



Houlihan  
Lokey

BDC Monitor

Winter 2025

## FIRST LIEN

SOFR  
**+500 bps**

Median Coupon for Newly Issued Loans in Q3 2025

⊖ Unchanged QoQ

**99.4%**

Weighted Average Loan Price

⬆️ +8 bps QoQ

**9.66%**

Average Yield

⬇️ -23 bps QoQ

**1.1%**

Nonaccrual Rate

⬇️ -11 bps QoQ

**61.0%**

Implied Recovery Rate for Loans on Nonaccrual Status

⬆️ +1,208 bps QoQ

## SECOND LIEN

SOFR  
**+650 bps**

Median Coupon for Newly Issued Loans in Q3 2025

⬇️ -38 bps QoQ

**98.1%**

Weighted Average Loan Price

⬆️ +49 bps QoQ

**12.34%**

Average Yield

⬇️ -61 bps QoQ

**\$513.2B**

Aggregate Fair Value of Investments Held in BDC Portfolios

⬆️ +\$31.6B QoQ

**9,846**

Aggregate Number of Unique Investments Held in BDC Portfolios

⬆️ +32 QoQ

Source: Advantage Data.

Note: 9,846 aggregate number of unique investments held in BDC portfolios excludes cross-held investments.

Houlihan Lokey's Portfolio Valuation and Fund Advisory Services and Asset Management teams are pleased to present the Winter 2025 edition of the BDC Monitor, which includes key trends for more than **160 BDCs** to help you stay ahead in this constantly evolving industry.

We hope you will find this update to be informative and a valuable resource to you in staying abreast of the market. If there is additional content you would find useful for future updates, please do not hesitate to call or email us with your suggestions. We look forward to staying in touch with you.

 Portfolio Valuation and Fund Advisory Services Team

 Asset Management Team

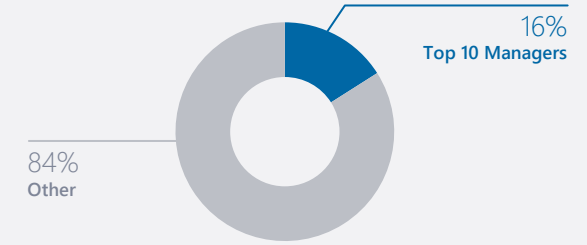
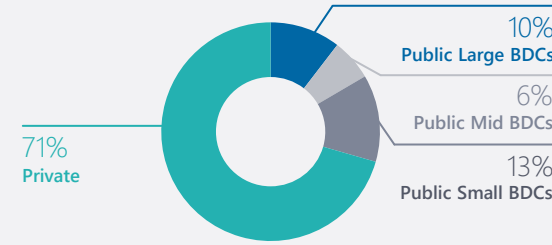
# BDC Market Landscape

- The top 10 managers represent 16% of the BDCs by fund count and 66% of the BDCs by total assets.
- Direct lending positions continued to grow in number and size in Q3 2025. The total fair value of BDC public and private investments reached \$513.2 billion in Q3 2025 (up from \$481.7 billion in Q2 2025), driven by approximately 32 net additional investments.
- Private BDCs comprise a substantial portion of the market, accounting for more than two-thirds of the 160+ active funds. Since 2020, their portfolio fair value has risen from \$21.5 billion to \$357.0 billion as of Q3 2025, and their share of the total BDC market by fair value has increased from approximately 17% to about 70%.

## Total BDC Net Equity Capital Raised

Number of Funds Tracked, Actual

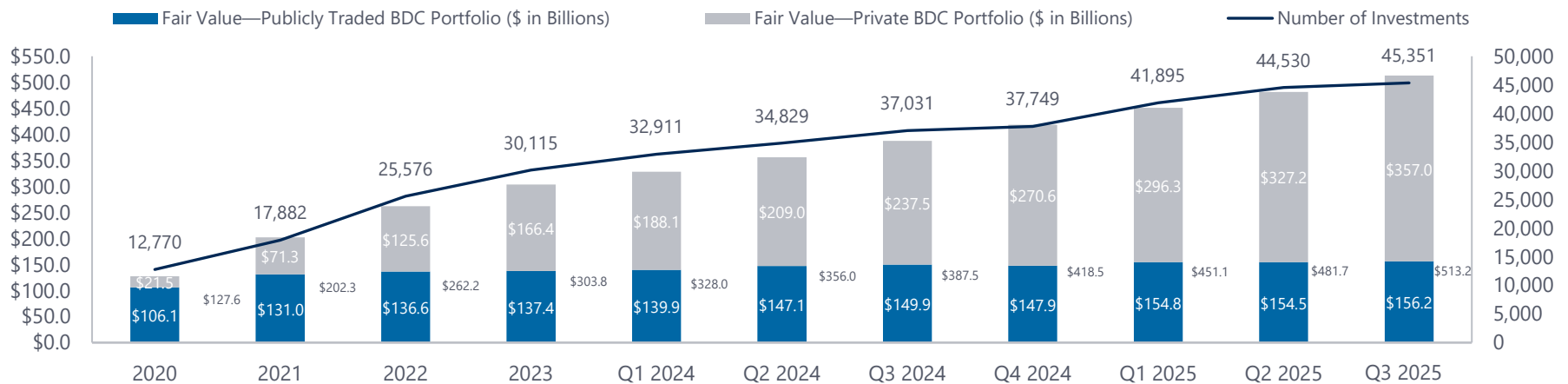
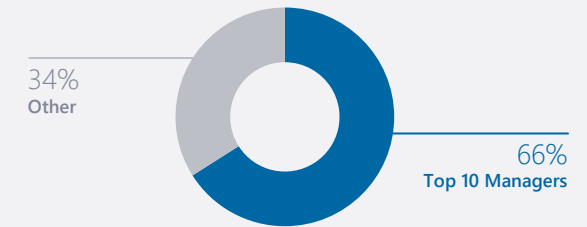
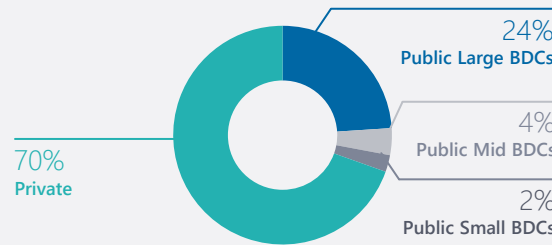
More Than 160  
Total Active Funds



## Total Assets of Privately Registered and Publicly Traded BDC Funds

Cumulative Total Assets

\$513 Billion  
Total Assets



Sources: Advantage Data, SEC Filings, and S&P Capital IQ.

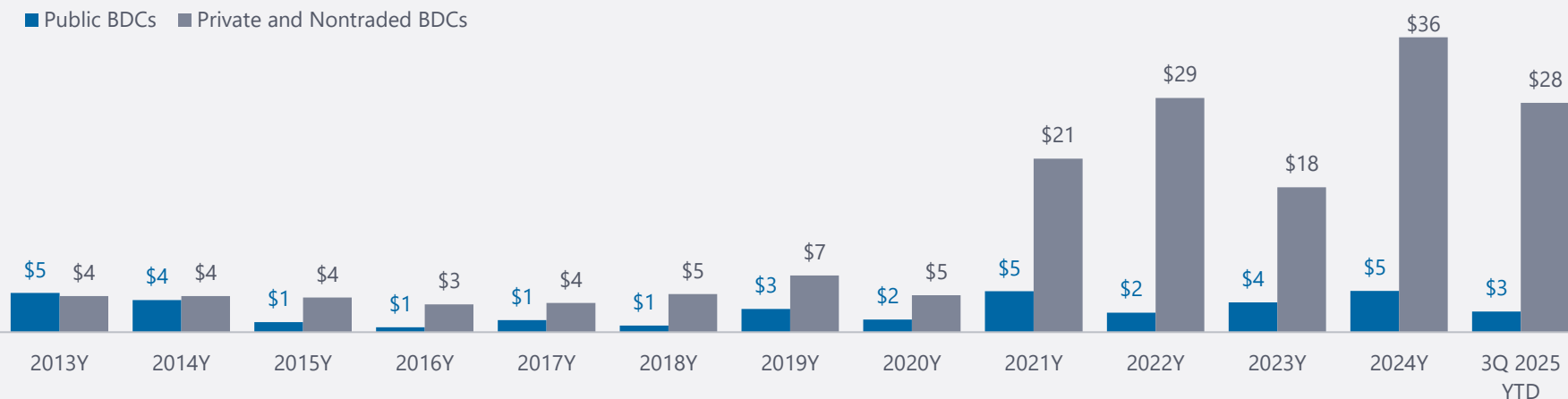
Notes: Represents data for all BDCs tracked by Advantage Data that were filed as of January 15, 2026. Excludes outliers. The data is meant to reflect performing loans only. 45,351 number of investments represents cross-held investments across BDCs.

# Private BDCs: The Fundraising Powerhouses

- In the past few years, the vast majority of BDC capital has been raised in the private and nontraded channels; managers can raise new equity at NAV, which is not subject to public market volatility and is below the NAV trading price.
- Debt-to-equity climbed steadily from 0.93x in 2020 to a cycle high of 1.09x by year-end 2022. Facing higher borrowing costs, BDCs deleveraged to 0.93x in 2023 and have remained consistent at 0.93x for Q3 2025.
- The gap between gross portfolio yields and fixed-rate debt costs widened from approximately 4.1% in 2020 to a peak of 4.8% in 2023. It has since contracted back to 3.7% as of Q3 2025, reflecting a moderation in net interest margins following a period of strong expansion.

