\$268.2	7.80%
Triton Pacific Corporation, Inc.	Open	September 4, 2012	Triton Pacific Group	NA	\$3.6	\$2.7	N/A
TOTAL					\$14,736	\$4,196	

BDC Industry Review: Third 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)*
Business Development Corporation of America	AR Capital	7.00%	3.00%	1.50%	11.50%	1.50%	20.00%	7.00%	8.75%	2.47%
Business Development Corporation of America II	AR Capital	7.00%	3.00%	1.50%	11.50%	1.50%	20.00%	7.00%	8.75%	NA
CION Investment Corp	Icon Investments	7.00%	3.00%	1.50%	11.50%	2.00%	20.00%	7.50%	9.38%	1.60%
Corporate Capital Trust, Inc.	CNL Financial Group	7.00%	3.00%	1.10%	11.10%	2.00%	20.00%	7.00%	8.75%	1.61%
FS Energy and Power Fund	Franklin Square Capital Partners	7.00%	3.00%	1.50%	11.50%	2.00%	20.00%	6.50%	8.13%	2.73%
FS Investment Corporation II	Franklin Square Capital Partners	7.00%	3.00%	1.50%	11.50%	2.00%	20.00%	7.50%	9.38%	4.31%
HMS Income Fund, Inc.	Hines	7.00%	3.00%	1.50%	11.50%	2.00%	20.00%	7.50%	9.38%	8.33%
Sierra Income Corporation	Sierra - Medley Capital	7.00%	2.75%	1.25%	11.00%	1.75%	20.00%	7.00%	8.75%	7.31%
Triton Pacific Investment Corporation, Inc.	Triton Pacific Capital	7.00%	3.00%	2.00%	12.00%	2.00%	20.00%	8.00%	10.00%	—
VII Peaks-KBR Co-Optivist Income BDC II, Inc.	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: Third 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*
Business Development Corporation of America	AR Capital	6.60%	14.12%	15.19%	8.36%
Corporate Capital Trust	CNL Financial Group	6.70%	11.40%	14.30%	12.23%
FS Energy and Power Fund	Franklin Square Capital Partners	5.59%	10.49%	14.07%	2.11%
FS Investment Corporation II (Closed)	Franklin Square Capital Partners	7.67%	10.81%	8.82%	—
Sierra Income Corporation	Sierra - Medley Capital	5.83%	11.75%	—	—
CION Investment Corporation	ICON Investments	5.86%	11.96%		
HMS Income Fund	Hines	4.49%	8.47%		
Benchmark Comparison					
S&P/LSTA Leveraged Loan Index		2.11%	5.25%	9.67%	1.51%
BofA High Yield Master II Index		3.61%	7.42%	15.58%	4.38%
Median		5.86%	11.40%	14.19%	8.36%
Mean		6.11%	11.29%	13.10%	7.57%

* 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: Third Quarter 2014



Business Development Corporation of America

Total Assets.....\$2,034.0 Million
 Investments.....\$1,874.7 Million
 Cash & Equivalents.....\$116.7 Million
 Other.....\$42.5 Million



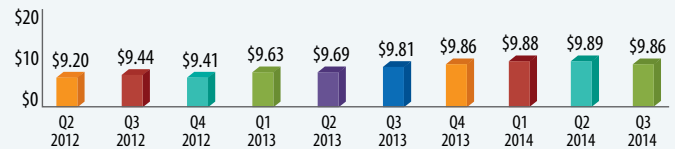
Public Offering Price:\$11.20
 Current Distribution Rate:7.75%
 Reinvestment Price Per Share:90% POP
 Effective Date:.....January 25, 2011
 Number of Months Effective:.....44

*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....5.7%
 Asset Type: Diversified Private Debt
 Number of Companies in Portfolio: 134
 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:

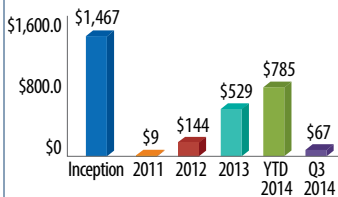
\$10 million to \$1 billion in revenue

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.

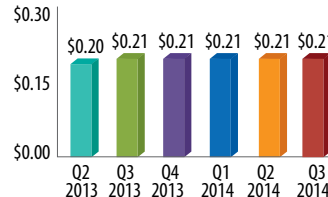
AR Capital – An alternative investment firm that invests in real estate and private company securities. AR Capital manages \$13 billion in alternative investments.

