

## Q3 2015: Inside this Issue

Welcome to the latest issue of the Valuations & Opinions Group Deal Reader, a newsletter offering insights on valuation topics of interest to financial executives, business owners, and investment and valuation professionals. We are pleased to provide commentary regarding relevant valuation topics and keep you informed about developments at our firm and in the market.

### Key topics covered in the issue include:

- A Conversation with Eyal Seinfeld
- BDC's Treatment of Unfunded Commitments
- Quarterly Regulatory Update
- Lincoln's Perspectives on the Middle Market
- Middle Market Private Equity Snapshot
- BDC Capital Raising & Performance

### A Conversation with Eyal Seinfeld, Partner at Ernst & Young

Interview Conducted by Nick Baldwin



*Eyal Seinfeld, a partner at Ernst & Young, has 20 years of experience serving the financial services industry providing services to both public and private clients including hedge funds, private equity funds, business development companies and insurance companies.*

With the fourth quarter on the horizon Lincoln International's Valuations & Opinions group conducted an interview with Eyal Seinfeld, a partner in Ernst & Young's wealth and asset management practice to better understand how to best prepare for the fiscal year end audit process.

**Lincoln:** How will commentary on the estimation of portfolio company valuations from the Public Company Accounting Oversight Board ("PCAOB") and the U.S. Securities Exchange Commission ("SEC") impact alternative investment managers' 2015 audit?

**Eyal:** I think the themes that the SEC has been emphasizing for the last several years continue to be: (1) ensuring that clients are using valuations with the most current information available in the marketplace and (2) to the ex-  
*(continued on page 5)*

### BDC's Treatment of Unfunded Commitments

By Neal Hawkins



*Neal joined Lincoln International in June 2015 and is a Vice President in the Valuations & Opinions Group where he leads valuation and financial advisory assignments. Neal's valuations expertise is augmented by his extensive experience valuing various securities across multiple industries.*

Over the last several months, the SEC has turned its attention to Business Development Companies' ("BDC") treatment of unfunded commitments. Specifically, the SEC is now focusing on whether or not an unfunded commitment should be included in a BDC's leverage calculations. While the SEC has indicated this as an area of scrutiny, it has yet to provide any guidance on this topic.

***".. the SEC is now focusing on whether or not an unfunded commitment should be included in a BDC's leverage calculations."***

#### The SEC's Position

The SEC's foundation for its position is equating unfunded commitments to standby commitments, as defined  
*(continued on page 4)*

### Regulatory Update

#### In the news:

In the late first half of 2015, the Financial Accounting Standards Board ("FASB") released an update to Fair Value Measurement (Topic 820). This update has two main implications:

1. All investments measured using the net asset value ("NAV") per share practical expedient no longer need to be classified within the fair value hierarchy. The update provides no official requirement for how these investments should be classified at this time, however various suggestions are under consideration.
2. Removes the requirement to make disclosures for all investments eligible for measurement by net asset value per share. The disclosures must be made only if the net asset value per share practical expedient is elected.

The implementation of the update will be required for public business entities with fiscal years beginning after December 15, 2015. All other entities will be subject to the requirement starting December 15, 2016.

#### Hot off the Press:

##### SEC Charges Peterson Sullivan Auditors

On September 4, 2015, Raymon Holmdahl and Kanako Matsumoto, auditors at Peterson Sullivan, were charged by the SEC with performing a "deficient audit" that enabled Summit Asset Strategies Investment Management, to attain unearned management fees. According to the press release, "Holmdahl and Matsumoto did not uncover the fraudulent activity because they failed to properly verify the fund's assets, despite having reason to question [Summit CIO Chris Yoo's] valuations." As a result of the false claims, the firms management withdrew fees, to which they were not entitled.

Holmdahl and Matsumoto settled the charges without admitting or denying the findings and agreed to be suspended for three years.

##### Alphabridge Pays Fine for Valuation Misstatements

In early July 2015, the SEC released a statement indicating that they settled an investigation with Alpha-Bridge Capital Management regarding its fraudulent valuation practices. According to the release, the investigation discovered that the firm was misrepresenting internally-derived valuations as independent price quotes to its investors and auditors. The SEC indicated that these investments were overvalued and that the fund overpaid management and performance fees to the management company. The firm and its owners agreed to pay \$5 million to settle the charges, \$4 million of which is related to disgorgement of ill-gotten gains.

## Lincoln's Perspectives on the Middle Market

By David M. Stauffer

**About Lincoln's Valuation Database:** Lincoln maintains an extensive proprietary database in connection with its quarterly portfolio valuation activities containing valuation and financial data for a diverse group of companies across ten primary industry segments. The database offers a glimpse into the middle market where reliable data is otherwise limited. Valuation metrics reflect observed transaction multiples. Financial results reflect information available at the end of each calendar quarter (typically, financial statements for one or two months preceding the end of each calendar quarter).

