

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

# BDC Industry Review

**THIRD QUARTER 2013**

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December 12, 2013

We are pleased to release our second quarterly report which includes performance metrics for nontraded Business Development Companies (BDCs) for the period ending September 30, 2013. As many of you know, it is our goal to provide enhanced transparency and education on behalf of the nontraded BDC industry. And thanks to our subscribers, we are accomplishing that goal.

With over \$3.5 billion in new capital raised year to date and almost \$12 billion in total assets under management, the nontraded BDC industry is quickly becoming a major force in the investment world. At the current run rate, the total capital raise for 2013 is estimated to be just under \$5 billion and total assets under management is expected to reach \$14 billion.

BDCs are providing investors with the opportunity to diversify their portfolios with investments they may not have had access to otherwise. In addition, BDCs are a great "economic recovery" investment that promote growth within the broader U.S. economy. And since at least 70% of the assets of a BDC must be invested in U.S.-based private companies, the dollars that are invested in BDCs become the capital for American businesses to grow.

We hope you find the information within this report to be insightful. As we continuously look for ways to enhance the services we provide, we invite you to contact us with any comments, questions or suggestions.

Our Best Regards,

Stacy Chitty  
Managing Partner  
Blue Vault Partners

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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**

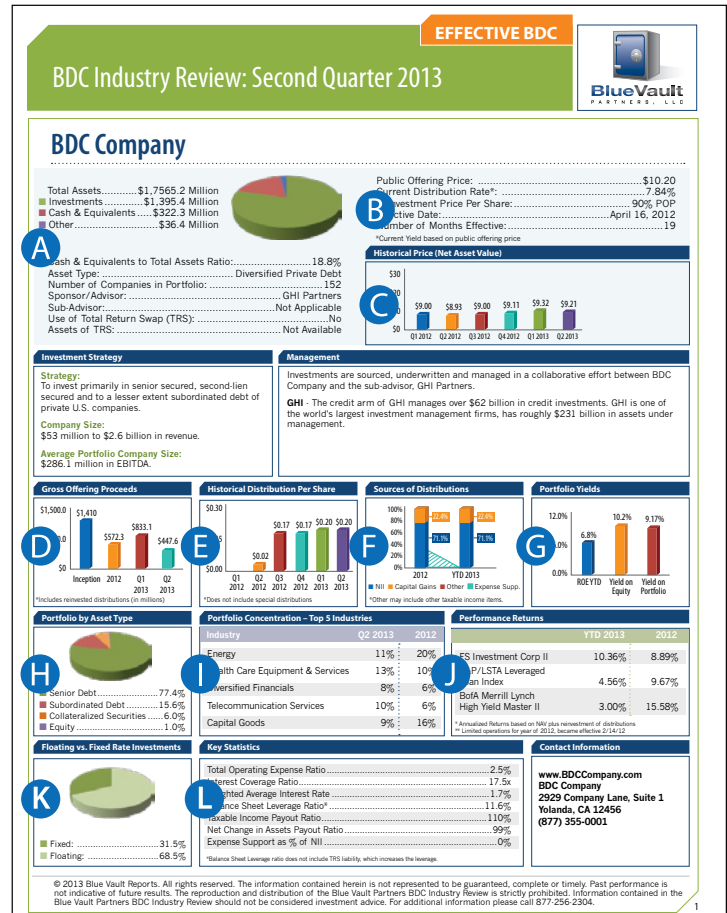
The sum of the fair value of the total assets minus the total liabilities divided by the total number of shares outstanding. This number is reported publicly at least every quarter.

**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

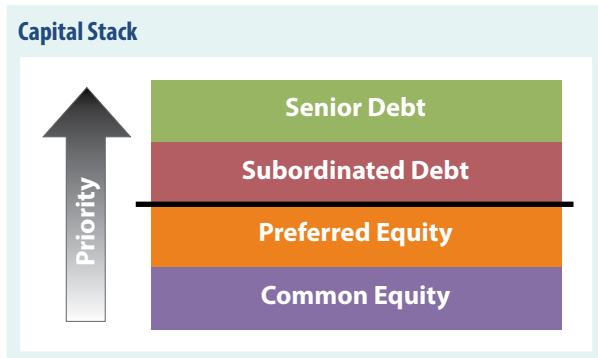
**Return on Equity (ROE)** – Calculated as the annualized Net Change in Assets from Operations (GAAP earnings measure), a line item that includes net investment income, realized and unrealized gains/losses, divided by the average total equity year-to-date.

**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.

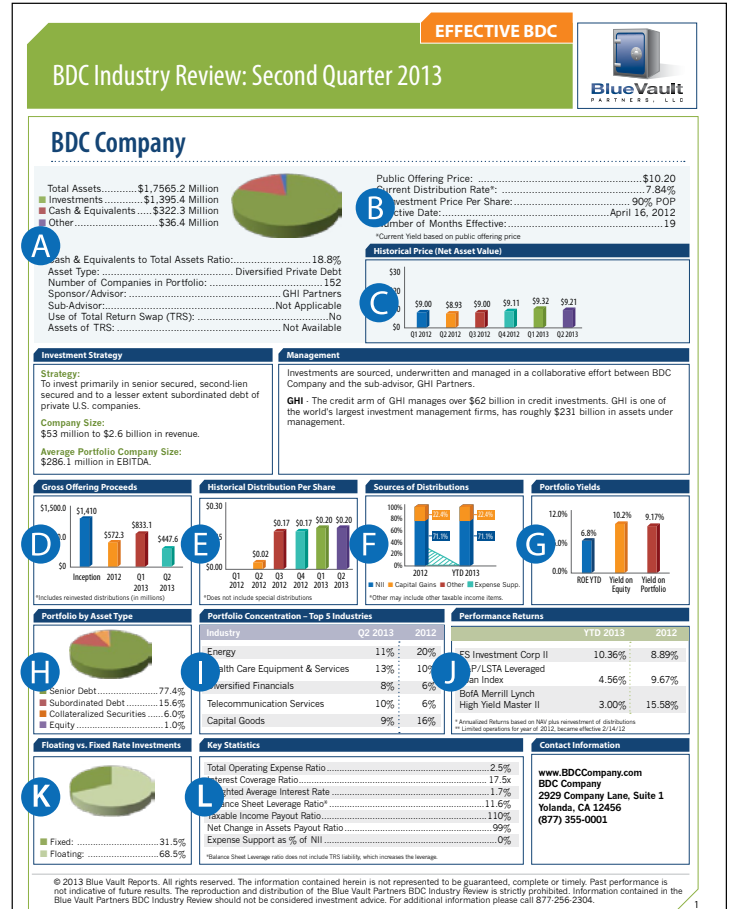


### I Portfolio Concentration - Top 5 Industries

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.