Gross Offering Proceeds



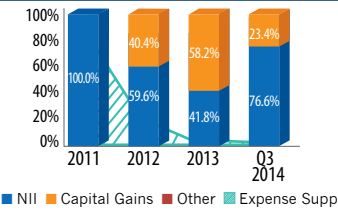
*Includes reinvested distributions (in millions)

Historical Distribution Per Share



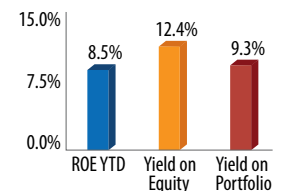
*Does not include special distributions

Sources of Distributions

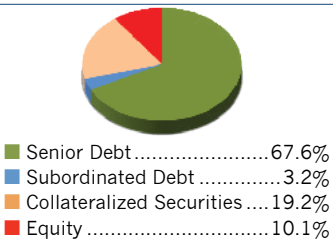


*Other may include other taxable income items.
 **9.7% of distributions attributable to waived fees.

Portfolio Yields



Portfolio by Asset Type



Portfolio Concentration – Top 5 Industries

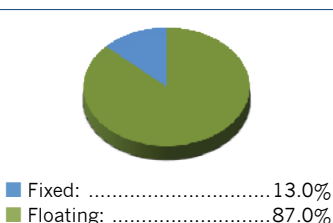
Industry	2014 YTD	2013
Diversified Investment Vehicles	26%	24%
Health Care Providers & Services	6%	7%
Diversified Consumer Services	6%	4%
Automotive	5%	NA
Aerospace & Defense	5%	3%

Performance Returns

	2014 YTD	2013	2012	2011*
Business Development Corporation of America	6.60%	14.12%	15.19%	8.36%
S&P/LSTA Leveraged Loan Index	2.11%	5.25%	9.67%	1.51%
BofA Merrill Lynch High Yield Master II	3.61%	7.42%	15.58%	4.38%

*YTD returns are not annualized

Floating vs. Fixed Rate Investments



Key Statistics

Fund Operating Expense Ratio	3.7%
Interest Coverage Ratio	8.6x
Weighted Average Interest Rate	3.0%
Leverage Ratio	26.0%
Taxable Income Payout Ratio*	100.0%
Net Change in Assets Payout Ratio	106.0%
Expense Support % of Distribution	0.0%

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

Contact Information

www.BDCofAmerica.com
Realty Capital Securities
Three Copley Place
Suite 3300
Boston, MA 02116
(877) 373-2522

*See additional notes on page 19.

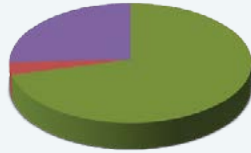
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BDC Industry Review: Third Quarter 2014



CION Investment Corporation

Total Assets.....	\$440.0 Million
Investments.....	\$312.2 Million
Cash & Equivalents.....	\$14.5 Million
Other.....	\$113.3 Million

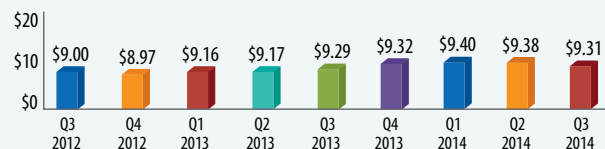


Public Offering Price:	\$10.45
Current Distribution Rate*:	7.00%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	July 2, 2012
Number of Months Effective:.....	26

*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....	3.3%
Asset Type:	Diversified Private Debt
Number of Companies in Portfolio:	99
Sponsor/Advisor:	ICON Investments / CIM
Sub-Advisor:.....	Apollo Investment Management
Use of Total Return Swap (TRS):	Yes
Assets of TRS:	\$365.2 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:

\$85.5 million in EBITDA

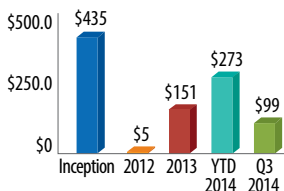
Management

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.

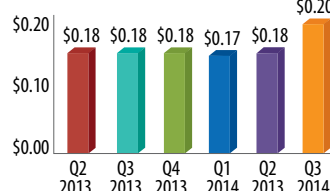
Apollo Investment Management - a subsidiary of Apollo Global – a global private equity, credit and real estate investment management firm with over \$159 billion in assets under management.

Gross Offering Proceeds



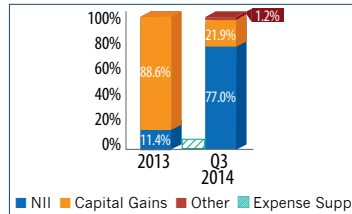
*Includes reinvested distributions (in millions)

Historical Distribution Per Share



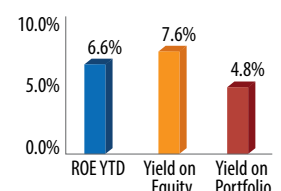
*Does not include special distributions

Sources of Distributions

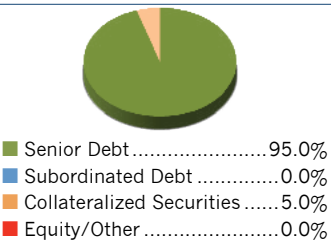


*Other may include other taxable income items.

