

**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 June 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
(State or other jurisdiction of
incorporation or organization)

300 South Tryon Street, Suite 2500
Charlotte, North Carolina
(Address of principal executive offices)

06-1798488
(I.R.S. Employer
Identification No.)

28202
(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:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 August 5, 2020 was 47,961,753.

BARINGS BDC, INC.
TABLE OF CONTENTS
QUARTERLY REPORT ON FORM 10-Q

PART I – FINANCIAL INFORMATION

	<u>Page</u>	
Item 1.	Financial Statements	
	Unaudited Consolidated Balance Sheet as of June 30, 2020 and Consolidated Balance Sheet as of December 31, 2019	3
	Unaudited Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2020 and 2019	4
	Unaudited Consolidated Statements of Changes in Net Assets for the Three and Six Months Ended June 30, 2020 and 2019	5
	Unaudited Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2020 and 2019	7
	Unaudited Consolidated Schedule of Investments as of June 30, 2020	8
	Consolidated Schedule of Investments as of December 31, 2019	18
	Notes to Unaudited Consolidated Financial Statements	27
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	55
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	72
Item 4.	Controls and Procedures	73

PART II – OTHER INFORMATION

Item 1.	Legal Proceedings	74
Item 1A.	Risk Factors	74
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	74
Item 3.	Defaults Upon Senior Securities	75
Item 4.	Mine Safety Disclosures	75
Item 5.	Other Information	75
Item 6.	Exhibits	76
Signatures		77

PART I – FINANCIAL INFORMATION

Item 1. *Financial Statements.*

Barings BDC, Inc.
Consolidated Balance Sheets

	June 30, 2020 (Unaudited)	December 31, 2019
Assets:		
Investments at fair value:		
Non-Control / Non-Affiliate investments (cost of \$1,033,046,789 and \$1,085,866,720 as of June 30, 2020 and December 31, 2019, respectively)	\$ 960,061,063	\$ 1,066,845,054
Affiliate investments (cost of \$16,658,270 and \$10,158,270 as of June 30, 2020 and December 31, 2019, respectively)	15,933,845	10,229,813
Short-term investments (cost of \$58,046,476 and \$96,568,940 as of June 30, 2020 and December 31, 2019, respectively)	58,046,124	96,568,940
Total investments at fair value	1,034,041,032	1,173,643,807
Cash	18,453,504	21,991,565
Interest and fees receivable	6,493,056	5,265,980
Prepaid expenses and other assets	857,173	1,112,559
Deferred financing fees	4,705,974	5,366,119
Receivable from unsettled transactions	575,630	45,254,808
Total assets	\$ 1,065,126,369	\$ 1,252,634,838
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,213,146	\$ 1,524,830
Interest payable	1,306,052	2,491,534
Administrative fees payable	200,000	400,000
Base management fees payable	3,616,787	3,266,722
Payable from unsettled transactions	—	4,924,150
Borrowings under credit facilities	342,921,705	352,488,419
Debt securitization	225,395,485	316,664,474
Total liabilities	574,653,175	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 June 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)	(356,211,495)	(282,940,612)
Total net assets	490,473,194	570,874,709
Total liabilities and net assets	\$ 1,065,126,369	\$ 1,252,634,838
Net asset value per share	\$ 10.23	\$ 11.66

See accompanying notes.

Barings BDC, Inc.
Unaudited Consolidated Statements of Operations

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Investment income:				
Interest income:				
Non-Control / Non-Affiliate investments	\$ 15,249,065	\$ 18,823,480	\$ 32,645,476	\$ 36,684,799
Short-term investments	46,614	251,344	324,605	424,039
Total interest income	15,295,679	19,074,824	32,970,081	37,108,838
Dividend income:				
Non-Control / Non-Affiliate investments	2,603	4,711	2,603	4,711
Total dividend income	2,603	4,711	2,603	4,711
Fee and other income:				
Non-Control / Non-Affiliate investments	650,433	519,970	1,611,426	821,027
Total fee and other income	650,433	519,970	1,611,426	821,027
Payment-in-kind interest income:				
Non-Control / Non-Affiliate investments	191,049	—	234,621	—
Total payment-in-kind interest income	191,049	—	234,621	—
Interest income from cash	—	2,183	631	6,870
Total investment income	16,139,764	19,601,688	34,819,362	37,941,446
Operating expenses:				
Interest and other financing fees	4,624,731	7,027,040	10,628,864	12,871,212
Base management fee (Note 2)	3,616,787	3,130,955	7,529,160	5,581,950
Compensation expenses	—	108,646	48,410	227,090
General and administrative expenses (Note 2)	1,369,117	1,922,165	2,789,730	3,891,025
Total operating expenses	9,610,635	12,188,806	20,996,164	22,571,277
Net investment income	6,529,129	7,412,882	13,823,198	15,370,169
Realized and unrealized gains (losses) on investments and foreign currency transactions:				
Net realized gains (losses):				
Non-Control / Non-Affiliate investments	(16,597,865)	50,024	(16,755,844)	(79,751)
Net realized gains (losses) on investments	(16,597,865)	50,024	(16,755,844)	(79,751)
Foreign currency transactions	82,868	—	(61,525)	—
Net realized gains (losses)	(16,514,997)	50,024	(16,817,369)	(79,751)
Net unrealized appreciation (depreciation):				
Non-Control / Non-Affiliate investments	63,416,644	2,014,096	(53,944,413)	27,411,284
Affiliate investments	3,037,255	(162,089)	(795,968)	(162,089)
Net unrealized appreciation (depreciation) on investments	66,453,899	1,852,007	(54,740,381)	27,249,195
Foreign currency transactions	(1,410,589)	—	387,638	—
Net unrealized appreciation (depreciation)	65,043,310	1,852,007	(54,352,743)	27,249,195
Net realized losses and unrealized appreciation (depreciation) on investments and foreign currency transactions	48,528,313	1,902,031	(71,170,112)	27,169,444
Loss on extinguishment of debt	(306,202)	(85,356)	(443,592)	(129,751)
Benefit from (provision for) taxes	(2,532)	17,493	17,467	(499)
Net increase (decrease) in net assets resulting from operations	\$ 54,748,708	\$ 9,247,050	\$ (57,773,039)	\$ 42,409,363
Net investment income per share—basic and diluted	\$ 0.14	\$ 0.15	\$ 0.29	\$ 0.30
Net increase (decrease) in net assets resulting from operations per share—basic and diluted	\$ 1.14	\$ 0.18	\$ (1.19)	\$ 0.83
Dividends/distributions per share:				
Total dividends/distributions per share	\$ 0.16	\$ 0.13	\$ 0.32	\$ 0.25
Weighted average shares outstanding—basic and diluted	47,977,481	50,473,640	48,432,437	50,813,753

See accompanying notes.

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

Three Months Ended June 30, 2019	Common Stock		Additional Paid-In Capital	Total Distributable Earnings (Loss)	Total Net Assets
	Number of Shares	Par Value			
Balance, March 31, 2019	50,690,659	\$ 50,691	\$ 879,033,345	\$ (294,922,722)	\$ 584,161,314
Net investment income	—	—	—	7,412,882	7,412,882
Net realized gain on investments / foreign currency transactions	—	—	—	50,024	50,024
Net unrealized appreciation of investments / foreign currency transactions	—	—	—	1,852,007	1,852,007
Loss on extinguishment of debt	—	—	—	(85,356)	(85,356)
Income tax benefit	—	—	—	17,493	17,493
Dividends / distributions	—	—	—	(6,540,856)	(6,540,856)
Purchases of shares in repurchase plan	(376,384)	(377)	(3,787,426)	—	(3,787,803)
Balance, June 30, 2019	50,314,275	\$ 50,314	\$ 875,245,919	\$ (292,216,528)	\$ 583,079,705

Three Months Ended June 30, 2020	Common Stock		Additional Paid-In Capital	Total Distributable Earnings (Loss)	Total Net Assets
	Number of Shares	Par Value			
Balance, March 31, 2020	48,288,822	\$ 48,289	\$ 848,982,942	\$ (403,286,323)	\$ 445,744,908
Net investment income	—	—	—	6,529,129	6,529,129
Net realized loss on investments / foreign currency transactions	—	—	—	(16,514,997)	(16,514,997)
Net unrealized appreciation of investments / foreign currency transactions	—	—	—	65,043,310	65,043,310
Loss on extinguishment of debt	—	—	—	(306,202)	(306,202)
Provision for taxes	—	—	—	(2,532)	(2,532)
Dividends / distributions	—	—	—	(7,673,880)	(7,673,880)
Purchases of shares in repurchase plan	(327,069)	(327)	(2,346,215)	—	(2,346,542)
Balance, June 30, 2020	47,961,753	\$ 47,962	\$ 846,636,727	\$ (356,211,495)	\$ 490,473,194

See accompanying notes.

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

Six Months Ended June 30, 2019	Common Stock		Additional Paid-In Capital	Total Distributable Earnings (Loss)	Total Net Assets
	Number of Shares	Par Value			
Balance, December 31, 2018	51,284,064	\$ 51,284	\$ 884,894,249	\$ (321,978,246)	\$ 562,967,287
Net investment income	—	—	—	15,370,169	15,370,169
Net realized loss on investments / foreign currency transactions	—	—	—	(79,751)	(79,751)
Net unrealized appreciation of investments / foreign currency transactions	—	—	—	27,249,195	27,249,195
Loss on extinguishment of debt	—	—	—	(129,751)	(129,751)
Provision for taxes	—	—	—	(499)	(499)
Dividends / distributions	—	—	—	(12,647,645)	(12,647,645)
Purchases of shares in repurchase plan	(969,789)	(970)	(9,648,330)	—	(9,649,300)
Balance, June 30, 2019	50,314,275	\$ 50,314	\$ 875,245,919	\$ (292,216,528)	\$ 583,079,705

Six Months Ended June 30, 2020	Common Stock		Additional Paid-In Capital	Total Distributable Earnings (Loss)	Total Net Assets
	Number of Shares	Par Value			
Balance, December 31, 2019	48,950,803	\$ 48,951	\$ 853,766,370	\$ (282,940,612)	\$ 570,874,709
Net investment income	—	—	—	13,823,198	13,823,198
Net realized loss on investments / foreign currency transactions	—	—	—	(16,817,369)	(16,817,369)
Net unrealized depreciation of investments / foreign currency transactions	—	—	—	(54,352,743)	(54,352,743)
Loss on extinguishment of debt	—	—	—	(443,592)	(443,592)
Income tax benefit	—	—	—	17,467	17,467
Dividends / distributions	—	—	—	(15,497,844)	(15,497,844)
Purchases of shares in repurchase plan	(989,050)	(989)	(7,129,643)	—	(7,130,632)
Balance, June 30, 2020	47,961,753	\$ 47,962	\$ 846,636,727	\$ (356,211,495)	\$ 490,473,194

See accompanying notes.