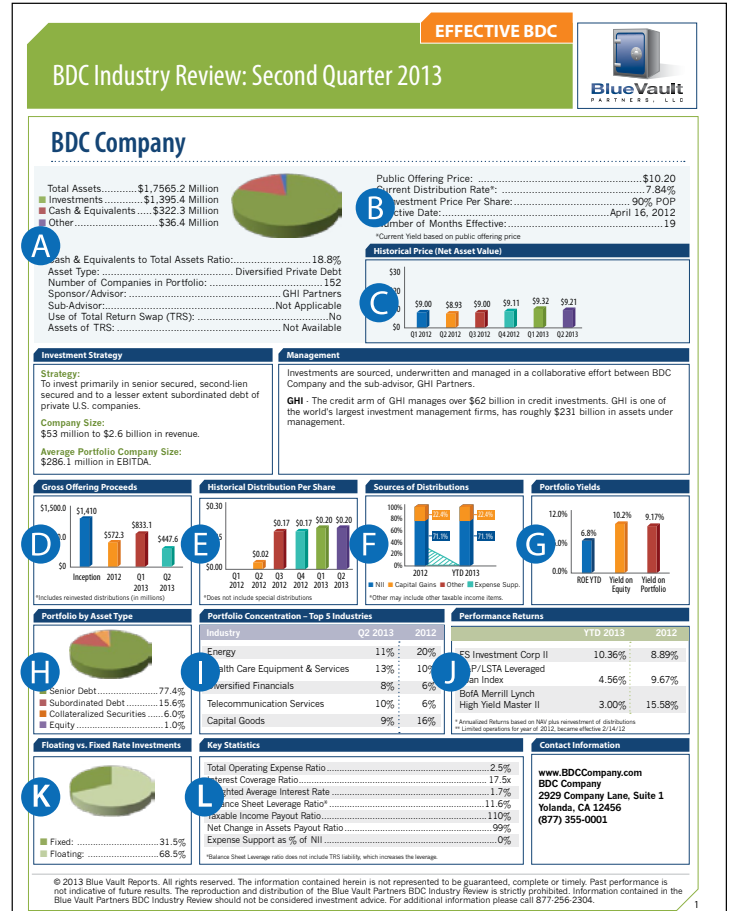
**Interest Coverage Ratio** – Calculated as the sum of NII plus realized capital gains plus interest expense divided by total interest expense. This measures the ability of the company to pay ongoing interest expenses from operations.

**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 a SEC-registered investment company that invests primarily in 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 both the traded and nontraded investment markets are estimated to be close to \$40 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.

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 in the REIT industry, nontraded BDCs have only become available to retail investors 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.

There are a few reasons that the nontraded BDC 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 whereby an advisor makes investments and manages the portfolio on behalf of 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

Nontraded BDCs provide access to investments in private companies, something that historically only large, institutional investors have had access to.

- Approximately \$12 billion in total nontraded BDC assets.
- 9 funds currently raising capital.
- 1 closed fund (FS Investment Corporation).
- 0 new funds entered the market.
- Gross Equity of over \$3.5 billion raised through year-to-date September 30, 2013.
- Top-3 funds raised 85% of industry equity, top-4 raised 95%.
- First nontraded BDC became effective January 2, 2009 (FS Investment Corporation).
- Sub-Advisors of BDCs include major private equity firms like KKR (Corporate Capital Trust - sponsored by CNL), Blackstone (FS Investment Corporation II – sponsored by Franklin Square Capital Partners) and Apollo Global Management (CION Investment Corporation - sponsored by ICON Investments)

### Capital Market Update

Coming up on the \$12 billion in assets mark, nontraded BDCs have become a notable investment type in the alternative investments arena. The size of nontraded BDCs is now roughly 40% of their traded counterparts at a market cap of just under \$31 billion. The industry has raised approximately \$3.5 billion during the first nine months of 2013 representing a 60%+ increase compared to the same period in 2012.

While six new funds were introduced during 2012, no new nontraded BDC offerings have been introduced during 2013. It is yet to be seen if any new BDCs will be filed in 2014 other than Franklin Square's follow-up fund FS Investment Corp. III. With a \$58 trillion credit market and a multi trillion dollar private equity market, nontraded BDCs hardly make a dent in those spaces at \$12 billion. This outlines the possibility for many more funds to come into the market, but there is uncertainty about whether more funds will be launched.

The use of Total Return Swaps (TRS) in the industry is increasing. TRSs allow funds to increase exposure to a basket of investments without actually having to own the assets. Typically the fund will pay a regular payment to have access to the total returns (both income and capital appreciation) of the basket of investments. That way BDCs can add to the income and gains to their investors without taking the time to source, underwrite and invest in individual investments.

Many investors around the country are worried about rising interest rates and how that might affect their investment income. Nontraded BDCs have fared well during this time as many of them have shifted portfolios to more floating rate investments, which protects the investors from rising interest rates. Investors that invest only in fixed-rate bonds or bond/debt funds have been negatively affected by the rise in interest rates during the past seven months of 2013. Thanks to the flexible investing mandates of nontraded BDCs investors can enjoy returns during rising, falling or stagnant interest rate environments.

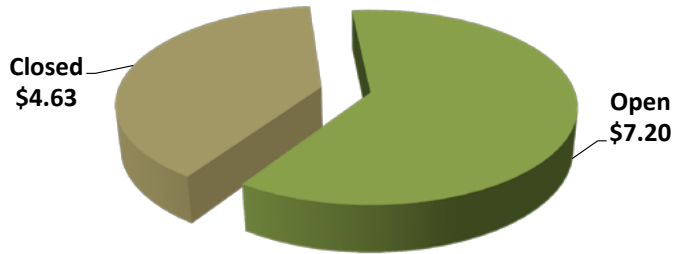
Fund Name	Total Assets as of 3Q 2013	Gross Equity Raised YTD 2013
FS Investment Corporation (closed)	\$ 4,633.6	N/A
FS Investment Corporation II	\$ 2,681.5	\$ 1,485.1
FS Energy and Power Fund	\$ 1,871.3	\$ 826.5
Corporate Capital Trust	\$ 1,808.5	\$ 704.0
Business Development Corporation of America	\$ 580.6	\$ 351.6
CION Investment Corporation	\$ 77.1	\$ 73.0
Sierra Income Corporation	\$ 111.5	\$ 58.3
HMS Income Fund, Inc.	\$ 45.9	\$ 20.1
VII Peaks Co-Optivist Income BDC II, Inc.	\$ 25.5	\$ 19.0
Triton Pacific Investment Corporation, Inc.	\$ 0.8	\$ 0.0