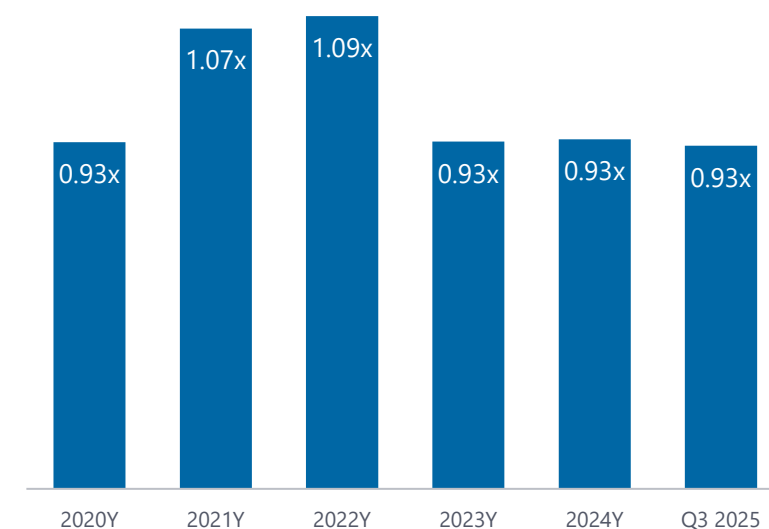
## Total BDC Net Equity Capital Raised

\$ in Billions



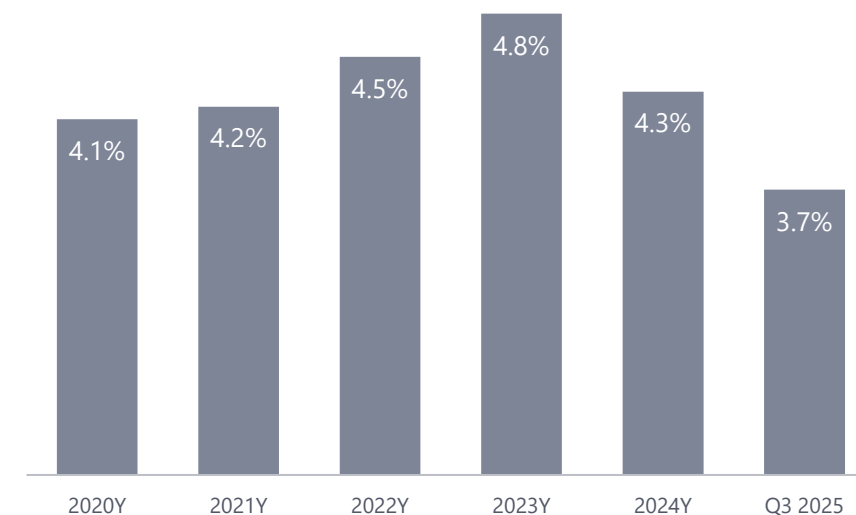
## Leverage Trending Lower Since 2022 High

Industry Debt-to-Equity Ratios



## Net Interest Spread Has Tightened

Difference Between Interest Income and Interest Expense Rates



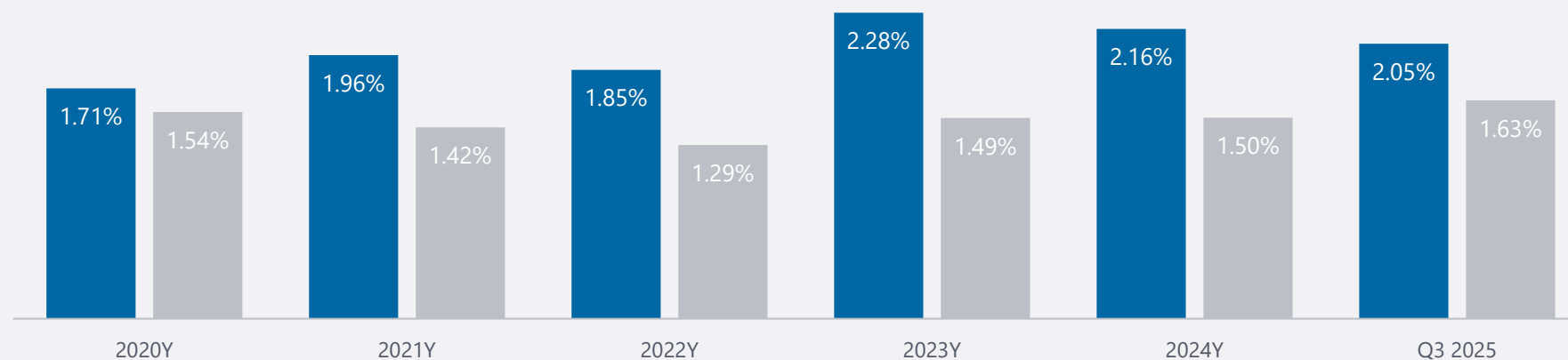
Sources: SEC filings and S&P Capital IQ as of January 16, 2026.

Note: Private BDCs are offered to accredited investors under Regulation D with Form 10 automatically effective after SEC review; nontraded BDCs are publicly offered under the Securities Act of 1933 using Form N-2, which is declared effective by the SEC.

# Management Fee Rates and Selected Recent Observations

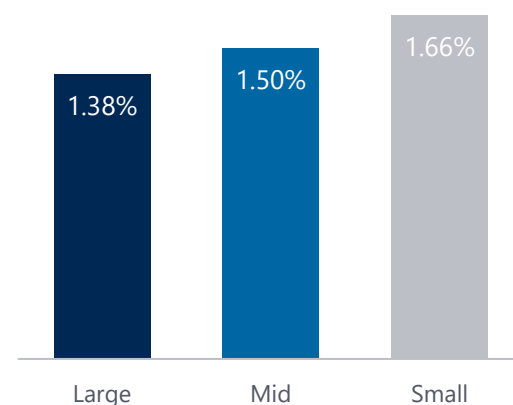
- Recent operating trends that have led to greater BDC profitability have also resulted in higher relative fees for managers, though relative fees remain lower for larger BDCs and in the private and nontraded channels.
- Recently observed related-party BDC mergers have typically been structured near or at 1.00x NAV-to-NAV.
- To help ensure net investment income accretion to shareholders, managers have been willing to (i) waive certain parts of the management and/or incentive fees to the pro forma entity to support dividends or (ii) reset fees.
- Other manager benefits have also included reimbursing transaction-related fees or first loss pro forma realized credit losses up to a certain threshold.

■ Total Fees/Avg. Assets (Public) ■ Total Fees/Avg. Assets (Private and Nontraded)