Barings BDC, Inc.
Unaudited Consolidated Statements of Cash Flows

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	\$ (57,773,040)	\$ 42,409,363
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	(171,523,304)	(171,350,190)
Repayments received / sales of portfolio investments	239,658,503	104,431,586
Purchases of short-term investments	(403,971,411)	(317,480,389)
Sales of short-term investments	442,510,853	328,280,839
Loan origination and other fees received	3,131,785	2,420,157
Net realized loss on investments	16,755,844	79,751
Net realized loss on foreign currency transactions	61,525	—
Net unrealized (appreciation) depreciation of investments	54,740,381	(27,249,195)
Net unrealized appreciation of foreign currency transactions	(387,638)	—
Payment-in-kind interest accrued, net of payments received	(234,621)	—
Amortization of deferred financing fees	737,617	558,712
Loss on extinguishment of debt	443,592	129,751
Accretion of loan origination and other fees	(1,141,713)	(543,501)
Amortization / accretion of purchased loan premium/discount	(604,296)	(114,594)
Changes in operating assets and liabilities:		
Interest and fees receivables	(1,374,055)	800,641
Prepaid expenses and other assets	255,386	2,805,502
Accounts payable and accrued liabilities	(144,024)	525,202
Interest payable	(1,184,912)	1,589,621
Net cash provided by (used in) operating activities	<u>119,956,472</u>	<u>(32,706,744)</u>
Cash flows from financing activities:		
Borrowings under credit facilities	108,123,996	120,000,000
Repayments of credit facilities	(117,200,000)	(404,500,000)
Proceeds from debt securitization	—	348,250,000
Repayment of debt securitization	(91,790,053)	—
Financing fees paid	—	(8,246,691)
Purchases of shares in repurchase plan	(7,130,632)	(9,649,300)
Cash dividends / distributions paid	(15,497,844)	(12,647,645)
Net cash provided by (used in) financing activities	<u>(123,494,533)</u>	<u>33,206,364</u>
Net increase (decrease) in cash	(3,538,061)	499,620
Cash, beginning of period	21,991,565	12,426,982
Cash, end of period	<u>\$ 18,453,504</u>	<u>\$ 12,926,602</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 9,891,871</u>	<u>\$ 9,451,297</u>

See accompanying notes.

Barings BDC, Inc.
Unaudited Consolidated Schedule of Investments
June 30, 2020

Portfolio Company	Industry	Type of Investment ^{(1) (2)}	Principal Amount	Cost	Fair Value
<u>Non-Control / Non-Affiliate Investments:</u>					
iWorldSync, Inc. (4.3%)* ^{(5) (7) (8)}	IT Consulting & Other Services	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 07/19, Due 07/25)	\$ 858,894	\$ 844,035	\$ 816,626
		First Lien Senior Secured Term Loan (LIBOR + 5.75%, 7.0% Cash, Acquired 07/19, Due 07/25)	21,472,356	21,099,121	20,415,644
			<u>22,331,250</u>	<u>21,943,156</u>	<u>21,232,270</u>
Accelerate Learning, Inc. (1.4%)* ^{(5) (7) (8)}	Education Services	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.6% Cash, Acquired 12/18, Due 12/24)	7,567,965	7,449,704	6,933,342
			<u>7,567,965</u>	<u>7,449,704</u>	<u>6,933,342</u>
Accurus Aerospace Corporation (4.3%)* ^{(5) (7) (8)}	Aerospace & Defense	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 6.4% Cash, Acquired 10/18, Due 10/24)	24,625,000	24,346,233	21,198,156
			<u>24,625,000</u>	<u>24,346,233</u>	<u>21,198,156</u>
Acisure, LLC (0.4%)* ^{(5) (8)}	Property & Casualty Insurance	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 3.7% Cash, Acquired 03/20, Due 02/27)	1,995,000	1,709,898	1,880,288
			<u>1,995,000</u>	<u>1,709,898</u>	<u>1,880,288</u>
ADE Holding (d/b/a AD Education) (1.8%)* ^{(3) (5) (7) (8)}	Education Services	First Lien Senior Secured Term Loan (EURIBOR + 5.0%, 5.0% Cash, Acquired 01/20, Due 01/27)	9,581,593	9,163,988	8,755,838
			<u>9,581,593</u>	<u>9,163,988</u>	<u>8,755,838</u>
ADMI Corp. (0.6%)* ^{(6) (8)}	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 2.9% Cash, Acquired 08/18, Due 04/25)	3,430,482	3,440,286	3,180,709
			<u>3,430,482</u>	<u>3,440,286</u>	<u>3,180,709</u>
Aftermath Bidco Corporation (2.4%)* ^{(5) (7) (8)}	Professional Services	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 7.1% Cash, Acquired 04/19, Due 04/25)	12,197,427	11,969,619	11,603,465
			<u>12,197,427</u>	<u>11,969,619</u>	<u>11,603,465</u>
Alliant Holdings LP (0.9%)* ^{(6) (8)}	Property & Casualty Insurance	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 2.9% Cash, Acquired 09/18, Due 05/25)	4,910,038	4,916,270	4,643,373
			<u>4,910,038</u>	<u>4,916,270</u>	<u>4,643,373</u>
Altice USA, Inc. (0.5%)* ^{(3) (5) (8)}	Cable & Satellite	First Lien Senior Secured Term Loan (LIBOR + 2.25%, 2.4% Cash, Acquired 09/18, Due 01/26)	2,493,687	2,206,701	2,354,315
			<u>2,493,687</u>	<u>2,206,701</u>	<u>2,354,315</u>
American Dental Partners, Inc. (1.8%)* ^{(5) (7) (8)}	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 5.3% Cash, Acquired 11/18, Due 03/23)	9,850,000	9,833,760	8,983,941
			<u>9,850,000</u>	<u>9,833,760</u>	<u>8,983,941</u>
American Scaffold, Inc. (1.9%)* ^{(5) (7) (8)}	Aerospace & Defense	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 09/19, Due 09/25)	9,735,797	9,541,502	9,245,360
			<u>9,735,797</u>	<u>9,541,502</u>	<u>9,245,360</u>
Anchorage Capital CLO Ltd: Series 2013-1A (0.4%)* ^{(3) (5) (8)}	Structured Finance	Structured Secured Note - Class DR (LIBOR + 6.8%, 8.1% Cash, Acquired 03/20, Due 10/30)	2,000,000	1,734,878	1,861,922
			<u>2,000,000</u>	<u>1,734,878</u>	<u>1,861,922</u>
Anju Software, Inc. (2.6%)* ^{(5) (7) (8)}	Application Software	First Lien Senior Secured Term Loan (LIBOR + 5.5%, 6.6% Cash, Acquired 02/19, Due 02/25)	13,735,856	13,449,096	12,947,157
			<u>13,735,856</u>	<u>13,449,096</u>	<u>12,947,157</u>
Apex Bidco Limited (1.1%)* ^{(3) (5) (7)}	Business Equipment & Services	First Lien Senior Secured Term Loan (GBP LIBOR + 6.50%, 7.2% Cash, Acquired 01/20, Due 01/27) ⁽⁸⁾	5,181,990	5,344,752	4,868,108
		Subordinated Senior Unsecured Term Loan (8.0% PIK, Acquired 01/20, Due 07/27)	621,838	641,273	584,714
			<u>5,803,828</u>	<u>5,986,025</u>	<u>5,452,822</u>
Apex Tool Group, LLC (1.3%)* ^{(5) (6) (8)}	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.5% Cash, Acquired 08/18, Due 08/24)	7,054,987	6,937,646	6,292,625
			<u>7,054,987</u>	<u>6,937,646</u>	<u>6,292,625</u>
Applied Systems Inc. (1.0%)* ^{(6) (8)}	Application Software	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 4.3% Cash, Acquired 09/19, Due 09/24)	4,937,940	4,965,194	4,791,481
			<u>4,937,940</u>	<u>4,965,194</u>	<u>4,791,481</u>
AQA Acquisition Holding, Inc. (f/k/a SmartBear) (1.0%)* ^{(5) (7) (8)}	High Tech Industries	Second Lien Senior Secured Term Loan (LIBOR + 8.0%, 9.5% Cash, Acquired 10/18, Due 05/24)	4,959,088	4,867,502	4,766,877
			<u>4,959,088</u>	<u>4,867,502</u>	<u>4,766,877</u>

Barings BDC, Inc.
Unaudited Consolidated Schedule of Investments — (Continued)
June 30, 2020

Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value
Arch Global Precision LLC (2.2%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 04/19, Due 04/26)	\$ 11,558,622	\$ 11,342,687	\$ 10,684,104
			11,558,622	11,342,687	10,684,104
Armstrong Transport Group (Pele Buyer, LLC) (0.9%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Air Freight & Logistics	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 06/19, Due 06/24)	4,667,670	4,580,193	4,405,835
			4,667,670	4,580,193	4,405,835
Ascend Learning, LLC (1.0%)* ⁽⁶⁾⁽⁸⁾	IT Consulting & Other Services	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.0% Cash, Acquired 09/18, Due 07/24)	4,936,548	4,944,790	4,686,660
			4,936,548	4,944,790	4,686,660
Ascensus Specialties, LLC (1.4%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Specialty Chemicals	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 4.9% Cash, Acquired 09/19, Due 09/26)	7,054,852	6,990,567	6,625,013
			7,054,852	6,990,567	6,625,013
ASPEQ Heating Group LLC (1.8%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Building Products, Air and Heating	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 11/19, Due 11/25)	8,990,679	8,868,005	8,613,002
			8,990,679	8,868,005	8,613,002
Auxi International (0.3%)* ⁽³⁾⁽⁵⁾⁽⁷⁾⁽⁸⁾	Commercial Finance	First Lien Senior Secured Term Loan (EURIBOR + 5.5%, 5.5% Cash, Acquired 12/19, Due 12/26)	1,572,410	1,512,116	1,481,336
			1,572,410	1,512,116	1,481,336
Aveanna Healthcare Holdings, Inc. (0.9%)* ⁽⁶⁾⁽⁸⁾	Health Care Facilities	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 5.3% Cash, Acquired 10/18, Due 03/24)	1,465,984	1,451,877	1,292,514
		First Lien Senior Secured Term Loan (LIBOR + 5.5%, 6.5% Cash, Acquired 10/18, Due 03/24)	3,511,966	3,512,767	3,109,565
			4,977,950	4,964,644	4,402,079
AVSC Holding Corp. (0.7%)* ⁽⁶⁾⁽⁸⁾	Advertising	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 4.25% Cash, Acquired 08/18, Due 03/25)	4,917,072	4,894,839	3,515,706
			4,917,072	4,894,839	3,515,706
Bass Pro Group, LLC (0.4%)* ⁽⁵⁾⁽⁸⁾	General Merchandise Stores	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.1% Cash, Acquired 03/20, Due 09/24)	1,989,770	1,782,295	1,909,463
			1,989,770	1,782,295	1,909,463
BDP International, Inc. (f/k/a BDP Buyer, LLC) (4.8%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Air Freight & Logistics	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 12/18, Due 12/24)	24,625,000	24,239,939	23,504,409
			24,625,000	24,239,939	23,504,409
Beacon Pointe Advisors, LLC (0.1%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Asset Manager & Custody Bank	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.4% Cash, Acquired 03/20, Due 03/26)	634,773	613,132	612,386
			634,773	613,132	612,386
Benify (Bennevis AB) (0.3%)* ⁽³⁾⁽⁵⁾⁽⁷⁾⁽⁸⁾	High Tech Industries	First Lien Senior Secured Term Loan (STIBOR + 5.25%, 5.3% Cash, Acquired 07/19, Due 07/26)	1,400,672	1,365,178	1,335,227
			1,400,672	1,365,178	1,335,227
Berlin Packaging LLC (1.0%)* ⁽⁶⁾⁽⁸⁾	Forest Products /Containers	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 3.2% Cash, Acquired 08/18, Due 11/25)	4,937,028	4,946,645	4,665,491
			4,937,028	4,946,645	4,665,491
Blackhawk Network Holdings Inc. (0.9%)* ⁽⁶⁾⁽⁸⁾	Data Processing & Outsourced Services	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 3.2% Cash, Acquired 11/18, Due 06/25)	4,937,028	4,937,028	4,533,821
			4,937,028	4,937,028	4,533,821
Boxer Parent Company Inc. (0.4%)* ⁽⁵⁾⁽⁸⁾	Software/Services	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 4.4% Cash, Acquired 03/20, Due 10/25)	1,989,899	1,797,528	1,877,967
			1,989,899	1,797,528	1,877,967
Brown Machine Group Holdings, LLC (1.0%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Industrial Equipment	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 10/18, Due 10/24)	5,286,022	5,236,738	4,867,702
			5,286,022	5,236,738	4,867,702
Cadent, LLC (f/k/a Cross MediaWorks) (1.5%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Media & Entertainment	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 09/18, Due 09/23)	7,798,384	7,747,419	7,454,420
			7,798,384	7,747,419	7,454,420
Carlyle Aviation Partners Ltd. (0.3%)* ⁽⁵⁾	Structured Finance	Structured Secured Note, Series 2019-2 - Class A (3.4% Cash, Acquired 3/20, Due 10/39)	948,595	858,707	855,977
		Structured Secured Note, Series 2018-2 - Class A (4.5% Cash, Acquired 03/20, Due 11/38)	434,772	393,648	387,701
			1,383,367	1,252,355	1,243,678

