UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 814-00733

Barings BDC, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**06-1798488**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
300 South Tryon Street, Suite 2500 Charlotte, North Carolina	**28202**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (704) 805-7200

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report: N/A

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value $0.001 per share	BBDC	The New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant’s Common Stock on November 9, 2020 was 47,961,753.

BARINGS BDC, INC.
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PART I – FINANCIAL INFORMATION

Item 1. *Financial Statements.*

Barings BDC, Inc.
Consolidated Balance Sheets

	September 30, 2020 (Unaudited)	December 31, 2019
Assets:		
Investments at fair value:		
Non-Control / Non-Affiliate investments (cost of $903,128,567 and $1,085,866,720 as of September 30, 2020 and December 31, 2019, respectively)	$ 886,610,176	$ 1,066,845,054
Affiliate investments (cost of $18,258,270 and $10,158,270 as of September 30, 2020 and December 31, 2019, respectively)	19,158,075	10,229,813
Short-term investments (cost of $210,503,875 and $96,568,940 as of September 30, 2020 and December 31, 2019, respectively)	210,503,390	96,568,940
Total investments at fair value	1,116,271,641	1,173,643,807
Cash	7,112,312	13,567,849
Foreign currencies (cost of $7,532,555 and $8,360,011 as of September 30, 2020 and December 31, 2019, respectively)	7,675,046	8,423,716
Interest and fees receivable	7,749,841	5,265,980
Prepaid expenses and other assets	3,831,057	1,112,559
Deferred financing fees	4,440,269	5,366,119
Receivable from unsettled transactions	75,486,443	45,254,808
Total assets	**$ 1,222,566,609**	**$ 1,252,634,838**
Liabilities:		
Accounts payable and accrued liabilities	$ 1,373,856	$ 1,524,830
Interest payable	766,815	2,491,534
Administrative fees payable	300,000	400,000
Base management fees payable	3,375,262	3,266,722
Payable from unsettled transactions	—	4,924,150
Borrowings under credit facilities	463,703,208	352,488,419
Debt securitization	177,536,048	316,664,474
Notes payable	49,534,479	—
Total liabilities	**696,589,668**	**681,760,129**
Commitments and contingencies (Note 7)		
Net Assets:		
Common stock, $0.001 par value per share (150,000,000 shares authorized, 47,961,753 and 48,950,803 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively)	47,962	48,951
Additional paid-in capital	846,636,727	853,766,370
Total distributable earnings (loss)	(320,707,748)	(282,940,612)
Total net assets	**525,976,941**	**570,874,709**
Total liabilities and net assets	**$ 1,222,566,609**	**$ 1,252,634,838**
Net asset value per share	$ 10.97	$ 11.66

See accompanying notes.

Barings BDC, Inc.
Unaudited Consolidated Statements of Operations

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Investment income:				
Interest income:				
Non-Control / Non-Affiliate investments	$ 15,205,310	$ 18,169,034	$ 47,850,786	$ 54,853,833
Short-term investments	12,237	279,908	336,842	703,947
Total interest income	15,217,547	18,448,942	48,187,628	55,557,780
Dividend income:				
Non-Control / Non-Affiliate investments	—	4,221	2,603	8,932
Total dividend income	—	4,221	2,603	8,932
Fee and other income:				
Non-Control / Non-Affiliate investments	769,126	848,792	2,380,552	1,669,819
Total fee and other income	769,126	848,792	2,380,552	1,669,819
Payment-in-kind interest income:				
Non-Control / Non-Affiliate investments	342,469	—	577,090	—
Total payment-in-kind interest income	342,469	—	577,090	—
Interest income from cash	—	2,152	631	9,022
Total investment income	16,329,142	19,304,107	51,148,504	57,245,553
Operating expenses:				
Interest and other financing fees	3,738,991	6,727,780	14,367,855	19,598,992
Base management fee (Note 2)	3,375,262	3,263,803	10,904,422	8,845,753
Compensation expenses	—	107,779	48,410	334,869
General and administrative expenses (Note 2)	1,254,723	1,217,570	4,044,453	5,108,595
Total operating expenses	8,368,976	11,316,932	29,365,140	33,888,209
Net investment income	**7,960,166**	**7,987,175**	**21,783,364**	**23,357,344**
Realized and unrealized gains (losses) on investments and foreign currency transactions:				
Net realized gains (losses):				
Non-Control / Non-Affiliate investments	(19,477,823)	(1,066,536)	(36,233,667)	(1,146,287)
Net realized losses on investments	(19,477,823)	(1,066,536)	(36,233,667)	(1,146,287)
Foreign currency transactions	(1,028,262)	83,037	(1,089,787)	83,037
Net realized losses	(20,506,085)	(983,499)	(37,323,454)	(1,063,250)
Net unrealized appreciation (depreciation):				
Non-Control / Non-Affiliate investments	56,467,202	(2,209,225)	2,522,789	25,202,059
Affiliate investments	1,624,230	40,119	828,262	(121,970)
Net unrealized appreciation (depreciation) on investments	58,091,432	(2,169,106)	3,351,051	25,080,089
Foreign currency transactions	(2,144,050)	374,278	(1,756,412)	374,278
Net unrealized appreciation (depreciation)	55,947,382	(1,794,828)	1,594,639	25,454,367
Net realized losses and unrealized appreciation (depreciation) on investments and foreign currency transactions	35,441,297	(2,778,327)	(35,728,815)	24,391,117
Loss on extinguishment of debt	(216,474)	(13,357)	(660,066)	(143,108)
Benefit from (provision for) taxes	(7,362)	—	10,105	(499)
Net increase (decrease) in net assets resulting from operations	**$ 43,177,627**	**$ 5,195,491**	**$ (14,595,412)**	**$ 47,604,854**
Net investment income per share—basic and diluted	$ 0.17	$ 0.16	$ 0.45	$ 0.46
Net increase (decrease) in net assets resulting from operations per share—basic and diluted	$ 0.90	$ 0.10	$ (0.30)	$ 0.94
Dividends/distributions per share:				
Total dividends/distributions per share	$ 0.16	$ 0.14	$ 0.48	$ 0.39
Weighted average shares outstanding—basic and diluted	47,961,753	49,987,312	48,274,397	50,535,246

See accompanying notes.

Barings BDC, Inc.
Unaudited Consolidated Statements of Changes in Net Assets

Three Months Ended September 30, 2019	Common Stock Number of Shares	Common Stock Par Value	Additional Paid-In Capital	Total Distributable Earnings (Loss)	Total Net Assets
Balance, June 30, 2019	50,314,275	$ 50,314	$ 875,245,919	$ (292,216,528)	$ 583,079,705
Net investment income	—	—	—	7,987,175	7,987,175
Net realized gain on investments / foreign currency transactions	—	—	—	(983,499)	(983,499)
Net unrealized appreciation of investments / foreign currency transactions	—	—	—	(1,794,828)	(1,794,828)
Loss on extinguishment of debt	—	—	—	(13,357)	(13,357)
Dividends / distributions	—	—	—	(6,935,311)	(6,935,311)
Purchases of shares in repurchase plan	(895,733)	(895)	(8,894,010)	—	(8,894,905)
Balance, September 30, 2019	**49,418,542**	**$ 49,419**	**$ 866,351,909**	**$ (293,956,348)**	**$ 572,444,980**

Three Months Ended September 30, 2020	Common Stock Number of Shares	Common Stock Par Value	Additional Paid-In Capital	Total Distributable Earnings (Loss)	Total Net Assets
Balance, June 30, 2020	47,961,753	$ 47,962	$ 846,636,727	$ (356,211,495)	$ 490,473,194
Net investment income	—	—	—	7,960,166	7,960,166
Net realized loss on investments / foreign currency transactions	—	—	—	(20,506,085)	(20,506,085)
Net unrealized appreciation of investments / foreign currency transactions	—	—	—	55,947,382	55,947,382
Loss on extinguishment of debt	—	—	—	(216,474)	(216,474)
Provision for taxes	—	—	—	(7,362)	(7,362)
Dividends / distributions	—	—	—	(7,673,880)	(7,673,880)
Balance, September 30, 2020	**47,961,753**	**$ 47,962**	**$ 846,636,727**	**$ (320,707,748)**	**$ 525,976,941**

See accompanying notes.

Barings BDC, Inc.
Unaudited Consolidated Statements of Changes in Net Assets — (Continued)

Nine Months Ended September 30, 2019	Common Stock Number of Shares	Common Stock Par Value	Additional Paid-In Capital	Total Distributable Earnings (Loss)	Total Net Assets
Balance, December 31, 2018	51,284,064	$ 51,284	$ 884,894,249	$ (321,978,246)	$ 562,967,287
Net investment income	—	—	—	23,357,344	23,357,344
Net realized loss on investments / foreign currency transactions	—	—	—	(1,063,250)	(1,063,250)
Net unrealized appreciation of investments / foreign currency transactions	—	—	—	25,454,367	25,454,367
Loss on extinguishment of debt	—	—	—	(143,108)	(143,108)
Provision for taxes	—	—	—	(499)	(499)
Dividends / distributions	—	—	—	(19,582,956)	(19,582,956)
Purchases of shares in repurchase plan	(1,865,522)	(1,865)	(18,542,340)	—	(18,544,205)
Balance, September 30, 2019	**49,418,542**	**$ 49,419**	**$ 866,351,909**	**$ (293,956,348)**	**$ 572,444,980**

Nine Months Ended September 30, 2020	Common Stock Number of Shares	Common Stock Par Value	Additional Paid-In Capital	Total Distributable Earnings (Loss)	Total Net Assets
Balance, December 31, 2019	48,950,803	$ 48,951	$ 853,766,370	$ (282,940,612)	$ 570,874,709
Net investment income	—	—	—	21,783,364	21,783,364
Net realized loss on investments / foreign currency transactions	—	—	—	(37,323,454)	(37,323,454)
Net unrealized appreciation of investments / foreign currency transactions	—	—	—	1,594,639	1,594,639
Loss on extinguishment of debt	—	—	—	(660,066)	(660,066)
Income tax benefit	—	—	—	10,105	10,105
Dividends / distributions	—	—	—	(23,171,724)	(23,171,724)
Purchases of shares in repurchase plan	(989,050)	(989)	(7,129,643)	—	(7,130,632)
Balance, September 30, 2020	**47,961,753**	**$ 47,962**	**$ 846,636,727**	**$ (320,707,748)**	**$ 525,976,941**

See accompanying notes.

Barings BDC, Inc.
Unaudited Consolidated Statements of Cash Flows

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	$ (14,595,412)	$ 47,604,854
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchases of portfolio investments	(316,723,958)	(294,160,380)
Repayments received / sales of portfolio investments	416,989,098	251,057,329
Purchases of short-term investments	(697,141,628)	(577,451,108)
Sales of short-term investments	583,220,977	571,122,802
Loan origination and other fees received	6,075,019	5,118,390
Net realized loss on investments	36,233,667	1,146,287
Net realized (gain) loss on foreign currency transactions	1,089,787	(83,037)
Net unrealized appreciation of investments	(3,351,051)	(25,080,089)
Net unrealized (appreciation) depreciation of foreign currency transactions	1,756,412	(374,278)
Payment-in-kind interest accrued, net of payments received	(577,090)	—
Amortization of deferred financing fees	1,113,839	951,134
Loss on extinguishment of debt	660,066	143,108
Accretion of loan origination and other fees	(1,676,063)	(1,254,234)
Amortization / accretion of purchased loan premium / discount	(1,138,000)	(187,967)
Changes in operating assets and liabilities:		
Interest and fees receivables	(2,699,114)	595,826
Prepaid expenses and other assets	(2,569,056)	2,421,921
Accounts payable and accrued liabilities	(118,876)	65,869
Interest payable	(1,724,576)	2,141,975
Net cash provided by (used in) operating activities	4,824,041	(16,221,598)
Cash flows from financing activities:		
Borrowings under credit facilities	236,239,474	188,225,262
Repayments of credit facilities	(127,523,364)	(466,000,000)
Proceeds from debt securitization	—	348,250,000
Repayment of debt securitization	(139,897,128)	(7,468,690)
Proceeds from notes	50,000,000	—
Financing fees paid	(544,874)	(8,246,692)
Purchases of shares in repurchase plan	(7,130,632)	(18,544,205)
Cash dividends / distributions paid	(23,171,724)	(19,582,956)
Net cash provided by (used in) financing activities	(12,028,248)	16,632,719
Net increase (decrease) in cash and foreign currencies	(7,204,207)	411,121
Cash and foreign currencies, beginning of period	21,991,565	12,426,982
Cash and foreign currencies, end of period	**$ 14,787,358**	**$ 12,838,103**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 13,372,484	$ 14,398,249

See accompanying notes.

Portfolio Company	Industry	Type of Investment[1] [2]	Principal Amount	Cost	Fair Value
Non–Control / Non–Affiliate Investments:					
1WorldSync, Inc. (4.2%)*[5] [7] [8] [10]	IT Consulting & Other Services	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 07/19, Due 07/25)	$ 858,894	$ 844,671	$ 841,716
		First Lien Senior Secured Term Loan (LIBOR + 5.75%, 7.0% Cash, Acquired 07/19, Due 07/25)	21,418,269	21,061,882	20,989,904
			22,277,163	21,906,553	21,831,620
Accelerate Learning, Inc. (1.4%)*[5] [7] [8] [11]	Education Services	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.6% Cash, Acquired 12/18, Due 12/24)	7,567,965	7,455,531	7,195,485
			7,567,965	7,455,531	7,195,485
Accurus Aerospace Corporation (4.1%)*[5] [7] [8] [10]	Aerospace & Defense	First Lien Senior Secured Term Loan (LIBOR + 5.5%, 6.5% Cash, Acquired 10/18, Due 10/24)	24,562,500	24,298,740	21,393,938
			24,562,500	24,298,740	21,393,938
Acrisure, LLC (0.4%)*[5] [8] [9]	Property & Casualty Insurance	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 3.7% Cash, Acquired 03/20, Due 02/27)	1,990,000	1,714,306	1,917,863
			1,990,000	1,714,306	1,917,863
ADE Holding (d/b/a AD Education) (1.0%)*[3] [5] [7] [8] [15]	Education Services	First Lien Senior Secured Term Loan (EURIBOR + 5.0%, 5.0% Cash, Acquired 01/20, Due 01/27)	5,232,622	4,972,254	5,099,606
			5,232,622	4,972,254	5,099,606
ADMI Corp. (0.6%)*[6] [8] [9]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 2.9% Cash, Acquired 08/18, Due 04/25)	3,421,732	3,431,035	3,281,441
			3,421,732	3,431,035	3,281,441
Aftermath Bidco Corporation (2.2%)*[5] [7] [8] [10]	Professional Services	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 04/19, Due 04/25)	11,581,395	11,374,840	11,320,814
			11,581,395	11,374,840	11,320,814
Air Canada 2020-2 Class B Pass Through Trust (1.5%)*[5]	Airlines	Structured Secured Note - Class B (9.0% Cash, Acquired 09/20, Due 10/25)	7,500,000	7,500,000	7,852,969
			7,500,000	7,500,000	7,852,969
Altice USA, Inc. (0.5%)*[3] [5] [8] [9]	Cable & Satellite	First Lien Senior Secured Term Loan (LIBOR + 2.25%, 2.4% Cash, Acquired 09/18, Due 01/26)	2,487,374	2,212,589	2,399,793
			2,487,374	2,212,589	2,399,793
American Dental Partners, Inc. (1.8%)*[5] [7] [8] [10]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 5.3% Cash, Acquired 11/18, Due 03/23)	9,825,000	9,810,201	9,271,001
			9,825,000	9,810,201	9,271,001
American Scaffold, Inc. (1.8%)*[5] [7] [8] [10]	Aerospace & Defense	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 09/19, Due 09/25)	9,735,797	9,549,448	9,468,062
			9,735,797	9,549,448	9,468,062
Anagram Holdings, LLC (2.7%)*[3] [5] [7]	Chemicals, Plastics, & Rubber	First Lien Senior Secured Note (10.0% Cash, 5.0% PIK, Acquired 08/20, Due 08/25)	13,673,780	12,526,549	14,220,731
			13,673,780	12,526,549	14,220,731
Anchorage Capital CLO Ltd: Series 2013-1A (0.4%)*[3] [5] [8] [10]	Structured Finance	Structured Secured Note - Class DR (LIBOR + 6.8%, 7.1% Cash, Acquired 03/20, Due 10/30)	2,000,000	1,738,801	1,914,828
			2,000,000	1,738,801	1,914,828
Anju Software, Inc. (2.5%)*[5] [7] [8] [10]	Application Software	First Lien Senior Secured Term Loan (LIBOR + 5.5%, 6.6% Cash, Acquired 02/19, Due 02/25)	13,701,182	13,428,607	13,008,014
			13,701,182	13,428,607	13,008,014
Apex Bidco Limited (0.4%)*[3] [5] [7] [12]	Business Equipment & Services	First Lien Senior Secured Term Loan (GBP LIBOR + 6.50%, 7.0% Cash, Acquired 01/20, Due 01/27) [8]	1,883,976	1,846,562	1,827,457
		Subordinated Senior Unsecured Term Loan (8.0% PIK, Acquired 01/20, Due 07/27)	238,623	234,872	231,464
			2,122,599	2,081,434	2,058,921
Apex Tool Group, LLC (0.4%)*[5] [6] [8] [9]	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.5% Cash, Acquired 08/18, Due 08/24)	2,041,814	1,999,069	1,931,556
			2,041,814	1,999,069	1,931,556
AQA Acquisition Holding, Inc. (f/k/a SmartBear) (0.9%)*[5] [7] [8] [10]	High Tech Industries	Second Lien Senior Secured Term Loan (LIBOR + 8.0%, 9.0% Cash, Acquired 10/18, Due 05/24)	4,959,088	4,872,484	4,865,857
			4,959,088	4,872,484	4,865,857

Portfolio Company	Industry	Type of Investment[1] [2]	Principal Amount	Cost	Fair Value
Arch Global Precision LLC (2.5%)*[5] [7] [8] [10]	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.0% Cash, Acquired 04/19, Due 04/26)	$ 13,472,831	$ 13,265,371	$ 13,278,284
			13,472,831	13,265,371	13,278,284
Armstrong Transport Group (Pele Buyer, LLC) (1.4%)*[5] [7] [8] [10]	Air Freight & Logistics	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 06/19, Due 06/24)	5,368,480	5,286,234	5,243,394
		First Lien Senior Secured Term Loan (LIBOR + 6.0%, 6.2% Cash, Acquired 07/20, Due 06/24)	2,000,318	1,961,993	2,000,318
			7,368,798	7,248,227	7,243,712
Ascensus Specialties, LLC (1.3%)*[5] [7] [8] [9]	Specialty Chemicals	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 4.9% Cash, Acquired 09/19, Due 09/26)	7,037,126	6,975,230	6,942,179
			7,037,126	6,975,230	6,942,179
ASPEQ Heating Group LLC (1.7%)*[5] [7] [8] [17]	Building Products, Air and Heating	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 11/19, Due 11/25)	8,968,089	8,850,558	8,833,568
			8,968,089	8,850,558	8,833,568
Auxi International (0.3%)*[3] [5] [7] [8] [14]	Commercial Finance	First Lien Senior Secured Term Loan (EURIBOR + 5.5%, 5.5% Cash, Acquired 12/19, Due 12/26)	1,641,711	1,513,488	1,596,564
			1,641,711	1,513,488	1,596,564
Aveanna Healthcare Holdings, Inc. (0.9%)*[6] [8] [10]	Health Care Facilities	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 5.3% Cash, Acquired 10/18, Due 03/24)	1,465,984	1,452,738	1,378,391
		First Lien Senior Secured Term Loan (LIBOR + 5.5%, 6.5% Cash, Acquired 10/18, Due 03/24)	3,511,966	3,512,719	3,299,211
			4,977,950	4,965,457	4,677,602
AVSC Holding Corp. (0.8%)* [5] [6] [8] [11]	Advertising	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 4.25% Cash, Acquired 08/18, Due 03/25)	4,917,073	4,895,932	3,650,926
		First Lien Senior Secured Term Loan (LIBOR + 4.50%, 5.5% Cash, Acquired 08/18, Due 03/25) [7]	750,000	550,978	562,500
			5,667,073	5,446,910	4,213,426
Bass Pro Group, LLC (0.4%)*[5] [8] [10]	General Merchandise Stores	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 5.8% Cash, Acquired 03/20, Due 09/24)	1,984,655	1,787,822	1,963,578
			1,984,655	1,787,822	1,963,578
BDP International, Inc. (f/k/a BDP Buyer, LLC) (4.7%)*[5] [7] [8] [10]	Air Freight & Logistics	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 12/18, Due 12/24)	24,562,500	24,197,584	24,562,500
			24,562,500	24,197,584	24,562,500
Beacon Pointe Advisors, LLC (0.1%)*[5] [7] [8] [10]	Asset Manager & Custody Bank	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.0% Cash, Acquired 03/20, Due 03/26)	633,182	612,411	614,342
			633,182	612,411	614,342
Benify (Bennevis AB) (0.3%)*[3] [5] [7] [8] [16]	High Tech Industries	First Lien Senior Secured Term Loan (STIBOR + 5.25%, 5.3% Cash, Acquired 07/19, Due 07/26)	1,458,053	1,365,873	1,436,182
			1,458,053	1,365,873	1,436,182
Blackhawk Network Holdings Inc. (0.9%)*[6] [8] [9]	Data Processing & Outsourced Services	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 3.1% Cash, Acquired 11/18, Due 06/25)	4,924,433	4,924,433	4,630,494
			4,924,433	4,924,433	4,630,494
Boxer Parent Company Inc. (0.4%)*[5] [8] [9]	Software/Services	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 4.4% Cash, Acquired 03/20, Due 10/25)	1,984,848	1,800,811	1,922,147
			1,984,848	1,800,811	1,922,147
Brown Machine Group Holdings, LLC (1.0%)*[5] [7] [8] [10]	Industrial Equipment	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 10/18, Due 10/24)	5,286,022	5,239,308	5,153,872
			5,286,022	5,239,308	5,153,872
Cadent, LLC (f/k/a Cross MediaWorks) (1.4%)*[5] [7] [8] [10]	Media & Entertainment	First Lien Senior Secured Term Loan (LIBOR + 5.5%, 6.5% Cash, Acquired 09/18, Due 09/23)	7,532,846	7,487,168	7,397,255
			7,532,846	7,487,168	7,397,255
Carlson Travel, Inc (0.4%)*[5] [7]	Business Travel Management	First Lien Senior Secured Note (6.8% Cash, Acquired 09/20, Due 12/25)	3,000,000	2,362,500	2,265,000
			3,000,000	2,362,500	2,265,000
Carlyle Aviation Partners Ltd. (0.2%)*[5]	Structured Finance	Structured Secured Note, Series 2019-2 - Class A (3.4% Cash, Acquired 3/20, Due 10/39)	929,148	841,103	870,716
		Structured Secured Note, Series 2018-2 - Class A (4.5% Cash, Acquired 03/20, Due 11/38)	434,772	393,979	404,368
			1,363,920	1,235,082	1,275,084

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value
Centralis Finco S.a.r.l. (0.2%)*(3) (5) (7) (8) (14)	Diversified Financial Services	First Lien Senior Secured Term Loan (EURIBOR + 5.25%, 5.3% Cash, Acquired 5/20, Due 5/27)	$ 831,808	$ 731,243	$ 806,450
			831,808	731,243	806,450
Cineworld Group PLC (0.4%)*(3) (5) (8) (11)	Leisure Products	First Lien Senior Secured Term Loan (LIBOR + 2.25%, 2.5% Cash, Acquired 4/20, Due 2/25)	2,981,586	1,989,848	1,971,156
			2,981,586	1,989,848	1,971,156
Clarios Global LP (0.4%)*(5) (8) (9)	Auto Parts & Equipment	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 3.6% Cash, Acquired 3/20, Due 4/26)	1,984,962	1,801,408	1,930,991
			1,984,962	1,801,408	1,930,991
Classic Collision (Summit Buyer, LLC) (1.1%)*(5) (7) (8) (10)	Auto Collision Repair Centers	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.5% Cash, Acquired 01/20, Due 01/26)	5,582,424	5,303,593	5,582,424
			5,582,424	5,303,593	5,582,424
CM Acquisitions Holdings Inc. (3.9%)*(5) (7) (8) (11)	Internet & Direct Marketing	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.5% Cash, Acquired 05/19, Due 05/25)	20,434,481	20,129,562	20,264,435
			20,434,481	20,129,562	20,264,435
CMT Opco Holding, LLC (Concept Machine) (1.0%)*(5) (7) (8) (11)	Distributors	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.0% Cash, Acquired 01/20, Due 01/25)	5,437,083	5,340,979	5,007,553
		LLC Units (10,185 units, Acquired 01/20)		407,915	306,379
			5,437,083	5,748,894	5,313,932
Confie Seguros Holding II Co. (0.4%)*(5) (8) (9)	Insurance Brokerage Services	Second Lien Senior Secured Term Loan (LIBOR + 8.5%, 8.7% Cash, Acquired 10/19, Due 11/25)	2,500,000	2,365,231	1,906,250
			2,500,000	2,365,231	1,906,250
Contabo Finco S.À R.L (0.3%)*(3) (5) (7) (8) (14)	Internet Software and Services	First Lien Senior Secured Term Loan (EURIBOR + 5.75%, 5.8% Cash, Acquired 10/19, Due 10/26)	1,421,669	1,308,924	1,376,558
			1,421,669	1,308,924	1,376,558
Container Store Group, Inc., (The) (0.5%)*(3) (6) (8) (10)	Retail	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.0% Cash, Acquired 09/18, Due 09/23)	2,869,873	2,871,724	2,704,855
			2,869,873	2,871,724	2,704,855
CSL DualCom (2.4%)*(3) (5) (7) (8) (12)	Tele-communications	First Lien Senior Secured Term Loan (GBP LIBOR + 5.5%, 5.6% Cash, Acquired 09/20, Due 09/27)	12,829,485	12,128,593	12,341,964
			12,829,485	12,128,593	12,341,964
Dart Buyer, Inc. (2.3%)*(3) (5) (7) (8) (10)	Aerospace & Defense	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 04/19, Due 04/25)	12,354,672	12,124,446	12,058,967
			12,354,672	12,124,446	12,058,967
Diamond Sports Group, LLC (0.2%)* (5) (8) (9)	Broadcasting	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 3.4% Cash, Acquired 03/20, Due 08/26)	992,481	785,480	765,868
			992,481	785,480	765,868
Distinct Holdings, Inc. (1.4%)*(5) (7) (8) (10)	Systems Software	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 04/19, Due 12/23)	7,535,774	7,467,659	7,396,362
			7,535,774	7,467,659	7,396,362
DreamStart Bidco SAS (d/b/a SmartTrade) (0.5%)*(3) (5) (7) (8) (15)	Diversified Financial Services	First Lien Senior Secured Term Loan (EURIBOR + 4.5%, 4.5% Cash, 1.8% PIK, Acquired 03/20, Due 03/27)	2,862,667	2,597,617	2,757,703
			2,862,667	2,597,617	2,757,703
Elmwood CLO: Series 2019-1A (0.6%)*(3) (5) (8) (10)	Structured Finance	Structured Secured Note - Class E (LIBOR + 7.10%, 7.4% Cash, Acquired 03/20, Due 04/30)	3,000,000	2,673,958	2,923,074
			3,000,000	2,673,958	2,923,074
Endo International PLC (0.9%)*(3) (5) (6) (8) (10)	Pharmaceuticals	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 5.0% Cash, Acquired 09/18, Due 04/24)	4,825,914	4,861,718	4,584,618
			4,825,914	4,861,718	4,584,618
Envision Healthcare Corp. (0.4%)* (5) (8) (9)	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 3.75%, 3.9% Cash, Acquired 03/20, Due 10/25)	3,164,825	2,231,579	2,275,857
			3,164,825	2,231,579	2,275,857
Exeter Property Group, LLC (2.2%)*(5) (7) (8) (9)	Real Estate	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 4.7% Cash, Acquired 02/19, Due 08/24)	11,893,750	11,763,359	11,655,875
			11,893,750	11,763,359	11,655,875
Eyemart Express LLC (0.3%)*(6) (8) (9)	Retail	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.0% Cash, Acquired 08/18, Due 08/24)	1,422,131	1,425,756	1,373,537
			1,422,131	1,425,756	1,373,537

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value
F24 (Stairway BidCo Gmbh)) (0.7%)*(3) (5) (7) (8) (14)	Software Services	First Lien Senior Secured Term Loan (EURIBOR + 6.5%, 6.5% Cash, Acquired 08/20, Due 08/27)	$ 3,912,838	$ 3,770,493	$ 3,731,425
			3,912,838	3,770,493	3,731,425
Foundation Risk Partners, Corp. (0.3%)*(5) (8) (10)	Financial Services	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 09/20, Due 11/23)	1,458,333	1,195,833	1,195,833
		Second Lien Senior Secured Term Loan (LIBOR + 8.50%, 9.5% Cash, Acquired 09/20, Due 11/24)	486,111	325,694	325,694
			1,944,444	1,521,527	1,521,527
Frazer Consultants, LLC (d/b/a Tribute Technology) (1.3%)*(5) (7) (8) (11)	Software Services	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 4.9% Cash, Acquired 11/19, Due 08/23)	6,688,791	6,633,268	6,688,791
			6,688,791	6,633,268	6,688,791
GoldenTree Loan Opportunities IX, Limited: Series 2014-9A (0.2%)*(3) (5) (8) (10)	Structured Finance	Structured Secured Note - Class DR2 (LIBOR + 3.0%, 3.3% Cash, Acquired 03/20, Due 10/29)	1,250,000	909,635	1,187,548
			1,250,000	909,635	1,187,548
Gulf Finance, LLC (0.1%)*(5) (8) (9)	Oil & Gas Exploration & Production	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 10/18, Due 08/23)	1,050,973	938,230	738,309
			1,050,973	938,230	738,309
Hawaiian Airlines 2020-1 Class B Pass Through Certificates (1.4%)*(5)	Airlines	Structured Secured Note - Class B (11.3% Cash, Acquired 08/20, Due 09/25)	7,500,000	7,500,000	7,544,657
			7,500,000	7,500,000	7,544,657
Heartland, LLC (0.9%)*(5) (7) (8) (11)	Commercial Services & Supplies	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 08/19, Due 08/25)	5,462,750	5,289,830	4,954,660
			5,462,750	5,289,830	4,954,660
Heilbron (f/k/a Sucsez (Bolt Bidco B.V.)) (2.0%)*(3) (5) (7) (8) (15) (20)	Insurance	First Lien Senior Secured Term Loan (EURIBOR + 5.0%, 5.0% Cash, Acquired 09/19, Due 09/26)	9,980,450	9,208,134	9,730,939
		First Lien Senior Secured Term Loan (EURIBOR + 6.0%, 6.0% Cash, Acquired 07/20, Due 09/26)	1,047,298	809,090	820,844
			11,027,748	10,017,224	10,551,783
Highbridge Loan Management Ltd: Series 2014A-19 (0.2%)*(3) (5) (8) (10)	Structured Finance	Structured Secured Note - Class E (LIBOR + 6.75%, 7.0% Cash, Acquired 03/20, Due 07/30)	1,000,000	833,957	953,633
			1,000,000	833,957	953,633
Holley Performance Products (Holley Purchaser, Inc.) (4.2%)*(5) (7) (8) (10)	Automotive Parts & Equipment	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 5.3% Cash, Acquired 10/18, Due 10/25)	22,140,638	21,885,536	22,091,928
			22,140,638	21,885,536	22,091,928
HW Holdco, LLC (Hanley Wood LLC) (1.4%)*(5) (7) (8) (10)	Advertising	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.5% Cash, Acquired 12/18, Due 12/24)	7,527,218	7,388,421	7,339,037
			7,527,218	7,388,421	7,339,037
Hyperion Materials & Technologies, Inc. (2.5%)*(5) (7) (8) (10)	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 5.5%, 6.5% Cash, Acquired 08/19, Due 08/26)	13,890,785	13,670,491	13,197,635
			13,890,785	13,670,491	13,197,635
IM Analytics Holding, LLC (d/b/a NVT) (1.4%)*(5) (7) (8) (10)	Electronic Instruments & Components	First Lien Senior Secured Term Loan (LIBOR + 7.0%, 8.1% Cash, Acquired 11/19, Due 11/23)	8,229,921	8,163,688	7,214,349
		Warrant (68,950 units, Acquired 11/19)		—	—
			8,229,921	8,163,688	7,214,349
Institutional Shareholder Services, Inc. (0.9%)*(5) (7) (8) (10)	Diversified Support Services	Second Lien Senior Secured Term Loan (LIBOR + 8.5%, 8.7% Cash, Acquired 03/19, Due 03/27)	4,951,685	4,826,396	4,803,134
			4,951,685	4,826,396	4,803,134
International Wire Group Inc. (0.4%)*(5)	Electrical Components & Equipment	Second Lien Senior Secured Note (10.8% Cash, Acquired 08/20, Due 08/21)	2,500,000	2,262,170	2,237,500
			2,500,000	2,262,170	2,237,500
ISS#2, LLC (d/b/a Industrial Services Solutions) (1.4%)*(5) (7) (8) (11)	Commercial Services & Supplies	First Lien Senior Secured Term Loan (LIBOR + 5.5%, 6.8% Cash, Acquired 02/20, Due 02/26)	7,856,419	7,713,534	7,463,598
			7,856,419	7,713,534	7,463,598
Jade Bidco Limited (Jane's) (2.3%)*(3) (5) (7) (8)	Aerospace & Defense	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.0% Cash, 2.0% PIK, Acquired 11/19, Due 12/26)(11)	10,432,352	10,176,058	10,145,462
		First Lien Senior Secured Term Loan (EURIBOR + 4.5%, 4.5% Cash, 2.0% PIK, Acquired 11/19, Due 12/26)(15)	1,951,595	1,791,142	1,897,926
			12,383,947	11,967,200	12,043,388

Portfolio Company	Industry	Type of Investment[1] [2]	Principal Amount	Cost	Fair Value
JetBlue 2019-1 Class B Pass Through Trust (1.0%)*[5]	Airlines	Structured Secured Note - Class B (8.0% Cash, Acquired 08/20, Due 11/27)	$ 5,000,000	$ 5,000,000	$ 5,163,463
			5,000,000	5,000,000	5,163,463
Kenan Advantage Group Inc. (0.8%)*[6] [8] [9]	Trucking	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.0% Cash, Acquired 08/18, Due 07/22)	4,276,698	4,274,962	4,103,363
			4,276,698	4,274,962	4,103,363
Kene Acquisition, Inc. (En Engineering) (1.4%)*[5] [7] [8] [10]	Oil & Gas Equipment & Services	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 5.3% Cash, Acquired 08/19, Due 08/26)	7,317,225	7,187,235	7,151,434
			7,317,225	7,187,235	7,151,434
LAC Intermediate, LLC (f/k/a Lighthouse Autism Center) (1.7%)*[5] [7] [8] [10]	Healthcare & Pharmaceuticals	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 10/18, Due 10/24)	9,261,163	9,075,623	8,866,605
		Class A LLC Units (154,320 units, Acquired 10/18)		154,320	166,574
			9,261,163	9,229,943	9,033,179
Learfield Communications, LLC (1.3%)*[5] [8] [9] [19]	Broadcasting	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 4.3% Cash, Acquired 08/20, Due 12/23)	137,159	96,697	116,184
		First Lien Senior Secured Term Loan (PRIME + 2.00%, 5.3% Cash, 10.0% PIK, Acquired 08/20, Due 12/23)	7,000,000	6,931,678	6,947,500
			7,137,159	7,028,375	7,063,684
LTI Holdings, Inc. (Boyd Corporation) (2.1%)*[5] [6] [8] [9]	Industrial Conglomerates	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 3.6% Cash, Acquired 09/18, Due 09/25)	11,760,000	11,809,119	10,905,518
			11,760,000	11,809,119	10,905,518
Mallinckrodt Plc (0.5%)*[5] [6] [8] [10]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 3.5% Cash, Acquired 08/18, Due 09/24)	3,229,053	3,220,610	2,702,329
			3,229,053	3,220,610	2,702,329
MB2 Dental Solutions, LLC (1.5%)*[5] [7] [8] [10]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 6.5%, 7.6% Cash, Acquired 09/19, Due 09/23)	7,970,743	7,900,309	7,869,116
			7,970,743	7,900,309	7,869,116
Media Recovery, Inc. (SpotSee) (0.4%)*[5] [7] [8] [10]	Containers, Packaging and Glass	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 11/19, Due 11/25)	2,227,543	2,188,757	2,135,693
			2,227,543	2,188,757	2,135,693
Music Reports, Inc. (1.2%)*[5] [7] [8] [10]	Media & Entertainment	First Lien Senior Secured Term Loan (LIBOR + 6.25%, 7.3% Cash, Acquired 08/20, Due 08/26)	6,592,972	6,428,148	6,428,148
			6,592,972	6,428,148	6,428,148
Neuberger Berman CLO Ltd: Series 2020-36A (0.5%)*[3] [5] [8] [10]	Structured Finance	Structured Secured Note - Class E (LIBOR + 7.81%, 8.1% Cash, Acquired 03/20, Due 04/33)	2,500,000	2,476,304	2,499,470
			2,500,000	2,476,304	2,499,470
NGS US Finco, LLC (f/k/a Dresser Natural Gas Solutions) (2.3%)*[5] [7] [8] [9]	Energy Equipment & Services	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 5.3% Cash, Acquired 10/18, Due 10/25)	11,916,381	11,871,673	11,878,249
			11,916,381	11,871,673	11,878,249
Nouryon Finance B.V. (Starfruit US Holdco, LLC) (0.4%)*[3] [5] [8] [9]	Specialty Chemicals	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 3.2% Cash, Acquired 03/20, Due 10/25)	1,984,491	1,790,303	1,918,586
			1,984,491	1,790,303	1,918,586
Options Technology Ltd. (2.1%)*[3] [5] [7] [8] [10]	Computer Services	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.5% Cash, Acquired 12/19, Due 12/25)	11,034,649	10,787,963	10,755,587
			11,034,649	10,787,963	10,755,587
Pare SAS (SAS Maurice MARLE) (0.9%)*[3] [5] [7] [8] [14]	Health Care Equipment	First Lien Senior Secured Term Loan (EURIBOR + 5.25%, 6.8% Cash, 1.5% PIK, Acquired 12/19, Due 12/26)	4,734,565	4,413,816	4,637,507
			4,734,565	4,413,816	4,637,507
Patriot New Midco 1 Limited (Forensic Risk Alliance) (1.6%)*[3] [5] [7] [8]	Diversified Financial Services	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 02/20, Due 02/27)[11]	4,720,287	4,591,360	4,445,391
		First Lien Senior Secured Term Loan (EURIBOR + 5.75%, 5.8% Cash, Acquired 02/20, Due 02/27)[15]	4,158,610	3,758,277	3,916,425
			8,878,897	8,349,637	8,361,816
Phoenix Services International LLC (0.5%)*[6] [8] [9]	Steel	First Lien Senior Secured Term Loan (LIBOR + 3.75%, 4.8% Cash, Acquired 08/18, Due 03/25)	2,932,331	2,941,028	2,800,376
			2,932,331	2,941,028	2,800,376