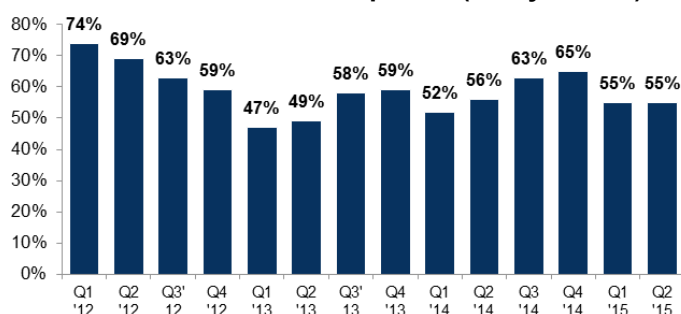
Lincoln's database of middle market companies indicated quarterly year-over-year revenue and EBITDA growth stability in Q2 2015, compared to the prior quarter. Out of over 650 companies tracked, 55% grew revenue in Q2 2015 relative to Q2 2014, while 52% grew EBITDA. This compared to proportions of 55% and 55%, respectively, in Q1 2015.

Lincoln observed average quarterly year-over-year revenue growth in the \$0 - \$10 million EBITDA segment has lagged the broader population and has a cumulative average growth of 1.8% since Q1 2012. The segment produced five consecutive quarters of quarterly year-over-year revenue declines from Q4 2012 to Q4 2014.

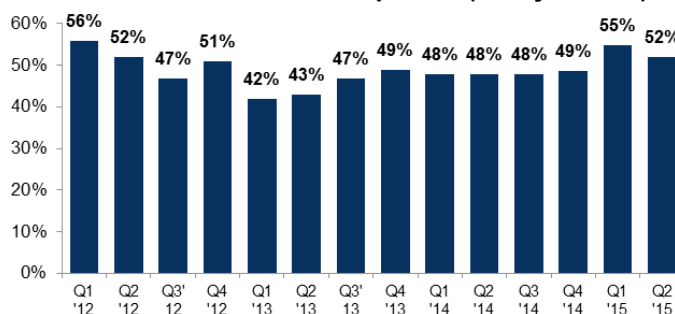
Of the 15 quarters Lincoln has collected average quarterly year-over-year revenue and EBITDA growth, 14 of 15 quarters had revenue growth and 9 of 15 quarters had EBITDA declines.

### Revenue & EBITDA Trends

#### Revenue Growth — % of Companies (Qtrly to YoY)



#### EBITDA Growth — % of Companies (Qtrly to YoY)



### Financial Growth Rates (Mean)

#### Growth Statistics by Size:

LTM EBITDA (\$ in Millions)	EBITDA Margin	Q2 '15 vs. Q2 '14		Q1 '15 vs. Q1 '14	
		Revenue	EBITDA	Revenue	EBITDA
\$0 - \$10	14.3%	4.8%	-4.4%	1.3%	-13.0%
\$10 - \$30	20.1%	0.4%	-1.6%	4.7%	2.4%
\$30 - \$50	21.8%	5.5%	0.4%	5.2%	6.6%
>\$50	22.8%	2.7%	4.7%	3.7%	4.1%
<b>Total</b>	<b>20.1%</b>	<b>2.9%</b>	<b>0.8%</b>	<b>3.9%</b>	<b>2.2%</b>

#### Growth Statistics by Industry:

Industry Sector	EBITDA Margin	Q2 '15 vs. Q2 '14		Q1 '15 vs. Q1 '14	
		Revenue	EBITDA	Revenue	EBITDA
Business Services	18.4%	8.3%	-1.5%	3.2%	-4.3%
Consumer	16.0%	3.2%	-1.5%	7.2%	1.7%
Healthcare	20.4%	6.6%	14.2%	4.5%	0.2%
Industrials	17.6%	-3.3%	4.3%	1.9%	4.2%
Technology	22.6%	2.6%	1.5%	0.4%	5.0%
<b>Total (all industries)</b>	<b>20.1%</b>	<b>2.6%</b>	<b>0.8%</b>	<b>3.7%</b>	<b>2.2%</b>

### Industry Growth Statistics Continue to Fluctuate

- During the second quarter of 2015, EBITDA margins in the technology and healthcare sectors were observed to be the highest across all industries, which Lincoln tracks.
- In comparing the second quarter 2015 with the second quarter 2014 growth rates, Lincoln observed revenue growth was the highest year over year in the Business Services sector and the lowest in the Industrials sector. Where as, EBITDA growth was highest in the Healthcare sector and lowest in the Business Services and Consumer sectors.

## Lincoln's Perspectives on the Middle Market (continued)

### Time Series of Key Financial Metrics

- Lincoln tracked middle market sponsored M&A enterprise value multiples, leverage, and average LTM EBITDA were mostly stable quarter over quarter. Lincoln notes the Q1 2015 sample size of 7 transactions is light compared to previous quarters and the current quarter. Loan pricing for unitranche loans (including refinancings and dividend recapitalizations) decreased marginally to a two year low of 8.4%.