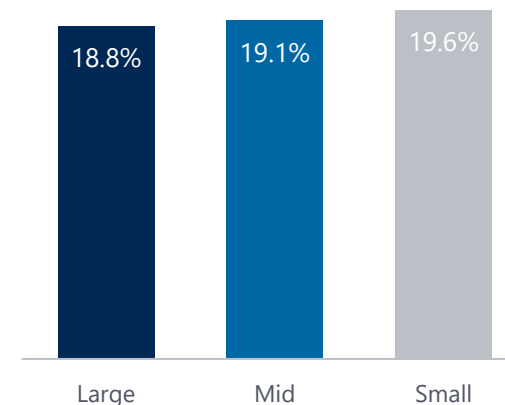


## Average Fee Structure by Public BDC Size

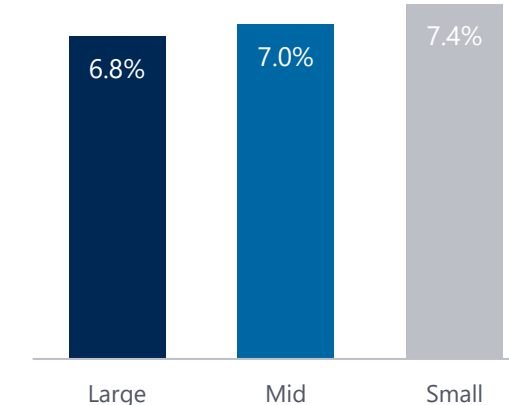
### Management Fee



### Incentive Fee



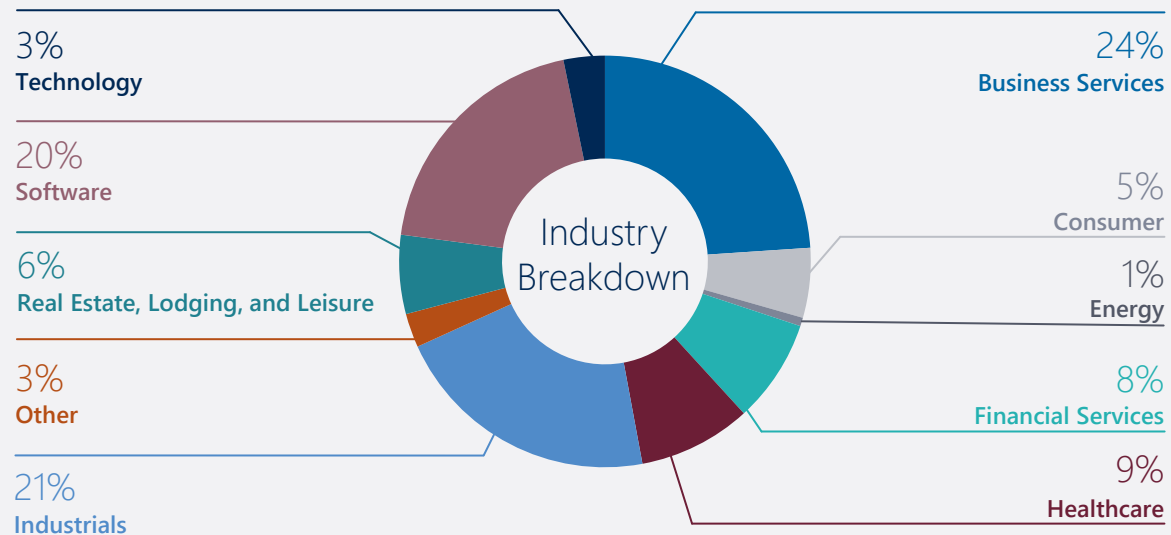
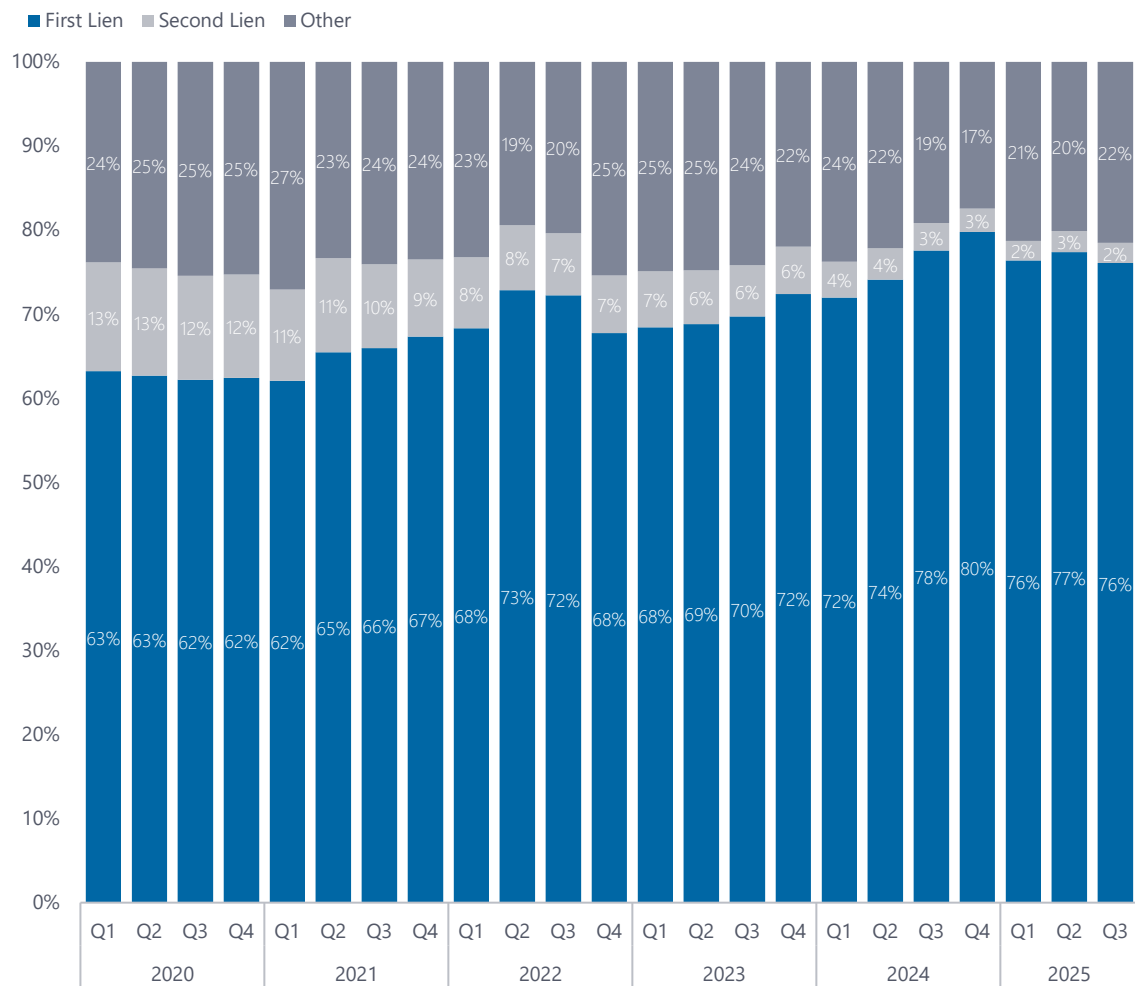
### Hurdle Rate



Sources: SEC filings and S&P Capital IQ as of January 16, 2026.

Note: Financial data as of January 16, 2026. Small, mid, and large BDCs are funds with NAV under \$500 million, between \$500 million and \$1 billion, and above \$1 billion, respectively.

# BDC Portfolio Composition



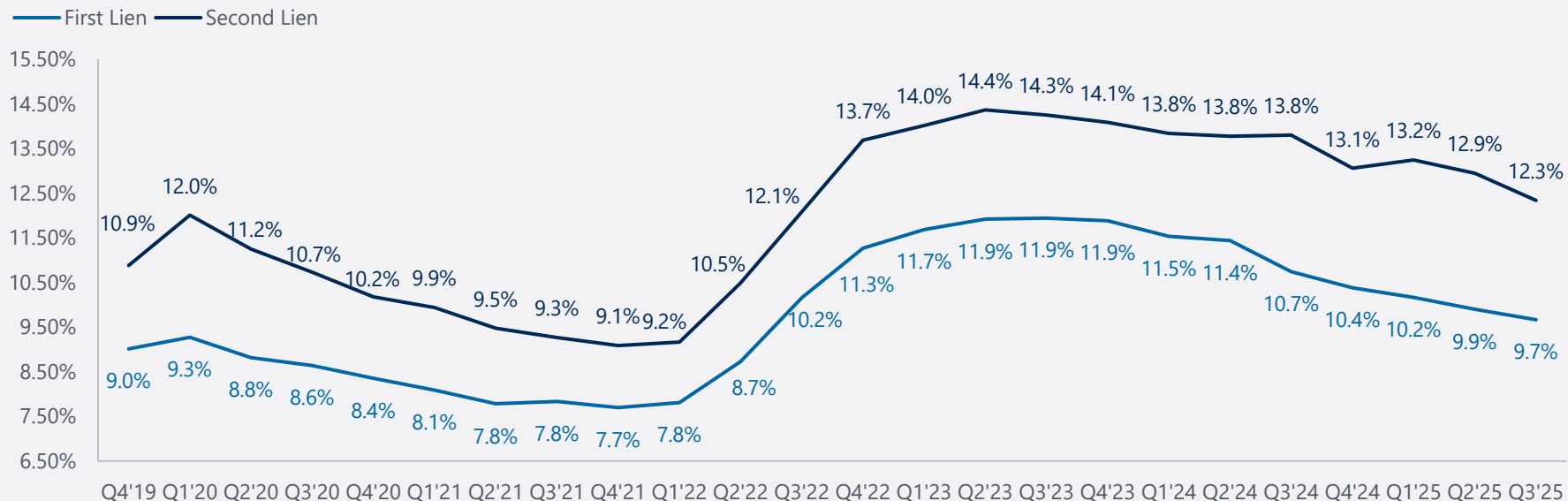
Industry	First Lien Yields	Industry	Second Lien Yields
Technology	10.2%	Other	16.6%
Healthcare	10.1%	Healthcare	15.5%
Consumer	9.9%	Technology	14.5%
Other	9.9%	Industrials	13.0%
Industrials	9.7%	Energy	12.7%
Real Estate, Lodging, and Leisure	9.7%	Consumer	12.5%
Business Services	9.6%	Business Services	12.0%
Software	9.6%	Software	11.5%
Energy	9.2%	Real Estate, Lodging, and Leisure	11.4%
Financial Services	8.9%	Financial Services	10.9%

Source: Advantage Data as of September 30, 2025.  
 Note: The BDC portfolio composition represents the aggregate composition of all BDC portfolios tracked by Advantage Data. Industry breakdown is based on the industry of each BDC portfolio company and is divided by aggregate principal for each BDC investment.

