November 19, 2019

Zacks Small-Cap Research

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Alcentra Capital (ABDC-NASDAQ)

ABDC: Alcentra Capital Acquisition to Close in Q1 2020

OUTLOOK

Alcentra Capital is being acquired by Crescent Capital and will emerge as a new BDC entity in Q1 2020 trading under the ticker CCAP.

We believe the stock should trade at $11.00 per share based on the offer to purchase the company by Crescent Capital.

Current Price (11/18/19)	$9.02
Valuation	**$11.00**

SUMMARY DATA

52-Week High	**$9.24**
52-Week Low	**$6.25**
One-Year Return (%)	**47.8**
Beta	**0.6**
Average Daily Volume (sh)	**23,001**
Shares Outstanding (mil)	**12.9**
Market Capitalization ($mil)	**$116**
Short Interest Ratio (days)	**1.0**
Institutional Ownership (%)	**35**
Insider Ownership (%)	**1**
Annual Cash Dividend	**$0.72**
Dividend Yield (%)	**8.0**
5-Yr. Historical Growth Rates	
Sales (%)	**-2.2**
Earnings Per Share (%)	**-12.7**
Dividend (%)	**-16.4**
P/NII using TTM Price/NII	**11.0**
P/NII using 2019 Estimate	**12.0**
P/NII using 2020 Estimate	**11.3**
Zacks Rank	**3**

Risk Level	**Low**
Type of Stock	**Small Value**
Industry	**Fin-SBIC&Commercl**
Zacks Rank in Industry	**26 of 35**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2017	9.2 A	8.3 A	7.6 A	8.2 A	33.4 A
2018	8.2 A	7.3 A	6.6 A	7.0 A	29.0 A
2019	6.4 A	6.1 A	5.6 A	5.4 E	23.6 E
2020					22.4 E

Adjusted NII Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2017	$0.34 A	$0.36 A	$0.34 A	$0.28 A	$1.32 A
2018	$0.27 A	$0.25 A	$0.22 A	$0.27 A	$1.01 A
2019	$0.22 A	$0.20 A	$0.13 A	$0.12 E	$0.67 E
2020					$0.56 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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WHAT'S NEW

Alcentra Capital is in the process of being purchased by Crescent Capital BDC for $11.02 per share (the portfolio's Q2 NAV). After the closing of the merger, Crescent Capital Maryland BDC is expected to apply to have its common stock listed on Nasdaq under the symbol "CCAP." The transaction was expected to close in the December quarter, but it is now expected to be completed in Q1 2020.

Consideration will be by a combination of $3.18 in cash, and stock in the new public company. In exchange for approximately 12.9 million shares of Alcentra Capital common stock, Alcentra Capital's stockholders will receive approximately (i) $19.3 million in cash, or $1.50 per share, from Crescent BDC; (ii) 5.2 million shares of Crescent BDC common stock; and (iii) $21.6 million in cash, or $1.68 per share, from CBDC Advisors, LLC, Crescent BDC's investment adviser. Any final dividend that Alcentra Capital must pay in connection with the closing of the transaction to comply with applicable tax requirements that is in excess of Alcentra Capital's regular quarterly dividends will reduce the cash consideration to be paid by Crescent BDC on a dollar-for-dollar basis. The total cash and stock consideration to be received at closing is currently estimated to be approximately $141.9 million after taking into account certain post-closing adjustments.

The combination should create a top-15, externally managed, publicly traded BDC with significantly increased market presence, and improved economies of scale. The merged company is estimated to have over $500 million of net assets and a portfolio in excess of $900 million. There will be enhanced portfolio diversification consistent with Crescent BDC's and Alcentra Capital's strategy of maintaining a senior secured first lien-focused portfolio. Management plans to facilitate a dividend policy designed to over-earn a **quarterly $0.41 dividend per share**, further strengthen Crescent BDC's balance sheet, and augment access to growth capital.

It will be run under best-in-class fee structure with reduced base management fee rates and increased hurdle rates:

- Annual base management fee rate reduced from 1.50% to 1.25%;
- Six quarters of base management fee waivers, so that only 0.75% will be charged for such time period;
- Annualized incentive fee hurdle increased from 6% to 7% while maintaining a 17.5% income incentive fee;
- Six quarters of full waivers of the income-based portion of the incentive fee.

Q3 2019 Earnings

For the third quarter of 2019, the company reported total investment income of $5.3 million versus $6.6 million last year, a decline of 14%. Management blamed the decline on the rotation of legacy investments to investments more senior in the capital structure of its portfolio companies, and the associated decrease in weighted-average yields.

Net investment income was $1.7 million, or $0.13 per share versus $3.0 million and $0.22 per share last year. NAV decreased to $10.98 from $11.02 in Q2.