Barings BDC, Inc.
Unaudited Consolidated Schedule of Investments — (Continued)
June 30, 2020

Portfolio Company	Industry	Type of Investment ^{(1) (2)}	Principal Amount	Cost	Fair Value
Centralis Finco S.a.r.l. (0.4%)* ^{(3) (5) (7) (8)}	Diversified Financial Services	First Lien Senior Secured Term Loan (EURIBOR + 5.25%, 5.3% Cash, Acquired 5/20, Due 5/27)	\$ 2,006,413	\$ 1,838,968	\$ 1,961,000
			2,006,413	1,838,968	1,961,000
Cineworld Group PLC (0.5%)* ^{(3) (5) (8)}	Leisure Products	First Lien Senior Secured Term Loan (LIBOR + 2.25%, 3.3% Cash, Acquired 4/20, Due 2/25)	2,990,793	1,954,589	2,238,878
			2,990,793	1,954,589	2,238,878
Classic Collision (Summit Buyer, LLC) (0.6%)* ^{(5) (7) (8)}	Auto Collision Repair Centers	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.5% Cash, Acquired 01/20, Due 01/26)	3,921,456	3,630,038	3,145,392
			3,921,456	3,630,038	3,145,392
CM Acquisitions Holdings Inc. (4.0%)* ^{(5) (7) (8)}	Internet & Direct Marketing	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.5% Cash, Acquired 05/19, Due 05/25)	20,434,481	20,115,062	19,398,331
			20,434,481	20,115,062	19,398,331
CMT Opco Holding, LLC (Concept Machine) (1.1%)* ^{(5) (7) (8)}	Distributors	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.0% Cash, Acquired 01/20, Due 01/25) LLC Units (10,185 units, Acquired 01/20)	5,450,744	5,349,552	5,007,434
				407,915	299,118
			5,450,744	5,757,467	5,306,552
Confie Seguros Holding II Co. (0.3%)* ^{(5) (8)}	Insurance Brokerage Services	Second Lien Senior Secured Term Loan (LIBOR + 8.5%, 8.7% Cash, Acquired 10/19, Due 11/25)	2,500,000	2,360,112	1,677,075
			2,500,000	2,360,112	1,677,075
Contabo Finco S.À R.L. (0.3%)* ^{(5) (7) (8)}	Internet Software and Services	First Lien Senior Secured Term Loan (EURIBOR + 5.75%, 5.8% Cash, Acquired 10/19, Due 10/26)	1,361,657	1,307,535	1,269,399
			1,361,657	1,307,535	1,269,399
Container Store Group, Inc., (The) (0.5%)* ^{(6) (8)}	Retail	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.0% Cash, Acquired 09/18, Due 09/23)	2,889,648	2,891,578	2,326,166
			2,889,648	2,891,578	2,326,166
Core & Main LP (0.8%)* ^{(6) (8)}	Building Products	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 3.8% Cash, Acquired 09/18, Due 08/24)	3,959,391	3,973,700	3,762,649
			3,959,391	3,973,700	3,762,649
CPI International Inc. (0.9%)* ^{(6) (8)}	Electronic Components	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 4.5% Cash, Acquired 08/18, Due 07/24)	4,722,788	4,728,810	4,431,534
			4,722,788	4,728,810	4,431,534
Dart Buyer, Inc. (2.4%)* ^{(3) (5) (7) (8)}	Aerospace & Defense	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 04/19, Due 04/25)	12,373,311	12,131,607	11,685,480
			12,373,311	12,131,607	11,685,480
Davis Vision Incorporation (0.8%)* ^{(6) (8)}	Managed Health Care	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.0% Cash, Acquired 08/18, Due 12/24)	3,949,367	3,947,664	3,774,134
			3,949,367	3,947,664	3,774,134
Diamond Sports Group, LLC (0.2%)* ^{(5) (8)}	Broadcasting	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 3.4% Cash, Acquired 03/20, Due 08/26)	994,987	780,476	807,184
			994,987	780,476	807,184
Dimora Brands, Inc. (0.6%)* ^{(6) (8)}	Building Products	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 4.6% Cash, Acquired 08/18, Due 08/24)	2,938,760	2,941,402	2,812,040
			2,938,760	2,941,402	2,812,040
Distinct Holdings, Inc. (1.5%)* ^{(5) (7) (8)}	Systems Software	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 04/19, Due 12/23)	7,554,756	7,481,644	7,256,971
			7,554,756	7,481,644	7,256,971
DreamStart Bidco SAS (d/b/a SmartTrade) (2.0%)* ^{(3) (5) (7) (8)}	Diversified Financial Services	First Lien Senior Secured Term Loan (EURIBOR + 4.5%, 4.5% Cash, 1.8% PIK, Acquired 03/20, Due 03/27)	9,870,524	9,344,248	9,620,125
			9,870,524	9,344,248	9,620,125
Edelman Financial Center, LLC, The (1.0%)* ^{(6) (8)}	Investment Banking & Brokerage	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 3.2% Cash, Acquired 09/18, Due 07/25)	4,937,343	4,970,893	4,702,820
			4,937,343	4,970,893	4,702,820
Elmwood CLO: Series 2019-1A (0.6%)* ^{(3) (5) (8)}	Structured Finance	Structured Secured Note - Class E (LIBOR + 7.10%, 8.2% Cash, Acquired 03/20, Due 04/30)	3,000,000	2,673,958	2,825,565
			3,000,000	2,673,958	2,825,565
Endo International PLC (1.5%)* ^{(3) (5) (6) (8)}	Pharmaceuticals	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 5.0% Cash, Acquired 09/18, Due 04/24)	7,838,384	7,892,372	7,387,677
			7,838,384	7,892,372	7,387,677

Barings BDC, Inc.
Unaudited Consolidated Schedule of Investments — (Continued)
June 30, 2020