# BDC Industry Review: Third Quarter 2013

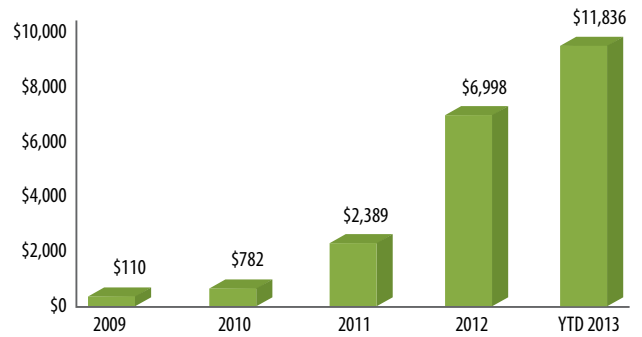


## BDC Overall Industry Summary

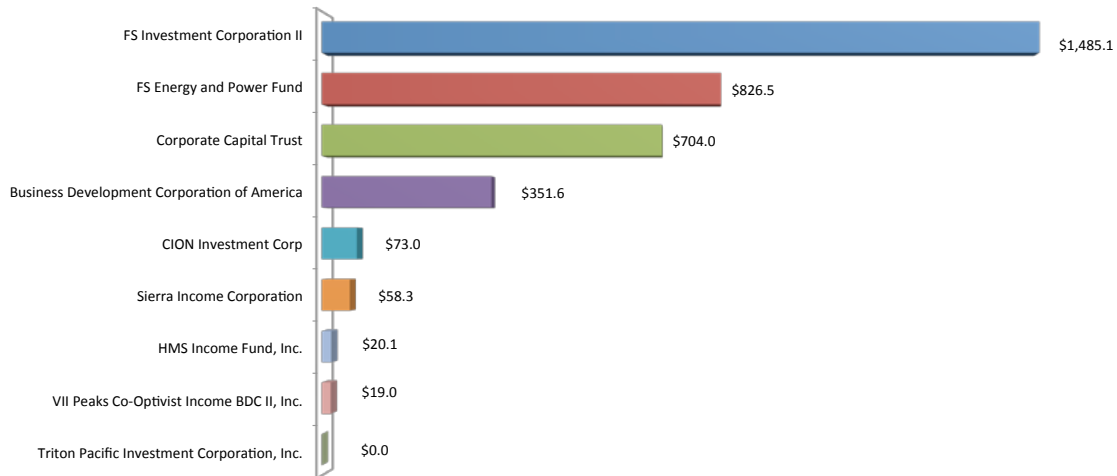
**Total Nontraded BDC Industry Assets \$11.8 Billion**  
as of September 30, 2013



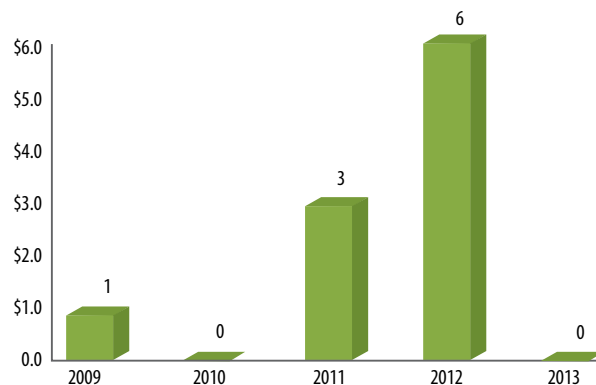
**Total Industry Assets**  
(in \$ Millions) as of September 30, 2013



**Gross Equity Raise YTD 2013**  
(in \$ Millions) as of September 30, 2013



**New Product Introductions Since 2009**  
Year-to-Date through September 30, 2013



# BDC Industry Review: Third Quarter 2013



## BDC Fund Offerings Summary

Fund Name	Open/Closed	Effective Date	Sponsor/Advisor	Sub-Advisor	Total Assets Q3 2013	Gross Proceeds YTD 2013	Current Distribution Rate
<b>FS Investment Corporation</b>	Closed	January 2, 2009	Franklin Square Capital Partners	GSO - Blackstone	\$4,633.6	N/A	8.00%
<b>FS Investment Corporation II</b>	Open	February 14, 2012	Franklin Square Capital Partners	GSO - Blackstone	\$2,681.5	\$1,485.1	7.18%
<b>FS Energy and Power Fund</b>	Open	May 12, 2011	Franklin Square Capital Partners	GSO - Blackstone	\$1,871.3	\$826.5	6.10%
<b>Corporate Capital Trust</b>	Open	April 4, 2011	CNL Financial Group	KKR	\$1,808.5	\$704.0	6.96%
<b>Business Development Corporation of America</b>	Open	January 25, 2011	AR Capital	N/A	\$580.6	\$351.6	7.75%
<b>CION Investment Corporation</b>	Open	July 2, 2012	Icon Investments	Apollo Global Management	\$77.1	\$73.0	7.00%
<b>Sierra Income Corporation</b>	Open	April 16, 2012	Sierra - Medley Capital	N/A	\$111.5	\$58.3	7.84%
<b>HMS Income Fund, Inc.</b>	Open	June 4, 2012	Hines	Main Street Capital	\$45.9	\$20.1	7.00%
<b>VII Peaks Co-Optivist Income BDC II, Inc.</b>	Open	March 1, 2012	VII-Peaks	N/A	\$25.5	\$19.0	7.20%
<b>Triton Pacific Investment Corporation, Inc.</b>	See note below	See note below	See note below	See note below	\$0.8	N/A	N/A
<b>TOTAL</b>					<b>\$11,836</b>	<b>\$3,538</b>	

\* Triton Pacific Investment Corporation has not yet broken escrow, and thus has not commenced operations.

# BDC Industry Review: Third Quarter 2013



## 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 (3Q 2013)*
<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%	5.25%
<b>CION Investment Corporation</b>	Icon Investments	7.00%	3.00%	1.50%	11.50%	2.00%	20.00%	7.50%	9.38%	14.1%
<b>Corporate Capital Trust</b>	CNL Financial Group	7.00%	3.00%	1.10%	11.10%	2.00%	20.00%	7.00%	8.75%	4.99%
<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%	4.29%
<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%	4.74%
<b>HMS Income Fund, Inc.</b>	Hines	7.00%	3.00%	1.50%	11.50%	2.00%	20.00%	7.50%	9.38%	15.50%
<b>Sierra Income Corporation</b>	Sierra - Medley Capital	7.00%	2.75%	1.25%	11.00%	1.75%	20.00%	7.00%	8.75%	10.30%
<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%	N/A	—

\* 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.