Portfolio Company	Industry	Type of Investment[1] [2]	Principal Amount	Cost	Fair Value
Playtika Holding Corp. (0.7%)*[5] [8] [10]	Leisure, Amusement & Entertainment	First Lien Senior Secured Term Loan (LIBOR + 6.0%, 7.1% Cash, Acquired 03/20, Due 12/24)	$ 3,850,000	$ 3,569,560	$ 3,848,576
			3,850,000	3,569,560	3,848,576
Premier Technical Services Group (Project Graphite) (0.5%)*[3] [5] [7] [8] [13]	Construction & Engineering	First Lien Senior Secured Term Loan (GBP LIBOR + 6.75%, 7.5% Cash, Acquired 08/19, Due 06/26)	2,940,259	2,677,987	2,706,073
			2,940,259	2,677,987	2,706,073
Process Equipment, Inc. (ProcessBarron) (1.2%)*[5] [7] [8] [10] [11]	Industrial Air & Material Handling Equipment	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 03/19, Due 03/25)	6,684,916	6,588,875	6,063,219
			6,684,916	6,588,875	6,063,219
Professional Datasolutions, Inc. (PDI) (4.4%)*[5] [7] [8] [10]	Application Software	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.5% Cash, Acquired 03/19, Due 10/24)	22,983,010	22,955,060	22,946,238
			22,983,010	22,955,060	22,946,238
Project Potter Buyer, LLC (Command Alkon) (1.9%)*[5] [7] [8] [9]	Software	First Lien Senior Secured Term Loan (LIBOR + 8.25%, 9.3% Cash, Acquired 04/20, Due 04/27)	9,870,877	9,588,196	9,662,601
		Class A Units (104.4 units, Acquired 04/20)		104,384	136,564
		Class B Units (38,426.7 units, Acquired 4/20)		—	—
			9,870,877	9,692,580	9,799,165
PSC UK Pty Ltd. (0.4%)*[3] [5] [7] [8] [12]	Insurance Services	First Lien Senior Secured Term Loan (GBP LIBOR + 6.0%, 6.5% Cash, Acquired 11/19, Due 11/24)	2,062,238	1,983,472	1,996,942
			2,062,238	1,983,472	1,996,942
Radiate HoldCo, LLC (0.3%)*[5] [8] [9]	Cable & Satellite	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 4.3% Cash, Acquired 09/20, Due 09/26)	1,746,415	1,746,415	1,713,669
			1,746,415	1,746,415	1,713,669
Recovery Point Systems, Inc. (2.2%)*[5] [7] [8] [10]	Technology	First Lien Senior Secured Term Loan (LIBOR + 6.5%, 7.5% Cash, Acquired 08/20, Due 07/26)	11,795,776	11,564,165	11,559,860
			11,795,776	11,564,165	11,559,860
Refinitiv US Holdings, Inc. (0.6%)*[5] [9]	Data Processing & Outsourced Services	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 3.4% Cash, Acquired 03/20, Due 10/25)	3,012,716	2,745,948	2,979,908
			3,012,716	2,745,948	2,979,908
RR Ltd: Series 2019-6A (0.4%)*[3] [5] [10]	Structured Finance	Structured Secured Note - Class D (LIBOR + 6.75%, 7.0% Cash, Acquired 03/20, Due 04/30)	2,000,000	1,649,961	1,849,426
			2,000,000	1,649,961	1,849,426
Ruffalo Noel Levitz, LLC (1.8%)*[5] [7] [8] [10]	Media Services	First Lien Senior Secured Term Loan (LIBOR + 6.0%, 7.0% Cash, Acquired 01/19, Due 05/22)	9,641,206	9,566,226	9,496,588
			9,641,206	9,566,226	9,496,588
Scaled Agile, Inc. (0.9%)*[5] [7] [8] [9]	Research & Consulting Services	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 06/19, Due 06/24)	4,857,479	4,817,601	4,808,905
			4,857,479	4,817,601	4,808,905
SCI Packaging Inc. (0.9%)*[6] [8] [10]	Metal & Glass Containers	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 3.5% Cash, Acquired 08/18, Due 04/24)	4,923,664	4,915,618	4,612,882
			4,923,664	4,915,618	4,612,882
Seaworld Entertainment, Inc. (1.1%)*[3] [6] [8] [9]	Leisure Facilities	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 3.1% Cash, Acquired 08/18, Due 03/24)	5,923,469	5,916,134	5,498,934
			5,923,469	5,916,134	5,498,934
Serta Simmons Bedding LLC (2.0%)* [5] [8] [9]	Home Furnishings	Super Priority First Out (LIBOR + 7.5%, 8.5% Cash, Acquired 6/20, Due 08/23)	7,443,107	7,235,952	7,331,460
		Super Priority Second Out (LIBOR + 7.5%, 8.5% Cash, Acquired 6/20, Due 08/23)	3,652,949	3,381,618	2,969,848
			11,096,056	10,617,570	10,301,308
Smile Brands Group Inc. (1.1%)*[5] [7] [8] [10] [11]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 4.9% Cash, Acquired 10/18, Due 10/24)	5,851,605	5,808,132	5,657,743
			5,851,605	5,808,132	5,657,743
Springbrook Software (SBRK Intermediate, Inc.) (1.9%)*[5] [7] [8] [10]	Enterprise Software and Services	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 12/19, Due 12/26)	10,442,083	10,214,537	10,191,155
			10,442,083	10,214,537	10,191,155
Syniverse Holdings, Inc. (1.5%)*[5] [6] [8] [10]	Technology Distributors	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.0% Cash, Acquired 08/18, Due 03/23)	10,263,158	10,235,328	7,876,974
			10,263,158	10,235,328	7,876,974

Portfolio Company	Industry	Type of Investment[(1) (2)]	Principal Amount	Cost	Fair Value
Tahoe Subco 1 Ltd. (Almonde, Inc.) (2.1%)*[(3) (5) (6) (8) (11)]	Internet Software & Services	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 4.5% Cash, Acquired 09/18, Due 06/24)	$ 11,828,390	$ 11,836,116	$ 11,032,931
			11,828,390	11,836,116	11,032,931
Team Health Holdings, Inc. (1.1%)*[(5) (6) (8) (9)]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 3.8% Cash, Acquired 09/18, Due 02/24)	6,840,506	6,664,086	5,719,416
			6,840,506	6,664,086	5,719,416
The Hilb Group, LLC (1.8%)*[(5) (7) (8) (9) (10)]	Insurance Brokerage	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 12/19, Due 12/26)	9,767,134	9,503,409	9,474,877
			9,767,134	9,503,409	9,474,877
Total Safety U.S. Inc. (1.3%)*[(5) (8) (10)]	Diversified Support Services	First Lien Senior Secured Term Loan (LIBOR + 6.0%, 7.0% Cash, Acquired 11/19, Due 08/25)	6,948,915	6,687,013	6,611,893
			6,948,915	6,687,013	6,611,893
Transit Technologies LLC (1.1%)*[(5) (7) (8) (10)]	Software	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.0% Cash, Acquired 02/20, Due 02/25)	6,785,305	6,575,927	6,014,494
			6,785,305	6,575,927	6,014,494
Transportation Insight, LLC (4.6%)*[(5) (7) (8) (10)]	Air Freight & Logistics	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 4.8% Cash, Acquired 08/18, Due 12/24)	24,589,328	24,418,931	24,343,435
			24,589,328	24,418,931	24,343,435
Triumph Group Inc. (0.7%)*[(3) (5)]	Aerospace & Defense	First Lien Senior Secured Note (8.9% Cash, Acquired 08/20, Due 06/24)	3,266,000	3,266,000	3,478,290
			3,266,000	3,266,000	3,478,290
Truck-Lite Co., LLC (3.4%)*[(5) (7) (8) (10)]	Automotive Parts and Equipment	First Lien Senior Secured Term Loan (LIBOR + 6.25%, 7.3% Cash, Acquired 12/19, Due 12/26)	19,468,270	19,062,504	18,080,155
			19,468,270	19,062,504	18,080,155
Trystar, LLC (3.0%)*[(5) (7) (8) (10)]	Power Distribution Solutions	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 09/18, Due 09/23)	15,637,813	15,464,677	15,345,385
		Class A LLC Units (361.5 units, Acquired 09/18)		361,505	365,533
			15,637,813	15,826,182	15,710,918
U.S. Anesthesia Partners, Inc. (2.4%)*[(5) (6) (8) (11)]	Managed Health Care	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.0% Cash, Acquired 09/18, Due 06/24)	13,481,027	13,524,906	12,705,868
			13,481,027	13,524,906	12,705,868
U.S. Silica Company (0.2%)*[(5) (8) (9)]	Metal & Glass Containers	First Lien Senior Secured Term Loan (LIBOR + 4.0%, 5.0% Cash, Acquired 08/18, Due 05/25)	1,491,380	1,494,324	1,242,036
			1,491,380	1,494,324	1,242,036
UKFast Leaders Limited (5.4%)*[(3) (5) (7) (8) (18)]	Technology	First Lien Senior Secured Term Loan (GBP LIBOR + 6.75%, 6.8% Cash, Acquired 09/20, Due 9/27)	22,912,134	22,121,627	22,224,770
		Super Senior Secured Term Loan (GBP LIBOR + 3.25%, 3.3% Cash, Acquired 09/20, Due 3/27)	6,248,763	6,033,283	6,061,300
			29,160,897	28,154,910	28,286,070
USF Holdings LLC (U.S. Farathane, LLC) (0.5%)*[(6) (8) (10)]	Auto Parts & Equipment	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 4.5% Cash, Acquired 08/18, Due 12/21)	3,088,580	3,093,550	2,665,444
			3,088,580	3,093,550	2,665,444
USLS Acquisition, Inc. (f/k/a US Legal Support, Inc.) (2.8%)*[(5) (7) (8) (10) (11)]	Legal Services	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 11/18, Due 11/24)	16,430,096	16,194,004	14,884,078
			16,430,096	16,194,004	14,884,078
Utac Ceram (2.6%)*[(3) (5) (8) (14)]	Business Services	First Lien Senior Secured Term Loan (EURIBOR + 5.75%, 5.8% Cash, Acquired 09/20, Due 09/27)	14,071,806	13,503,424	13,597,762
			14,071,806	13,503,424	13,597,762
Validity, Inc. (0.9%)*[(5) (7) (8) (10)]	IT Consulting & Other Services	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.1% Cash, Acquired 07/19, Due 05/25)	5,051,351	4,915,036	4,724,276
			5,051,351	4,915,036	4,724,276
Winebow Group, LLC, (The) (2.6%)*[(5) (8) (9)]	Consumer Goods	First Lien Senior Secured Term Loan (LIBOR + 3.75%, 4.8% Cash, Acquired 11/19, Due 07/21)	10,787,718	10,070,655	8,896,525
		Second Lien Senior Secured Term Loan (LIBOR + 7.5%, 8.5% Cash, Acquired 10/19, Due 01/22) [(7)]	7,141,980	4,813,864	4,999,386
			17,929,698	14,884,519	13,895,911

Portfolio Company	Industry	Type of Investment[1] [2]	Principal Amount	Cost	Fair Value
World 50, Inc. (2.6%)*[5] [7] [8] [9]	Professional Services	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 01/20, Due 01/26)	$ 13,945,025	$ 13,607,509	$ 13,535,173
			13,945,025	13,607,509	13,535,173
Subtotal Non–Control / Non–Affiliate Investments			929,268,108	903,128,567	886,610,176
Affiliate Investments:[4]					
Jocassee Partners LLC (3.0%)*[3] [5]	Investment Funds & Vehicles	9.1% Member Interest, Acquired 06/19		15,158,270	15,952,545
				15,158,270	15,952,545
Thompson Rivers LLC (0.6%)*[3] [5]	Investment Funds & Vehicles	10% Member Interest, Acquired 06/20		3,100,000	3,205,530
				3,100,000	3,205,530
Subtotal Affiliate Investments				18,258,270	19,158,075
Short-Term Investments:					
BlackRock, Inc. (4.0%)*[5]	Money Market Fund	BlackRock Liquidity Temporary Fund (0.13% yield)		21,000,000	21,000,000
				21,000,000	21,000,000
Federated Investment Management Company (30.4%)*[6]	Money Market Fund	Federated Government Obligation Fund (0.01% yield)		160,046,690	160,046,690
				160,046,690	160,046,690
HSBC Holdings PLC (0.5%)*[5]	Money Market Fund	HSBC Funds U.S. Government Money Market Fund (0.03% yield)		2,600,330	2,600,330
				2,600,330	2,600,330
JPMorgan Chase & Co. (5.1%)*[6]	Money Market Fund	JPMorgan Prime Money Market Fund (0.16% yield)		26,856,855	26,856,370
				26,856,855	26,856,370
Subtotal Short-Term Investments				210,503,875	210,503,390
Total Investments, September 30, 2020 (212.23%)*			$ 929,268,108	$ 1,131,890,712	$ 1,116,271,641

Foreign Currency Forward Contracts:

Description	Notional Amount to be Purchased	Notional Amount to be Sold	Settlement Date	Unrealized Appreciation (Depreciation)
Foreign currency forward contract (CAD)	C$13,495,000	$10,081,420	10/02/20	$ 21,550
Foreign currency forward contract (CAD)	$10,255,950	C$13,495,000	10/02/20	152,979
Foreign currency forward contract (EUR)	€4,672,157	$5,487,094	10/02/20	(8,286)
Foreign currency forward contract (EUR)	$5,374,120	€4,672,157	10/02/20	(104,687)
Foreign currency forward contract (EUR)	$3,412,466	€2,906,604	01/05/21	(3,740)
Foreign currency forward contract (GBP)	£1,285,558	$1,594,070	10/02/20	67,899
Foreign currency forward contract (GBP)	$1,696,763	£1,285,558	10/02/20	34,794
Foreign currency forward contract (GBP)	$529,136	£415,299	01/05/21	(8,147)
Foreign currency forward contract (SEK)	$80,985	751,190kr	10/02/20	(2,947)
Foreign currency forward contract (SEK)	751,190kr	$84,268	10/02/20	(336)
Foreign currency forward contract (SEK)	$92,284	821,594kr	01/05/21	362
Total Foreign Currency Forward Contracts, September 30, 2020				$ 149,441

* Fair value as a percentage of net assets.

(1) All debt investments are income producing, unless otherwise noted. Equity and any equity-linked investments are non-income producing, unless otherwise noted. The Company's Board of Directors (the "Board") determined in good faith that all investments were valued at fair value in accordance with the Company's valuation policies and procedures and the Investment Company Act of 1940, as amended, (the "1940 Act") based on, among other things, the input of the Company's external investment adviser, Barings LLC ("Barings"), the Company's Audit Committee and an independent valuation firm that has been engaged to assist in the valuation of the Company's senior secured, middle-market investments. In addition, all debt investments are variable rate investments unless otherwise noted. Index-based floating interest rates are generally subject to a contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to LIBOR, EURIBOR, GBP LIBOR, STIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically reset semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan.

(2) All of the Company's portfolio company investments (including joint venture and short-term investments), which as of September 30, 2020 represented 212.2% of the Company's net assets, are subject to legal restrictions on sales. The acquisition date represents the date of the Company's initial investment in the relevant portfolio company.

(3) Investment is not a qualifying investment as defined under Section 55(a) of the 1940 Act. Non-qualifying assets represent 19.2% of total investments at fair value as of September 30, 2020. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets. If at any time qualifying assets do not represent at least 70% of the Company's total assets, the Company will be precluded from acquiring any additional non-qualifying asset until such time as it complies with the requirements of Section 55(a).

(4) As defined in the 1940 Act, the Company is deemed to be an “affiliated person” of the portfolio company as the Company owns 5% or more of the portfolio company's voting securities (“non-controlled affiliate”). Transactions related to investments in non-controlled affiliates for the nine months ended September 30, 2020 were listed below:

Portfolio Company	Type of Investment(a)	Amount of Realized Gain (Loss)	Amount of Unrealized Gain (Loss)	Amount of Interest or Dividends Credited to Income(b)	December 31, 2019 Value	Gross Additions (c)	Gross Reductions (d)	September 30, 2020 Value
Jocassee Partners LLC	9.1% Member Interest	$ —	$ 722,732	$ —	$ 10,229,813	$ 5,722,732	$ —	$ 15,952,545
		—	722,732	—	10,229,813	5,722,732	—	15,952,545
Thompson Rivers LLC	10% Member Interest	—	105,530	—	—	3,205,530	—	3,205,530
		—	105,530	—	—	3,205,530	—	3,205,530
Total Affiliate Investments		**$ —**	**$ 828,262**	**$ —**	**$ 10,229,813**	**$ 8,928,262**	**$ —**	**$ 19,158,075**

(a) Equity and equity-linked investments are non-income producing, unless otherwise noted.
(b) Represents the total amount of interest, fees or dividends credited to income for the portion of the year an investment was included in the Affiliate category.
(c) Gross additions include increases in the cost basis of investments resulting from new investments and follow-on investments. Gross additions also include net increases in unrealized appreciation or net decreases in unrealized depreciation.
(d) Gross reductions include decreases in the total cost basis of investments resulting from principal repayments or sales. Gross reductions also include net increases in unrealized depreciation or net decreases in unrealized appreciation.

(5) Some or all of the investment is or will be encumbered as security for the Company's credit facility entered into in February 2019 (and subsequently amended in December 2019) with ING Capital LLC (the "February 2019 Credit Facility").
(6) Some or all of the investment is encumbered as security for the Company's $449.3 million term debt securitization entered into in May 2019 (the "Debt Securitization").
(7) The fair value of the investment was determined using significant unobservable inputs.
(8) Debt investment includes interest rate floor feature.
(9) The interest rate on these loans is subject to 1 Month LIBOR, which as of September 30, 2020 was 0.14825%.
(10) The interest rate on these loans is subject to 3 Month LIBOR, which as of September 30, 2020 was 0.23388%.
(11) The interest rate on these loans is subject to 6 Month LIBOR, which as of September 30, 2020 was 0.25975%.
(12) The interest rate on these loans is subject to 3 Month GBP LIBOR, which as of September 30, 2020 was 0.06088%.
(13) The interest rate on these loans is subject to 6 Month GBP LIBOR, which as of September 30, 2020 was 0.08750%.
(14) The interest rate on these loans is subject to 3 Month EURIBOR, which as of September 30, 2020 was -0.498%.
(15) The interest rate on these loans is subject to 6 Month EURIBOR, which as of September 30, 2020 was -0.480%.
(16) The interest rate on these loans is subject to 3 Month STIBOR, which as of September 30, 2020 was -0.084%.
(17) The interest rate on these loans is subject to 2 Month LIBOR, which as of September 30, 2020 was 0.19388%.
(18) The interest rate on these loans is subject to 1 month GBP LIBOR, which as of September 30, 2020 was 0.04538%.
(19) The interest rate on these loans is subject to Prime, which as of September 30, 2020 was 3.25%.
(20) The interest rate on these loans is subject to 1 Month EURIBOR, which as of September 30, 2020 was -0.529%.

See accompanying notes.

Barings BDC, Inc.
Consolidated Schedule of Investments
December 31, 2019

Portfolio Company	Industry	Type of Investment[(1) (2)]	Principal Amount	Cost	Fair Value
Non–Control / Non–Affiliate Investments:					
1WorldSync, Inc. (3.9%)*[(5) (7) (8)]	IT Consulting & Other Services	First Lien Senior Secured Term Loan (LIBOR + 7.25%, 9.2% Cash, Acquired 07/19, Due 07/25)	$ 22,445,913	$ 22,024,832	$ 22,000,839
			22,445,913	22,024,832	22,000,839
24 Hour Fitness Worldwide, Inc. (0.6%)*[(4) (6) (8)]	Leisure Facilities	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.3% Cash, Acquired 08/18, Due 05/25)	4,612,441	4,652,772	3,475,889
			4,612,441	4,652,772	3,475,889
Accelerate Learning, Inc. (1.3%)*[(5) (7) (8)]	Education Services	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 6.4% Cash, Acquired 12/18, Due 12/24)	7,567,964	7,438,417	7,271,525
			7,567,964	7,438,417	7,271,525
Accurus Aerospace Corporation (4.1%)*[(5) (7) (8)]	Aerospace & Defense	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 6.4% Cash, Acquired 10/18, Due 10/24)	24,750,000	24,442,153	23,423,629
			24,750,000	24,442,153	23,423,629
Acrisure, LLC (0.9%)*[(6) (8)]	Property & Casualty Insurance	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 6.2% Cash, Acquired 08/18, Due 11/23)	4,961,929	4,986,542	4,968,131
			4,961,929	4,986,542	4,968,131
ADMI Corp. (0.6%)*[(6) (8)]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.5% Cash, Acquired 08/18, Due 04/25)	3,447,500	3,458,266	3,449,672
			3,447,500	3,458,266	3,449,672
Aftermath Bidco Corporation (2.1%)*[(5) (7) (8)]	Professional Services	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 7.8% Cash, Acquired 04/19, Due 04/25)	12,259,030	12,010,502	12,016,813
			12,259,030	12,010,502	12,016,813
AlixPartners LLP (0.9%)*[(6) (8)]	Investment Banking & Brokerage	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.5% Cash, Acquired 09/18, Due 04/24)	4,961,735	4,980,608	4,985,005
			4,961,735	4,980,608	4,985,005
Alliant Holdings LP (0.9%)*[(6) (8)]	Property & Casualty Insurance	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 09/18, Due 05/25)	4,922,531	4,929,349	4,919,775
			4,922,531	4,929,349	4,919,775
American Dental Partners, Inc. (1.7%)*[(5) (8)]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 6.2% Cash, Acquired 11/18, Due 03/23)	9,900,000	9,880,958	9,751,500
			9,900,000	9,880,958	9,751,500
American Scaffold, Inc. (1.7%)*[(5) (7) (8)]	Aerospace & Defense	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 7.2% Cash, Acquired 09/19, Due 09/25)	9,784,844	9,574,185	9,576,821
			9,784,844	9,574,185	9,576,821
Anju Software, Inc. (2.4%)*[(5) (7) (8)]	Application Software	First Lien Senior Secured Term Loan (LIBOR + 5.5%, 7.4% Cash, Acquired 02/19, Due 02/25)	13,820,065	13,505,384	13,485,435
			13,820,065	13,505,384	13,485,435
Apex Tool Group, LLC (1.2%)*[(4) (6) (8)]	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 5.5%, 7.3% Cash, Acquired 08/18, Due 08/24)	7,145,435	7,014,166	7,032,680
			7,145,435	7,014,166	7,032,680
Applied Systems Inc. (0.9%)*[(6) (8)]	Application Software	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.2% Cash, Acquired 09/19, Due 09/24)	4,963,321	4,993,617	4,978,360
			4,963,321	4,993,617	4,978,360
AQA Acquisition Holding, Inc. (f/k/a SmartBear) (0.9%)*[(5) (7) (8)]	High Tech Industries	Second Lien Senior Secured Term Loan (LIBOR + 8.0%, 10.1% Cash, Acquired 10/18, Due 05/24)	4,959,088	4,857,998	4,859,316
			4,959,088	4,857,998	4,859,316
Arch Global Precision LLC (1.4%)*[(5) (7) (8)]	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 6.6% Cash, Acquired 04/19, Due 04/26)	8,285,058	8,160,532	8,202,739
			8,285,058	8,160,532	8,202,739
Armstrong Transport Group (Pele Buyer, LLC) (0.8%)*[(5) (7) (8)]	Air Freight & Logistics	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 6.5% Cash, Acquired 06/19, Due 06/24)	4,679,427	4,581,840	4,575,617
			4,679,427	4,581,840	4,575,617
Ascend Learning, LLC (0.9%)*[(6) (8)]	IT Consulting & Other Services	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 09/18, Due 07/24)	4,961,928	4,971,130	4,989,864
			4,961,928	4,971,130	4,989,864
Ascensus Specialties, LLC (1.4%)*[(5) (7) (8)]	Specialty Chemicals	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 6.4% Cash, Acquired 09/19, Due 09/26)	8,092,810	8,014,212	8,023,386
			8,092,810	8,014,212	8,023,386

Barings BDC, Inc.
Consolidated Schedule of Investments — (Continued)
December 31, 2019

Portfolio Company	Industry	Type of Investment[1] [2]	Principal Amount	Cost	Fair Value
ASPEQ Heating Group LLC (1.8%)*[5] [7] [8]	Building Products, Air and Heating	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 7.2% Cash, Acquired 11/19, Due 11/25)	$ 10,535,858	$ 10,381,002	$ 10,403,101
			10,535,858	10,381,002	10,403,101
AssuredPartners Capital, Inc. (0.9%)*[6] [8]	Property & Casualty Insurance	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.3% Cash, Acquired 08/18, Due 10/24)	4,957,568	4,966,915	4,968,722
			4,957,568	4,966,915	4,968,722
Auxi International (1.0%)*[3] [5] [7] [8]	Commercial Finance	First Lien Senior Secured Term Loan (EURIBOR + 5.5%, 5.5% Cash, Acquired 12/19, Due 12/26)	5,578,822	5,359,131	5,429,359
			5,578,822	5,359,131	5,429,359
Avantor, Inc. (0.3%)*[3] [6] [8]	Health Care Equipment	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 08/18, Due 11/24)	1,477,017	1,494,467	1,489,320
			1,477,017	1,494,467	1,489,320
Aveanna Healthcare Holdings, Inc. (0.8%)*[6] [8]	Health Care Facilities	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 6.0% Cash, Acquired 10/18, Due 03/24)	1,473,559	1,457,678	1,415,545
		First Lien Senior Secured Term Loan (LIBOR + 5.5%, 7.3% Cash, Acquired 10/18, Due 03/24)	3,529,748	3,530,607	3,400,700
			5,003,307	4,988,285	4,816,245
AVSC Holding Corp. (1.4%)*[4] [5] [6] [8]	Advertising	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.1% Cash, Acquired 08/18, Due 03/25)	7,879,699	7,843,898	7,840,301
			7,879,699	7,843,898	7,840,301
Bausch Health Companies Inc. (0.8%)*[3] [6] [8]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.7% Cash, Acquired 08/18, Due 05/25)	4,581,718	4,600,701	4,604,627
			4,581,718	4,600,701	4,604,627
BDP International, Inc. (f/k/a BDP Buyer, LLC) (4.3%)*[5] [7] [8]	Air Freight & Logistics	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 6.7% Cash, Acquired 12/18, Due 12/24)	24,750,000	24,326,180	24,449,263
			24,750,000	24,326,180	24,449,263
Benify (Bennevis AB) (0.2%)*[3] [5] [7] [8]	High Tech Industries	First Lien Senior Secured Term Loan (STIBOR + 5.75%, 5.85% Cash, Acquired 07/19, Due 07/26)	1,394,029	1,363,957	1,373,219
			1,394,029	1,363,957	1,373,219
Berlin Packaging LLC (1.5%)*[4] [5] [6] [8]	Forest Products /Containers	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.7% Cash, Acquired 08/18, Due 11/25)	8,372,500	8,389,597	8,297,734
			8,372,500	8,389,597	8,297,734
Blackhawk Network Holdings Inc. (0.9%)*[6] [8]	Data Processing & Outsourced Services	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 11/18, Due 06/25)	4,962,217	4,962,217	4,957,056
			4,962,217	4,962,217	4,957,056
Brown Machine Group Holdings, LLC (0.9%)*[5] [7] [8]	Industrial Equipment	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 7.2% Cash, Acquired 10/18, Due 10/24)	5,286,022	5,231,847	5,016,305
			5,286,022	5,231,847	5,016,305
Cadent, LLC (f/k/a Cross MediaWorks) (1.4%)*[5] [7] [8]	Media & Entertainment	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 7.0% Cash, Acquired 09/18, Due 09/23)	7,866,556	7,806,344	7,827,224
			7,866,556	7,806,344	7,827,224
Capital Automotive LLC (0.9%)*[6] [8]	Automotive Retail	First Lien Senior Secured Term Loan (LIBOR + 2.5%, 4.3% Cash, Acquired 09/18, Due 03/24)	4,987,277	4,999,916	4,998,199
			4,987,277	4,999,916	4,998,199
CM Acquisitions Holdings Inc. (f/k/a Campaign Monitor (UK) Limited) (3.5%)*[5] [7] [8]	Internet & Direct Marketing	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 6.5% Cash, Acquired 05/19, Due 05/25)	20,537,685	20,188,267	20,161,398
			20,537,685	20,188,267	20,161,398
Confie Seguros Holding II Co. (0.4%)*[5] [7] [8]	Insurance Brokerage Services	Second Lien Senior Secured Term Loan (LIBOR + 8.5%, 10.4% Cash, Acquired 10/19, Due 11/25)	2,500,000	2,350,797	2,312,500
			2,500,000	2,350,797	2,312,500
Contabo Finco S.À R.L (0.9%)*[3] [5] [7] [8]	Internet Software and Services	First Lien Senior Secured Term Loan (EURIBOR + 5.75%, 5.75% Cash, Acquired 10/19, Due 10/26)	5,069,246	4,853,087	4,900,448
			5,069,246	4,853,087	4,900,448
Container Store Group, Inc., (The) (0.5%)*[6] [7] [8]	Retail	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.8% Cash, Acquired 09/18, Due 09/23)	2,929,197	2,931,249	2,753,445
			2,929,197	2,931,249	2,753,445
Core & Main LP (0.7%)*[6] [8]	Building Products	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.5% Cash, Acquired 09/18, Due 08/24)	3,979,695	3,995,692	3,978,024
			3,979,695	3,995,692	3,978,024

Portfolio Company	Industry	Type of Investment[(1) (2)]	Principal Amount	Cost	Fair Value
CPG Intermediate LLC (0.4%)*[(6) (8)]	Specialty Chemicals	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.3% Cash, Acquired 08/18, Due 11/24)	$ 2,110,623	$ 2,112,734	$ 2,122,506
			2,110,623	2,112,734	2,122,506
CPI International Inc. (0.8%)*[(6) (8)]	Electronic Components	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.3% Cash, Acquired 09/18, Due 07/24)	4,747,070	4,753,808	4,557,187
			4,747,070	4,753,808	4,557,187
Dart Buyer, Inc. (1.8%)*[(3) (5) (7) (8)]	Aerospace & Defense	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 7.2% Cash, Acquired 04/19, Due 04/25)	10,571,782	10,307,197	10,315,912
			10,571,782	10,307,197	10,315,912
Dimora Brands, Inc. (0.5%)*[(6) (8)]	Building Products	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.3% Cash, Acquired 08/18, Due 08/24)	2,941,442	2,944,373	2,919,381
			2,941,442	2,944,373	2,919,381
Distinct Holdings, Inc. (1.3%)*[(5) (7) (8)]	Systems Software	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 6.7% Cash, Acquired 04/19, Due 12/23)	7,592,719	7,509,950	7,519,228
			7,592,719	7,509,950	7,519,228
Duff & Phelps Corporation (1.2%)*[(4) (6) (8)]	Research & Consulting Services	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.0% Cash, Acquired 09/18, Due 02/25)	6,754,286	6,769,081	6,725,310
			6,754,286	6,769,081	6,725,310
Edelman Financial Center, LLC, The (f/k/a Edelman Financial Group, Inc.) (0.9%)*[(6) (8)]	Investment Banking & Brokerage	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.0% Cash, Acquired 09/18, Due 07/25)	4,962,406	4,999,143	4,986,176
			4,962,406	4,999,143	4,986,176
Endo International PLC (1.3%)*[(3) (4) (6) (8)]	Pharmaceuticals	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 6.1% Cash, Acquired 09/18, Due 04/24)	7,878,788	7,939,415	7,524,242
			7,878,788	7,939,415	7,524,242
Exeter Property Group, LLC (2.2%)*[(5) (7) (8)]	Real Estate	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 6.2% Cash, Acquired 02/19, Due 08/24)	12,437,500	12,276,532	12,351,037
			12,437,500	12,276,532	12,351,037
ExGen Renewables IV, LLC (f/k/a Exelon Corp.) (0.5%)*[(3) (6) (8)]	Electric Utilities	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.9% Cash, Acquired 09/18, Due 11/24)	2,865,257	2,888,576	2,822,278
			2,865,257	2,888,576	2,822,278
Eyemart Express (0.6%)*[(6) (8)]	Retail	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 08/18, Due 08/24)	3,452,217	3,462,081	3,456,463
			3,452,217	3,462,081	3,456,463
Fieldwood Energy LLC (1.5%)*[(4) (5) (6) (8)]	Oil & Gas Equipment & Services	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 7.2% Cash, Acquired 08/18, Due 04/22)	10,000,000	10,065,208	8,322,200
			10,000,000	10,065,208	8,322,200
Filtration Group Corporation (0.8%)*[(6) (8)]	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 09/18, Due 03/25)	4,774,230	4,804,208	4,788,840
			4,774,230	4,804,208	4,788,840
Flex Acquisition Holdings, Inc. (1.7%)*[(4) (5) (6) (8)]	Paper Packaging	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.3% Cash, Acquired 08/18, Due 06/25)	9,782,731	9,800,160	9,695,077
			9,782,731	9,800,160	9,695,077
Frazer Consultants, LLC (d/b/a Tribute Technology) (1.3%)*[(5) (7) (8)]	Software Services	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.7% Cash, Acquired 11/19, Due 08/23)	7,742,985	7,667,700	7,684,869
			7,742,985	7,667,700	7,684,869
Graftech International Ltd. (1.6%)*[(3) (4) (6) (7) (8)]	Specialty Chemicals	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.3% Cash, Acquired 08/18, Due 02/25)	9,013,889	9,081,525	8,980,087
			9,013,889	9,081,525	8,980,087
Gulf Finance, LLC (0.1%)*[(4) (8)]	Oil & Gas Exploration & Production	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 7.0% Cash, Acquired 10/18, Due 08/23)	1,058,979	920,988	826,003
			1,058,979	920,988	826,003
Harbor Freight Tools USA Inc.(1.0%)*[(6) (8)]	Specialty Stores	First Lien Senior Secured Term Loan (LIBOR + 2.5%, 4.3% Cash, Acquired 08/18, Due 08/23)	5,979,675	5,931,148	5,951,870
			5,979,675	5,931,148	5,951,870
Hayward Industries, Inc. (1.4%)*[(4) (6) (8)]	Leisure Products	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.3% Cash, Acquired 08/18, Due 08/24)	8,221,922	8,247,578	8,147,924
			8,221,922	8,247,578	8,147,924

