

Nontraded BDCs Post High Returns So Far in 2016, and Top BDC Performer

Source: Blue Vault

CUMMING, GA August 26, 2016 -- Nontraded BDCs have performed very well through the second quarter of 2016 posting a 5.92% average total return year-to-date (or 11.84% return on an annualized basis). The top performer was [NexPoint Capital, Inc.](#), with a 19.36% year-to-date total return.

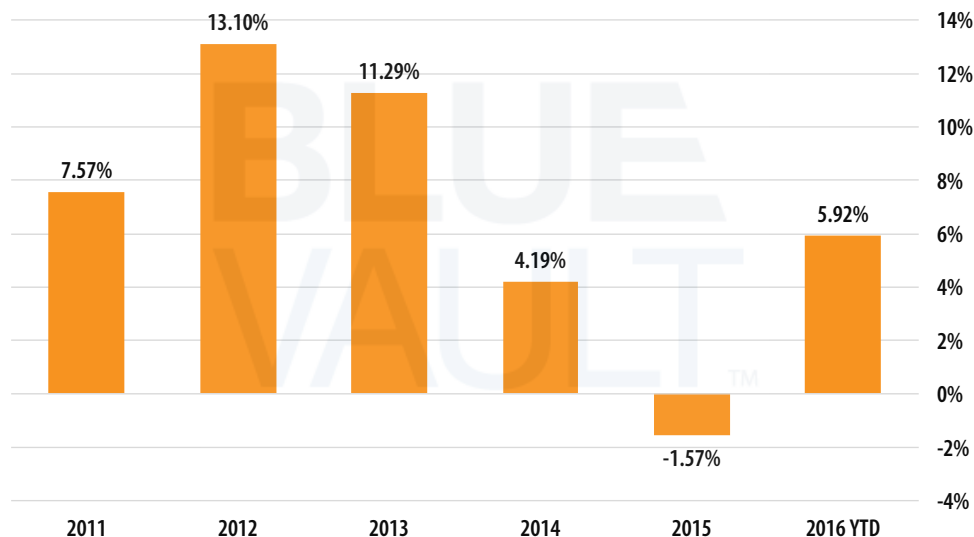
"This is another great performance by Nontraded BDCs, which can be partly attributed to the experienced management teams of these funds," states [Blue Vault's Managing Partner, Jared Schneider](#). "There aren't many places in the market where you can find 6%-8% income distributions in this unprecedented low interest rate environment. In Nontraded BDCs, you can receive that kind of income with the power of some of the world's largest money managers managing the portfolio."

Large institutional investment firms like Blackstone, KKR, Apollo and [Credit Suisse](#) are among the managers that either sponsor or sub-advise the Nontraded BDCs in the marketplace.

Nontraded BDCs, or Nontraded Business Development Companies, are a type of publicly-reporting closed end fund that does not trade on an exchange, but is rather purchased through a financial advisor, or directly. Although some funds come with higher front-end loads, or commissions, of up to 10%, some funds have very low, or no, upfront load. Even still, these funds provide consistent income to investors, typically through monthly dividend payments. Additionally, the value of the investment only relies on the value of the assets in the portfolio. It is not subject to the same wild swings of volatility as the stock market.

Average Total Returns of Nontraded BDCs Since 2011

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*The total return for each period presented was calculated by taking the net asset value per share as of the end of the applicable period, adding the cash distributions per share which were declared during the applicable calendar year and dividing the total by the net asset value per share at the beginning of the applicable year. The total return does not consider the effect of the sales load from the sale of the Company's common stock.

** Smaller limited operation BDCs were not included."

This performance comes after a difficult 2015, when the credit markets were experiencing some volatility and BDCs posted a negative 1.57% return on average. Traded BDCs in the same year experienced declines of 15%-30%.

Although the out sized double digit gains of 2012 and 2013 are not to be expected going forward, it is possible that 2016 sees another double digit total return for Nontraded BDCs.

BDCs Outperforming Their Benchmarks

Additionally, in comparison, Nontraded BDCs have typically outperformed benchmark indices, which Blue Vault tracks in its [Nontraded BDC Quarterly Review](#). Since 2011, BDCs have annually outperformed the S&P/LSTA Leveraged Loan Index and the Bank of America Merrill Lynch High Yield Index by over 4.5% and 2.75% respectively.

For more analysis on the industry and research on individual BDCs, look for Blue Vault's 2nd Quarter 2016 Nontraded BDC Review in the coming weeks.

Blue Vault's Nontraded BDC Review is available to paid subscribers each quarter. For more information about becoming a subscriber, please contact Dawn McDaniel via email at dawn.mcdaniel@bluevaultpartners.com or by phone at 877-256-2304, option 2 or directly at 678-456-4787.

About Blue Vault

Blue Vault uncovers valuable performance information that was once stored only deep inside financial statements and filings, and often is difficult to obtain. It is our mission to provide the most in-depth and thorough research available in the Nontraded REIT and Nontraded BDC industries to help educate financial advisors and help protect investors.

Blue Vault has combined numerous important metrics or data points to reveal how each professionally managed Nontraded REIT and Nontraded BDC is performing. These metrics include:

- Quarterly Performance Statistics for all Nontraded REITs and BDCs
- Commercial Real Estate Market Analysis and [Nontraded REIT](#) and [Nontraded BDC](#) Industry Trends
- Full page Analysis and Commentary for each Nontraded REIT based on Real Estate Sector
- LifeStages™ Peer Comparisons and Analysis for Each REIT
- Performance Profiling System with Three Distinct Operational Measurements
- Current and Historical Performance, Dating Back to 2009

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