Of the 28 portfolio companies, there were five write-downs this quarter totaling $0.8 million:

- Aegis Toxicology – debt valuation adjusted lower based upon mark to market ($0.04 million)
- Healthcare Associates of Texas – debt valuation was adjusted lower due to financial performance ($0.52 million)
- Impact Group – debt valuation adjusted lower due to financial performance ($0.12 million)

- Metal Powder Products – equity valuation adjusted lower based upon financial performance ($0.06 million)
- Goldentree Loan Management (CLO) – mark to market of CLO debt ($0.04 million)

Seven positions were written up this quarter, totaling $1.0 million:

- Aperio – based on financial performance ($0.04 million)
- Battery Solutions – based on financial performance ($0.20 million)
- Carlton Group – based on expected prepayment premium ($0.11 million)
- Clanwilliam – based on financial performance ($0.18 million)
- Conisus – based on improving financial performance ($0.44 million)
- Perforce Software – based upon mark to market ($0.02 million)
- WeddingWire – based on financial performance ($0.05 million)

The portfolio value increased to $218 million from $219 million in Q2 2019. Net asset value (NAV) was **$10.98 per share** as of September 30, 2019 versus $11.08 per share, on September 30, 2018.

During Q3 the company did no investing in accordance with the merger agreement and received proceeds from repayments, loan dispositions and amortization on investments of approximately $2.8 million.

On July 3, 2019, the Company paid a quarterly dividend of $0.18 per share and a special dividend of $0.15 per share to stockholders of record as of June 28, 2019.

On August 5, 2019, the Board approved the 2019 third quarter dividend of $0.18 per share for stockholders of record as of September 26, 2019, payable on October 3, 2019.

Subsequent Events

On October 3, 2019, the Company paid a quarterly dividend of $0.18 per share to stockholders of record as of September 26, 2019.

On October 11, 2019, the Company's board of directors approved a 2019 fourth quarter dividend of $0.18 per share payable on December 15, 2019 to stockholders of record as of November 30, 2019.

INVESTMENT PORTFOLIO

Alcentra has the same one investment on non-accrual:

Southern Technical Institute has three campuses in Florida where it teaches four programs to train certified nursing assistants: home health aide, phlebotomy technician, patient care assistant, and hemodialysis technician. The value was **written down zero** from an original $15.8 million. The company is awaiting resolutions of issues outside of its control.

There are now another ten companies on the watch list up from eight last quarter. The two new ones are:

Aegis Sciences Corp. is a laboratory sciences company based in Nashville, that provides science-driven testing and consulting services for clients such as healthcare providers, pharmaceutical companies, professional

and amateur sports organizations, leading college and university athletic programs, Fortune 500 corporations, and government agencies throughout the United States. It provides pain compliance testing services, drug-drug interaction testing services, and anti-doping and forensic toxicology drug testing services. It also provides molecular diagnostic services, including clinical trial services, pharmacogenetic testing, prenatal testing, sports and workplace drug testing services, and other services.

Healthcare Associates of Texas (HCAT) is a full-service physician practice group providing primary care and multi-specialty care via three locations in the Dallas-Fort Worth metro area. It offers an integrated service model through their membership with the University of Texas Southwest Accountable Care Organization and is focused on vertically-integrating primary care and other specialized medical services/ diagnostics to improve patient outcomes and lower the overall cost of care for payers. HCAT's other ancillary services/ diagnostics include physical medicine, pharmacy, diagnostic imaging (MRI, CT, nuclear medicine, x-ray, ultrasound and bone density), sleep lab, laboratory, after-hours care clinic, and infusion.

The ones that were already on the watch list other than Southern Technical are:

Alarm Capital Alliance was founded in 2000 is headquartered in Newton Square, Pennsylvania. It is a security and alarm monitoring company. ACA services households and small commercial businesses across the United States through its security services and home automation technologies.

Battery Solutions, established in 1992 and headquartered in Wixom, MI, is North America s largest provider of battery recycling solutions. With three locations, two in Michigan and one in Mesa, AZ, BSL offers customized battery recycling solutions which include program design, collection systems, logistics, disassembly, chemistry identification, battery sorting, material recovery, regulatory compliance, and documentation to corporations, governments, municipalities, and households.

Conisus was founded in 1999 in Atlanta. It is a leading outsourced medical service provider specializing in promotional drug marketing and continuing medical education (CME) services to the oncology and hematology biopharmaceutical industry.

Envocore Energy Solutions was founded in 1991 and is located in Gambrills, MD. It is the leading provider of custom energy (lighting & water) efficiency services to Energy Service Companies (ESCos) and utility clients. The company acts as a sub-contractor to these clients and performs design, engineering, and installation.

IGT is a global provider of maintenance, repair and operations (MRO) services and parts for the industrial gas turbine market. IGT primarily serves the power generation, industrial, and aerospace end-markets and was formed from the acquisition of two companies: PAS IRE and TRS Services, one in Ireland and one in Houston.

Impact is a sales and marketing agency, which provides outsourced sales, marketing, and merchandising services to consumer packaged goods companies. Impact represents over 900 CPG companies, with a focus on small to mid-sized brands that benefit the most from an outsourced sales model as they have limited in-house sales capabilities and geographic reach. It was founded in 1994 and is based in Boise, Idaho.

Palmetto Moon, LLC is a specialty retailer of outdoor active lifestyle apparel and accessories, college lifestyle apparel, and state & local-themed apparel headquartered in Mt. Pleasant, South Carolina. Its stores are located in traditional malls, power centers, and outlet malls primarily in South Carolina (one unit in Georgia).