Portfolio Yields



Portfolio by Asset Type



Portfolio Concentration - Top 5 Industries

Industry	2014 YTD	2013
Services: Business	16%	15%
High Tech Industries	9%	3%
Healthcare & Pharmaceuticals	8%	15%
Beverage, Food & Tobacco	6%	4%
Consumer Goods: Durable	5%	8%

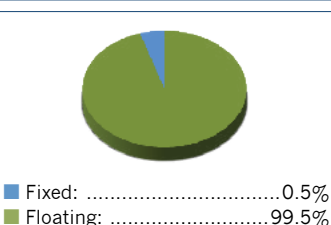
* Short-term Treasury Investments not included

Performance Returns

	2014* YTD	2013*
CION Investment Corp	5.86%	11.96%
S&P/LSTA Leveraged Loan Index	2.11%	5.25%
BofA Merrill Lynch High Yield Master II	3.61%	7.42%

*YTD returns are not annualized

Floating vs. Fixed Rate Investments



*See additional notes on page 19.

Key Statistics

Fund Operating Expense Ratio.....	4.5%
Interest Coverage Ratio.....	Not Applicable
Weighted Average Interest Rate	Not Applicable
Leverage Ratio.....	37.6%
Taxable Income Payout Ratio.....	101.2%
Net Change in Assets Payout Ratio.....	118.7%
Expense Support % of Distribution.....	6.6%

Contact Information

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

BDC Industry Review: Third Quarter 2014



Corporate Capital Trust, Inc.

Total Assets.....	\$2,646.5 Million
Investments.....	\$2,412.4 Million
Cash & Equivalents.....	\$80.5 Million
Other.....	\$153.6 Million

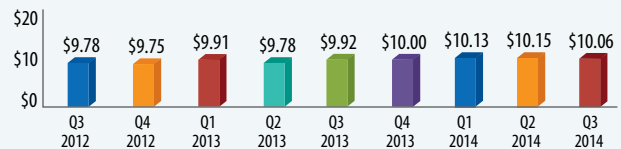


Public Offering Price:	\$11.30
Current Distribution Rate:	7.13%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	April 4, 2011
Number of Months Effective:.....	41

Cash & Equivalents to Total Assets Ratio:.....	3.0%
Asset Type:	Diversified Private Debt
Number of Companies in Portfolio*:	111
Sponsor/Advisor:	CNL Financial Group
Sub-Advisor:.....	KKR
Use of Total Return Swap (TRS):	Yes
Assets of TRS:	\$108 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

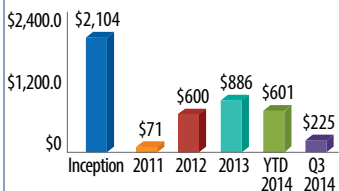
Management

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 \$96 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.

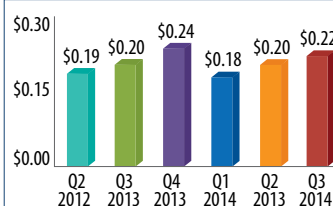
CNL – A private investment firm founded in 1973 that provides global real estate and alternative investment opportunities. CNL and its affiliates have formed or acquired companies with more than \$29 billion in assets.

Gross Offering Proceeds



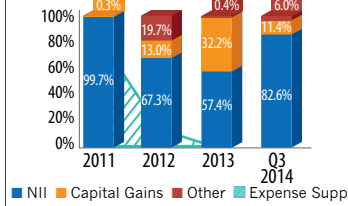
*Includes reinvested distributions (in millions)

Historical Distribution Per Share



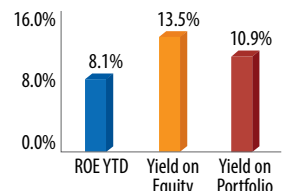
*Special distribution in Q4 2013 of \$0.03

Sources of Distributions

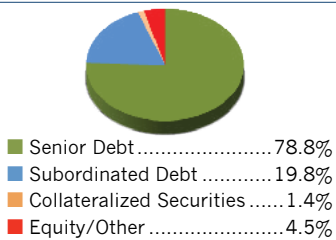


*Other may include other taxable income items.