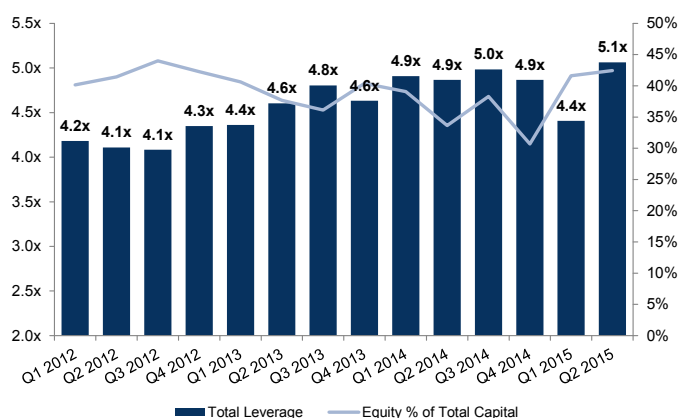
### M&A Transactions

(\$ in millions)	Q3 '13	Q4 '13	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15
<b>TEV / EBITDA</b>	7.5x	8.2x	8.3x	7.3x	8.3x	8.0x	9.4x	9.2x
<b>Total Debt / EBITDA</b>	4.7x	4.6x	4.5x	4.6x	4.6x	4.6x	4.9x	4.9x
<b>Senior Debt / EBITDA</b>	3.5x	3.4x	3.3x	3.4x	3.8x	3.6x	3.1x	3.6x
<b>Equity % of Total Cap</b>	37%	44%	44%	33%	45%	39%	42%	46%
<b>LTM EBITDA (Average)</b>	\$47	\$30	\$31	\$35	\$29	\$29	\$34	\$32
<b>Count</b>	22	15	34	43	28	46	7	28

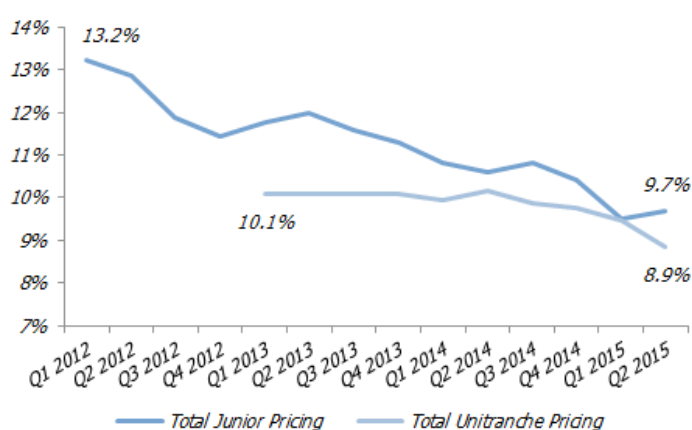
### M&A Market Observations

- Average equity cushions observed in Q2 2015 experienced a continued rebound since Q4 2014, and is greater than any equity cushion observed by Lincoln since Q1 2012.
- Total leverage remained constant from Q1 2015 to Q2 2015, at 4.9x. In line with FY 2014 levels, senior leverage was in the mid-3.0x range, and increased from Q1 2015 levels. However, Lincoln notes the small sample size for the Q1 2015 leverage statistics.

### Total Leverage & Equity Cushions



### Total Junior Pricing



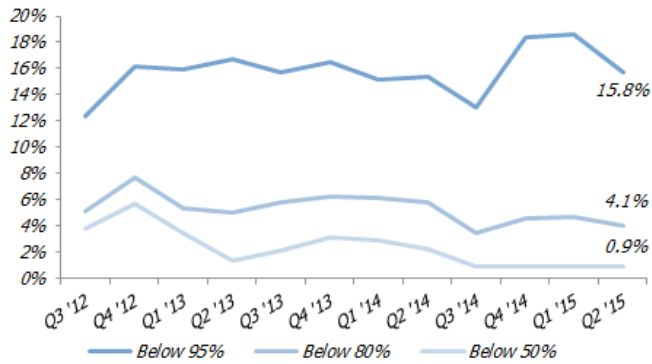
Note: Total Unitranche Pricing quarterly data points based on average FY 2013, FY 2014, and LTM 2015 pricing.

### Junior Financing Statistics

- Summarized above are the average pricing statistics for recent financings comprised of junior debt (second lien and mezzanine) and unitranche facilities closed in each quarter from 2011 to Q2 2015. Deals include leveraged acquisitions, add-on acquisitions, refinancings, and dividend recapitalizations.
- Lincoln separated unitranche pricing from the total junior pricing figures. As of the second quarter of 2015, unitranche debt was priced at 8.9%, on average, which is ~70 basis points lower than average FY 2014 levels.