# BDC Industry Review: Third Quarter 2013



## BDC Performance Summary

Effective Nontraded BDCs (Greater than \$45 million in AUM)		Total Returns		
Fund Name	Sponsor/Advisor	2013 YTD	2012	2011*
<b>Business Development Corporation of America</b>	AR Capital	11.16%	15.19%	8.36%
<b>Corporate Capital Trust</b>	CNL Financial Group	7.87%	14.30%	12.23%
<b>FS Energy and Power Fund</b>	Franklin Square Capital Partners	7.39%	14.07%	2.11%
<b>FS Investment Corporation (Closed)</b>	Franklin Square Capital Partners	7.52%	15.83%	8.93%
<b>FS Investment Corporation II</b>	Franklin Square Capital Partners	8.19%	8.82%	—
<b>Sierra Income Corporation</b>	Sierra - Medley Capital	8.86%	—	—
<b>CION Investment Corporation</b>	ICON Investments	9.42%	—	—
<b>HMS Income Fund</b>	Hines	6.48%	—	—

### Benchmark Comparison

<b>S&amp;P/LSTA Leveraged Loan Index</b>	<b>3.53%</b>	<b>9.67%</b>	<b>1.51%</b>
<b>BofA High Yield Master II Index</b>	<b>3.79%</b>	<b>15.58%</b>	<b>4.38%</b>

<b>Median</b>	<b>8.03%</b>	<b>14.30%</b>	<b>8.65%</b>
<b>Mean</b>	<b>8.50%</b>	<b>13.64%</b>	<b>7.91%</b>

\* For the year of 2011, all funds except FS Investment Corporation show annualized limited operations performance due to commencement of operations in that year. For 2012, FS Investment Corporation II shows annualized limited operations performance due to commencement of operations in that year.

\*\* Periods with no data point are due to limited operations during that period. Data either would not be meaningful or does not exist.

## BDC Industry Review: Third Quarter 2013



## Business Development Corporation of America

Total Assets.....	\$580.6 Million
Investments.....	\$436.2 Million
Cash & Equivalents.....	\$55.8 Million
Other.....	\$88.6 Million

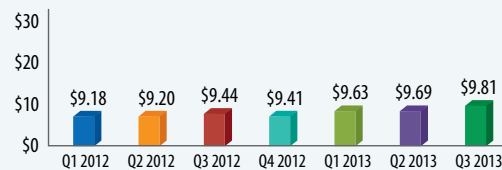


Public Offering Price: .....	\$11.20
Current Distribution Rate*: .....	7.75%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	January 25, 2011
Number of Months Effective:.....	34

\*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....	9.6%
Asset Type: .....	Diversified Private Debt
Number of Companies in Portfolio: .....	44
Sponsor/Advisor: .....	AR Capital - BDCA Adviser
Sub-Advisor:.....	Not Applicable
Use of Total Return Swap (TRS): .....	Yes
Assets of TRS: .....	\$233.5 Million

## 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:

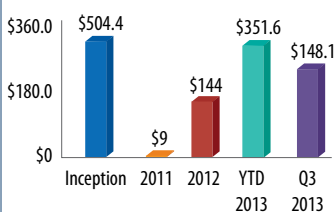
\$10 million to \$1 billion in revenue

## 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.

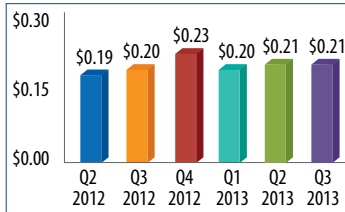
**AR Capital** – an alternative investment firm that invests in real estate and private company securities. AR Capital has acquired and manages over \$10 billion in alternative investments.

## Gross Offering Proceeds



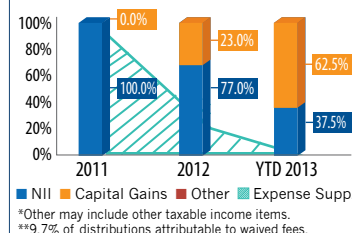
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



\*Does not include special distributions

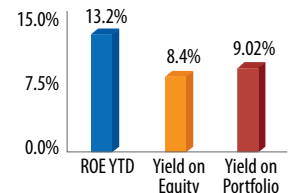
## Sources of Distributions



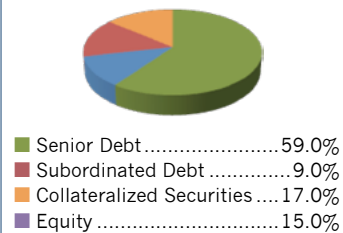
\*Other may include other taxable income items.

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

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration – Top 5 Industries

Industry	YTD 2013	2012
Banking, Finance, Insurance & Real Estate	38%	11%
Services: Business	14%	18%
Healthcare & Pharmaceuticals	8%	14%
Energy: Oil & Gas	7%	13%
Telecommunications	5%	5%

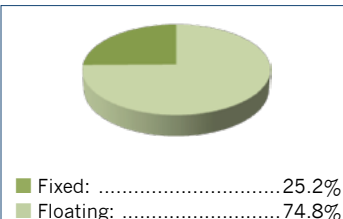
## Performance Returns

	YTD 2013	2012	2011*
Business Development Corporation of America	11.2%	15.2%	8.4%
S&P/LSTA Leveraged Loan Index	3.53%	9.7%	1.5%
BofA Merrill Lynch High Yield Master II	3.79%	15.6%	4.4%

\* YTD returns are not annualized

\*\* Annualized due to limited operating data in 2011, effective 1/24/11

## Floating vs. Fixed Rate Investments



## Key Statistics

Fund Operating Expense Ratio.....	5.3%
Interest Coverage Ratio.....	14.8x
Weighted Average Interest Rate .....	5.6%
Leverage Ratio.....	28.9%
Taxable Income Payout Ratio* .....	99%
Net Change in Assets Payout Ratio .....	66%
Expense Support % of Distribution.....	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 2013



## CION Investment Corporation

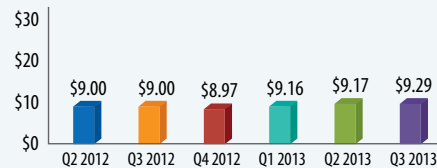
Total Assets.....	\$77.1 Million
Investments.....	\$52.2 Million
Cash & Equivalents.....	\$0.1 Million
Other.....	\$24.7 Million



Public Offering Price: .....	\$10.32
Current Distribution Rate*:	7.00%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	July 2, 2012
Number of Months Effective:.....	16

\*Current distribution rate based on public offering price

## Historical Price (Net Asset Value)



Cash & Equivalents to Total Assets Ratio:.....	0.1%
Asset Type: .....	Diversified Private Debt
Number of Companies in Portfolio: .....	26
Sponsor/Advisor: .....	ICON Investments
Sub-Advisor:.....	Apollo Investment Management
Use of Total Return Swap (TRS): .....	Yes
Assets of TRS: .....	\$71.9 Million

## 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:

\$54.4 million in EBITDA

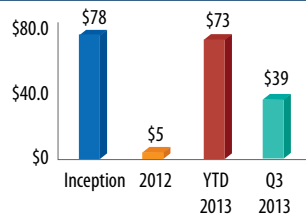
## Management

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 over 25 years of experience and having made approximately \$4.5 billion in total investments, ICON provides direct financing to public and private, middle market companies in the form of debt and debt-like investments.

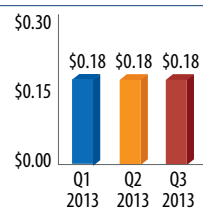
**Apollo Investment Management - a subsidiary of Apollo Global** – a global private equity, credit and real estate investment management firm with over \$157 billion in assets under management.