Portfolio Company	Industry	Type of Investment ^{(1) (2)}	Principal Amount	Cost	Fair Value
Envision Healthcare Corp. (0.4%)* ^{(5) (8)}	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 3.75%, 3.9% Cash, Acquired 03/20, Due 10/25)	\$ 3,172,878	\$ 2,205,049	\$ 2,070,303
			3,172,878	2,205,049	2,070,303
Exeter Property Group, LLC (2.5%)* ^{(5) (7) (8)}	Real Estate	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 4.7% Cash, Acquired 02/19, Due 08/24)	12,375,000	12,230,925	12,169,662
			12,375,000	12,230,925	12,169,662
ExGen Renewables IV, LLC (0.5%)* ^{(3) (6) (8)}	Electric Utilities	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.0% Cash, Acquired 09/18, Due 11/24)	2,787,424	2,808,008	2,696,833
			2,787,424	2,808,008	2,696,833
Eyemart Express LLC (0.6%)* ^{(6) (8)}	Retail	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.0% Cash, Acquired 08/18, Due 08/24)	3,425,797	3,434,625	3,108,910
			3,425,797	3,434,625	3,108,910
Fieldwood Energy LLC (0.4%)* ^{(4) (5) (6) (8)}	Oil & Gas Equipment & Services	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 7.0% Cash, Acquired 08/18, Due 04/22)	10,000,000	10,063,022	1,816,700
			10,000,000	10,063,022	1,816,700
Filtration Group Corporation (0.9%)* ^{(6) (7) (8)}	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 3.2% Cash, Acquired 09/18, Due 03/25)	4,748,978	4,776,205	4,511,529
			4,748,978	4,776,205	4,511,529
Flex Acquisition Holdings, Inc. (1.0%)* ^{(5) (6) (8)}	Paper Packaging	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 4.7% Cash, Acquired 08/18, Due 06/25)	5,418,688	5,429,097	5,093,566
			5,418,688	5,429,097	5,093,566
Frazer Consultants, LLC (d/b/a Tribute Technology) (1.3%)* ^{(5) (7) (8)}	Software Services	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.6% Cash, Acquired 11/19, Due 08/23)	6,688,791	6,629,982	6,438,403
			6,688,791	6,629,982	6,438,403
GoldenTree Loan Opportunities IX, Limited: Series 2014-9A (0.2%)* ^{(3) (5) (8)}	Structured Finance	Structured Secured Note - Class DR2 (LIBOR + 3.0%, 3.8% Cash, Acquired 03/20, Due 10/29)	1,250,000	900,520	1,159,651
			1,250,000	900,520	1,159,651
Graftech International Ltd. (1.0%)* ^{(3) (6) (8)}	Specialty Chemicals	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 4.5% Cash, Acquired 08/18, Due 02/25)	5,169,225	5,204,360	5,022,780
			5,169,225	5,204,360	5,022,780
Gulf Finance, LLC (0.1%)* ^{(5) (8)}	Oil & Gas Exploration & Production	First Lien Senior Secured Term Loan (LIBOR + 5.25%, 6.3% Cash, Acquired 10/18, Due 08/23)	1,053,642	932,202	674,331
			1,053,642	932,202	674,331
Harbor Freight Tools USA Inc. (1.2%)* ^{(6) (8)}	Specialty Stores	First Lien Senior Secured Term Loan (LIBOR + 2.5%, 3.3% Cash, Acquired 08/18, Due 08/23)	5,949,142	5,907,173	5,714,924
			5,949,142	5,907,173	5,714,924
Hayward Industries, Inc. (1.4%)* ^{(5) (6) (8)}	Leisure Products	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 3.7% Cash, Acquired 08/18, Due 08/24)	6,991,992	7,011,721	6,712,312
			6,991,992	7,011,721	6,712,312
Heartland, LLC (1.0%)* ^{(5) (7) (8)}	Commercial Services & Supplies	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 08/19, Due 08/25)	5,476,510	5,294,535	4,833,787
			5,476,510	5,294,535	4,833,787
Heilbron (f/k/a Sucez (Bolt Bidco B.V.)) (1.8%)* ^{(3) (5) (7) (8)}	Insurance	First Lien Senior Secured Term Loan (EURIBOR + 5.0%, 5.1% Cash, Acquired 09/19, Due 09/26)	9,559,150	9,200,293	9,023,492
			9,559,150	9,200,293	9,023,492
Highbridge Loan Management Ltd: Series 2014A-19 (0.2%)* ^{(3) (5) (8)}	Structured Finance	Structured Secured Note - Class E (LIBOR + 6.75%, 7.7% Cash, Acquired 03/20, Due 07/30)	1,000,000	833,666	927,421
			1,000,000	833,666	927,421
Holley Performance Products (Holley Purchaser, Inc.) (4.2%)* ^{(5) (7) (8)}	Automotive Parts & Equipment	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 5.8% Cash, Acquired 10/18, Due 10/25)	22,196,975	21,930,245	20,383,316
			22,196,975	21,930,245	20,383,316
Hub International Limited (1.0%)* ^{(6) (8)}	Property & Casualty Insurance	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.0% Cash, Acquired 08/18, Due 04/25)	4,937,028	4,941,249	4,686,079
			4,937,028	4,941,249	4,686,079
HW Holdco, LLC (Hanley Wood LLC) (1.5%)* ^{(5) (7) (8)}	Advertising	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.5% Cash, Acquired 12/18, Due 12/24)	7,546,371	7,399,679	7,308,429
			7,546,371	7,399,679	7,308,429

Barings BDC, Inc.
Unaudited Consolidated Schedule of Investments — (Continued)
June 30, 2020

Portfolio Company	Industry	Type of Investment ^{(1) (2)}	Principal Amount	Cost	Fair Value
Hyperion Materials & Technologies, Inc. (2.7%)* ^{(5) (7) (8)}	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 5.5%, 6.5% Cash, Acquired 08/19, Due 08/26)	\$ 13,960,764	\$ 13,731,609	\$ 13,427,845
			13,960,764	13,731,609	13,427,845
IM Analytics Holding, LLC (d/b/a NVT) (1.4%)* ^{(5) (7) (8)}	Electronic Instruments & Components	First Lien Senior Secured Term Loan (LIBOR + 6.5%, 7.6% Cash, Acquired 11/19, Due 11/23) Warrant (68,950 units, Acquired 11/19)	8,250,651	8,179,608	7,050,202
			8,250,651	8,179,608	7,050,202
Immucor Inc. (0.5%)* ^{(5) (8)}	Healthcare	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.0% Cash, Acquired 09/18, Due 06/21)	2,453,415	2,466,732	2,355,278
			2,453,415	2,466,732	2,355,278
Institutional Shareholder Services, Inc. (1.0%)* ^{(5) (7) (8)}	Diversified Support Services	Second Lien Senior Secured Term Loan (LIBOR + 8.5%, 8.8% Cash, Acquired 03/19, Due 03/27)	4,951,685	4,822,934	4,703,299
			4,951,685	4,822,934	4,703,299
Internet Brands, Inc. (0.8%)* ^{(5) (8)}	Entertainment	First Lien Senior Secured Term Loan (LIBOR + 3.75%, 4.8% Cash, Acquired 08/18, Due 09/24)	3,959,391	3,979,736	3,803,272
			3,959,391	3,979,736	3,803,272
ION Trading Technologies Ltd. (1.4%)* ^{(3) (6) (8)}	Electrical Components & Equipment	First Lien Senior Secured Term Loan (LIBOR + 4.0%, 5.1% Cash, Acquired 08/18, Due 11/24)	6,942,334	6,929,967	6,644,785
			6,942,334	6,929,967	6,644,785
ISS#2, LLC (d/b/a Industrial Services Solutions) (1.5%)* ^{(5) (7) (8)}	Commercial Services & Supplies	First Lien Senior Secured Term Loan (LIBOR + 5.5%, 6.7% Cash, Acquired 02/20, Due 02/26)	7,876,109	7,727,293	7,222,755
			7,876,109	7,727,293	7,222,755
Jade Bidco Limited (Jane's) (2.4%)* ^{(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) First Lien Senior Secured Term Loan (EURIBOR + 4.5%, 4.5% Cash, 2.0% PIK, Acquired 11/19, Due 12/26)	10,432,352	10,167,268	9,832,735
			1,869,213	1,789,259	1,761,777
			12,301,565	11,956,527	11,594,512
Kenan Advantage Group Inc. (0.8%)* ^{(5) (6) (8)}	Trucking	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.0% Cash, Acquired 08/18, Due 07/22)	4,287,943	4,285,956	3,857,348
			4,287,943	4,285,956	3,857,348
Kene Acquisition, Inc. (En Engineering) (1.4%)* ^{(5) (7) (8)}	Oil & Gas Equipment & Services	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 5.3% Cash, Acquired 08/19, Due 08/26)	7,335,738	7,200,657	6,964,172
			7,335,738	7,200,657	6,964,172
LAC Intermediate, LLC (f/k/a Lighthouse Autism Center) (1.8%)* ^{(5) (7) (8)}	Healthcare & Pharmaceuticals	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 10/18, Due 10/24) Class A LLC Units (154,320 units, Acquired 10/18)	9,269,766	9,073,827	8,595,760
			9,269,766	154,320	172,964
			9,269,766	9,228,147	8,768,724
LTI Holdings, Inc. (Boyd Corporation) (2.0%)* ^{(5) (6) (8)}	Industrial Conglomerates	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 3.7% Cash, Acquired 09/18, Due 09/25)	11,790,000	11,841,533	9,987,781
			11,790,000	11,841,533	9,987,781
Mallinckrodt Plc (0.5%)* ^{(3) (5) (6) (8)}	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 3.5% Cash, Acquired 08/18, Due 09/24)	3,237,418	3,228,190	2,411,876
			3,237,418	3,228,190	2,411,876
MB2 Dental Solutions, LLC (1.5%)* ^{(5) (7) (8)}	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.0% Cash, Acquired 09/19, Due 09/23)	8,011,829	7,935,659	7,564,956
			8,011,829	7,935,659	7,564,956
Media Recovery, Inc. (SpotSee) (0.4%)* ^{(5) (7) (8)}	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	2,187,202	2,069,065
			2,227,543	2,187,202	2,069,065
Men's Wearhouse, Inc. (The) (0.3%)* ^{(5) (6) (8)}	Apparel Retail	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 4.3% Cash, Acquired 08/18, Due 04/25)	9,794,863	9,870,619	1,567,178
			9,794,863	9,870,619	1,567,178
Nautilus Power, LLC (0.6%)* ^{(6) (8)}	Independent Power Producers & Energy Traders	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 5.3% Cash, Acquired 09/18, Due 05/24)	3,142,456	3,154,177	3,007,927
			3,142,456	3,154,177	3,007,927
Neuberger Berman CLO Ltd: Series 2020-36A (0.5%)* ^{(3) (5) (8)}	Structured Finance	Structured Secured Note - Class E (LIBOR + 7.81%, 8.9% Cash, Acquired 03/20, Due 04/33)	2,500,000	2,476,054	2,405,215
			2,500,000	2,476,054	2,405,215

Barings BDC, Inc.
Unaudited Consolidated Schedule of Investments — (Continued)
June 30, 2020

Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value
NFP Corp. (0.8%)* ⁽⁵⁾⁽⁶⁾⁽⁸⁾	Specialized Finance	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 3.4% Cash, Acquired 08/18, Due 02/27)	\$ 3,959,386	\$ 3,939,591	\$ 3,682,229
			3,959,386	3,939,591	3,682,229
NGS US Finco, LLC (f/k/a Dresser Natural Gas Solutions) (2.3%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Energy Equipment & Services	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 5.3% Cash, Acquired 10/18, Due 10/25)	11,916,381	11,869,732	11,436,622
			11,916,381	11,869,732	11,436,622
Nouryon Finance B.V. (Starfruit US Holdco, LLC) (0.4%)* ⁽⁵⁾⁽⁸⁾	Specialty Chemicals	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 3.2% Cash, Acquired 03/20, Due 10/25)	1,994,830	1,791,079	1,866,822
			1,994,830	1,791,079	1,866,822
Omaha Holdings LLC (Gates Global LLC) (1.0%)* ⁽⁶⁾⁽⁸⁾	Auto Parts & Equipment	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 3.8% Cash, Acquired 09/18, Due 03/24)	4,936,548	4,962,954	4,743,184
			4,936,548	4,962,954	4,743,184
OmniTracks, LLC (0.9%)* ⁽⁶⁾⁽⁸⁾	Application Software	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 3.0% Cash, Acquired 08/18, Due 03/25)	4,562,506	4,551,461	4,278,490
			4,562,506	4,551,461	4,278,490
Options Technology Ltd. (2.1%)* ⁽³⁾⁽⁵⁾⁽⁷⁾⁽⁸⁾	Computer Services	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.6% Cash, Acquired 12/19, Due 12/25)	11,062,374	10,804,754	10,397,795
			11,062,374	10,804,754	10,397,795
Ortho-Clinical Diagnostics Bermuda Co. Ltd. (0.9%)* ⁽⁶⁾⁽⁸⁾	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 3.4% Cash, Acquired 08/18, Due 06/25)	4,859,694	4,861,752	4,534,726
			4,859,694	4,861,752	4,534,726
Panther BF Aggregator 2 LP (0.4%)* ⁽⁵⁾⁽⁸⁾	Auto Parts & Equipment	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 3.7% Cash, Acquired 03/20, Due 04/26)	1,989,974	1,798,919	1,890,476
			1,989,974	1,798,919	1,890,476
Pare SAS (SAS Maurice MARLE) (2.7%)* ⁽³⁾⁽⁵⁾⁽⁷⁾⁽⁸⁾	Health Care Equipment	First Lien Senior Secured Term Loan (EURIBOR + 5.25%, 5.25% Cash, 1.0% PIK, Acquired 12/19, Due 12/26)	14,002,111	13,613,011	13,294,951
			14,002,111	13,613,011	13,294,951
PAREXEL International Corp. (0.7%)* ⁽⁵⁾⁽⁶⁾⁽⁸⁾	Pharmaceuticals	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 2.9% Cash, Acquired 09/18, Due 09/24)	3,576,234	3,563,123	3,381,794
			3,576,234	3,563,123	3,381,794
Patriot New Midco 1 Limited (Forensic Risk Alliance) (3.5%)* ⁽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)	10,017,544	9,734,967	9,391,011
		First Lien Senior Secured Term Loan (EURIBOR + 5.75%, 5.8% Cash, Acquired 02/20, Due 02/27)	8,452,988	7,967,816	7,924,308
			18,470,532	17,702,783	17,315,319
Penn Engineering & Manufacturing Corp. (0.3%)* ⁽⁶⁾⁽⁷⁾⁽⁸⁾	Industrial Conglomerates	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 3.8% Cash, Acquired 09/18, Due 06/24)	1,635,962	1,646,255	1,570,523
			1,635,962	1,646,255	1,570,523
Phoenix Services International LLC (0.5%)* ⁽⁶⁾⁽⁸⁾	Steel	First Lien Senior Secured Term Loan (LIBOR + 3.75%, 4.8% Cash, Acquired 08/18, Due 03/25)	2,947,368	2,956,566	2,618,560
			2,947,368	2,956,566	2,618,560
Playtika Holding Corp. (0.8%)* ⁽⁵⁾⁽⁸⁾	Leisure, Amusement & Entertainment	First Lien Senior Secured Term Loan (LIBOR + 6.0%, 7.1% Cash, Acquired 03/20, Due 12/24)	3,900,000	3,603,103	3,890,250
			3,900,000	3,603,103	3,890,250
PODS Enterprises, Inc. (0.9%)* ⁽⁶⁾⁽⁸⁾	Packaging	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 3.8% Cash, Acquired 09/18, Due 12/24)	4,861,313	4,873,222	4,639,540
			4,861,313	4,873,222	4,639,540
Premier Technical Services Group (Project Graphite) (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)	2,810,169	2,674,219	2,577,238
			2,810,169	2,674,219	2,577,238
Pro Mach Inc. (1.1%)* ⁽⁵⁾⁽⁶⁾⁽⁸⁾	Industrial Machinery	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 2.9% Cash, Acquired 08/18, Due 03/25)	5,894,737	5,880,032	5,495,015
			5,894,737	5,880,032	5,495,015
ProAmpac Intermediate Inc. (1.9%)* ⁽⁵⁾⁽⁶⁾⁽⁸⁾	Packaged Foods & Meats	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 4.5% Cash, Acquired 08/18, Due 11/23)	9,821,105	9,831,133	9,342,326
			9,821,105	9,831,133	9,342,326

Barings BDC, Inc.
Unaudited Consolidated Schedule of Investments — (Continued)
June 30, 2020

Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value
Process Equipment, Inc. (ProcessBarron) (1.3%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	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	\$ 6,582,532	\$ 6,192,120
			6,684,916	6,582,532	6,192,120
Professional Datasolutions, Inc. (PDI) (4.6%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Application Software	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.5% Cash, Acquired 03/19, Due 10/24)	23,041,343	23,011,789	22,489,313
			23,041,343	23,011,789	22,489,313
Project Potter Buyer, LLC (Command Alkon) (2.0%)* ⁽⁶⁾⁽⁷⁾⁽⁸⁾	Software	First Lien Senior Secured Term Loan (LIBOR + 8.25%, 9.3% Cash, Acquired 04/20, Due 04/27)	9,895,616	9,604,477	9,740,671
		LLC units (104,384 units, Acquired 04/20)		104,384	104,384
			9,895,616	9,708,861	9,845,055
PSC UK Pty Ltd. (0.3%)* ⁽³⁾⁽⁵⁾⁽⁷⁾⁽⁸⁾	Insurance Services	First Lien Senior Secured Term Loan (GBP LIBOR + 6.0%, 6.5% Cash, Acquired 11/19, Due 11/24)	1,736,232	1,729,999	1,663,716
			1,736,232	1,729,999	1,663,716
Qlik Technologies Inc. (Alpha Intermediate Holding, Inc.) (1.0%)* ⁽⁶⁾⁽⁸⁾	Application Software	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 5.4% Cash, Acquired 08/18, Due 04/24)	4,936,387	4,936,541	4,730,688
			4,936,387	4,936,541	4,730,688
Radiate HoldCo, LLC (0.4%)* ⁽⁵⁾⁽⁸⁾	Cable & Satellite	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 3.75% Cash, Acquired 03/20, Due 02/24)	1,989,740	1,775,086	1,895,227
			1,989,740	1,775,086	1,895,227
Refinitiv US Holdings, Inc. (0.6%)* ⁽⁵⁾	Data Processing & Outsourced Services	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 3.4% Cash, Acquired 03/20, Due 10/25)	3,020,382	2,741,337	2,947,138
			3,020,382	2,741,337	2,947,138
Renaissance Learning, Inc. (1.1%)* ⁽⁶⁾⁽⁸⁾	Application Software	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 4.0% Cash, Acquired 08/18, Due 05/25)	5,363,951	5,360,661	5,151,163
			5,363,951	5,360,661	5,151,163
Reynolds Group Holdings Ltd. (1.0%)* ⁽⁶⁾⁽⁸⁾	Packaging	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 2.9% Cash, Acquired 09/18, Due 02/23)	4,935,964	4,951,009	4,703,480
			4,935,964	4,951,009	4,703,480
RR Ltd: Series 2019-6A (0.4%)* ⁽³⁾⁽⁵⁾	Structured Finance	Structured Secured Note - Class D (LIBOR + 6.75%, 8.0% Cash, Acquired 03/20, Due 04/30)	2,000,000	1,648,042	1,840,782
			2,000,000	1,648,042	1,840,782
Ruffalo Noel Levitz, LLC (1.9%)* ⁽⁶⁾⁽⁷⁾⁽⁸⁾	Media Services	First Lien Senior Secured Term Loan (LIBOR + 6.0%, 7.0% Cash, Acquired 01/19, Due 05/22)	9,665,676	9,579,861	9,419,977
			9,665,676	9,579,861	9,419,977
Scaled Agile, Inc. (1.0%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Research & Consulting Services	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 06/19, Due 06/24)	4,869,777	4,827,923	4,680,414
			4,869,777	4,827,923	4,680,414
SCI Packaging Inc. (0.9%)* ⁽⁶⁾⁽⁸⁾	Metal & Glass Containers	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 4.6% Cash, Acquired 08/18, Due 04/24)	4,936,387	4,927,777	4,420,139
			4,936,387	4,927,777	4,420,139
Seaworld Entertainment, Inc. (1.1%)* ⁽³⁾⁽⁶⁾⁽⁸⁾	Leisure Facilities	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 3.8% Cash, Acquired 08/18, Due 03/24)	5,923,469	5,915,644	5,218,576
			5,923,469	5,915,644	5,218,576
Serta Simmons Bedding LLC (2.1%)* ⁽⁵⁾⁽⁸⁾	Home Furnishings	Super Priority First Out (LIBOR + 7.5%, 8.5% Cash, Acquired 6/20, Due 08/23)	7,443,107	7,219,813	7,294,245
		Super Priority Second Out (LIBOR + 7.5%, 8.5% Cash, Acquired 6/20, Due 08/23)	3,652,949	3,374,389	3,044,112
			11,096,056	10,594,202	10,338,357
SIWF Holdings, Inc. (Spring Windows Fashions, LLC) (1.1%)* ⁽⁶⁾⁽⁸⁾	Home Furnishings	First Lien Senior Secured Term Loan (LIBOR + 4.25%, 5.3% Cash, Acquired 08/18, Due 06/25)	5,924,433	5,956,756	5,509,723
			5,924,433	5,956,756	5,509,723
SK Blue Holdings, LP (Polar US Borrower LLC) (0.8%)* ⁽⁶⁾⁽⁷⁾⁽⁸⁾	Commodity Chemicals	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 4.9% Cash, Acquired 09/18, Due 10/25)	4,139,599	4,137,617	3,891,223
			4,139,599	4,137,617	3,891,223
Smile Brands Group Inc. (1.1%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.7% Cash, Acquired 10/18, Due 10/24)	5,866,472	5,820,453	5,379,837
			5,866,472	5,820,453	5,379,837

Barings BDC, Inc.
Unaudited Consolidated Schedule of Investments — (Continued)
June 30, 2020

Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value
Solenis International, LLC (f/k/a Solenis Holdings, L.P.) (1.1%)* ⁽⁵⁾⁽⁶⁾⁽⁸⁾	Specialty Chemicals	First Lien Senior Secured Term Loan (LIBOR + 4.0%, 4.4% Cash, Acquired 08/18, Due 06/25)	\$ 5,391,234	\$ 5,418,365	\$ 5,156,500
			5,391,234	5,418,365	5,156,500
Springbrook Software (SBRK Intermediate, Inc.) (2.0%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Enterprise Software and Services	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 12/19, Due 12/26)	10,468,385	10,232,620	9,824,721
			10,468,385	10,232,620	9,824,721
SRS Distribution, Inc. (1.0%)* ⁽⁶⁾⁽⁸⁾	Building Products	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 4.3% Cash, Acquired 09/18, Due 05/25)	4,949,622	4,881,192	4,666,256
			4,949,622	4,881,192	4,666,256
Syniverse Holdings, Inc. (1.5%)* ⁽⁵⁾⁽⁶⁾⁽⁸⁾	Technology Distributors	First Lien Senior Secured Term Loan (LIBOR + 5.0%, 6.9% Cash, Acquired 08/18, Due 03/23)	10,289,474	10,258,899	7,281,656
			10,289,474	10,258,899	7,281,656
Tahoe Subco 1 Ltd. (Almonde, Inc.) (2.1%)* ⁽³⁾⁽⁵⁾⁽⁶⁾⁽⁸⁾	Internet Software & Services	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 4.5% Cash, Acquired 09/18, Due 06/24)	11,860,496	11,868,675	10,340,218
			11,860,496	11,868,675	10,340,218
Team Health Holdings, Inc. (1.1%)* ⁽⁵⁾⁽⁶⁾⁽⁸⁾	Health Care Services	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 3.8% Cash, Acquired 09/18, Due 02/24)	6,858,228	6,669,076	5,225,148
			6,858,228	6,669,076	5,225,148
Tempo Acquisition LLC (1.1%)* ⁽⁶⁾⁽⁸⁾	Investment Banking & Brokerage	First Lien Senior Secured Term Loan (LIBOR + 2.75%, 2.9% Cash, Acquired 09/18, Due 05/24)	5,561,088	5,576,381	5,269,130
			5,561,088	5,576,381	5,269,130
The Hilb Group, LLC (1.8%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Insurance Brokerage	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 12/19, Due 12/26)	9,615,728	9,342,582	9,005,963
			9,615,728	9,342,582	9,005,963
Total Safety U.S. Inc. (1.2%)* ⁽⁵⁾⁽⁸⁾	Diversified Support Services	First Lien Senior Secured Term Loan (LIBOR + 6.0%, 7.0% Cash, Acquired 11/19, Due 08/25)	7,040,348	6,762,711	6,072,300
			7,040,348	6,762,711	6,072,300
Transit Technologies LLC (1.2%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Software	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 4.9% Cash, Acquired 02/20, Due 02/25)	6,785,305	6,564,639	6,117,747
			6,785,305	6,564,639	6,117,747
Transportation Insight, LLC (4.9%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Air Freight & Logistics	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 6.0% Cash, Acquired 08/18, Due 12/24)	24,638,036	24,458,135	23,854,549
			24,638,036	24,458,135	23,854,549
Truck-Lite Co., LLC (3.7%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Automotive Parts and Equipment	First Lien Senior Secured Term Loan (LIBOR + 6.25%, 7.3% Cash, Acquired 12/19, Due 12/26)	19,517,308	19,097,372	18,104,295
			19,517,308	19,097,372	18,104,295
Trystar, LLC (3.2%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Power Distribution Solutions	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 09/18, Due 09/23) LLC Units (361.5 units, Acquired 09/18)	15,637,813	15,451,466	15,134,083
			361,505	361,505	493,944
			15,637,813	15,812,971	15,628,027
U.S. Anesthesia Partners, Inc. (2.4%)* ⁽⁵⁾⁽⁶⁾⁽⁸⁾	Managed Health Care	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 4.0% Cash, Acquired 09/18, Due 06/24)	13,515,863	13,562,587	11,898,825
			13,515,863	13,562,587	11,898,825
U.S. Silica Company (0.2%)* ⁽³⁾⁽⁵⁾⁽⁸⁾	Metal & Glass Containers	First Lien Senior Secured Term Loan (LIBOR + 4.0%, 5.0% Cash, Acquired 08/18, Due 05/25)	1,495,235	1,498,332	1,060,017
			1,495,235	1,498,332	1,060,017
USF Holdings LLC (U.S. Farathane, LLC) (0.5%)* ⁽⁶⁾⁽⁸⁾	Auto Parts & Equipment	First Lien Senior Secured Term Loan (LIBOR + 3.5%, 4.5% Cash, Acquired 08/18, Due 12/21)	3,134,000	3,140,040	2,334,830
			3,134,000	3,140,040	2,334,830
USI Holdings Corp. (1.0%)* ⁽⁶⁾⁽⁸⁾	Property & Casualty Insurance	First Lien Senior Secured Term Loan (LIBOR + 3.0%, 3.3% Cash, Acquired 08/18, Due 05/24)	4,936,548	4,932,157	4,674,911
			4,936,548	4,932,157	4,674,911
USIC Holdings, Inc. (United States Infrastructure Corp.) (0.8%)* ⁽⁶⁾⁽⁸⁾	Packaged Foods & Meats	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 4.3% Cash, Acquired 08/18, Due 12/23)	3,931,135	3,946,196	3,739,493
			3,931,135	3,946,196	3,739,493
USLS Acquisition, Inc. (f/k/a US Legal Support, Inc.) (3.1%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Legal Services	First Lien Senior Secured Term Loan (LIBOR + 5.75%, 6.8% Cash, Acquired 11/18, Due 11/24)	16,430,096	16,200,387	15,043,847
			16,430,096	16,200,387	15,043,847

Barings BDC, Inc.
Unaudited Consolidated Schedule of Investments — (Continued)
June 30, 2020

Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value
Validity, Inc. (0.9%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	IT Consulting & Other Services	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 07/19, Due 05/25)	\$ 5,051,351	\$ 4,908,648	\$ 4,546,875
			5,051,351	4,908,648	4,546,875
Veritas Bermuda Intermediate Holdings Ltd. (0.9%)* ⁽⁶⁾ ⁽⁸⁾	Technology Distributors	First Lien Senior Secured Term Loan (LIBOR + 4.5%, 5.5% Cash, Acquired 09/18, Due 01/23)	4,936,093	4,786,298	4,551,077
			4,936,093	4,786,298	4,551,077
VF Holding Corp. (Vertafore, Inc.)(0.5%)* ⁽⁵⁾⁽⁶⁾⁽⁸⁾	Systems Software	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 3.4% Cash, Acquired 08/18, Due 07/25)	2,464,969	2,464,969	2,318,623
			2,464,969	2,464,969	2,318,623
Wilsonart, LLC (1.0%)* ⁽⁶⁾⁽⁸⁾	Building Products	First Lien Senior Secured Term Loan (LIBOR + 3.25%, 4.3% Cash, Acquired 11/18, Due 12/23)	4,936,387	4,936,388	4,749,742
			4,936,387	4,936,388	4,749,742
Winebow Group, LLC, (The) (2.5%)* ⁽⁵⁾⁽⁸⁾	Consumer Goods	First Lien Senior Secured Term Loan (LIBOR + 3.75%, 4.8% Cash, Acquired 11/19, Due 07/21)	10,787,719	9,846,515	8,077,304
		Second Lien Senior Secured Term Loan (LIBOR + 7.5%, 8.5% Cash, Acquired 10/19, Due 01/22)	7,141,980	4,813,864	4,308,971
			17,929,699	14,660,379	12,386,275
World 50, Inc. (2.1%)* ⁽⁵⁾⁽⁷⁾⁽⁸⁾	Broadcasting	First Lien Senior Secured Term Loan (LIBOR + 4.75%, 5.8% Cash, Acquired 01/20, Due 01/26)	10,650,223	10,402,176	10,247,420
			10,650,223	10,402,176	10,247,420
Subtotal Non-Control / Non-Affiliate Investments			1,053,855,836	1,033,046,789	960,061,063
<u>Affiliate Investments:</u>⁽⁹⁾					
Jocasse Partners LLC (2.9%)* ⁽³⁾⁽⁵⁾	Investment Funds & Vehicles	9.1% Member Interest, Acquired 06/19		15,158,270	14,434,410
				15,158,270	14,434,410
Thompson Rivers LLC (0.3%)* ⁽³⁾⁽⁵⁾	Investment Funds & Vehicles	10% Member Interest, Acquired 06/20		1,500,000	1,499,435
				1,500,000	1,499,435
Subtotal Affiliate Investments				16,658,270	15,933,845
<u>Short-Term Investments:</u>					
BNY Mellon Investment Advisor, Inc. (0.0%)* ⁽⁵⁾	Money Market Fund	Dreyfus Government Cash Management Fund (0.1% yield)		66,771	66,771
				66,771	66,771
Federated Investment Management Company (10.1%)* ⁽⁶⁾	Money Market Fund	Federated Government Obligation Fund (0.1% yield)		49,454,205	49,454,205
				49,454,205	49,454,205
HSBC Holdings PLC (0.4%)* ⁽⁵⁾	Money Market Fund	HSBC Funds U.S. Government Money Market Fund (0.1% yield)		2,000,000	2,000,000
				2,000,000	2,000,000
JPMorgan Chase & Co. (1.3%)* ⁽⁵⁾⁽⁶⁾	Money Market Fund	JPMorgan Prime Money Market Fund (0.4% yield)		6,525,500	6,525,148
				6,525,500	6,525,148
Subtotal Short-Term Investments				58,046,476	58,046,124
Total Investments, June 30, 2020 (210.8%)*			\$ 1,053,855,836	\$ 1,107,751,535	\$ 1,034,041,032

Barings BDC, Inc.
Unaudited Consolidated Schedule of Investments — (Continued)
June 30, 2020

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)	€1,215,998	\$1,366,015	07/02/20	\$ (267)
Foreign currency forward contract (EUR)	\$1,353,787	€1,215,998	07/02/20	(11,961)
Foreign currency forward contract (EUR)	\$569,769	€506,305	10/02/20	(52)
Foreign currency forward contract (GBP)	£1,861,505	\$2,289,223	07/02/20	10,854
Foreign currency forward contract (GBP)	\$2,298,265	£1,861,505	07/02/20	(1,812)
Foreign currency forward contract (GBP)	£1,117,883	\$1,380,590	10/02/20	1,394
Foreign currency forward contract (SEK)	\$57,195	571,416kr	07/02/20	(4,138)
Foreign currency forward contract (SEK)	571,416kr	\$61,196	07/02/20	137
Foreign currency forward contract (SEK)	\$51,626	481,556kr	10/02/20	(119)
Total Foreign Currency Forward Contracts, June 30, 2020				\$ (5,964)

* 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 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 June 30, 2020 represented 211% 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 17.4% of total investments at fair value as of June 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) Non-accrual investment.
- (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) 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 six months ended June 30, 2020 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, 2019 Value	Gross Additions (c)	Gross Reductions (d)	June 30, 2020 Value
Jocasse Partners LLC	9.1% Member Interest	\$ —	\$ (795,403)	\$ —	\$ 10,229,813	\$ 5,000,000	\$ 795,403	\$ 14,434,410
		—	(795,403)	—	10,229,813	5,000,000	795,403	14,434,410
Thompson Rivers LLC	10% Member Interest	—	(565)	—	—	1,500,000	565	1,499,435
		—	(565)	—	—	1,500,000	565	1,499,435
Total Affiliate Investments		\$ —	\$ (795,968)	\$ —	\$ 10,229,813	\$ 6,500,000	\$ 795,968	\$ 15,933,845

(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.

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

Portfolio Company	Industry	Type of Investment ^{(1) (2)}	Principal Amount	Cost	Fair Value
<u>Non-Control / Non-Affiliate Investments:</u>					
IWorldSync, 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
Acisure, 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

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

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

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

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 Sucez (Bolt Bidco B.V.)) (1.2%)* ⁽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) Warrant (77,265 units, Acquired 11/19)	9,292,112	9,201,220	9,222,019
			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) First Lien Senior Secured Term Loan (EURIBOR + 6.0%, 6.0% Cash, Acquired 11/19, Due 12/26)	20,933,517	20,363,170	20,377,010
			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)
December 31, 2019

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

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

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

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
STWF 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%)* ⁽³⁾⁽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
<u>Affiliate Investment:</u>⁽⁹⁾					
Jocasse 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

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>Short-Term Investments:</u>					
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

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

- (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 Barings BDC, Inc. 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.