## Lincoln's Perspectives on the Middle Market (continued)

### Loan Pricing Relative to Par

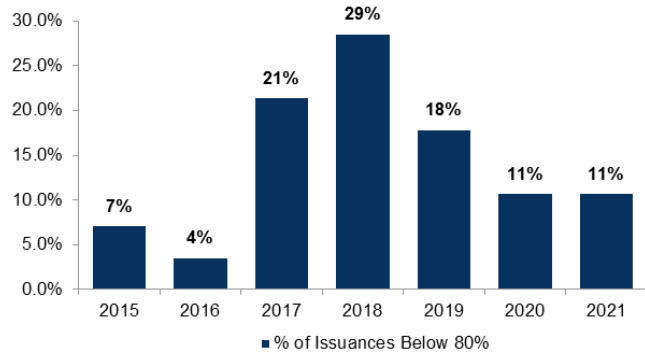


Note: Pricing is represented on a per issuance basis and all issuances have been weighted equally.

#### Commentary:

- Summarized above are the proportions of loans observed with values below 95%, 80% and 50% of par. The universe is comprised of mostly illiquid middle market loans valued by Lincoln and includes first liens, unitranche, second liens, and mezzanine, among other loan types.
- The proportion of loans valued below 95% of par peaked in Q4 2014 and Q1 2015, and has declined to more average levels in Q2 2015. These loans account for approximately 15.8% of the total dataset.

### Distressed Issuances Maturities



## BDC Unfunded Commitments (continued from page 1)

in Release 10666, and therefore is questioning whether these commitments should be included as senior securities under the scope of Section 18(a) of the Investment Company Act of 1940.

#### So why is this Material?

The existing guidelines set forth by Congress and monitored by the SEC, require BDC's to have a maximum 1:1 leverage ratio (defined as debt to balance sheet equity). If unfunded commitments were to be factored into this ratio certain BDC's could be in violation of this ratio today and it is uncertain how the calculation would work in practice. Often times, commitments are put in place for flexibility and ease but never with the expectation of fully drawing upon the instrument.

***“Often times, commitments are put in place for flexibility and ease but never with the expectation of fully drawing upon the instrument.”***

If the calculation is amended to require the inclusion of unfunded commitments, would the full unfunded commitment be required or only a portion of the commitment? Originally, it was unclear if the unfunded

commitments would be classified as only a liability or as a liability and an asset when determining equity value because, presumably, an unfunded commitment is drawn when there is a correspondent asset to fund.

***“.. it was unclear if the unfunded commitments would be classified as only a liability or as a liability and an asset when determining equity value..”***

However, it is unlikely that the SEC will allow the BDC to gross up its assets for the value of the unfunded commitment in its determination of leverage and likely will want the BDC to maintain cash or a liquid equivalent security as the offsetting asset against the BDC's leverage.

As one would expect, the impact of including unfunded commitments will vary by BDC based on a number of factors including:

1. The sum of unfunded commitments which have been extended to date;
2. The fund's asset performance; and
3. The total amount of leverage at the fund.

We understand the SEC's goal is to make sure a BDC is able to meet its funding obligations. However, any change, or even a proposed change, to include unfunded commitments in the leverage calculation may have undesired consequences. Those funds in violation of the revised leverage ratio most likely would be required to raise additional equity capital. And this could be

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problematic given that many BDCs stock prices are trading below their NAV as of today.

Another potential unintended consequence could be that BDCs may discontinue extending unfunded commitments all together to avoid getting caught in this trap.

With this potential impact looming, we along with many BDCs are awaiting additional clarity on how the SEC will proceed.



tent possible, using all market information and market data, ensuring that the manager is not arbitrarily ignoring information in the market place that may be contradictory to internal models or internal valuations prepared by the alternative asset managers. The SEC expects managers to be utilizing all the information that's available to them in determining their valuations.

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***“The SEC expects managers to be utilizing all the information that's available to them in determining their valuations.”***

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When you talk about the PCAOB, as the regulators of the public accounting firms, they are placing focus on the independent auditors to ensure that when they're auditing the valuations that they too are getting all the available market information and that they're validating the information that is provided by management, as well as auditing the independence of that information and ensuring that they have sufficient audit evidence in concluding that valuations are accurate.

**Lincoln:** From the perspective of an alternative investment manager, how can one best prepare for these issues in the fourth quarter audit?

**Eyal:** In terms of being best prepared, it's most important to work with your auditor ahead of the audit cycle to ensure they understand your models and methodologies. Hopefully, the alternative asset manager is at least doing valuations quarterly and therefore, the auditor can work with their managers at the September 30th measurement date or June 30th measurement date to walk through what valuation models that the company is utilizing - particularly for cases where there is a new investment or where an existing investment model has changed. In cases where there are changes, the auditor is looking for the sources of the information that are going to be the key inputs into those models and how are those inputs changing over each valuation period. By performing these advance reviews, when the fund gets to the

fourth quarter, the auditors have already seen it, and have already gone through the process.