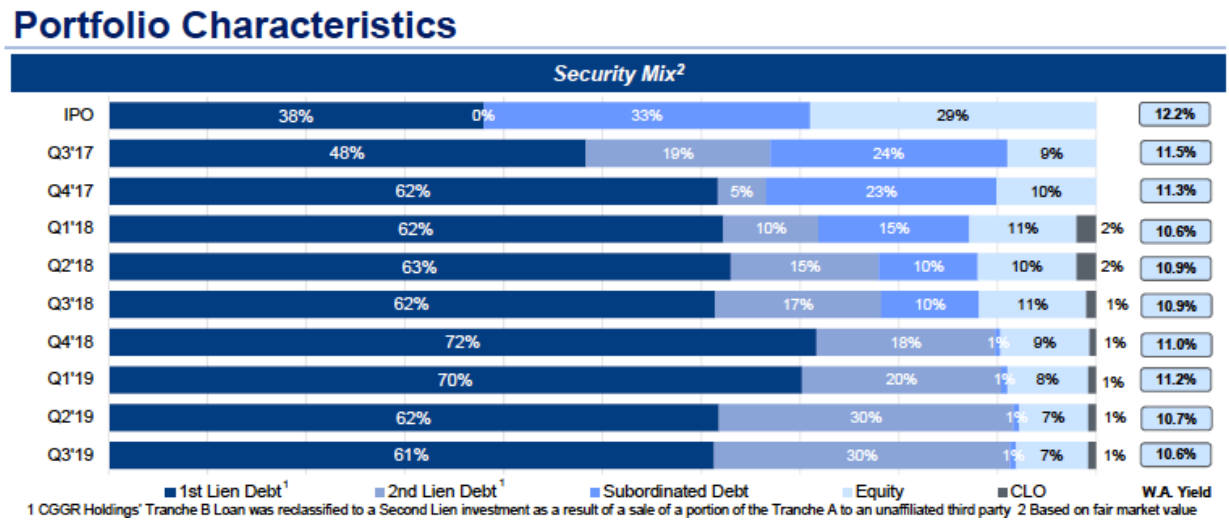
Xpress Global Systems - XGS is 40-year-old transportation company that serves the needs of the floor covering industry as a trucking company and logistics supplier. It is located in Chattanooga, Tennessee.

Table 1: Investments as of September 30, 2019

Company	Cost	Fair Value	$ Change	% Change	% of Portfolio
Aegis Sciences Corp.	7,267,806	7,107,062	(160,744)	-2%	3%
Battery Solutions	7,055,976	5,298,295	(1,757,681)	-25%	2%
BayMark Health Services	7,897,541	8,000,000	102,459	1%	4%
Black Diamond Rentals	10,670,863	10,670,863	-	0%	5%
Cambian Learning Group	6,607,458	6,679,000	71,542	1%	3%
CGGR Operations	14,418,207	14,627,366	209,159	1%	7%
Clanwilliam Group Ltd	6,576,416	6,456,163	(120,253)	-2%	3%
Conisus	12,677,834	9,119,001	(3,558,833)	-28%	4%
Digital Room Holdings	6,882,449	6,883,000	551	0%	3%
Envocore Holding	18,819,726	16,102,000	(2,717,726)	-14%	7%
Epic Healthcare Staffing	10,741,574	10,771,646	30,072	0%	5%
GGC Aperio Holdings	8,082,826	8,470,000	387,174	5%	4%
Goldentree Loan Mgt CLO	1,950,823	1,793,140	(157,683)	-8%	1%
Healthcare Associates of Texas	20,319,474	19,797,088	(522,386)	-3%	9%
Impact Group	13,824,033	13,371,481	(452,552)	-3%	6%
Institutional Shareholder Services	4,901,581	4,901,000	(581)	0%	2%
IGT	1,481,712	271,000	(1,210,712)	-82%	0%
Manna Pro Products	7,315,460	7,310,000	(5,460)	0%	3%
Medsurant Holdings, LLC	8,715,273	8,729,395	14,122	0%	4%
Metal Powder Products	500,000	602,000	102,000	20%	0%
My Alarm Center LLC	5,485,401	1,024,000	(4,461,401)	-81%	0%
Palmetto Moon	4,777,251	4,306,000	(471,251)	-10%	2%
Perforce Software	9,830,560	9,947,000	116,440	1%	5%
PharmaLogic Holdings	16,038,335	16,100,000	61,665	0%	7%
Pinstripe Holdings	9,772,785	9,778,000	5,215	0%	4%
Sandvine Corp	4,416,909	4,420,000	3,091	0%	2%
Southern Technical Institute	2,167,000	-	(2,167,000)	-100%	0%
Wedding Wire	4,953,109	5,000,000	46,891	1%	2%
Xpress Global Systems	1,254,000	832,000	(422,000)	-34%	0%
Total	235,402,382	218,366,500	(17,035,882)	-7%	100%

Investment Mix

On September 30, 2019, $218 million was invested in 29 investments. The portfolio then was 61% senior secured first lien debt, 30% senior secured second lien debt, 1% mezzanine debt, and 7% equity investments and 1% CLO.