Portfolio Company	Industry	Type of Investment[(1) (2)]	Principal Amount	Cost	Fair Value
Heartland, LLC (0.9%)*[(5) (7) (8)]	Commercial Services & Supplies	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 6.7% Cash, Acquired 08/19, Due 08/25)	$ 5,504,030	$ 5,260,931	$ 5,280,431
			5,504,030	5,260,931	5,280,431
Heilbron (f/k/a Sucsez (Bolt Bidco B.V.)) (1.2%)*[(3) (5) (7) (8)]	Insurance	First Lien Senior Secured Term Loan (EURIBOR + 5.0%, 5.0% Cash, Acquired 09/19, Due 09/26)	6,948,082	6,633,562	6,713,253
			6,948,082	6,633,562	6,713,253
Hertz Corporation (The) (1.0%)*[(3) (6) (8)]	Rental & Leasing Services	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.6% Cash, Acquired 09/18, Due 06/23)	5,814,910	5,806,679	5,845,206
			5,814,910	5,806,679	5,845,206
Holley Performance Products (Holley Purchaser, Inc.) (3.9%)*[(5) (7) (8)]	Packaging	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.9% Cash, Acquired 10/18, Due 10/25)	22,309,650	22,020,784	22,015,260
			22,309,650	22,020,784	22,015,260
Hub International Limited (0.9%)*[(6) (8)]	Property & Casualty Insurance	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.7% Cash, Acquired 08/18, Due 04/25)	4,962,217	4,966,855	4,955,666
			4,962,217	4,966,855	4,955,666
HW Holdco, LLC (f/k/a Hanley Wood LLC) (1.3%)*[(5) (7) (8)]	Advertising	First Lien Senior Secured Term Loan (LIBOR + 6.25%, 8.1% Cash, Acquired 12/18, Due 12/24)	7,584,677	7,422,931	7,447,061
			7,584,677	7,422,931	7,447,061
Hyland Software Inc. (0.9%)*[(6) (8)]	Technology Distributors	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.3% Cash, Acquired 09/18, Due 07/24)	4,962,312	5,001,673	4,984,046
			4,962,312	5,001,673	4,984,046
Hyperion Materials & Technologies, Inc. (2.4%)*[(5) (7) (8)]	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 5.5%, 7.3% Cash, Acquired 08/19, Due 08/26)	13,995,753	13,751,206	13,873,283
			13,995,753	13,751,206	13,873,283
IM Analytics Holding, LLC (d/b/a NVT) (1.6%)*[(5) (7) (8)]	Electronic Instruments and Components	First Lien Senior Secured Term Loan (LIBOR + 6.5%, 8.4% Cash, Acquired 11/19, Due 11/23)	9,292,112	9,201,220	9,222,019
		Warrant (77,265 units, Acquired 11/19)		—	—
			9,292,112	9,201,220	9,222,019
Immucor Inc. (0.4%)*[(4) (8)]	Healthcare	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.9% Cash, Acquired 09/18, Due 06/21)	2,466,061	2,486,174	2,454,496
			2,466,061	2,486,174	2,454,496
Infor Software Parent, LLC (0.9%)*[(6) (8)]	Systems Software	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.7% Cash, Acquired 08/18, Due 02/22)	4,970,073	4,976,381	4,989,606
			4,970,073	4,976,381	4,989,606
Institutional Shareholder Services, Inc. (0.8%)*[(5) (7) (8)]	Diversified Support Services	Second Lien Senior Secured Term Loan (LIBOR + 8.5%, 10.4% Cash, Acquired 03/19, Due 03/27)	4,951,685	4,816,340	4,840,149
			4,951,685	4,816,340	4,840,149
Internet Brands, Inc.(f/k/a Micro Holding Corp.) (0.7%)*[(6) (8)]	Entertainment	First Lien Senior Secured Term Loan (LIBOR + 3.75%, 5.5% Cash, Acquired 08/18, Due 09/24)	3,969,543	3,992,088	3,973,949
			3,969,543	3,992,088	3,973,949
ION Trading Technologies Ltd. (2.5%)*[(3) (4) (6) (8)]	Electrical Components & Equipment	First Lien Senior Secured Term Loan (LIBOR + 4.0%, 6.1% Cash, Acquired 08/18, Due 11/24)	14,773,869	14,745,732	14,145,980
			14,773,869	14,745,732	14,145,980
IRB Holding Corporation (0.7%)*[(6) (8)]	Food Retail	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.2% Cash, Acquired 08/18, Due 02/25)	3,969,697	3,984,302	3,990,657
			3,969,697	3,984,302	3,990,657
Jade Bidco Limited (4.2%)*[(3) (5) (7) (8)]	Aerospace & Defense	First Lien Senior Secured Term Loan (LIBOR + 6.0%, 7.9% Cash, Acquired 11/19, Due 12/26)	20,933,517	20,363,170	20,377,010
		First Lien Senior Secured Term Loan (EURIBOR + 6.0%, 6.0% Cash, Acquired 11/19, Due 12/26)	3,748,582	3,581,938	3,648,928
			24,682,099	23,945,108	24,025,938
Jaguar Holding Company I (0.9%)*[(6) (8)]	Life Sciences Tools & Services	First Lien Senior Secured Term Loan (LIBOR + 2.5%, 4.3% Cash, Acquired 08/18, Due 08/22)	4,922,680	4,923,566	4,945,620
			4,922,680	4,923,566	4,945,620
Kenan Advantage Group Inc. (1.1%)*[(4) (5) (6) (8)]	Trucking	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 08/18, Due 07/22)	6,203,297	6,200,149	6,145,172
			6,203,297	6,200,149	6,145,172

Barings BDC, Inc.
Consolidated Schedule of Investments — (Continued)
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Portfolio Company	Industry	Type of Investment[1] [2]	Principal Amount	Cost	Fair Value
Kene Acquisition, Inc. (1.1%)*[5] [7] [8]	Oil & Gas Equipment & Services	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 6.2% Cash, Acquired 08/19, Due 08/26)	$ 6,635,895	$ 6,488,912	$ 6,490,475
			6,635,895	6,488,912	6,490,475
K-Mac Holdings Corp. (0.2%)*[6] [8]	Restaurants	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 08/18, Due 03/25)	994,342	997,356	979,925
			994,342	997,356	979,925
Kronos Inc. (1.1%)*[6] [8]	Application Software	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.9% Cash, Acquired 08/18, Due 11/23)	5,998,096	6,018,120	6,024,727
			5,998,096	6,018,120	6,024,727
LAC Intermediate, LLC (f/k/a Lighthouse Autism Center) (1.4%)*[5] [7] [8]	Healthcare & Pharmaceuticals	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 7.7% Cash, Acquired 10/18, Due 10/24)	7,887,705	7,666,906	7,550,895
		Class A LLC Units (154,320 units, Acquired 10/18)		154,320	163,135
			7,887,705	7,821,226	7,714,030
LTI Holdings, Inc. (1.9%)*[4] [6] [8]	Industrial Conglomerates	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.3% Cash, Acquired 09/18, Due 09/25)	11,850,000	11,906,192	10,610,016
			11,850,000	11,906,192	10,610,016
Mallinckrodt Plc (0.5%)*[3] [4] [5] [6] [8]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.9% Cash, Acquired 08/18, Due 09/24)	3,254,149	3,243,401	2,648,519
			3,254,149	3,243,401	2,648,519
MB2 Dental Solutions, LLC (0.8%)*[5] [7] [8]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.9% Cash, Acquired 09/19, Due 09/23)	4,723,425	4,670,058	4,671,419
			4,723,425	4,670,058	4,671,419
Media Recovery, Inc. (0.6%)*[5] [7] [8]	Containers, Packaging and Glass	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 7.7% Cash, Acquired 11/19, Due 11/25)	3,233,126	3,169,337	3,176,175
			3,233,126	3,169,337	3,176,175
Men's Wearhouse, Inc. (The) (1.4%)*[4] [6] [8]	Apparel Retail	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 4.9% Cash, Acquired 08/18, Due 04/25)	9,845,114	9,928,392	7,843,307
			9,845,114	9,928,392	7,843,307
Nautilus Power, LLC (0.6%)*[6] [8]	Independent Power Producers & Energy Traders	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 6.0% Cash, Acquired 09/18, Due 05/24)	3,220,650	3,234,041	3,206,157
			3,220,650	3,234,041	3,206,157
NFP Corp. (1.5%)*[4] [6] [8]	Specialized Finance	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 08/18, Due 01/24)	8,564,081	8,562,584	8,521,261
			8,564,081	8,562,584	8,521,261
NGS US Finco, LLC (f/k/a Dresser Natural Gas Solutions) (2.1%)*[5] [7] [8]	Energy Equipment & Services	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 6.0% Cash, Acquired 10/18, Due 10/25)	11,994,231	11,943,470	11,870,574
			11,994,231	11,943,470	11,870,574
NVA Holdings, Inc. (0.7%)*[6] [8]	Health Care Facilities	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 6.5% Cash, Acquired 08/18, Due 02/25)	3,979,900	3,973,472	3,975,761
			3,979,900	3,973,472	3,975,761
Omaha Holdings LLC (0.9%)*[6] [8]	Auto Parts & Equipment	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.5% Cash, Acquired 09/18, Due 03/24)	4,961,929	4,991,732	4,961,929
			4,961,929	4,991,732	4,961,929
Omnitracs, LLC (0.8%)*[6] [8]	Application Software	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.7% Cash, Acquired 08/18, Due 03/25)	4,619,141	4,606,867	4,600,387
			4,619,141	4,606,867	4,600,387
Options Technology Ltd. (1.9%)*[3] [5] [7] [8]	Computer Services	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 6.5% Cash, Acquired 12/19, Due 12/25)	11,090,100	10,810,546	10,838,484
			11,090,100	10,810,546	10,838,484
Ortho-Clinical Diagnostics Bermuda Co. Ltd. (2.0%)*[4] [6] [8]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.3% Cash, Acquired 08/18, Due 06/25)	11,286,170	11,289,852	11,142,722
			11,286,170	11,289,852	11,142,722
Pare SAS (SAS Maurice MARLE) (2.4%)*[3] [5] [7] [8]	Health Care Equipment	First Lien Senior Secured Term Loan (EURIBOR + 6.75%, 5.75% Cash, 1.0% PIK, Acquired 12/19, Due 12/26)	13,918,994	13,521,804	13,640,614
			13,918,994	13,521,804	13,640,614
PAREXEL International Corp. (1.1%)*[4] [6] [8]	Pharmaceuticals	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.6% Cash, Acquired 09/18, Due 09/24)	6,680,843	6,655,192	6,544,821
			6,680,843	6,655,192	6,544,821

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December 31, 2019

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value
Penn Engineering & Manufacturing Corp. (0.3%)*(6) (8)	Industrial Conglomerates	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.5% Cash, Acquired 09/18, Due 06/24)	$ 1,684,725	$ 1,696,539	$ 1,682,619
			1,684,725	1,696,539	1,682,619
PeroxyChem Holdings, L.P. (1.5%)*(5) (7) (8)	Diversified Chemicals	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 7.1% Cash, Acquired 10/19, Due 09/24)	8,415,118	8,374,666	8,384,879
			8,415,118	8,374,666	8,384,879
Phoenix Services International LLC (0.5%)*(6) (8)	Steel	First Lien Senior Secured Term Loan (LIBOR + 3.75%, 5.5% Cash, Acquired 08/18, Due 03/25)	2,954,887	2,964,982	2,757,885
			2,954,887	2,964,982	2,757,885
PODS Enterprises, Inc. (0.9%)*(6) (8)	Packaging	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.5% Cash, Acquired 09/18, Due 12/24)	4,961,943	4,975,275	4,982,088
			4,961,943	4,975,275	4,982,088
Premier Technical Services Group (0.5%)*(3) (5) (7) (8)	Construction & Engineering	First Lien Senior Secured Term Loan (GBP LIBOR + 6.75%, 7.5% Cash, Acquired 08/19, Due 08/26)	2,875,549	2,533,643	2,752,808
			2,875,549	2,533,643	2,752,808
Pro Mach Inc. (1.0%)*(5) (6) (8)	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.5% Cash, Acquired 08/18, Due 03/25)	5,909,774	5,893,603	5,847,013
			5,909,774	5,893,603	5,847,013
ProAmpac Intermediate Inc. (1.7%)*(4) (6) (8)	Packaged Foods & Meats	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.4% Cash, Acquired 08/18, Due 11/23)	9,846,482	9,857,895	9,680,372
			9,846,482	9,857,895	9,680,372
Process Equipment, Inc. (1.1%)*(5) (7) (8)	Industrial Air & Material Handling Equipment	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.9% Cash, Acquired 03/19, Due 03/25)	6,762,500	6,635,562	6,546,325
			6,762,500	6,635,562	6,546,325
Professional Datasolutions, Inc. (PDI) (4.0%)*(5) (7) (8)	Application Software	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 6.4% Cash, Acquired 03/19, Due 10/24)	23,158,008	23,120,723	22,879,936
			23,158,008	23,120,723	22,879,936
PSC UK Pty Ltd. (0.6%)*(3) (5) (7) (8)	Insurance Services	First Lien Senior Secured Term Loan (GBP LIBOR + 5.5%, 6.3% Cash, Acquired 11/19, Due 11/24)	3,625,921	3,396,509	3,494,295
			3,625,921	3,396,509	3,494,295
Qlik Technologies Inc. (Alpha Intermediate Holding, Inc.) (0.9%)*(6) (8)	Application Software	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.5% Cash, Acquired 08/18, Due 04/24)	4,974,555	4,974,727	4,977,689
			4,974,555	4,974,727	4,977,689
Red Ventures, LLC (1.0%)*(6) (8)	Advertising	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 09/18, Due 11/24)	5,954,774	5,985,039	5,990,919
			5,954,774	5,985,039	5,990,919
RedPrairie Holding, Inc. (0.9%)*(6) (8)	Computer Storage & Peripherals	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.6% Cash, Acquired 09/18, Due 10/23)	4,961,637	4,990,946	4,989,571
			4,961,637	4,990,946	4,989,571
Renaissance Learning, Inc. (0.9%)*(6) (8)	Application Software	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.0% Cash, Acquired 08/18, Due 05/25)	5,391,318	5,387,730	5,354,711
			5,391,318	5,387,730	5,354,711
Reynolds Group Holdings Ltd. (0.9%)*(6) (8)	Packaging	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.5% Cash, Acquired 09/18, Due 02/23)	4,961,637	4,979,527	4,973,297
			4,961,637	4,979,527	4,973,297
Ruffalo Noel Levitz, LLC (1.7%)*(5) (7) (8)	Media Services	First Lien Senior Secured Term Loan (LIBOR + 6.0%, 7.9% Cash, Acquired 01/19, Due 05/22)	9,714,617	9,607,656	9,641,334
			9,714,617	9,607,656	9,641,334
Scaled Agile, Inc. (0.9%)*(5) (7) (8)	Research & Consulting Services	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 7.0% Cash, Acquired 06/19, Due 06/24)	4,986,980	4,940,603	4,941,809
			4,986,980	4,940,603	4,941,809
SCI Packaging Inc. (0.9%)*(6) (8)	Metal & Glass Containers	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.2% Cash, Acquired 08/18, Due 04/24)	4,961,832	4,952,139	4,940,149
			4,961,832	4,952,139	4,940,149
Seadrill Ltd. (0.9%)*(3) (4) (8)	Oil & Gas Equipment & Services	First Lien Senior Secured Term Loan (LIBOR + 6.0%, 7.9% Cash, Acquired 09/18, Due 02/21)	9,809,097	9,508,856	4,883,066
			9,809,097	9,508,856	4,883,066

Portfolio Company	Industry	Type of Investment[1] [2]	Principal Amount	Cost	Fair Value
Seaworld Entertainment, Inc. (1.0%)*[3] [6] [8]	Leisure Facilities	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 08/18, Due 03/24)	$ 5,954,081	$ 5,945,241	$ 5,978,910
			5,954,081	5,945,241	5,978,910
Serta Simmons Bedding LLC (0.6%)*[4] [5] [8]	Home Furnishings	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.2% Cash, Acquired 10/19, Due 11/23)	4,961,929	3,927,986	3,184,963
			4,961,929	3,927,986	3,184,963
SIWF Holdings, Inc. (1.6%)*[4] [6] [8]	Home Furnishings	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 6.0% Cash, Acquired 08/18, Due 06/25)	9,350,501	9,403,797	9,303,749
			9,350,501	9,403,797	9,303,749
SK Blue Holdings, LP (0.7%)*[6] [7] [8]	Commodity Chemicals	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 6.8% Cash, Acquired 09/18, Due 10/25)	4,160,612	4,158,472	4,129,407
			4,160,612	4,158,472	4,129,407
Smile Brands Group Inc. (0.9%)*[5] [7] [8]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 6.6% Cash, Acquired 10/18, Due 10/24)	5,390,141	5,339,191	5,293,980
			5,390,141	5,339,191	5,293,980
Solenis International, LLC (f/k/a Solenis Holdings, L.P.) (1.4%)*[5] [6] [8]	Specialty Chemicals	First Lien Senior Secured Term Loan (LIBOR + 4.0%, 5.9% Cash, Acquired 08/18, Due 06/25)	7,880,000	7,922,706	7,781,500
			7,880,000	7,922,706	7,781,500
SonicWALL, Inc. (0.8%)*[6] [8]	Internet Software & Services	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.4% Cash, Acquired 08/18, Due 05/25)	4,455,000	4,457,031	4,336,185
			4,455,000	4,457,031	4,336,185
Springbrook Software (SBRK Intermediate, Inc.) (1.8%)*[5] [7] [8]	Enterprise Software and Services	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 7.7% Cash, Acquired 12/19, Due 12/26)	10,520,990	10,269,533	10,294,130
			10,520,990	10,269,533	10,294,130
SRS Distribution, Inc. (0.9%)*[6] [8]	Building Products	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.0% Cash, Acquired 09/18, Due 05/25)	4,974,811	4,899,772	4,930,038
			4,974,811	4,899,772	4,930,038
SS&C Technologies, Inc. (0.3%)*[3] [6] [8]	Computer & Electronics Retail	First Lien Senior Secured Term Loan (LIBOR + 2.25%, 4.0% Cash, Acquired 10/18, Due 04/25)	1,742,327	1,738,643	1,753,042
			1,742,327	1,738,643	1,753,042
Syniverse Holdings, Inc. (1.7%)*[4] [6] [8]	Technology Distributors	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.8% Cash, Acquired 08/18, Due 03/23)	10,342,105	10,306,230	9,612,573
			10,342,105	10,306,230	9,612,573
Tahoe Subco 1 Ltd. (2.6%)*[3] [4] [6] [8]	Internet Software & Services	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.7% Cash, Acquired 09/18, Due 06/24)	14,800,754	14,806,789	14,677,463
			14,800,754	14,806,789	14,677,463
Team Health Holdings, Inc. (1.0%)*[4] [6] [8]	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.5% Cash, Acquired 09/18, Due 02/24)	6,893,671	6,679,490	5,560,159
			6,893,671	6,679,490	5,560,159
Tempo Acquisition LLC (1.0%)*[6] [8]	Investment Banking & Brokerage	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 4.5% Cash, Acquired 09/18, Due 05/24)	5,589,753	5,606,977	5,618,876
			5,589,753	5,606,977	5,618,876
The Hilb Group, LLC (1.8%)*[5] [7] [8]	Insurance Brokerage	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 7.4% Cash, Acquired 12/19, Due 12/26)	10,357,834	10,029,427	10,049,762
			10,357,834	10,029,427	10,049,762
Total Safety U.S. Inc. (0.8%)*[5] [8]	Diversified Support Services	First Lien Senior Secured Term Loan (LIBOR + 6.0%, 7.9% Cash, Acquired 11/19, Due 08/25)	4,937,500	4,668,972	4,650,533
			4,937,500	4,668,972	4,650,533
Transportation Insight, LLC (3.9%)*[5] [7] [8]	Air Freight & Logistics	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 6.3% Cash, Acquired 08/18, Due 12/24)	22,286,485	22,088,329	22,245,067
			22,286,485	22,088,329	22,245,067
Truck-Lite Co., LLC (3.7%)*[5] [7] [8]	Automotive Parts and Equipment	First Lien Senior Secured Term Loan (LIBOR + 6.25%, 8.1% Cash, Acquired 12/19, Due 12/24)	21,794,872	21,298,442	21,337,947
			21,794,872	21,298,442	21,337,947
Trystar, LLC (2.9%)*[5] [7] [8]	Power Distribution Solutions	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 6.7% Cash, Acquired 09/18, Due 09/23)	15,999,318	15,782,579	15,963,771
		LLC Units (361.5 units, Acquired 09/18)		361,505	597,581
			15,999,318	16,144,084	16,561,352

Barings BDC, Inc.
Consolidated Schedule of Investments — (Continued)
December 31, 2019

Portfolio Company	Industry	Type of Investment[1] [2]	Principal Amount	Cost	Fair Value
U.S. Anesthesia Partners, Inc. (2.4%)*[4] [6] [8]	Managed Health Care	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 09/18, Due 06/24)	$ 13,585,533	$ 13,637,823	$ 13,534,587
			13,585,533	13,637,823	13,534,587
U.S. Silica Company (0.2%)*[3] [4] [5] [8]	Metal & Glass Containers	First Lien Senior Secured Term Loan (LIBOR + 4.0%, 5.8% Cash, Acquired 08/18, Due 05/25)	1,502,945	1,506,348	1,324,200
			1,502,945	1,506,348	1,324,200
USF Holdings LLC (0.5%)*[6] [7] [8]	Auto Parts & Equipment	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.3% Cash, Acquired 08/18, Due 12/21)	3,224,841	3,233,041	2,902,357
			3,224,841	3,233,041	2,902,357
USIC Holdings, Inc. (1.2%)*[5] [6] [8]	Packaged Foods & Meats	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.0% Cash, Acquired 08/18, Due 12/23)	6,896,886	6,925,717	6,866,746
			6,896,886	6,925,717	6,866,746
USI Holdings Corp. (0.9%)*[6] [8]	Property & Casualty Insurance	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.9% Cash, Acquired 08/18, Due 05/24)	4,961,929	4,956,994	4,956,967
			4,961,929	4,956,994	4,956,967
USLS Acquisition, Inc. (f/k/a US Legal Support, Inc.) (2.8%)*[5] [7] [8]	Legal Services	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 7.7% Cash, Acquired 11/18, Due 11/24)	16,513,432	16,260,417	16,107,839
			16,513,432	16,260,417	16,107,839
Validity, Inc. (0.7%)*[5] [7] [8]	IT Consulting & Other Services	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 6.7% Cash, Acquired 07/19, Due 05/25)	4,178,543	3,989,821	3,977,081
			4,178,543	3,989,821	3,977,081
Venator Materials LLC (0.3%)*[3] [6] [8]	Commodity Chemicals	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 09/18, Due 08/24)	1,562,199	1,566,972	1,547,873
			1,562,199	1,566,972	1,547,873
Veritas Bermuda Intermediate Holdings Ltd. (0.8%)*[6] [8]	Technology Distributors	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 6.3% Cash, Acquired 09/18, Due 01/23)	4,961,735	4,784,696	4,767,235
			4,961,735	4,784,696	4,767,235
VF Holding Corp. (2.1%)*[4] [5] [6] [8]	Systems Software	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.0% Cash, Acquired 08/18, Due 07/25)	11,880,000	11,885,248	11,728,768
			11,880,000	11,885,248	11,728,768
Wilsonart, LLC (0.9%)*[6] [8]	Building Products	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 5.2% Cash, Acquired 11/18, Due 12/23)	4,961,832	4,961,832	4,970,118
			4,961,832	4,961,832	4,970,118
Winebow Group, LLC, (The) (1.7%)*[4] [5] [8]	Consumer Goods	First Lien Senior Secured Term Loan (LIBOR + 3.75%, 5.5% Cash, Acquired 11/19, Due 07/21)	7,088,420	6,425,336	6,361,857
		Second Lien Senior Secured Term Loan (LIBOR + 7.5%, 9.3% Cash, Acquired 10/19, Due 01/22)	4,911,766	3,314,045	3,209,004
			12,000,186	9,739,381	9,570,861
Wink Holdco, Inc. (0.7%)*[6] [8]	Managed Health Care	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.8% Cash, Acquired 08/18, Due 12/24)	3,969,620	3,967,724	3,972,121
			3,969,620	3,967,724	3,972,121
Xperi Corp. (0.4%)*[3] [6] [8]	Semiconductor Equipment	First Lien Senior Secured Term Loan (LIBOR + 2.5%, 4.3% Cash, Acquired 08/18, Due 12/23)	2,049,364	2,042,322	2,048,729
			2,049,364	2,042,322	2,048,729
Subtotal Non–Control / Non–Affiliate Investments			1,099,631,654	1,085,886,720	1,066,845,054
Affiliate Investment:[9]					
Jocassee Partners LLC (1.8%)*[3] [5] [8]	Investment Funds & Vehicles	9.1% Member Interest, Acquired 06/19		10,158,270	10,229,813
				10,158,270	10,229,813
Subtotal Affiliate Investment				10,158,270	10,229,813

Portfolio Company	Industry	Type of Investment[(1) (2)]	Principal Amount	Cost	Fair Value
Short-Term Investments:					
BNY Mellon Investment Advisor, Inc. (12.6%)*[(4) (5)]	Money Market Fund	Dreyfus Government Cash Management Fund (1.5% yield)		$ 71,963,994	$ 71,963,994
				71,963,994	71,963,994
Federated Investment Management Company (4.3%)*[(6)]	Money Market Fund	Federated Government Obligation Fund (1.5% yield)		24,604,946	24,604,946
				24,604,946	24,604,946
Subtotal Short-Term Investments				96,568,940	96,568,940
Total Investments, December 31, 2019 (205.6%)*			$ 1,099,631,654	$ 1,192,613,930	$ 1,173,643,807

Foreign Currency Forward Contracts:

Description	Notional Amount to be Purchased	Notional Amount to be Sold	Settlement Date	Unrealized Appreciation (Depreciation)
Foreign currency forward contract (EUR)	$158,244	€142,781	01/02/20	$ (2,028)
Foreign currency forward contract (EUR)	€142,781	$158,547	01/02/20	1,724
Foreign currency forward contract (EUR)	$506,967	€453,920	04/02/20	(5,440)
Foreign currency forward contract (GBP)	$707,963	£549,253	01/02/20	(19,660)
Foreign currency forward contract (GBP)	£549,253	$718,861	01/02/20	8,763
Foreign currency forward contract (GBP)	$227,890	£175,529	04/02/20	(5,215)
Foreign currency forward contract (SEK)	$95,654	920,569kr	01/02/20	(2,687)
Foreign currency forward contract (SEK)	920,569kr	$96,846	01/02/20	1,495
Foreign currency forward contract (SEK)	$97,360	912,212kr	04/02/20	(511)
Total Foreign Currency Forward Contracts, December 31, 2019				$ (23,559)

* Fair value as a percentage of net assets.

(1) All debt investments are income producing, unless otherwise noted. Equity and any equity-linked investments are non-income producing, unless otherwise noted. The Board determined in good faith that all investments were valued at fair value in accordance with the Company's valuation policies and procedures and the 1940 Act based on, among other things, the input of Barings, the Company’s Audit Committee and an independent valuation firm that has been engaged to assist in the valuation of the Company's middle-market investments. In addition, all debt investments are variable rate investments unless otherwise noted. Index-based floating interest rates are generally subject to a contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically reset semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan.

(2) All of the Company’s portfolio company investments (including joint venture and short-term investments), which as of December 31, 2019 represented 206% of the Company’s net assets, are subject to legal restrictions on sales. The acquisition date represents the date of the Company's initial investment in the relevant portfolio company.

(3) Investment is not a qualifying investment as defined under Section 55(a) of the 1940 Act. Non-qualifying assets represent 14.8% of total investments at fair value as of December 31, 2019. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets. If at any time qualifying assets do not represent at least 70% of the Company's total assets, the Company will be precluded from acquiring any additional non-qualifying asset until such time as it complies with the requirements of Section 55(a).

(4) Some or all of the investment is or will be encumbered as security for Barings BDC Senior Funding I, LLC's credit facility entered into in August 2018 with Bank of America, N.A., as subsequently amended in December 2018 and February 2020 (the "August 2018 Credit Facility").

(5) Some or all of the investment is or will be encumbered as security for the February 2019 Credit Facility.

(6) Some or all of the investment is encumbered as security for the Company's Debt Securitization.

(7) The fair value of the investment was determined using significant unobservable inputs.

(8) Debt investment includes interest rate floor feature.

(9) As defined in the 1940 Act, the Company is deemed to be an "affiliated person" of the portfolio company as the Company owns 5% or more of the portfolio company's voting securities ("non-controlled affiliate"). Transactions related to investments in non-controlled affiliates for the year ended December 31, 2019 were as follows:

Portfolio Company	Type of Investment(a)	Amount of Realized Gain (Loss)	Amount of Unrealized Gain (Loss)	Amount of Interest or Dividends Credited to Income(b)	December 31, 2018 Value	Gross Additions (c)	Gross Reductions (d)	December 31, 2019 Value
Jocassee Partners LLC	9.1% Member Interest	$ —	$ 71,543	$ —	$ —	$ 10,229,813	$ —	$ 10,229,813
Total Affiliate Investments		**$ —**	**$ 71,543**	**$ —**	**$ —**	**$ 10,229,813**	**$ —**	**$ 10,229,813**

(a) Equity and equity-linked investments are non-income producing, unless otherwise noted.
(b) Represents the total amount of interest, fees or dividends credited to income for the portion of the year an investment was included in the Affiliate category.
(c) Gross additions include increases in the cost basis of investments resulting from new investments and follow-on investments. Gross additions also include net increases in unrealized appreciation or net decreases in unrealized depreciation.
(d) Gross reductions include decreases in the total cost basis of investments resulting from principal repayments or sales. Gross reductions also include net increases in unrealized depreciation or net decreases in unrealized appreciation.

See accompanying notes.

1. ORGANIZATION, BUSINESS AND BASIS OF PRESENTATION

Barings BDC, Inc. (the "Company") and its wholly-owned subsidiaries are specialty finance companies. The Company currently operates as a closed-end, non-diversified investment company and has elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). The Company has elected for federal income tax purposes to be treated as a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended (the "Code").

Organization

The Company is a Maryland corporation incorporated on October 10, 2006. On August 2, 2018, the Company entered into an investment advisory agreement (the "Advisory Agreement") and an administration agreement (the "Administration Agreement") and became an externally-managed BDC managed by the Barings LLC ("Barings" or the "Adviser"). An externally-managed BDC generally does not have any employees, and its investment and management functions are provided by an outside investment adviser and administrator under an advisory agreement and administration agreement. Instead of the Company directly compensating employees, the Company pays the Adviser for investment and management services pursuant to the terms of the Advisory Agreement and the Administration Agreement. See Note 2 - Agreements and Related Party Transactions for additional information regarding the Advisory Agreement and the Administration Agreement.

Basis of Presentation

The financial statements of the Company include the accounts of Barings BDC, Inc. and its wholly-owned subsidiaries. The effects of all intercompany transactions between the Company and its wholly-owned subsidiaries have been eliminated in consolidation. The Company is an investment company and, therefore, applies the specialized accounting and reporting guidance in Accounting Standards Codification ("ASC") Topic 946, Financial Services – Investment Companies. ASC 946 states that consolidation by the Company of an investee that is not an investment company is not appropriate, except when the Company holds a controlling interest in an operating company that provides all or substantially all of its services directly to the Company or to its portfolio companies. None of the portfolio investments made by the Company qualify for this exception. Therefore, the Company's investment portfolio is carried on the Unaudited and Audited Consolidated Balance Sheets at fair value, as discussed further in Note 3, with any adjustments to fair value recognized as "Net unrealized appreciation (depreciation)" on the Unaudited Consolidated Statements of Operations.

The accompanying unaudited consolidated financial statements are presented in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6, 10 and 12 of Regulation S-X. Accordingly, certain disclosures accompanying annual consolidated financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for the fair presentation of financial statements for the interim period, have been reflected in the unaudited consolidated financial statements. The current period's results of operations are not necessarily indicative of results that ultimately may be achieved for the year. Additionally, the unaudited consolidated financial statements and accompanying notes should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2019. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the unaudited consolidated financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Recently Issued Accounting Standards

In August 2018, the FASB issued Accounting Standards Update, 2018-13,*Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"),* which includes new, eliminated and modified fair value disclosure requirements. The new guidance requires disclosure of the range and weighted average of the significant unobservable inputs for Level 3 fair value measurements and the way it is calculated. The guidance also eliminates the following disclosures: (i) amount and reason for transfers between Level 1 and Level 2, (ii) policy for timing of transfers between levels of the fair value hierarchy and (iii) valuation processes for Level 3 fair value measurement. In addition, the disclosure is modified such that the narrative description for the recurring Level 3 fair value measures should communicate information about the measurement uncertainty in fair value measurements as of the reporting date rather than a point in the future. The guidance is effective for all entities for interim and annual periods beginning after December 15, 2019. The Company adopted the aforementioned guidance on January 1, 2020 and it did not have a material impact on the Company's consolidated financial statements.

In March 2020, the FASB issued Accounting Standards Update, 2020-04,*Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04").* The amendments in ASU 2020-04 provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. ASU 2020- 04 is effective for all entities as of March 12, 2020 through December 31, 2022. The Company is currently evaluating the impact of adopting ASU 2020- 04 on its consolidated financial statements.

Share Purchase Programs

On September 24, 2018, the Adviser entered into a Rule 10b5-1 Purchase Plan (the “10b5-1 Plan”) that qualified for the safe harbors provided by Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Pursuant to the 10b5-1 Plan, an independent broker made purchases of shares of the Company's common stock on the open market on behalf of the Adviser in accordance with purchase guidelines specified in the 10b5-1 Plan. The maximum aggregate purchase price of all shares purchased under the 10b5-1 Plan was $50.0 million. On February 11, 2019, the Adviser fulfilled its obligations under the 10b5-1 Plan to purchase an aggregate amount of $50.0 million in shares of the Company's common stock and the 10b5-1 Plan terminated in accordance with its terms. Upon completion of the 10b5-1 Plan, the Adviser had purchased 5,084,302 shares of the Company's common stock pursuant to the 10b5-1 Plan. As of September 30, 2020, the Adviser owned a total of 13,639,681 shares of our common stock, or 28.4% of the total shares outstanding.

On February 25, 2019, the Company adopted a share repurchase plan, pursuant to Board approval, for the purpose of repurchasing shares of the Company's common stock in the open market during the 2019 fiscal year (the "2019 Share Repurchase Plan"). The Board authorized the Company to repurchase in 2019 up to a maximum of 5.0% of the amount of shares outstanding under the following targets:

- a maximum of 2.5% of the amount of shares of the Company's common stock outstanding if shares traded below NAV per share but in excess of 90% of NAV per share; and
- a maximum of 5.0% of the amount of shares of the Company's common stock outstanding if shares traded below 90% of NAV per share.

The 2019 Share Repurchase Plan was executed in accordance with applicable rules under the Exchange Act including Rules 10b5-1 and 10b-18 thereunder, as well as certain price, market volume and timing constraints specified in the 2019 Share Repurchase Plan. The 2019 Share Repurchase Plan was designed to allow the Company to repurchase its shares both during its open window periods and at times when it otherwise might be prevented from doing so under applicable insider trading laws or because of self-imposed trading blackout periods. A broker selected by the Company was delegated the authority to repurchase shares on the Company's behalf in the open market, pursuant to, and under the terms and limitations of, the 2019 Share Repurchase Plan. During the three and nine months ended September 30, 2019, the Company repurchased a total of 895,733 shares and 1,865,522 shares, respectively, of its common stock in the open market under the Share Repurchase Plan at an average price of $9.93 per share and $9.94 per share, respectively, including broker commissions.

On February 27, 2020, the Board approved an open-market share repurchase program for the 2020 fiscal year (the “2020 Share Repurchase Program”). Under the 2020 Share Repurchase Program, the Company is authorized during fiscal year 2020 to repurchase up to a maximum of 5.0% of the amount of shares outstanding as of February 27, 2020 if shares trade below NAV per share, subject to liquidity and regulatory constraints.

Purchases under the 2020 Share Repurchase Program may be made in open-market transactions and include transactions being executed by a broker selected by the Company that has been delegated the authority to repurchase shares on the Company's behalf in the open market in accordance with applicable rules under the Exchange Act, including Rules 10b5-1 and 10b-18 thereunder, and pursuant to, and under the terms and limitations of, the 2020 Share Repurchase Program. There is no assurance that the Company will purchase shares at any specific discount levels or in any specific amounts. During the nine months ended September 30, 2020, the Company repurchased a total of 989,050 shares of its common stock in the open market under the 2020 Share Repurchase Program at an average price of $7.21 per share including broker commissions.

2. AGREEMENTS AND RELATED PARTY TRANSACTIONS

On August 2, 2018, the Company entered into the Advisory Agreement and the Administration Agreement with the Adviser, an investment adviser registered under the Investment Advisers Act of 1940, as amended. Pursuant to the Advisory Agreement and the Administration Agreement, the Adviser serves as the Company’s investment adviser and administrator and manages its investment portfolio. The Company’s then-current board of directors unanimously approved the Advisory Agreement at an in-person meeting on March 22, 2018. The Company’s stockholders approved the Advisory Agreement at a July 24, 2018 special meeting of stockholders.

Advisory Agreement

Pursuant to the Advisory Agreement, the Adviser manages the Company's day-to-day operations and provides the Company with investment advisory services. Among other things, the Adviser (i) determines the composition of the portfolio of the Company, the nature and timing of the changes therein and the manner of implementing such changes; (ii) identifies, evaluates and negotiates the structure of the investments made by the Company; (iii) executes, closes, services and monitors the investments that the Company makes; (iv) determines the securities and other assets that the Company will purchase, retain or sell; (v) performs due diligence on prospective portfolio companies and (vi) provides the Company with such other investment advisory, research and related services as the Company may, from time to time, reasonably require for the investment of its funds.

The Advisory Agreement provides that, absent fraud, willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, the Adviser, and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Adviser (collectively, the "IA Indemnified Parties"), are entitled to indemnification from the Company for any damages, liabilities, costs, demands, charges, claims and expenses (including reasonable attorneys’ fees and amounts reasonably paid in settlement) incurred by the IA Indemnified Parties in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by or in the right of the Company or its security holders) arising out of any actions or omissions or otherwise based upon the performance of any of the Adviser’s duties or obligations under the Advisory Agreement or otherwise as an investment adviser of the Company. The Adviser’s services under the Advisory Agreement are not exclusive, and the Adviser is generally free to furnish similar services to other entities so long as its performance under the Advisory Agreement is not adversely affected.