Portfolio Yields



Portfolio by Asset Type



Portfolio Concentration – Top 5 Industries

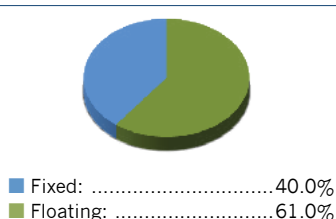
Industry	2014 YTD	2013
Consumer Durables & Apparel	20%	19%
Software & Services	10%	8%
Capital Goods	9%	5%
Retailing	9%	11%
Health Care Equipment & Services	8%	9%

Performance Returns

	2014 YTD	2013	2012	2011**
Corporate Capital Trust, Inc.	6.70%	11.40%	14.30%	12.23%
S&P/LSTA Leveraged Loan Index	2.11%	5.25%	9.70%	1.50%
BofA Merrill Lynch High Yield Master II	3.61%	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.....	4.9%
Interest Coverage Ratio.....	5.9x
Weighted Average Interest Rate**.....	4.5%
Leverage Ratio.....	24.0%
Taxable Income Payout Ratio*.....	74.0%
Net Change in Assets Payout Ratio.....	98.0%
Expense Support % of Distribution.....	0.0%

*Average borrowings stated in quarterly SEC filing. **Using stated weighted average borrowings in SEC filing.

Contact Information

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: Third Quarter 2014

FS Energy & Power Fund

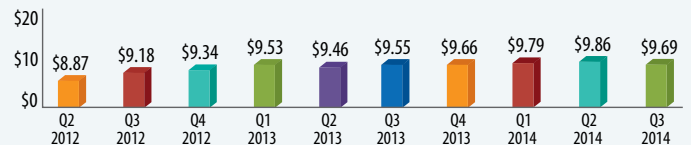
Total Assets.....	\$3,450.4 Million
Investments.....	\$3,304.4 Million
Cash & Equivalents.....	\$90.4 Million
Other.....	\$55.6 Million



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:.....	40

Cash & Equivalents to Total Assets Ratio:.....	2.6%
Asset Type:.....	Diversified Private Debt
Number of Companies in Portfolio:.....	130
Sponsor/Advisor:.....	Franklin Square Capital Partners
Sub-Advisor:.....	GSO – Blackstone
Use of Total Return Swap (TRS):.....	No
Assets of TRS:.....	\$0 Million

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:

\$232.8 million in EBITDA

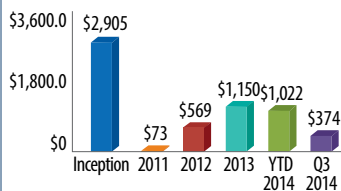
Management

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 \$70.2 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$284 billion in assets under management.

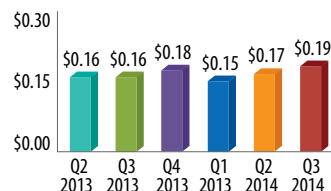
Franklin Square Capital Partners – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$13.5 billion in BDC assets.

Gross Offering Proceeds



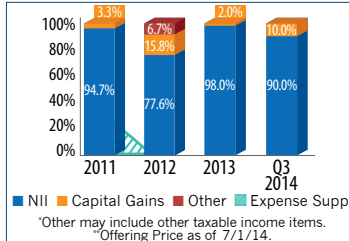
*Includes reinvested distributions (in millions)

Historical Distribution Per Share



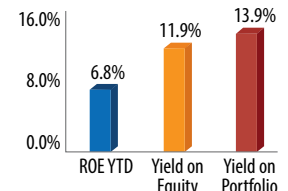
*Does not include special distributions

Sources of Distributions

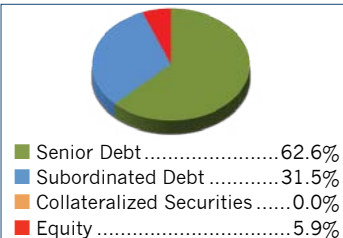


*Other may include other taxable income items.
*Offering Price as of 7/1/14.

Portfolio Yields



Portfolio by Asset Type



Portfolio Concentration – Top 5 Industries

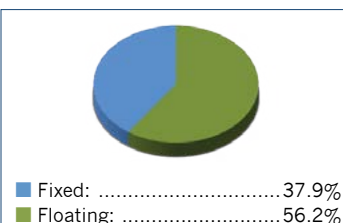
Industry	2014 YTD	2013
Upstream	51%	48%
Midstream	8%	13%
Downstream	0%	0%
Power	8%	7%
Service & Equipment	33%	32%

Performance Returns

	2014 YTD	2013	2012	2011**
FS Energy & Power Fund	5.59%	10.49%	14.07%	2.11%
S&P/LSTA Leveraged Loan Index	2.11%	5.25%	9.67%	1.51%
BofA Merrill Lynch High Yield Master II	3.61%	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.....	4.5%
Interest Coverage Ratio.....	12.3x
Weighted Average Interest Rate.....	2.6%
Leverage Ratio.....	21.6%
Taxable Income Payout Ratio.....	102.0%
Net Change in Assets Payout Ratio.....	102.8%
Expense Support % of Distribution.....	0.0%

Contact Information

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

*See additional notes on page 19.