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 June 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 six months ended June 30, 2019, the Company repurchased a total of 376,384 shares and 969,789 shares, respectively, of its common stock in the open market under the 2019 Share Repurchase Plan at an average price of \$10.06 per share and \$9.95 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 three and six months ended June 30, 2020, the Company repurchased a total of 327,069 and 989,050 shares, respectively, of its common stock in the open market under the 2020 Share Repurchase Program at an average price of \$7.17 and \$7.21 per share, respectively, 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 six months ended June 30, 2020, the Base Management Fee determined in accordance with the terms of the Advisory Agreement was approximately \$3.6 million and \$7.5 million, respectively. For the three and six months ended June 30, 2019, the amount of Base Management Fee incurred was approximately \$3.1 million and \$5.6 million, respectively. As of June 30, 2020, the Base Management Fee of \$3.6 million for the three months ended June 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 six months ended June 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 six months ended June 30, 2020, the Company incurred and was invoiced by the Adviser for expenses of approximately \$0.2 million and \$0.6 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 six months ended June 30, 2019, the Company incurred and was invoiced by the Adviser for expenses of approximately \$0.9 million and \$1.4 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 June 30, 2020, the administrative expenses for the three months ended June 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

Excluding the Company's investments in its joint ventures and short-term money market funds, as of June 30, 2020 and December 31, 2019 approximately \$350.9 million and \$509.9 million, respectively, or 36.5% and 47.8%, respectively, of the Company's investment portfolio was invested in syndicated senior secured loans, approximately \$596.9 million and \$556.9 million, respectively, or 62.2% and 52.2%, respectively, of the Company's investment portfolio was invested in senior secured, middle-market, private debt and equity investments and approximately \$12.3 million and \$0.0 million, respectively, or 1.3% and 0.0%, respectively, of the Company's investment portfolio was invested in structured products. 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
June 30, 2020:					
Senior debt and 1 st lien notes	\$ 1,002,993,507	91 %	\$ 930,685,483	90 %	190 %
Subordinated debt and 2 nd lien notes	17,505,684	2	16,040,935	2	3
Structured products	11,519,473	1	12,264,235	1	3
Equity shares	1,028,125	—	1,070,410	—	—
Investments in joint ventures	16,658,270	2	15,933,845	2	3
Short-term investments	58,046,476	5	58,046,124	6	12
	<u>\$ 1,107,751,535</u>	<u>100 %</u>	<u>\$ 1,034,041,032</u>	<u>100 %</u>	<u>211 %</u>
December 31, 2019:					
Senior debt and 1 st lien notes	\$ 1,070,031,715	90 %	\$ 1,050,863,369	90 %	184 %
Subordinated debt and 2 nd 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
	<u>\$ 1,192,613,930</u>	<u>100 %</u>	<u>\$ 1,173,643,807</u>	<u>100 %</u>	<u>206 %</u>

During the three months ended June 30, 2020, the Company purchased \$10.5 million in syndicated senior secured loans, made new investments in two middle-market portfolio companies totaling \$11.9 million, consisting of two senior secured private debt investments and one minority equity investment, made one new joint venture equity investment totaling \$1.5 million, made additional debt investments in seven existing portfolio companies totaling \$5.6 million and made an additional investment in one joint venture equity portfolio company totaling \$5.0 million. During the six months ended June 30, 2020, the Company purchased \$38.3 million in syndicated senior secured loans, purchased \$11.5 million in structured product investments, made new investments in 12 middle-market portfolio companies totaling \$91.3 million, consisting of 12 senior secured private debt investments, one subordinated debt investment and two minority equity investments, made one new joint venture equity investment totaling \$1.5 million, made additional debt investments in 14 existing portfolio companies totaling \$19.0 million and made an additional investment in one joint venture equity portfolio company totaling \$5.0 million.

During the three months ended June 30, 2019, the Company purchased \$2.9 million in syndicated senior secured loans, made seven new senior secured private middle-market debt investments totaling \$67.1 million, made one joint venture equity investment totaling \$5.2 million and made additional debt investments in four existing portfolio companies totaling \$5.2 million. During the six months ended June 30, 2019, the Company purchased \$3.6 million in syndicated senior secured loans, made thirteen new middle-market debt investments totaling \$130.1 million, consisting of twelve senior secured private debt investments and one second lien private debt investment, made one joint venture equity investment totaling \$5.2 million and made additional debt investments in four existing portfolio companies totaling \$6.9 million.

Barings BDC, Inc.
Notes to Unaudited Consolidated Financial Statements — (Continued)

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

	June 30, 2020		December 31, 2019	
Aerospace and Defense	\$ 58,155,042	6.0 %	\$ 71,899,486	6.7 %
Automotive	50,601,492	5.2 %	29,879,546	2.8 %
Banking, Finance, Insurance and Real Estate	80,006,959	8.2 %	83,826,677	7.8 %
Beverage, Food and Tobacco	3,739,493	0.4 %	11,837,328	1.1 %
Capital Equipment	63,020,151	6.5 %	62,694,548	5.8 %
Chemicals, Plastics, and Rubber	17,539,558	1.8 %	31,989,552	3.0 %
Construction and Building	20,841,041	2.1 %	23,222,638	2.2 %
Consumer Goods: Durable	34,946,667	3.5 %	30,207,496	2.8 %
Consumer Goods: Non-durable	9,998,663	1.0 %	13,958,377	1.3 %
Containers, Packaging and Glass	25,628,577	2.6 %	32,465,070	3.0 %
Energy: Electricity	15,628,028	1.6 %	16,561,352	1.5 %
Energy: Oil and Gas	2,491,031	0.3 %	14,031,270	1.3 %
Healthcare and Pharmaceuticals	100,607,271	10.3 %	106,336,903	9.9 %
High Tech Industries	113,019,672	11.6 %	124,598,066	11.6 %
Hotel, Gaming and Leisure	7,457,453	0.8 %	5,978,910	0.6 %
Investment Funds and Vehicles	15,933,845	1.6 %	10,229,813	0.9 %
Media: Advertising, Printing and Publishing	20,244,112	2.1 %	30,919,615	2.9 %
Media: Broadcasting and Subscription	5,056,725	0.5 %	—	— %
Media: Diversified and Production	30,656,022	3.1 %	31,962,571	3.0 %
Metals and Mining	14,362,681	1.4 %	12,284,823	1.1 %
Retail	19,160,462	2.0 %	28,438,030	2.6 %
Services: Business	114,947,308	11.8 %	127,261,336	11.8 %
Services: Consumer	38,887,027	4.0 %	35,667,981	3.3 %
Structured Products	10,402,313	1.1 %	—	— %
Telecommunications	18,657,128	1.9 %	33,725,812	3.1 %
Transportation: Cargo	59,900,631	6.1 %	83,353,452	7.7 %
Transportation: Consumer	—	— %	5,845,206	0.5 %
Utilities: Electric	12,668,933	1.3 %	6,028,435	0.6 %
Utilities: Oil and Gas	11,436,622	1.2 %	11,870,574	1.1 %
Total	\$ 975,994,908	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 June 30, 2020, Jocassee had \$70.0 million in senior secured private middle-market debt investments, \$349.5 million in U.S. syndicated senior secured loans, \$96.6 million in European syndicated senior secured loans, \$24.8 million in structured product investments, \$6.7 million in an equity investment, \$13.5 million in a joint venture investment and \$67.5 million in a short-term investment. 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.

Barings BDC, Inc.
Notes to Unaudited Consolidated Financial Statements — (Continued)

The Company may sell portions of its investments via assignment to Jocassee. Since inception, as of June 30, 2020 and December 31, 2019, the Company had sold \$66.9 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 June 30, 2020 and December 31, 2019, Jocassee had the following commitments, contributions and unfunded commitments from its members:

As of June 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	<u>\$ 550,000,000</u>	<u>\$ 165,000,000</u>	<u>\$ —</u>	<u>\$ 385,000,000</u>

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	<u>\$ 550,000,000</u>	<u>\$ 110,000,000</u>	<u>\$ —</u>	<u>\$ 440,000,000</u>

Thompson Rivers, LLC

On April 28, 2020, Thompson Rivers LLC (“Thompson Rivers”) was formed as a Delaware limited liability company. On May 13, 2020, Barings BDC, Inc. (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) is on a pro-rata basis, based on their equity commitments (10% for the Company and 90% for Jocassee). As of June 30, 2020, Thompson Rivers had \$15.1 million in private student loan asset-backed securities, \$17.6 million in commercial mortgage-backed securities, and \$8.2 million in cash.

Barings BDC, Inc.
Notes to Unaudited Consolidated Financial Statements — (Continued)

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

As of June 30, 2020				
Member	Total Commitments	Contributed Capital	Return of Capital (not recallable)	Unfunded Commitments
Barings BDC, Inc.	\$ 10,000,000	\$ 1,500,000	\$ —	\$ 8,500,000
Jocassee, Partners, LLC	90,000,000	13,500,000	—	76,500,000
Total	\$ 100,000,000	\$ 15,000,000	\$ —	\$ 85,000,000

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 senior secured, middle-market investments and the percentage of the Company's 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%

(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.

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 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.

Barings BDC, Inc.
Notes to Unaudited Consolidated Financial Statements — (Continued)

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 June 30, 2020 and December 31, 2019. The weighted average range of unobservable inputs is based on fair value of investments.

June 30, 2020:	Fair Value	Valuation Model	Level 3 Input	Range of Inputs	Weighted Average
Senior debt and 1 st lien notes ⁽¹⁾	\$ 585,809,034	Income Approach	Implied Spread	5.1% – 12.4%	7.2%
Subordinated debt and 2 nd lien notes	10,054,891	Income Approach	Implied Spread	9.5% – 10.5%	10.0%
Equity shares	1,070,410	Enterprise Value Waterfall Approach	Adjusted EBITDA Multiple	8.2x – 11.3x	9.4x

(1) Excludes investments with an aggregate fair value amounting to \$9,973,275, 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 1 st lien notes ⁽¹⁾	\$ 528,907,788	Income Approach	Implied Spread	4.6% – 8.0%	5.7%
Subordinated debt and 2 nd 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.

Barings BDC, Inc.
Notes to Unaudited Consolidated Financial Statements — (Continued)

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

	Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Senior debt and 1 st lien notes	\$ —	\$ 334,903,174	\$ 595,782,309	\$ 930,685,483
Subordinated debt and 2 nd lien notes	—	5,986,044	10,054,891	16,040,935
Structured products	—	12,264,235	—	12,264,235
Equity shares	—	—	1,070,410	1,070,410
Short-term investments	58,046,124	—	—	58,046,124
Investments subject to leveling	\$ 58,046,124	\$ 353,153,453	\$ 606,907,610	\$ 1,018,107,187
Investments in joint ventures(1)				15,933,845
				<u>\$ 1,034,041,032</u>

	Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Senior debt and 1 st lien notes	\$ —	\$ 495,363,062	\$ 555,500,307	\$ 1,050,863,369
Subordinated debt and 2 nd 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
				<u>\$ 1,173,643,807</u>

- (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.