The Adviser has entered into a personnel-sharing arrangement with its affiliate, Barings International Investment Limited ("BIIL"). BIIL is a wholly-owned subsidiary of Baring Asset Management Limited, which in turn is an indirect, wholly-owned subsidiary of the Adviser. Pursuant to this arrangement, certain employees of BIIL may serve as "associated persons" of the Adviser and, in this capacity, subject to the oversight and supervision of the Adviser, may provide research and related services, and discretionary investment management and trading services (including acting as portfolio managers) to the Company on behalf of the Adviser. This arrangement is based on no-action letters of the staff of the Securities and Exchange Commission (the "SEC") that permit SEC-registered investment advisers to rely on and use the resources of advisory affiliates or "participating affiliates," subject to the supervision of that SEC-registered investment adviser. BIIL is a "participating affiliate" of the Adviser, and the BIIL employees are "associated persons" of the Adviser.

Under the Advisory Agreement, the Company pays the Adviser (i) a base management fee (the "Base Management Fee") and (ii) an incentive fee (the "Incentive Fee") as compensation for the investment advisory and management services it provides the Company thereunder.

Base Management Fee

The Base Management Fee is calculated based on the Company’s gross assets, including assets purchased with borrowed funds or other forms of leverage and excluding cash and cash equivalents, at an annual rate of 1.375%. The annual rate of the Base Management Fee was 1.0% for the period from August 2, 2018 through December 31, 2018, and was 1.125% for the period commencing on January 1, 2019 through December 31, 2019.

The Base Management Fee is payable quarterly in arrears on a calendar quarter basis. The Base Management Fee is calculated based on the average value of the Company’s gross assets, excluding cash and cash equivalents, at the end of the two most recently completed calendar quarters prior to the quarter for which such fees are being calculated. Base Management Fees for any partial month or quarter are appropriately pro-rated.

For the three and nine months ended September 30, 2020, the Base Management Fee determined in accordance with the terms of the Advisory Agreement was approximately $3.4 million and $10.9 million, respectively. For the three and nine months ended September 30, 2019, the Base Management Fee was approximately $3.3 million and $8.8 million, respectively. As of September 30, 2020, the Base Management Fee of $3.4 million for the three months ended September 30, 2020 was unpaid and included in "Base management fees payable" in the accompanying Unaudited Consolidated Balance Sheet. As of December 31, 2019, the Base Management Fee of $3.3 million for the three months ended December 31, 2019 was unpaid and included in "Base management fees payable" in the accompanying Consolidated Balance Sheet.

Incentive Fee

The Incentive Fee is comprised of two parts: (1) a portion based on the Company's pre-incentive fee net investment income (the "Income-Based Fee") and (2) a portion based on the net capital gains received on the Company's portfolio of securities on a cumulative basis for each calendar year, net of all realized capital losses and all unrealized capital depreciation for that same calendar year (the "Capital Gains Fee").

The Income-Based Fee is calculated as follows:

(i) For each quarter from and after August 2, 2018 through December 31, 2019 (the "Pre-2020 Period"), the Income-Based Fee was calculated and payable quarterly in arrears based on the Pre-Incentive Fee Net Investment Income for the immediately preceding calendar quarter for which such fees were being calculated. In respect of the Pre-2020 Period, "Pre-Incentive Fee Net Investment Income" means interest income, dividend income and any other income (including any other fees, such as commitment, origination, structuring, diligence, managerial assistance and consulting fees or other fees that the Company receives from portfolio companies) accrued during the relevant calendar quarter, minus the Company's operating expenses for such quarter (including the Base Management Fee, expenses payable under the Administration Agreement, any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the Incentive Fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest and zero coupon securities), accrued income not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

(ii) For each quarter beginning on and after January 1, 2020 (the "Post-2019 Period"), the Income-Based Fee is calculated and payable quarterly in arrears based on the Pre-Incentive Fee Net Investment Income for the immediately preceding calendar quarter and the eleven preceding calendar quarters (or such fewer number of preceding calendar quarters counting each calendar quarter beginning on or after January 1, 2020) (each such period referred to as the "Trailing Twelve Quarters") for which such fees are being calculated and is payable promptly following the filing of the Company's financial statements for such quarter. In respect of the Post-2019 Period, "Pre-Incentive Fee Net Investment Income" means interest income, dividend income and any other income (including any other fees, such as commitment, origination, structuring, diligence, managerial assistance and consulting fees or other fees that the Company receives from portfolio companies) accrued during the relevant Trailing Twelve Quarters, minus the Company's operating expenses for such Trailing Twelve Quarters (including the Base Management Fee, expenses payable under the Administration Agreement, any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the Incentive Fee) divided by the number of quarters that comprise the relevant Trailing Twelve Quarters. Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest and zero coupon securities), accrued income not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

(iii) Pre-Incentive Fee Net Investment Income, expressed as a rate of return on the value of the Company's net assets (defined as total assets less senior securities constituting indebtedness and preferred stock) at the end of the calendar quarter for which such fees are being calculated, is compared to a "hurdle rate", expressed as a rate of return on the value of the Company's net assets at the end of the most recently completed calendar quarter, of 2% per quarter (8% annualized). The Company pays the Adviser the Income-Based Fee with respect to the Company's Pre-Incentive Fee Net Investment Income in each calendar quarter as follows:

(1) (a) With respect to the Pre-2020 Period, no Income-Based Fee for any calendar quarter in which the Company's Pre-Incentive Fee Net Investment Income (as defined in paragraph (i) above) did not exceed the hurdle rate;

(b) With respect to the Post-2019 Period, no Income-Based Fee for any calendar quarter in which the Company's Pre-Incentive Fee Net Investment Income (as defined in paragraph (ii) above) does not exceed the hurdle rate;

(2) (a) With respect to the Pre-2020 Period, 100% of the Company's Pre-Incentive Fee Net Investment Income (as defined in paragraph (i) above) for any calendar quarter with respect to that portion of the Pre-Incentive Fee Net Investment Income for such quarter, if any, that exceeded the hurdle rate but was less than 2.5% (10% annualized) (the "Pre-2020 Catch-Up Amount"). The Pre-2020 Catch-Up Amount was intended to provide the Adviser with an incentive fee of 20% on all of the Company's Pre-Incentive Fee Net Investment Income (as

defined in paragraph (i) above) when the Company's Pre-Incentive Fee Net Investment Income (as defined in paragraph (i) above) reached 2% per quarter (8% annualized);

(b) With respect to the Post-2019 Period, 100% of the Company's Pre-Incentive Fee Net Investment Income (as defined in paragraph (ii) above) with respect to that portion of the Pre-Incentive Fee Net Investment Income (as defined in paragraph (ii) above), if any, that exceeds the hurdle rate but is less than 2.5% (10% annualized) (the "Post-2019 Catch-Up Amount"). The Post-2019 Catch-Up Amount is intended to provide the Adviser with an incentive fee of 20% on all of the Company's Pre-Incentive Fee Net Investment Income (as defined in paragraph (ii) above) when the Company's Pre-Incentive Fee Net Investment Income (as defined in paragraph (ii) above) reaches 2% per quarter (8% annualized);

(3) (a) With respect to the Pre-2020 Period, 20% of the amount of the Company's Pre-Incentive Fee Net Investment Income (as defined in paragraph (i) above) for any calendar quarter with respect to that portion of the Pre-Incentive Fee Net Investment Income (as defined in paragraph (i) above) for such quarter, if any, that exceeded the Pre-2020 Catch-Up Amount; and

(b) With respect to the Post-2019 Period, 20% of the amount of the Company's Pre-Incentive Fee Net Investment Income (as defined in paragraph (ii) above) for any calendar quarter with respect to that portion of the Pre-Incentive Fee Net Investment Income (as defined in paragraph (ii) above), if any, that exceeds the Post-2019 Catch-Up Amount.

However, with respect to the Post-2019 Period, the Income-Based Fee paid to the Adviser will not be in excess of the Incentive Fee Cap. With respect to the Post-2019 Period, the "Incentive Fee Cap" for any quarter is an amount equal to (a) 20% of the Cumulative Net Return (as defined below) during the relevant Trailing Twelve Quarters minus (b) the aggregate Income-Based Fee that was paid in respect of the first eleven calendar quarters (or the portion thereof) included in the relevant Trailing Twelve Quarters. The Incentive Fee Cap is not subject to recoupment.

Cumulative Net Return means (x) the aggregate net investment income in respect of the relevant Trailing Twelve Quarters minus (y) any Net Capital Loss (as defined below), if any, in respect of the relevant Trailing Twelve Quarters. If, in any quarter, the Incentive Fee Cap is zero or a negative value, the Company pays no Income-Based Fee to the Adviser for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is a positive value but is less than the Income-Based Fee that is payable to the Adviser for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, the Company pays an Income-Based Fee to the Adviser equal to the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is equal to or greater than the Income-Based Fee that is payable to the Adviser for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, the Company pays an Income-Based Fee to the Adviser equal to the Income-Based Fee calculated as described above for such quarter without regard to the Incentive Fee Cap.

Net Capital Loss in respect of a particular period means the difference, if positive, between (i) aggregate capital losses, whether realized or unrealized, in such period and (ii) aggregate capital gains, whether realized or unrealized, in such period.

The Capital Gains Fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Advisory Agreement), and is calculated at the end of each applicable year by subtracting (1) the sum of the Company's cumulative aggregate realized capital losses and aggregate unrealized capital depreciation from (2) the Company's cumulative aggregate realized capital gains, in each case calculated from August 2, 2018. If such amount is positive at the end of such year, then the Capital Gains Fee payable for such year is equal to 20% of such amount, less the cumulative aggregate amount of Capital Gains Fees paid in all prior years. If such amount is negative, then there is no Capital Gains Fee payable for such year. If the Advisory Agreement is terminated as of a date that is not a calendar year end, the termination date will be treated as though it were a calendar year end for purposes of calculating and paying a Capital Gains Fee. The Company did not pay any Incentive Fee for the three or nine months ended September 30, 2020 or 2019.

Payment of Company Expenses

Under the Advisory Agreement, all investment professionals of the Adviser and its staff, when and to the extent engaged in providing services required to be provided by the Adviser under the Advisory Agreement, and the compensation and routine overhead expenses of such personnel allocable to such services, are provided and paid for by the Adviser and not by the Company, except that all costs and expenses relating to the Company's operations and transactions, including, without limitation, those items listed in the Advisory Agreement, will be borne by the Company.

Administration Agreement

Under the terms of the Administration Agreement, the Adviser performs (or oversees, or arranges for, the performance of) the administrative services necessary for the operation of the Company, including, but not limited to, office facilities, equipment, clerical, bookkeeping and record-keeping services at such office facilities and such other services as the Adviser, subject to review by the Board, from time to time, determines to be necessary or useful to perform its obligations under the Administration Agreement. The Adviser also, on behalf of the Company and subject oversight by the Board, arranges for the services of, and oversees, custodians, depositories, transfer agents, dividend disbursing agents, other stockholder servicing agents, accountants, attorneys, valuation experts, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks and such other persons in any such other capacity deemed to be necessary or desirable.

The Company is required to reimburse the Adviser for the costs and expenses incurred by the Adviser in performing its obligations and providing personnel and facilities under the Administration Agreement, or such lesser amount as may be agreed to in writing by the Company and the Adviser from time to time. If the Company and the Adviser agree to a reimbursement amount for any period which is less than the full amount otherwise permitted under the Administration Agreement, then the Adviser will not be entitled to recoup any difference thereof in any subsequent period or otherwise. The costs and expenses incurred by the Adviser on behalf of the Company under the Administration Agreement include, but are not limited to:

- the allocable portion of the Adviser’s rent for the Company’s Chief Financial Officer and the Chief Compliance Officer and their respective staffs, which is based upon the allocable portion of the usage thereof by such personnel in connection with their performance of administrative services under the Administration Agreement;
- the allocable portion of the salaries, bonuses, benefits and expenses of the Company’s Chief Financial Officer and Chief Compliance Officer and their respective staffs, which is based upon the allocable portion of the time spent by such personnel in connection with performing administrative services for the Company under the Administration Agreement;
- the actual cost of goods and services used for the Company and obtained by the Adviser from entities not affiliated with the Company, which is reasonably allocated to the Company on the basis of assets, revenues, time records or other method conforming with generally accepted accounting principles;
- all fees, costs and expenses associated with the engagement of a sub-administrator, if any; and
- costs associated with (a) the monitoring and preparation of regulatory reporting, including registration statements and amendments thereto, prospectus supplements, and tax reporting, (b) the coordination and oversight of service provider activities and the direct cost of such contractual matters related thereto and (c) the preparation of all financial statements and the coordination and oversight of audits, regulatory inquiries, certifications and sub-certifications.

For the three and nine months ended September 30, 2020, the Company incurred and was invoiced by the Adviser for expenses of approximately $0.3 million and $0.9 million, respectively, under the terms of the Administration Agreement, which amount is included in "General and administrative expenses" in the accompanying Unaudited Consolidated Statements of Operations. For the three and nine months ended September 30, 2019, the Company incurred and was invoiced by the Adviser for expenses of approximately $0.5 million and $1.9 million, respectively, under the terms of the Administration Agreement, which amount is included in "General and administrative expenses" in the accompanying Unaudited Consolidated Statements of Operations. As of September 30, 2020, the administrative expenses for the three months ended September 30, 2020 were unpaid and included in "Administrative fees payable" in the accompanying Unaudited Consolidated Balance Sheet. As of December 31, 2019, the administrative expenses of $0.4 million incurred for the three months ended December 31, 2019 were unpaid and included in "Administrative fees payable" in the accompanying Consolidated Balance Sheet.

3. INVESTMENTS

Portfolio Composition

The Company invests in senior secured private debt investments in well-established middle-market businesses that operate across a wide range of industries, as well as syndicated senior secured loans, structured products, bonds and other fixed income securities. Structured products include collateralized loan obligations and asset-backed securities. The Adviser's existing SEC co-investment exemptive relief under the 1940 Act, permits the Company and the Adviser's affiliated private funds and SEC-registered funds to co-invest in loans originated by the Adviser, which allows the Adviser to efficiently implement its senior secured private debt investment strategy for the Company.

The cost basis of the Company's debt investments includes any unamortized purchased premium or discount, unamortized loan origination fees and PIK interest, if any. Summaries of the composition of the Company's investment portfolio at cost and fair value, and as a percentage of total investments, are shown in the following tables:

	Cost	Percentage of Total Portfolio	Fair Value	Percentage of Total Portfolio	Percentage of Total Net Assets
September 30, 2020:					
Senior debt and 1st lien notes	$ 850,882,033	75 %	$ 833,101,689	75 %	158 %
Subordinated debt and 2nd lien notes	19,700,711	2	19,369,286	2	4
Structured products	31,517,698	3	33,164,151	3	6
Equity shares	1,028,125	—	975,050	—	—
Investments in joint ventures	18,258,270	2	19,158,075	2	4
Short-term investments	210,503,875	18	210,503,390	18	40
	$ 1,131,890,712	100 %	$ 1,116,271,641	100 %	212 %
December 31, 2019:					
Senior debt and 1st lien notes	$ 1,070,031,715	90 %	$ 1,050,863,369	90 %	184 %
Subordinated debt and 2nd lien notes	15,339,180	1	15,220,969	1	3
Equity shares	515,825	—	760,716	—	—
Investment in joint venture	10,158,270	1	10,229,813	1	2
Short-term investments	96,568,940	8	96,568,940	8	17
	$ 1,192,613,930	100 %	$ 1,173,643,807	100 %	206 %

During the three months ended September 30, 2020, the Company made 15 new investments totaling $127.3 million, nine investments in existing portfolio companies totaling $16.3 million and an additional investment in one joint venture equity portfolio company totaling $1.6 million. During the nine months ended September 30, 2020, the Company made 47 new investments totaling $263.9 million, investments in 18 existing portfolio companies totaling $39.8 million, one new joint venture equity investment totaling $3.1 million and an additional investment in one joint venture equity portfolio company totaling $5.0 million.

During the three months ended September 30, 2019, the Company made 12 new investments totaling $106.4 million, six investments in existing portfolio companies totaling $13.9 million and one new joint venture equity investment totaling $10.2 million. During the nine months ended September 30, 2019, the Company made 26 new investments totaling $245.9 million, six investments in existing portfolio companies totaling $12.2 million and one new joint venture equity investment totaling $10.2 million.

The industry composition of investments at fair value at September 30, 2020 and December 31, 2019, excluding short-term investments, was as follows:

	September 30, 2020		December 31, 2019	
Aerospace and Defense	$ 58,442,645	6.4 %	$ 71,899,486	6.7 %
Automotive	50,350,943	5.5 %	29,879,546	2.8 %
Banking, Finance, Insurance and Real Estate	47,351,823	5.2 %	83,826,677	7.8 %
Beverage, Food and Tobacco	13,895,909	1.5 %	11,837,328	1.1 %
Capital Equipment	42,783,842	4.7 %	62,694,548	5.8 %
Chemicals, Plastics, and Rubber	23,081,495	2.5 %	31,989,552	3.0 %
Construction and Building	8,833,568	1.0 %	23,222,638	2.2 %
Consumer Goods: Durable	12,232,864	1.4 %	30,207,496	2.8 %
Consumer Goods: Non-durable	—	— %	13,958,377	1.3 %
Containers, Packaging and Glass	6,748,576	0.8 %	32,465,070	3.0 %
Electrical Components & Equipment	2,237,500	0.3 %	—	— %
Energy: Electricity	15,710,919	1.7 %	16,561,352	1.5 %
Energy: Oil and Gas	738,309	0.1 %	14,031,270	1.3 %
Healthcare and Pharmaceuticals	82,142,249	9.1 %	106,336,903	9.9 %
High Tech Industries	104,643,133	11.6 %	124,598,066	11.6 %
Hotel, Gaming and Leisure	7,470,090	0.8 %	5,978,910	0.6 %
Investment Funds and Vehicles	19,158,075	2.1 %	10,229,813	0.9 %
Media: Advertising, Printing and Publishing	21,049,051	2.3 %	30,919,615	2.9 %
Media: Broadcasting and Subscription	11,423,663	1.3 %	—	— %
Media: Diversified and Production	34,609,190	3.8 %	31,962,571	3.0 %
Metals and Mining	17,320,696	1.9 %	12,284,823	1.1 %
Retail	10,672,464	1.2 %	28,438,030	2.6 %
Services: Business	127,022,048	14.0 %	127,261,336	11.8 %
Services: Consumer	26,897,347	3.0 %	35,667,981	3.3 %
Structured Products	33,164,151	3.6 %	—	— %
Telecommunications	48,505,008	5.4 %	33,725,812	3.1 %
Transportation: Cargo	60,253,010	6.7 %	83,353,452	7.7 %
Transportation: Consumer	—	— %	5,845,206	0.5 %
Utilities: Electric	7,151,434	0.8 %	6,028,435	0.6 %
Utilities: Oil and Gas	11,878,249	1.3 %	11,870,574	1.1 %
Total	$ 905,768,251	100.0 %	$ 1,077,074,867	100.0 %

Jocassee Partners LLC

On May 8, 2019, the Company entered into an agreement with South Carolina Retirement Systems Group Trust ("SCRS") to create and co-manage Jocassee Partners LLC ("Jocassee"), a joint venture, which invests in a highly diversified asset mix including senior secured, middle-market, private debt investments, syndicated senior secured loans and structured products. The Company and SCRS committed to initially provide $50.0 million and $500.0 million, respectively, of equity capital to Jocassee. Equity contributions will be called from each member on a pro-rata basis, based on their equity commitments. As of September 30, 2020, Jocassee had $118.6 million in senior secured private middle-market debt investments, $370.0 million in U.S. syndicated senior secured loans, $152.1 million in European syndicated senior secured loans, $23.8 million in structured product investments, $6.2 million in an equity investment, $28.8 million in a joint venture investment and $24.4 million in short-term investments. As of December 31, 2019, Jocassee had $41.3 million in senior secured private middle-market debt investments, $140.8 million in U.S. syndicated senior secured loans, $57.3 million in European syndicated senior secured loans, $8.2 million in an equity investment and $36.7 million in a short-term investment.

The Company may sell portions of its investments via assignment to Jocassee. Since inception, as of September 30, 2020 and December 31, 2019, the Company had sold $107.1 million and $36.1 million, respectively, of its investments to Jocassee. The sale of the investments met the criteria set forth in ASC 860, *Transfers and Servicing* for treatment as a sale and satisfies the following conditions:

- Assigned investments have been isolated from the Company, and put presumptively beyond the reach of the Company and its creditors, even in bankruptcy or other receivership;
- each participant has the right to pledge or exchange the assigned investments it received, and no condition both constrains the participant from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to the Company; and
- the Company, its consolidated affiliates or its agents do not maintain effective control over the assigned investments through either: (i) an agreement that entitles and/or obligates the Company to repurchase or redeem the assets before maturity, or (ii) the ability to unilaterally cause the holder to return specific assets, other than through a cleanup call.

The Company has determined that Jocassee is an investment company under ASC, Topic 946,*Financial Services - Investment Companies*, however, in accordance with such guidance, the Company will generally not consolidate its investment in a company other than a substantially wholly owned investment company subsidiary, which is an extension of the operations of the Company, or a controlled operating company whose business consists of providing services to the Company. The Company does not consolidate its interest in Jocassee as it is not a substantially wholly owned investment company subsidiary. In addition, the Company does not control Jocassee due to the allocation of voting rights among Jocassee members.

As of September 30, 2020 and December 31, 2019, Jocassee had the following commitments, contributions and unfunded commitments from its members:

	As of September 30, 2020			
Member	**Total Commitments**	**Contributed Capital**	**Return of Capital (not recallable)**	**Unfunded Commitments**
Barings BDC, Inc.	$ 50,000,000	$ 15,000,000	$ —	$ 35,000,000
South Carolina Retirement Systems Group Trust	500,000,000	150,000,000	—	350,000,000
Total	$ 550,000,000	$ 165,000,000	$ —	$ 385,000,000

	As of December 31, 2019			
Member	**Total Commitments**	**Contributed Capital**	**Return of Capital (not recallable)**	**Unfunded Commitments**
Barings BDC, Inc.	$ 50,000,000	$ 10,000,000	$ —	$ 40,000,000
South Carolina Retirement Systems Group Trust	500,000,000	100,000,000	—	400,000,000
Total	$ 550,000,000	$ 110,000,000	$ —	$ 440,000,000

Thompson Rivers, LLC

On April 28, 2020, Thompson Rivers LLC (“Thompson Rivers”) was formed as a Delaware limited liability company. On May 13, 2020, the Company entered into a limited liability company agreement (“LLC Agreement”) with Jocassee. The Company and Jocassee have committed to initially provide $10.0 million and $90.0 million, respectively, of equity capital to Thompson Rivers. Equity contributions (and equity ownership) are on a pro-rata basis, based on their equity commitments (10% for the Company and 90% for Jocassee). As of September 30, 2020, Thompson Rivers had $79.5 million in commercial mortgage-backed securities and $7.7 million in cash.

The Company has determined that Thompson Rivers is an investment company under ASC, Topic 946,*Financial Services - Investment Companies*, however, in accordance with such guidance, the Company will generally not consolidate its investment in a company other than a substantially wholly owned investment company subsidiary, which is an extension of the operations of the Company, or a controlled operating company whose business consists of providing services to the Company. The Company does not consolidate its interest in Thompson Rivers as it is not a substantially wholly owned investment company subsidiary. In addition, the Company does not control Thompson Rivers due to the allocation of voting rights among Thompson Rivers members.

As of September 30, 2020, Thompson Rivers had the following commitments, contributions and unfunded commitments from its members:

	As of September 30, 2020			
Member	**Total Commitments**	**Contributed Capital**	**Return of Capital (not recallable)**	**Unfunded Commitments**
Barings BDC, Inc.	$ 10,000,000	$ 3,100,000	$ —	$ 6,900,000
Jocassee Partners LLC	90,000,000	27,900,000	—	62,100,000
Total	$ 100,000,000	$ 31,000,000	$ —	$ 69,000,000

Investment Valuation

The Company has a valuation policy, as well as established and documented processes and methodologies for determining the fair values of portfolio company investments on a recurring (at least quarterly) basis in accordance with the 1940 Act and FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820"). The Company's current valuation policy and processes were established by the Adviser and have been approved by the Board.

Under ASC Topic 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between a willing buyer and a willing seller at the measurement date. For the Company's portfolio securities, fair value is generally the amount that the Company might reasonably expect to receive upon the current sale of the security. Under ASC Topic 820, the fair value measurement assumes that the sale occurs in the principal market for the security, or in the absence of a principal market, in the most advantageous market for the security. Under ASC Topic 820, if no market for the security exists or if the Company does not have access to the principal market, the security should be valued based on the sale occurring in a hypothetical market.

Under ASC Topic 820, there are three levels of valuation inputs, as follows:

Level 1 Inputs – include quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs – include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs – include inputs that are unobservable and significant to the fair value measurement.

A financial instrument is categorized within the ASC Topic 820 valuation hierarchy based upon the lowest level of input to the valuation process that is significant to the fair value measurement. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized as Level 3 investments within the tables below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

The Company's investment portfolio includes certain debt and equity instruments of privately held companies for which quoted prices or other inputs falling within the categories of Level 1 and Level 2 are generally not available. In such cases, the Company determines the fair value of its investments in good faith primarily using Level 3 inputs. In certain cases, quoted prices or other observable inputs exist, and the Company assesses the appropriateness of the use of these third-party quotes in determining fair value based on (i) its understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer and (ii) the depth and consistency of broker quotes and the correlation of changes in broker quotes with the underlying performance of the portfolio company.

There is no single technique for determining fair value in good faith, as fair value depends upon the specific circumstances of each individual investment. The recorded fair values of the Company's Level 3 investments may differ significantly from fair values that would have been used had an active market for the securities existed. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned.

Investment Valuation Process

The Adviser has established a Pricing Committee that is, subject to the oversight of the Board, responsible for the approval, implementation and oversight of the processes and methodologies that relate to the pricing and valuation of assets held by the Company. The Adviser uses internal pricing models, in accordance with internal pricing procedures established by the Adviser's Pricing Committee, to price an asset in the event an acceptable price cannot be obtained from an approved external source.

The Adviser reviews its valuation methodologies on an ongoing basis and updates are made accordingly to meet changes in the marketplace. The Adviser has established internal controls to ensure its valuation process is operating in an effective manner. The Adviser (1) maintains valuation and pricing procedures that describe the specific methodology used for valuation and (2) approves and documents exceptions and overrides of valuations. In addition, the Pricing Committee performs an annual review of valuation methodologies.

The Company's money market fund investments are generally valued using Level 1 inputs and its syndicated senior secured loans and structured product investments are generally valued using Level 2 inputs. The Company's senior secured, middle-market, private debt investments are generally valued using Level 3 inputs.

Independent Valuation Review

The Company has engaged an independent valuation firm to provide third-party valuation consulting services at the end of each fiscal quarter which consist of certain limited procedures that the Company identified and requested the valuation firm to perform (hereinafter referred to as the "Procedures"). The Procedures generally consist of a review of the quarterly fair values of the Company's middle-market investments, and are generally performed with respect to each middle-market investment at least once in every calendar year and for new investments, at least once in the twelve-month period subsequent to the initial investment. In addition, the Procedures will generally be performed with respect to an investment where there has been a significant change in the fair value or performance of the investment. Prior to the first quarter of 2020, the Procedures were generally performed with respect to each investment every quarter beginning in the quarter after the investment was made. In certain instances, the Company may determine that it is not cost-effective, and as a result is not in the stockholders' best interests, to request the independent valuation firm to perform the Procedures on certain investments. Such instances include, but are not limited to, situations where the fair value of the investment in the portfolio company is determined to be insignificant relative to the total investment portfolio.

The total number of middle-market investments and the percentage of the Company's total middle-market investment portfolio on which the Procedures were performed are summarized below by period:

For the quarter ended:	Total companies	Percent of total investments at fair value(1)
March 31, 2019	18	100%
June 30, 2019	22	100%
September 30, 2019	28	100%
December 31, 2019	38	100%
March 31, 2020	30	62%
June 30, 2020	33	53%
September 30, 2020	66	100%

(1) Exclusive of the fair value of new middle-market investments made during the quarter for which the Procedures were not performed and certain middle-market investments repaid subsequent to the end of the reporting period. For September 30, 2020, the Procedures were performed on two of the seven investments made during the quarter.

Upon completion of the Procedures, the valuation firm concluded that, with respect to each investment reviewed by the valuation firm, the fair value of those investments subjected to the Procedures appeared reasonable. Finally, the Board determined in good faith that the Company's investments were valued at fair value in accordance with the Company's valuation policies and procedures and the 1940 Act based on, among other things, the input of Barings, the Company’s Audit Committee and the independent valuation firm.

Valuation Techniques

The Company's valuation techniques are based upon both observable and unobservable pricing inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument. The Company determines the estimated fair value of its loans and investments using primarily an income approach. Generally, an independent pricing service provider is the preferred source of pricing a loan, however, to the extent the independent pricing service provider price is unavailable or not relevant and reliable, the Company may use broker quotes. The Company attempts to maximize the use of observable inputs and minimize the use of unobservable inputs. The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the security.

Market Approach

The Company values its syndicated senior secured loans and structured product investments using values provided by independent pricing services that have been approved by the Adviser's Pricing Committee. The prices received from these pricing service providers are based on yields or prices of securities of comparable quality, type, coupon and maturity and/or indications as to value from dealers and exchanges. The Company will seek to obtain two prices from the pricing services with one price representing the primary source and the other representing an independent control valuation. The Company evaluates the prices obtained from brokers or independent pricing service providers based on available market information, including trading activity of the subject or similar securities, or by performing a comparable security analysis to ensure that fair values are reasonably estimated. The Company also performs back-testing of valuation information obtained from independent pricing service providers and brokers against actual prices received in transactions. In addition to ongoing monitoring and back-testing, the Company performs due diligence procedures surrounding independent pricing service providers to understand their methodology and controls to support their use in the valuation process.

Income Approach

The Company utilizes an Income Approach model in valuing its private debt investment portfolio, which consists primarily of middle-market senior secured loans with floating reference rates. As independent pricing service provider and broker quotes have not historically been consistently relevant and reliable, the fair value is determined using an internal index-based pricing model that takes into account both the movement in the spread of one or more performing credit indices as well as changes in the credit profile of the borrower. The implicit yield for each debt investment is calculated at the date the investment is made. This calculation takes into account the acquisition price (par less any upfront fee) and the relative maturity assumptions of the underlying asset. As of each balance sheet date, the implied yield for each investment is reassessed, taking into account changes in the discount margin of the baseline index, probabilities of default and any changes in the credit profile of the issuer of the security, such as fluctuations in operating levels and leverage. If there is an observable price available on a comparable security/issuer, it is used to calibrate the internal model. If the valuation process for a particular debt investment results in a value above par, the value is typically capped at the greater of the principal amount plus any prepayment penalty in effect or 100% of par on the basis that a market participant is likely unwilling to pay a greater amount than that at which the borrower could refinance.

Enterprise Value Waterfall Approach

In valuing equity securities, the Company estimates fair value using an "Enterprise Value Waterfall" valuation model. The Company estimates the enterprise value of a portfolio company and then allocates the enterprise value to the portfolio company’s securities in order of their relative liquidation preference. In addition, the model assumes that any outstanding debt or other securities that are senior to the Company’s equity securities are required to be repaid at par. Generally, the waterfall proceeds flow from senior debt tranches of the capital structure to junior and subordinated debt, followed by each class or preferred stock and finally the common stock. Additionally, the Company may estimate the fair value of a debt security using the Enterprise Value Waterfall approach when the Company does not expect to receive full repayment.

To estimate the enterprise value of the portfolio company, the Company primarily uses a valuation model based on a transaction multiple, which generally is the original transaction multiple, and measures of the portfolio company's financial performance. In addition, the Company considers other factors, including but not limited to (i) offers from third parties to purchase the portfolio company, (ii) the implied value of recent investments in the equity securities of the portfolio company, (iii) publicly available information regarding recent sales of private companies in comparable transactions and (iv) when the Company believes there are comparable companies that are publicly traded, the Company performs a review of these publicly traded companies and the market multiple of their equity securities. For certain non-performing assets, the Company may utilize the liquidation or collateral value of the portfolio company's assets in its estimation of enterprise value.

Valuation of Investment in Jocassee

The Company estimates the fair value of its investment in Jocassee Partners LLC using the net asset value of Jocassee Partners LLC and its ownership percentage. The net asset value of Jocassee Partners LLC is determined in accordance with the specialized accounting guidance for investment companies.

Valuation of Investment in Thompson Rivers

The Company estimates the fair value of its investment in Thompson Rivers LLC using the net asset value of Thompson Rivers LLC and its ownership percentage. The net asset value of Thompson Rivers LLC is determined in accordance with the specialized accounting guidance for investment companies.

Level 3 Unobservable Inputs

The following tables summarize the significant unobservable inputs the Company used in the valuation of its Level 3 debt and equity securities as of September 30, 2020 and December 31, 2019. The weighted average range of unobservable inputs is based on fair value of investments.

September 30, 2020:	**Fair Value**	**Valuation Model**	**Level 3 Input**	**Range of Inputs**	**Weighted Average**
Senior debt and 1st lien notes(1)	$ 639,860,762	Income Approach	Implied Spread	4.3% – 12.0%	6.5%
Subordinated debt and 2nd lien notes(2)	9,900,456	Income Approach	Implied Spread	8.7% – 9.7%	9.2%
Equity shares	975,050	Enterprise Value Waterfall Approach	Adjusted EBITDA Multiple	8.2x – 11.9x	9.7x

(1) Excludes investments with an aggregate fair value amounting to $14,783,231, which the Company valued using unadjusted prices from independent pricing services and independent indicative broker quotes where pricing inputs are not readily available.

(2) Excludes investments with an aggregate fair value amounting to $4,999,386, which the Company valued using unadjusted prices from independent pricing services and independent indicative broker quotes where pricing inputs are not readily available.

December 31, 2019:	**Fair Value**	**Valuation Model**	**Level 3 Input**	**Range of Inputs**	**Weighted Average**
Senior debt and 1st lien notes(1)	$ 528,907,788	Income Approach	Implied Spread	4.6% – 8.0%	5.7%
Subordinated debt and 2nd lien notes(2)	9,699,465	Income Approach	Implied Spread	8.8% – 9.4%	9.1%
Equity shares	760,716	Enterprise Value Waterfall Approach	Adjusted EBITDA Multiple	10.0x – 12.3x	10.5x

(1) Excludes investments with an aggregate fair value amounting to $26,592,519, which the Company valued using unadjusted prices from independent pricing services and independent indicative broker quotes where pricing inputs are not readily available.

(2) Excludes investments with an aggregate fair value amounting to $2,312,500, which the Company valued using unadjusted prices from independent pricing services and independent indicative broker quotes where pricing inputs are not readily available.

The following tables present the Company’s investment portfolio at fair value as of September 30, 2020 and December 31, 2019, categorized by the ASC Topic 820 valuation hierarchy, as previously described:

	Fair Value as of September 30, 2020			
	Level 1	Level 2	Level 3	Total
Senior debt and 1st lien notes	$ —	$ 178,457,696	$ 654,643,993	$ 833,101,689
Subordinated debt and 2nd lien notes	—	4,469,444	14,899,842	19,369,286
Structured products	—	33,164,151	—	33,164,151
Equity shares	—	—	975,050	975,050
Short-term investments	210,503,390	—	—	210,503,390
Investments subject to leveling	$ 210,503,390	$ 216,091,291	$ 670,518,885	$ 1,097,113,566
Investments in joint ventures(1)				19,158,075
				$ 1,116,271,641

	Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Senior debt and 1st lien notes	$ —	$ 495,363,062	$ 555,500,307	$ 1,050,863,369
Subordinated debt and 2nd lien notes	—	3,209,004	12,011,965	15,220,969
Equity shares	—	—	760,716	760,716
Short-term investments	96,568,940	—	—	96,568,940
Investments subject to leveling	$ 96,568,940	$ 498,572,066	$ 568,272,988	$ 1,163,413,994
Investment in joint venture(1)				10,229,813
				$ 1,173,643,807

(1) The Company's investments in Jocassee and Thompson Rivers are measured at fair value using net asset value and have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Unaudited Consolidated Balance Sheet and Consolidated Balance Sheet.

The following tables reconcile the beginning and ending balances of the Company's investment portfolio measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the nine months ended September 30, 2020 and 2019:

Nine Months Ended September 30, 2020:	**Senior Debt and 1st Lien Notes**	**Subordinated Debt and 2nd Lien Notes**	**Equity Shares**	**Total**
Fair value, beginning of period	$ 555,500,307	$ 12,011,965	$ 760,716	$ 568,272,988
New investments	206,929,866	660,263	512,299	208,102,428
Transfers into Level 3, net	19,063,921	1,996,471	—	21,060,392
Proceeds from sales of investments	(91,889,896)	(415,977)	—	(92,305,873)
Loan origination fees received	(4,744,340)	(19,808)	—	(4,764,148)
Principal repayments received	(20,157,266)	—	—	(20,157,266)
Payment in kind interest earned	236,572	35,108	—	271,680
Accretion of loan premium	16,426	—	—	16,426
Accretion of deferred loan origination revenue	1,653,596	26,081	—	1,679,677
Realized gain (loss)	70,946	(26,253)	—	44,693
Unrealized appreciation (depreciation)	(12,036,139)	631,992	(297,965)	(11,702,112)
Fair value, end of period	$ 654,643,993	$ 14,899,842	$ 975,050	$ 670,518,885

Nine Months Ended September 30, 2019:	**Senior Debt and 1st Lien Notes**	**Subordinated Debt and 2nd Lien Notes**	**Equity Shares**	**Total**
Fair value, beginning of period	$ 257,987,259	$ 7,679,132	$ 515,825	$ 266,182,216
New investments	249,345,678	4,951,685	—	254,297,363
Transfers out of Level 3	(37,144,143)	—	—	(37,144,143)
Proceeds from sales of investments	(13,765,869)	—	—	(13,765,869)
Loan origination fees received	(4,939,839)	(148,551)	—	(5,088,390)
Principal repayments received	(46,384,560)	(2,980,874)	—	(49,365,434)
Accretion of loan premium	(13,011)	—	—	(13,011)
Accretion of deferred loan origination revenue	1,163,453	63,413	—	1,226,866
Realized loss	(47,768)	—	—	(47,768)
Unrealized appreciation	1,501,737	124,484	179,835	1,806,056
Fair value, end of period	$ 407,702,937	$ 9,689,289	$ 695,660	$ 418,087,886

All realized gains and losses and unrealized appreciation and depreciation are included in earnings (changes in net assets) and are reported on separate line items within the Company's Unaudited Consolidated Statements of Operations. Pre-tax net unrealized appreciation (depreciation) on Level 3 investments of $18.8 million and $(13.8) million during the three and nine months ended September 30, 2020 was related to portfolio company investments that were still held by the Company as of September 30, 2020. Pre-tax net unrealized appreciation on Level 3 investments of $3.1 million and $19.6 million during the three and nine months ended September 30, 2019 was related to portfolio company investments that were still held by the Company as of September 30, 2019.

