

## BDC Industry Review: First Quarter 2014



## Sierra Income Corporation

Total Assets.....	\$261.2 Million
Investments.....	\$215.9 Million
Cash & Equivalents.....	\$11.4 Million
Other.....	\$33.9 Million

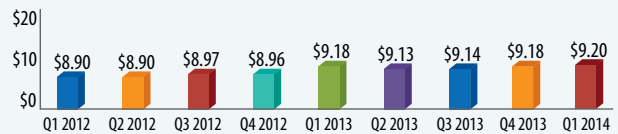


Public Offering Price: .....	\$10.25
Current Distribution Rate*: .....	7.80%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	April 16, 2012
Number of Months Effective:.....	26

\*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....	4.4%
Asset Type: .....	Diversified Private Debt
Number of Companies in Portfolio: .....	49
Sponsor/Advisor: .....	SIC Advisors - Medley Capital
Sub-Advisor:.....	Not Applicable
Use of Total Return Swap (TRS): .....	Yes
Assets of TRS: .....	\$74.0 Million

## Historical Price (Net Asset Value)



## Investment Strategy

## Strategy:

To invest primarily in debt of privately owned U.S. companies with a focus on senior secured debt, second lien debt, and to a lesser extent, subordinated debt.

## Company Size:

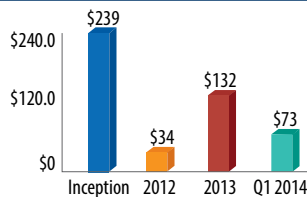
Enterprise value of \$50 million to \$4 billion

## Management

Investments are sourced, underwritten and managed by SIC Advisors, Medley Capital professionals.

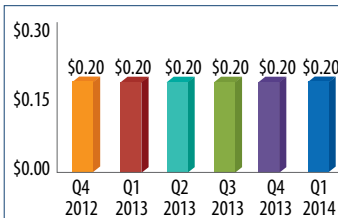
**SIC Advisors - Medley Capital** – Management team members bring an average of more than 20 years experience in principal finance, investment sourcing, credit analysis, transaction structuring, due diligence and investing. Medley Capital, the parent company of SIC Advisors has several private investment funds and a publicly traded BDC (Medley Capital Corporation) with combined assets of \$2.5 billion.

## Gross Offering Proceeds



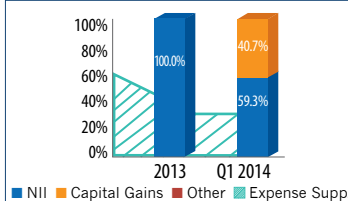
\*Includes reinvested distributions (in millions)

## Historical Distribution Per Share

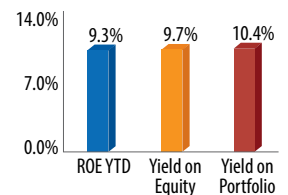


\*Does not include special distributions

## Sources of Distributions

\*Other may include other taxable income items.  
\*\*31.3% of distributions attributable to waived fee.

## Portfolio Yields



## Portfolio by Asset Type



## Portfolio Concentration - Top 5 Industries

Industry	2014	2013
Oil and Gas	13.1%	13.7%
Retail Stores	10.6%	12.3%
Healthcare, Education, and Children	10.2%	8.9%
Electronics	9.3%	10.2%
Aerospace and Defense	6.5%	2.0%

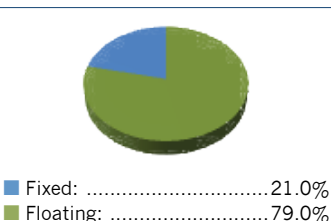
\* Includes TRS Portfolio

## Performance Returns

	2014*	2013*
Sierra Income Corporation	2.39%	11.75%
S&P/LSTA Leveraged Loan Index	1.20%	5.25%
BofA Merrill Lynch High Yield Master II	3.00%	7.42%

\* 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



## Key Statistics

Fund Operating Expense Ratio.....	6.8%
Interest Coverage Ratio.....	28.1x
Weighted Average Interest Rate .....	3.2%
Leverage Ratio.....	23.5%
Taxable Income Payout Ratio.....	100.0%
Net Change in Assets Payout Ratio.....	94.0%
Expense Support % of Distribution.....	31.0%

## Contact Information

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\* See additional notes on page 18.



## Additional BDC Notes

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### **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