

# Business Development Companies

## 1st Quarter 2013 Stock Performance and Valuation Summary

Stock price performance and related measures for 28 publicly traded BDCs are summarized in the adjacent table. Supported by the generally ebullient market for equities in the first quarter of 2013, BDC shares advanced broadly, with 22 of the referenced stocks gaining ground during the quarter. The dearth of income-generating alternative investments continued to pressure yields, with the median dividend yield for the group falling to a still robust 9.0%, compared to 9.7% at December 31, 2012.

The bold line in the adjacent table divides the overall group into two sections, comprised of companies with share price appreciation above or below the median, respectively. Investors rewarded growth in NAV per share during the quarter, with the companies above the line reporting a median increase in NAV per share of 0.4%, while those below the line reported a median decrease of 1.0%. As noted last quarter, the market continues to embrace ACAS' repurchase strategy (which remains accretive to per share NAV).

Financial results reported during the quarter signal that the middle market continues to look to BDCs to supply needed capital, whether for acquisition, capital expansion, or recapitalization. In aggregate, the 28 covered BDCs originated over \$5.5 billion of new investments during the fourth quarter of 2012, a 154% increase over the fourth quarter of 2011. BDCs have been aggressively tapping the capital markets to keep up with the demand for lending, and investors remain favorably disposed to debt and secondary equity offerings.

	Ticker	Price for 12/31/2012	Price for 3/28/2013	% Change	NAV per Share	Annual Dividend Rate	Price to NAV	Dividend Yield
American Capital Ltd	ACAS	\$12.03	\$14.60	21.4%	\$17.84	\$0.00	81.8%	0.0%
KCAP Financial Inc	KCAP	\$9.19	\$10.77	17.2%	\$7.85	\$1.12	137.2%	10.4%
Fidus Investment Corp	FDUS	\$16.45	\$19.15	16.4%	\$15.32	\$1.52	125.0%	7.9%
Gladstone Capital Corp	GLAD	\$8.16	\$9.20	12.7%	\$9.17	\$0.84	100.3%	9.1%
Hercules Technology Growth Capital Inc	HTGC	\$11.13	\$12.25	10.1%	\$9.75	\$1.00	125.6%	8.2%
PennantPark Floating Rate Capital Ltd	PFLT	\$12.70	\$13.96	9.9%	\$13.99	\$1.04	99.8%	7.5%
Triangle Capital Corp	TCAP	\$25.49	\$27.99	9.8%	\$15.30	\$2.16	182.9%	7.7%
Medley Capital Corp	MCC	\$14.56	\$15.85	8.9%	\$12.69	\$1.44	124.9%	9.1%
Saratoga Investment Corp	SAR	\$15.40	\$16.46	6.9%	\$21.75	\$4.25	75.7%	25.8%
Main Street Capital Corp	MAIN	\$30.16	\$32.09	6.4%	\$18.59	\$2.15	172.6%	6.7%
Fifth Street Finance Corp	FSC	\$10.42	\$11.02	5.8%	\$9.88	\$1.15	111.5%	10.5%
MVC Capital Inc	MVC	\$12.15	\$12.83	5.6%	\$16.29	\$0.54	78.8%	4.2%
Gladstone Investment Corp	GAIN	\$6.96	\$7.31	5.0%	\$8.65	\$0.60	84.5%	8.2%
MCG Capital Corp	MCGC	\$4.59	\$4.78	4.1%	\$5.18	\$0.50	92.3%	10.5%
Ares Capital Corp	ARCC	\$17.50	\$18.10	3.4%	\$16.04	\$1.61	112.8%	8.9%
Golub Capital BDC Inc	GBDC	\$15.98	\$16.51	3.3%	\$14.66	\$1.28	112.6%	7.8%
Full Circle Capital Corp	FULL	\$7.43	\$7.65	3.0%	\$8.03	\$0.92	95.3%	12.1%
Solar Senior Capital Ltd	SUNS	\$18.66	\$19.20	2.9%	\$18.33	\$1.41	104.7%	7.3%
PennantPark Investment Corp	PNNT	\$10.99	\$11.30	2.8%	\$10.38	\$1.12	108.9%	9.9%
THL Credit Inc	TCRD	\$14.79	\$14.98	1.3%	\$13.20	\$1.34	113.5%	8.9%
Prospect Capital Corp	PSEC	\$10.87	\$10.91	0.4%	\$10.81	\$1.32	100.9%	12.1%
Apollo Investment Corp	AINV	\$8.35	\$8.36	0.1%	\$8.14	\$0.80	102.7%	9.6%
BlackRock Kelso Capital Corp	BKCC	\$10.06	\$10.00	-0.6%	\$9.31	\$1.04	107.4%	10.4%
NGP Capital Resources Co	NGPC	\$7.22	\$7.11	-1.5%	\$9.57	\$0.64	74.3%	9.0%
Solar Capital Ltd	SLRC	\$23.91	\$23.49	-1.8%	\$22.70	\$2.40	103.5%	10.2%
TICC Capital Corp	TICC	\$10.12	\$9.94	-1.8%	\$9.90	\$1.16	100.4%	11.7%
GSV Capital Corp	GSVC	\$8.43	\$8.26	-2.0%	\$13.07	\$0.00	63.2%	0.0%
Horizon Technology Finance Corp	HRZN	\$14.92	\$14.61	-2.1%	\$15.15	\$1.38	96.4%	9.4%
<b>MEDIAN (Top Half of Group)</b>				<b>9.3%</b>			<b>105.9%</b>	<b>8.2%</b>
<b>MEDIAN (Bottom Half of Group)</b>				<b>0.2%</b>			<b>103.1%</b>	<b>9.5%</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
- Solvency and fairness opinions
- 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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