Exclusive of short-term investments, during the nine months ended September 30, 2020, the Company made investments of approximately $297.0 million in portfolio companies to which it was not previously contractually committed to provide such financing. During the nine months ended September 30, 2020, the Company made investments of $14.8 million in portfolio companies to which it was previously committed to provide such financing.

Exclusive of short-term investments, during the nine months ended September 30, 2019, the Company made investments of approximately $257.5 million in portfolio companies to which it was not previously contractually committed to provide such financing. During the nine months ended September 30, 2019, the Company made investments of $10.7 million in portfolio companies to which it was previously committed to provide such financing.

Unsettled Purchases and Sales of Investments

Investment transactions are recorded based on the trade date of the transaction. As a result, unsettled purchases and sales are recorded as payables and receivables from unsettled transactions, respectively. While purchases and sales of the Company's syndicated senior secured loans generally settle on a T+7 basis, the settlement period will sometimes extend past the scheduled settlement. In such cases, the Company generally is contractually owed and recognizes interest income equal to the applicable margin ("spread") beginning on the T+7 date. Such income is accrued as interest receivable and is collected upon settlement of the investment transaction.

Realized Gain or Loss and Unrealized Appreciation or Depreciation of Portfolio Investments

Realized gains or losses are recorded upon the sale or liquidation of investments and are calculated as the difference between the net proceeds from the sale or liquidation, if any, and the cost basis of the investment using the specific identification method. Unrealized appreciation or depreciation reflects the difference between the fair value of the investments and the cost basis of the investments.

Investment Classification

In accordance with the provisions of the 1940 Act, the Company classifies investments by level of control. As defined in the 1940 Act, "Control Investments" are investments in those companies that the Company is deemed to "Control." "Affiliate Investments" are investments in those companies that are "Affiliated Persons" of the Company, as defined in the 1940 Act, other than Control Investments. "Non-Control / Non-Affiliate Investments" are those that are neither Control Investments nor Affiliate Investments. Generally, under the 1940 Act, the Company is deemed to control a company in which it has invested if the Company owns more than 25.0% of the outstanding voting securities (i.e., securities with the right to elect directors) and/or has the power to exercise control over the management or policies of such portfolio company. As of September 30, 2020, the Company does not “Control” any of its portfolio companies for the purposes of the 1940 Act. Under the 1940 Act, the Company is deemed to be an Affiliated Person of a company in which the Company has invested if it owns at least 5.0%, but no more than 25.0%, of the outstanding voting securities of such company.

Investment Income

Interest income, including amortization of premium and accretion of discount, is recorded on the accrual basis to the extent that such amounts are expected to be collected. Generally, when interest and/or principal payments on a loan become past due, or if the Company otherwise does not expect the borrower to be able to service its debt and other obligations, the Company will place the loan on non-accrual status and will generally cease recognizing interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. The Company writes off any previously accrued and uncollected interest when it is determined that interest is no longer considered collectible. Dividend income is recorded on the ex-dividend date.

Payment-in-Kind Interest

As of September 30, 2020 and December 31, 2019, the Company held investments that contained PIK interest provisions, and the Company may hold additional investments with PIK interest provisions in the future. PIK interest, computed at the contractual rate specified in each loan agreement, is periodically added to the principal balance of the loan, rather than being paid to the Company in cash, and is recorded as interest income. Thus, the actual collection of PIK interest may be deferred until the time of debt principal repayment.

PIK interest, which is a non-cash source of income at the time of recognition, is included in the Company’s taxable income and therefore affects the amount the Company is required to distribute to its stockholders to maintain its tax treatment as a RIC for federal income tax purposes, even though the Company has not yet collected the cash. Generally, when current cash interest and/or principal payments on a loan become past due, or if the Company otherwise does not expect the borrower to be able to service its debt and other obligations, the Company will place the loan on non-accrual status and will generally cease recognizing PIK interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. The Company writes off any accrued and uncollected PIK interest when it is determined that the PIK interest is no longer collectible.

Fee Income

Origination, facility, commitment, consent and other advance fees received in connection with loan agreements ("Loan Origination Fees") are recorded as deferred income and recognized as investment income over the term of the loan. Upon prepayment of a loan, any unamortized Loan Origination Fees are recorded as investment income. In the general course of its business, the Company receives certain fees from portfolio companies, which are non-recurring in nature. Such fees include loan prepayment penalties, structuring fees and loan waiver and amendment fees, and are recorded as investment income when earned.

Fee income for the three and nine months ended September 30, 2020 and 2019 was as follows:

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Recurring Fee Income:				
Amortization of loan origination fees	$ 503,114	$ 245,038	$ 1,396,253	$ 591,162
Management, valuation and other fees	174,416	80,431	504,171	211,313
Total Recurring Fee Income	677,530	325,469	1,900,424	802,475
Non-Recurring Fee Income:				
Prepayment fees	—	—	84,151	59,617
Acceleration of unamortized loan origination fees	31,549	465,695	280,123	663,073
Advisory, loan amendment and other fees	60,047	57,628	115,854	144,654
Total Non-Recurring Fee Income	91,596	523,323	480,128	867,344
Total Fee Income	**$ 769,126**	**$ 848,792**	**$ 2,380,552**	**$ 1,669,819**

Concentration of Credit Risk

As of both September 30, 2020 and December 31, 2019, there were no individual investments representing greater than 10% of the fair value of the Company’s portfolio. As of September 30, 2020 and December 31, 2019, the Company’s largest single portfolio company investment, excluding short-term investments, represented approximately 3.1% and 2.3%, respectively, of the fair value of the Company’s portfolio, exclusive of short-term investments. Income, consisting of interest, dividends, fees, other investment income and realization of gains or losses on equity interests, can fluctuate dramatically upon repayment of an investment or sale of an equity interest and in any given year can be highly concentrated among several portfolio companies.

As of September 30, 2020, $965.3 million of the Company's assets were or will be pledged as collateral for the February 2019 Credit Facility, and $257.3 million of the Company's assets were pledged as collateral for the Debt Securitization.

Investments Denominated in Foreign Currencies

As of September 30, 2020 the Company held one investment that was denominated in Swedish kronas, eleven investments that were denominated in Euros and five investments that were denominated in British pounds sterling. As of December 31, 2019, the Company held one investment that was denominated in Swedish kronas, five investments that were denominated in Euros and two investments that were denominated in British pounds sterling.

At each balance sheet date, portfolio company investments denominated in foreign currencies are translated into United States dollars using the spot exchange rate on the last business day of the period. Purchases and sales of foreign portfolio company investments, and any income from such investments, are translated into United States dollars using the rates of exchange prevailing on the respective dates of such transactions.

Although the fair values of foreign portfolio company investments and the fluctuation in such fair values are translated into United States dollars using the applicable foreign exchange rates described above, the Company does not separately report that portion of the change in fair values resulting from foreign currency exchange rates fluctuations from the change in fair values of the underlying investment. All fluctuations in fair value are included in net unrealized appreciation (depreciation) of investments in the Company's Unaudited Consolidated Statements of Operations.

In addition, during the nine months ended September 30, 2020, the Company entered into forward currency contracts primarily to help mitigate the impact that an adverse change in foreign exchange rates would have on net interest income from the Company's investments and related borrowings denominated in foreign currencies. Net unrealized appreciation or depreciation on foreign currency contracts are included in "Net unrealized appreciation (depreciation) - foreign currency transactions" and net realized gains or losses on forward currency contracts are included in "Net realized gains (losses) - foreign currency transactions" in the Company's Unaudited Consolidated Statements of Operations.

Investments denominated in foreign currencies and foreign currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. Dollar.

4. INCOME TAXES

The Company has elected for federal income tax purposes to be treated as a RIC under the Code and intends to make the required distributions to its stockholders as specified therein. In order to maintain its tax treatment as a RIC, the Company must meet certain minimum distribution, source-of-income and asset diversification requirements. If such requirements are met, then the Company is generally required to pay taxes only on the portion of its taxable income and gains it does not distribute (actually or constructively) and certain built-in gains. The Company has historically met its minimum distribution requirements and continually monitors its distribution requirements with the goal of ensuring compliance with the Code.

The minimum distribution requirements applicable to RICs require the Company to distribute to its stockholders at least 90% of its investment company taxable income ("ICTI"), as defined by the Code, each year. Depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of current year distributions into the next tax year and pay a 4% U.S. federal excise tax on such excess. Any such carryover ICTI must be distributed before the end of that next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI.

ICTI generally differs from net investment income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. The Company may be required to recognize ICTI in certain circumstances in which it does not receive cash. For example, if the Company holds debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments issued with warrants), the Company must include in ICTI each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by the Company in the same taxable year. The Company may also have to include in ICTI other amounts that it has not yet received in cash, such as interest income from investments that have been classified as non-accrual for financial reporting purposes. Interest income on non-accrual investments is not recognized for financial reporting purposes, but generally is recognized in ICTI. Because any original issue discount or other amounts accrued will be included in the Company's ICTI for the year of accrual, the Company may be required to make a distribution to its stockholders in order to satisfy the minimum distribution requirements, even though the Company will not have received and may not ever receive any corresponding cash amount. ICTI also excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

In addition, the Company has a wholly-owned taxable subsidiary (the "Taxable Subsidiary"), which holds certain portfolio investments that are listed on the Unaudited and Audited Consolidated Schedules of Investments. The Taxable Subsidiary is consolidated for financial reporting purposes, such that the Company's consolidated financial statements reflect the Company's investments in the portfolio companies owned by the Taxable Subsidiary. The purpose of the Taxable Subsidiary is to permit the Company to hold certain portfolio companies that are organized as LLCs (or other forms of pass-through entities) and still satisfy the RIC tax requirement that at least 90% of the RIC's gross revenue for income tax purposes must consist of qualifying investment income. Absent the Taxable Subsidiary, a proportionate amount of any gross income of an LLC (or other pass-through entity) portfolio investment would flow through directly to the RIC. To the extent that such income did not consist of qualifying investment income, it could jeopardize the Company's ability to qualify as a RIC and therefore cause the Company to incur significant amounts of federal income taxes. When LLCs (or other pass-through entities) are owned by the Taxable Subsidiary, their income is taxed to the Taxable Subsidiary and does not flow through to the RIC, thereby helping the Company preserve its RIC tax treatment and resultant tax advantages. The Taxable Subsidiary is not consolidated for income tax purposes and may generate income tax expense or benefit as a result of their ownership of the portfolio companies. This income tax expense or benefit is reflected in the Company's Unaudited Consolidated Statements of Operations. Additionally, any unrealized appreciation related to portfolio investments held by the Taxable Subsidiary (net of unrealized depreciation related to portfolio investments held by the Taxable Subsidiary) is reflected net of applicable federal and state income taxes in the Company's Consolidated Statements of Operations, with the related deferred tax assets or liabilities included in "Accounts payable and accrued liabilities" in the Company's Unaudited and Audited Consolidated Balance Sheets.

For federal income tax purposes, the cost of investments owned as of September 30, 2020 and December 31, 2019 was approximately $1,132.2 million and $1,192.7 million, respectively. As of September 30, 2020, net unrealized depreciation on the Company's investments (tax basis) was approximately $18.7 million, consisting of gross unrealized appreciation, where the fair value of the Company's investments exceeds their tax cost, of approximately $9.7 million and gross unrealized depreciation, where the tax cost of the Company's investments exceeds their fair value, of approximately $28.4 million. As of December 31, 2019, net unrealized depreciation on the Company's investments (tax basis) was approximately $20.1 million, consisting of gross unrealized appreciation, where the fair value of the Company's investments exceeds their tax cost, of approximately $2.5 million and gross unrealized depreciation, where the tax cost of the Company's investments exceeds their fair value, of approximately $22.6 million.

5. BORROWINGS

The Company had the following borrowings outstanding as of September 30, 2020 and December 31, 2019:

Issuance Date	Maturity Date	Interest Rate as of September 30, 2020	September 30, 2020	December 31, 2019
Credit Facilities:				
August 3, 2018 - Class A-1	NA	NA	$ —	$ 107,200,000
February 21, 2019	February 21, 2024	2.138%	463,703,208	245,288,419
Total Credit Facilities			$ 463,703,208	$ 352,488,419
Debt Securitization:				
May 9, 2019 - Class A-1 2019 Notes	April 15, 2027	1.295%	$ 126,813,048	$ 266,710,176
May 9, 2019 - Class A-2 2019 Notes	April 15, 2027	1.925%	51,500,000	51,500,000
(Less: Deferred financing fees)			(777,000)	(1,545,702)
Total Debt Securitization			$ 177,536,048	$ 316,664,474
Notes:				
September 24, 2020 - August 2025 Notes	August 4, 2025	4.660%	$ 25,000,000	$ —
September 29, 2020 - August 2025 Notes	August 4, 2025	4.660%	25,000,000	—
(Less: Deferred financing fees)			(465,521)	—
Total Notes			$ 49,534,479	$ —

August 2018 Credit Facility

On July 3, 2018, the Company formed Barings BDC Senior Funding I, LLC, an indirectly wholly-owned Delaware limited liability company ("BSF"), the primary purpose of which was to function as the Company's special purpose, bankruptcy-remote, financing subsidiary. On August 3, 2018, BSF entered into the August 2018 Credit Facility (as subsequently amended in December 2018 and in February 2020) with Bank of America, N.A., as administrative agent (the "Administrative Agent") and Class A-1 Lender, Société Générale, as Class A Lender, and Bank of America Merrill Lynch, as sole lead arranger and sole book manager. BSF and the Administrative Agent also entered into a security agreement dated as of August 3, 2018 (the "Security Agreement") pursuant to which BSF's obligations under the August 2018 Credit Facility were secured by a first-priority security interest in substantially all of the assets of BSF, including its portfolio of investments (the "Pledged Property"). In connection with the first-priority security interest established under the Security Agreement, all of the Pledged Property was held in the custody of State Street Bank and Trust Company, as collateral administrator (the "Collateral Administrator"). The Collateral Administrator maintained and performed certain collateral administration services with respect to the Pledged Property pursuant to a collateral administration agreement among BSF, the Administrative Agent and the Collateral Administrator. Generally, the Collateral Administrator was authorized to make distributions and payments from Pledged Property based only on the written instructions of the Administrative Agent.

The August 2018 Credit Facility initially provided for borrowings in an aggregate amount up to $750.0 million, including up to $250.0 million borrowed under the Class A Loan Commitments and up to $500.0 million borrowed under the Class A-1 Loan Commitments. Effective February 28, 2019, the Company reduced its Class A Loan Commitments to $100.0 million, which reduced total commitments under the August 2018 Credit Facility to $600.0 million. Effective May 9, 2019, the Company further reduced its Class A Loan Commitments under the August 2018 Credit Facility from $100.0 million to zero and reduced its Class A-1 Loan Commitments under the August 2018 Credit Facility from $500.0 million to $300.0 million, which collectively reduced total commitments under the August 2018 Credit Facility to $300.0 million. Effective June 18, 2019, the Company further reduced its Class A-1 Loan Commitments, and therefore total commitments, under the August 2018 Credit Facility from $300.0 million to $250.0 million. Effective August 14, 2019, the Company further reduced its Class A-1 Loan Commitments, and therefore total commitments, under the August 2018 Credit Facility from $250.0 million to $177.0 million. Effective October 29, 2019, the Company further reduced its Class A-1 Loan Commitments, and therefore total commitments, under the August 2018 Credit Facility from $177.0 million to $150.0 million. Effective January 21, 2020, the Company further reduced its Class A-1 Loan Commitments, and therefore total commitments, under the August 2018 Credit Facility from $150.0 million to $80.0 million. Effective April 23, 2020, the Company further reduced its Class A-1 Loan Commitments, and therefore total commitments, under the August 2018 Credit Facility from $80.0 million to $30.0 million. Finally, effective June 26, 2020, the Company further reduced its Class A-1 Loan Commitments, and therefore total commitments, under the August 2018 Credit Facility from $30.0 million to zero. In connection with these reductions, the pro rata portion of the unamortized deferred financing costs related to the August 2018 Credit Facility was written off and recognized as a loss on extinguishment of debt in the Company's Consolidated Statements of Operations.

On February 21, 2020, the Company extended the maturity date of the August 2018 Credit Facility from August 3, 2020 to August 3, 2021. On June 30, 2020, following the repayment of all borrowings, interest, and fees payable thereunder and at the election of the Company, the August 2018 Credit Facility was terminated, including all commitments and obligations of Bank of America, N.A. to lend or make advances to BSF. In addition, the Security Agreement was terminated and all security interests in the assets of BSF in favor of the lenders were terminated. As a result of these terminations, all obligations of BSF under the August 2018 Credit Facility and Security Agreement were fully discharged.

All borrowings under the August 2018 Credit Facility bore interest, subject to BSF's election, on a per annum basis equal to (i) the applicable base rate plus the applicable spread or (ii) the applicable LIBOR rate plus the applicable spread. The applicable base rate was equal to the greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate or (iii) one-month LIBOR plus 1.0%. The applicable LIBOR rate depended on the term of the borrowing under the August 2018 Credit Facility, which could be either one month or three months. BSF was required to pay commitment fees on the unused portion of the August 2018 Credit Facility. BSF could prepay any borrowing at any time without premium or penalty, except that BSF could have been liable for certain funding breakage fees if prepayments occurred prior to expiration of the relevant interest period. BSF could also permanently reduce all or a portion of the commitment amount under the August 2018 Credit Facility without penalty.

Borrowings under the August 2018 Credit Facility were subject to compliance with a borrowing base, pursuant to which the amount of funds advanced by the lenders to BSF would vary depending upon the types of assets in BSF's portfolio. Assets were required to meet certain criteria to be included in the borrowing base, and the borrowing base was subject to certain portfolio restrictions including investment size, sector concentrations, investment type and credit ratings.

Under the August 2018 Credit Facility, BSF made certain representations and warranties and was required to comply with various covenants, reporting requirements and other customary requirements for credit facilities of this nature. In addition to other customary events of default included in financing transactions, the August 2018 Credit Facility contained the following events of default: (a) the failure to make principal payments when due or interest payments within two business days of when due; (b) borrowings under the credit facility exceeding the applicable advance rates; (c) the purchase by BSF of certain ineligible assets; (d) the insolvency or bankruptcy of BSF; and (e) the decline of BSF's NAV below a specified threshold.

Borrowings of BSF were considered borrowings by the Company for purposes of complying with the asset coverage requirements under the 1940 Act applicable to business development companies. The obligations of BSF under the August 2018 Credit Facility were non-recourse to the Company.

As of December 31, 2019, BSF had borrowings of $107.2 million, outstanding under the August 2018 Credit Facility with an interest rate of 2.940%. As of December 31, 2019, the total fair value of the borrowings outstanding under the August 2018 Credit Facility was $107.2 million. The fair values of the borrowings outstanding under the August 2018 Credit Facility are based on a market yield approach and current interest rates, which are Level 3 inputs to the market yield model.

February 2019 Credit Facility

On February 21, 2019, the Company entered into the February 2019 Credit Facility (as subsequently amended in December 2019) with ING Capital LLC ("ING"), as administrative agent, and the lenders party thereto. The initial commitments under the February 2019 Credit Facility total $800.0 million. The February 2019 Credit Facility has an accordion feature that allows for an increase in the total commitments of up to $400.0 million, subject to certain conditions and the satisfaction of specified financial covenants. The Company can borrow foreign currencies directly under the February 2019 Credit Facility. The February 2019 Credit Facility, which is structured as a revolving credit facility, is secured primarily by a material portion of the Company's assets and guaranteed by certain subsidiaries of the Company. Following the termination of the August 2018 Credit Facility on June 30, 2020, BSF became a subsidiary guarantor and its assets will secure the February 2019 Credit Facility. The revolving period of the February 2019 Credit Facility ends on February 21, 2023, followed by a one-year repayment period with a final maturity date of February 21, 2024.

Borrowings under the February 2019 Credit Facility bear interest, subject to the Company's election, on a per annum basis equal to (i) the applicable base rate plus 1.00% (or 1.25% if the Company no longer maintains an investment grade credit rating), (ii) the applicable LIBOR rate plus 2.00% (or 2.25% if the Company no longer maintains an investment grade credit rating), (iii) for borrowings denominated in certain foreign currencies other than Australian dollars, the applicable currency rate for the foreign currency as defined in the credit agreement plus 2.00% (or 2.25% if the Company no longer maintains an investment grade credit rating) or (iv) for borrowings denominated in Australian dollars, the applicable Australian dollars Screen Rate, plus 2.20% (or 2.45% if the Company no longer maintains an investment grade credit rating). The applicable base rate is equal to the greatest of (i) the prime rate, (ii) the federal funds rate plus 0.5%, (iii) the Overnight Bank Funding Rate plus 0.5%, (iv) the adjusted three-month applicable currency rate plus 1.0% and (v) 1%. The applicable currency rate depends on the currency and term of the draw under the February 2019 Credit Facility.

In addition, the Company (i) paid a commitment fee of 0.375% per annum on undrawn amounts for the period beginning on the closing date of the February 2019 Credit Facility to and including the date that was six months after the closing date of the February 2019 Credit Facility, and (ii) thereafter pays a commitment fee of (x) 0.5% per annum on undrawn amounts if the unused portion of the February 2019 Credit Facility is greater than two-thirds of total commitments or (y) 0.375% per annum on undrawn amounts if the unused portion of the February 2019 Credit Facility is equal to or less than two-thirds of total commitments. In connection with entering into the February 2019 Credit Facility, the Company incurred financing fees of approximately $6.4 million, which will be amortized over the remaining life of the February 2019 Credit Facility.

The February 2019 Credit Facility contains certain affirmative and negative covenants, including but not limited to (i) maintaining minimum stockholders' equity, (ii) maintaining minimum obligors' net worth, (iii) maintaining a minimum asset coverage ratio, (iv) meeting a minimum liquidity test and (v) maintaining the Company's status as a regulated investment company and as a business development company. The February 2019 Credit Facility also contains customary events of default with customary cure and notice provisions, including, without limitation, nonpayment, misrepresentation of representations and warranties in a material respect, breach of covenant, cross-default to other indebtedness, bankruptcy, change of control, and material adverse effect. The February 2019 Credit Facility also permits the administrative agent to select an independent third party valuation firm to determine valuations of certain portfolio investments for purposes of borrowing base provisions. In connection with the February 2019 Credit Facility, the Company also entered into new collateral documents. As of September 30, 2020, the Company was in compliance with all covenants under the February 2019 Credit Facility.

As of September 30, 2020, the Company had U.S. dollar borrowings of $325.0 million outstanding under the February 2019 Credit Facility with a weighted average interest rate of 2.188% (weighted average one month LIBOR of 0.188%), borrowings denominated in Swedish kronas of 12.8kr million ($1.4 million U.S. dollars) with an interest rate of 2.00% (one month STIBOR of 0.000%), borrowings denominated in British pounds sterling of £40.3 million ($52.1 million U.S. dollars) with a weighted average interest rate of 2.063% (weighted average one month GBP LIBOR of 0.063%) and borrowings denominated in Euros of €72.6 million ($85.1 million U.S. dollars) with an interest rate of 2.00% (weighted average one month EURIBOR of 0.000%). The borrowings denominated in foreign currencies were translated into U.S. dollars based on the spot rate at the relevant balance sheet date. The impact resulting from changes in foreign exchange rates on the February 2019 Credit Facility borrowings is included in "Net unrealized appreciation (depreciation) - foreign currency transactions" in the Company's Unaudited Consolidated Statements of Operations.

As of December 31, 2019, the Company had U.S. dollar borrowings of $195.0 million outstanding under the February 2019 Credit Facility with a weighted average interest rate of 4.054%, borrowings denominated in Swedish kronas of 12.8kr million ($1.4 million U.S. dollars) with an interest rate of 2.25%, borrowings denominated in British pounds sterling of £4.7 million ($6.3 million U.S. dollars) with an interest rate of 3.0%, and borrowings denominated in Euros of €38.0 million ($42.7 million U.S. dollars) with an interest rate of 2.25%. The borrowings denominated in foreign currencies were translated into U.S. dollars based on the spot rate at the relevant balance sheet date. The impact resulting from changes in foreign exchange rates on the February 2019 Credit Facility borrowings is included in "Net unrealized appreciation (depreciation) - foreign currency transactions" in the Company's Unaudited Consolidated Statements of Operations.

As of September 30, 2020 and December 31, 2019, the total fair value of the borrowings outstanding under the February 2019 Credit Facility was $463.7 million and $245.3 million, respectively. The fair values of the borrowings outstanding under the February 2019 Credit Facility are based on a market yield approach and current interest rates, which are Level 3 inputs to the market yield model.

Debt Securitization

On May 9, 2019, the Company completed a $449.3 million term debt securitization. Term debt securitizations are also known as collateralized loan obligations and are a form of secured financing incurred by the Company, which is consolidated by the Company for financial reporting purposes and subject to its overall asset coverage requirement. The notes offered in the

Debt Securitization (collectively, the “2019 Notes”) were issued by Barings BDC Static CLO Ltd. 2019-I (“BBDC Static CLO Ltd.”) and Barings BDC Static CLO 2019-I, LLC, wholly-owned and consolidated subsidiaries of the Company (collectively, the “Issuers”), and are secured by a diversified portfolio of senior secured loans and participation interests therein. The Debt Securitization was executed through a private placement of approximately $296.8 million of AAA(sf) Class A-1 Senior Secured Floating Rate 2019 Notes (“Class A-1 2019 Notes”), which bore interest at the three-month LIBOR plus 1.02%; $51.5 million of AA(sf) Class A-2 Senior Secured Floating Rate 2019 Notes (“Class A-2 2019 Notes”), which bore interest at the three-month LIBOR plus 1.65%; and $101.0 million of Subordinated 2019 Notes which did not bear interest and were not rated. The Company retained all of the Subordinated 2019 Notes issued in the Debt Securitization in exchange for the Company’s sale and contribution to BBDC Static CLO Ltd. of the initial closing date portfolio, which included senior secured loans and participation interests therein distributed to the Company by BSF. The 2019 Notes were scheduled to mature on April 15, 2027; however, the 2019 Notes could be redeemed by the Issuers, at the direction of the Company as holder of the Subordinated 2019 Notes, on any business day after May 9, 2020. In connection with the sale and contribution, the Company made customary representations, warranties and covenants to the Issuers.

The Class A-1 2019 Notes and Class A-2 2019 Notes were the secured obligations of the Issuers, the Subordinated 2019 Notes are the unsecured obligations of BBDC Static CLO Ltd., and the indenture governing the 2019 Notes included customary covenants and events of default. The 2019 Notes were not registered under the Securities Act or any state securities or “blue sky” laws and could not be offered or sold in the United States absent registration with the SEC or an applicable exemption from registration. As of September 30, 2020, the Company was in compliance with all covenants under the Class A-1 2019 Notes and Class A-2 2019 Notes.

The Company serves as collateral manager to BBDC Static CLO Ltd. under a collateral management agreement and has agreed to irrevocably waive all collateral management fees payable pursuant to the collateral management agreement.

The Class A-1 2019 Notes and the Class A-2 2019 Notes issued in connection with the Debt Securitization had floating rate interest provisions based on the three-month LIBOR that reset quarterly, except that LIBOR for the first interest accrual period was calculated by reference to an interpolation between the rate for deposits with a term equal to the next shorter period of time for which rates were available and the rate appearing for deposits with a term equal to the next longer period of time for which rates were available.

During the three and nine months ended September 30, 2020, $48.1 million and $139.9 million, respectively, of the Class A-1 2019 Notes were repaid. As of September 30, 2020, the Company had borrowings of $126.8 million outstanding under the Class A-1 2019 Notes with an interest rate of 1.295% (three month LIBOR of 0.275%) and borrowings of $51.5 million outstanding under the Class A-2 2019 Notes with an interest rate of 1.925% (three month LIBORof 0.275%).

During the year ended December 31, 2019, $30.0 million of the Class A-1 2019 Notes were repaid. As of December 31, 2019, the Company had borrowings of $266.7 million outstanding under the Class A-1 2019 Notes with an interest rate of 3.021% and borrowings of $51.5 million outstanding under the Class A-2 2019 Notes with an interest rate of 3.651%.

As of September 30, 2020, the total fair value of the Class A-1 2019 Notes and the Class A-2 2019 Notes was $126.1 million and $51.0 million, respectively. As of December 31, 2019, the total fair value of the Class A-1 2019 Notes and the Class A-2 2019 Notes was $266.8 million and $51.5 million, respectively. The fair value determinations of the Company’s 2019 Notes were based on a market yield approach and current interest rates, which are Level 3 inputs to the market yield model.

On October 15, 2020, the remaining 2019 Notes were repaid in full.

August 2025 Notes

On August 3, 2020, the Company entered into a Note Purchase Agreement (the "Note Purchase Agreement") with Massachusetts Mutual Life Insurance Company governing the issuance of (i) $50.0 million in aggregate principal amount of Series A senior unsecured notes (the "Series A Notes") due August 2025 with a fixed interest rate of 4.66% per year, and (ii) up to $50.0 million in aggregate principal amount of additional senior unsecured notes (the "Additional Notes" and, collectively with the Series A Notes, the "August 2025 Notes") due August 2025 with a fixed interest rate per year to be determined, in each case, to qualified institutional investors in a private placement. An aggregate principal amount of $25.0 million of the Series A Notes was issued on September 24, 2020 and an aggregate principal amount of $25.0 million of the Series A Notes was issued on September 29, 2020, both of which will mature on August 4, 2025 unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. Interest on the August 2025 Notes will be due semiannually in March and September, beginning in March 2021. In addition, the Company is obligated to offer to repay the August 2025 Notes at par if certain change in control events occur. The August 2025 Notes are the Company's general unsecured obligations that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

The Note Purchase Agreement contains customary terms and conditions for senior unsecured notes issued in a private placement, including, without limitation, affirmative and negative covenants such as information reporting, maintenance of the Company’s status as a BDC within the meaning of the 1940 Act, minimum shareholders’ equity, maximum net debt to equity ratio and minimum asset coverage ratio. The Note Purchase Agreement also contains customary events of default with customary cure and notice periods, including, without limitation, nonpayment, incorrect representation in any material respect, breach of covenant, cross-default under our other indebtedness or that of our subsidiary guarantors, certain judgements and orders, and certain events of bankruptcy. As of September 30, 2020, the Company was in compliance with all covenants of the Note Purchase Agreement.

The August 2025 Notes were offered in reliance on Section 4(a)(2) of the Securities Act. The August 2025 Notes have not and will not be registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, as applicable.

As of September 30, 2020, the fair value of the outstanding Series A Notes was $50.0 million. The fair value of the Series A Notes is based on a market yield approach and current interest rates, which are Level 3 inputs to the market yield model.

6. DERIVATIVE INSTRUMENTS

The Company enters into forward currency contracts from time to time to primarily help mitigate the impact that an adverse change in foreign exchange rates would have on net interest income from the Company's investments and related borrowings denominated in foreign currencies. Net unrealized appreciation or depreciation on foreign currency contracts are included in "Net unrealized appreciation (depreciation) - foreign currency transactions" and net realized gains or losses on forward currency contracts are included in "Net realized gains (losses) - foreign currency transactions" in the Unaudited Consolidated Statements of Operations. Forward currency contracts are considered undesignated derivative instruments.

The following table presents the Company's foreign currency forward contracts as of September 30, 2020 and December 31, 2019:

As of September 30, 2020: Description	Notional Amount to be Purchased	Notional Amount to be Sold	Maturity Date	Gross Amount of Recognized Assets	Balance Sheet Location of Net Amounts
Foreign currency forward contract (CAD)	C$13,495,000	$10,081,420	10/02/20	$ 21,550	Prepaid expenses and other assets
Foreign currency forward contract (CAD)	$10,255,950	C$13,495,000	10/02/20	152,979	Prepaid expenses and other assets
Foreign currency forward contract (EUR)	€4,672,157	$5,487,094	10/02/20	(8,286)	Prepaid expenses and other assets
Foreign currency forward contract (EUR)	$5,374,120	€4,672,157	10/02/20	(104,687)	Prepaid expenses and other assets
Foreign currency forward contract (EUR)	$3,412,466	€2,906,604	01/05/21	(3,740)	Prepaid expenses and other assets
Foreign currency forward contract (GBP)	£1,285,558	$1,594,070	10/02/20	67,899	Prepaid expenses and other assets
Foreign currency forward contract (GBP)	$1,696,763	£1,285,558	10/02/20	34,794	Prepaid expenses and other assets
Foreign currency forward contract (GBP)	$529,136	£415,299	01/05/21	(8,147)	Prepaid expenses and other assets
Foreign currency forward contract (SEK)	$80,985	751,190kr	10/02/20	(2,947)	Prepaid expenses and other assets
Foreign currency forward contract (SEK)	751,190kr	$84,268	10/02/20	(336)	Prepaid expenses and other assets
Foreign currency forward contract (SEK)	$92,284	821,594kr	01/05/21	362	Prepaid expenses and other assets
Total				$ 149,441	

As of December 31, 2019: Description	Notional Amount to be Purchased	Notional Amount to be Sold	Maturity Date	Gross Amount of Recognized Assets	Balance Sheet Location of Net Amounts
Foreign currency forward contract (EUR)	$158,244	€142,781	01/02/20	$ (2,028)	Accounts payable and accrued liabilities
Foreign currency forward contract (EUR)	€142,781	$158,547	01/02/20	1,724	Accounts payable and accrued liabilities
Foreign currency forward contract (EUR)	$506,967	€453,920	04/02/20	(5,440)	Accounts payable and accrued liabilities
Foreign currency forward contract (GBP)	$707,963	£549,253	01/02/20	(19,660)	Accounts payable and accrued liabilities
Foreign currency forward contract (GBP)	£549,253	$718,861	01/02/20	8,763	Accounts payable and accrued liabilities
Foreign currency forward contract (GBP)	$227,890	£175,529	04/02/20	(5,215)	Accounts payable and accrued liabilities
Foreign currency forward contract (SEK)	$95,654	920,569kr	01/02/20	(2,687)	Accounts payable and accrued liabilities
Foreign currency forward contract (SEK)	920,569kr	$96,846	01/02/20	1,495	Accounts payable and accrued liabilities
Foreign currency forward contract (SEK)	$97,360	912,212kr	04/02/20	(511)	Accounts payable and accrued liabilities
Total				$ (23,559)	

As of September 30, 2020 and December 31, 2019, the total fair value of the Company's foreign currency forward contracts was $149,441 and $(23,559), respectively. The fair values of the Company's foreign currency forward contracts are based on unadjusted prices from independent pricing services and independent indicative broker quotes, which are Level 2 inputs.

7. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is party to financial instruments with off-balance sheet risk, consisting primarily of unused commitments to extend financing to the Company's portfolio companies. Since commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The Company maintains sufficient borrowing capacity to cover unused commitments to extend financing. The balances of unused commitments to extend financing as of September 30, 2020 and December 31, 2019 were as follows:

Portfolio Company	Investment Type	September 30, 2020	December 31, 2019
ADE Holding(2)	Committed Capex Line	$ 87,995	$ —
Anju Software, Inc.(1)	Delayed Draw Term Loan	1,981,371	1,981,371
Arch Global Precision, LLC	Delayed Draw Term Loan	7,446,226	1,012,661
Armstrong Transport Group (Pele Buyer, LLC)(1)	Delayed Draw Term Loan	—	712,567
Beacon Pointe Advisors, LLC(1)	Delayed Draw Term Loan	363,636	—
Centralis Finco S.a.r.l.(3)	Acquisition Facility	475,319	—
Classic Collision (Summit Buyer, LLC)(1)	Delayed Draw Term Loan	10,123,058	—
CM Acquisitions Holdings Inc.(1)	Delayed Draw Term Loan	1,859,111	1,859,111
Contabo Finco S.À R.L(4)	Delayed Draw Term Loan	218,718	1,013,849
CSL Dualcom(5)	Delayed Draw Term Loan	3,421,195	—
Dart Buyer, Inc.(1)	Delayed Draw Term Loan	2,430,569	4,294,503
DreamStart Bidco SAS(6)	Acquisition Facility	954,222	—
Foundation Risk Partners, Corp.	Delayed Draw Term Loan	15,555,555	—
Heartland, LLC(1)	Delayed Draw Term Loan	8,729,695	8,729,695
Heilbron (f/k/a Sucsez (Bolt Bidco B.V.))(7)	Accordion Facility	9,799,720	2,605,531
Jocassee Partners LLC	Joint Venture	35,000,000	40,000,000
Kene Acquisition, Inc.(1)	Delayed Draw Term Loan	322,928	1,076,427
LAC Intermediate, LLC(1)	Delayed Draw Term Loan	2,731,482	4,367,284
Options Technology Ltd.(1)	Delayed Draw Term Loan	2,918,447	2,918,447
Premier Technical Services Group(8)	Acquisition Facility	1,132,547	1,297,915
Process Equipment, Inc.(1)	Delayed Draw Term Loan	—	654,493
Professional Datasolutions, Inc. (PDI)(1)	Delayed Draw Term Loan	—	1,666,994
PSC UK Pty Ltd.(9)	GBP Acquisition Facility	189,350	1,010,706
Smile Brands Group, Inc.(1)	Delayed Draw Term Loan	422,242	927,046
Springbrook Software (SBRK Intermediate, Inc.)(1)	Delayed Draw Term Loan	3,896,663	3,896,663
Stairway BidCo GmbH(10)	Delayed Draw Term Loan	2,134,276	—
The Hilb Group, LLC(1)	Delayed Draw Term Loan	1,923,114	2,904,066
Thompson Rivers LLC	Joint Venture	6,900,000	—
Transit Technologies LLC(1)	Delayed Draw Term Loan	6,785,305	—
Transportation Insight, LLC(1)	Delayed Draw Term Loan	—	2,464,230
Truck-Lite Co., LLC(1)	Delayed Draw Term Loan	2,884,615	3,205,128
USLS Acquisition, Inc.(1)	Delayed Draw Term Loan	450,466	—
Utac Ceram(11)	Delayed Draw Term Loan	3,166,156	—
Validity, Inc.(1)	Delayed Draw Term Loan	—	898,298
Total unused commitments to extend financing		$ 134,303,981	$ 89,496,985

(1) Represents a commitment to extend financing to a portfolio company where one or more of the Company's current investments in the portfolio company are carried at less than cost. The Company's estimate of the fair value of the current investments in this portfolio company includes an analysis of the fair value of any unfunded commitments.
(2) Actual commitment amount is denominated in Euros (€75,039) which was translated into U.S. dollars using the September 30, 2020 spot rate.
(3) Actual commitment amount is denominated in Euros (€405,337) which was translated into U.S. dollars using the September 30, 2020 spot rate.
(4) September 30, 2020 commitment amount is denominated in Euros (€186,516) which was translated into U.S. dollars using the September 30, 2020 spot rate. December 31, 2019 commitment amount was denominated in Euros (€903,207) which was translated into U.S. dollars using the December 31, 2019 spot rate.
(5) Actual commitment amount is denominated in British pounds sterling (£2,646,346) which was translated into U.S. dollars using the using the September 30, 2020 spot rate.

(6) Actual commitment amount is denominated in Euros (€813,731) which was translated into U.S. dollars using the September 30, 2020 spot rate.
(7) September 30, 2020 commitment amount is denominated in Euros (€8,356,897) which was translated into U.S. dollars using the September 30, 2020 spot rate. December 31, 2019 commitment amount was denominated in Euros (€2,321,187) which was translated into U.S. dollars using the December 31, 2019 spot rate.
(8) September 30, 2020 commitment amount is denominated in British pounds sterling (£876,042) which was translated into U.S. dollars using the September 30, 2020 spot rate. December 31, 2019 commitment amount was denominated in British pounds sterling (£979,743) which was translated into U.S. dollars using the December 31, 2019 spot rate.
(9) September 30, 2020 commitment amount is denominated in British pounds sterling (£146,466) which was translated into U.S. dollars using the September 30, 2020 spot rate. December 31, 2019 commitment amount was denominated in British pounds sterling (£762,941) which was translated into U.S. dollars using the December 31, 2019 spot rate.
(10) September 30, 2020 commitment amount is denominated in British pounds sterling (€1,820,044) which was translated into U.S. dollars using the September 30, 2020 spot rate.
(11) September 30, 2020 commitment amount is denominated in British pounds sterling (€2,700,000) which was translated into U.S. dollars using the September 30, 2020 spot rate.

The Company and certain of its former executive officers have been named as defendants in two putative securities class action lawsuits, each filed in the United States District Court for the Southern District of New York (and then transferred to the United States District Court for the Eastern District of North Carolina) on behalf of all persons who purchased or otherwise acquired our common stock between May 7, 2014 and November 1, 2017. The first lawsuit was filed on November 21, 2017, and was captioned *Elias Dagher, et al., v. Triangle Capital Corporation, et al*, Case No. 5:18-cv-00015-FL (the "*Dagher* Action"). The second lawsuit was filed on November 28, 2017, and was captioned *Gary W. Holden, et al., v. Triangle Capital Corporation, et al*, Case No. 5:18-cv-00010-FL (the "*Holden* Action"). The *Dagher* Action and the *Holden* Action were consolidated and are currently captioned *In re Triangle Capital Corp. Securities Litigation*, Master File No. 5:18-cv-00010-FL.

On April 10, 2018, the plaintiff filed its First Consolidated Amended Complaint. The complaint alleged certain violations of the securities laws, including, among other things, that the defendants made certain materially false and misleading statements and omissions regarding the Company's business, operations and prospects between May 7, 2014 and November 1, 2017. The plaintiff seeks compensatory damages and attorneys' fees and costs, among other relief, but did not specify the amount of damages being sought. On May 25, 2018, the defendants filed a motion to dismiss the complaint. On March 7, 2019, the court entered an order granting the defendants' motion to dismiss. On March 28, 2019, the plaintiff filed a motion seeking leave to file a Second Consolidated Amended Complaint. On September 20, 2019, the court entered an order denying the plaintiff's motion for leave to file a Second Consolidated Amended Complaint and dismissing the action with prejudice. On October 17, 2019, the plaintiff filed a notice of appeal seeking review of the court's September 20, 2019 order. The plaintiff filed its opening brief with the United States Court of Appeals for the Fourth Circuit on January 6, 2020. The defendants filed their response brief on February 28, 2020, and the plaintiff filed its reply brief on March 27, 2020. The appeal is currently pending before the United States Court of Appeals for the Fourth Circuit.

In addition, the Company may be party to certain lawsuits in the normal course of business. Furthermore, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies.

While the outcome of any open legal proceedings, including those described above, cannot at this time be predicted with certainty, the Company does not expect that any reasonably possible losses arising from these matters will materially affect its financial condition or results of operations. Furthermore, in management's opinion, it is not possible to estimate a range of reasonably possible losses with respect to litigation contingencies.

COVID-19 Developments

During the three and nine months ended September 30, 2020, the spread of the Coronavirus and the COVID-19 pandemic had a significant impact on the U.S economy. To the extent the Company's portfolio companies are adversely impacted by the effects of the COVID-19 pandemic, it may have a material adverse impact on the Company's future net investment income, the fair value of its portfolio investments, its financial condition and the results of operations and financial condition of the Company's portfolio companies.

8. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights for the nine months ended September 30, 2020 and 2019:

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Per share data:		
Net asset value at beginning of period	$ 11.66	$ 10.98
Net investment income(1)(4)	0.45	0.46
Net realized loss on investments / foreign currency transactions(1)	(0.77)	(0.02)
Net unrealized appreciation on investments / foreign currency transactions(1)	0.03	0.50
Total increase (decrease) from investment operations(1)	(0.29)	0.94
Dividends/distributions paid to stockholders from net investment income	(0.48)	(0.39)
Purchases of shares in share repurchase plan	0.05	0.06
Loss on extinguishment of debt(1)	(0.01)	—
Other(2)	0.04	(0.01)
Net asset value at end of period	$ 10.97	$ 11.58
Market value at end of period(3)	$ 8.00	$ 10.15
Shares outstanding at end of period	47,961,753	49,418,542
Net assets at end of period	$ 525,976,941	$ 572,444,980
Average net assets	$ 513,677,913	$ 580,900,618
Ratio of total expenses, including loss on extinguishment of debt and provision for taxes, to average net assets (annualized)(4)	7.79 %	7.81 %
Ratio of net investment income to average net assets (annualized)	5.65 %	5.36 %
Portfolio turnover ratio (annualized)	91.95 %	71.57 %
Total return(5)	(16.51)%	17.08 %

(1) Weighted average per share data—basic and diluted.
(2) Represents the impact of the different share amounts used in calculating per share data as a result of calculating certain per share data based upon the weighted average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.
(3) Represents the closing price of the Company’s common stock on the last day of the period.
(4) Does not include expenses of underlying investment companies, including joint ventures and short-term investments.
(5) Total return is based on purchase of stock at the current market price on the first day and a sale at the current market price on the last day of each period reported on the table and assumes reinvestment of dividends at prices obtained by the Company's dividend reinvestment plan during the period. Total return is not annualized.

9. MVC ACQUISITION

On August 10, 2020, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) among MVC Capital, Inc., a Delaware corporation (“MVC”), Mustang Acquisition Sub, Inc., a Delaware corporation and wholly owned subsidiary of the Company (“Acquisition Sub”), and Barings. The Merger Agreement provides that, on the terms and subject to the conditions set forth in the Merger Agreement, Acquisition Sub will merge with and into MVC, with MVC continuing as the surviving company and as a wholly-owned subsidiary of the Company (the “First Step”) and, immediately thereafter, MVC will merge with and into the Company, with the Company continuing as the surviving company (the “Second Step” and, together with the First Step, the “Merger”). The boards of directors of both the Company and MVC, including all of the respective independent directors, have approved the Merger Agreement and the transactions contemplated therein. The parties to the Merger Agreement intend the Merger to be treated as a “reorganization” within the meaning of Section 368(a)(1)(A) of the Code of 1986.

In the First Step, each share of MVC common stock issued and outstanding immediately prior to the effective time of the First Step (excluding any shares cancelled pursuant to the Merger Agreement) will be converted into the right to receive (i) $0.39492 per share in cash, without interest, from Barings (such amount of cash, the “Cash Consideration”) and (ii) 0.94024 (the "Exchange Ratio," such ratio as may be adjusted pursuant to the Merger Agreement) of a validly issued, fully paid and non-assessable share of the Company's common stock, par value $0.001 per share (the “Share Consideration” and together with the Cash Consideration, the “Merger Consideration”). Pursuant to the Merger Agreement, total value of the consideration to be received by MVC stockholders at closing is subject to adjustment as set forth in the Merger Agreement and may be different than the estimated total consideration described herein depending on a number of factors, including the number of outstanding shares of the Company's and MVC's common stock, the payment of tax dividends by MVC, undistributed investment company taxable income and undistributed net capital gains of MVC and changes of the Euro-to-U.S. dollar exchange rate relating to certain of MVC's investments between April 30, 2020 and the closing date.

Consummation of the First Step, which is currently anticipated to occur during the fourth quarter of fiscal year 2020, is subject to certain customary closing conditions, including (1) adoption of the Merger Agreement by a majority of the outstanding shares of MVC's common stock, (2) approval of the issuance of the Company's common stock in the First Step by a majority of the votes cast by the Company's stockholders on the matter, (3) approval of the issuance of the Company's common stock in connection with the First Step at a price below the then-current net asset value per share of the Company common stock, if applicable, by the vote specified in Section 63(2)(A) of the 1940 Act, as amended, (4) the absence of certain legal impediments to the consummation of the Merger, (5) effectiveness of the registration statement for the Company's common stock to be issued as consideration in the First Step, (6) approval for listing on the New York Stock Exchange of the Company's common stock to be issued as consideration in the First Step, (7) subject to certain materiality standards, the accuracy of the representations and warranties and compliance with the covenants of each party to the Merger Agreement, and (8) required regulatory approvals (including expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act")). Early termination of the waiting period under the HSR Act was granted on September 30, 2020.

In addition, the Company and MVC will take steps necessary to provide for the repayment at closing of MVC's credit facilities and the redemption or assumption of MVC's 6.25% senior notes due November 30, 2022.

The Company is expected to account for the Merger as an asset acquisition in accordance with the asset acquisition method of accounting as detailed in ASC 805-50, *Business Combinations-Related Issues*. Under asset acquisition accounting, acquiring assets in groups not only requires ascertaining the cost of the asset (or net assets), but also allocating that cost to the individual assets (or individual assets and liabilities) that make up the group. Per ASC 805-50-30-1, the acquired assets (as a group) are recognized based on their cost to the acquiring entity, which generally includes transaction costs of the asset acquisition, and no gain or loss is recognized unless the fair value of noncash assets given as consideration differs from the assets carrying amounts on the acquiring entity's records. ASC 805-50-30-2 goes on to say asset acquisitions in which the consideration given is cash are measured by the amount of cash paid. However, if the consideration given is not in the form of cash (that is, in the form of noncash assets, liabilities incurred, or equity interests issued), measurement is based on the cost to the acquiring entity or the fair value of the assets (or net assets) acquired, whichever is more clearly evident and, thus, more reliably measured.

If the fair value of the net assets to be acquired exceeds the fair value of the Merger Consideration to be paid by the Company, then the Company would recognize a deemed contribution from Barings in an amount up to approximately $7.0 million. If the fair value of net assets to be acquired exceeds the fair value of the Merger Consideration to be paid by the Company and by Barings, then the Company would also recognize a purchase accounting gain. Alternatively, if the fair value of the net assets to be acquired is less than the fair value of the portion of the Merger Consideration to be paid by the Company, then the Company would recognize a purchase accounting loss. The Company expects any potential gain or loss would be classified as unrealized on the statement of operations until the underlying assets are sold.

The cost of the group of assets acquired in an asset acquisition is allocated to the individual assets acquired or liabilities assumed based on their relative fair values of net identifiable assets acquired other than "non-qualifying" assets (for example cash) and does not give rise to goodwill. The final allocation of the purchase price will be determined after the Merger is completed and after completion of a final analysis to determine the estimated relative fair values of the acquired assets and liabilities.

10. SUBSEQUENT EVENTS

Subsequent to September 30, 2020, the Company made approximately $155.4 million of new commitments, of which $130.6 million closed and funded. The $130.6 million of investments consist of $128.5 million of first lien senior secured debt investments and a $2.1 million second lien senior secured term loan with a combined weighted average yield of 6.2%. In addition, the Company funded $8.7 million of previously committed delayed draw term loans.

On October 15, 2020, the 2019 Notes were repaid in full. See Note 5 to our Unaudited Consolidated Financial Statements for information regarding the 2019 Notes.

On November 4, 2020, the Company entered into a Note Purchase Agreement (the "November NPA") governing the issuance of (1) $62.5 million in aggregate principal amount of Series B senior unsecured notes ("Series B Notes") due November 2025 with a fixed interest rate of 4.25% per year and (2) $112.5 million in aggregate principal amount of Series C senior unsecured notes ("Series C Notes" and, collectively with the Series B Notes, the "November Notes") due November

2027 with a fixed interest rate of 4.75% per year, in each case, to qualified institutional investors in a private placement. Each stated interest rate is subject to a step up of (x) 0.75% per year, to the extent the applicable November Notes do not satisfy certain investment grade conditions and/or (y) 1.50% per year, to the extent the ratio of secured debt to total assets exceeds specified thresholds, measured as of each fiscal quarter end. The November Notes were delivered and paid for on November 5, 2020. The Series B Notes will mature on November 4, 2025 and the Series C Notes will mature on November 4, 2027 unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. Interest on the November Notes will be due semiannually. In addition, the Company is obligated to offer to repay the November Notes at par if certain change in control events occur. The August 2025 Notes will be the Company's general unsecured obligations that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

In connection with the November NPA, also on November 4, 2020, the Company amended the Note Purchase Agreement entered into on August 3, 2020 to reduce the aggregate principal amount of unissued Additional Notes from $50.0 million to $25.0 million.

On November 9, 2020 the Board declared a quarterly distribution of $0.17 per share payable on December 2, 2020 to holders of record as of November 25, 2020.

See Note 7 to our Unaudited Consolidated Financial Statements for information regarding the potential impact of the COVID-19 pandemic. To the extent the Company's portfolio companies are adversely impacted by the effects of the COVID-19 pandemic, it may have a material adverse impact on the Company's future net investment income, the fair value of its portfolio investments, its financial condition and the results of operations and financial condition of the Company's portfolio companies.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

The following discussion is designed to provide a better understanding of our unaudited consolidated financial statements for the three and nine months ended September 30, 2020, including a brief discussion of our business, key factors that impacted our performance and a summary of our operating results. The following discussion should be read in conjunction with the Unaudited Consolidated Financial Statements and the notes thereto included in Item 1 of this Quarterly Report on Form 10-Q, and the Consolidated Financial Statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2019. Historical results and percentage relationships among any amounts in the financial statements are not necessarily indicative of trends in operating results for any future periods.

Forward-Looking Statements

Some of the statements in this Quarterly Report constitute forward-looking statements because they relate to future events or our future performance or financial condition. Forward-looking statements may include, among other things, statements as to our future operating results, our business prospects and the prospects of our portfolio companies, the impact of the investments that we expect to make, the ability of our portfolio companies to achieve their objectives, our expected financings and investments, the adequacy of our cash resources and working capital, and the timing of cash flows, if any, from the operations of our portfolio companies. Words such as "expect," "anticipate," "target," "goals," "project," "intend," "plan," "believe," "seek," "estimate," "continue," "forecast," "may," "should," "potential," variations of such words, and similar expressions indicate a forward-looking statement, although not all forward-looking statements include these words. Readers are cautioned that the forward-looking statements contained in this Quarterly Report are only predictions, are not guarantees of future performance, and are subject to risks, events, uncertainties and assumptions that are difficult to predict. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the items discussed herein, in Item 1A entitled "Risk Factors" in Part I of our Annual Report on Form 10-K for the year ended December 31, 2019 and in Item 1A entitled "Risk Factors" in Part II of our subsequently filed Quarterly Reports on Form 10-Q, including our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. Other factors that could cause our actual results and financial condition to differ materially include, but are not limited to, changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets, including with respect to changes from the impact of the Coronavirus ("COVID-19") pandemic; the length and duration of the COVID-19 outbreak in the United States as well as worldwide and the magnitude of the economic impact of that outbreak; the effect of the COVID-19 pandemic on our business prospects and the prospects of our portfolio companies, including our and their ability to achieve our respective objectives; the effect of the disruptions caused by the COVID-19 pandemic on our ability to continue to effectively manage our business and on the availability of equity and debt capital and our use of borrowed money to finance a portion of our investments; risks associated with possible disruption due to terrorism in our operations or the economy generally; future changes in laws or regulations and conditions in our operating areas and risks related to the pending MVC Capital, Inc. acquisition. These statements are based on our current expectations, estimates, forecasts, information and projections about the industry in which we operate and the beliefs and assumptions of our management as of the date of this Quarterly Report. We assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless we are required to do so by law. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview of Our Business

We are a Maryland corporation incorporated on October 10, 2006. On August 2, 2018, we entered into an investment advisory agreement, or the Advisory Agreement, and an administration agreement, or the Administration Agreement, with Barings LLC, or Barings, and became an externally-managed BDC managed by Barings. An externally-managed BDC generally does not have any employees, and its investment and management functions are provided by an outside investment adviser and administrator under an advisory agreement and administration agreement. Instead of directly compensating employees, we pay Barings for investment and management services pursuant to the terms of the Advisory Agreement and the Administration Agreement. Under the terms of the Advisory Agreement, the fees paid to Barings for managing our affairs will be determined based upon an objective and fixed formula, as compared with the subjective and variable nature of the costs associated with employing management and employees in an internally-managed BDC structure, which include bonuses that cannot be directly tied to Company performance because of restrictions on incentive compensation under the Investment Company Act of 1940, as amended, or the 1940 Act.

When Barings became our external investment adviser in August 2018, they initially focused our investments in syndicated senior secured loans, bonds and other fixed income securities. Since that time, Barings has been transitioning our portfolio to senior secured private debt investments in middle-market businesses that operate across a wide range of industries. Barings' existing SEC co-investment exemptive relief under the 1940 Act, or the Exemptive Relief, permits us and Barings' affiliated private funds and SEC-registered funds to co-invest in Barings-originated loans, which allows Barings to efficiently implement its senior secured private debt investment strategy for us.

Barings employs fundamental credit analysis, and targets investments in businesses with relatively low levels of cyclicality and operating risk. The hold size of each position will generally be dependent upon a number of factors including total facility size, pricing and structure, and the number of other lenders in the facility. Barings has experience managing levered vehicles, both public and private, and seeks to enhance our returns through the use of leverage with a prudent approach that prioritizes capital preservation. Barings believes this strategy and approach offers attractive risk/return with lower volatility given the potential for fewer defaults and greater resilience through market cycles.

We generate revenues in the form of interest income, primarily from our investments in debt securities, loan origination and other fees and dividend income. Fees generated in connection with our debt investments are recognized over the life of the loan using the effective interest method or, in some cases, recognized as earned. Our syndicated senior secured loans generally bear interest between LIBOR plus 300 basis points and LIBOR plus 400 points. Our senior secured, middle-market, private debt investments generally have terms of between five and seven years. Our senior secured, middle-market, private debt investments generally bear interest between LIBOR (or the applicable currency rate for investments in foreign currencies) plus 450 basis points and LIBOR plus 650 basis points per annum. From time to time, certain of our investments may have a form of interest, referred to as payment-in-kind, or PIK, interest, which is not paid currently but is instead accrued and added to the loan balance and paid at the end of the term. As of both September 30, 2020 and December 31, 2019, the weighted average yield on the principal amount of our outstanding debt investments was approximately 6.2%. The weighted average yield on the principal amount all of our outstanding investments (including equity and equity-linked investments and short-term investments) was approximately 5.0% and 5.8% as of September 30, 2020 and December 31, 2019, respectively

COVID-19 Developments

The spread of the Coronavirus and the COVID-19 pandemic, and the related effect on the U.S. and global economies, has had adverse consequences for the business operations of some of our portfolio companies and has adversely affected, and threatens to continue to adversely affect, our operations and the operations of Barings, including with respect to us. Barings has taken proactive steps around COVID-19 to address the potential impacts on their people, clients, communities and everyone they come in contact with, directly or through their premises. Protecting their employees and supporting the communities in which they live and work is a priority. Having performed stress-testing on their systems and processes, Barings was operating a 100% remote-working model across the United States, Europe and Australia. Over the past few months, Barings shifted to remote working and limited opening (inviting employees to return to the office on a volunteer basis only) and/or flexible working arrangements in Asia, Europe and U.S. sites, while maintaining service levels to partners and clients. Barings' cybersecurity policies are applied consistently when working remotely or in the office.

While we have been carefully monitoring the COVID-19 pandemic and its impact on our business and the business of our portfolio companies, we have continued to fund our existing debt commitments. In addition, we have continued to make and originate, and expect to continue to make and originate, new loans.

We cannot predict the full impact of the COVID-19 pandemic, including its duration in the United States and worldwide and the magnitude of the economic impact of the outbreak, including with respect to the travel restrictions, business closures and other quarantine measures imposed on service providers and other individuals by various local, state, and federal governmental authorities, as well as non-U.S. governmental authorities. Many public health experts have predicted that the COVID-19 pandemic will worsen in the fall and winter months as people in the U.S. spend more time indoors where the virus can spread more easily. As such, we are unable to predict the duration of any business and supply-chain disruptions, the extent to which COVID-19 will negatively affect our portfolio companies' operating results or the impact that such disruptions may have on our results of operations and financial condition. Depending on the duration and extent of the disruption to the operations of our portfolio companies, we expect that certain portfolio companies will experience financial distress and possibly default on their financial obligations to us and their other capital providers. We also expect that some of our portfolio companies may significantly curtail business operations, furlough or lay off employees and terminate service providers, and defer capital expenditures if subjected to prolonged and severe financial distress, which would likely impair their business on a permanent basis. These developments would likely result in a decrease in the value of our investment in any such portfolio company.

The COVID-19 pandemic and the related disruption and financial distress experienced by our portfolio companies may have material adverse effects on our investment income, particularly our interest income, received from our investments. In connection with the adverse effects of the COVID-19 pandemic, we may need to restructure our investments in some of our portfolio companies, which could result in reduced interest payments, an increase in the amount of PIK interest we receive, or result in permanent impairments on our investments. If we restructure a portfolio investment included in the borrowing base under the February 2019 Credit Facility in certain ways, including but not limited to a reduction in interest income received from any such investment or modification of a loan to accrue certain levels of PIK interest instead of cash, then such modifications could result in a reduction in the borrowing base under the February 2019 Credit Facility. In addition, if a portfolio investment included in the borrowing base under the February 2019 Credit Facility defaults on its obligations or if any such portfolio investment is placed on non-accrual, then there will be a reduction in the borrowing base under the February 2019 Credit Facility. Any reduction in the borrowing base under the February 2019 Credit Facility could have a material adverse effect on our results of operations, financial condition and available liquidity. In addition, any decreases in our net investment income would increase the portion of our cash flows dedicated to servicing our existing borrowings under the February 2019 Credit Facility, the Debt Securitization and the August 2025 Notes (each as defined below under "Liquidity and Capital Resources"). As a result, we may be required to reduce the amount of our distributions to stockholders.

As of September 30, 2020, we are permitted under the 1940 Act, as a BDC, to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150% after such borrowing. In addition, the February 2019 Credit Facility and the August 2025 Notes contains affirmative and negative covenants and events of default relating to minimum stockholders' equity, minimum obligors' net worth, minimum asset coverage, minimum liquidity and maintenance of RIC and BDC status, as well as cross-default provisions relating to other indebtedness.

As of September 30, 2020, we are in compliance with our asset coverage requirements under the 1940 Act. In addition, we are not in default under our credit facility as of September 30, 2020. However, any increase in unrealized depreciation of our investment portfolio or further significant reductions in our net asset value as a result of the effects of the COVID-19 pandemic or otherwise increases the risk of breaching the relevant covenants, including those relating to minimum stockholders' equity, minimum obligors' net worth, and minimum asset coverage. If we fail to satisfy the covenants in the February 2019 Credit Facility or are unable to cure any event of default or obtain a waiver from the applicable lender, it could result in foreclosure by the lenders under the credit facility, which would accelerate our repayment obligations under the February 2019 Credit Facility and thereby have a material adverse effect on our business, liquidity, financial condition, results of operations and ability to pay distributions to our stockholders.

We are also subject to financial risks, including changes in market interest rates. As of September 30, 2020, approximately $929.3 million (principal amount) of our debt portfolio investments bore interest at variable rates, which generally are LIBOR-based (or based on an equivalent applicable currency rate), and many of which are subject to certain floors. In connection with the COVID-19 pandemic, the U.S. Federal Reserve and other central banks have reduced certain interest rates and LIBOR has decreased. A prolonged reduction in interest rates will reduce our gross investment income and could result in a decrease in our net investment income if such decreases in LIBOR are not offset by a corresponding increase in the spread over LIBOR that we earn on any portfolio investments, a decrease in in our operating expenses, including with respect to our income incentive fee, or a decrease in the interest rate of our floating interest rate liabilities tied to LIBOR. See "Item 3. Quantitative and Qualitative Disclosures About Market Risk" for an analysis of the impact of hypothetical base rate changes in interest rates.

We will continue to monitor the situation relating to the COVID-19 pandemic and guidance from U.S. and international authorities, including federal, state and local public health authorities and may take additional actions based on their recommendations. In these circumstances, there may be developments outside our control requiring us to adjust our plan of operation. As such, given the dynamic nature of this situation, we cannot reasonably estimate the impacts of COVID-19 on our financial condition, results of operations or cash flows in the future. However, to the extent our portfolio companies are adversely impacted by the effects of the COVID-19 pandemic, it may have a material adverse impact on our future net investment income, the fair value of our portfolio investments, its financial condition and the results of operations and financial condition of our portfolio companies.

Relationship with Our Adviser, Barings

Our investment adviser, Barings, a wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company, is a leading global asset management firm and is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended. Barings’ primary investment capabilities include fixed income, private credit, real estate, equity, and alternative investments. Subject to the overall supervision of our board of directors, or the Board, Barings’ Global Private Finance Group, or BGPF, manages our day-to-day operations, and provides investment advisory and management services to us. BGPF is part of Barings' $269.6 billion Global Fixed Income Platform that invests in liquid, private and structured credit. BGPF manages private funds and separately managed accounts, along with multiple public vehicles.

Among other things, Barings (i) determines the composition of our portfolio, the nature and timing of the changes therein and the manner of implementing such changes; (ii) identifies, evaluates and negotiates the structure of the investments made by us; (iii) executes, closes, services and monitors the investments that we make; (iv) determines the securities and other assets that we will purchase, retain or sell; (v) performs due diligence on prospective portfolio companies and (vi) provides us with such other investment advisory, research and related services as we may, from time to time, reasonably require for the investment of our funds.

Under the terms of the Administration Agreement, Barings has agreed to perform (or oversee, or arrange for, the performance of) the administrative services necessary for our operation, including, but not limited to, office facilities, equipment, clerical, bookkeeping and record keeping services at such office facilities and such other services as Barings, subject to review by the Board, will from time to time determine to be necessary or useful to perform its obligations under the Administration Agreement. Barings will also, on our behalf and subject to the Board’s approval, arrange for the services of, and oversee, custodians, depositories, transfer agents, dividend disbursing agents, other stockholder servicing agents, accountants, attorneys, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks and such other persons in any such other capacity deemed to be necessary or desirable. Barings is responsible for the financial and other records that we are required to maintain and will prepare all reports and other materials required to be filed with the SEC or any other regulatory authority.

Stockholder Approval of Reduced Asset Coverage Ratio

On July 24, 2018, our stockholders voted at a special meeting of stockholders, or the Special Meeting, to approve a proposal to authorize us to be subject to a reduced asset coverage ratio of at least 150% under the 1940 Act. As a result of the stockholder approval at the Special Meeting, effective July 25, 2018, our applicable asset coverage ratio under the 1940 Act has been decreased to 150% from 200%. As a result, we are permitted under the 1940 Act to incur indebtedness at a level which is more consistent with a portfolio of senior secured debt. As of September 30, 2020, our asset coverage ratio was 176.0%.

Pending MVC Capital, Inc. Acquisition

On August 10, 2020, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) among MVC Capital, Inc., a Delaware corporation (“MVC”), Mustang Acquisition Sub, Inc., a Delaware corporation and wholly owned subsidiary of the Company (“Acquisition Sub”), and Barings. The Merger Agreement provides that, on the terms and subject to the conditions set forth in the Merger Agreement, Acquisition Sub will merge with and into MVC, with MVC continuing as the surviving company and as a wholly-owned subsidiary of us (the “First Step”) and, immediately thereafter, MVC will merge with and into us, and we continue as the surviving company (the “Second Step” and, together with the First Step, the “Merger”). The boards of directors of both us and MVC, including all of the respective independent directors, have approved the Merger Agreement and the transactions contemplated therein. The parties to the Merger Agreement intend the Merger to be treated as a “reorganization” within the meaning of Section 368(a)(1)(A) of the Code.

In the First Step, each share of MVC's common stock issued and outstanding immediately prior to the effective time of the First Step (excluding any shares cancelled pursuant to the Merger Agreement) will be converted into the right to receive (i) $0.39492 per share in cash, without interest, from Barings (such amount of cash, the “Cash Consideration”) and (ii) 0.94024 (the “Exchange Ratio,” such ratio as may be adjusted pursuant to the Merger Agreement) of a validly issued, fully paid and non-assessable share of the Company's common stock, par value $0.001 per share (the “Share Consideration” and together with the Cash Consideration, the “Merger Consideration”). Pursuant to the Merger Agreement, total value of the consideration to be received by MVC stockholders at closing is subject to adjustment as set forth in the Merger Agreement and may be different than the estimated total consideration described herein depending on a number of factors, including the number of outstanding shares of our and MVC common stock, the payment of tax dividends by MVC, undistributed investment company taxable income and undistributed net capital gains of MVC and changes of the Euro-to-U.S. dollar exchange rate relating to certain of MVC’s investments between April 30, 2020 and the closing date.

The Merger Agreement contains representations, warranties and covenants, including, among others, covenants relating to the operation of each of our and MVC's businesses during the period prior to the closing of the Merger. We and MVC have agreed to convene and hold stockholder meetings for the purpose of obtaining the approvals required of our and MVC's stockholders, respectively, and the boards of directors of us and MVC have agreed to recommend that their respective stockholders approve the applicable proposals.

The Merger Agreement provides that MVC shall not, and shall cause its representatives and subsidiaries not to, solicit proposals relating to alternative transactions, or, subject to certain exceptions, initiate or participate in discussions or negotiations regarding, or provide information with respect to, any proposal for an alternative transaction. However, the MVC board of directors may, subject to certain conditions, change its recommendation to the MVC stockholders or, on payment of a termination fee of approximately $2.94 million to us and the reimbursement of up to $1.18 million in expenses incurred by us and Barings, terminate the Merger Agreement and enter into an Alternative Acquisition Agreement (as defined in the Merger Agreement) for a Superior Proposal (as defined in the Merger Agreement) if it determines in good faith, after consultation with its outside legal counsel, that failure to do so would reasonably be expected to be inconsistent with its fiduciary duties or obligations under applicable law.

Consummation of the First Step, which is currently anticipated to occur during the fourth quarter of fiscal year 2020, is subject to certain customary closing conditions, including (1) adoption of the Merger Agreement by a majority of the outstanding shares of MVC common stock, (2) approval of the issuance of Company's common stock in the First Step by a majority of the votes cast by our stockholders on the matter, (3) approval of the issuance of our common stock in connection with the First Step at a price below the then-current net asset value per share of our common stock, if applicable, by the vote specified in Section 63(2)(A) of the 1940 Act, as amended, (4) the absence of certain legal impediments to the consummation of the Merger, (5) effectiveness of the registration statement for our common stock to be issued as consideration in the First Step, (6) approval for listing on the New York Stock Exchange of our common stock to be issued as consideration in the First Step, (7) subject to certain materiality standards, the accuracy of the representations and warranties and compliance with the covenants of each party to the Merger Agreement, and (8) required regulatory approvals (including expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act")). Early termination of the waiting period under the HSR Act was granted on September 30, 2020.

In addition, the Company and MVC will take steps necessary to provide for the repayment at closing of MVC's credit facilities and the redemption or assumption of MVC's 6.25% senior notes due November 30, 2022.

The Merger Agreement also contains certain termination rights in favor of us and MVC, including if the First Step is not completed on or before February 10, 2021 or if the requisite approvals of our stockholders or MVC's stockholders are not obtained. The Merger Agreement also provides that, upon the valid termination of the Merger Agreement under certain circumstances, we may be required to pay or cause to be paid to MVC a termination fee of approximately $4.70 million, or MVC may be required to pay or cause to be paid to us a termination fee of approximately $2.94 million.

Portfolio Investment Composition

The total value of our investment portfolio was $1,116.3 million as of September 30, 2020, as compared to $1,173.6 million as of December 31, 2019. As of September 30, 2020, we had investments in 115 portfolio companies, 11 structured product investments and four money market funds with an aggregate cost of $1,131.9 million. As of December 31, 2019, we had investments in 147 portfolio companies and two money market fund with an aggregate cost of $1,192.6 million. As of both September 30, 2020 and December 31, 2019, none of our portfolio investments represented greater than 10% of the total fair value of our investment portfolio.

As of September 30, 2020 and December 31, 2019, our investment portfolio consisted of the following investments:

	Cost	Percentage of Total Portfolio	Fair Value	Percentage of Total Portfolio
September 30, 2020:				
Senior debt and 1st lien notes	$ 850,882,033	75 %	$ 833,101,689	75 %
Subordinated debt and 2nd lien notes	19,700,711	2	19,369,286	2
Structured products	31,517,698	3	33,164,151	3
Equity shares	1,028,125	—	975,050	—
Investments in joint ventures	18,258,270	2	19,158,075	2
Short-term investments	210,503,875	18	210,503,390	18
	$ 1,131,890,712	100 %	$ 1,116,271,641	100 %
December 31, 2019:				
Senior debt and 1st lien notes	$ 1,070,031,715	90 %	$ 1,050,863,369	90 %
Subordinated debt and 2nd lien notes	15,339,180	1	15,220,969	1
Equity shares	515,825	—	760,716	—
Investment in joint venture	10,158,270	1	10,229,813	1
Short-term investments	96,568,940	8	96,568,940	8
	$ 1,192,613,930	100 %	$ 1,173,643,807	100 %

Investment Activity

During the nine months ended September 30, 2020, we made 47 new investments totaling $263.9 million, made investments in 18 existing portfolio companies totaling $39.8 million, made one new joint venture equity investment totaling $3.1 million and made an additional investment in one existing joint venture equity portfolio company totaling $5.0 million. We had 15 loans repaid at par totaling total $58.5 million and received $10.0 million of portfolio company principal payments. In addition, we sold $307.4 million of loans, recognizing a net realized loss on these transactions of $36.4 million, and sold $71.0 million of middle-market portfolio company debt investments to our joint venture and realized a loss on these transactions of $1.1 million. In addition, one loan investment was restructured. Under U.S. GAAP, this restructuring was considered a material modification and as a result, we recognized a loss of approximately $0.6 million related to this restructuring. Lastly, we received $0.3 million in escrow distributions from legacy portfolio companies, which were recognized as realized gains.