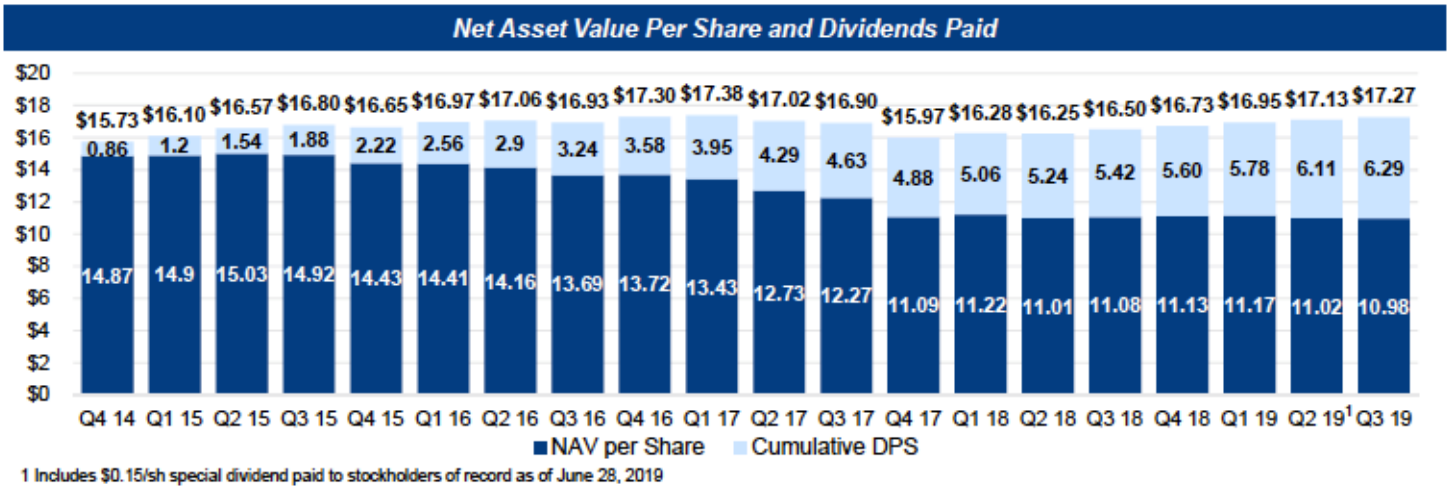


Source: Alcentra Capital Investor Presentation

7.0% of the investments were fixed rate, with the balance floating rate, and the cost of company s average investment was $7.4 million. The value of the largest portfolio company, Healthcare Associates of Texas, was $19.8 million and it is 9.1% of the portfolio.

DIVIDENDS

In order to maintain preferential tax treatment, BDCs such as Alcentra must distribute a minimum of 90% of their income to shareholders. Since August of 2014, the company had paid a regularly scheduled quarterly dividend of $0.34, but cut that to $0.18. This quarter it declared the regular $0.18 dividend. The $0.18 quarterly dividend equates to a $0.72 regular annual dividend and a current yield of 8.0%



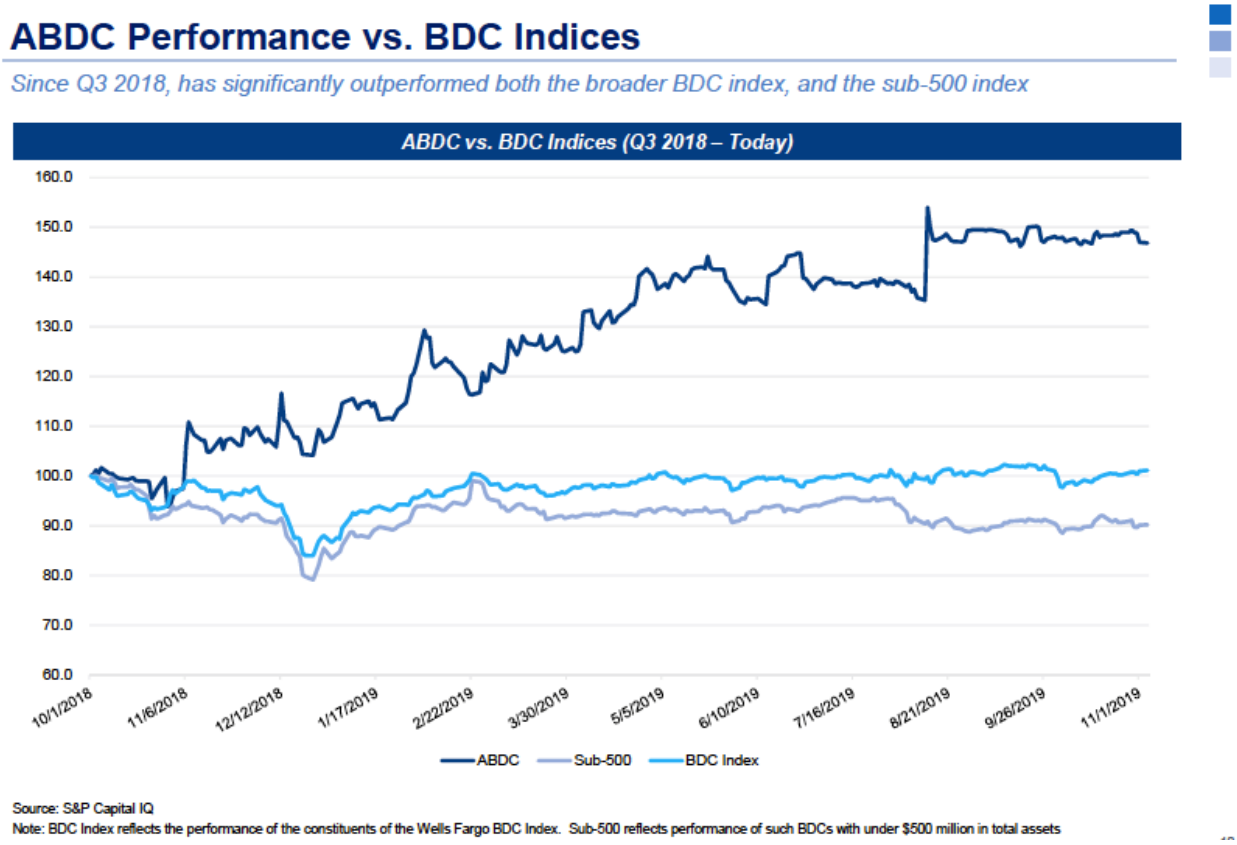
Source: Alcentra Capital Investor Presentation

