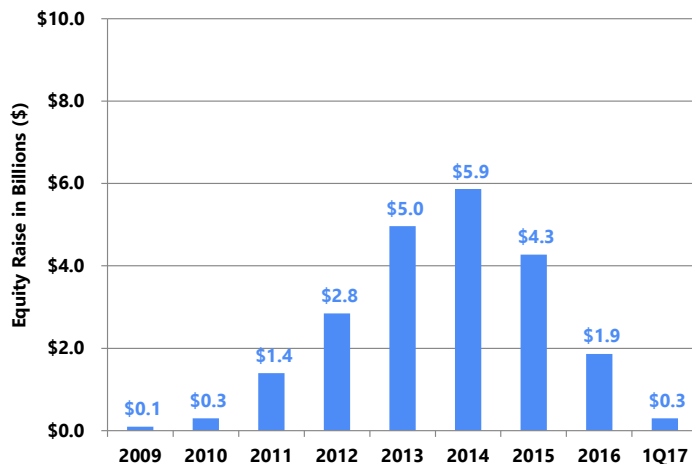


Non-Listed BDC Market Snapshot

1st Quarter 2017

Non-Listed BDC Historical Capital Raise Summary



In 1Q17, non-listed BDCs posted another fundraising decline with only \$305 million equity raised, which is a 37% decline from the fundraising pace in 2016. After a record \$5.9 million in 2014, non-listed BDCs fundraising declined to \$1.9 billion in 2016, which was a steep 68% decline in two years. Several factors contributed to the sharp decline in fundraising including regulatory changes regarding share valuation, the downfall of the largest non-listed sponsor due to multiple fraud charges at related companies, and disruptions in the high yield debt markets that led to declining NAVs in 2015 and early 2016. Rising credit risk is another important factor that will have a greater impact in 2017.

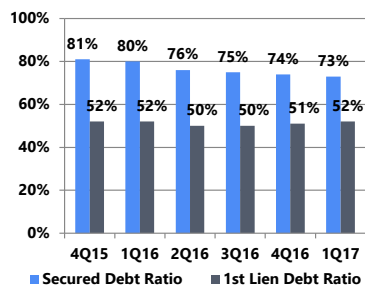
Non-Listed BDC 1Q17 Capital Raise Detail

(\$ in millions)

Effective Non-Listed BDCs	1Q17
FS Investment Corporation III	\$72
FS Investment Corporation IV	\$53
Carey Credit Income Fund 2016 T	\$50
Corporate Capital Trust II (CNL)	\$26
HMS Income Fund (Hines)	\$26
Cion Investment Corporation (Icon)	\$22
MacKenzie Realty Capital	\$15
Sierra Income Corporation	\$11
Carey Credit Income Fund - I	\$10
NexPoint Capital (Highland)	\$9
Other Non-Listed BDCs	\$11
Total Effective Non-Listed BDCs	\$305

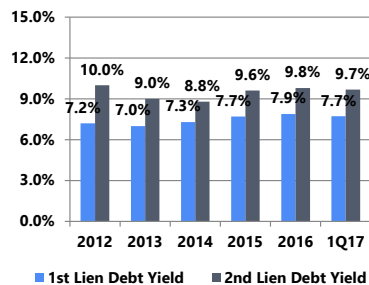
In 1Q17, open non-listed BDCs had their lowest quarterly capital raise in the last five years. In 1Q12, non-listed BDCs raised \$633 million led by the same two sponsors that still dominate the non-listed BDC market. Franklin Square, which has had the highest market share since creating the space, led 1Q17 fundraising with a 41% market share for its two open non-listed BDCs in the top two fundraising spots. FS Investment III was the top non-listed BDC fundraiser with \$72 million raised in 1Q17 followed by FS Investment IV with \$53 million equity.

Secured Debt Ratios



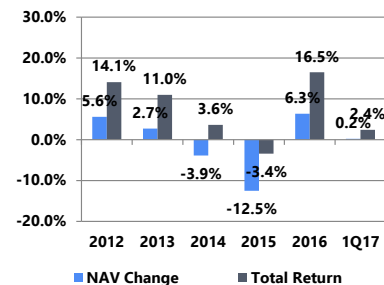
Non-listed BDCs reduced their secured debt ratios in 1Q17. Secured debt ratios declined from 74% in 4Q16 to 73% in 1Q17, while first lien debt ratios increased slightly to 52% in 1Q17. With the recent decline in private debt market prices and higher market yields, non-listed BDCs have been able to obtain comparable secured debt at higher investment yields.

Investment Yields



With declining market prices, first lien debt and second lien debt yields increased in late 2015 and early 2016. First lien debt ratios decreased from 7.9% to 7.7% in 1Q17. Second lien debt yields decreased from 9.8% to 9.7% in 1Q17. With these high yields blended with high fixed interest rates on unsecured debt, non-listed BDCs had average gross yields of 9.3% for 1Q17.

Non-Listed BDC Returns



In 1Q17, non-listed BDCs continued positive returns after losses in 2014 and 2015. Net asset values had a 0.2% increase in 1Q17, after a 6.3% NAV increase in 2016. With higher NAVs and the high distribution rates, total returns were a high 16.5% in 2016 and moderate 2.4% in 1Q17. Investors should monitor credit risk of non-listed BDCs with lower total returns.