**Lincoln:** To manage the number of inquiries received from audit practitioners, as it relates to the valuation of portfolio company investments, what would you recommend to support the conclusions of the valuation?

**Eyal:** I think the key is to work with your auditor in advance to help them understand the models that are used. As a fund manager, you should come to the audit process prepared with your models and an explanation of how they've changed [versus the prior

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valuation period], the key differences since the auditor last [reviewed them], and an explanation for the methodology employed on new investments.

**Lincoln:** Based on your experience, is the audit process more efficient when a third party valuation provider is engaged by an investment manager? What are some of the benefits of using a third party valuation provider from your perspective?

**Eyal:** The short answer is absolutely yes. Getting another independent third party valuation provider to help support the alternate asset manager's valuation is most definitely a benefit,

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***“Getting another independent third party valuation provider to help support the alternate asset manager coming up with valuation is most definitely a benefit..”***

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but what's important for those registered funds, and even for non-registered entities, there still is an expectation and a requirement in many cases for the investment manager to be responsible for valuations. In the case of the registered fund, the board

actually takes responsibility for approving the valuation. It definitely is a big benefit to get another opinion on valuation. A lot of times the third party valuation providers have access to sources of information that the investment manager doesn't have so it be-

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***“A lot of times the third party valuation providers have access to sources of information that the investment manager doesn't..”***

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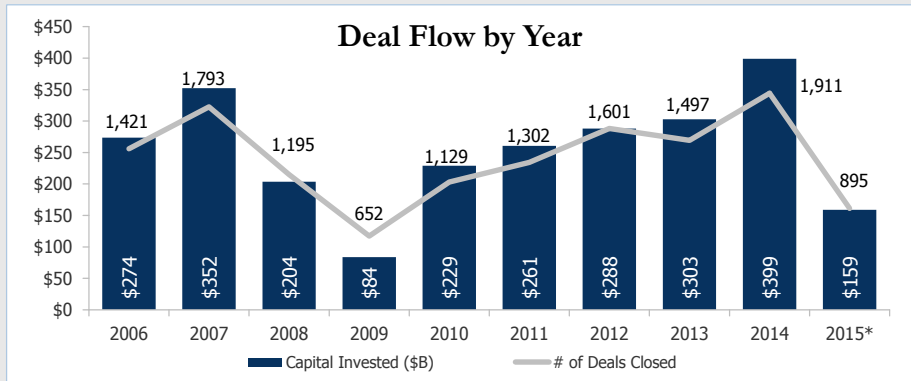
comes another source of information that the investment manager can utilize in its process.

**Lincoln:** In preparing valuations for year-end financial reporting purposes, what are your top three recommendations?

**Eyal:** In terms of year-end reporting and thinking about the audit:

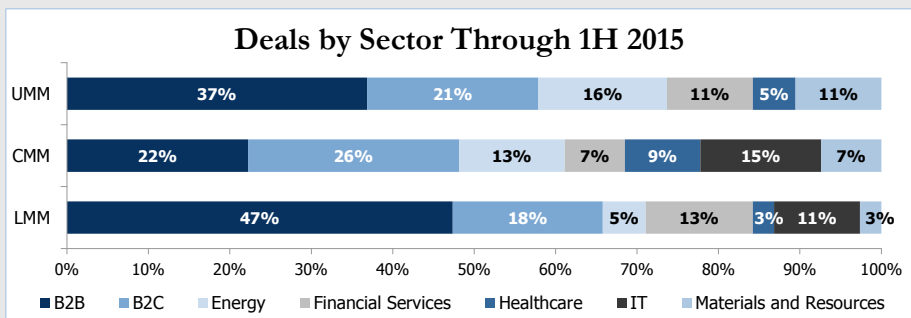
- The first is working with your service providers early on in the process - whether that's the third party valuation firm and/or your audit firm and making sure everyone's clear on the timing and the expectations for the audit and what the auditor needs and what they'll get and what the timing for those will be.
- The second is once you agree on the process, look at what are going to be the models and methodologies that are going to be used and how those are derived.
- The third (which won't always apply to all asset managers) is thinking about how the valuation process fits in with the internal control environment and ensuring that all the processes that occur have sufficient documentation to support your valuation conclusions.

