

BDC Industry Review: First Quarter 2014



HMS Income Fund Inc.

Total Assets.....	\$167.0 Million
Investments.....	\$141.2 Million
Cash & Equivalents.....	\$17.6 Million
Other.....	\$8.3 Million

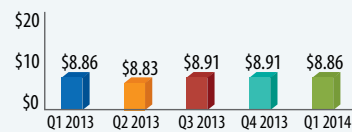


Public Offering Price:	\$10.00
Current Distribution Rate*:	7.30%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	June 4, 2012
Number of Months Effective:.....	64

*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....	10.5%
Asset Type:	Diversified Private Debt
Number of Companies in Portfolio:	68
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)

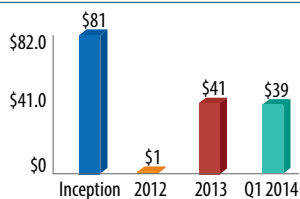
Management

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..

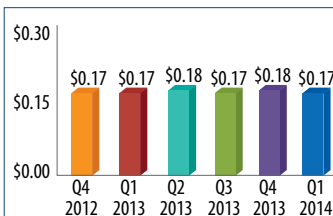
Main Street Capital – A manager of private debt and equity investments, Main Street Capital Corp. is a publicly traded BDC with a market capitalization of roughly \$1.25 billion.

Gross Offering Proceeds



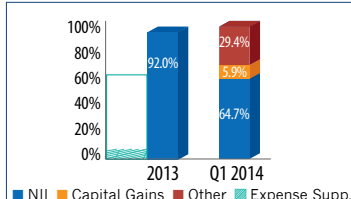
*Includes reinvested distributions (in millions)

Historical Distribution Per Share

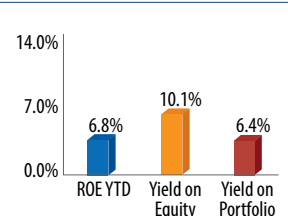


*Does not include special distributions

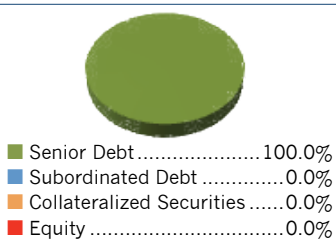
Sources of Distributions

*Other may include other taxable income items.
**42% of distributions are represented in fee waivers.

Portfolio Yields



Portfolio by Asset Type



Portfolio Concentration – Top 5 Industries

Industry	2014	2013
Internet Software & Services	9.4%	5.9%
Media	9.3%	6.7%
Hotels, Restaurants, & Leisure	7.6%	5.4%
IT Services	7.9%	11.3%
Chemicals	6.2%	1.9%

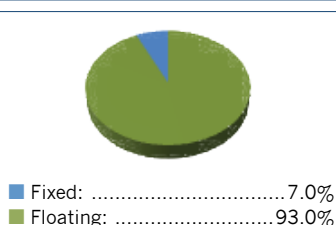
* Short-term Treasury Investments not included

Performance Returns

	2014*	2013*	2012
HMS Income Fund Inc.	1.35%	8.47%	10.85%
S&P/LSTA Leveraged Loan Index	1.20%	5.25%	—
BofA Merrill Lynch High Yield Master II	7.42%	3.00%	—

* 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



* See additional notes on page 18.

Key Statistics

Fund Operating Expense Ratio.....	7.7%
Interest Coverage Ratio.....	8.3x
Weighted Average Interest Rate	3.9%
Leverage Ratio.....	16.0%
Taxable Income Payout Ratio.....	141.0%
Net Change in Assets Payout Ratio.....	112.0%
Expense Support % of Distribution.....	50.0%

Contact Information

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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