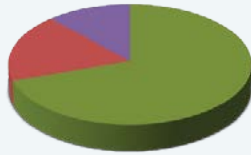
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BDC Industry Review: Third Quarter 2014



FS Investment Corporation III

Total Assets.....	\$595.3 Million
Investments.....	\$415.0 Million
Cash & Equivalents.....	\$109.4 Million
Other.....	\$70.9 Million

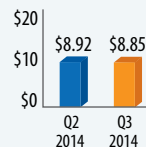


Public Offering Price:	\$10.00
Current Distribution Rate:	7.00%
Reinvestment Price Per Share:.....	95% POP
Effective Date:.....	December 31, 2013
Number of Months Effective:.....	9

Cash & Equivalents to Total Assets Ratio:.....	18.4%
Asset Type:	Diversified Private Debt
Number of Companies in Portfolio:	63
Sponsor/Advisor:	Franklin Square Capital Partners
Sub-Advisor:.....	GSO - Blackstone
Use of Total Return Swap (TRS):	Yes
Assets of TRS:	\$205.7 Million*

*TRS Agreement began June 26, 2014

Historical Price (Net Asset Value)



Investment Strategy

Strategy:

To invest primarily in senior secured, second-lien secured and to a lesser extent subordinated debt of private U.S. companies.

Company Size:

\$50 million to \$2.5 billion in revenue

Average Portfolio Company Size:

\$193.1 million in EBITDA

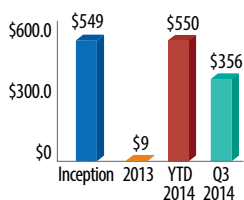
Management

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 \$70.2 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$284 billion in assets under management.

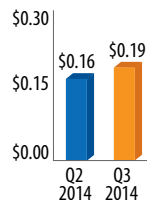
Franklin Square Capital Partners – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$13.5 billion in BDC assets.

Gross Offering Proceeds



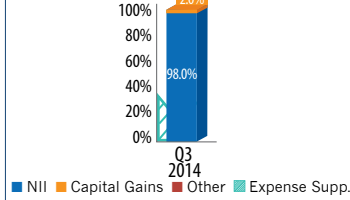
*Includes reinvested distributions (in millions)

Historical Distribution Per Share



*Does not include special distributions

Sources of Distributions



*Other may include other taxable income items.

Portfolio Yields

NA-Limited Operating Data

Portfolio by Asset Type



Senior Debt.....	84.0%
Subordinated Debt.....	16.0%
Collateralized Securities.....	0.0%
Equity/Other.....	0.0%

Portfolio Concentration – Top 5 Industries

Industry	2014 YTD
Energy	20%
Consumer Services	17%
Capital Goods	12%
Commercial & Professional Services	11%
Materials	9%

Performance Returns

	2014 YTD
FS Investment Corporation III	NA
S&P/LSTA Leveraged Loan Index	2.11%
BofA Merrill Lynch High Yield Master II	3.61%

* YTD returns are not annualized
** Annualized due to limited operating data in 2014

Floating vs. Fixed Rate Investments



Fixed:	29.2%
Floating:	70.8%

Key Statistics

Fund Operating Expense Ratio.....	NA
Interest Coverage Ratio.....	NA
Weighted Average Interest Rate	NA
Leverage Ratio.....	18.7%
Taxable Income Payout Ratio*	101.7%
Net Change in Assets Payout Ratio	176.4%
Expense Support % of Distribution	35.0%

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

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.

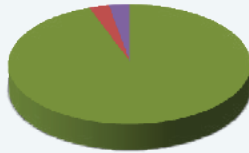
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BDC Industry Review: Third Quarter 2014



HMS Income Fund Inc.

Total Assets.....	\$385.6 Million
Investments.....	\$363.7 Million
Cash & Equivalents.....	\$10.8 Million
Other.....	\$11.1 Million

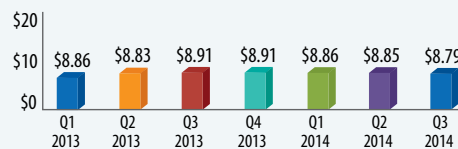


Public Offering Price:	\$10.00
Current Distribution Rate*:	7.00%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	June 4, 2012
Number of Months Effective:.....	27

*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....	2.8%
Asset Type:	Diversified Private Debt
Number of Companies in Portfolio:	85
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)

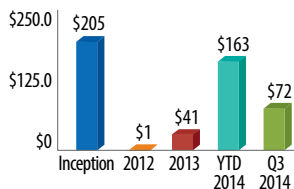
Management

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..

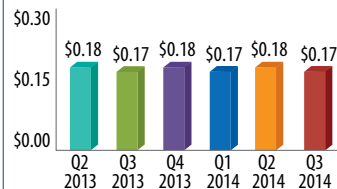
Main Street Capital – A manager of private debt and equity investments, Main Street Capital Corp. is a publicly traded BDC with a market capitalization of roughly \$1.25 billion.

