

BARINGS



**Barings BDC, Inc.
Fourth Quarter 2018
Earnings Presentation**

February 28, 2019

Forward-Looking Statements

Cautionary Notice: Certain statements contained in this presentation may be "forward-looking" statements. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made and which reflect management's current estimates, projections, expectations or beliefs, and which are subject to risks and uncertainties that may cause actual results to differ materially. Forward-looking statements include, but are not limited to, the ability of Barings LLC to manage Barings BDC, Inc. ("Barings BDC") and identify investment opportunities, and some of these factors are enumerated in the filings Barings BDC makes with the Securities and Exchange Commission (the "SEC"). These statements are subject to change at any time based upon economic, market or other conditions and may not be relied upon as investment advice or an indication of Barings BDC's investment intent. Important factors that could cause actual results to differ materially from plans, estimates or expectations included in this presentation include, among others, those risk factors detailed in Barings BDC's annual report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 27, 2019, and from time to time in Barings BDC's other filings with the SEC, including Barings BDC's periodic quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed with the SEC. In addition, there is no assurance that Barings BDC or any of its affiliates will purchase additional shares of Barings BDC at any specific discount levels or in any specific amounts. There is no assurance that the market price of Barings BDC's shares, either absolutely or relative to net asset value, will increase as a result of any share repurchases, or that any repurchase plan will enhance stockholder value over the long term. The Company undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

Other Important Information

Any forecasts in this document are based upon Barings opinion of the market at the date of preparation and are subject to change without notice, dependent upon many factors. Any prediction, projection or forecast is not necessarily indicative of the future or likely performance. Investment involves risk. The value of any investments and any income generated may go down as well as up and is not guaranteed. Past performance is no indication of current or future performance. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Any investment results, portfolio compositions and or examples set forth in this document are provided for illustrative purposes only and are not indicative of any future investment results, future portfolio composition or investments. The composition, size of, and risks associated with an investment may differ substantially from any examples set forth in this document. No representation is made that an investment will be profitable or will not incur losses. Where appropriate, changes in the currency exchange rates may affect the value of investments. Prospective investors should read the offering documents for the details and specific risk factors of any investment vehicle discussed in this document.

MIKE FRENO

*Chairman of the Board, Barings BDC, Inc.
Head of Global Markets, Barings LLC*

ERIC LLOYD

*Chief Executive Officer, Barings BDC, Inc.
Global Head of Private Finance, Barings LLC*

IAN FOWLER

President, Barings BDC, Inc.

JONATHAN BOCK

Chief Financial Officer, Barings BDC, Inc.

4Q 2018 HIGHLIGHTS (Lloyd)

What were the summary points of the quarter?

BBDC INVESTMENT PORTFOLIO (Fowler)

Update on the portfolio ramp.

THE MIDDLE-MARKET LANDSCAPE (Fowler)

What are the current conditions in the middle market?

BBDC FINANCIALS (Bock)

A walk through the balance sheet, income statement and NAV bridge.

1Q 2019 ORIGINATION PIPELINE (Bock)

What is the level of investment activity post-quarter end?

THE BARINGS BRAND AND SHARE REPURCHASE PHILOSOPHY (Freno)

Barings' view on capital allocation and shareholder alignment.

4Q 2018 Highlights

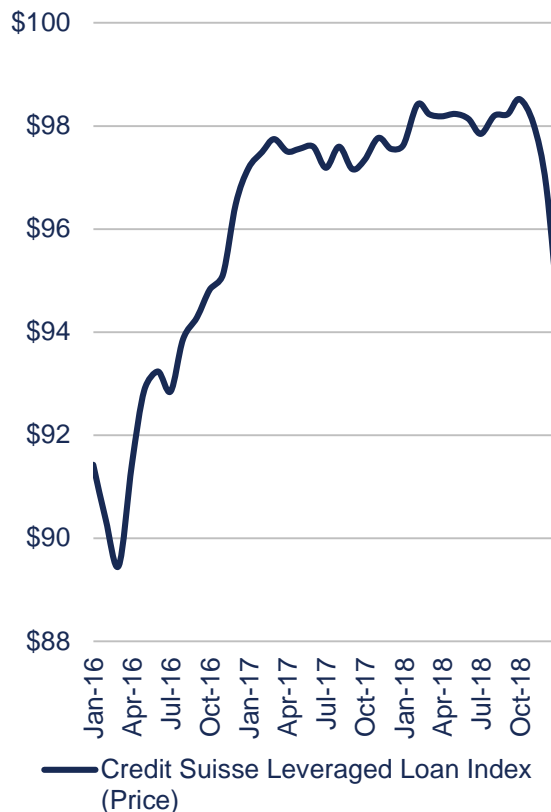
Credit Spread Widening and BDC Equity Prices

Spread widening at the end of 2018 translated into significant pressure on BDC equity prices

BROADLY-SYNDICATED LOAN SPREADS



BROADLY-SYNDICATED LOAN PRICES



BDC EQUITY PRICES



AS CREDIT SPREADS WIDENED AND LOAN PRICES FELL IN LATE 2018, **BDC EQUITY PRICES REFLECTED THIS DECLINE**

Fourth Quarter 2018 Highlights

NET ASSET VALUE

Net asset value (NAV) as of December 31st, 2018 was \$10.98 per share

ORIGINATIONS

New investments during the quarter were \$87 million for broadly-syndicated loans (BSL) and \$162 million for middle-market loans (MML) (including one \$7 million add-on), while BSL sales and repayments totaled \$143 million

NET INVESTMENT INCOME

Net investment income for the quarter ended December 31st, 2018 was \$0.16 per share

PORTFOLIO YIELD

The weighted average portfolio yield at fair value¹ as of December 31st, 2018 was 6.1% for broadly-syndicated credit and 7.8% for middle-market credit²

DIVIDEND

The Company announced a fourth quarter dividend of \$0.10 per share, paid on December 21st, 2018 to shareholders of record as of December 14th, 2018

CREDIT PERFORMANCE

There were no investments on non-accrual status as of quarter-end. There were no MML priced below 90% of cost, and 3.3% of BSL were priced below 90% of cost

Data as of December 31, 2018. Refer to slide 18 for fully-reconciled income statement including number of shares used to calculate per-share data.