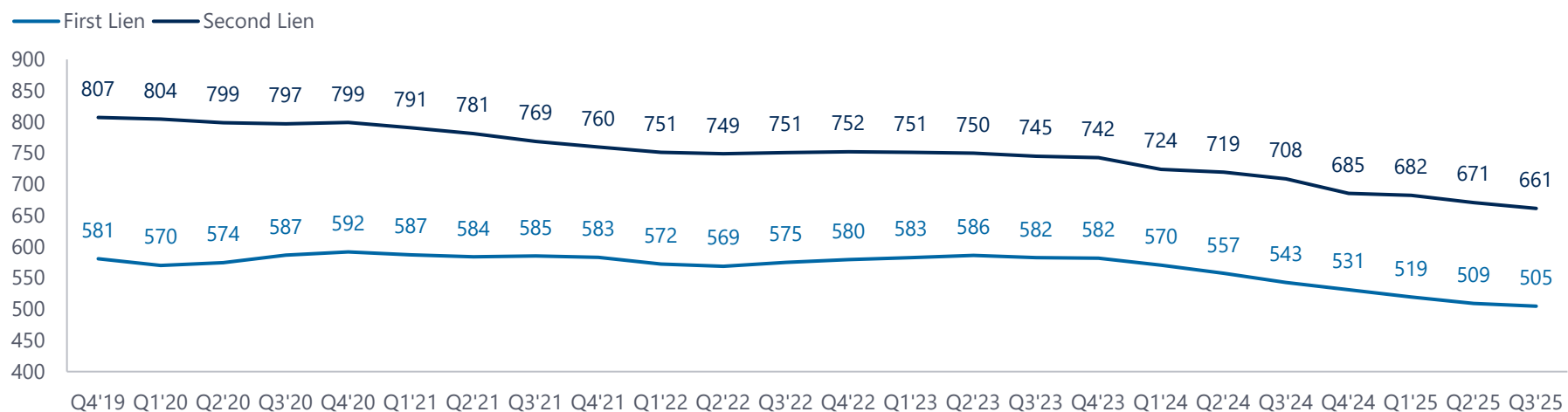
# Yields and Spreads Compress Due to a Highly Competitive Market

- The beginning of Q3 2025 was characterized by a slower pace, but deal activity accelerated in September as market volatility eased and economic clarity improved. This back-end loaded momentum resulted in record backlogs for many managers, supporting a robust outlook for deployment through year-end and into 2026.
- Q3 2025 saw continued credit spread compression driven by an intensely competitive landscape and a resurgence in the BSL market. Despite declining base rates, the abundance of capital chasing quality assets continued to reinforce borrower-friendly conditions and aggressive pricing dynamics.
- Average first lien yields across BDC portfolios decreased from 9.90% in Q2 2025 to 9.66% in Q3 2025. On a year-over-year basis, first lien yields decreased by 108 bps in Q3 2025.
- Average second lien yields decreased from 12.94% in Q2 2025 to 12.34% in Q3 2025. On a year-over-year basis, second lien yields decreased by 147 bps in Q3 2025.

## Average Yields



## Average Coupon (Spread Over SOFR)

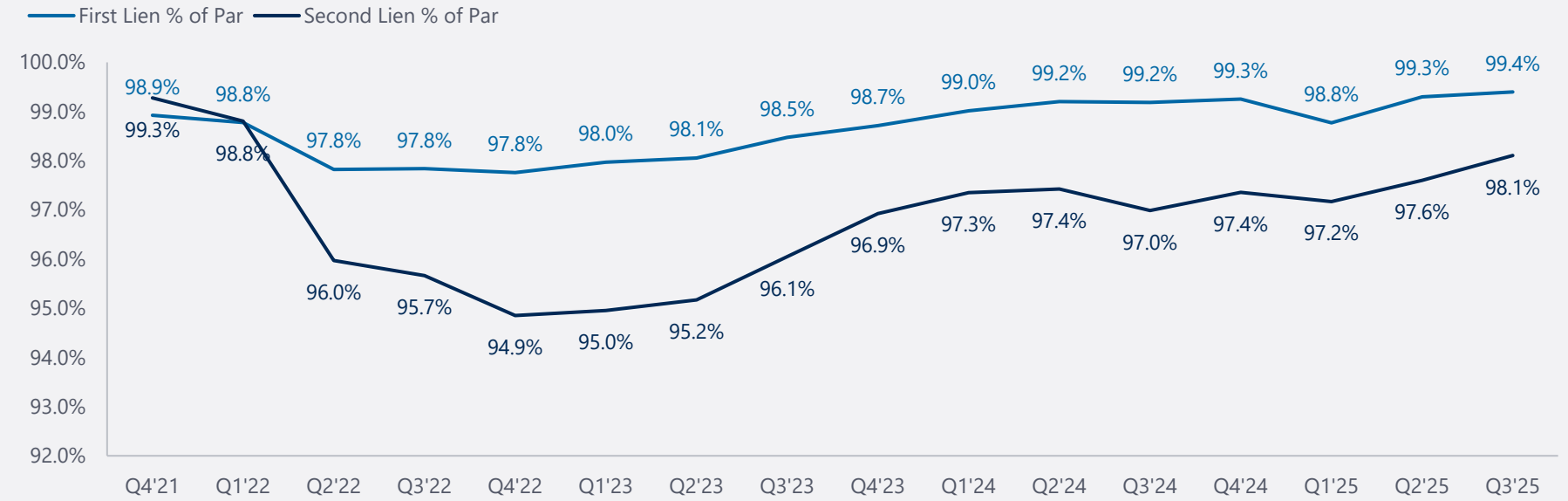


Sources: PitchBook and Advantage Data as of September 30, 2025.  
 Note: Yield is based on reported fair value, stated maturity, and stated interest rate. Represents data for all BDCs tracked by Advantage Data. Excludes outliers.

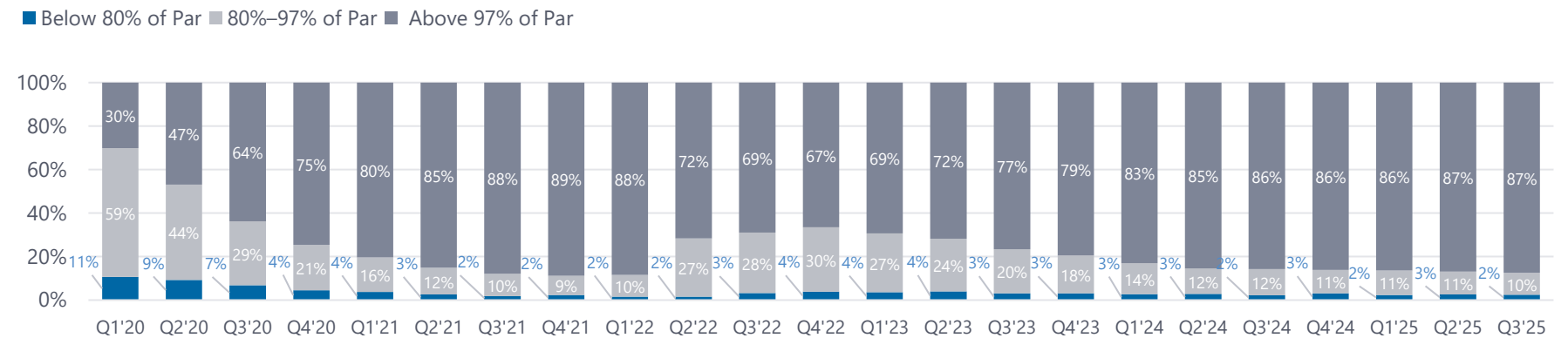
# Loan Pricing

- The weighted average price for first lien loans increased from 99.32% of par in Q2 2025 to 99.40% of par in Q3 2025.
- The weighted average price for second lien loans increased from 97.61% of par to 98.10% of par over the same period.
- Several BDCs categorize their portfolios by risk level. As of Q3 2025, an average of 6.3% of BDC portfolios were deemed riskier than at underwriting, 6.5% were considered less risky, and 87.2% matched the original underwriting risk.
- An alternative approach to risk-level categorization is to categorize loan portfolios based on pricing tiers. Although various factors influence loan pricing, this type of tiered analysis aims to provide a more objective, market-driven evaluation of portfolio health and serves as an early indicator of potential portfolio degradation or distress as the distribution across these pricing tiers evolves over time.
- As of Q3 2025, 2.4% of BDC loans were priced below 80.0% of par, 10.2% were in the range of 80.0%–97.0% of par, and 87.4% were priced above 97.0% of par. Using loans priced below 80.0% as an indicator of distress, it appears that BDC portfolios are not experiencing an uptick in distressed loans, with levels at or below historical norms.

## Weighted Average Loan Price<sup>(1)</sup>



## Investment Percentage of Par Buckets<sup>(2)</sup>



Source: Advantage Data as of September 30, 2025.

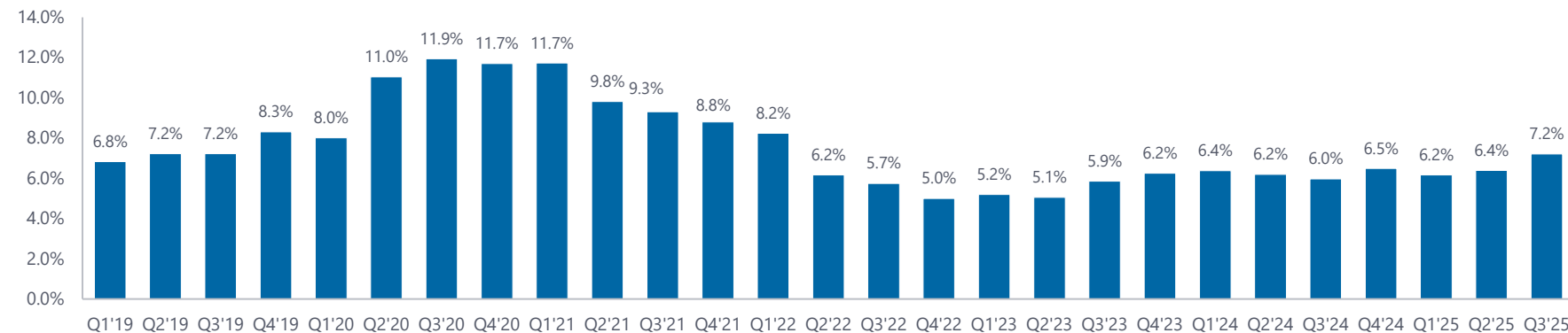
(1) Expressed as a percentage of par. Represents data for all BDCs tracked by Advantage Data that were filed as of the date of this report. Excludes outliers. The data is meant to reflect performing loans only.