During the nine months ended September 30, 2019, we made 26 new investments totaling $245.9 million, six investments in existing portfolio companies totaling $12.2 million and made one new joint venture equity investment totaling $10.2 million. We had nine loans repaid at par totaling total $71.1 million, received $28.8 million of portfolio company principal payments. In addition, we sold $148.4 million of loans, recognizing a net realized loss on these transactions of $0.9 million and sold $10.2 million of middle-market portfolio company debt investments to our joint venture. In addition, certain terms of one broadly syndicated loan investment were amended. Under U.S. GAAP, this amendment was considered a material modification and as a result, we recognized a loss of approximately $0.2 million related to the amendment. Lastly, we received $0.5 million in escrow distributions from four portfolio companies, which were recognized as realized gains, and recognized a net loss of $0.5 million related to royalty payments due from a legacy Triangle Capital Corporation portfolio company.

Total portfolio investment activity for the nine months ended September 30, 2020 and 2019 was as follows:

Nine Months Ended September 30, 2020:	Senior Debt and 1st Lien Notes	Subordinated debt and 2nd Lien Notes	Structured Products	Equity Shares	Investments in Joint Ventures	Short-term Investments	Total
Fair value, beginning of period	$ 1,050,863,369	$ 15,220,969	$ —	$ 760,716	$ 10,229,813	$ 96,568,940	$ 1,173,643,807
New investments	266,791,834	4,877,442	31,518,233	512,299	8,100,000	697,141,627	1,008,941,435
Proceeds from sales of investments	(378,007,349)	(415,977)	—	(247,908)	—	(583,220,976)	(961,892,210)
Loan origination fees received	(5,894,794)	(180,225)	—	—	—	—	(6,075,019)
Principal repayments received	(68,510,620)	—	(38,879)	—	—	—	(68,549,499)
Payment in kind interest earned	236,572	35,108	—	—	—	—	271,680
Accretion of loan discounts	1,058,002	45,338	34,660	—	—	—	1,138,000
Accretion of deferred loan origination revenue	1,649,982	26,081	—	—	—	—	1,676,063
Realized gain (loss)	(36,473,291)	(26,253)	3,684	247,908	—	14,285	(36,233,667)
Unrealized appreciation (depreciation)	1,387,984	(213,197)	1,646,453	(297,965)	828,262	(486)	3,351,051
Fair value, end of period	$ 833,101,689	$ 19,369,286	$ 33,164,151	$ 975,050	$ 19,158,075	$ 210,503,390	$ 1,116,271,641

Nine Months Ended September 30, 2019:	Senior Debt and 1st Lien Notes	Subordinated debt and 2nd Lien Notes	Equity Shares	Investment in Joint Venture	Short-term Investments	Total
Fair value, beginning of period	$ 1,068,436,847	$ 7,679,132	$ 515,825	$ —	$ 45,223,941	$ 1,121,855,745
New investments	253,138,778	4,951,685	—	10,158,270	577,451,108	845,699,841
Proceeds from sales of investments	(158,612,687)	—	56,068	—	(571,122,802)	(729,679,421)
Loan origination fees received	(4,969,839)	(148,551)	—	—	—	(5,118,390)
Principal repayments received	(96,932,135)	(2,980,874)	—	—	—	(99,913,009)
Accretion of loan discounts	187,967	—	—	—	—	187,967
Accretion of deferred loan origination revenue	1,190,821	63,413	—	—	—	1,254,234
Realized loss	(1,090,219)	—	(56,068)	—	—	(1,146,287)
Unrealized appreciation (depreciation)	24,897,740	124,484	179,835	(121,970)	—	25,080,089
Fair value, end of period	$ 1,086,247,273	$ 9,689,289	$ 695,660	$ 10,036,300	$ 51,552,247	$ 1,158,220,769

Non-Accrual Assets

Generally, when interest and/or principal payments on a loan become past due, or if we otherwise do not expect the borrower to be able to service its debt and other obligations, we will place the loan on non-accrual status and will generally cease recognizing interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. As of both September 30, 2020 and December 31, 2019, we had no non-accrual assets.

Results of Operations

Three and Nine months ended September 30, 2020 and September 30, 2019

Operating results for the three and nine months ended September 30, 2020 and 2019 were as follows:

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Total investment income	$ 16,329,142	$ 19,304,107	$ 51,148,504	$ 57,245,553
Total operating expenses	8,368,976	11,316,932	29,365,140	33,888,209
Net investment income	**7,960,166**	**7,987,175**	**21,783,364**	**23,357,344**
Net realized losses	(20,506,085)	(983,499)	(37,323,454)	(1,063,250)
Net unrealized appreciation (depreciation)	55,947,382	(1,794,828)	1,594,639	25,454,367
Loss on extinguishment of debt	(216,474)	(13,357)	(660,066)	(143,108)
Benefit from (provision for) taxes	(7,362)	—	10,105	(499)
Net increase (decrease) in net assets resulting from operations	**$ 43,177,627**	**$ 5,195,491**	**$ (14,595,412)**	**$ 47,604,854**

Net increases (decreases) in net assets resulting from operations can vary substantially from period to period due to various factors, including recognition of realized gains and losses and unrealized appreciation and depreciation. As a result, quarterly comparisons of net changes in net assets resulting from operations may not be meaningful.

Investment Income

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Investment income:				
Interest income	$ 15,217,547	$ 18,448,942	$ 48,187,628	$ 55,557,780
Dividend income	—	4,221	2,603	8,932
Fee and other income	769,126	848,792	2,380,552	1,669,819
Payment-in-kind interest income	342,469	—	577,090	—
Interest income from cash	—	2,152	631	9,022
Total investment income	$ 16,329,142	$ 19,304,107	$ 51,148,504	$ 57,245,553

The change in investment income for the three and nine months ended September 30, 2020, as compared to the three and nine months ended September 30, 2019, was primarily due to a decrease in LIBOR from September 30, 2019 to September 30, 2020 and a decrease in the average size of our portfolio. These decreases were partially offset by increases in fee income
from September 30, 2019 to September 30, 2020 and the continued rotation of our portfolio from syndicated senior secured loans to senior secured private debt investments in middle-market businesses, structured products and special situation loans. The weighted average yield on the principal amount of our outstanding debt investments was 6.2% as of September 30, 2020, as compared to 5.9% as of September 30, 2019.

Operating Expenses

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Operating expenses:				
Interest and other financing fees	$ 3,738,991	$ 6,727,780	$ 14,367,855	$ 19,598,992
Base management fees	3,375,262	3,263,803	10,904,422	8,845,753
Compensation expenses	—	107,779	48,410	334,869
General and administrative expenses	1,254,723	1,217,570	4,044,453	5,108,595
Total operating expenses	$ 8,368,976	$ 11,316,932	29,365,140	33,888,209

Interest and Other Financing Fees

Interest and other financing fees during the three months ended September 30, 2020 were attributable to borrowings under the February 2019 Credit Facility, the Debt Securitization and the 2025 Notes (each as defined below under "Liquidity and Capital Resources"). Interest and other financing fees during the nine months ended September 30, 2020 were attributable to borrowings under the August 2018 Credit Facility, the February 2019 Credit Facility, the Debt Securitization and the 2025 Notes. Interest and other financing fees during the three and nine months ended September 30, 2019 were attributable to borrowings under the August 2018 Credit Facility, the February 2019 Credit Facility and the Debt Securitization. The decrease in interest and other financing fees for both the three and nine months ended September 30, 2020 as compared to the three and nine months ended September 30, 2019 was primarily attributable to the decrease in interest rates as result of decreases in LIBOR, STIBOR, GBP LIBOR and EURIBOR, as well as a reduction in the applicable margin on borrowings under the February 2019 Credit Facility from 2.25% to 2.00% in July 2020 as a result of our investment grade credit rating.

Base Management Fees

Under the Advisory Agreement, we pay Barings a base management fee quarterly in arrears on a calendar quarter basis. The base management fee is calculated based on the average value of our gross assets, excluding cash and cash equivalents, at the end of the two most recently completed calendar quarters prior to the quarter for which such fees are being calculated. See Note 2 to our unaudited consolidated financial statements for additional information regarding the Advisory Agreement and the fee arrangement thereunder. For the three and nine months ended September 30, 2020, the amount of base management fee incurred was approximately $3.4 million and $10.9 million, respectively. For the three and nine months ended September 30, 2019, the amount of base management fee incurred was approximately $3.3 million and $8.8 million, respectively. The increase between periods was primarily due to the increase in the base management fee rate to 1.375% for the three and nine months ended September 30, 2020, pursuant to the terms of the Advisory Agreement, as compared to 1.125% for the three and nine months ended September 30, 2019.

General and Administrative Expenses

On August 2, 2018, we entered into the Administration Agreement with Barings. Under the terms of the Administration Agreement, Barings performs (or oversees, or arranges for, the performance of) the administrative services necessary for our operations. We are required to reimburse Barings for the costs and expenses incurred by Barings in performing its obligations and providing personnel and facilities under the Administration Agreement. See Note 2 to our unaudited consolidated financial statements for additional information regarding the Administration Agreement. For the three and nine months ended September 30, 2020, the amount of administration expense incurred and invoiced by Barings for expenses was approximately $0.3 million and $0.9 million, respectively. For the three and nine months ended September 30, 2019, the amount of administration expense incurred and invoiced by the Adviser for expenses was approximately $0.5 million and $1.9 million, respectively. In addition to expenses incurred under the Administration Agreement, general and administrative expenses include Board fees, D&O insurance costs, as well as legal and accounting expenses.

Net Realized Gains (Losses)

Net realized gains (losses) during the three and nine months ended September 30, 2020 and 2019 were as follows:

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net realized gain (losses):				
Non-Control / Non-Affiliate investments	$ (19,477,823)	$ (1,066,536)	$ (36,233,667)	$ (1,146,287)
Net realized losses on investments	(19,477,823)	(1,066,536)	(36,233,667)	(1,146,287)
Foreign currency transactions	(1,028,262)	83,037	(1,089,787)	83,037
Net realized losses	$ (20,506,085)	$ (983,499)	$ (37,323,454)	$ (1,063,250)

In the three months ended September 30, 2020, we recognized net realized losses totaling $20.5 million, which consisted primarily of a net loss on our loan portfolio of $19.5 million and a net loss on foreign currency transactions of $1.0 million. In the nine months ended September 30, 2020, we recognized net realized losses totaling $37.3 million, which consisted primarily of a net loss on our loan portfolio of $36.5 million and a net loss on foreign currency transactions of $1.1 million, partially offset by $0.2 million in escrow distributions we received from legacy portfolio companies, which were recognized as realized gains.

In the three months ended September 30, 2019, we recognized net realized losses totaling $1.0 million, which consisted primarily of a net loss on our syndicated senior secured loan portfolio of $0.5 million and a net loss of $0.5 million related to royalty payments due from a legacy Triangle Capital portfolio company, partially offset by a net gain on foreign currency transactions of $0.1 million. In the nine months ended September 30, 2019, we recognized a net realized loss totaling $1.1 million, which consisted primarily of a net loss on our syndicated senior secured loan portfolio of $1.1 million and a net loss of $0.5 million related to royalty payments due from a legacy Triangle Capital portfolio company, partially offset by $0.5 million in escrow distributions we received from four portfolio companies, which were recognized as realized gains, and a net gain on foreign currency transactions of $0.1 million.

Net Unrealized Appreciation (Depreciation)

Net unrealized appreciation (depreciation) during three and nine months ended September 30, 2020 and 2019 was as follows:

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net unrealized appreciation (depreciation):				
Non-Control / Non-Affiliate investments	$ 56,467,202	$ (2,209,225)	$ 2,522,789	$ 25,202,059
Affiliate investments	1,624,230	40,119	828,262	(121,970)
Net unrealized appreciation (depreciation) on investments	58,091,432	(2,169,106)	3,351,051	25,080,089
Foreign currency transactions	(2,144,050)	374,278	(1,756,412)	374,278
Net unrealized appreciation (depreciation)	$ 55,947,382	$ (1,794,828)	$ 1,594,639	$ 25,454,367

During the three months ended September 30, 2020, we recorded net unrealized appreciation totaling $55.9 million, consisting of net unrealized appreciation on our current portfolio of $29.7 million, net unrealized depreciation related to foreign currency transactions of $2.1 million and net unrealized appreciation reclassification adjustments of $28.4 million related to the net realized losses on the sales / repayments of certain investments. The net unrealized appreciation on our current portfolio of $29.7 million was driven primarily by the credit or fundamental performance of middle-market debt investments of $1.1 million, the impact of foreign currency exchange rates on middle-market debt investments of $1.9 million and the broad market moves for the entire investment portfolio of $26.7 million.

During the nine months ended September 30, 2020, we recorded net unrealized appreciation totaling $1.6 million, consisting of net unrealized depreciation on our current portfolio of $48.1 million, net unrealized depreciation related to foreign currency transactions of $1.8 million and net unrealized appreciation reclassification adjustments of $51.4 million related to the net realized losses on the sales / repayments of certain investments. The net unrealized depreciation on our current portfolio of $48.0 million was driven primarily by the credit or fundamental performance of middle-market debt investments of $4.2 million and broad market moves for the entire investment portfolio of $45.7 million, partially offset by the impact of foreign currency exchange rates on middle-market debt investments of $1.9 million.

During the three months ended September 30, 2019, we recorded net unrealized depreciation totaling $1.8 million, consisting of net unrealized depreciation on our current portfolio of $3.1 million, net unrealized appreciation related to foreign currency transactions of $0.4 million and net unrealized appreciation reclassification adjustments of $0.9 million related predominately to the net realized losses on the sales / repayments of certain syndicated secured loans. During the nine months ended September 30, 2019, we recorded net unrealized appreciation totaling $25.5 million, consisting of net unrealized appreciation on our current portfolio of $19.6 million, net unrealized appreciation related to foreign currency transactions of $0.4 million and net unrealized appreciation reclassification adjustments of $5.5 million related predominately to the net realized losses on the sales / repayments of certain syndicated secured loans.

Liquidity and Capital Resources

We believe that our current cash and cash equivalents on hand, our short-term investments, sales of our syndicated senior secured loans, our available borrowing capacity under the February 2019 Credit Facility and August 2020 Notes (as defined below under "Financing Transactions") and our anticipated cash flows from operations will be adequate to meet our cash needs for our daily operations for at least the next twelve months. This "Liquidity and Capital Resources" section should be read in conjunction with "COVID-19 Developments" above.

Cash Flows

For the nine months ended September 30, 2020, we experienced a net decrease in cash in the amount of $7.2 million. During that period, our operating activities provided $4.8 million in cash, consisting primarily of proceeds from sales of portfolio investments totaling $417.0 million and sales of short-term investments of $583.2 million, partially offset by purchases of portfolio investments of $316.7 million and purchases of short-term investments of $697.1 million. In addition, our financing activities used $12.0 million of cash, consisting primarily of repayments of the Debt Securitization of $139.9 million, share repurchases of $7.1 million and dividends paid in the amount of $23.2 million, partially offset by net borrowings under the August 2018 Credit Facility and the February 2019 Credit Facility of $108.7 million and net proceeds from the 2025 Notes issuance of $49.5 million. As of September 30, 2020, we had $14.8 million of cash on hand.

For the nine months ended September 30, 2019, we experienced a net increase in cash in the amount of $0.4 million. During that period, our operating activities used $16.2 million in cash, consisting primarily of purchases of portfolio investments of $294.2 million and purchases of short-term investments of $577.5 million, partially offset by proceeds from sales of investments totaling $251.1 million and sales of short-term investments of $571.1 million. In addition, our financing activities provided $16.6 million of cash, consisting primarily of net proceeds from our $449.3 million term debt securitization, or the Debt Securitization, of $348.3 million, partially offset by net repayments under the August 2018 Credit Facility and the February 2019 Credit Facility of $277.8 million, repayments of the Debt Securitization of $7.5 million, purchases of shares in the share repurchase plan of $18.5 million, financing fees paid of $8.2 million and dividends paid in the amount of $19.6 million. As of September 30, 2019, we had $12.8 million of cash on hand.

Financing Transactions

On July 3, 2018, we formed Barings BDC Senior Funding I, LLC, an indirectly wholly-owned Delaware limited liability company, or BSF, the primary purpose of which was to function as our special purpose, bankruptcy-remote, financing subsidiary. On August 3, 2018, BSF entered into a credit facility, or the August 2018 Credit Facility (as subsequently amended in December 2018 and February 2020), with Bank of America, N.A., as administrative agent, or the Administrative Agent and Class A-1 Lender, Société Générale, as Class A Lender, and Bank of America Merrill Lynch, as sole lead arranger and sole book manager. BSF and the Administrative Agent also entered into a security agreement dated as of August 3, 2018, or the Security Agreement, pursuant to which BSF's obligations under the August 2018 Credit Facility were secured by a first-priority security interest in substantially all of the assets of BSF, including its portfolio of investments, or the Pledged Property. In connection with the first-priority security interest established under the Security Agreement, all of the Pledged Property was held in the custody of State Street Bank and Trust Company, as collateral administrator, or the Collateral Administrator. The Collateral Administrator maintained and performed certain collateral administration services with respect to the Pledged Property pursuant to a collateral administration agreement among BSF, the Administrative Agent and the Collateral Administrator. Generally, the Collateral Administrator was authorized to make distributions and payments from Pledged Property based only on the written instructions of the Administrative Agent.

The August 2018 Credit Facility initially provided for borrowings in an aggregate amount up to $750.0 million, including up to $250.0 million borrowed under the Class A Loan Commitments and up to $500.0 million borrowed under the Class A-1 Loan Commitments. Effective February 28, 2019, we reduced our Class A Loan Commitments to $100.0 million, which reduced total commitments under the August 2018 Credit Facility to $600.0 million. Effective May 9, 2019, we further reduced our Class A Loan Commitments under the August 2018 Credit Facility from $100.0 million to zero and reduced our Class A-1 Loan Commitments under the August 2018 Credit Facility from $500.0 million to $300.0 million, which collectively reduced total commitments under the August 2018 Credit Facility to $300.0 million. Effective June 18, 2019, we further reduced our Class A-1 Loan Commitments, and therefore total commitments, under the August 2018 Credit Facility from $300.0 million to $250.0 million. Effective August 14, 2019, we further reduced our Class A-1 Loan Commitments, and therefore total commitments, under the August 2018 Credit Facility from $250.0 million to $177.0 million. Effective October 29, 2019, we further reduced our Class A-1 Loan Commitments, and therefore total commitments, under the August 2018 Credit Facility from $177.0 million to $150.0 million. Effective January 21, 2020, we further reduced our Class A-1 Loan Commitments, and therefore total commitments, under the August 2018 Credit Facility from $150.0 million to $80.0 million. Effective April 23, 2020, we further reduced our Class A-1 Loan Commitments, and therefore total commitments, under the August 2018 Credit Facility from $80.0 million to $30.0 million. Finally, effective June 26, 2020, we further reduced our Class A-1 Loan Commitments, and therefore total commitments, under the August 2018 Credit Facility from $30.0 million to zero. In connection with these reductions, the pro rata portion of the unamortized deferred financing costs related to the August 2018 Credit Facility was written off and recognized as a loss on extinguishment of debt in our Consolidated Statements of Operations.

On February 21, 2020, we extended the maturity date of the August 2018 Credit Facility from August 3, 2020 to August 3, 2021. On June 30, 2020, following the repayment of all borrowings, interest, and fees payable thereunder and at our election, the August 2018 Credit Facility was terminated, including all commitments and obligations of Bank of America, N.A. to lend or make advances to BSF. In addition, the Security Agreement was terminated and all security interests in the assets of BSF in favor of the lenders were terminated. As a result of these terminations, all obligations of BSF under the August 2018 Credit Facility and Security Agreement were fully discharged.

All borrowings under the August 2018 Credit Facility bore interest, subject to BSF's election, on a per annum basis equal to (i) the applicable base rate plus the applicable spread or (ii) the applicable LIBOR rate plus the applicable spread. The applicable base rate was equal to the greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate or (iii) one-month LIBOR plus 1.0%. The applicable LIBOR rate depended on the term of the borrowing under the August 2018 Credit Facility, which could be either one month or three months. BSF was required to pay commitment fees on the unused portion of the August 2018 Credit Facility. BSF could prepay any borrowing at any time without premium or penalty, except that BSF could have been liable for certain funding breakage fees if prepayments occurred prior to expiration of the relevant interest period. BSF could also permanently reduce all or a portion of the commitment amount under the August 2018 Credit Facility without penalty. See Note 5 to our Unaudited Consolidated Financial Statements for additional information regarding the August 2018 Credit Facility.

On February 21, 2019, we entered into a credit facility, or the February 2019 Credit Facility (as subsequently amended in December 2019), with ING Capital LLC, or ING, as administrative agent, and the lenders party thereto. The initial commitments under the February 2019 Credit Facility total $800.0 million. The February 2019 Credit Facility has an accordion feature that allows for an increase in the total commitments of up to $400.0 million, subject to certain conditions and the satisfaction of specified financial covenants. We can borrow foreign currencies directly under the February 2019 Credit Facility. The February 2019 Credit Facility, which is structured as a revolving credit facility, is secured primarily by a material portion of our assets and guaranteed by certain of our subsidiaries. Following the termination of the August 2018 Credit Facility on June 30, 2020 BSF became a subsidiary guarantor and its assets will secure the February 2019 Credit Facility. The revolving period of the February 2019 Credit Facility ends on February 21, 2023, followed by a one-year repayment period with a final maturity date of February 21, 2024.

Borrowings under the February 2019 Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) the applicable base rate plus 1.00% (or 1.25% if we no longer maintain an investment grade credit rating), (ii) the applicable LIBOR rate plus 2.00% (or 2.25% if we no longer maintain an investment grade credit rating), (iii) for borrowings denominated in certain foreign currencies other than Australian dollars, the applicable currency rate for the foreign currency as defined in the credit agreement plus 2.00% (or 2.25% if we no longer maintain an investment grade credit rating), or (iv) for borrowings denominated in Australian dollars, the applicable Australian dollars Screen Rate, plus 2.20% (or 2.45% if we no longer maintain an investment grade credit rating). The applicable base rate is equal to the greatest of (i) the prime rate, (ii) the federal funds rate plus 0.5%, (iii) the Overnight Bank Funding Rate plus 0.5%, (iv) the adjusted three-month applicable currency rate plus 1.0% and (v) 1%. The applicable currency rate depends on the currency and term of the draw under the February 2019 Credit Facility. We pay a commitment fee of (x) 0.5% per annum on undrawn amounts if the unused portion of the February 2019 Credit Facility is greater than two-thirds of total commitments or (y) 0.375% per annum on undrawn amounts if the unused portion of the February 2019 Credit Facility is equal to or less than two-thirds of total commitments.

As of September 30, 2020, we were in compliance with all covenants under the February 2019 Credit Facility and had U.S. dollar borrowings of $325.0 million outstanding under the February 2019 Credit Facility with a weighted average interest rate of 2.188%, borrowings denominated in Swedish kronas of 12.8kr million ($1.4 million U.S. dollars) with an interest rate of 2.00%, borrowings denominated in British pounds sterling of £40.3 million ($52.1 million U.S. dollars) with a weighted average interest rate of 2.063% and borrowings denominated in Euros of €72.6 million ($85.1 million U.S. dollars) with a weighted average interest rate of 2.00%. The borrowings denominated in foreign currencies were translated into U.S. dollars based on the spot rate at the relevant balance sheet date. The impact resulting from changes in foreign exchange rates on the February 2019 Credit Facility borrowings is included in "Net unrealized appreciation (depreciation) - foreign currency transactions" in our Unaudited Consolidated Statements of Operations.

The fair values of the borrowings outstanding under the February 2019 Credit Facility are based on a market yield approach and current interest rates, which are Level 3 inputs to the market yield model. As of September 30, 2020, the total fair value of the borrowings outstanding under the February 2019 Credit Facility was $463.7 million. See Note 5 to our Unaudited Consolidated Financial Statements for additional information regarding the February 2019 Credit Facility.

On May 9, 2019, we completed a $449.3 million term debt securitization, or the Debt Securitization. Term debt securitizations are also known as collateralized loan obligations and are a form of secured financing, which is consolidated for financial reporting purposes and subject to our overall asset coverage requirement. The notes offered in the Debt Securitization, collectively, the 2019 Notes, were issued by Barings BDC Static CLO Ltd. 2019-I, or BBDC Static CLO Ltd., and Barings BDC Static CLO 2019-I, LLC, our wholly-owned and consolidated subsidiaries. BBDC Static CLO Ltd. and Barings BDC

Static CLO 2019-I, LLC are collectively referred to herein as the Issuers. The 2019 Notes were secured by a diversified portfolio of senior secured loans and participation interests therein. The Debt Securitization was executed through a private placement of approximately $296.8 million of AAA(sf) Class A-1 Senior Secured Floating Rate 2019 Notes, or the Class A-1 2019 Notes, which bore interest at the three-month LIBOR plus 1.02%; $51.5 million of AA(sf) Class A-2 Senior Secured Floating Rate 2019 Notes, or the Class A-2 2019 Notes, which bore interest at the three-month LIBOR plus 1.65%; and $101.0 million of Subordinated 2019 Notes which did not bear interest and were not rated. We retained all of the Subordinated 2019 Notes issued in the Debt Securitization in exchange for our sale and contribution to BBDC Static CLO Ltd. of the initial closing date portfolio, which included senior secured loans and participation interests. The 2019 Notes were scheduled to mature on April 15, 2027; however the 2019 Notes could be redeemed by the Issuers, at our direction as holder of the Subordinated 2019 Notes, on any business day after May 9, 2020. In connection with the sale and contribution, we made customary representations, warranties and covenants to the Issuers.

The Class A-1 2019 Notes and Class A-2 2019 Notes were the secured obligations of the Issuers, the Subordinated 2019 Notes are the unsecured obligations of BBDC Static CLO Ltd., and the indenture governing the 2019 Notes included customary covenants and events of default. The 2019 Notes were not registered under the Securities Act of 1933, as amended, or the Securities Act, or any state securities or “blue sky” laws and could not be offered or sold in the United States absent registration with the Securities and Exchange Commission or an applicable exemption from registration.

We serve as collateral manager to BBDC Static CLO Ltd. under a collateral management agreement and we have agreed to irrevocably waive all collateral management fees payable pursuant to the collateral management agreement.

During the three months ended September 30, 2020, $48.1 million of the Class A-1 2019 Notes were repaid. As of September 30, 2020, we had borrowings of $126.8 million outstanding under the Class A-1 2019 Notes with an interest rate of 1.295% and borrowings of $51.5 million outstanding under the Class A-2 2019 Notes with an interest rate of 1.925%. The fair value determinations of the 2019 Notes were based on market yield approach and current interest rates, which are Level 3 inputs to the market yield model. As of September 30, 2020, the total fair value of the Class A-1 2019 Notes and the Class A-2 2019 Notes was $126.1 million and $51.0 million, respectively. On October 15, 2020, the remaining 2019 Notes were repaid in full. See Note 5 to our Unaudited Consolidated Financial Statements for additional information regarding the Debt Securitization.

On August 3, 2020, we entered into a Note Purchase Agreement (the "Note Purchase Agreement") with Massachusetts Mutual Life Insurance Company governing the issuance of (i) $50.0 million in aggregate principal amount of Series A senior unsecured notes (the "Series A Notes") due August 2025 with a fixed interest rate of 4.66% per year, and (ii) up to $50.0 million in aggregate principal amount of additional senior unsecured notes (the "Additional Notes" and, collectively with the Series A Notes, the "August 2025 Notes") due August 2025 with a fixed interest rate per year to be determined, in each case, to qualified institutional investors in a private placement. An aggregate principal amount of $25.0 million of the Series A Notes was issued on September 24, 2020 and an aggregate principal amount of $25.0 million of the Series A Notes was issued on September 29, 2020, both of which will mature on August 4, 2025 unless redeemed, purchased or prepaid prior to such date by us or our affiliates in accordance with their terms. Interest on the August 2025 Notes will be due semiannually in March and September, beginning in March 2021. In addition, we are obligated to offer to repay the August 2025 Notes at par if certain change in control events occur. The August 2025 Notes are our general unsecured obligations that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by us.

The Note Purchase Agreement contains customary terms and conditions for senior unsecured notes issued in a private placement, including, without limitation, affirmative and negative covenants such as information reporting, maintenance of our status as a BDC within the meaning of the 1940 Act, minimum shareholders’ equity, maximum net debt to equity ratio and minimum asset coverage ratio. The Note Purchase Agreement also contains customary events of default with customary cure and notice periods, including, without limitation, nonpayment, incorrect representation in any material respect, breach of covenant, cross-default under our other indebtedness or that of our subsidiary guarantors, certain judgements and orders, and certain events of bankruptcy. As of September 30, 2020, we were in compliance with all covenants of the Note Purchase Agreement.

The August 2025 Notes were offered in reliance on Section 4(a)(2) of the Securities Act. The August 2025 Notes have not and will not be registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, as applicable.

Share Repurchases

On February 25, 2019, we adopted a share repurchase plan, pursuant to Board approval, for the purpose of repurchasing shares of our common stock in the open market during the 2019 fiscal year, or the 2019 Share Repurchase Plan. The Board authorized us to repurchase in 2019 up to a maximum of 5.0% of the amount of shares outstanding under the following targets:

- a maximum of 2.5% of the amount of shares of our common stock outstanding if shares traded below NAV per share but in excess of 90% of NAV per share; and
- a maximum of 5.0% of the amount of shares of our common stock outstanding if shares traded below 90% of NAV per share.

The 2019 Share Repurchase Plan was executed in accordance with applicable rules under the Exchange Act, including Rules 10b5-1 and 10b-18 thereunder, as well as certain price, market volume and timing constraints specified in the 2019 Share Repurchase Plan. The 2019 Share Repurchase Plan was designed to allow us to repurchase our shares both during our open window periods and at times when we otherwise might be prevented from doing so under applicable insider trading laws or because of self-imposed trading blackout periods. A broker selected by us was delegated the authority to repurchase shares on our behalf in the open market, pursuant to, and under the terms and limitations of, the 2019 Share Repurchase Plan. During the nine months ended September 30, 2019, we repurchased a total of 1,865,522 shares of our common stock in the open market under the Share Repurchase Plan at an average price of $9.94 per share, including broker commissions.

On February 27, 2020, the Board approved an open-market share repurchase program for the 2020 fiscal year, or the 2020 Share Repurchase Program. Under the 2020 Share Repurchase Program, we are authorized during fiscal year 2020 to repurchase up to a maximum of 5.0% of the amount of shares outstanding as of February 27, 2020 if shares trade below NAV per share, subject to liquidity and regulatory constraints.

Purchases under the 2020 Share Repurchase Program may be made in open-market transactions and include transactions being executed by a broker selected us that has been delegated the authority to repurchase shares on our behalf in the open market in accordance with applicable rules under the Exchange Act, including Rules 10b5-1 and 10b-18 thereunder, and pursuant to, and under the terms and limitations of, the 2020 Share Repurchase Program. There is no assurance that we will purchase shares at any specific discount levels or in any specific amounts. During the nine months ended September 30, 2020, we repurchased a total of 989,050 shares of our common stock in the open market under the 2020 Share Repurchase Program at an average price of $7.21 per share, including broker commissions.

Distributions to Stockholders

We have elected to be treated as a RIC under the Internal Revenue Code of 1986, as amended, or the Code, and intend to make the required distributions to our stockholders as specified therein. In order to maintain our tax treatment as a RIC and to obtain RIC tax benefits, we must meet certain minimum distribution, source-of-income and asset diversification requirements. If such requirements are met, then we are generally required to pay income taxes only on the portion of our taxable income and gains we do not distribute (actually or constructively) and certain built-in gains. We have historically met our minimum distribution requirements and continually monitor our distribution requirements with the goal of ensuring compliance with the Code. We can offer no assurance that we will achieve results that will permit the payment of any level of cash distributions and our ability to make distributions will be limited by the asset coverage requirement and related provisions under the 1940 Act and contained in any applicable indenture and related supplements. In addition, in order to satisfy the annual distribution requirement applicable to RICs, we may declare a significant portion of our dividends in shares of our common stock instead of in cash. As long as a portion of such dividend is paid in cash (which portion may be as low as 10% of such dividend, for dividends declared on or before December 31, 2020, and after that, 20% of such dividend under published guidance from the Internal Revenue Service) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, a stockholder generally would be subject to tax on 100% of the fair market value of the dividend on the date the dividend is received by the stockholder in the same manner as a cash dividend, even though most of the dividend was paid in shares of our common stock.

The minimum distribution requirements applicable to RICs require us to distribute to our stockholders each year at least 90% of our investment company taxable income, or ICTI, as defined by the Code. Depending on the level of ICTI and net capital gain, if any, earned in a tax year, we may choose to carry forward income in excess of current year distributions into the next tax year and pay a 4% U.S. federal excise tax on such excess. Any such carryover income must be distributed before the end of the next tax year through a dividend declared prior to filing the final tax return related to the year which generated such income.

ICTI generally differs from net investment income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. We may be required to recognize ICTI in certain circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments issued with warrants), we must include in ICTI each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in ICTI other amounts that we have not yet received in cash, such as (i) PIK interest income and (ii) interest income from investments that have been classified as non-accrual for financial reporting purposes. Interest income on non-accrual investments is not recognized for financial reporting purposes, but generally is recognized in ICTI. Because any original issue discount or other amounts accrued will be included in our ICTI for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the minimum distribution requirements, even though we will not have received and may not ever receive any corresponding cash amount. ICTI also excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

Recent Developments

Subsequent to September 30, 2020, we made approximately $155.4 million of new commitments, of which $130.6 million closed and funded. The $130.6 million of investments consist of $128.5 million of first lien senior secured debt investments and a $2.1 million second lien senior secured term loan with a combined weighted average yield of 6.2%. In addition, we funded $8.7 million of previously committed delayed draw term loans.

On October 15, 2020, the 2019 Notes were repaid in full.

On November 4, 2020,we entered into a Note Purchase Agreement (the “November NPA”) governing the issuance of (1) $62.5 million in aggregate principal amount of Series B senior unsecured notes (“Series B Notes”) due November 2025 with a fixed interest of 4.25% per year and (2) $112.5 million in aggregate principal amount of Series C senior unsecured notes (“Series C Notes” and, collectively with the Series B Notes, the “November Notes”) due November 2027 with a fixed interest of 4.75% per year, in each case, to qualified institutional investors in a private placement. Each stated interest rate is subject to a step up of (x) 0.75% per year, to the extent the applicable November Notes do not satisfy certain investment grade conditions and/or (y) 1.50% per year, to the extent the ratio of secured debt to total assets exceeds specified thresholds, measured as of each fiscal quarter end. The November Notes were delivered and paid for on November 5, 2020. The Series B Notes will mature on November 4, 2025 and the Series C Notes will mature on November 4, 2027 unless redeemed, purchased or prepaid prior to such date by us or its affiliates in accordance with their terms. Interest on the November Notes will be due semiannually. In addition, we are obligated to offer to repay the November Notes at par if certain change in control events occur. The August 2025 Notes will be our general unsecured obligations that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by us.

In connection with the November NPA, also on November 4, 2020, we amended the Note Purchase Agreement entered into on August 3, 2020 to reduce the aggregate principal amount of unissued Additional Notes from $50.0 million to $25.0 million.

On November 9, 2020 our Board declared a quarterly distribution of $0.17 per share payable on December 2, 2020 to holders of record as of November 25, 2020.

Critical Accounting Policies and Use of Estimates

The preparation of our unaudited financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods covered by such financial statements. We have identified investment valuation and revenue recognition as our most critical accounting estimates. On an ongoing basis, we evaluate our estimates, including those related to the matters described below. These estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates under different assumptions or conditions. A discussion of our critical accounting policies follows.

Investment Valuation

The most significant estimate inherent in the preparation of our financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded. We have a valuation policy, as well as established and documented processes and methodologies for determining the fair values of portfolio company investments on a recurring (at least quarterly) basis in accordance with the 1940 Act and FASB ASC Topic 820,*Fair Value Measurements and Disclosures,* or ASC Topic 820. Our current valuation policy and processes were established by Barings and were approved by the Board.

Under ASC Topic 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between a willing buyer and a willing seller at the measurement date. For our portfolio securities, fair value is generally the amount that we might reasonably expect to receive upon the current sale of the security. The fair value measurement assumes that the sale occurs in the principal market for the security, or in the absence of a principal market, in the most advantageous market for the security. If no market for the security exists or if we do not have access to the principal market, the security should be valued based on the sale occurring in a hypothetical market.

Under ASC Topic 820, there are three levels of valuation inputs, as follows:

Level 1 Inputs – include quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs – include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs – include inputs that are unobservable and significant to the fair value measurement.

A financial instrument is categorized within the ASC Topic 820 valuation hierarchy based upon the lowest level of input to the valuation process that is significant to the fair value measurement. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized as Level 3 investments within the tables below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

Our investment portfolio includes certain debt and equity instruments of privately held companies for which quoted prices or other inputs falling within the categories of Level 1 and Level 2 are generally not available. In such cases, we determine the fair value of our investments in good faith primarily using Level 3 inputs. In certain cases, quoted prices or other observable inputs exist, and if so, we assess the appropriateness of the use of these third-party quotes in determining fair value based on (i) our understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer and (ii) the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company.

There is no single technique for determining fair value in good faith, as fair value depends upon the specific circumstances of each individual investment. The recorded fair values of our Level 3 investments may differ significantly from fair values that would have been used had an active market for the securities existed. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned.

Investment Valuation Process

Barings has established a Pricing Committee that is, subject to the oversight of the Board, responsible for the approval, implementation and oversight of the processes and methodologies that relate to the pricing and valuation of assets we hold. Barings uses internal pricing models, in accordance with internal pricing procedures established by the Pricing Committee, to price an asset in the event an acceptable price cannot be obtained from an approved external source.