## Gross Offering Proceeds



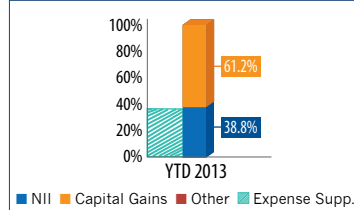
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



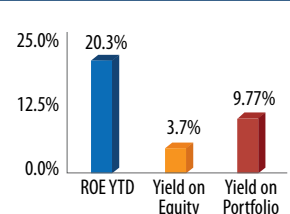
\*Does not include special distributions

## Sources of Distributions



\*Other may include other taxable income items.

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration – Top 5 Industries

Industry	YTD 2013	2012
Healthcare	22%	N/A
Oil and Gas	9%	N/A
Media	9%	N/A
Manufacturing	7%	N/A
Entertainment & Leisure	6%	N/A

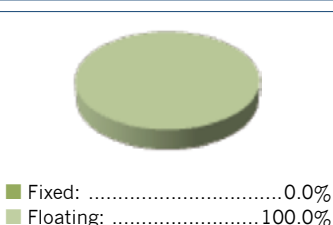
\* Short-term Treasury Investments not included

## Performance Returns

	YTD 2013*
CION Investment Corp	9.42%
S&P/LSTA Leveraged Loan Index	3.53%
BofA Merrill Lynch High Yield Master II	3.79%

\* YTD returns are not annualized

## Floating vs. Fixed Rate Investments



## Key Statistics

Fund Operating Expense Ratio.....	14.1%
Interest Coverage Ratio.....	Not Applicable
Weighted Average Interest Rate .....	Not Applicable
Leverage Ratio.....	33.5%
Taxable Income Payout Ratio.....	100%
Net Change in Assets Payout Ratio.....	56%
Expense Support % of Distribution.....	39%

## Contact Information

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

\* See additional notes on page 19.

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## BDC Industry Review: Third Quarter 2013



## Corporate Capital Trust, Inc.

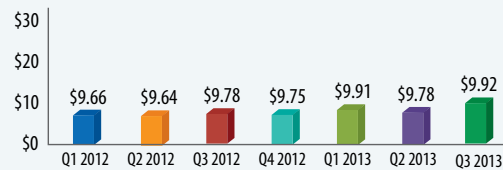
Total Assets.....	\$1,808 Million
Investments.....	\$1,675 Million
Cash & Equivalents.....	\$27.2 Million
Other.....	\$111 Million



Public Offering Price: .....	\$11.20
Current Distribution Rate*:	6.96%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	April 4, 2011
Number of Months Effective:.....	31

\*Current distribution rate based on public offering price

## Historical Price (Net Asset Value)



Cash & Equivalents to Total Assets Ratio:.....	1.3%
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: .....	\$58.5 Million

## 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

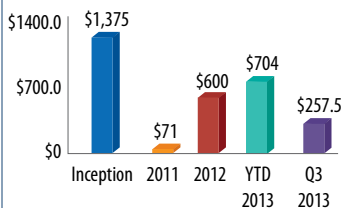
## Management

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 \$90 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.

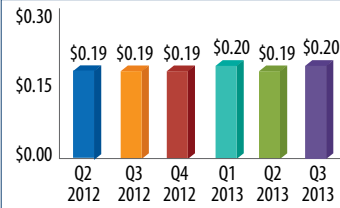
**CNL** – A private investment firm founded in 1973 that provides global real estate and alternative investment opportunities. CNL and its affiliates have formed or acquired companies with more than \$28 billion in assets.

## Gross Offering Proceeds



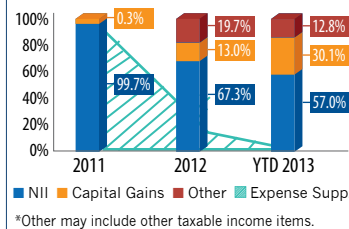
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



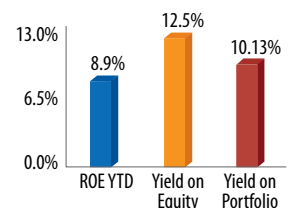
\*Does not include special distributions

## Sources of Distributions

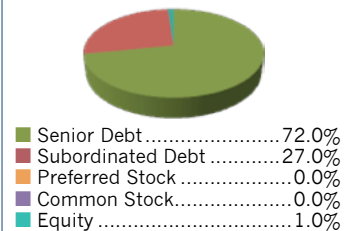


\*Other may include other taxable income items.

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration – Top 5 Industries

Industry	YTD 2013	2012
Consumer Durables & Apparel	14%	1%
Retailing	12%	9%
Software & Services	11%	9%
Capital Goods	8%	14%
Media	7%	11%

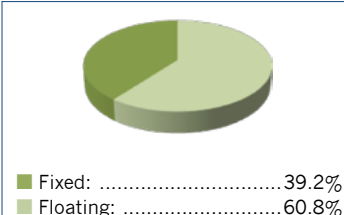
## Performance Returns

	YTD 2013	2012	2011*
Corporate Capital Trust, Inc.	7.9%	14.3%	12.2%
S&P/LSTA Leveraged Loan Index	3.53%	9.7%	1.5%
BofA Merrill Lynch High Yield Master II	3.79%	15.6%	4.3%

\* YTD returns are not annualized

\*\* Limited operations for the year of 2011, became effective 4/4/11

## Floating vs. Fixed Rate Investments



## Key Statistics

Fund Operating Expense Ratio.....	5.0%
Interest Coverage Ratio.....	12.3x
Weighted Average Interest Rate .....	2.6%
Leverage Ratio.....	31.0%
Taxable Income Payout Ratio.....	99%
Net Change in Assets Payout Ratio.....	87%
Expense Support % of Distribution.....	0%

## 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: Third Quarter 2013



## FS Energy &amp; Power Fund

Total Assets.....	\$1,871.3 Million
Investments.....	\$1,610.4 Million
Cash & Equivalents.....	\$218.9 Million
Other.....	\$41.9 Million



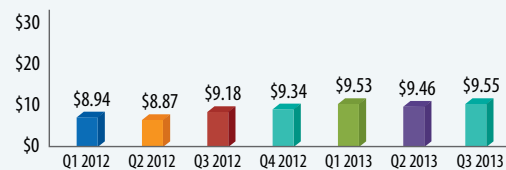
Public Offering Price: .....	\$10.75
Current Distribution Rate*:	6.10%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	May 12, 2011
Number of Months Effective:.....	30

\*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:..... 11.7%  
 Asset Type: ..... Energy & Power Private Debt & Equity  
 Number of Companies in Portfolio: ..... 86  
 Sponsor/Advisor: ..... Franklin Square Capital Partners  
 Sub-Advisor:..... GSO – Blackstone  
 Use of Total Return Swap (TRS): ..... No\*  
 Assets of TRS: ..... Not Available

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

## 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:

\$188.9 million in EBITDA

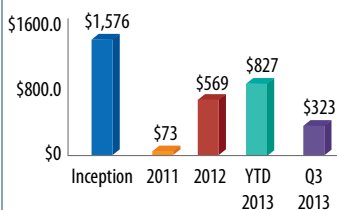
## Management

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 \$63 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$248 billion in assets under management.