(2) Reflects the allocation of loans into buckets based on their fair value percentage of par. The relative allocation is based on cost.

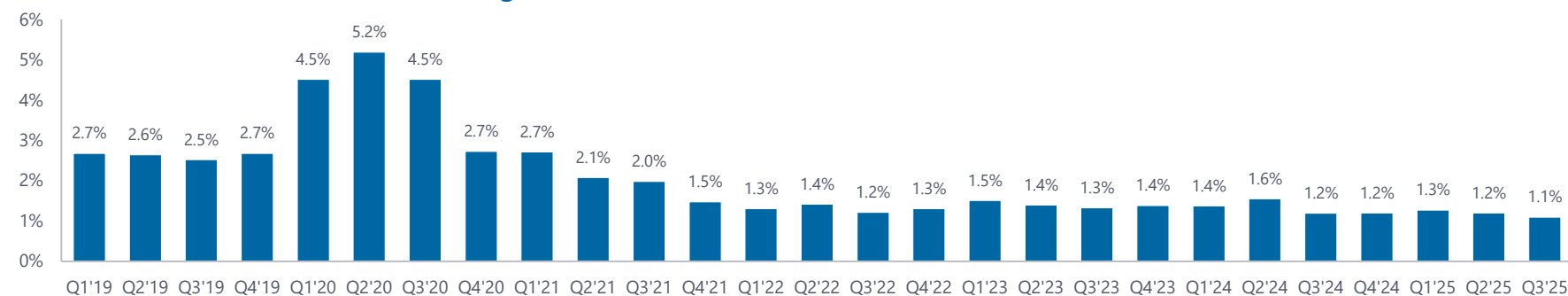
# Distress Remains Low and Implied Recovery Rates Jump

- PIK as a percentage of total interest income increased by 0.8% from Q2 2025 to Q3 2025.
- At the end of Q3 2025, the nonaccrual percentage for BDC loans was 1.1% (a decrease of 11 bps from the prior quarter). Trends varied by capitalization: large-cap BDCs remained stable, mid-cap BDCs improved due to active credit resolutions, and small-cap BDCs saw an increase in nonaccruals driven by company-specific stress, most notably in the consumer and retail sectors.
- The implied recovery rate on nonaccrual investments increased to 61.0%, an increase of 1,208 basis points quarter over quarter, driven by significant recoveries on a handful of idiosyncratic credits that were resolved through restructurings and asset sales, while broader asset quality remained stable amid a resilient U.S. economy and limited direct tariff impact.
- As of Q3 2025, the public M&A and origination markets showed signs of improvement, supported by greater market clarity, minimal tariff impact on portfolios, and growing expectations for interest-rate easing. These factors contribute to a constructive outlook for a stronger M&A rebound in Q4 and into 2026.

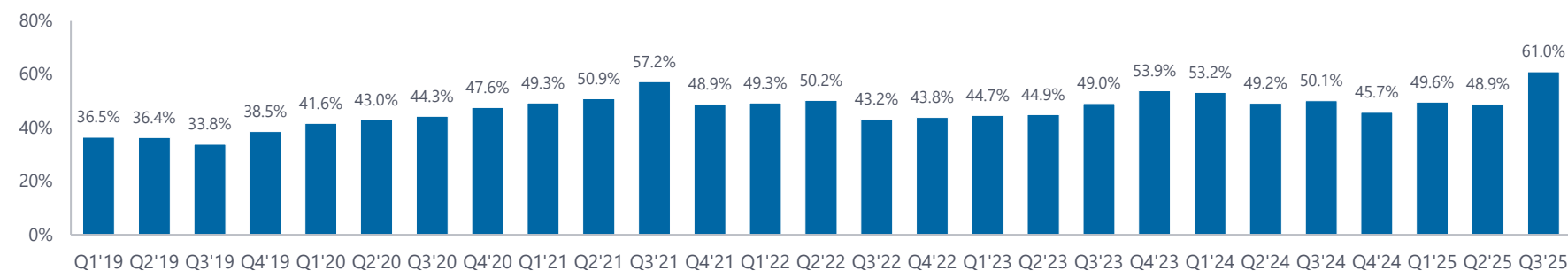
## PIK as a Percentage of Total Interest Income<sup>(1)</sup>



## Nonaccrual Investments as a Percentage of Total Portfolio<sup>(2)</sup>



## Nonaccrual Investments Implied Recovery Rate<sup>(3)</sup>



Source: Advantage Data as of September 30, 2025.

(1) Reflects PIK income as a percentage of total interest income for BDCs tracked by Advantage Data.

(2) Reflects the cost of nonaccrual investments as a percentage of total portfolio cost for BDCs tracked by Advantage Data.

(3) Reflects the fair value of nonaccrual investments as a percentage of the cost of nonaccrual investments for BDCs tracked by Advantage Data.

# Publicly Traded BDC Market Snapshot

## Large-Cap

- As of Q3 2025, large-cap BDCs experienced a slow start to the quarter, but many firms reported a notable uptick in activity toward quarter-end, supported by improved visibility into the economic outlook and improved valuations. Lenders highlighted a meaningful increase in new borrower activity alongside continued strength in incumbent sponsor relationships. Credit spreads held steady to slightly compressed amid rising competition and a resurgent BSL market, prompting BDCs to remain selective and continue emphasizing disciplined underwriting. Managers expressed strong optimism for year-end, citing increased deal screens and a robust pipeline of potential PE exits.
- Leverage remains manageable, supported by the resilience of portfolio companies. Interest coverage ratios increased and now sit at or above 2.0x, driven by strong EBITDA growth. Average loan-to-value ratios remained in the low-40% range. Nonaccrual rates across large-cap BDCs improved modestly, as several firms noted successful resolutions to company-specific distress situations.
- Large-cap BDCs expect M&A activity to accelerate as valuations improve and interest rates trend lower, enabling the deployment of dry powder and setting the stage for a strong Q4 and 2026.

Sources: S&P Capital IQ and SEC filings.

Note: As of January 15, 2026.

Large-cap = market cap greater than \$1 billion.

ROA = (net change in net assets + interest expense) / average assets.

ROE = net change in net assets / average equity.

### Price to NAV

Main Street Capital Corp.	1.96x
Hercules Capital, Inc.	1.56x
Capital Southwest Corp.	1.43x
Sixth Street Specialty Lending, Inc.	1.31x
Trinity Capital Inc.	1.22x
Ares Capital Corp.	1.05x
Blackstone Secured Lending Fund	0.97x
Golub Capital BDC, Inc.	0.93x
Blue Owl Capital Corp.	0.85x
Morgan Stanley Direct Lending Fund	0.83x
MidCap Financial Investment Corp.	0.80x
Oaktree Specialty Lending Corp.	0.78x
Goldman Sachs BDC, Inc.	0.74x
FS KKR Capital Corp.	0.67x
Prospect Capital Corp.	0.46x
<b>Mean</b>	<b>1.04x</b>
<b>Median</b>	<b>0.93x</b>

### ROA

Main Street Capital Corp.	12.8%
Trinity Capital Inc.	10.9%
Hercules Capital, Inc.	10.1%
Sixth Street Specialty Lending, Inc.	9.3%
Capital Southwest Corp.	8.1%
Blue Owl Capital Corp.	7.8%
Golub Capital BDC, Inc.	7.5%
Blackstone Secured Lending Fund	7.3%
Ares Capital Corp.	7.3%
Morgan Stanley Direct Lending Fund	7.3%
MidCap Financial Investment Corp.	7.0%
Goldman Sachs BDC, Inc.	6.9%
FS KKR Capital Corp.	5.1%
Oaktree Specialty Lending Corp.	4.8%
Prospect Capital Corp.	(1.8%)
<b>Mean</b>	<b>7.4%</b>
<b>Median</b>	<b>7.3%</b>

### Dividend Yield

FS KKR Capital Corp.	19.1%
Prospect Capital Corp.	18.3%
Goldman Sachs BDC, Inc.	13.6%
MidCap Financial Investment Corp.	12.9%
Trinity Capital Inc.	12.5%
Morgan Stanley Direct Lending Fund	12.5%
Oaktree Specialty Lending Corp.	12.3%
Blue Owl Capital Corp.	12.3%
Blackstone Secured Lending Fund	11.7%
Golub Capital BDC, Inc.	11.2%
Capital Southwest Corp.	10.8%
Hercules Capital, Inc.	9.9%
Sixth Street Specialty Lending, Inc.	9.2%
Ares Capital Corp.	9.1%
Main Street Capital Corp.	6.7%
<b>Mean</b>	<b>12.1%</b>
<b>Median</b>	<b>12.3%</b>