# Middle Market Private Equity Snapshot



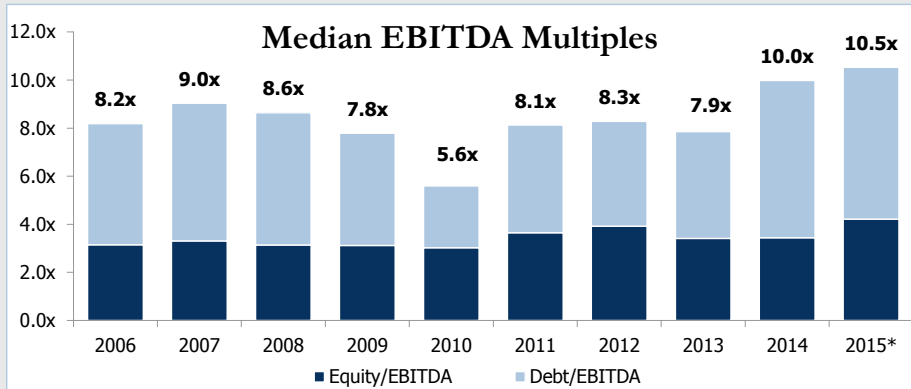
Source: Pitchbook

Through the first half of 2015 there have been 895 deals closed. Annualizing the current pace, the middle market will fall just shy of its 2014 record activity levels, but in line with 2007.



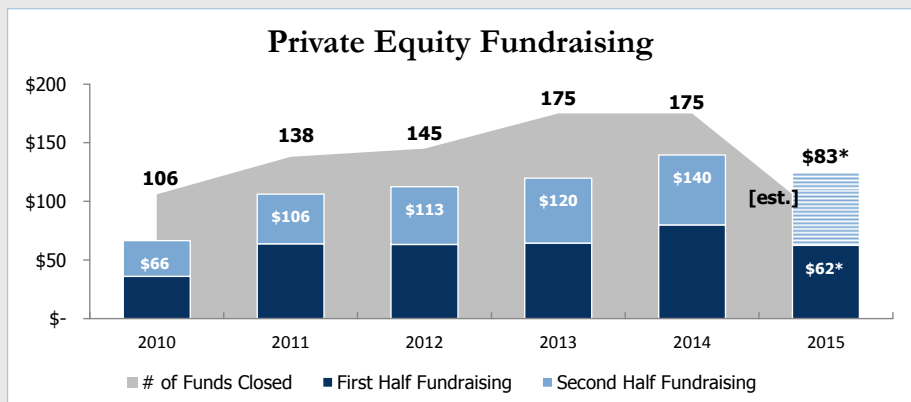
Source: Pitchbook

Approximately half of the deal flow in all sectors of the middle market (upper, core, lower) spurs from B2B and B2C.



Source: Pitchbook

Consistent with the trend in 2014, transaction multiples through June 30, 2015 remain at double digit levels, albeit, with larger equity cushions.



Source: Pitchbook

Fundraisings through June 30, 2015 have totaled \$62 billion and resulted in 83 closed funds. At its current pace, fundraisings could amount to approximately \$120 billion for the year.

\* Numbers are through June 30, 2015

## Select Q3 2015 Middle Market Transactions Involving Sponsors

Transactions Closed Date	Target/Issuer	Industry Classification	Total Transaction Value	PEG Role
09/02/2015	Tendyne Holdings Inc.	Healthcare Equipment	\$ 250.0	Seller
09/02/2015	Polyvore, Inc.	Internet Software and Services	230.0	Seller
09/02/2015	Clark Consulting, LLC	Research and Consulting Services	177.5	Buyer
09/02/2015	Magnetek Inc.	Electrical Components and Equipment	178.4	Seller
09/01/2015	TrustWave Holdings, Inc.	Systems Software	770.0	Seller
09/01/2015	Learner's Digest International LLC	Health Care Technology	150.0	Seller
09/01/2015	Avalere Health LLC	Healthcare Services	139.9	Seller
08/31/2015	Naurex, Inc.	Pharmaceuticals	560.0	Seller
08/31/2015	Paloma Partners III, LLC	Oil and Gas Exploration and Production	301.9	Seller
08/28/2015	Patterson Medical Supply, Inc.	Healthcare Distributors	715.0	Buyer
08/26/2015	CardiaQ Valve Technologies, Inc.	Healthcare Equipment	400.0	Seller
08/26/2015	Cross-Sound Cable Company, LLC	Electric Utilities	281.0	Buyer
08/25/2015	Tropicana Las Vegas Hotel and Casino, Inc.	Casinos and Gaming	360.0	Seller
08/24/2015	Frisch's Restaurants, Inc.	Restaurants	177.4	Buyer
08/20/2015	DotLoop, LLC	Internet Software and Services	108.0	Seller
08/19/2015	Aurora Casket Company, Inc.	Specialized Consumer Services	224.0	Seller
08/18/2015	Quality Distribution Inc.	Trucking	783.4	Seller
08/17/2015	CBR Systems, Inc.	Healthcare Services	700.0	Seller
08/14/2015	Oak Street Funding LLC	Specialized Finance	110.0	Seller
08/13/2015	GeneWEAVE Biosciences Inc.	Biotechnology	425.0	Seller
08/12/2015	Altegra Health, Inc.	Health Care Technology	910.0	Seller
08/11/2015	Nobel Learning Communities, Inc.	Education Services	405.0	Buyer/Seller
08/10/2015	Oculeve, Inc.	Healthcare Equipment	125.0	Seller
08/05/2015	TAS Commercial Concrete Construction, LLC	Construction and Engineering	142.8	Seller
08/04/2015	AHS Medical Holdings LLC, Hospital Operations	Healthcare Facilities	475.0	Buyer
08/04/2015	ViroXis Corporation	Pharmaceuticals	173.3	Seller
08/03/2015	1010data, Inc.	Internet Software and Services	500.0	Seller
08/03/2015	CamelBak Acquisition Corp.	Leisure Products	412.5	Seller
08/03/2015	The Rockport Company, LLC	Footwear	280.0	Buyer
08/03/2015	Cyan, Inc.	Systems Software	275.4	Seller
08/03/2015	Encapsys, LLC	Specialty Chemicals	208.0	Buyer
07/31/2015	Fibermark, Inc.	Paper Products	120.0	Seller
07/24/2015	JW Marriott Essex House New York	Hotels, Resorts and Cruise Lines	89.8	Seller
07/17/2015	Baltic Trading Limited	Marine	295.1	Seller
07/17/2015	TEI Biosciences Inc.	Biotechnology	210.7	Seller
07/17/2015	TEI Medical Inc.	Healthcare Distributors	101.0	Seller
07/13/2015	Orchard Brands Corporation	Internet Retail	410.0	Seller
07/13/2015	ClickSoftware Technologies Ltd.	Application Software	421.3	Seller
07/09/2015	Caspida, Inc.	Systems Software	190.0	Seller
07/08/2015	Rally Software Development Corp.	Systems Software	533.5	Seller
07/07/2015	Qualspec Inc.	Construction and Engineering	265.0	Seller
07/01/2015	Extencicare Holdings, Inc.	Healthcare Facilities	870.0	Buyer
07/01/2015	Vascular Pathways Group of Companies	Healthcare Supplies	104.9	Seller