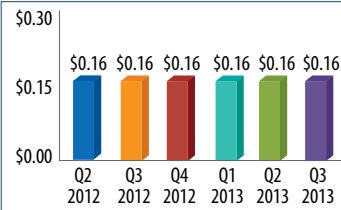
**Franklin Square Capital Partners** – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$9.2 billion in BDC assets.

## Gross Offering Proceeds



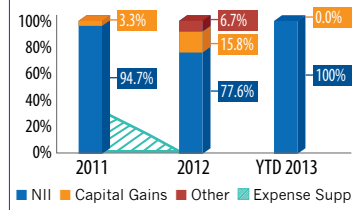
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



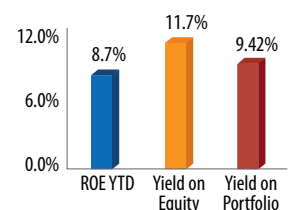
\*Does not include special distributions

## Sources of Distributions

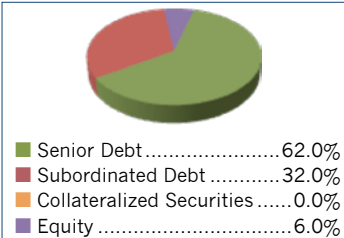


\*Other may include other taxable income items.

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration – Top 5 Industries

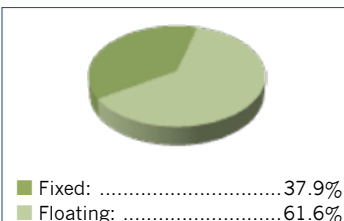
Portfolio is 100% in Energy and Power Industry.

## Performance Returns

	YTD 2013	2012	2011*
FS Energy & Power Fund	7.39%	14.07%	2.11%
S&P/LSTA Leveraged Loan Index	3.53%	9.67%	1.51%
BofA Merrill Lynch High Yield Master II	3.79%	15.58%	4.38%

\* Annualized Returns based on NAV plus reinvestment of distributions  
 \*\* Limited Operations for the year of 2011, effective 5/12/11

## Floating vs. Fixed Rate Investments



## Key Statistics

Fund Operating Expense Ratio.....	4.3%
Interest Coverage Ratio.....	8.3x
Weighted Average Interest Rate .....	2.1%
Leverage Ratio.....	23.8%
Taxable Income Payout Ratio.....	98%
Net Change in Assets Payout Ratio.....	78%
Expense Support % of Distribution.....	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.

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## BDC Industry Review: Third Quarter 2013



## FS Investment Corporation II

Total Assets.....	\$2,681.5 Million
Investments.....	\$2,159.7 Million
Cash & Equivalents.....	\$485.7 Million
Other.....	\$36.0 Million



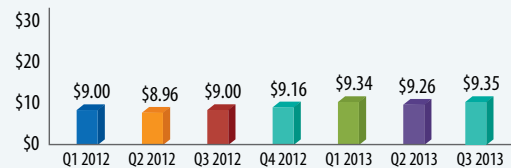
Cash & Equivalents to Total Assets Ratio:..... 18.1%  
 Asset Type: ..... Diversified Private Debt  
 Number of Companies in Portfolio: ..... 165  
 Sponsor/Advisor: ..... Franklin Square Capital Partners  
 Sub-Advisor: ..... GSO – Blackstone  
 Use of Total Return Swap (TRS): ..... No\*  
 Assets of TRS: ..... Not Available

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

Public Offering Price: ..... \$10.50  
 Current Distribution Rate\*: ..... 7.18%  
 Reinvestment Price Per Share: ..... 90% POP  
 Effective Date: ..... February 14, 2012  
 Number of Months Effective: ..... 21

\*Current distribution rate based on public offering price

## 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:

\$247.7 million in EBITDA.

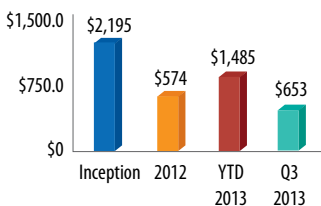
## Management

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 \$63 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$248 billion in assets under management.

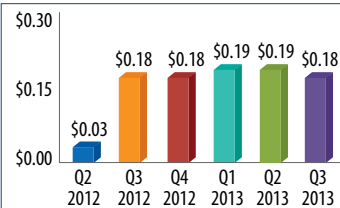
**Franklin Square Capital Partners** – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$9.2 billion in BDC assets.

## Gross Offering Proceeds



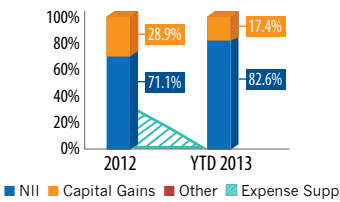
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



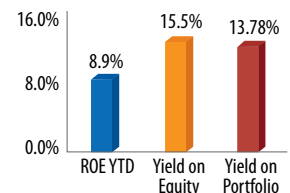
\*Does not include special distributions

## Sources of Distributions

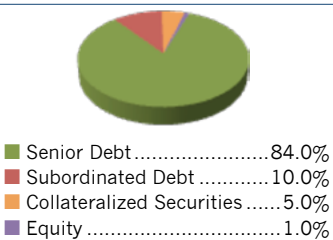


\*Other may include other taxable income items.

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration – Top 5 Industries

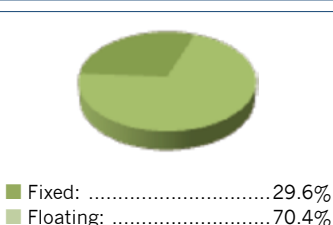
Industry	YTD 2013	2012
Energy	14%	19%
Retailing	14%	0%
Capital Goods	9%	17%
Consumer Durables and Apparel	7%	4%
Consumer Services	6%	5%

## Performance Returns

	YTD 2013	2012
FS Investment Corporation II	8.19%	8.82%
S&P/LSTA Leveraged Loan Index	3.53%	9.67%
BofA Merrill Lynch High Yield Master II	3.79%	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



## Key Statistics

Total Operating Expense Ratio.....	4.7%
Interest Coverage Ratio.....	11.0x
Weighted Average Interest Rate.....	3.1%
Leverage Ratio.....	26.9%
Taxable Income Payout Ratio.....	98%
Net Change in Assets Payout Ratio.....	112%
Expense Support as % of NII.....	0%

## Contact Information

**www.FSInvestmentCorpII.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 2013

## HMS Income Fund Inc.

Total Assets.....	\$45.9 Million
Investments.....	\$38.4 Million
Cash & Equivalents.....	\$1.9 Million
Other.....	\$5.6 Million

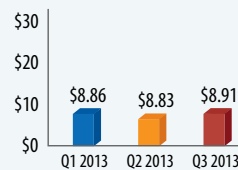


Public Offering Price: .....	\$10.00
Current Distribution Rate*:	7.00%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	June 4, 2012
Number of Months Effective:.....	17

\*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....	4.2%
Asset Type: .....	Diversified Private Debt
Number of Companies in Portfolio: .....	41
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)

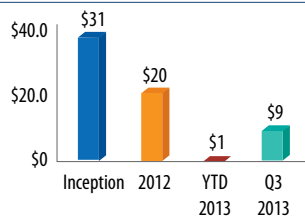
## Management

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.