### ROE

Main Street Capital Corp.	19.1%
Trinity Capital Inc.	16.2%
Hercules Capital, Inc.	15.4%
Sixth Street Specialty Lending, Inc.	11.9%
Ares Capital Corp.	10.1%
Blackstone Secured Lending Fund	10.0%
Capital Southwest Corp.	9.9%
Blue Owl Capital Corp.	9.8%
Golub Capital BDC, Inc.	9.4%
Goldman Sachs BDC, Inc.	8.8%
Morgan Stanley Direct Lending Fund	8.0%
MidCap Financial Investment Corp.	7.2%
FS KKR Capital Corp.	4.2%
Oaktree Specialty Lending Corp.	2.3%
Prospect Capital Corp.	(5.3%)
<b>Mean</b>	<b>9.1%</b>
<b>Median</b>	<b>9.8%</b>

### Total Assets

(\$ in Millions)

Ares Capital Corp.	\$30,806
Blue Owl Capital Corp.	\$17,605
Blackstone Secured Lending Fund	\$14,256
FS KKR Capital Corp.	\$13,909
Golub Capital BDC, Inc.	\$8,978
Prospect Capital Corp.	\$6,642
Main Street Capital Corp.	\$5,283
Hercules Capital, Inc.	\$4,410
Morgan Stanley Direct Lending Fund	\$3,932
Sixth Street Specialty Lending, Inc.	\$3,509
Goldman Sachs BDC, Inc.	\$3,385
MidCap Financial Investment Corp.	\$3,309
Oaktree Specialty Lending Corp.	\$3,003
Trinity Capital Inc.	\$2,247
Capital Southwest Corp.	\$2,021
<b>Mean</b>	<b>\$8,220</b>
<b>Median</b>	<b>\$4,410</b>

### Nonaccrual

Oaktree Specialty Lending Corp.	5.3%
FS KKR Capital Corp.	5.1%
Main Street Capital Corp.	5.0%
Prospect Capital Corp.	4.1%
MidCap Financial Investment Corp.	2.8%
Capital Southwest Corp.	2.6%
Goldman Sachs BDC, Inc.	2.5%
Blue Owl Capital Corp.	2.4%
Trinity Capital Inc.	2.4%
Sixth Street Specialty Lending, Inc.	2.1%
Ares Capital Corp.	2.0%
Golub Capital BDC, Inc.	1.2%
Morgan Stanley Direct Lending Fund	0.7%
Blackstone Secured Lending Fund	0.3%
Hercules Capital, Inc.	0.2%
<b>Mean</b>	<b>2.6%</b>
<b>Median</b>	<b>2.4%</b>

# Publicly Traded BDC Market Snapshot

## Mid-Cap

- As of Q3 2025, mid-cap BDCs reported a broad acceleration in origination activity, supported by increased policy clarity and steady macroeconomic conditions. Many platforms noted significant intra-quarter momentum, with several describing activity across July through September as exceptionally strong and pipelines “exploding.” Add-on financings remained a core deployment driver, though new platform opportunities began increasing as market confidence returned. Pricing trends reflected a competitive market, with spreads stabilizing in the low- to mid-500 bps range despite continued spread compression in the core middle market. Management teams expressed optimism for Q4 and 2026, expecting sustained increases in deployment as sponsors re-engage and deal pipelines deepen.
- Nonaccrual rates remained stable or improved modestly, with issues largely idiosyncratic rather than broad-based. NAV trends were mixed, reflecting isolated unrealized markdowns or tariff impacts at some firms, while others recorded slight gains from accretive equity issuance and realized profits. Portfolio leverage remained healthy in the 3.5x to 5.0x range, supported by solid interest coverage ratios generally between 2.3x and 3.6x.
- Mid-cap BDCs noted that recent and expected Fed rate cuts should lower borrowing costs and strengthen sponsor confidence. These dynamics are expected to spur higher M&A activity and increased prepayments heading into Q4 and 2026.

### Price to NAV

Gladstone Investment Corp.	1.05x
Fidus Investment Corp.	1.03x
PennantPark Floating Rate Capital Ltd.	0.90x
SLR Investment Corp.	0.85x
Barings BDC, Inc.	0.84x
Bain Capital Specialty Finance, Inc.	0.81x
Carlyle Secured Lending, Inc.	0.79x
Nuveen Churchill Direct Lending Corp.	0.78x
Crescent Capital BDC, Inc.	0.77x
New Mountain Finance Corp.	0.77x

Mean	0.86x
Median	0.82x

### ROA

Gladstone Investment Corp.	12.9%
Fidus Investment Corp.	9.0%
Nuveen Churchill Direct Lending Corp.	7.7%
Barings BDC, Inc.	6.9%
Bain Capital Specialty Finance, Inc.	6.7%
PennantPark Floating Rate Capital Ltd.	6.4%
SLR Investment Corp.	6.3%
New Mountain Finance Corp.	6.0%
Crescent Capital BDC, Inc.	5.7%
Carlyle Secured Lending, Inc.	3.9%

Mean	7.1%
Median	6.5%

### Dividend Yield

Nuveen Churchill Direct Lending Corp.	13.9%
New Mountain Finance Corp.	13.9%
Bain Capital Specialty Finance, Inc.	12.8%
Carlyle Secured Lending, Inc.	12.8%
PennantPark Floating Rate Capital Ltd.	12.7%
Crescent Capital BDC, Inc.	11.3%
Barings BDC, Inc.	11.2%
Fidus Investment Corp.	10.6%
Gladstone Investment Corp.	10.6%
SLR Investment Corp.	10.6%

Mean	12.0%
Median	12.0%

### ROE

Gladstone Investment Corp.	18.7%
Fidus Investment Corp.	11.9%
SLR Investment Corp.	9.1%
Barings BDC, Inc.	8.6%
Nuveen Churchill Direct Lending Corp.	8.5%
Bain Capital Specialty Finance, Inc.	8.2%
Carlyle Secured Lending, Inc.	7.0%
PennantPark Floating Rate Capital Ltd.	6.8%
New Mountain Finance Corp.	5.4%
Crescent Capital BDC, Inc.	4.9%

Mean	8.9%
Median	8.3%

### Total Assets

(\$ in Millions)

New Mountain Finance Corp.	\$3,089
PennantPark Floating Rate Capital Ltd.	\$2,914
Barings BDC, Inc.	\$2,822
Bain Capital Specialty Finance, Inc.	\$2,716
Carlyle Secured Lending, Inc.	\$2,558
SLR Investment Corp.	\$2,530
Nuveen Churchill Direct Lending Corp.	\$2,042
Crescent Capital BDC, Inc.	\$1,628
Fidus Investment Corp.	\$1,278
Gladstone Investment Corp.	\$1,144

Mean	\$2,272
Median	\$2,544

### Nonaccrual

Gladstone Investment Corp.	9.1%
Crescent Capital BDC, Inc.	3.7%
Fidus Investment Corp.	2.7%
Carlyle Secured Lending, Inc.	2.3%
Bain Capital Specialty Finance, Inc.	1.5%
Barings BDC, Inc.	1.4%
PennantPark Floating Rate Capital Ltd.	1.2%
New Mountain Finance Corp.	1.0%
SLR Investment Corp.	0.4%
Nuveen Churchill Direct Lending Corp.	0.4%

Mean	2.4%
Median	1.4%

Sources: S&P Capital IQ and SEC filings.

Note: As of January 15, 2026.

Mid-cap = market cap less than \$1 billion and greater than \$500 million.

ROA = (net change in net assets + interest expense) / average assets.

ROE = net change in net assets / average equity.

# Publicly Traded BDC Market Snapshot Small-Cap

- As of Q3 2025, small-cap BDCs experienced mixed results as managers remained cautiously optimistic. Several firms noted a rebound driven by strong AI-related deal flow and a warming venture market, while others reported conditions that were still subdued and below expectations. Competitive pressure and tightening spreads continued to influence underwriting, leading firms to remain highly selective and to implement floors as a mitigating factor. Many platforms reported increased activity from both new borrower relationships and incremental portfolio fundings.
- Non-accrual trends were mixed, with several BDCs reporting meaningful improvements through successful resolutions, while others saw isolated spikes driven by idiosyncratic credit events. NAV movements mirrored this divergence as firms with AI or digital-infrastructure exposure saw valuation gains, while others recorded markdowns tied to underperforming borrowers. Overall leverage remained between 4.6x and 4.8x, supported by interest coverage ratios generally in the 2.3x to 2.6x area.
- Small-cap BDCs remained highly selective amid a competitive environment and loose credit documentation, advancing only a small portion of pipeline opportunities to deeper diligence. Despite muted M&A activity in some areas, overall credit quality remained supported by cautious underwriting, active restructuring outcomes, and limited direct tariff impacts, while firms continued to monitor broader macro uncertainty and shifting rate dynamics.

Sources: S&P Capital IQ and SEC filings.

Notes: As of January 15, 2026

Small-cap = market cap less than \$500 million.

ROA = (net change in net assets + interest expense) / average assets.

ROE = net change in net assets / average equity.