KEY POINTS

- Alcentra Capital is in the process of being acquired and this merger is expected to be completed in Q1 2020. The acquirers Crescent Capital will take over management of the company and the combined entities will emerge as a new public company trading under the ticker CCAP.
- The company originally targeted the lower middle-market, but management had been rotating the portfolio to larger middle-market private equity backed transactions. It considers the middle market $15 million - $75 million in EBITDA.
- As of September 30, the company's $218 million portfolio was composed of 29 investments, comprised of 28 companies, and one rated CLO debt instrument. It was invested 93% in debt and 7% in equity.
- Only one portfolio company, Southern Technical Institute, is on non-accrual. Aegis and HCAT were added to the watch list so there are now ten others on the watch list in addition to Southern Technical: Aegis, Alarm Capital, Battery Solutions, Conisus, Envocore, HCAT, IGT, Impact, Palmetto Moon, and XGS. The weighted average yield on the company s debt portfolio was 10.6% this quarter, down from 10.7% last quarter as higher yielding investments were repaid.

- At $9.02, the shares trade at a **17.8% discount to the company's $10.98 NAV** (net asset value) per share and below the Crescent Capital offer price of $11.02. At its current price, Alcentra's dividend yield, not including the special dividend is 8.0%, still below the average of 9.7%. Management plans to facilitate a dividend policy designed to over-earn a **quarterly $0.41 dividend per share** for the merged company.

VALUATION



Source: Alcentra Capital Investor Presentation

Alcentra has outperformed the BDC index.

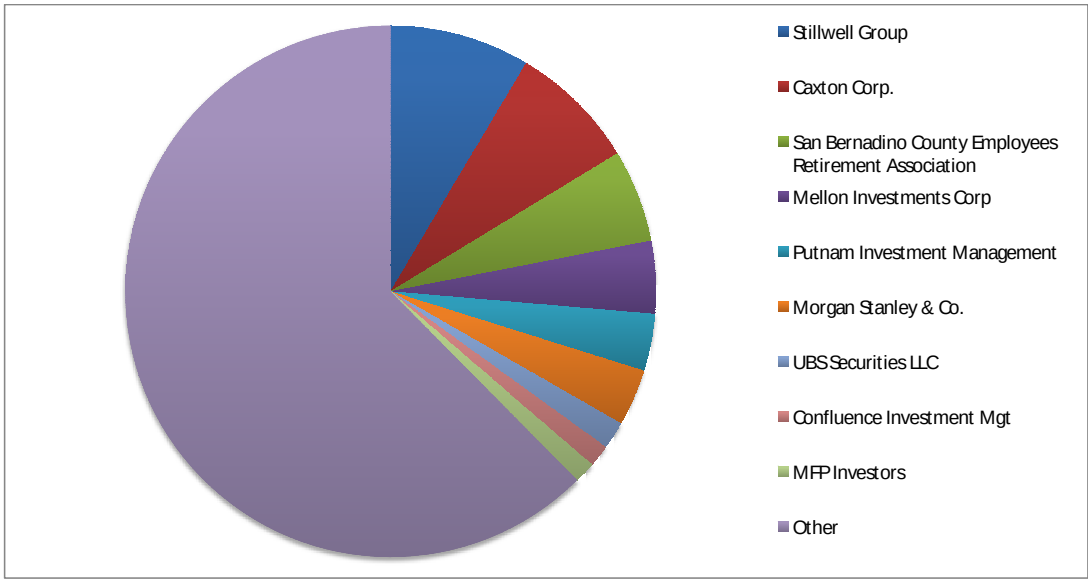
RISKS

We believe the company faces risks that confront the overall BDC sector, but the merger will mitigate some of these risks by its size and diversity. These include:

- **Interest rate risk:** We believe the company faces the risk of a changing interest rate environment; it is currently suffering from a decline in rates, particularly LIBOR.
- **Credit risk:** Alcentra could make investments into companies that are not as creditworthy as management believes or some of the investments in its existing portfolio could experience deteriorating fundamental business results.
- **Default risk:** Potential deterioration in the underlying fundamentals of a portfolio company or companies could lead to a default on loans that Alcentra expects repaid.
- **Dividend sustainability:** If the company experiences some deterioration in its underlying performance, it might be forced to reduce its dividend.

- **Competitive risk:** The company competes with alternative lenders such as other BDCs and, in some cases, with traditional lenders. Competition within its target lower middle market has increased and the company anticipates future deals will have lower yields.

