

BDC Industry Review: First Quarter 2014



FS Energy & Power Fund

Total Assets.....	\$2,717.7 Million
Investments.....	\$2,573.8 Million
Cash & Equivalents.....	\$95.1 Million
Other.....	\$48.8 Million



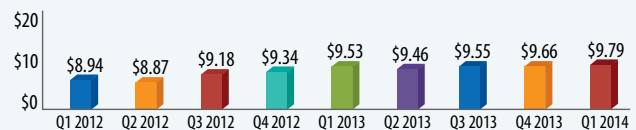
Public Offering Price:.....	\$10.90
Current Distribution Rate*:.....	6.10%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	May 12, 2011
Number of Months Effective:.....	37

*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....	3.5%
Asset Type:.....	Diversified Private Debt
Number of Companies in Portfolio:.....	110
Sponsor/Advisor:.....	Franklin Square Capital Partners
Sub-Advisor:.....	GSO – Blackstone
Use of Total Return Swap (TRS):.....	No*
Assets of TRS:.....	\$0 Million

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

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:

\$185.1 million in EBITDA

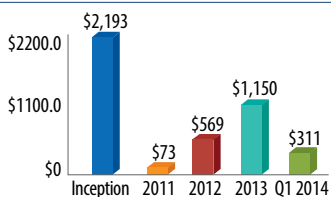
Management

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 \$66 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$272 billion in assets under management.

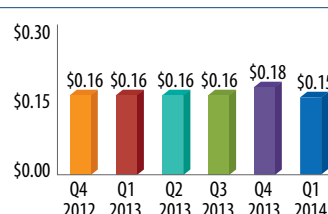
Franklin Square Capital Partners – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages over \$11 billion in BDC assets.

Gross Offering Proceeds



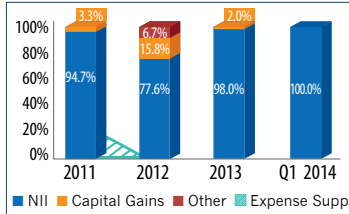
*Includes reinvested distributions (in millions)

Historical Distribution Per Share



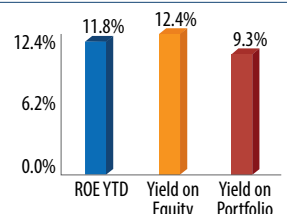
*Does not include special distributions

Sources of Distributions

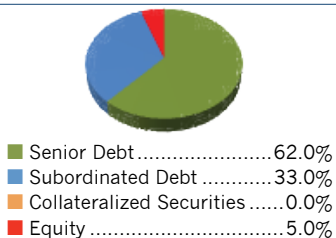


*Other may include other taxable income items.

Portfolio Yields



Portfolio by Asset Type



Portfolio Concentration – Top 5 Industries

Industry	2014
Upstream	48%
Midstream	11%
Downstream	0%
Power	6%
Service & Equipment	35%

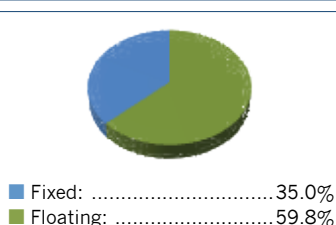
Performance Returns

	2014	2013	2012	2011**
FS Energy & Power Fund	2.90%	10.49%	14.07%	2.11%
S&P/LSTA Leveraged Loan Index	1.20%	5.25%	9.67%	1.51%
BofA Merrill Lynch High Yield Master II	3.00%	7.42%	15.58%	4.38%

* YTD returns are not annualized

** Annualized due to limited operating data in 2011

Floating vs. Fixed Rate Investments



Key Statistics

Fund Operating Expense Ratio.....	5.7%
Interest Coverage Ratio.....	7.5x
Weighted Average Interest Rate.....	2.7%
Leverage Ratio.....	23.7%
Taxable Income Payout Ratio.....	94.5%
Net Change in Assets Payout Ratio.....	52.5%
Expense Support % of Distribution.....	0.0%

Contact Information

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* See additional notes on page 18.



Additional BDC Notes

Business Development Corporation of America

- Raised over \$330 million in equity in the first quarter, which is 63% of its entire year equity raise in 2013
- Nearly 27% of the portfolio is invested in other investment funds and vehicles

CIION Investment Corp.

- 100% floating rate investments
- TRS income and TRS capital gains provided for 89.5% of distribution
- Focus is on somewhat smaller middle market companies compared to industry; average portfolio company EBITDA of \$50.7 million

Corporate Capital Trust

- Total return leader for the quarter at 3.10% YTD
- Received a BBB- credit rating from Standard & Poor's
- Drew back on TRS leverage to just under \$40 million

FS Energy and Power Fund

- Net Investment Income covered 100% of distributions

FS Investment Corp. II

- Total assets reached \$3.7 billion in the quarter
- Over \$500 million in net new originations
- Closed to new investors on March 5, 2014
- Received a BBB- rating from Standard & Poor's, announced April 1, 2014

HMS Income Fund

- Portfolio is 100% invested in senior debt, 93% floating rate
- Continued focus on investing in lower middle market (LMM) companies
- Fee waivers (\$632,000 for the quarter) still being used to cover distributions

Sierra Income Corp.

- Fee waivers (\$632,000 for the quarter) still being used to cover distributions
- Over 13% in Oil and Gas sector
- Surpassed \$250 million in total assets