1. Yield at fair value is calculated as current coupon divided by current price.

2. Excludes short-term investments.

Selected Financial Highlights

| Balance Sheet Highlights | 4Q 2018 | 3Q 2018 |
|---|-----------|-----------|
| Investment Portfolio, at Fair Value | \$1,121.9 | \$1,081.2 |
| Total Debt Outstanding | \$570.0 | \$210.0 |
| Net Assets | \$563.0 | \$611.0 |
| Debt-to-Equity Ratio | 1.01x | 0.34x |
| Net Debt-to-Equity Ratio ¹ | 0.92x | 0.69x |
| Income Statement Highlights | | |
| Total Investment Income | \$16.6 | \$4.4 |
| Net Investment Income | \$8.2 | \$3.3 |
| Net Unrealized Gains / (Losses) on Current Portfolio ² | (\$52.3) | \$0.3 |
| Net Income / (Loss) | (\$42.7) | \$3.9 |
| Per-Share Data | | |
| Net Asset Value per share | \$10.98 | \$11.91 |
| Net Investment Income per share (basic and diluted) ³ | \$0.16 | \$0.06 |
| Net Income / (Loss) per share (basic and diluted) ³ | (\$0.83) | \$0.07 |
| Dividend per share | \$0.10 | \$0.03 |

Amounts in millions, except per-share data and ratios. 3Q18 results are for post-externalization period from August 3, 2018 to September 30, 2018.

1. Net of cash and short-term investments and adjusted for unsettled transactions. Refer to slide 31 for reconciliation of Debt to Net Debt.

2. Adjusted to exclude three legacy TCAP restricted assets subject to participation agreements that were fully exited in 4Q18.

3. Based on weighted-average shares outstanding during 3Q18 of 54,690,511 and 4Q18 of 51,284,064.

BBDC Investment Portfolio

Investment Activity

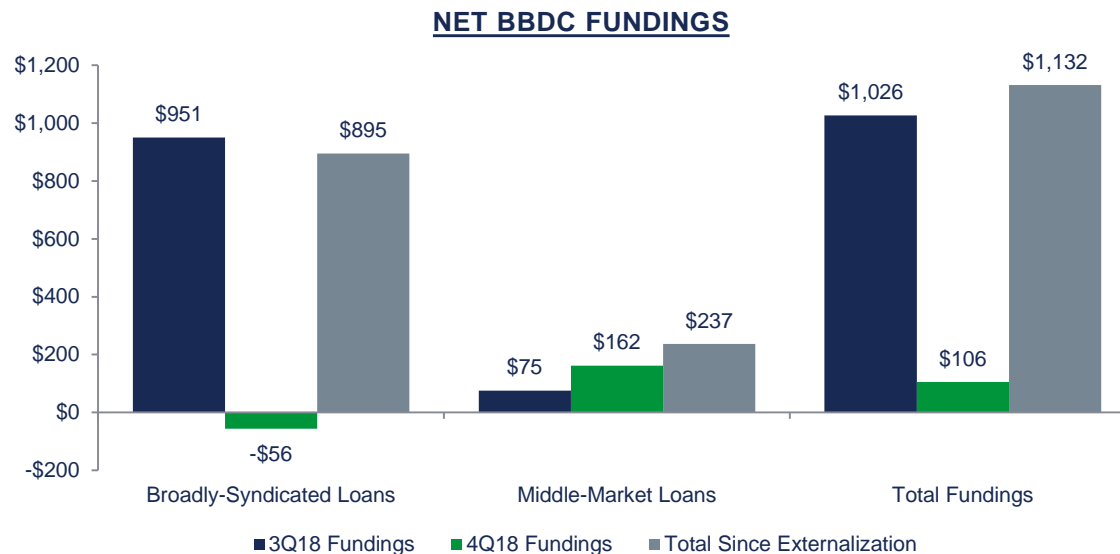
Summary of investment activity during the quarter ended December 31st, 2018

- **Middle-market loans:**

- Principal value of new investment commitments¹ and fundings were \$169 million and \$162 million, respectively
 - Includes one add-on investment for \$7 million
- No sales or repayments

- **Broadly-syndicated loans:**

- Net decrease in investments of \$56 million
 - Purchases totaled \$87 million
 - Sales and repayments totaled \$143 million
- Net realized loss on sales of \$0.7 million



All amounts in millions. 3Q18 amounts are for post-externalization period from August 3, 2018 to September 30, 2018. Excludes short-term investments.
1. Commitments include delayed-draw term loans.

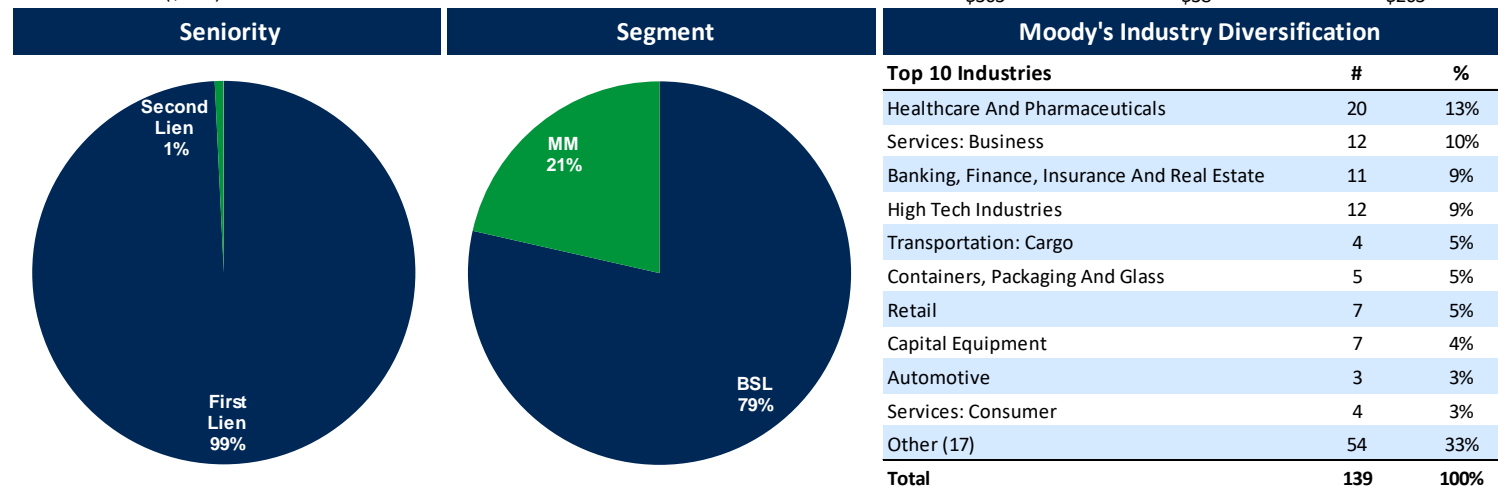
Total Portfolio Composition

A diverse portfolio of 99% senior secured, first lien assets

| Aggregate Portfolio Characteristics (as of December 31, 2018) | | | |
|---|-----------|---------------|-----------|
| Investment Portfolio | BSL | Middle Market | Total |
| Total Investments and Commitments (\$mm) | \$846 | \$249 | \$1,096 |
| Unfunded Delayed Draw Commitments (\$mm) | \$1 | \$18 | \$19 |
| Total Investments at Fair Value (\$mm) | \$846 | \$231 | \$1,077 |
| Assets on Non-Accrual | \$0 | \$0 | \$0 |
| Assets Valued Below 90% of Cost | 3.3% | 0.0% | 2.6% |
| Average Spread | L+327 bps | L+502 bps | L+365 bps |
| Yield at Fair Value of Investments (%) ¹ | 6.1% | 7.8% | 6.5% |

Portfolio Statistics

| | | | |
|---|-------|------|-------|
| Number of Portfolio Companies | 120 | 19 | 139 |
| Average Position Size per Issuer (% of Portfolio) | 0.8% | 5.3% | 0.7% |
| Weighted-Average Senior Leverage (Debt/EBITDA) | 4.9x | 4.6x | 4.8x |
| Weighted-Average Total Leverage (Debt/EBITDA) | 6.3x | 5.0x | 6.0x |
| Weighted-Average Interest Coverage | 3.2x | 2.8x | 3.1x |
| Median EBITDA (\$mm) | \$303 | \$38 | \$263 |



Data as of December 31, 2018. Excludes short-term investments.