## Price to NAV

NewtekOne, Inc.	1.24x
SuRo Capital Corp.	1.05x
Stellus Capital Investment Corp.	1.03x
Oxford Square Capital Corp.	1.00x
Gladstone Capital Corp.	1.00x
Horizon Technology Finance Corp.	0.95x
Saratoga Investment Corp.	0.93x
PennantPark Investment Corp.	0.87x
Monroe Capital Corp.	0.83x
Chicago Atlantic BDC, Inc.	0.82x
TriplePoint Venture Growth BDC Corp.	0.76x
Equus Total Return, Inc.	0.73x
Great Elm Capital Corp.	0.73x
Runway Growth Finance Corp.	0.71x
BCP Investment Corp.	0.70x
BlackRock TCP Capital Corp.	0.67x
CION Investment Corp.	0.65x
Rand Capital Corp.	0.65x
WhiteHorse Finance, Inc.	0.62x
Medallion Financial Corp.	0.57x
Investcorp Credit Management BDC, Inc	0.56x
PhenixFIN Corp.	0.54x
OFS Capital Corp.	0.50x
Princeton Capital Corp.	0.41x

Mean	0.79x
Median	0.73x

## ROA

SuRo Capital Corp.	27.3%
Chicago Atlantic BDC, Inc.	16.2%
Runway Growth Finance Corp.	9.7%
Gladstone Capital Corp.	9.3%
TriplePoint Venture Growth BDC Corp.	7.6%
NewtekOne, Inc.	7.5%
Saratoga Investment Corp.	7.3%
BCP Investment Corp.	6.8%
Investcorp Credit Management BDC, Inc	6.5%
Stellus Capital Investment Corp.	6.4%
CION Investment Corp.	6.3%
PennantPark Investment Corp.	5.4%
WhiteHorse Finance, Inc.	5.3%
OFS Capital Corp.	4.9%
Medallion Financial Corp.	4.8%
PhenixFIN Corp.	4.6%
Monroe Capital Corp.	3.0%
BlackRock TCP Capital Corp.	3.0%
Great Elm Capital Corp.	2.5%
Oxford Square Capital Corp.	1.9%
Horizon Technology Finance Corp.	1.2%
Rand Capital Corp.	(17.7%)
Equus Total Return, Inc.	(22.7%)
Princeton Capital Corp.	(27.4%)

Mean	4.7%
Median	5.4%

## Dividend Yield

Oxford Square Capital Corp.	21.5%
Great Elm Capital Corp.	21.0%
Horizon Technology Finance Corp.	19.5%
BlackRock TCP Capital Corp.	19.1%
Investcorp Credit Management BDC, Inc	18.4%
PennantPark Investment Corp.	15.5%
BCP Investment Corp.	15.4%
WhiteHorse Finance, Inc.	14.7%
Runway Growth Finance Corp.	14.6%
TriplePoint Venture Growth BDC Corp.	13.7%
Saratoga Investment Corp.	13.7%
OFS Capital Corp.	13.4%
Chicago Atlantic BDC, Inc.	12.5%
CION Investment Corp.	12.4%
Stellus Capital Investment Corp.	11.9%
Monroe Capital Corp.	10.8%
Rand Capital Corp.	9.9%
Gladstone Capital Corp.	8.5%
NewtekOne, Inc.	5.2%
Medallion Financial Corp.	4.8%
PhenixFIN Corp.	3.3%
SuRo Capital Corp.	2.6%
Equus Total Return, Inc.	0.0%
Princeton Capital Corp.	0.0%

Mean	12.3%
Median	13.4%

## ROE

SuRo Capital Corp.	35.4%
NewtekOne, Inc.	17.7%
Chicago Atlantic BDC, Inc.	17.1%
Gladstone Capital Corp.	11.7%
Runway Growth Finance Corp.	11.0%
Saratoga Investment Corp.	9.8%
TriplePoint Venture Growth BDC Corp.	9.4%
Medallion Financial Corp.	8.8%
Stellus Capital Investment Corp.	8.2%
BCP Investment Corp.	7.9%
Investcorp Credit Management BDC, Inc	7.2%
PennantPark Investment Corp.	6.8%
WhiteHorse Finance, Inc.	3.5%
CION Investment Corp.	3.2%
PhenixFIN Corp.	2.6%
OFS Capital Corp.	2.2%
BlackRock TCP Capital Corp.	(1.1%)
Oxford Square Capital Corp.	(1.6%)
Monroe Capital Corp.	(2.3%)
Great Elm Capital Corp.	(6.0%)
Horizon Technology Finance Corp.	(7.3%)
Rand Capital Corp.	(19.5%)
Princeton Capital Corp.	(27.9%)
Equus Total Return, Inc.	(44.7%)

Mean	4.2%
Median	6.8%

## Total Assets

(\$ in Millions)

Medallion Financial Corp.	\$2,900
NewtekOne, Inc.	\$2,399
CION Investment Corp.	\$1,884
BlackRock TCP Capital Corp.	\$1,811
PennantPark Investment Corp.	\$1,350
Saratoga Investment Corp.	\$1,197
Stellus Capital Investment Corp.	\$1,029
Runway Growth Finance Corp.	\$963
Gladstone Capital Corp.	\$908
TriplePoint Venture Growth BDC Corp.	\$836
Horizon Technology Finance Corp.	\$759
WhiteHorse Finance, Inc.	\$626
BCP Investment Corp.	\$568
Great Elm Capital Corp.	\$420
Monroe Capital Corp.	\$389
OFS Capital Corp.	\$378
Chicago Atlantic BDC, Inc.	\$327
PhenixFIN Corp.	\$317
Oxford Square Capital Corp.	\$315
SuRo Capital Corp.	\$308
Investcorp Credit Management BDC, Inc	\$211
Rand Capital Corp.	\$55
Equus Total Return, Inc.	\$31
Princeton Capital Corp.	\$18

Mean	\$869
Median	\$626

## Nonaccrual

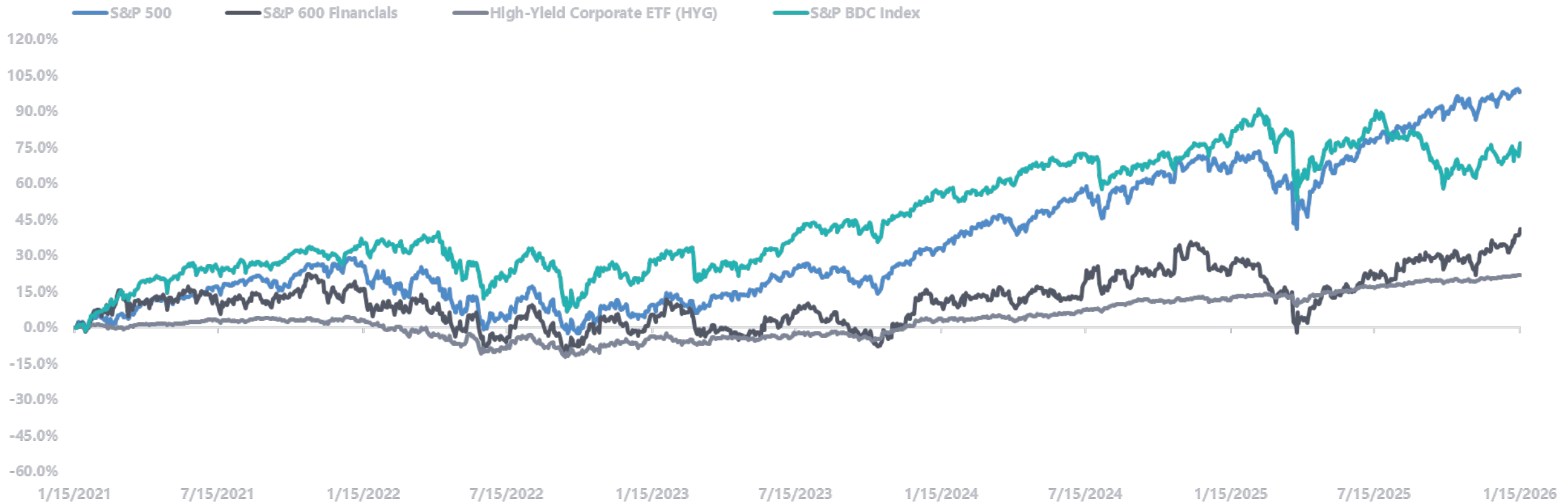
Princeton Capital Corp.	59.7%
OFS Capital Corp.	11.1%
Horizon Technology Finance Corp.	9.3%
Rand Capital Corp.	8.9%
NewtekOne, Inc.	7.9%
Stellus Capital Investment Corp.	6.4%
Monroe Capital Corp.	6.2%
BlackRock TCP Capital Corp.	6.2%
BCP Investment Corp.	6.2%
TriplePoint Venture Growth BDC Corp.	4.7%
WhiteHorse Finance, Inc.	3.9%
Investcorp Credit Management BDC, Inc	3.2%
CION Investment Corp.	2.8%
Gladstone Capital Corp.	2.4%
PhenixFIN Corp.	2.4%
Great Elm Capital Corp.	1.9%
PennantPark Investment Corp.	1.8%
Medallion Financial Corp.	1.2%
SuRo Capital Corp.	0.9%
Runway Growth Finance Corp.	0.4%
Saratoga Investment Corp.	0.4%
Equus Total Return, Inc.	0.0%
Chicago Atlantic BDC, Inc.	0.0%
Oxford Square Capital Corp.	0.0%

Mean	6.4%
Median	3.2%

# Cumulative Total Return

Percentage as of January 15, 2026

	One Year	Five Years
S&P 500	18.2%	98.3%
S&P 600 Financials	12.0%	41.0%
High-Yield Corporate ETF (HYG)	8.3%	21.6%
S&P BDC Index	(1.5%)	76.8%



Source: LSEG.