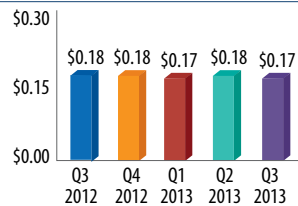
**Main Street Capital** – A manager of private debt and equity investments, Main Street Capital Corp. is a publicly traded BDC with a market capitalization of roughly \$1.25 billion.

## Gross Offering Proceeds



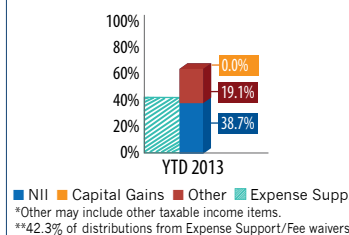
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



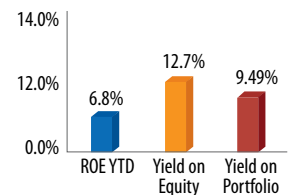
\*Does not include special distributions

## Sources of Distributions

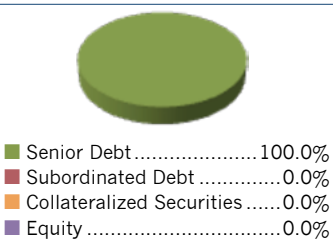


■ NII ■ Capital Gains ■ Other ■ Expense Supp.  
\*Other may include other taxable income items.  
\*\*42.3% of distributions from Expense Support/Fee waivers

## Portfolio Yields



## Portfolio by Asset Type



Senior Debt.....	100.0%
Subordinated Debt.....	0.0%
Collateralized Securities.....	0.0%
Equity.....	0.0%

## Portfolio Concentration – Top 5 Industries

Industry	YTD 2013	2012
IT Services	8%	12%
Textiles, Apparel, and Luxury Goods	7%	12%
Healthcare Providers and Services	5%	0%
Environmental and Facilities Services	5%	0%
Hotels, Restaurants, and Leisure	5%	0%

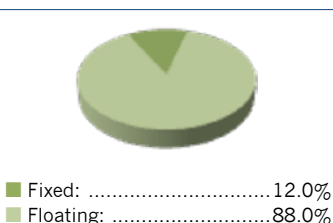
\* Short-term Treasury Investments not included

## Performance Returns

	YTD 2013
HMS Income Fund Inc.	6.48%
S&P/LSTA Leveraged Loan Index	3.53%
BofA Merrill Lynch High Yield Master II	3.79%

\* Annualized Returns based on NAV plus reinvestment of distributions

## Floating vs. Fixed Rate Investments



Fixed: .....	12.0%
Floating: .....	88.0%

## Key Statistics

Fund Operating Expense Ratio.....	15.5%
Interest Coverage Ratio.....	6.8x
Weighted Average Interest Rate .....	4.4%
Leverage Ratio.....	24.6%
Taxable Income Payout Ratio.....	124%
Net Change in Assets Payout Ratio.....	86%
Expense Support % of Distribution.....	42%

## Contact Information

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

\* See additional notes on page 19.

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## BDC Industry Review: Third Quarter 2013



## Sierra Income Corporation

Total Assets.....	\$111.5 Million
Investments.....	\$104.8 Million
Cash & Equivalents.....	\$0.6 Million
Other.....	\$6.1 Million



Cash & Equivalents to Total Assets Ratio.....	0.6%
Asset Type:.....	Diversified Private Debt
Number of Companies in Portfolio:.....	48
Sponsor/Advisor:.....	SIC Advisors - Medley Capital
Sub-Advisor:.....	Not Applicable
Use of Total Return Swap (TRS):.....	Yes
Assets of TRS:.....	\$6.9 Million

Public Offering Price:.....	\$10.20
Current Distribution Rate*:	7.84%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	June 4, 2012
Number of Months Effective:.....	17

\*Current distribution rate based on public offering price

## 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:

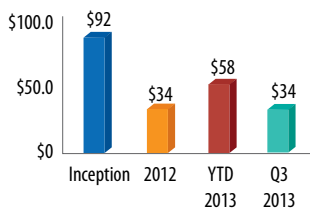
Enterprise value of \$50 million to \$4 billion

## Management

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

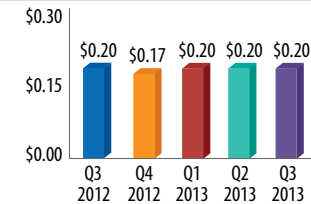
**SIC Advisors - Medley Capital** – Management team members bring an average of more than 20 years experience in principal finance, investment sourcing, credit analysis, transaction structuring, due diligence and investing. Medley Capital, the parent company of SIC Advisors has several private investment funds and a publicly traded BDC (Medley Capital Corporation) with combined assets of over \$1.8 billion.

## Gross Offering Proceeds



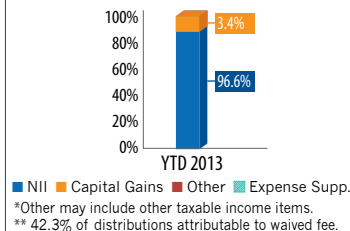
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share



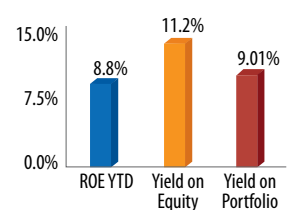
\*Does not include special distributions

## Sources of Distributions

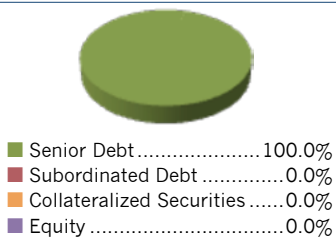


\*Other may include other taxable income items.  
\*\* 42.3% of distributions attributable to waived fee.