Gross Offering Proceeds



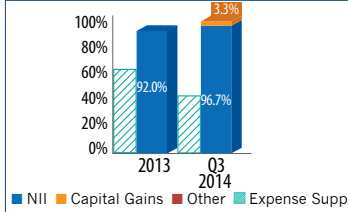
*Includes reinvested distributions (in millions)

Historical Distribution Per Share



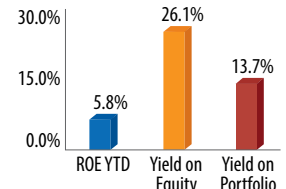
*Does not include special distributions

Sources of Distributions

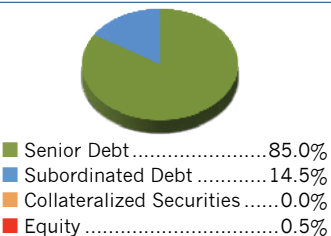


*Other may include other taxable income items.

Portfolio Yields



Portfolio by Asset Type



Portfolio Concentration – Top 5 Industries

Industry	2014 YTD	2013
Media	12%	7%
Hotels, Restaurants, and Leisure	9%	5%
IT Services	9%	11%
Electronic Equipment, Instruments, & Components	6%	3%
Health Care Providers and Services	6%	6%

* Short-term Treasury Investments not included

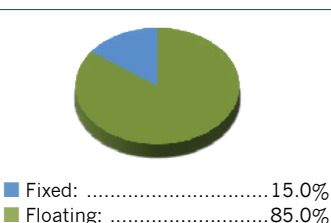
Performance Returns

	2014 YTD*	2013*	2012
HMS Income Fund Inc.	4.49%	8.47%	10.85%
S&P/LSTA Leveraged Loan Index	2.11%	5.25%	9.67%
BofA Merrill Lynch High Yield Master II	3.61%	7.42%	15.58%

* YTD returns are not annualized

** 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.....	6.4%
Interest Coverage Ratio.....	9.2x
Weighted Average Interest Rate	4.0%
Leverage Ratio.....	37.0%
Taxable Income Payout Ratio*	100.0%
Net Change in Assets Payout Ratio	133.0%
Expense Support % of Distribution	42.0%

Contact Information

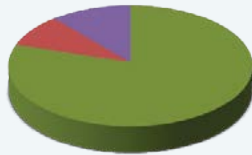
www.HinesSecurities.com/BDCS/HMS-Income-Fund
Hines Securities
 2800 Post Oak Boulevard, Suite 4700, Houston, TX 77056
 888.446.3773

BDC Industry Review: Third Quarter 2014



Sierra Income Corporation

Total Assets.....	\$640.1 Million
Investments.....	\$511.1 Million
Cash & Equivalents.....	\$56.1 Million
Other.....	\$72.8 Million

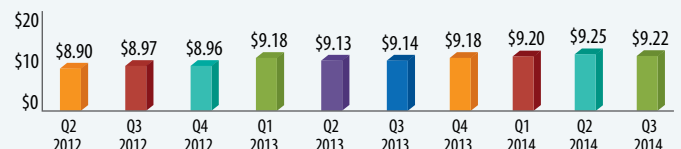


Public Offering Price:	\$10.30
Current Distribution Rate*:	7.80%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	April 16, 2012
Number of Months Effective:.....	26

*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....	8.8%
Asset Type:	Diversified Private Debt
Number of Companies in Portfolio:	66
Sponsor/Advisor:	SIC Advisors - Medley Capital
Sub-Advisor:.....	Not Applicable
Use of Total Return Swap (TRS):	Yes
Assets of TRS:	\$214.0 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:

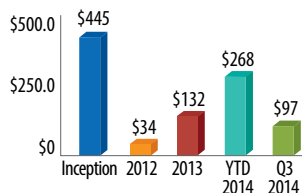
Enterprise value of \$50 million to \$4 billion

Management

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

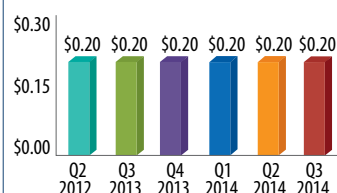
SIC Advisors - Medley Capital – Management team members bring an average of more than 20 years experience in principal finance, investment sourcing, credit analysis, transaction structuring, due diligence and investing. Medley Capital, the parent company of SIC Advisors has several private investment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

Gross Offering Proceeds



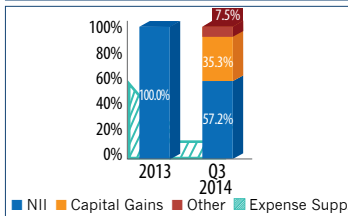
*Includes reinvested distributions (in millions)

Historical Distribution Per Share



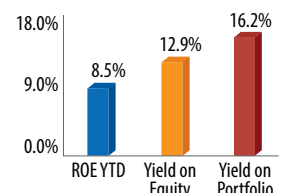
*Does not include special distributions

Sources of Distributions

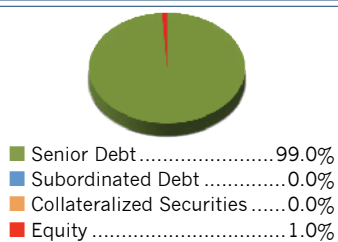


*Other may include other taxable income items.