1. Yield at Fair Value is calculated as current coupon divided by current price.

Top 10 Investments

| Top 10 Holdings (as of December 31, 2018) | | | | | | |
|--|---------------------------------|---------|------------------------|------------------------|------------------------|----------------|
| Issuer | Moody's Industry | Segment | Principal Amount (\$) | Cost (\$) | Fair Value (\$) | % of Portfolio |
| BDP International, Inc. | Transportation: Cargo | MM | 25,000,000 | 24,502,972 | 24,347,685 | 2.3% |
| Accurus Aerospace | Aerospace and Defense | MM | 25,000,000 | 24,636,436 | 24,312,943 | 2.3% |
| Holley Performance Products (Holley Purchaser, Inc.) | Automotive | MM | 22,535,000 | 22,204,286 | 21,971,625 | 2.0% |
| Transportation Insight, LLC | Transportation: Cargo | MM | 19,483,068 | 19,245,141 | 19,007,740 | 1.8% |
| Trystar, Inc. | Energy: Electricity | MM | 17,850,676 | 17,916,020 | 17,682,349 | 1.6% |
| JS Held, LLC | Services: Business | MM | 17,593,912 | 17,403,946 | 17,179,827 | 1.6% |
| Sophia Holding Finance, L.P. | High Tech Industries | BSL | 15,925,386 | 15,975,609 | 15,305,411 | 1.4% |
| Reynolds Group Holdings Ltd. | Containers, Packaging and Glass | BSL | 15,421,320 | 15,498,970 | 14,650,254 | 1.4% |
| ION Trading Technologies Ltd. | High Tech Industries | BSL | 14,819,339 | 14,786,308 | 13,967,227 | 1.3% |
| Tahoe Subco 1 Ltd | Services: Business | BSL | 14,960,151 | 14,967,158 | 13,902,318 | 1.3% |
| Top 10 | | | 188,588,851 | 187,136,845 | 182,327,378 | 16.9% |
| Rest of Portfolio | | | 944,023,579 | 941,557,870 | 894,304,426 | 83.1% |
| Total Portfolio | | | \$1,132,612,430 | \$1,128,694,716 | \$1,076,631,804 | 100.0% |

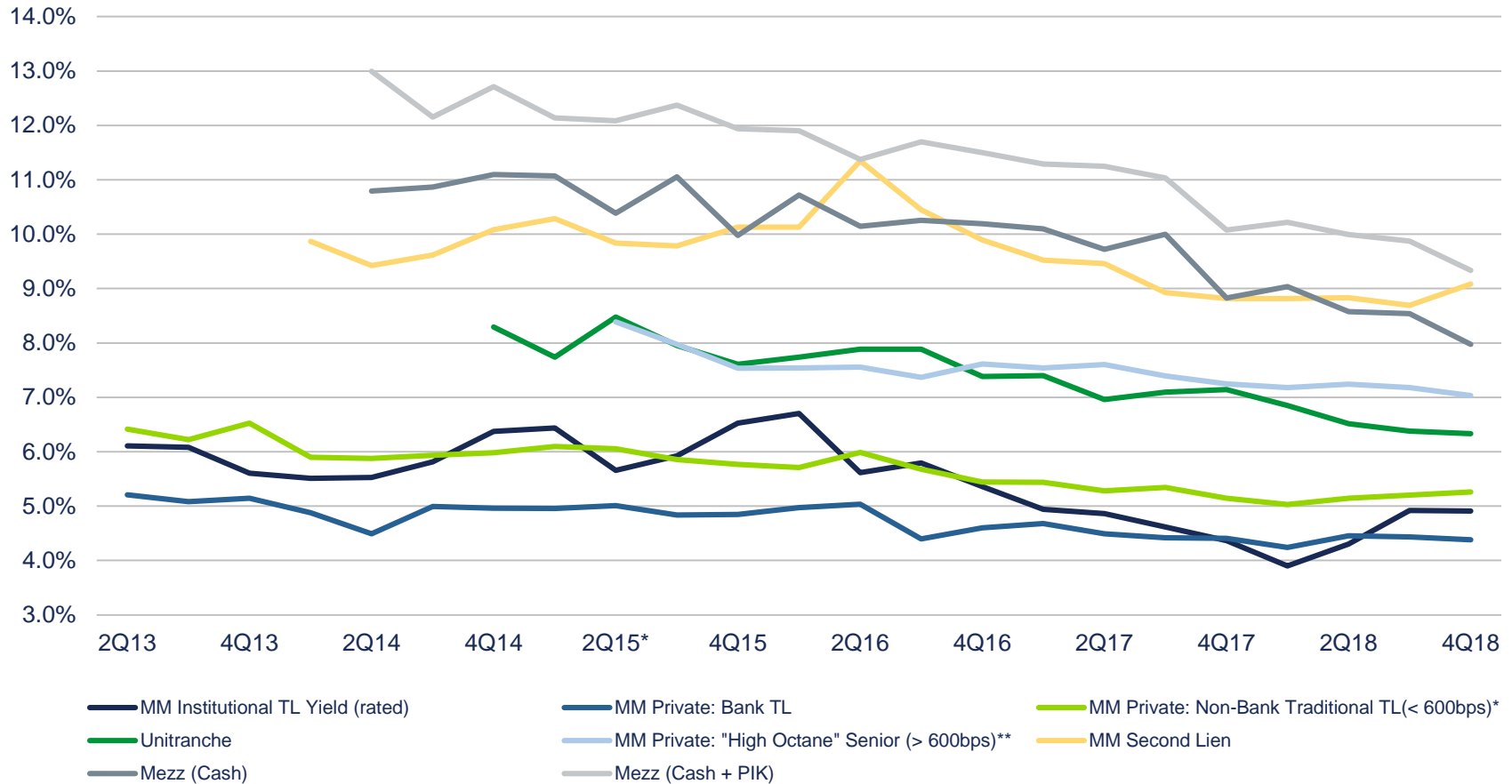
Data as of December 31, 2018. Excludes short-term investments. Red outline denotes new middle-market deals originated in 4Q18.