OWNERSHIP



Source: Zacks Investment Research

INCOME STATEMENT

Dollars in Millions	2018				2019							
	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19E	2017	2018	2019E	2020E
Non-controlled, non-affiliated investments:												
Interest Income from portfolio investments	$5,742,386	$5,865,711	$5,676,759	$5,450,756	$5,806,309	$5,753,089	$5,386,714	$5,200,000	$23,917,956	$22,735,612	$22,146,112	$21,500,000
Paid in kind int inc. from portfolio investments	199,650	45,481	107,164	151,844	84,504	28,797	27,534	27,534	1,156,486	504,139	168,369	50,000
Other income from portfolio investments	1,507,304	611,812	94,668	738,206	107,757	177,118	47,920	35,000	2,228,104	2,951,990	367,795	200,000
Dividend income from portfolio investments	30,756	30,756	30,756	30,756	-	-	-	-	171,083	123,024	-	-
Non-controlled, affiliated investments:												
Interest income from portfolio investments	77,453	129,080	58,881	40,790	36,479	41,762	32,418	40,000	1,318,924	306,204	150,659	100,000
Paid in kind int inc. from portfolio investments	123,126	90,004	96,816	96,676	96,413	93,190	108,583	110,000	2,209,418	406,622	408,186	400,000
Other income from portfolio investments	-	-	-	-	-	-	-	-	-	-	-	-
From controlled, affiliated investments:												
Interest income from portfolio investments	500,890	481,106	488,036	470,357	208,538	-	-	-	1,665,409	1,940,389	208,538	150,000
Paid in kind int inc. from portfolio investments	-	-	-	-	-	-	-	-	684,129	-	-	-
Other income from portfolio investments	-	-	-	-	87,116	45,979	-	-	-	-	133,095	-
TOTAL INVESTMENT INCOME	**$8,181,565**	**$7,253,950**	**$6,553,080**	**$6,979,385**	**$6,427,116**	**$6,139,935**	**$5,603,169**	**$5,412,534**	**$33,351,509**	**$28,967,980**	**$23,582,754**	**$22,400,000**
Yr-to-yr growth	-11%	-13%	-14%	-15%	-21%	-15%	-14%	-22%	-17.9%	-13.1%	-18.6%	-5.0%
Costs and expenses:												
Management fees	1,234,863	1,036,122	943,360	918,791	865,618	841,566	835,825	757,755	4,975,349	4,133,136	3,300,764	2,912,000
% of Sales	15%	14%	14%	13%	13%	14%	15%	14%	15%	14%	14%	13%
Income-based incentive fee	-	-	(43,805)	(360,384)	(487,124)	(204,867)	-	-	638,244	(404,189)	(691,991)	(424,398)
	0%	0%	-0.7%	-5.2%	-7.6%	-3.3%	0.0%	0.0%				
Capital gains incentive fees	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	354,070	379,082	362,625	536,378	625,229	774,386	1,411,837	1,411,837	1,248,715	1,632,155	4,223,289	3,000,000
Valuation services	63,971	(10,038)	78,346	73,345	71,250	86,250	(70,780)	(70,780)	314,432	205,624	15,940	320,000
Interest and credit facility expense	1,694,887	1,745,485	1,705,992	1,503,203	1,417,450	1,322,878	1,455,465	1,455,465	6,434,924	6,649,567	5,651,258	5,821,860
Amortization of deferred financing costs	103,981	103,570	117,587	221,019	206,116	206,429	157,059	157,059	912,710	546,157	726,663	628,236
Director's fees	96,202	116,826	87,076	128,057	159,676	215,000	213,270	213,270	341,680	428,161	801,216	1,000,000
Insurance expense	55,988	56,519	57,076	57,075	55,835	91,492	93,524	93,524	239,048	226,658	334,375	374,096
Organization expense	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of deferred note offering costs	126,694	119,267	97,478	95,293	133,363	109,340	105,771	105,771	473,768	438,732	454,245	423,084
Consulting fees	305,038	176,702	54,152	120,031	111,601	133,315	-	-		655,923	244,916	-
Excise tax	329,575	-	-	-	468,432	(78,019)	(62,468)	(62,468)			265,477	265,477
Other expenses	40,136	156,108	284,764	478,298	62,448	251,851	638,307	638,307	778,920	959,306	1,590,913	1,400,000
TOTAL EXPENSES	4,405,405	3,879,643	3,744,651	3,771,106	3,689,894	3,749,621	4,777,810	4,699,740	16,357,790	15,471,230	16,917,065	15,720,355
Waiver of income-based incentive fee	-	109,281	157,227	153,132	144,270	140,261	835,825	800,000	1,330,420	419,640	1,920,356	500,000
NET EXPENSES	**$4,405,405**	**$3,770,362**	**$3,587,424**	**$3,617,974**	**$3,545,624**	**$3,609,360**	**$3,941,985**	**$3,899,740**	**$15,027,370**	**$15,051,590**	**$14,996,709**	**$15,220,355**
NET INVESTMENT INCOME	**$3,776,160**	**$3,483,588**	**$2,965,656**	**$3,361,411**	**$2,881,492**	**$2,530,575**	**$1,661,184**	**$1,512,794**	**$18,324,139**	**$13,916,390**	**$8,586,045**	**$7,179,645**
% Change	-17%	-28%	-47%	-17%	-24%	-27%	-44%	-55%	-18.2%	-24.1%	-38.3%	-16.4%
Adjusted NII/share	**$0.27**	**$0.25**	**$0.22**	**$0.25**	**$0.22**	**$0.20**	**$0.13**	**$0.12**	**$1.32**	**$1.01**	**$0.67**	**$0.56**
% Change	-21%	-30%	-43%	-12%	-16%	-22%	-41%	-53%	**-21%**	**-23%**	**20%**	**-45%**
Dividend per share	$0.18	$0.18	$0.18	$0.18	$0.18	$0.18	$0.18	$0.18	$1.30	$0.72	$0.72	$0.72
EPS	$0.25	-$0.16	$0.23	$0.08	$0.15	$0.17	$0.14	$0.12	-$1.37	$0.40	$0.58	
NAV/share	$11.22	$11.01	$11.08	$11.13	$11.17	$11.02	$10.98	$10.92	$11.06	$11.13	$10.92	$10.97
Avg shares outstanding	14,198,651	13,753,054	13,530,129	13,440,660	12,906,379	12,875,566	12,875,566	12,875,566	13,928,869	13,721,109	12,883,269	12,875,566