Portfolio Yields



Portfolio by Asset Type



Portfolio Concentration - Top 5 Industries

Industry	2014 YTD	2013
Diversified/Conglomerate Service	9%	3%
Automobile	8%	5%
Electronics	8%	9%
Oil and Gas	7%	13%
Buildings and Real Estate	6%	5%

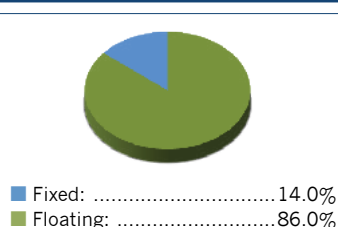
*Includes TRS Portfolio

Performance Returns

	2014 YTD	2013*
Sierra Income Corporation	5.83%	11.75%
S&P/LSTA Leveraged Loan Index	2.11%	5.25%
BofA Merrill Lynch High Yield Master II	3.61%	7.42%

*YTD returns are not annualized
*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.....	7.0%
Interest Coverage Ratio.....	13.1x
Weighted Average Interest Rate	3.1%
Leverage Ratio.....	39.4%
Taxable Income Payout Ratio.....	127.0%
Net Change in Assets Payout Ratio.....	103.0%
Expense Support % of Distribution.....	11.6%

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
Business Development Corporation of America II	September 8, 2014	Diversified Private Debt	\$0.8	No	\$0.0	\$0.0	NA	NA
VII Peaks Co-Optivist Income BDC II, Inc.	March 1, 2012	Diversified Private Debt	\$39.4	Yes	\$50.0	\$37.5	7.35%	None
Triton Pacific Investment Corporation	September 4, 2012	Diversified Private Debt	\$3.6	Yes	\$2.9	\$0.0	NA	NA



BDC Industry Review: Third Quarter 2014

FS Investment Corporation II

Total Assets.....\$4,501.4 Million
 Investments.....\$4,112.3 Million
 Cash & Equivalents.....\$309.8 Million
 Other.....\$79.3 Million



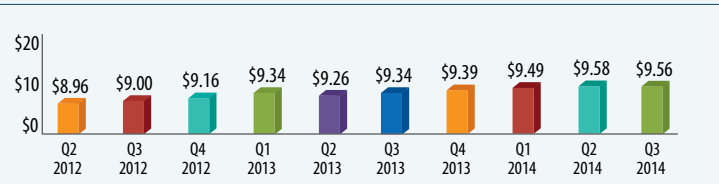
Last Offering Price:Closed
 Current Distribution Rate*:7.11%
 Reinvestment Price Per Share:.....Set by Board*
 Effective Date:.....February 14, 2012
 Offering Close Date:.....March 5, 2014

*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....6.9%
 Asset Type:Diversified Private Debt
 Number of Companies in Portfolio:.....217
 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:

\$257.4 million in EBITDA.

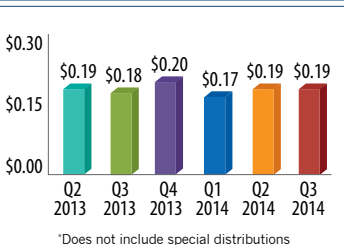
Management

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 \$70.2 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$284 billion in assets under management.

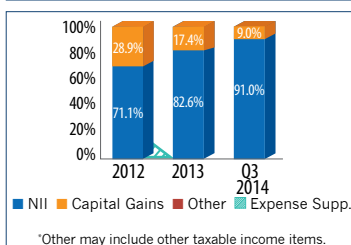
Franklin Square Capital Partners – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$13.5 billion in BDC assets.

Historical Distribution Per Share



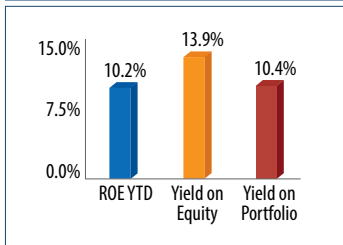
*Does not include special distributions

Sources of Distributions

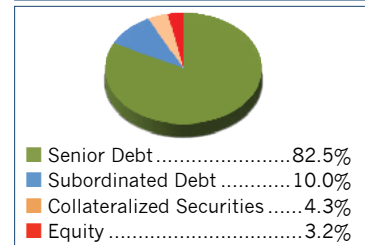


*Other may include other taxable income items.