The Middle-Market Landscape

The Middle-Market Landscape

In 4Q18, senior and unitranche spreads were little changed, while mezz continued to tighten as it diverged from second lien spreads

QUARTERLY MIDDLE-MARKET SPREADS ACROSS THE CAPITAL STRUCTURE



Source: LPC

Includes non-sponsored loans submitted by direct lenders beginning 4Q18.

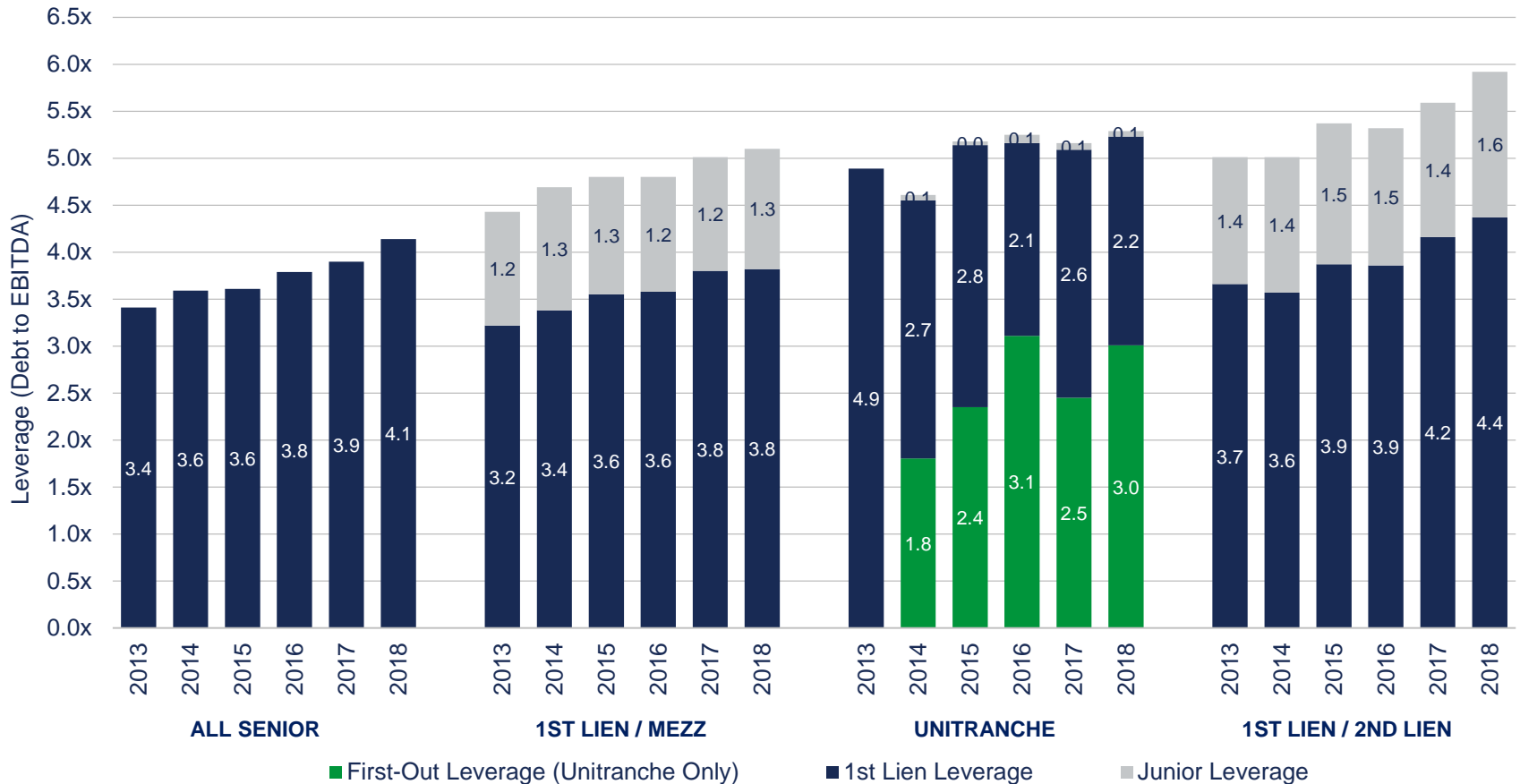
*Non-bank traditional TL is for "traditional" senior deals priced below 600bps, breakout/spread ceiling began in 2Q15.

**High octane senior is non-bank term loans that are not unitranche but rather lower levered first lien facilities for tougher/smaller credits priced 600bps and up.