Source: CapIQ Screening Tool

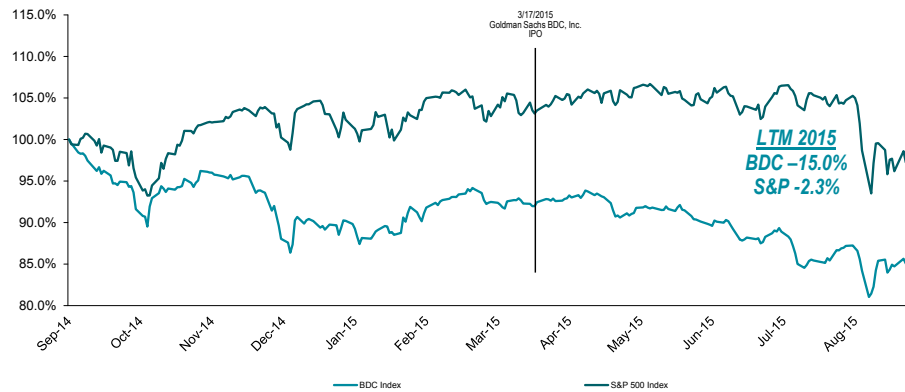
Note: USD in millions

Search Criteria: Implied Enterprise Value <\$1 billion, Transaction Type: Merger/Acquisition, Geographic Location: United States of America, Transaction Closed Date: 7/1/2015 to 9/8/2015, Investment Firm Type: PE/VC

Showing: All results with >\$100 million Implied Enterprise Value excluding acquisitions of Real Estate assets

# BDC Capital Raising & Performance

## Widening Performance Spread Between S&P 500 and BDC Index



## BDC Developments

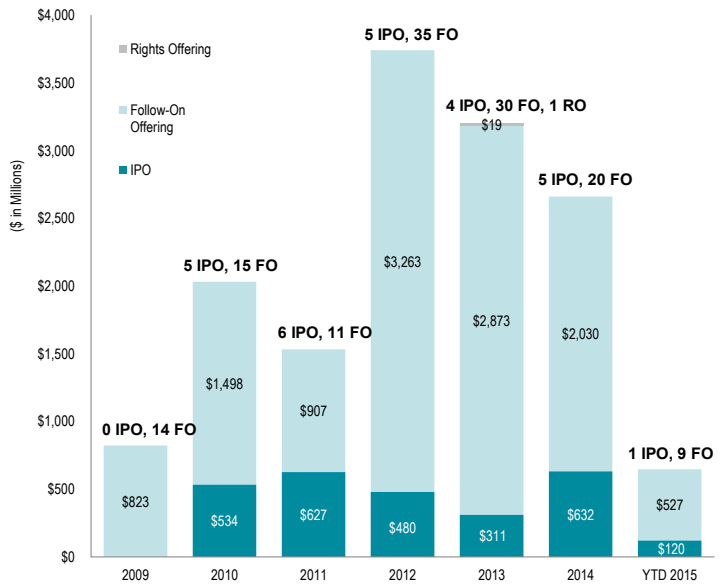
- BDC's underperformed the S&P 500 and have lost 15.0% of equity value over the last year, and are near its 52-week lows
- Both internally managed and externally managed BDCs are trading below NAV, as well as BDCs with large and small market capitalizations
- In spite of the public equity markets, BDC's remain active with numerous strategic transactions, including but not limited to joint ventures, CLOs, SBICs, and special managed accounts.

