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The Year in BDCs



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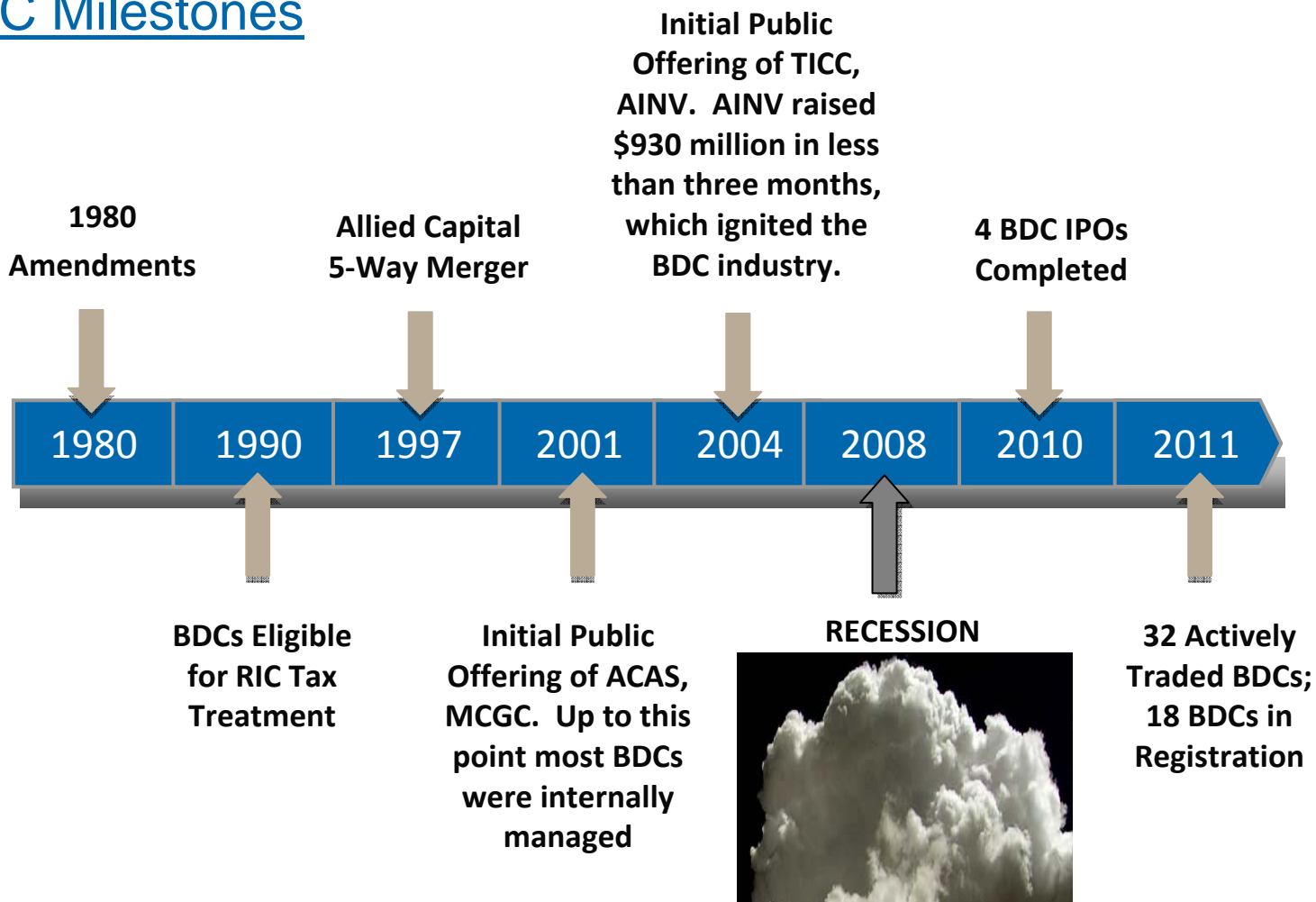
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Where Have We Been?



BDC Milestones



Where Are We Today?



- Top 32 actively traded BDCs have in excess of \$29 billion in assets under management.
- 2011 Statistics:
 - Six underwritten IPOs
 - Secondary offerings of common stock = approx. \$791 million
 - Convertible debt offerings = approx. \$1.6 billion
 - Largest number of BDCs in registration (18 total, including 7 non-listed BDCs).
 - Shelf registration statements on file (majority of which are universal) registering approximately \$10.7 billion of securities.

Where Are We Today?



- Growth of the BDC industry has led to the creation of a BDC index, BDC exchange traded funds (ETFs) and exchange traded notes (ETNs)
 - Wells Fargo has launched a BDC Index
 - Composed of 26 BDCs, each with different weightings
 - Minimum market capitalization cut-off of \$100 million for inclusion
 - Certain BDCs that trade very thinly are not included
 - Van Eck launched a BDC ETF that replicates the Market Vectors Business Development Company/Specialty Finance Index, a benchmark which is comprised of BDCs and specialty finance companies
 - Wells Fargo launched an ETN – ETRACS 2X Leverage Long Wells Fargo Business Development Company Index – which is based on the Wells Fargo Business Development Company Index

Where Are We Today?



Capital Markets Activity

- Equity
 - Non-Listed BDCs
 - Emergence of non-listed (blind pool) model
 - Keating Capital completed offering
 - Three are conducting offerings
 - FS has created a platform of non-listed BDCs
 - Listed BDCs
 - Transformation of existing pools through IPOs
 - Variety of formation transactions
 - Completed IPO of Equity BDC (GSV Capital)
- Debt
 - Market acceptance of convertible debt offerings
 - Rated/Non-Rated
 - Six BDCs for an aggregate of \$1.6 billion
 - Senior note offerings
 - Structured financing
 - Total return swaps

Where Are We Today?



Structure

- Fund Platforms
 - Some BDCs are building a platform of funds (both public and private) that complement the BDC's business.
- SBIC Subsidiaries
 - Eight BDCs have SBIC subsidiaries and several BDCs have obtained or are in the process of obtaining a second license.

Operations

- Less debt overall
- Increasing dividend payments
- Active repurchase programs
- Ability to access market below NAV

Where Are We Today?



- **SEC Division of Investment Management**
 - Eileen Rominger, an investment professional, named new head of Division
 - BDCs continued to meet with variety of Staff members
 - Time frames for exemptive applications
 - Renewed focus on accounting and consolidation
 - Continued focus on compliance
- **Regulatory and Legislative Initiatives**
 - Securities offering reform for BDCs
 - Expanded ability to incorporate by reference
 - Tax initiatives
 - Potential partnership tax proposal

Where Are We Going?



- Where is the market going?
- What is the next trend?
- Will there be more BDCs?
- Will the economy have an effect on the BDC industry?