BALANCE SHEET

	Sept 30, 2019	June 30, 2019	Qtr-Qtr Growth %	Sept 30, 2018	Yr-Yr Growth %
ASSETS					
Portfolio investments, at fair value					
Non-controlled, non-affiliated at fair value	203,117,204	204,633,762	-1%	217,130,492	-6%
Non-controlled, affiliated at fair value	15,249,296	14,573,438	5%	16,499,213	-8%
Controlled, affiliated at fair value	-	-	0%	15,007,246	-100%
Cash	4,830,119	7,796,536	-38%	7,791,745	-38%
Dividends and interest receivable	1,041,343	1,404,187	-26%	1,400,706	-26%
Receivable for investments sold	532,930	2,674,457	-80%	644,733	-17%
Deferred financing costs	909,289	1,066,348	-15%	1,521,603	-40%
Deferred tax asset	4,266,715	4,263,462	0%	5,365,469	-20%
Income tax asset	-	-	0%	614,781	-100%
Prepaid expenses and other assets	253,559	354,583	-28%	143,986	76%
TOTAL ASSETS	230,200,455	236,766,773	-3%	266,119,974	-13%
LIABILITIES					
Credit facility payable	28,658,350	26,565,008	8%	54,457,145	-47%
Notes payable	-	54,357,269	-100%	54,049,274	-100%
Payable for investments purchased	-	5,925,000	-100%	-	0%
Other accrued expenses and liabiliities	90,121	251,183	-64%	371,444	-76%
Directors' fees payable	225,750	197,154	15%	78,500	188%
Professional fees payable	1,071,304	886,641	21%	318,505	236%
Interest and credit facility expense payable	1,558,563	1,176,846	32%	1,342,528	16%
Management fee payable	-	701,305	-100%	1,712,974	-100%
Income-based incentive fees payable	198,805	198,805	0%	1,251,180	-84%
Distributions payable	2,317,602	4,248,937	-45%	2,449,591	-5%
Unearned structuring fee revenue	-	-		275,020	-100%
Income tax liability	255,531	320,630	-20%	-	NM
Total Liabilities	34,376,026	94,828,778	-64%	116,306,161	-70%
NET ASSETS					
Common stock	12,876	12,876	0%	13,517	-5%
Additional paid-in capital	197,118,476	197,118,476	0%	201,748,407	-2%
Distributable earnings (accumlated loss)	(55,756,764)	(55,193,357)	1%	(31,765,697)	76%
Total Net Assets	141,374,588	141,937,995	0%	149,813,813	-6%
Total Liabilities and Net Assets	230,200,455	236,766,773	-3%	266,119,974	-13%
Net Asset Value Per Share	**$10.98**	**$11.02**	0%	**$11.08**	-1%

