

# Business Development Companies

## 3rd Quarter 2012 Stock Performance and Valuation Summary

Stock price performance and related measures for 28 publicly traded BDCs are summarized in the adjacent table. The median change in stock price for the group (+5.9%) is consistent with the change in the S&P 500 (+5.8%) and other market indices over the quarter.

The bold line in the adjacent table divides the overall group into two sections, those with share price appreciation above the median for the group, and those with share price appreciation below the group median.

On balance, dividend yields and price/NAV ratios are consistent for the two groups. Of the 14 companies in the above-median group, eight increased dividend payments during the quarter, while for the below-median group, only two companies did so, suggesting that dividend growth was the primary driver of market performance during the quarter.

We will provide a more detailed analysis of the BDCs' financial performance following release of third quarter financial statements.

		Price for 6/30/2012	Price for 9/28/2012	% Change	NAV per Share	Annual Dividend Rate	Price to NAV	Dividend Yield
KCAP Financial Inc	KCAP	\$7.26	\$9.26	27.5%	\$7.66	\$0.96	120.9%	10.4%
Main Street Capital Corp	MAIN	\$24.20	\$29.51	21.9%	\$16.89	\$1.80	174.7%	6.1%
Medley Capital Corp	MCC	\$12.04	\$14.07	16.9%	\$12.60	\$1.44	111.7%	10.2%
American Capital Ltd	ACAS	\$10.06	\$11.35	12.8%	\$16.62	\$0.00	68.3%	0.0%
Triangle Capital Corp	TCAP	\$22.78	\$25.66	12.6%	\$15.21	\$2.08	168.7%	8.1%
Gladstone Capital Corp	GLAD	\$7.89	\$8.75	10.9%	\$8.91	\$0.84	98.2%	9.6%
Fidus Investment Corp	FDUS	\$15.17	\$16.70	10.1%	\$15.02	\$1.52	111.2%	9.1%
Fifth Street Finance Corp	FSC	\$9.98	\$10.98	10.0%	\$9.85	\$1.15	111.5%	10.5%
Saratoga Investment Corp	SAR	\$16.98	\$18.29	7.7%	\$25.94	\$0.60	70.5%	3.3%
Ares Capital Corp	ARCC	\$15.96	\$17.14	7.4%	\$15.51	\$1.72	110.5%	10.0%
TICC Capital Corp	TICC	\$9.69	\$10.40	7.3%	\$9.47	\$1.16	109.8%	11.2%
PennantPark Floating Rate Capital Ltd	PFLT	\$11.90	\$12.67	6.5%	\$13.94	\$0.96	90.9%	7.6%
Full Circle Capital Corp	FULL	\$7.65	\$8.11	6.0%	\$8.59	\$0.92	94.4%	11.4%
Solar Senior Capital Ltd	SUNS	\$16.90	\$17.91	6.0%	\$18.54	\$1.42	96.6%	7.9%
Gladstone Investment Corp	GAIN	\$7.39	\$7.82	5.8%	\$9.10	\$0.60	85.9%	7.7%
Golub Capital BDC Inc	GBDC	\$15.09	\$15.90	5.4%	\$14.58	\$1.28	109.1%	8.1%
NGP Capital Resources Co	NGPC	\$7.08	\$7.46	5.4%	\$9.29	\$0.64	80.3%	8.6%
THL Credit Inc	TCRD	\$13.47	\$14.03	4.2%	\$13.17	\$1.28	106.5%	9.1%
Solar Capital Ltd	SLRC	\$22.26	\$22.92	3.0%	\$22.51	\$2.40	101.8%	10.5%
Apollo Investment Corp	AINV	\$7.67	\$7.88	2.7%	\$8.30	\$0.80	94.9%	10.2%
PennantPark Investment Corp	PNNT	\$10.35	\$10.63	2.7%	\$10.16	\$1.12	104.6%	10.5%
Prospect Capital Corp	PSEC	\$11.39	\$11.52	1.1%	\$10.83	\$1.22	106.4%	10.6%
MCG Capital Corp	MCGC	\$4.58	\$4.61	0.7%	\$5.26	\$0.56	87.6%	12.1%
BlackRock Kelso Capital Corp	BKCC	\$9.76	\$9.72	-0.4%	\$9.61	\$1.04	101.1%	10.7%
MVC Capital Inc	MVC	\$12.95	\$12.80	-1.2%	\$16.42	\$0.48	78.0%	3.8%
Horizon Technology Finance Corp	HRZN	\$16.49	\$16.16	-2.0%	\$16.73	\$1.80	96.6%	11.1%
Hercules Technology Growth Capital Inc	HTGC	\$11.34	\$11.01	-2.9%	\$9.54	\$0.96	115.4%	8.7%
GSV Capital Corp	GSVC	\$9.30	\$8.63	-7.2%	\$13.81	\$0.00	62.5%	0.0%
<b>MEDIAN (Top Half of Group)</b>				<b>10.1%</b>			<b>110.2%</b>	<b>9.4%</b>
<b>MEDIAN (Bottom Half of Group)</b>				<b>1.9%</b>			<b>98.9%</b>	<b>9.6%</b>
<b>OVERALL MEDIAN</b>				<b>5.9%</b>			<b>101.5%</b>	<b>9.4%</b>

# Valuation Services for BDCs & Other Investment Funds

Business development companies are an important and growing source of funding for middle market companies. Along with private equity and other investment funds, BDCs provide billions of dollars of investment capital to private companies in every segment of the economy.

For over thirty years, Mercer Capital has met the valuation needs of the same middle market companies to which BDCs and other funds provide capital. We offer the following services for BDCs and other investment funds:

- Ongoing fair value measurement and review for portfolio investments
- Fair value measurement process consulting
- Regulatory review and litigation support
- Purchase price allocation for portfolio companies
- Goodwill impairment testing for portfolio companies
- Equity compensation fair value measurement for portfolio companies
- Buy-sell agreement consulting and valuation dispute resolution

Mercer Capital's senior valuation professionals bring broad and deep experience to the range of valuation needs faced by BDCs and other investment funds.

For more information about Mercer Capital, visit [www.mercercapital.com](http://www.mercercapital.com).

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