The Middle-Market Landscape

Leverage follows an upward trajectory, with all structures at new highs in 2018

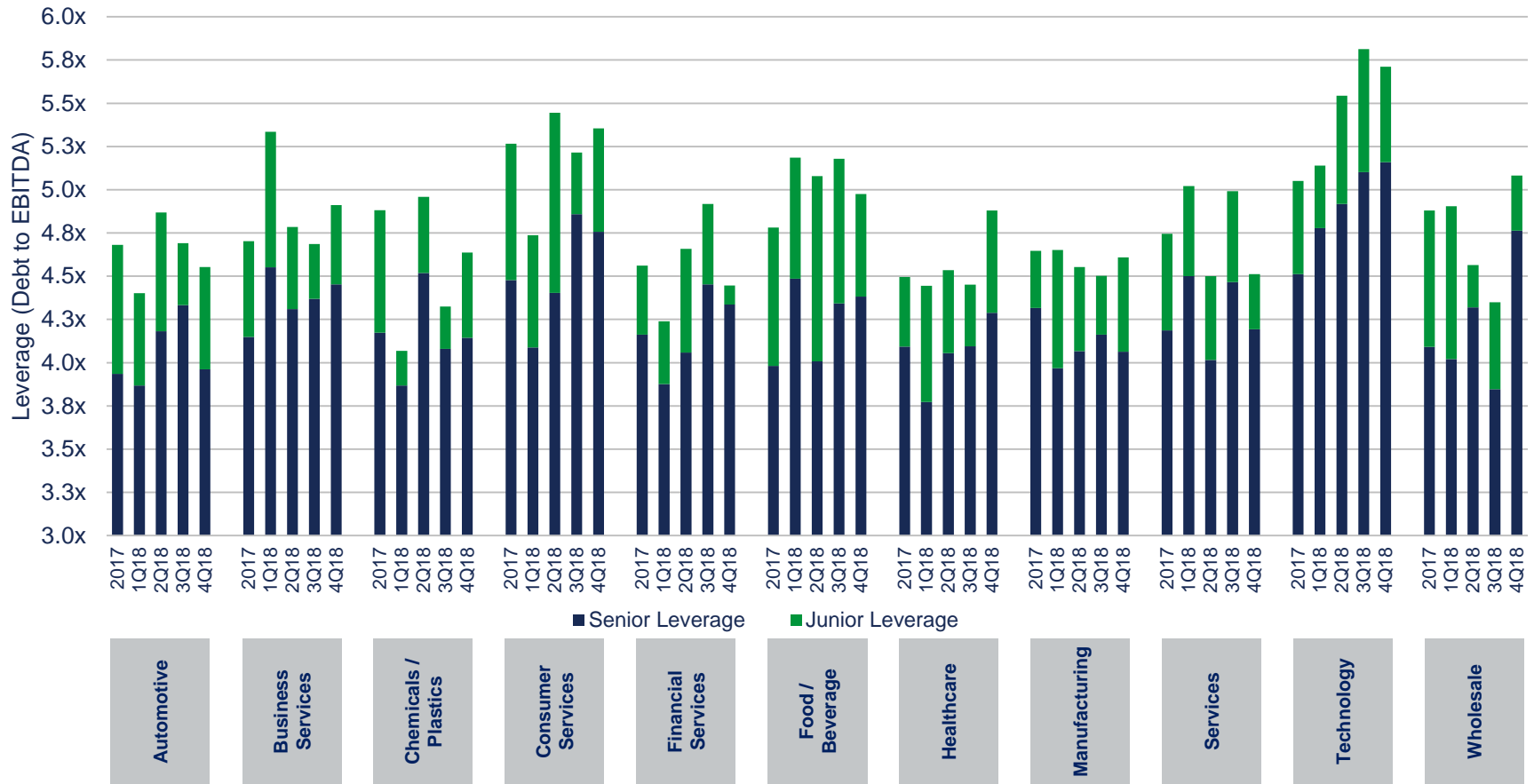
ANNUAL LEVERAGE BY CAPITAL STRUCTURE



The Middle-Market Landscape

Technology leverage surpassed all other sectors by a meaningful amount in 2018

AVERAGE LEVERAGE BY INDUSTRY: 2018 (QUARTERLY) & 2017 (FULL YEAR)

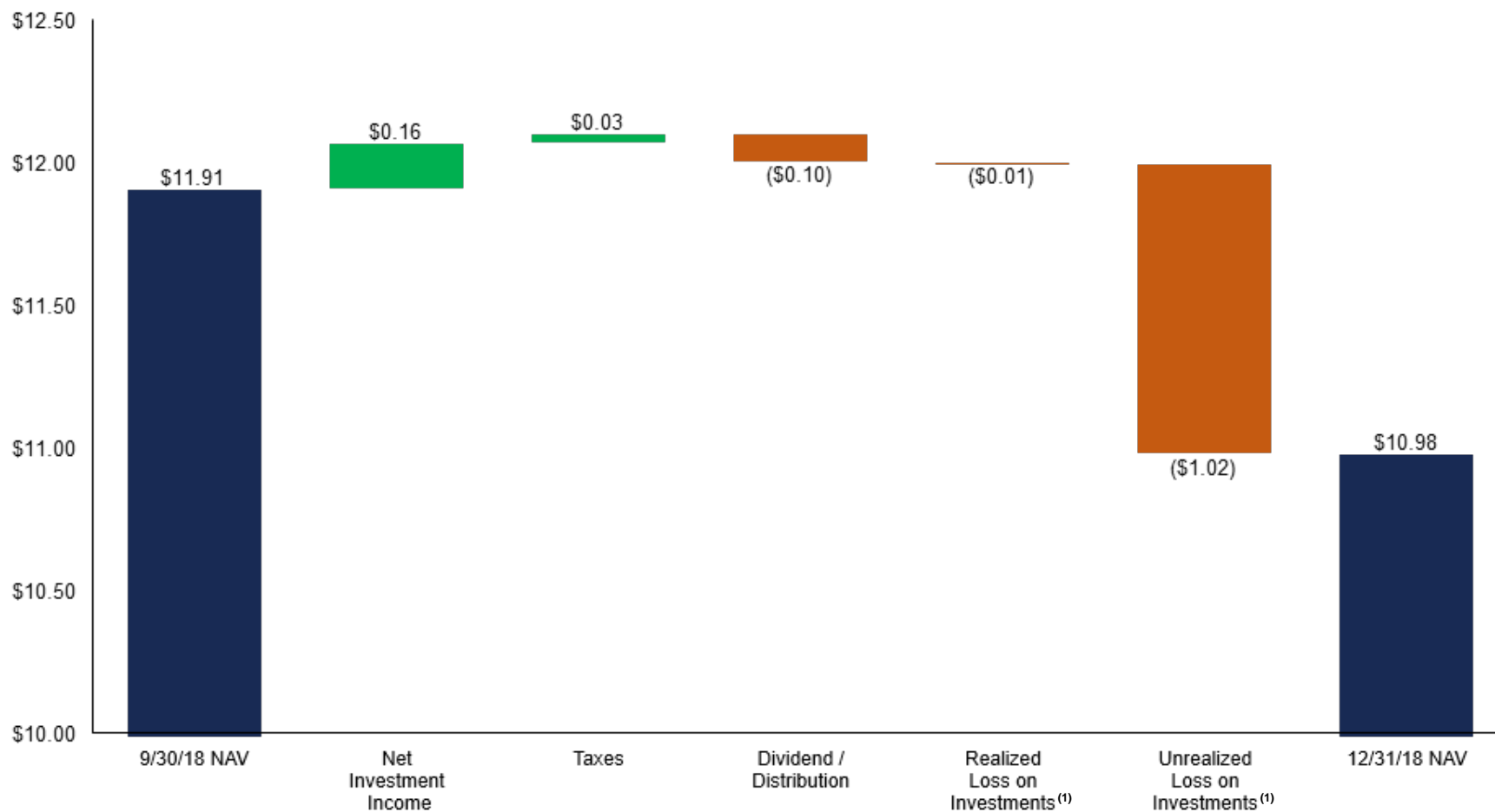


Source: LPC

BBDC Financials

Net Asset Value (NAV) Bridge – 3Q18 to 4Q18

As of December 31st, BBDC NAV was \$10.98/share, down from \$11.91/share last quarter. The vast majority of the book value decline came from net unrealized losses on the portfolio due to the market volatility in December



1. Adjusted to exclude the impact of three legacy TCAP restricted assets subject to participation agreements that were fully exited in 4Q18.