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration - Top 5 Industries

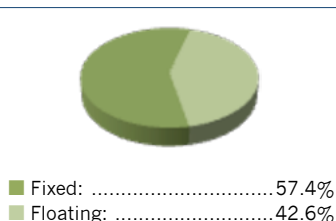
Industry	YTD 2013	2012
Oil and Gas	17%	10%
Telecommunications	11%	11%
Chemicals, Plastics, and Rubber	11%	4%
Personal and Nondurable Consumer Products (Manufacturing Only)	9%	4%
Electronics	7%	2%

## Performance Returns

	YTD 2013
Sierra Income Corporation	8.86%
S&P/LSTA Leveraged Loan Index	3.53%
BofA Merrill Lynch High Yield Master II	3.79%

\* Annualized Returns based on NAV plus reinvestment of distributions

## Floating vs. Fixed Rate Investments



## Key Statistics

Fund Operating Expense Ratio.....	10.3%
Interest Coverage Ratio.....	18.9x
Weighted Average Interest Rate.....	1.4%
Leverage Ratio.....	18.5%
Taxable Income Payout Ratio.....	123%
Net Change in Assets Payout Ratio.....	89%
Expense Support % of Distribution.....	81%

## Contact Information

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

\* See additional notes on page 19.

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## 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	\$25.5	Yes	\$28.5	\$23.6	7.20%	None
<b>Triton Pacific Investment Corporation</b>	September 4, 2012	Diversified Private Debt	\$0.8	No	NA	\$0.0	NA	NA

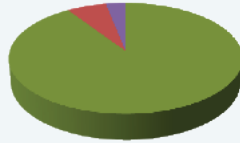
\*VII Peaks has ceased its relationship with KBR citing financial instability with the broker dealer.



# BDC Industry Review: Third Quarter 2013

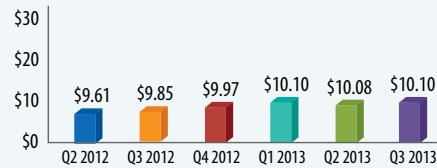
## FS Investment Corporation

Total Assets.....\$4,633.6 Million  
 Investments.....\$4,200.8 Million  
 Cash & Equivalents.....\$290.4 Million  
 Other.....\$142.3 Million



Last Offering Price: .....\$10.80  
 Distribution Yield on Last POP:.....8.00%  
 Effective Date:.....January 2, 2009  
 Other:.....\$123.1 Million  
 Offering Close Date:.....May 15, 2012  
 Reinvestment Price Per Share:.....Set by Board\*  
 \*Repurchase price will be no less than NAV and no more than 2.5% over NAV

### Historical Price (Net Asset Value)



Cash & Equivalents to Total Assets: .....6.3%  
 Asset Type: ..... Diversified Private Debt  
 Number of Companies in Portfolio: .....182  
 Sponsor/Advisor: ..... Franklin Square Capital Partners  
 Sub-Advisor:..... Blackstone - GSO  
 Use of Total Return Swap (TRS): .....No  
 Assets of TRS: ..... Not Available

### 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:

\$252.9 million in EBITDA

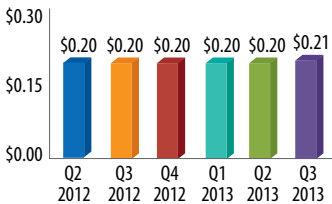
### Management

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 \$63 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$248 billion in assets under management.

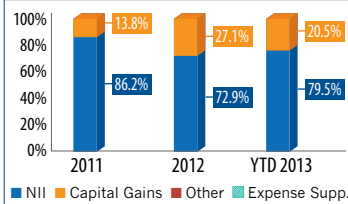
**Franklin Square Capital Partners** - An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$9.2 billion in BDC assets.

### Historical Distribution Per Share



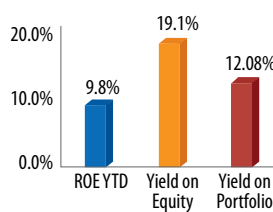
\*Does not include special distributions

### Sources of Distributions



\*Other may include other taxable income items.

### Portfolio Yields



### Portfolio by Asset Type



### Portfolio Concentration - Top 5 Industries

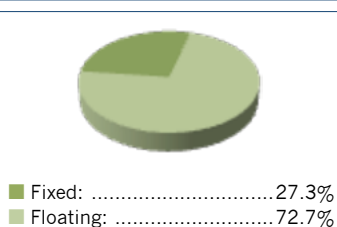
Industry	YTD 2013	2012
Capital Goods	20%	17%
Energy	12%	11%
Software & Services	9%	9%
Commercial & Professional Services	8%	7%
Consumer Durables & Apparel	8%	7%

### Performance Returns

	YTD 2013	2012	2011
FS Investment Corporation	7.52%	15.83%	8.93%
S&P/LSTA Leveraged Loan Index	3.53%	9.67%	1.51%
BofA Merrill Lynch High Yield Master II	3.79%	15.58%	4.38%

\* Annualized Returns based on NAV plus reinvestment of distributions

### Floating vs. Fixed Rate Investments



### Key Statistics

Fund Operating Expense Ratio.....	6.7%
Interest Coverage Ratio.....	6.7x
Weighted Average Interest Rate.....	2.7%
Leverage Ratio.....	40.8%
Taxable Income Payout Ratio.....	82%
Net Change in Assets Payout Ratio.....	89.1%
Expense Support % of Distributions.....	0%

### Contact Information

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

\* See additional notes on page 19.



## Additional BDC Notes

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

- Over \$500 million in assets, boosted by its roughly \$150 million in new equity raise for the 3rd quarter.
- No longer receiving expense support, however management waived \$1.42 million in fees.
- 38% concentration in Banking, Finance, Insurance and Real Estate; includes investments in funds, CLOs, etc. Not all 38% invested in individual Finance Sector companies.

### **CION Investment Corporation**

- Investments are primarily senior secured debt to smaller companies than industry at a median EBITDA of \$43.2 million (average \$54.4 million).
- All investments are floating rate.
- Portfolio is comprised of 80% 1st lien senior secured debt.

### **Corporate Capital Trust**

- Increased focus on originated transactions with 6 originated deals in the 3rd quarter representing \$333 million (fund total of \$382 million in originated deals).
- Raised nearly \$258 million in new capital during the 3rd quarter.
- Reduced TRS value from \$139 million to \$58.5 million.

### **FS Energy & Power Fund**

- \$200 million in new originated deals for the 3rd quarter.

### **FS Investment Corporation**

- Originated/proprietary deals reached \$2.1 billion or 52% of the portfolio.
- Expected exchange listing intended for Q1 2014, would be 2nd largest traded BDC with \$4.6 billion in assets.
- 20% concentration in capital goods industry.

### **FS Investment Corporation II**

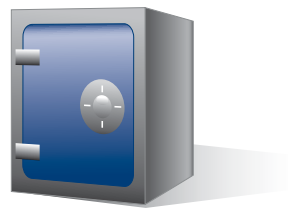
- Originated/proprietary deals now represent 38% of portfolio with \$830 million committed.
- Offering expected to close in/around Q1 2014.
- Raised nearly \$1.5 billion in capital year-to-date 2013.

### **HMS Income Fund**

- Waiving all administrative expenses through December 31, 2013.
- Portfolio comprised of 100% 1st lien senior secured debt.

### **Sierra Income Corporation**

- Passed \$100 million in assets under management.
- Have shifted investments to 43% floating rate from 16% at the beginning of the year.



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