



BDC Industry Review: Fourth Quarter 2013

FS Energy & Power Fund

Total Assets.....	\$2,428.7 Million
Investments.....	\$2,300.2 Million
Cash & Equivalents.....	\$91.1 Million
Other.....	\$37.4 Million



Cash & Equivalents to Total Assets Ratio:.....3.8%
 Asset Type: Energy & Power Private Debt & Equity
 Number of Companies in Portfolio:104
 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

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:..... 35

*Current distribution rate based on public offering price

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:

\$185.8 million in EBITDA

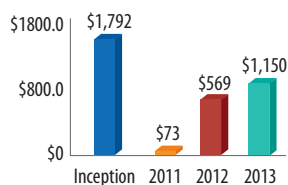
Management

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 \$65 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$266 billion in assets under management.

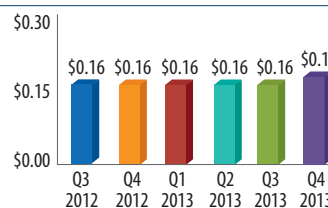
Franklin Square Capital Partners – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages over \$10 billion in BDC assets.

Gross Offering Proceeds



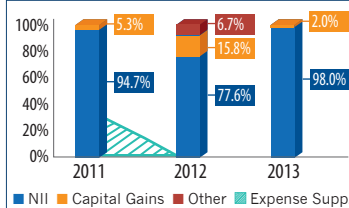
*Includes reinvested distributions (in millions)

Historical Distribution Per Share



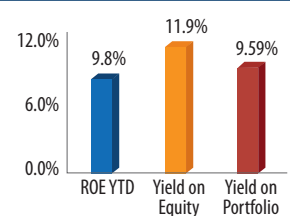
*Does not include special distributions

Sources of Distributions



*Other may include other taxable income items.

Portfolio Yields



Portfolio by Asset Type



Senior Debt.....	61.0%
Subordinated Debt.....	34.0%
Collateralized Securities.....	0.0%
Equity.....	5.0%

Portfolio Concentration – Top 5 Industries

Portfolio is 100% in Energy and Power Industry.

Performance Returns

	2013	2012	2011*
FS Energy & Power Fund	10.49%	14.07%	1.23%
S&P/LSTA Leveraged Loan Index	5.25%	9.67%	1.51%
BofA Merrill Lynch High Yield Master II	7.42%	15.58%	4.38%

* 2011 return is not annualized and reflects limited operations as the fund became effective 5/12/11

Floating vs. Fixed Rate Investments



Fixed:.....	34.7%
Floating:.....	60.5%

Key Statistics

Fund Operating Expense Ratio.....	5.0%
Interest Coverage Ratio.....	10.2x
Weighted Average Interest Rate.....	3.2%
Leverage Ratio.....	25.7%
Taxable Income Payout Ratio.....	102%
Net Change in Assets Payout Ratio.....	72%
Expense Support % of Distribution.....	0%

Contact Information

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* See additional notes on page 19.

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Additonal BDC Notes

Business Development Corporation of America

- 24% of portfolio is invested in investment funds and vehicles (including CLOs)
- TRS investments performed well, creating \$17.4 million of the \$42.7 million or 41% of the GAAP earnings for the year

CION Investment Corp.

- Surpassed \$150 million in total assets
- Portfolio yields may appear low due to CION's rapid gain in assets during 2013, yields are divided by average assets for the year
- 100% floating rate investments

Corporate Capital Trust

- Direct origination of 15 investments totaling \$704 million for the year
- 1.5% expected additional yield from originated investments
- Added an additional \$320 million in borrowing capacity
- Received a BBB- credit rating from Standard & Poor's

FS Energy and Power Fund

- Shifted portfolio from 39% to 61% variable rate investments from 2012 to end of 2013
- Direct origination investments now represent 25% of the portfolio

FS Investment Corp.

- Listed on the NYSE on April 16, 2014 under the ticker symbol 'FSIC'
- Received a BBB- rating from Standard & Poor's, announced April 1, 2014
- Variable rate investments increased slightly to 72.2% from 69.4% in 2012

FS Investment Corp. II

- Closed to new investors, announced March 25, 2014
- Received a BBB- rating from Standard & Poor's, announced April 1, 2014

HMS Income Fund

- HMS waived over \$1.8 million in management fees and operating expenses
- Portfolio is 100% invested in senior debt
- Continued focus on investing in lower middle market (LMM) companies

Sierra Income Corp.

- Major shift to variable rate investments from 16% to 57% from 2012 to end of 2013
- Nearly 14% of investments are in the Oil and Gas sector