# Unparalleled BDC Experience

Houlihan Lokey's Asset Management team is a leading advisor on BDC-related transactions.

## Related Party/Third Party



**LOGAN RIDGE** FINANCE CORPORATION  
**PORTMAN** RIDGE



**BC PARTNERS**

Logan Ridge has been acquired by Portman Ridge, both entities externally managed by advisory affiliates of BC Partners

**Sellside Advisor**



**TCP** CAPITAL CORP.  
**BlackRock** Capital Investment Corporation™

TCP Capital Corp. has merged with BlackRock Capital Investment Corporation

**Fairness Opinion**



**OAKTREE** OCSL | Specialty Lending Corporation  
**OAKTREE** OAKTREE STRATEGIC INCOME II, INC.

Oaktree Specialty Lending Corporation has merged with Oaktree Strategic Income II, Inc.

**Special Committee Advisor**



**SLR** SENIOR INVESTMENT CORP.  
**SLR** INVESTMENT CORP.

SLR Senior Investment Corporation has merged with SLR Investment Corporation

**Sellside Advisor**



**OAKTREE** OCSL | Strategic Income Corporation  
**OAKTREE** OCSL | Specialty Lending Corporation

Oaktree Strategic Income Corporation has merged with Oaktree Specialty Lending Corporation

**Special Committee Advisor**



**Alcentra Capital Corporation**  
**CRESCENT** Crescent Capital BDC, Inc.

Alcentra Capital Corporation has merged with Crescent Capital BDC

**Exclusive Sellside Advisor**



**FC** Full Circle Capital  
**GREAT ELM** CAPITAL

Full Circle Capital has merged with Great Elm Capital

**Financial Advisor**

## Asset Sale



**MEDLEY** CAPITAL CORPORATION  
**GOLUB CAPITAL**

Medley Capital Corporation has sold its interests in the MCC Senior Loan Strategy JV Portfolio to a private fund managed by Golub Capital

**Sellside Advisor**



**TCAP** TRIANGLE CAPITAL CORPORATION  
**BENEFIT STREET** PARTNERS

Triangle Capital Corporation sold its entire Investment Portfolio for \$793 million to funds advised by Benefit Street Partners, LLC

**Sellside Advisor**

## Investment Management Agreement



**KCAP** FINANCIAL, INC.  
**BC Partners**

KCAP Financial, Inc. externalized management to an affiliate of BC Partners

**Buyside Advisor**



**TCAP** TRIANGLE CAPITAL CORPORATION  
**BARINGS**

Triangle Capital Corporation has externalized management of the Company for \$235 million in total financial commitments from Barings, LLC

**Sellside Advisor**



**FIFTH STREET**  
**OAKTREE**

Fifth Street has closed the effective transfer of certain external investment management agreements to Oaktree

**Special Committee Advisor**



**BENEFIT STREET** PARTNERS  
**BDCA** Business Development Corporation of America

Benefit Street Partners has been appointed as the external advisor of Business Development Corporation of America (BDCA)

**Strategic Advisor**

Tombstones included herein represent transactions closed from 2016 forward.

# About Portfolio Valuation and Fund Advisory Services

Houlihan Lokey's Portfolio Valuation and Fund Advisory Services practice is a leading advisor to many of the world's largest asset managers, who rely on our strong reputation with regulators, auditors, and investors; private company, structured product, and derivative valuation experience; and independent voice.

We value illiquid assets on behalf of hundreds of hedge funds, private equity firms, financial institutions, corporations, and investors.

We rapidly mobilize the right team for the job, drawing on our expertise in a wide variety of asset classes and industries, along with our real-world transaction experience and market knowledge from our dedicated global Financial and Valuation Advisory business.

## Our Office Locations

<b>AMERICAS</b>	Atlanta	Charlotte	Houston	Minneapolis	São Paulo
	Baltimore	Chicago	Los Angeles	New York	Washington, D.C.
	Boston	Dallas	Miami	San Francisco	
<b>EUROPE AND MIDDLE EAST</b>	Amsterdam	London	Milan	Stockholm	
	Dubai	Madrid	Munich	Zurich	
	Frankfurt	Manchester	Paris		
<b>ASIA-PACIFIC</b>	Beijing	Hong Kong SAR	Shanghai	Sydney	
	Gurugram	Mumbai	Singapore	Tokyo	

## Our Service Areas



Derivatives Valuation and Risk Management



Fair Valuation for Financial Reporting



Fund Manager Valuation



Fund Opinions



Pre-Acquisition and Divestiture Services



Securitization and Regulatory Compliance



Structured Products Valuation Advisory



Sustainability Advisory Services



Valuation Governance and Best Practices

## Leadership Team



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## Contact Us

If there is additional content you would find useful for future updates, please do not hesitate to call or email us with your suggestions. We look forward to staying in touch with you.

Portfolio Valuation and Fund Advisory Services

# About Our Asset Management Team

The global Houlihan Lokey Financial Services Group has more than 80 dedicated professionals with senior officers located in five offices around the world, including Atlanta, Chicago, Miami, New York, and Tokyo.

The Asset Management practice, which operates within Houlihan Lokey's Financial Services Group, has earned a reputation for providing superior service and achieving outstanding results in M&A advisory, capital-raising, restructuring, and financial and valuation advisory services.

We are deeply experienced in advising clients across business models of all types, including traditional asset managers, alternative asset managers, asset allocators, fund of funds, BDCs, REITs, and permanent capital vehicles.

## Featured Transactions

 <p><b>LOGAN RIDGE</b> FINANCIAL CORPORATION <b>PORTMAN RIDGE</b></p> <p><b>BC PARTNERS</b></p> <p>Logan Ridge has been acquired by Portman Ridge, both entities externally managed by advisory affiliates of BC Partners</p> <p>Sellside Advisor</p>	 <p><b>TCP</b> CAPITAL CORP.</p> <p><b>BlackRock</b> Capital Investment Corporation™</p> <p>TCP Capital Corp. has merged with BlackRock Capital Investment Corporation</p> <p>Fairness Opinion</p>	 <p><b>Agility</b> Perella Weinberg Partners Capital Management LP <b>LIGHTYEAR CAPITAL</b></p> <p><b>CERITY PARTNERS</b> <b>GENSTAR</b></p> <p>Agility, a business of Perella Weinberg Partners, has combined with Cerity Partners, backed by Lightyear Capital &amp; Genstar</p> <p>Sellside Advisor</p>	 <p><b>BENEFIT STREET</b> REALTY TRUST</p> <p><b>CAPSTEAD</b></p> <p>Benefit Street Partners Realty Trust, Inc. has merged with Capstead Mortgage Corporation</p> <p>Buyside Advisor</p>	
 <p><b>NAPIER PARK</b> <b>First Eagle</b> Investments</p> <p>Napier Park Global Capital has been acquired by First Eagle Investments</p> <p>Sellside Advisor</p>	 <p><b>FTAI AVIATION</b></p> <p>FTAI Aviation has completed the internalization of its management operations</p> <p>Financial Advisor</p>	 <p><b>LENNAR</b></p> <p><b>MILLROSE PROPERTIES</b></p> <p>Lennar has completed the spin-off of Millrose Properties</p> <p>Houlihan Lokey served as financial advisor to the independent directors serving on the Lennar Board</p> <p>Financial Advisor &amp; Financial Opinions</p>	 <p><b>KCAP FINANCIAL, INC.</b></p> <p><b>BC PARTNERS</b></p> <p>KCAP Financial, Inc. externalized management to an affiliate of BC Partners</p> <p>Buyside Advisor</p>	 <p><b>KENNEDY LEWIS</b> INVESTMENT MANAGEMENT</p> <p><b>AZIMUT</b></p> <p>Kennedy Lewis Investment Management has sold a minority equity GP stake to Azimut Alternative Capital Partners</p> <p>Sellside Advisor</p>

Tombstones included herein represent transactions closed from 2019 forward.

# No. 1 Financial Services Advisor

2025 M&A Advisory Rankings  
Global Financial Services Transactions Under \$5 Billion

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>66</b>
2	Goldman Sachs	59
3	Morgan Stanley	42
4	UBS	34
5	Rothschild	33

Source: LSEG.  
Excludes accounting firms and business brokers.

2025 M&A Advisory Rankings  
All U.S. Financial Services Transactions

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>47</b>
2	Goldman Sachs	36
3	Morgan Stanley	21
4	JP Morgan	20
5	Piper Sandler	19

Source: LSEG.  
Excludes accounting firms and business brokers.

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## Contact Us

If there is additional content you would find useful for future updates, please do not hesitate to call or email us with your suggestions. We look forward to staying in touch with you.



Asset Management Team

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