BBDC Income Statement

| | 4Q18 | 3Q18 | Total Since Externalization |
|---|---|---|--|
| | Three Months Ended December 31, 2018 | Period from August 3, 2018 through September 30, 2018 | Period from August 3, 2018 through December 31, 2018 |
| Investment income: | | | |
| Interest income | \$16,355,639 | \$3,876,365 | \$20,232,004 |
| Dividend income | — | 200,777 | 200,777 |
| Fee and other income | 233,606 | 8,663 | 242,269 |
| Interest income from cash and cash equivalents | 12,406 | 321,928 | 334,334 |
| Total investment income | 16,601,651 | 4,407,733 | 21,009,384 |
| Operating expenses: | | | |
| Interest and other financing fees | 4,582,454 | 160,497 | 4,742,951 |
| Base management fee | 2,671,953 | 1,546,675 | 4,218,628 |
| Compensation expenses | 116,119 | 88,539 | 204,658 |
| General and administrative expenses | 1,517,878 | 326,479 | 1,844,357 |
| Total operating expenses | 8,888,404 | 2,122,190 | 11,010,594 |
| Base management fee waived | (493,290) | (993,317) | (1,486,607) |
| Net operating expenses | 8,395,114 | 1,128,873 | 9,523,987 |
| Net investment income (loss) | 8,206,537 | 3,278,860 | 11,485,397 |
| Realized and unrealized gains (losses) on investments: | | | |
| Net realized gains (losses) | 3,320,776 | 575,155 | 3,895,931 |
| Net unrealized appreciation (depreciation) | (55,953,537) | 257,362 | (55,696,175) |
| Net realized and unrealized gains (losses) | (52,632,761) | 832,517 | (51,800,244) |
| Income tax benefit (provision) | 1,745,939 | (200,777) | 1,545,162 |
| Net increase (decrease) in net assets resulting from operations | (\$42,680,285) | \$3,910,600 | (\$38,769,685) |
| Net investment income (loss) per share—basic and diluted | \$0.16 | \$0.06 | \$0.22 |
| Net increase (decrease) in net assets resulting from operations per share—basic and diluted | (\$0.83) | \$0.07 | (\$0.74) |
| Weighted average shares outstanding—basic and diluted | 51,284,064 | 54,690,511 | 52,615,060 |

BBDC Balance Sheet

| | December 31, 2018 | September 30, 2018 |
|---|------------------------|------------------------|
| Assets: | | |
| Investments at fair value: | | |
| Non-Control / Non-Affiliate investments | \$1,076,631,804 | \$1,036,189,705 |
| Short-term investments | 45,223,941 | 45,000,000 |
| Total investments at fair value | 1,121,855,745 | 1,081,189,705 |
| Cash | 12,426,982 | 116,678,976 |
| Receivable from unsettled transactions | 22,909,998 | 172,801,396 |
| Other assets | 10,384,350 | 6,764,133 |
| Total assets | \$1,167,577,075 | \$1,377,434,210 |
| Liabilities: | | |
| Borrowings under credit facility | \$570,000,000 | \$210,000,000 |
| Payable from unsettled transactions | 28,533,014 | 544,174,355 |
| Other liabilities | 6,076,774 | 12,277,912 |
| Total liabilities | 604,609,788 | 766,452,267 |
| Total net assets | 562,967,287 | 610,981,943 |
| Total liabilities and net assets | \$1,167,577,075 | \$1,377,434,210 |
| Net asset value per share | \$10.98 | \$11.91 |

Debt Summary

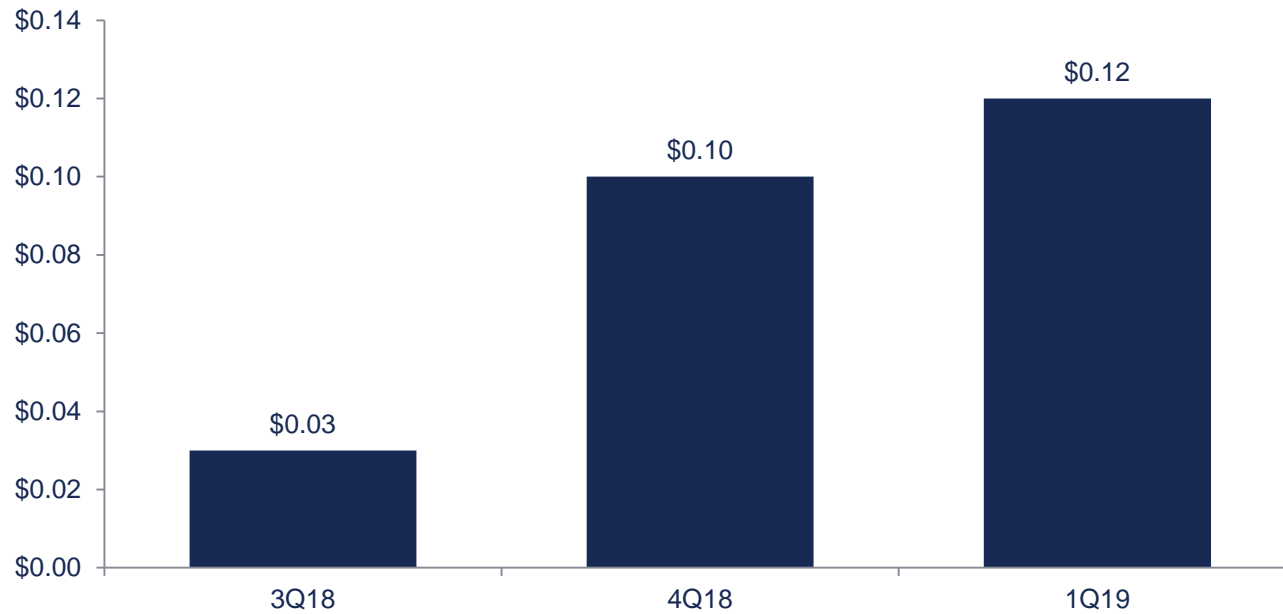
On February 21st, 2019, BBDC closed an \$800 million 5-year revolving credit facility, and subsequently terminated \$150 million of the SPV revolving credit facility

| (dollar amounts in millions) | Borrower | Collateral | Maturity Date | Current (As of 2/27/2019) | | As of 12/31/2018 | |
|---------------------------------------|-----------------------------------|-------------|---------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | | | | Principal Amount Committed | Principal Amount Outstanding | Principal Amount Committed | Principal Amount Outstanding |
| Secured Revolving Facilities | | | | | | | |
| Revolving Credit Facility | Barings BDC, Inc. | MML and BSL | Feb-2024 | 800.0 | 0.0 | n/a | n/a |
| Revolving Credit Facility - Class A | Barings BDC Senior Funding I, LLC | BSL | Aug-2019 | 100.0 | 90.0 | 250.0 | 190.0 |
| Revolving Credit Facility - Class A-1 | Barings BDC Senior Funding I, LLC | BSL | Aug-2020 | 500.0 | 450.0 | 500.0 | 380.0 |
| Total Debt | | | | \$1,400.0 | \$540.0 | \$750.0 | \$570.0 |

Quarterly Dividends

Barings BDC has declared a first quarter dividend of \$0.12 per share

BARINGS BDC DIVIDENDS DECLARED PER SHARE



1Q 2019 Origination Pipeline

Investment Activity Since Quarter End

Below is a summary of Barings BDC's investment activity since December 31st, 2018