Barings reviews its valuation methodologies on an ongoing basis and updates are made accordingly to meet changes in the marketplace. Barings has established internal controls to ensure its valuation process is operating in an effective manner. Barings (1) maintains valuation and pricing procedures that describe the specific methodology used for valuation and (2) approves and documents exceptions and overrides of valuations. In addition, the Pricing Committee performs an annual review of valuation methodologies.

Our money market fund investments are generally valued using Level 1 inputs and our syndicated senior secured loans and structured product investments are generally valued using Level 2 inputs. Our senior secured, middle-market, private debt investments are generally valued using Level 3 inputs.

Independent Valuation Review

We have engaged an independent valuation firm to provide third-party valuation consulting services at the end of each fiscal quarter, which consist of certain limited procedures that we identified and requested the valuation firm to perform (hereinafter referred to as the "Procedures"). The Procedures generally consist of a review of the quarterly fair values of our middle-market investments, and are generally performed with respect to each middle-market investment at least once in every calendar year and for new investments, at least once in the twelve-month period subsequent to the initial investment. In addition, the Procedures will generally be performed with respect to an investment where there has been a significant change in the fair value or performance of the investment. Prior to the first quarter of 2020, the Procedures were generally performed with respect to each investment every quarter beginning in the quarter after the investment was made. In certain instances, we may determine that it is not cost-effective, and as a result is not in the stockholders' best interests, to request the independent valuation firm to perform the Procedures on certain investments. Such instances include, but are not limited to, situations where the fair value of the investment in the portfolio company is determined to be insignificant relative to the total investment portfolio.

The total number of senior secured, middle-market investments and the percentage of our total senior secured, middle-market investment portfolio on which the Procedures were performed are summarized below by period:

For the quarter ended:	**Total companies**	**Percent of total investments at fair value(1)**
March 31, 2019	18	100%
June 30, 2019	22	100%
September 30, 2019	28	100%
December 31, 2019	38	100%
March 31, 2020	30	62%
June 30, 2020	33	53%
September 30, 2020	66	100%

(1) Exclusive of the fair value of new middle-market investments made during the quarter for which the Procedures were not performed and certain middle-market investments repaid subsequent to the end of the reporting period. For September 30, 2020, the Procedures were performed on two of the seven investments made during the quarter.

Upon completion of the Procedures, the valuation firm concluded that, with respect to each investment reviewed by the valuation firm, the fair value of those investments subjected to the Procedures appeared reasonable. Finally, the Board determined in good faith that our investments were valued at fair value in accordance with our valuation policies and procedures and the 1940 Act based on, among other things, the input of Barings, our Audit Committee and the independent valuation firm.

Valuation Techniques

Our valuation techniques are based upon both observable and unobservable pricing inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument. We determine the estimated fair value of our loans and investments using primarily an income approach. Generally, an independent pricing service provider is the preferred source of pricing a loan, however, to the extent the independent pricing service provider price is unavailable or not relevant and reliable, we may use broker quotes. We attempt to maximize the use of observable inputs and minimize the use of unobservable inputs. The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security.

Market Approach

We value our syndicated senior secured loans and structured product investments using values provided by independent pricing services that have been approved by the Barings' Pricing Committee. The prices received from these pricing service providers are based on yields or prices of securities of comparable quality, type, coupon and maturity and/or indications as to value from dealers and exchanges. We seek to obtain two prices from the pricing services with one price representing the primary source and the other representing an independent control valuation. We evaluate the prices obtained from brokers or independent pricing service providers based on available market information, including trading activity of the subject or similar securities, or by performing a comparable security analysis to ensure that fair values are reasonably estimated. We also perform back-testing of valuation information obtained from independent pricing service providers and brokers against actual prices received in transactions. In addition to ongoing monitoring and back-testing, we perform due diligence procedures surrounding independent pricing service providers to understand their methodology and controls to support their use in the valuation process.

Income Approach

We utilize an Income Approach model in valuing our private debt investment portfolio, which consists primarily of middle-market senior secured loans with floating reference rates. As independent pricing service provider and broker quotes have not historically been consistently relevant and reliable, the fair value is determined using an internal index-based pricing model that takes into account both the movement in the spread of one or more performing credit indices as well as changes in the credit profile of the borrower. The implicit yield for each debt investment is calculated at the date the investment is made. This calculation takes into account the acquisition price (par less any upfront fee) and the relative maturity assumptions of the underlying asset. As of each balance sheet date, the implied yield for each investment is reassessed, taking into account changes in the discount margin of the baseline index, probabilities of default and any changes in the credit profile of the issuer of the security, such as fluctuations in operating levels and leverage. If there is an observable price available on a comparable security/issuer, it is used to calibrate the internal model. If the valuation process for a particular debt investment results in a value above par, the value is typically capped at the greater of the principal amount plus any prepayment penalty in effect or 100% of par on the basis that a market participant is likely unwilling to pay a greater amount than that at which the borrower could refinance.

Enterprise Value Waterfall Approach

In valuing equity securities, we estimate fair value using an "Enterprise Value Waterfall" valuation model. We estimate the enterprise value of a portfolio company and then allocate the enterprise value to the portfolio company's securities in order of their relative liquidation preference. In addition, the model assumes that any outstanding debt or other securities that are senior to our equity securities are required to be repaid at par. Generally, the waterfall proceeds flow from senior debt tranches of the capital structure to junior and subordinated debt, followed by each class or preferred stock and finally the common stock. Additionally, we may estimate the fair value of a debt security using the Enterprise Value Waterfall approach when we do not expect to receive full repayment.

To estimate the enterprise value of the portfolio company, we primarily use a valuation model based on a transaction multiple, which generally is the original transaction multiple, and measures of the portfolio company's financial performance. In addition, we consider other factors, including but not limited to (i) offers from third parties to purchase the portfolio company, (ii) the implied value of recent investments in the equity securities of the portfolio company, (iii) publicly available information regarding recent sales of private companies in comparable transactions and (iv) when management believes there are comparable companies that are publicly traded, we perform a review of these publicly traded companies and the market multiple of their equity securities. For certain non-performing assets, we may utilize the liquidation or collateral value of the portfolio company's assets in our estimation of enterprise value.

Valuation of Investment in Jocassee

We estimate the fair value of our investment in Jocassee Partners LLC, or Jocassee, using the net asset value of Jocassee and our ownership percentage. The net asset value of Jocassee is determined in accordance with the specialized accounting guidance for investment companies.

Valuation of Investment in Thompson Rivers

We estimate the fair value of our investment in Thompson Rivers LLC using the net asset value of Thompson Rivers LLC and its ownership percentage. The net asset value of Thompson Rivers LLC is determined in accordance with the specialized accounting guidance for investment companies.

Off-Balance Sheet Arrangements

In the normal course of business, we are party to financial instruments with off-balance sheet risk, consisting primarily of unused commitments to extend financing to our portfolio companies. Since commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The balances of unused commitments to extend financing as of September 30, 2020 and December 31, 2019 were as follows:

Portfolio Company	**Investment Type**	**September 30, 2020**	**December 31, 2019**
ADE Holding(2)	Committed Capex Line	$ 87,995	$ —
Anju Software, Inc.(1)	Delayed Draw Term Loan	1,981,371	1,981,371
Arch Global Precision, LLC	Delayed Draw Term Loan	7,446,226	1,012,661
Armstrong Transport Group (Pele Buyer, LLC)(1)	Delayed Draw Term Loan	—	712,567
Beacon Pointe Advisors, LLC(1)	Delayed Draw Term Loan	363,636	—
Centralis Finco S.a.r.l.(3)	Acquisition Facility	475,319	—
Classic Collision (Summit Buyer, LLC)(1)	Delayed Draw Term Loan	10,123,058	—
CM Acquisitions Holdings Inc.(1)	Delayed Draw Term Loan	1,859,111	1,859,111
Contabo Finco S.À R.L(4)	Delayed Draw Term Loan	218,718	1,013,849
CSL Dualcom(5)	Delayed Draw Term Loan	3,421,195	—
Dart Buyer, Inc.(1)	Delayed Draw Term Loan	2,430,569	4,294,503
DreamStart Bidco SAS(6)	Acquisition Facility	954,222	—
Foundation Risk Partners, Corp.	Delayed Draw Term Loan	15,555,555	—
Heartland, LLC(1)	Delayed Draw Term Loan	8,729,695	8,729,695
Heilbron (f/k/a Sucsez (Bolt Bidco B.V.))(7)	Accordion Facility	9,799,720	2,605,531
Jocassee Partners LLC	Joint Venture	35,000,000	40,000,000
Kene Acquisition, Inc.(1)	Delayed Draw Term Loan	322,928	1,076,427
LAC Intermediate, LLC(1)	Delayed Draw Term Loan	2,731,482	4,367,284
Options Technology Ltd.(1)	Delayed Draw Term Loan	2,918,447	2,918,447
Premier Technical Services Group(8)	Acquisition Facility	1,132,547	1,297,915
Process Equipment, Inc.(1)	Delayed Draw Term Loan	—	654,493
Professional Datasolutions, Inc. (PDI)(1)	Delayed Draw Term Loan	—	1,666,994
PSC UK Pty Ltd.(9)	GBP Acquisition Facility	189,350	1,010,706
Smile Brands Group, Inc.(1)	Delayed Draw Term Loan	422,242	927,046
Springbrook Software (SBRK Intermediate, Inc.)(1)	Delayed Draw Term Loan	3,896,663	3,896,663
Stairway BidCo GmbH(10)	Delayed Draw Term Loan	2,134,276	—
The Hilb Group, LLC(1)	Delayed Draw Term Loan	1,923,114	2,904,066
Thompson Rivers LLC	Joint Venture	6,900,000	—
Transit Technologies LLC(1)	Delayed Draw Term Loan	6,785,305	—
Transportation Insight, LLC(1)	Delayed Draw Term Loan	—	2,464,230
Truck-Lite Co., LLC(1)	Delayed Draw Term Loan	2,884,615	3,205,128
USLS Acquisition, Inc.(1)	Delayed Draw Term Loan	450,466	—
Utac Ceram(11)	Delayed Draw Term Loan	3,166,156	—
Validity, Inc.(1)	Delayed Draw Term Loan	—	898,298
Total unused commitments to extend financing		$ 134,303,981	$ 89,496,985

(1) Represents a commitment to extend financing to a portfolio company where one or more of our current investments in the portfolio company are carried at less than cost. Our estimate of the fair value of the current investments in this portfolio company includes an analysis of the fair value of any unfunded commitments.
(2) Actual commitment amount is denominated in Euros (€75,039) which was translated into U.S. dollars using the September 30, 2020 spot rate.
(3) Actual commitment amount is denominated in Euros (€405,337) which was translated into U.S. dollars using the September 30, 2020 spot rate.
(4) September 30, 2020 commitment amount is denominated in Euros (€186,516) which was translated into U.S. dollars using the September 30, 2020 spot rate. December 31, 2019 commitment amount was denominated in Euros (€903,207) which was translated into U.S. dollars using the December 31, 2019 spot rate.
(5) Actual commitment amount is denominated in British pounds sterling (£2,646,346) which was translated into U.S. dollars using the using the September 30, 2020 spot rate.
(6) Actual commitment amount is denominated in Euros (€813,731) which was translated into U.S. dollars using the September 30, 2020 spot rate.
(7) September 30, 2020 commitment amount is denominated in Euros (€8,356,897) which was translated into U.S. dollars using the September 30, 2020 spot rate. December 31, 2019 commitment amount was denominated in Euros (€2,321,187) which was translated into U.S. dollars using the December 31, 2019 spot rate.

(8) September 30, 2020 commitment amount is denominated in British pounds sterling (£876,042) which was translated into U.S. dollars using the September 30, 2020 spot rate. December 31, 2019 commitment amount was denominated in British pounds sterling (£979,743) which was translated into U.S. dollars using the December 31, 2019 spot rate.
(9) September 30, 2020 commitment amount is denominated in British pounds sterling (£146,466) which was translated into U.S. dollars using the September 30, 2020 spot rate. December 31, 2019 commitment amount was denominated in British pounds sterling (£762,941) which was translated into U.S. dollars using the December 31, 2019 spot rate.
(10) September 30, 2020 commitment amount is denominated in British pounds sterling (€1,820,044) which was translated into U.S. dollars using the September 30, 2020 spot rate.
(11) September 30, 2020 commitment amount is denominated in British pounds sterling (€2,700,000) which was translated into U.S. dollars using the September 30, 2020 spot rate.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk.*

We are subject to market risk. Market risk includes risks that arise from changes in interest rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. The prices of securities held by us may decline in response to certain events, including those directly involving the companies we invest in; conditions affecting the general economy; overall market changes; legislative reform; local, regional, national or global political, social or economic instability; and interest rate fluctuations. In addition, U.S. and global capital markets and credit markets have experienced a higher level of stress due to the global COVID-19 pandemic, which has resulted in an increase in the level of volatility across such markets and a general decline in the value of the securities held by us. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks.

We are also subject to interest rate risk. Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing intervals between our assets and liabilities and the effect that interest rates may have on our cash flows. Changes in the general level of interest rates can affect our net interest income, which is the difference between the interest income earned on interest earning assets and our interest expense incurred in connection with our interest bearing debt and liabilities. Changes in interest rates can also affect, among other things, our ability to acquire and originate loans and securities and the value of our investment portfolio. Our net investment income is affected by fluctuations in various interest rates, including LIBOR, GBP LIBOR, EURIBOR, STIBOR and CDOR. We regularly measure exposure to interest rate risk and determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates. As of September 30, 2020, we were not a party to any interest rate hedging arrangements.

In connection with the COVID-19 pandemic, the U.S. Federal Reserve and other central banks have reduced certain interest rates and LIBOR has decreased. A prolonged reduction in interest rates will reduce our gross investment income and could result in a decrease in our net investment income if such decreases in LIBOR are not offset by a corresponding increase in the spread over LIBOR that we earn on any portfolio investments, a decrease in in our operating expenses, including with respect to our income incentive fee, or a decrease in the interest rate of our floating interest rate liabilities tied to LIBOR.

As of September 30, 2020, approximately $929.3 million (principal amount) of our debt portfolio investments bore interest at variable rates, which generally are LIBOR-based (or based on an equivalent applicable currency rate), and many of which are subject to certain floors. A hypothetical 200 basis point increase or decrease in the interest rates on our variable-rate debt investments could increase or decrease, as applicable, our investment income by a maximum of $18.6 million on an annual basis.

Borrowings under the February 2019 Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) the applicable base rate plus 1.00% (or 1.25% if we no longer maintain an investment grade credit rating), (ii) the applicable LIBOR rate plus 2.00% (or 2.25% if we no longer maintain an investment grade credit rating), (iii) for borrowings denominated in certain foreign currencies other than Australian dollars, the applicable currency rate for the foreign currency as defined in the credit agreement plus 2.00% (or 2.25% if we no longer maintain an investment grade credit rating) or (iv) for borrowings denominated in Australian dollars, the applicable Australian dollars Screen Rate, plus 2.20% (or 2.45% if the we no longer maintain an investment grade credit rating). The applicable base rate is equal to the greatest of (i) the prime rate, (ii) the federal funds rate plus 0.5%, (iii) the Overnight Bank Funding Rate plus 0.5%, (iv) the adjusted three-month applicable currency rate plus 1.0% and (v) 1%. The applicable currency rate depends on the currency and term of the draw under the February 2019 Credit Facility. A hypothetical 200 basis point increase or decrease in the interest rates on the February 2019 Credit Facility could increase or decrease, as applicable, our interest expense by a maximum of $6.9 million on an annual basis (based on the amount of outstanding borrowings under the February 2019 Credit Facility as of September 30, 2020). We pay a commitment fee of (x) 0.5% per annum on undrawn amounts if the unused portion of the February 2019 Credit Facility is greater than two-thirds of total commitments or (y) 0.375% per annum on undrawn amounts if the unused portion of the February 2019 Credit Facility is equal to or less than two-thirds of total commitments.

The Class A-1 2019 Notes and the Class A-2 2019 Notes issued in connection with the Debt Securitization had floating rate interest provisions based on the three-month LIBOR that reset quarterly. On October 15, 2020, the 2019 Notes were repaid in full.

In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. As such, the potential effect of any such event on our cost of capital and net investment income cannot yet be determined. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market value for or value of any LIBOR-linked securities, loans, and other financial obligations or extensions of credit held by or due to us and could have a material adverse effect on our business, financial condition and results of operations.

Because we have previously borrowed, and plan to borrow in the future, money to make investments, our net investment income will be dependent upon the difference between the rate at which we borrow funds and the rate at which we invest the funds borrowed. Accordingly, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income if there is not a corresponding increase in interest income generated by our investment portfolio.

We also have exposure to foreign currencies related to certain investments. Such investments are translated into U.S. dollars based on the spot rate at the relevant balance sheet date, exposing us to movements in the exchange rate. In order to reduce our exposure to fluctuations in exchange rates, we generally borrow in local foreign currencies under the February 2019 Credit Facility to finance such investments. As of September 30, 2020, we had borrowings denominated in Swedish kronas of 12.8kr million ($1.4 million U.S. dollars) with an interest rate of 2.00%, borrowings denominated in British pounds sterling of £40.3 million ($52.1 million U.S. dollars) with a weighted average interest rate of 2.06% and borrowings denominated in Euros of €72.6 million ($85.1 million U.S. dollars) with a weighted average interest rate of 2.00%.

Item 4. ***Controls and Procedures.***

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective. It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the third quarter of 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. ***Legal Proceedings.***

We and certain of our former executive officers have been named as defendants in two putative securities class action lawsuits, each filed in the United States District Court for the Southern District of New York (and then transferred to the United States District Court for the Eastern District of North Carolina) on behalf of all persons who purchased or otherwise acquired our common stock between May 7, 2014 and November 1, 2017. The first lawsuit was filed on November 21, 2017, and was captioned *Elias Dagher, et al., v. Triangle Capital Corporation, et al.*, Case No. 5:18-cv-00015-FL (the "*Dagher* Action"). The second lawsuit was filed on November 28, 2017, and was captioned *Gary W. Holden, et al., v. Triangle Capital Corporation, et al*, Case No. 5:18-cv-00010-FL (the "*Holden* Action"). The *Dagher* Action and the *Holden* Action were consolidated and are currently captioned *In re Triangle Capital Corp. Securities Litigation*, Master File No. 5:18-cv-00010-FL.

On April 10, 2018, the plaintiff filed its First Consolidated Amended Complaint. The complaint alleged certain violations of the securities laws, including, among other things, that the defendants made certain materially false and misleading statements and omissions regarding our business, operations and prospects between May 7, 2014 and November 1, 2017. The plaintiff seeks compensatory damages and attorneys' fees and costs, among other relief, but did not specify the amount of damages being sought. On May 25, 2018, the defendants filed a motion to dismiss the complaint. On March 7, 2019, the court entered an order granting the defendants' motion to dismiss. On March 28, 2019, the plaintiff filed a motion seeking leave to file a Second Consolidated Amended Complaint. On September 20, 2019, the court entered an order denying the plaintiff's motion for leave to file a Second Consolidated Amended Complaint and dismissing the action with prejudice. On October 17, 2019, the plaintiff filed a notice of appeal seeking review of the court's September 20, 2019 order. The plaintiff filed its opening brief with the United States Court of Appeals for the Fourth Circuit on January 6, 2020. The defendants filed their response brief on February 28, 2020, and the plaintiff filed its reply brief on March 27, 2020. The appeal is currently pending before the United States Court of Appeals for the Fourth Circuit.

We intend to defend ourselves vigorously against the allegations in the aforementioned actions. Neither the outcome of the lawsuits nor an estimate of any reasonably possible losses is determinable at this time. An adverse judgment for monetary damages could have a material adverse effect on our operations and liquidity. Except as discussed above, neither we nor our subsidiaries are currently subject to any material pending legal proceedings, other than ordinary routine litigation incidental to our business.

Item 1A. ***Risk Factors.***

You should carefully consider the risks described below and all other information contained in this Quarterly Report on Form 10-Q, including our interim financial statements and the related notes thereto, before making a decision to purchase our securities. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results, as well as the market price of our securities.

If any of such risks actually occur, our business, financial condition or results of operations could be materially adversely affected. If that happens, the market price of our securities could decline, and you may lose all or part of your investment.

Risks Relating to Our Investments

Covenant-Lite Loans

A significant number of high yield loans in the market, in particular the broadly syndicated loan market, may consist of covenant-lite loans, or "Covenant-Lite Loans." A significant portion of the loans in which the Company may invest or get exposure to through its investments may be deemed to be Covenant-Lite Loans and it is possible that such loans may comprise a majority of the Company's portfolio. Such loans do not require the borrower to maintain debt service or other financial ratios and do not include terms which allow the lender to monitor the performance of the borrower and declare a default if certain criteria are breached. Ownership of Covenant-Lite Loans may expose the Company to different risks, including with respect to liquidity, price volatility, ability to restructure loans, credit risks and less protective loan documentation, than is the case with loans that contain financial maintenance covenants."

Risks Relating to the Merger

Sales of shares of the Company’s common stock after the completion of the Merger may cause the market price of the Company’s common stock to decline.

Based on the number of outstanding shares of MVC’s common stock as of the close of business on August 7, 2020, the Company would issue approximately 16.7 million shares of the Company’s common stock pursuant to the Merger Agreement. Former MVC stockholders may decide not to hold the shares of the Company’s common stock that they receive pursuant to the Merger Agreement. In addition, the Company’s stockholders may decide not to hold their shares of the Company’s common stock after completion of the Merger. In each case, such sales of the Company’s common stock could have the effect of depressing the market price for the Company’s common stock and may take place promptly following the completion of the Merger.

The Company’s stockholders will experience a reduction in percentage ownership and voting power in the combined company as a result of the Merger.

The Company’s stockholders will experience a substantial reduction in their respective percentage ownership interests and effective voting power in respect of the combined company relative to their respective ownership interests in the Company prior to the Merger. Consequently, the Company’s stockholders should expect to exercise less influence over the management and policies of the combined company following the Merger than they currently exercise over the management and policies of the Company.

If the Merger is consummated, based on the number of shares of the Company’s common stock issued and outstanding on the closing date, it is expected that current stockholders of the Company will own approximately 74.2% of the outstanding common stock and former MVC stockholders will own approximately 25.8% of the outstanding common stock. In addition, both prior to and after completion of the Merger, subject to certain restrictions in the Merger Agreement and the approval of the Company’s stockholders, the Company may issue additional shares of common stock (including, subject to certain restrictions under the 1940 Act, at prices below the Company’s then-current net asset value (“NAV”) per share), all of which would further reduce the percentage ownership of the combined company held by current stockholders. In addition, the issuance or sale by the Company of shares of common stock at a discount to NAV poses a risk of economic dilution to stockholders.

The NAV per share of the Company’s will be diluted if the Company issues shares at a price below the then-current NAV per share in connection with the Merger.

In connection with the Merger and subject to certain determinations required to be made by the Company’s board of directors, the Company’s stockholders will be asked to approve the Company’s ability to issue shares of its common stock at a price below the then-current NAV per share in connection with the Merger in the event that at the time of such issuance, the Company’s then-current NAV per share is greater than the value of the shares of MVC’s common stock being exchanged.

Under the Merger Agreement, the Exchange Ratio was fixed on August 10, 2020, at the signing of the Merger Agreement, subject to certain adjustments pursuant to the Merger Agreement. The Exchange Ratio was determined taking into account the NAV per share of the Company’s common stock and MVC’s common stock as of June 30, 2020 and April 30, 2020, respectively, and is not subject to adjustment based on changes in the NAV per share of the Company’s common stock or MVC’s common stock. In that regard, regardless of the date on which the Merger is consummated and the resulting date on which the shares of the Company’s common stock are issued, the Exchange Ratio upon which the shares of the Company’s common stock will be issued will not change (except for certain specified adjustments). Consequently, if, on the date that the Company’s common stock is issued, the per share value of MVC’s common stock were to decrease from its per share value as of April 30, 2020 and the NAV of the Company’s common stock were to remain the same, then the Company could be deemed to be issuing shares at a price below its then-current NAV per share. As a result, it is not known at this time whether the Company will be issuing shares of its common stock at a price below the then-current NAV per share to MVC’s stockholders in connection with the Merger. The determination of whether the Company is issuing its shares of its common stock at a price below the then-current NAV per share will be made at or around the time of the closing of the Merger.

If the Company were to issue shares of its common stock below its then-current NAV per share in connection with the Merger, such sales would result in an immediate dilution to the NAV per share of the Company’s common stock. This dilution would occur as a result of the issuance of shares at a price below the then-current NAV per share of the Company’s common stock and a proportionately greater decrease in the stockholders’ interest in the Company’s earnings and assets and their voting interest in the Company than the increase in the Company’s assets resulting from such issuance. Because the NAV of shares of the Company’s common stock at or around the time of the Merger is not currently known, the actual dilutive effect cannot be predicted.

The Company may be unable to realize the benefits anticipated by the Merger, including estimated cost savings, or it may take longer than anticipated to realize such benefits.

The realization of certain benefits anticipated as a result of the Merger will depend in part on the integration of MVC's investment portfolio with the Company's and the integration of MVC's business with the Company's. There can be no assurance that MVC's investment portfolio or business can be operated profitably or integrated successfully into the Company's operations in a timely fashion or at all. The dedication of management resources to such integration may divert attention from the day-to-day business of the combined company and there can be no assurance that there will not be substantial costs associated with the transition process or there will not be other material adverse effects as a result of these integration efforts. Such effects, including incurring unexpected costs or delays in connection with such integration and failure of MVC's investment portfolio to perform as expected, could have a material adverse effect on the financial results of the combined company.

The Company also expects to achieve certain cost savings from the Merger when the two companies have fully integrated their portfolios. It is possible that the estimates of the potential cost savings could ultimately be incorrect. The cost savings estimates also assume the Company will be able to combine the operations of the Company and MVC in a manner that permits those cost savings to be fully realized. If the estimates turn out to be incorrect or if the Company is not able to successfully combine MVC's investment portfolio or business with the operations of the Company, the anticipated cost savings may not be fully realized, or realized at all, or may take longer to realize than expected.

The announcement and pendency of the proposed Merger could adversely affect the Company's business, financial results and operations.

The announcement and pendency of the proposed Merger could cause disruptions in and create uncertainty surrounding the Company's business, including affecting its relationships with its existing and future borrowers, which could have a significant negative impact on its future revenues and results of operations, regardless of whether the Merger is completed. In addition, the Company diverted, and will continue to divert, significant management resources towards the completion of the Merger, which could have a significant negative impact on its future revenues and results of operations.

The Company is also subject to restrictions on the conduct of its business prior to the completion of the Merger as provided in the Merger Agreement, generally requiring the Company to conduct its business only in the ordinary course and subject to specific limitations, including, among other things, certain restrictions on its ability to make certain investments and acquisitions, sell, transfer or dispose of its assets, amend its organizational documents and enter into or modify certain material contracts. These restrictions could prevent the Company from pursuing otherwise attractive business opportunities, industry developments and future opportunities and may otherwise have a significant negative impact on its future investment income and results of operations.

The termination of the Merger Agreement could negatively impact the Company.

The Merger may not be completed. For example, either MVC or the Company may terminate the Merger Agreement if the Merger is not completed by February 10, 2021 (so long as the party seeking termination has not been the principal cause of the delay). If the Merger Agreement is terminated, there may be various consequences, including:

- the Company's businesses may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the Merger, without realizing any of the anticipated benefits of completing the Merger;
- the market price of the Company's common stock might decline to the extent that the market price prior to termination reflects a market assumption that the Merger will be completed;
- under certain circumstances, the Company may be required to pay or cause to be paid to MVC a termination fee of approximately $4.7 million; and
- the Company will have incurred substantial expenses (including investment banking, legal expenses and accounting fees and financing printing and other related charges) for which no ultimate benefit will have been received.

The Merger is subject to closing conditions, including stockholder approvals, that, if not satisfied or waived, will result in the Merger not being completed, which may result in material adverse consequences to the Company's business and operations.

While there can be no assurances as to the exact timing, or that the Merger will be completed at all, the Company and MVC are working to complete the Merger in the fourth quarter of 2020. The Merger is subject to closing conditions, including required regulatory approvals (including the expiration of the waiting period under the HSR Act, and the rules and regulations thereunder and the approval of the European Commission pursuant to the Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings, and certain approvals of the Company's and MVC's respective stockholders that, if not satisfied, will prevent the Merger from being completed. Early termination of the waiting period under the HSR Act was granted on September 30, 2020. The closing condition that the Company's stockholders approve the issuance of shares of the Company's common stock in connection with the Merger and the issuance of shares of the Company's common stock in connection with the Merger at a price below its then-current NAV may not be waived and must be satisfied for the Merger to be completed. The Company currently expects that all of its directors and executive officers will vote their shares of the Company's common stock in favor of these proposals. If the Company's stockholders do not approve these proposals and the Merger is not completed, the resulting failure of the Merger could have a material adverse impact on the Company's business and operations. The closing condition that MVC stockholders adopt the Merger Agreement may not be waived and must be satisfied for the Merger to be completed. If MVC stockholders do not adopt the Merger Agreement and the Merger is not completed, the resulting failure to complete the Merger could have a material adverse impact on the Company's business and operations.

MVC and the Company will be subject to contractual restrictions while the Merger is pending, including restrictions on pursuing alternatives to the Merger.

Uncertainty about the effect of the Merger may have an adverse effect on the Company and MVC and, consequently, on the combined company following completion of the Merger. These uncertainties may impair the Company's and MVC's abilities to motivate key personnel until the Merger is consummated and could cause those who deal with the Company and MVC to seek to change their existing business relationships with the Company and MVC, respectively. In addition, the Merger Agreement restricts the Company and MVC from taking actions that they might otherwise consider to be in their best interests. These restrictions may prevent the Company and MVC from pursuing certain business opportunities that may arise prior to the completion of the Merger, including restrictions on them pursuing alternatives to the Merger.

Subject to applicable law, each party may waive one or more conditions to the Merger without resoliciting approval from its respective stockholders.

Certain conditions to the Company's and MVC's obligations to complete the Merger may be waived, in whole or in part, to the extent legally allowed, either unilaterally or by agreement of the Company and MVC. In the event that any such waiver does not require resolicitation of stockholders, the parties to the Merger Agreement will have the discretion to complete the Merger without seeking further stockholder approval. Accordingly, the terms and conditions as set forth in the Merger Agreement, including certain protections to the Company, may be waived. The conditions requiring approval of the Company's stockholders and MVC's stockholders, however, cannot be waived.

The market price of the Company's common stock after the Merger may be affected by factors different from those affecting the Company's common stock or MVC's common stock currently.

The businesses of the Company and MVC differ in some respects and, accordingly, the results of operations of the combined company and the market price of the Company's common stock after the Merger may be affected by factors different from those currently affecting the independent results of operations of each of the Company and MVC. These factors include:

- a larger stockholder base;
- a different portfolio composition; and
- a different capital structure

Accordingly, the historical trading prices and financial results of the Company may not be indicative of these matters for the combined company following the Merger.

The Merger may trigger certain "change of control" provisions and other restrictions in certain of the Company's and MVC's contracts and the failure to obtain any required consents or waivers could adversely impact the combined company.

Certain agreements of the Company and MVC or their controlled affiliates will or may require the consent of one or more counterparties in connection with the Merger. The failure to obtain any such consent may permit such counter-parties to terminate, or otherwise increase their rights or the Company's or MVC's obligations under, any such agreement because the Merger may violate an anti-assignment, change of control or similar provision. If this happens, the Company or MVC may have to seek to replace that agreement with a new agreement or seek a waiver or amendment to such agreement. The Company cannot assure you that it or MVC will be able to replace, amend or obtain a waiver under any such agreement on comparable terms or at all.

If any such agreement is material, the failure to obtain consents, amendments or waivers under, or to replace on similar terms or at all, any of these agreements could adversely affect the financial performance or results of operations of the combined company following the Merger, including preventing the Company from operating a material part of MVC's business.

In addition, the consummation of the Merger may violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event that, with or without notice or lapse of time or both, would constitute a default) under, or result in the termination, cancellation, acceleration or other change of any right or obligation (including any payment obligation) under the Company's or MVC's agreements. Any such violation, conflict, breach, loss, default or other effect could, either individually or in the aggregate, have a material adverse effect on the financial condition, results of operations, assets or business of the combined company following completion of the Merger.

The combined company may not be able to obtain financing for additional capital requirements.

Following completion of the Merger, the combined company may seek significant ongoing capital funding and, although the Company anticipates that the combined company will be able to obtain such funding through cash generated from operations and subsequent debt, equity or hybrid offerings, there can be no assurances that the combined company will be able to obtain financing on acceptable terms or at all.

The Company has incurred and expects to incur substantial transaction fees and costs in connection with the Merger, whether or not the Merger is completed.

The Company has incurred and expects to incur additional material non-recurring expenses in connection with the Merger and completion of the transactions contemplated by the Merger Agreement. The Company has incurred significant legal, advisory and financial services fees in connection with the process of negotiating and evaluating the terms of the Merger. Additional significant unanticipated costs may be incurred in the course of coordinating the businesses of MVC and the Company after completion of the Merger.

Even if the Merger is not completed, the Company will need to pay certain costs relating to the Merger incurred prior to the date the Merger was abandoned, such as legal, accounting, financial advisory, filing and printing fees. Such costs may be significant and could have an adverse effect on the Company's future results of operations, cash flows and financial condition.

Litigation filed against MVC or the Company in connection with the Merger could result in substantial costs and could delay or prevent the Merger from being completed.

From time to time, MVC and the Company may be subject to legal actions, including securities class action lawsuits and derivative lawsuits, as well as various regulatory, governmental and law enforcement inquiries, investigations and subpoenas in connection with the Merger. These or any similar securities class action lawsuits and derivative lawsuits, regardless of their merits, may result in substantial costs and divert management time and resources. An adverse judgment in such cases could have a negative impact on the Company's liquidity and financial condition or could prevent the Merger from being completed.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*

Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

During the three months ended September 30, 2020, in connection with our Dividend Reinvestment Plan for our common stockholders, we directed the plan administrator to purchase 23,915 shares of our common stock for an aggregate of $193,178 in the open market in order to satisfy our obligations to deliver shares of common stock to our stockholders with respect to our dividend declared on August 5, 2020.

Item 3. *Defaults Upon Senior Securities.*

None.

Item 4. *Mine Safety Disclosures.*

Not applicable.

Item 5. ***Other Information.***

Not Applicable

Item 6. ***Exhibits.***

Number	Exhibit
3.1	Articles of Amendment and Restatement of the Registrant (Filed as Exhibit (a)(3) to the Registrant's Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 (File No. 333-138418) filed with the Securities and Exchange Commission on December 29, 2006 and incorporated herein by reference).
3.2	Articles of Amendment of the Registrant (Filed as Exhibit 3.1 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 2, 2018 and incorporated herein by reference).
3.3	Seventh Amended and Restated Bylaws of the Registrant (Filed as Exhibit 3.3 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 2, 2018 and incorporated herein by reference).
3.4	Articles Supplementary (Filed as Exhibit 3.2 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 2, 2018 and incorporated herein by reference).
10.1	Note Purchase Agreement by and between the Company and the purchasers party thereto, dated August 3, 2020 (Filed as Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 5, 2020 and incorporated herein by reference).
10.2	Agreement and Plan of Merger, by and among the Company, MVC Capital, Inc., Mustang Acquisition Sub, Inc., and Barings LLC, dated as of August 10, 2020 (Filed as Exhibit 2.1 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 10, 2020 and incorporated herein by reference).
10.3	Form of Voting Agreement (Filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 10, 2020 and incorporated herein by reference).
10.4	Note Purchase Agreement by and between the Company and the purchasers party thereto, dated November 4, 2020 (Filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 4, 2020 and incorporated herein by reference).
10.5	Amendment No. 1 to August 3, 2020 Note Purchase Agreement by and between the Company and the purchasers party thereto, dated November 4, 2020 (Filed as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 4, 2020 and incorporated herein by reference).
31.1	Chief Executive Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 ofthe Sarbanes-Oxley Act of 2002.*
31.2	Chief Financial Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Chief Executive Officer Certification pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Chief Financial Officer Certification pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

* Filed Herewith.

** Furnished Herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BARINGS BDC, INC.

Date:	November 9, 2020	/s/ Eric Lloyd Eric Lloyd Chief Executive Officer (Principal Executive Officer)
Date:	November 9, 2020	/s/ Jonathan Bock Jonathan Bock Chief Financial Officer (Principal Financial Officer)
Date:	November 9, 2020	/s/ Elizabeth A. Murray Elizabeth A. Murray Principal Accounting Officer

Exhibit 31.1

Certification of Chief Executive Officer of Barings BDC, Inc.
pursuant to Rule 13a-14(a) under the Exchange Act,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Eric Lloyd, as Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Barings BDC, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ERIC LLOYD

Eric Lloyd
Chief Executive Officer

November 9, 2020

Exhibit 31.2

Certification of Chief Financial Officer of Barings BDC, Inc.
pursuant to Rule 13a-14(a) under the Exchange Act,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jonathan Bock, as Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Barings BDC, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JONATHAN BOCK

Jonathan Bock
Chief Financial Officer

November 9, 2020

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Barings BDC, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric Lloyd, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ERIC LLOYD

Eric Lloyd
Chief Executive Officer

November 9, 2020

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Barings BDC, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jonathan Bock, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JONATHAN BOCK

Jonathan Bock
Chief Financial Officer

November 9, 2020