## Recent BDC Follow-On Issuances

2015 YTD BDC Follow-Ons

Pricing Date	Issuer	Ticker	Amount Offered (\$MM)	Post-Deal Market Cap (\$MM)	Offer Price / NAV (%)
4/15/2015	Monroe Capital Corporation	MRCC	\$36	\$142	106
4/10/2015	Golub Capital BDC, Inc.	GBDC	61	895	112
4/8/2015	Capitala Finance Corp.	CPTA	64	231	99
3/27/2015	TriplePoint Venture Growth BDC Corp	TPVG	95	143	100
3/24/2015	Hercules Technology Growth Capital, Inc.	HTGC	90	971	134
3/19/2015	Garrison Capital Inc.	GARS	12	244	97
3/19/2015	Horizon Technology Finance Corporation	HRZN	33	161	97
3/10/2015	Main Street Capital Corporation	MAIN	111	1,370	141
3/10/2015	Gladstone Investment Corporation	GAIN	24	194	87
2015 Q3			\$0		
2015 Q2			161		
2015 Q1			366		
YTD 2015	Total		\$527		

## Historical BDC Equity Issuances



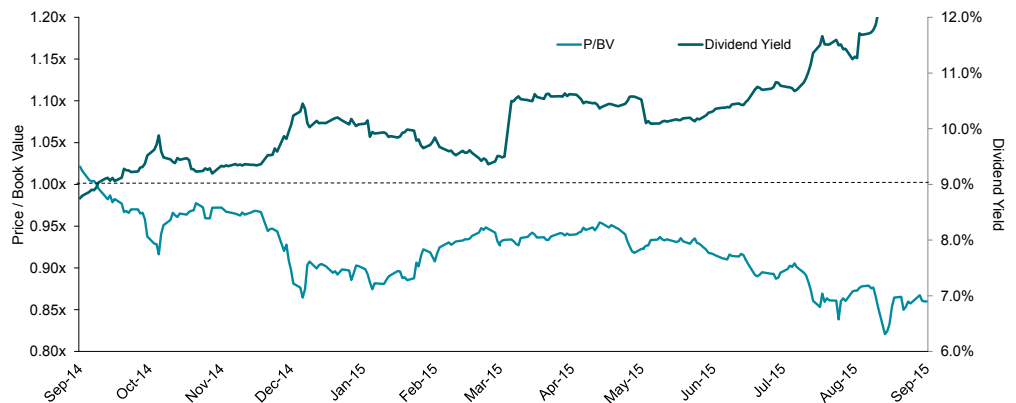
## BDC IPOs Since January 2014

Pricing Date	Issuer	Ticker	Amount Offered (\$MM)	Post-Deal Market Cap (\$MM)	Offer Price / NAV (%)
3/17/2015	Goldman Sachs BDC, Inc.	GSBD	\$120	\$709	103
5/8/2014	Alcentra Capital Corporation	ABDC	100	100	100
3/20/2014	TPG Specialty Lending, Inc.	TSLX	112	830	103
3/5/2014	TriplePoint Venture Growth BDC Corp	TPVG	125	130	104
2/5/2014	CM Finance Inc.	CMFN	100	105	102
1/15/2014	American Capital Senior Floating, Ltd.	ACSF	195	134	100

Source: Capital IQ, BB&T, Dealogic ECM Analytics, Thomson Financial, BDC Summary

## BDC Stock Index Highlights

- As of September 11, 2015, the BDC Stock Index was trading at a Price / Book value (P/BV) of 0.86x.
- On September 11, 2015, Externally managed BDC's with market capitalizations over \$500 million trade on average at 93% P/NAV, BDC's with market capitalizations below \$200 million trade on average of 80% P/NAV



Source: Capital IQ as of March 11, 2015

Note: Dividend Yield increased from 9.5% to 10.5% on March 16, 2015 due to increase in NasdaqGS:SVVC dividend paid per share

## About the BDC Stock Index

Similar to the S&P 500 Index, the BDC Stock Index is a market cap weighted composite index. The index is prepared by first selecting a base period, in this case, August 2014 — September 2015, and totaling the market caps of the companies in this period. This period and total market cap is set to a base index, in this case, 1,000. Next, the current period's total market cap is calculated, divided by the base period's total market cap and then multiplied by the base index (1,000). The result is the index value used for plotting in the graph on the prior page.



## About Lincoln International



**150+**  
Bankers in North  
and South America

**145+**  
Bankers in Europe  
and Asia

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