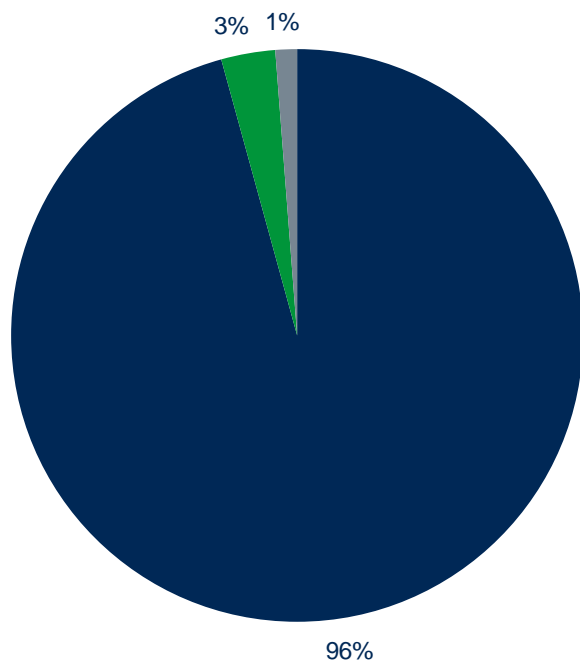
- From January 1st, 2019 through February 26th, 2019, Barings BDC made approximately \$44 million of new middle-market private debt commitments, of which approximately \$16 million have closed and funded. Of the commitments:
 - 100% were in first lien senior secured loans
 - 100% were floating rate
 - The weighted-average origination margin (DM-3) was 5.8%
 - Additionally, BBDC sold \$4.8 million of an existing investment to another private credit manager

Investment Pipeline

Below is a summary of Barings North America Private Finance probability-weighted pipeline

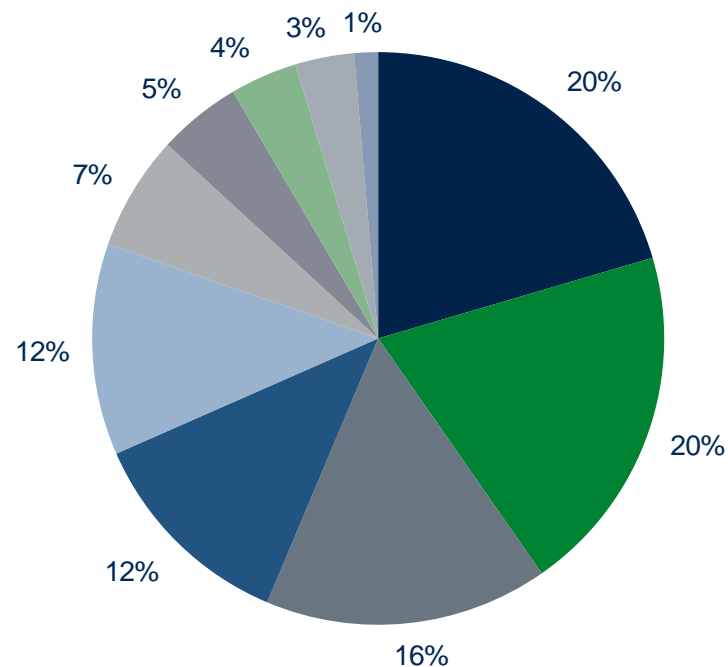
- As of February 25th, 2019, Barings North America Private Finance group had a probability-weighted pipeline of approximately \$543 million¹
- The following is a breakdown of the pipeline by seniority and by industry

Asset Class



- First Lien
- Second Lien
- Sub Debt

Industry



- Industrials
- Materials
- Health Care
- Business Services
- Financials
- Real Estate
- Software
- Information Technology
- Communication Service
- Other

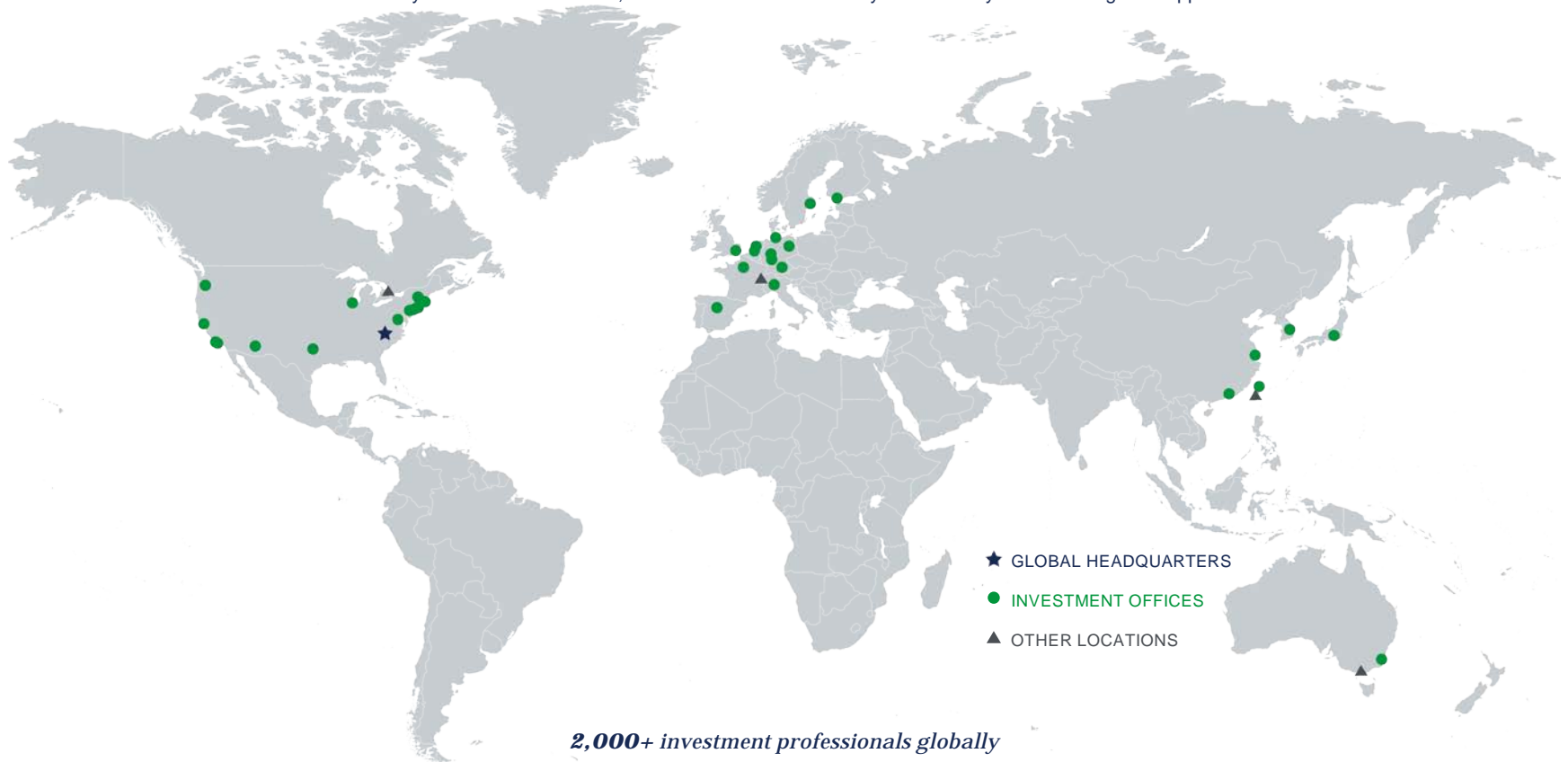
1. Represents pipeline applicable to all investment vehicles managed by Barings North America Private Finance. Not all deals may be suitable for Barings BDC. Barings BDC allocations to be determined in accordance with Barings Global Private Finance allocation policy.