CASH FLOW

Cash Flows from Operating Activities	Year 2017	March 31, 2018	June 30, 2018	Sept 30, 2018	Dec 31, 2018	Year 2018	March 31, 2019	June 30, 2019	Sept 30, 2019
Net increase in net assets resulting from operations	(19,101,742)	$3,538,960	(2,239,011)	3,082,002	1,140,181	5,522,132	$1,962,295	2,144,935	1,754,195
Adjustments:									
Net realized (gain) loss from portfolio investments	11,434,891	14,815	20,275,794	38,933	15,076,636	35,406,178	522,300	(1,604,042)	-
Net change in unrealized (appreciation) depreciation of port inves	28,598,870	219,896	(13,533,478)	(744,922)	(12,522,955)	(26,581,459)	300,450	1,015,320	168,570
Deferred tax asset	(3,670,151)	2,489	(1,022,639)	589,643	(20,225)	(450,732)	252,799	869,433	(3,253)
Deferred tax liability	-	-	-	-	-	-	-	-	-
Paid in-kind interest income from portfolio investments	(4,050,033)	(322,776)	(135,485)	(203,980)	(248,520)	(910,761)	(180,917)	(121,987)	(136,117)
Accretion of discount on debt securities	(1,905,751)	(176,258)	(165,987)	(139,445)	(442,036)	(923,726)	(397,439)	(600,630)	(122,207)
Purchases of portfolio investments	(135,508,569)	(29,996,191)	(14,052,612)	(6,000,691)	(54,797,852)	(104,847,346)	(26,765,630)	(31,970,339)	(2,493,833)
Net proceeds from sales/return of capital of portfolio invest.	90,148,997	47,628,196	31,638,771	4,573,014	66,773,862	150,613,843	47,569,751	27,823,779	3,424,287
Amortization of deferred financing costs	912,710	103,981	103,570	117,587	221,019	546,157	206,116	206,429	157,059
Amortization of deferred note offering costs	473,768	126,694	119,267	97,478	95,293	438,732	133,363	109,340	105,771
(Increase) decrease in operating assets:									
Dividends and interest receivable	1,298,340	307,530	(1,080,401)	1,314,465	945,823	1,487,417	(786,212)	(163,092)	362,844
Receivable for investments sold	1,469,730	25,000	(25,000)	25,000	-	25,000	(7,153,076)	5,123,352	2,141,527
Income tax asset	(748,408)	79,077	25,012	29,538	614,781	748,408	-	-	-
Prepaid expenses and other assets	21,765	33,488	(163,045)	64,576	64,576	(405)	33,335	(308,508)	101,024
Increase (decrease) in operating liabilities:									
Payable for investments purchased	-	16,621,902	(16,621,902)	-	18,550,000	18,550,000	(18,550,000)	5,925,000	(5,925,000)
Other accrued expenses and liabilities	165,424	470,143	(394,012)	(152,276)	163,652	87,507	(68,575)	(215,338)	(161,062)
Due to affiliate	-	-	-	-	-	-	-	-	-
Directors' fees payable	(26,083)	3,333	(36,125)	42,375	(42,375)	(32,792)	93,875	67,154	28,596
Professional fees payable	216,588	3,483	91,384	(324,817)	235,668	5,718	828,382	(495,914)	184,663
Interest and credit facility expense payable	240,664	278,767	(369,385)	184,355	(273,389)	(179,652)	460,853	(353,146)	381,717
Management fee payable	(36,419)	(30,309)	(308,022)	786,133	(947,315)	(499,513)	(765,659)	701,305	(701,305)
Income-based incentive fees payable	(776,676)	-	-	(43,805)	(360,384)	(404,189)	(487,124)	(204,867)	-
Unearned structuring fee revenue	(449,666)	(64,670)	(329,303)	(56,660)	(193,377)	(644,010)	(22,103)	(59,540)	-
Income tax	(182,699)	43,149	(43,149)	-	379,155	379,155	33,789	(92,314)	(65,099)
Net cash used in operating activities	(31,474,450)	38,910,699	1,734,242	3,278,503	34,412,218	78,335,662	(2,779,427)	7,796,330	(797,623)
Cash Flows from Financing Activities:									
Issuance of common stock	10,853,602	-	-	-	(1,398,309)	(1,398,309)	-	-	-
Financing costs paid	(139,144)	-	(112,501)	(1,219,999)	1,332,500	-	-	(112,500)	-
Offering costs paid	(230,871)	-	(30,001)	(11,999)	-	(42,000)	(30,001)	-	(13,199)
Proceeds from credit facility payable	117,820,000	12,700,000	8,650,000	4,903,872	37,601,288	63,855,160	29,977,494	21,628,841	3,198,963
Repayments of credit facility payable	(67,250,000)	(47,000,000)	(5,500,000)	(9,000,000)	(63,457,704)	(124,957,704)	(30,059,997)	(23,504,221)	(1,256,139)
Proceeds from notes payable	-	-	-	-	-	-	-	-	-
Distributions paid to shareholders	(19,245,277)	(3,561,305)	(2,560,130)	(2,449,592)	(2,449,591)	(11,020,618)	(2,433,102)	(2,246,415)	(4,248,937)
Repurchase of common stock	(342,510)	(1,510,605)	(2,899,054)	(413,341)	(2,718,360)	(7,541,360)	(1,476,415)	-	-
Capital contributions received from partners	-	-	-	-	-	-	-	-	-
Cash distributions paid to partners	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) financing activities	41,465,800	(39,371,910)	(2,451,686)	(8,191,059)	(31,090,176)	(81,104,831)	(4,022,021)	(4,234,295)	(2,319,312)
Effect of exchange rate changes on foreign cash	-	-	-	-	(64,288)	(64,288)	114,367	(127,917)	150,518
Increase (decrease) in cash and cash equivalents	9,991,350	(461,211)	(717,444)	(4,912,556)	3,257,754	(2,833,457)	(6,687,081)	3,434,118	(2,966,417)
Cash at beginning of period	3,891,606	13,882,956	13,421,745	12,704,301	7,791,745	13,882,956	11,049,499	4,362,418	7,796,536
Cash and Cash Equivalents at End of Period	13,882,956	13,421,745	12,704,301	7,791,745	11,049,499	11,049,499	4,362,418	**7,796,536**	4,830,119
Supplemental and non-cash financing activities:									
Cash paid during the period for interest	6,194,260	1,416,120	2,114,870	1,521,637	1,776,592	6,829,219	956,597	1,676,024	1,073,748
Accrued offering costs	2,485	2,485	-	-	-	2,485	2,485	-	-
Accrued distributions payable	3,561,305	2,560,130	(110,539)	-	(16,489)	2,433,102	2,433,102	1,815,835	(1,931,335)

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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