

Did You Know?

BDC Industry Review: Third Quarter 2016



Nontraded BDC Industry Highlights and Capital Market Overview

Nontraded BDC Industry Facts (as of September 30, 2016)

- \$___ billion in assets under management
- Average yield of ___%
- \$___ billion in capital raised the nine months ended September 30, 2016.
- The top-three funds raised ___% of the total industry raise and the top-four raised ___%
- ___ funds currently raising capital
- ___ closed funds
- ___ BDC was acquired (_____)
- ___ BDC now listed (_____ [NYSE:_____])
- ___ funds in registration

Capital Markets Update

Capital Raise Remains Anemic

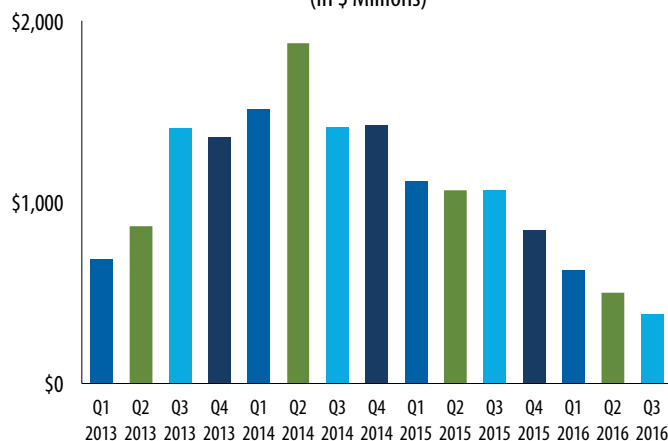
Capital raise again was _____ in the third quarter of 2016, at approximately \$___ million.

Many financial advisors and broker dealers are still holding off on sales of funds due to the massive regulatory changes over the past two years. Sponsors are implementing new structures and more fee-based advisor friendly fees.

The hope is that capital raise will begin to pick up as the fees in these fund types are lowered and financial advisors regain comfort in their businesses.

Unfortunately, during this time of very low capital raise, BDCs are producing some of the best returns since the beginning of the industry. Investors are the ones that lose in this scenario. Investors that typically would have been placed into BDCs were not this year. They have missed out on significant income and total returns, which are discussed in the next section.

BDC Capital Raise By Quarter
(in \$ Millions)



Best Return Performance in Years for BDCs

Nontraded BDCs posted a median return of ___% for the nine months ended September 30, 2016 (returns not seen since the 2012 and 2013 recovery). Blue Vault expects the year to close out 2016 with a total return of approximately 14%. The industry outperformed the S&P/LSTA Leveraged Loan Index performance of 8.49%, but underperformed the 15.32% of the Bank of America Merrill Lynch High Yield Index. However, the Leveraged Loan Index more closely reflects the portfolios of the nontraded BDC industry as a whole as BDCs are heavily weighted toward senior loans.

Index Total Returns	
Median Nontraded BDC Returns	___%
S&P/LSTA Leveraged Loan Index	8.49%
BofA Merrill Lynch High Yield Index	15.32%

The total return of the senior loan market, tracked by the S&P/LSTA Leveraged Loan Index, was ___% for the first nine months of 2016. You can see by the following chart that the leveraged loan market fully recovered the losses through Q1 2016 and printed highs above 2015 highs.

SAMPLE