Portfolio Yields



Portfolio by Asset Type



Portfolio Concentration – Top 5 Industries

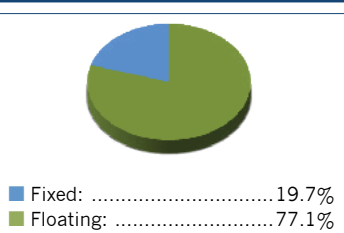
Industry	2014 YTD	2013
Consumer Services	19%	15%
Energy	13%	16%
Capital Goods	10%	8%
Software & Services	7%	7%
Telecommunication Services	6%	5%

Performance Returns

	2014* YTD	2013*	2012
FS Investment Corporation II	7.67%	10.81%	8.82%
S&P/LSTA Leveraged Loan Index	2.11%	5.25%	9.67%
BofA Merrill Lynch High Yield Master II	3.61%	7.42%	15.58%

*YTD returns are not annualized
 *Limited operations for year of 2012, became effective 2/14/12

Floating vs. Fixed Rate Investments



Key Statistics

Total Operating Expense Ratio	4.7%
Interest Coverage Ratio	7.7x
Weighted Average Interest Rate	3.2%
Leverage Ratio	27.9%
Taxable Income Payout Ratio*	95.7%
Net Change in Assets Payout Ratio	77.1%
Expense Support % of Distribution	0.0%

Contact Information

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Franklin Square Capital Partners
 2929 Arch Street, Suite 675
 Philadelphia, PA 19104
 (877) 372-9880

*See additional notes on page 19.



Additional BDC Notes

Business Development Corporation of America

- Capital raise dropped partially due to lag time of BD selling agreements between IPO and follow-on offering that went effective July 1, 2014
- 7.75% current yield is highest of funds over \$1 billion in total assets
- Lowest annualized operating expense ratio: 3.67%
- Diversified Investment Vehicles make up 26.1% of portfolio
- Collateralized securities make up 19.2% of portfolio
- 67.3% invested in loans to companies with revenues between \$10 million and \$1 billion

CIION Investment Corp.

- 99.5% of investments have a variable interest rate
- 95% of portfolio comprised of senior debt investments, remainder collateralized securities
- TRS assets total approximately \$365 million – highest as a portion of total assets compared to the industry
- Significantly decreased holdings in Healthcare & Pharmaceuticals industry since 2013, 15.4%-7.6% end 3Q

Corporate Capital Trust

- 3rd largest fund in the industry at \$2.65 billion in total assets
- Total return of 6.70% YTD
- Originated investments account for \$1.14 billion, or 47.3% of the portfolio
- New originations of \$498 million YTD
- Originated portion of portfolio has a forward-looking yield of 11.4%
- Comparatively highest percentage of portfolio in fixed rate investments at 40%
- 19.7% of portfolio invested in Consumer Durables & Apparel industry
- Increased lending capacity from \$490 million to \$655 million on December 1

FS Energy and Power Fund

- Leads capital raise at \$1.02 billion YTD
- Relatively low current yield of 6.44%, partially due to different asset types and industry focus
- Originated investments account for 31% of the portfolio at a total of \$1.04 billion

- New (net of exits) originations amounted to \$403.8 million YTD

FS Investment Corp. II

- #1 Leader in total return of 7.67% YTD
- Closed to new investors since March 5, 2014
- Originated investments account for \$2.2 billion or 54% of the portfolio
- Net new originations of \$1.17 billion YTD
- 19% of portfolio invested in Consumer Services industry

FS Investment Corp. III

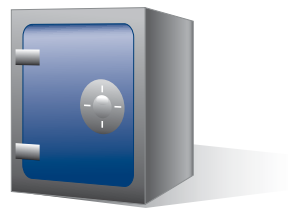
- Despite April 2014 commencement, third-highest capital raise of 2014 at \$550 million
- Originations already account for 32% of the portfolio with \$130 million invested
- Cash comprises over 18% of total assets
- Expense support accounts for only 35% of distributions since recent inception

HMS Income Fund

- Relatively high annualized operating expense ratio of 6.36%, but has improved over time, expenses are expected to drop as fund grows in size and stabilizes
- Originated transactions alongside Main Street Capital are expected to increase as the SEC granted "exemptive relief" as of April 15, 2014, allowing HMS Income and Main Street to make side-by-side investments
- Lowest total return of funds covered at 4.49%
- Expense support accounts for 42.1% of distribution YTD

Sierra Income Corp.

- High current yield at 7.80%
- Largest percentage of originated investments in the industry at 71% of the portfolio for a total of \$363 million out of a \$511 million portfolio of investments
- Relatively high annualized operating expense ratio of 6.98%, but should continue to drop as fund grows in size and stabilizes
- Highest yield on portfolio of open funds at 16.2%, partially attributed to leverage deployed through TRS and borrowings
- 11.6% of distributions YTD attributed to expense support



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