The Barings Brand and Share Repurchase Philosophy

Who We Are

Barings is a **\$303+ BILLION** global financial services firm dedicated to meeting the evolving investment and capital needs of our clients and customers. Through **ACTIVE ASSET MANAGEMENT** and **DIRECT ORIGINATION**, we provide innovative solutions and access to differentiated opportunities across public and private capital markets.

A subsidiary of **MASSMUTUAL**, we have the financial stability and flexibility to take a long-term approach.



Barings' **GLOBAL FOOTPRINT** gives us a broader perspective, access to a diverse set of opportunities and the ability to truly partner with our clients to invest across global markets.

All figures are as of December 31, 2018.
Assets shown are denominated in USD.

BBDC Trading Discount

Barings BDC traded at 0.83x NAV as of February 26th

BARINGS BDC PRICE TO NET ASSET VALUE¹



1. Calculated using NAV of \$11.72 per share from August 2nd through November 8th and \$11.91 per share thereafter.

Barings' View on Capital Allocation & Shareholder Value

Permanent capital management requires a “best in class” permanent approach

FOUR CORE BELIEFS
WE HOLD AT BARINGS
RELATED TO
MANAGING
PERMANENT CAPITAL
VEHICLES



#1 BENEFIT - SHARE REPURCHASES BELOW NET ASSET
VALUE IMPROVE SHAREHOLDER RETURN

#2 BELIEF - IF SHAREHOLDERS ARE BEING ASKED TO BELIEVE IN
A MANAGER'S UNDERWRITING, THEN A MANAGER SHOULD TOO

#3 CONSISTENCY - SHARE REPURCHASES ARE SIMPLY ANOTHER
FORM OF ORIGATION AND SHOULD BE LOOKED AT ON THAT BASIS

#4 LONG-TERM - PERMANENT CAPITAL REQUIRES A
LONG-TERM APPROACH TO SHAREHOLDER VALUE

IF BARINGS BDC TRADES BELOW NAV, **BARINGS AIMS TO REPURCHASE 2.5% OF THE OUTSTANDING SHARES, INCREASING TO 5.0% IF SHARES TRADE BELOW 0.90X NAV.**

Barings' Commitment to Long-Term Alignment

BARINGS DEMONSTRATED SIGNIFICANT ALIGNMENT OF INTERESTS WITH SHAREHOLDERS IN EXECUTING THE EXTERNALIZATION TRANSACTION, AND WE ARE COMMITTED TO UPHOLDING A PHILOSOPHY OF ALIGNMENT GOING FORWARD

1

COMMITMENT TO TRANSACTION

- Significant payment of \$85 million to shareholders
- Barings invested \$100 million in BBDC at NAV
- Post-close \$50 million tender offer that was accretive to NAV
- \$50 million secondary Rule 10b5-1 purchase plan completed

2

MANAGER WITH 'SKIN IN THE GAME'

- Parent company, MassMutual, is invested alongside shareholders in portfolio companies
- Barings has always invested with a long-term horizon and a focus on capital preservation
- Significant ownership in BBDC, approximately 26.6% as of Feb. 27th

3

ALIGNED FEE STRUCTURE

- 8% hurdle rate in line with Barings' stated dividend yield target
- Lower management fee that steps up over time as the portfolio ramps
- Look-back feature that comes into effect once ramped

4

SHARE REPURCHASES

- Barings BDC aims to repurchase 2.5% of the outstanding shares if shares trade below NAV, increasing to 5.0% of the outstanding shares if shares trade below 0.90x NAV

Barings BDC Corporate Data

Board of Directors

MICHAEL FRENO
Chairman of BBDC Board,
Head of Global Markets at
Barings

TOM FINKE
Chairman and CEO of
Barings

ERIC LLOYD
CEO of BBDC, Head of
Global Private Finance at
Barings

TOM OKEL
Executive Director of
Catawba Lands Conservancy,
a nonprofit land trust

JILL OLMSTEAD
Chief Human Resources
Officer at LendingTree

MARK MULHERN
Senior Vice President and
CFO at Highwoods
Properties, a real estate
investment trust

JOHN SWITZER
Retired Managing Partner at
KPMG

Investment Committee

ERIC LLOYD
Chief Executive Officer

IAN FOWLER
President

JONATHAN BOCK
Chief Financial Officer

TOM MCDONNELL
High Yield Portfolio Manager

Corporate Officers

ERIC LLOYD
Chief Executive Officer

IAN FOWLER
President

JONATHAN BOCK
Chief Financial Officer

JANICE BISHOP
Secretary and Chief Legal
Officer

CHRIS CARY
Treasurer

ROB KNOX
Principal Accounting Officer

MELISSA LAGRANT
Chief Compliance Officer

JONATHAN LANDSBERG
Assistant Director of Finance

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Independent Accounting Firm

Ernst & Young LLP

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NYSE: BBDC

Transfer Agent

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www.computershare.com/investor

Website

www.baringsbdc.com

Appendix: Reconciliation of Debt to Net Debt and Calculation of Net Debt-to-Equity Ratio

| | December 31, 2018 | September 30, 2018 |
|--|----------------------|-----------------------|
| Borrowings under credit facility (debt) | \$570,000,000 | \$210,000,000 |
| <i>minus: Cash</i> | (12,426,982) | (116,678,976) |
| <i>minus: Short-term investments</i> | (45,223,941) | (45,000,000) |
| <i>plus: Payable from unsettled transactions</i> | 28,533,014 | 544,174,355 |
| <i>minus: Receivable from unsettled transactions</i> | (22,909,998) | (172,801,396) |
| Total net debt | 517,972,093 | 419,693,983 |
| Total net assets | 562,967,287 | 610,981,943 |
| Total net debt-to-equity ratio | 0.92x | 0.69x |