Barings BDC, Inc.
Notes to Unaudited Consolidated Financial Statements — (Continued)

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 six months ended June 30, 2020 and 2019:

Six Months Ended June 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	114,529,054	660,263	512,299	115,701,616
Transfers in (out) of Level 3, net	19,063,921	(2,312,500)	—	16,751,421
Proceeds from sales of investments	(41,847,723)	—	—	(41,847,723)
Loan origination fees received	(3,089,477)	(19,808)	—	(3,109,285)
Principal repayments received	(17,760,617)	—	—	(17,760,617)
Payment in kind interest earned	198,839	—	—	198,839
Accretion of loan premium	(9,119)	—	—	(9,119)
Accretion of deferred loan origination revenue	1,124,798	16,915	—	1,141,713
Realized loss	(311,196)	—	—	(311,196)
Unrealized depreciation	(31,616,478)	(301,944)	(202,605)	(32,121,027)
Fair value, end of period	<u>\$ 595,782,309</u>	<u>\$ 10,054,891</u>	<u>\$ 1,070,410</u>	<u>\$ 606,907,610</u>

Six Months Ended June 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	132,890,095	4,951,685	—	137,841,780
Transfers out of Level 3	(18,924,383)	—	—	(18,924,383)
Proceeds from sales of investments	(6,540,831)	—	—	(6,540,831)
Loan origination fees received	(2,271,606)	(148,551)	—	(2,420,157)
Principal repayments received	(9,932,420)	(2,980,874)	—	(12,913,294)
Accretion of loan premium	(5,395)	—	—	(5,395)
Accretion of deferred loan origination revenue	486,312	55,878	—	542,190
Realized loss	(46,575)	—	—	(46,575)
Unrealized appreciation (depreciation)	3,729,357	91,288	67,833	3,888,478
Fair value, end of period	<u>\$ 357,371,813</u>	<u>\$ 9,648,558</u>	<u>\$ 583,658</u>	<u>\$ 367,604,029</u>

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 \$10.0 million and \$(32.6) million during the three and six months ended June 30, 2020 was related to portfolio company investments that were still held by the Company as of June 30, 2020. Pre-tax net unrealized appreciation on Level 3 investments of \$2.3 million and \$3.2 million during the three and six months ended June 30, 2019 was related to portfolio company investments that were still held by the Company as of June 30, 2019.

Exclusive of short-term investments, during the six months ended June 30, 2020, the Company made investments of approximately \$153.3 million in portfolio companies to which it was not previously contractually committed to provide such financing. During the six months ended June 30, 2020, the Company made investments of \$13.3 million in portfolio companies to which it was previously committed to provide such financing.

Exclusive of short-term investments, during the six months ended June 30, 2019, the Company made investments of approximately \$139.9 million in portfolio companies to which it was not previously contractually committed to provide such financing. During the six months ended June 30, 2019, the Company made investments of \$6.2 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 June 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 June 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 six months ended June 30, 2020 and 2019 was as follows:

	<u>Three Months Ended</u> <u>June 30, 2020</u>	<u>Three Months Ended</u> <u>June 30, 2019</u>	<u>Six Months Ended</u> <u>June 30, 2020</u>	<u>Six Months Ended</u> <u>June 30, 2019</u>
Recurring Fee Income:				
Amortization of loan origination fees	\$ 463,590	\$ 200,806	\$ 893,139	\$ 346,124
Management, valuation and other fees	154,000	78,573	329,755	130,882
Total Recurring Fee Income	617,590	279,379	1,222,894	477,006
Non-Recurring Fee Income:				
Prepayment fees	—	59,617	248,574	59,617
Acceleration of unamortized loan origination fees	20,118	118,299	84,151	197,378
Advisory, loan amendment and other fees	12,725	62,675	55,807	87,026
Total Non-Recurring Fee Income	32,843	240,591	388,532	344,021
Total Fee Income	\$ 650,433	\$ 519,970	\$ 1,611,426	\$ 821,027

Concentration of Credit Risk

As of both June 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 June 30, 2020 and December 31, 2019, the Company's largest single portfolio company investment, excluding short-term investments, represented approximately 2.4% 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 June 30, 2020, \$768.6 million of the investment portfolio were or will be pledged as collateral for the February 2019 Credit Facility, and \$296.5 million of the investment portfolio were pledged as collateral for the Debt Securitization.

Investments Denominated in Foreign Currencies

As of June 30, 2020 the Company held one investment that was denominated in Swedish kronas, nine investments that were denominated in Euros and three 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 six months ended June 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 June 30, 2020 and December 31, 2019 was approximately \$1,108.2 million and \$1,192.7 million, respectively. As of June 30, 2020, net unrealized depreciation on the Company's investments (tax basis) was approximately \$74.7 million, consisting of gross unrealized appreciation, where the fair

Barings BDC, Inc.
Notes to Unaudited Consolidated Financial Statements — (Continued)

value of the Company's investments exceeds their tax cost, of approximately \$3.2 million and gross unrealized depreciation, where the tax cost of the Company's investments exceeds their fair value, of approximately \$78.0 million. The cost of investments owned (tax basis) listed above does not include the RIC's basis in the Taxable Subsidiary. As of June 30, 2020 and December 31, 2019, the cost (tax basis) of the RIC's investment in the Taxable Subsidiary was approximately \$18.4 million and \$18.0 million, respectively. 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 June 30, 2020 and December 31, 2019:

Issuance Date	Maturity Date	Interest Rate as of June 30, 2020	June 30, 2020	December 31, 2019
Credit Facilities:				
August 3, 2018 - Class A-1	NA	NA	\$ —	\$ 107,200,000
February 21, 2019	February 21, 2024	2.415%	342,921,705	245,288,419
Total Credit Facilities			<u>\$ 342,921,705</u>	<u>\$ 352,488,419</u>
Debt Securitization:				
May 9, 2019 - Class A-1 2019 Notes	April 15, 2027	2.239%	\$ 174,920,123	\$ 266,710,176
May 9, 2019 - Class A-2 2019 Notes	April 15, 2027	2.869%	51,500,000	51,500,000
Less: Deferred financing fees			(1,024,638)	(1,545,702)
Total Debt Securitization			<u>\$ 225,395,485</u>	<u>\$ 316,664,474</u>

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 Barings BDC, Inc. 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 Barings BDC, Inc.

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 1.25% (or 1.00% if the Company receives an investment grade credit rating), (ii) the applicable LIBOR rate plus 2.25% (or 2.00% if the Company receives 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 2.25% (or 2.00% if the Company receives an investment grade credit rating) or (iv) for borrowings denominated in Australian dollars, the applicable Australian dollars Screen Rate, plus 2.45% (or 2.20% if

the Company receives 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 June 30, 2020, the Company was in compliance with all covenants under the February 2019 Credit Facility.

As of June 30, 2020, the Company had U.S. dollar borrowings of \$265.0 million outstanding under the February 2019 Credit Facility with a weighted average interest rate of 2.438% (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 2.25% (one month STIBOR of 0.000%), borrowings denominated in British pounds sterling of £9.3 million (\$11.5 million U.S. dollars) with an interest rate of 2.375% (one month GBP LIBOR of 0.125%), borrowings denominated in Euros of €38.0 million (\$55.0 million U.S. dollars) with an interest rate of 2.25% (one month EURIBOR of 0.000%) and borrowings denominated in Canadian dollars of C\$13.6 million (\$10.0 million U.S. dollars) with an interest rate of 2.78% (one month CDOR of 0.530%). 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 June 30, 2020 and December 31, 2019, the total fair value of the borrowings outstanding under the February 2019 Credit Facility was \$342.9 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 bear interest at the three-month LIBOR plus 1.02%; \$51.5 million

Barings BDC, Inc.
Notes to Unaudited Consolidated Financial Statements — (Continued)

of AA(sf) Class A-2 Senior Secured Floating Rate 2019 Notes (“Class A-2 2019 Notes”), which bear interest at the three-month LIBOR plus 1.65%; and \$101.0 million of Subordinated 2019 Notes which do not bear interest and are 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 are scheduled to mature on April 15, 2027; however, the 2019 Notes may 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 are 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 includes customary covenants and events of default. The 2019 Notes have not been, and will not be, registered under the Securities Act or any state securities or “blue sky” laws and may not be offered or sold in the United States absent registration with the SEC or an applicable exemption from registration. As of June 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 have 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 six months ended June 30, 2020, \$64.8 million and \$91.8 million, respectively, of the Class A-1 2019 Notes were repaid. As of June 30, 2020, the Company had borrowings of \$174.9 million outstanding under the Class A-1 2019 Notes with an interest rate of 2.239% (three month LIBOR of 1.219%) and borrowings of \$51.5 million outstanding under the Class A-2 2019 Notes with an interest rate of 2.869% (three month LIBOR of 1.219%).

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 June 30, 2020, the total fair value of the Class A-1 2019 Notes and the Class A-2 2019 Notes was \$174.2 million and \$51.2 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.

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 June 30, 2020 and December 31, 2019:

As of June 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 (EUR)	€1,215,998	\$1,366,015	07/02/20	\$ (267)	Accounts payable and accrued liabilities
Foreign currency forward contract (EUR)	\$1,353,787	€1,215,998	07/02/20	(11,961)	Accounts payable and accrued liabilities
Foreign currency forward contract (EUR)	\$569,769	€506,305	10/02/20	(52)	Accounts payable and accrued liabilities
Foreign currency forward contract (GBP)	£1,861,505	\$2,289,223	07/02/20	10,854	Accounts payable and accrued liabilities
Foreign currency forward contract (GBP)	\$2,298,265	£1,861,505	07/02/20	(1,812)	Accounts payable and accrued liabilities
Foreign currency forward contract (GBP)	£1,117,883	\$1,380,590	10/02/20	1,394	Accounts payable and accrued liabilities
Foreign currency forward contract (SEK)	\$57,195	571,416kr	07/02/20	(4,138)	Accounts payable and accrued liabilities
Foreign currency forward contract (SEK)	571,416kr	\$61,196	07/02/20	137	Accounts payable and accrued liabilities
Foreign currency forward contract (SEK)	\$51,626	481,556kr	10/02/20	(119)	Accounts payable and accrued liabilities
Total				<u>\$ (5,964)</u>	

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				<u>\$ (23,559)</u>	

As of June 30, 2020 and December 31, 2019, the total fair value of the Company's foreign currency forward contracts was (\$5,964) 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.

Barings BDC, Inc.
Notes to Unaudited Consolidated Financial Statements — (Continued)

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 June 30, 2020 and December 31, 2019 were as follows:

Portfolio Company	Investment Type	June 30, 2020	December 31, 2019
ADE Holding(1)(2)	Committed Capex Line	\$ 5,019,358	\$ —
Anju Software, Inc.(1)	Delayed Draw Term Loan	1,981,371	1,981,371
Arch Global Precision, LLC(1)	Delayed Draw Term Loan	9,360,435	1,012,661
Armstrong Transport Group (Pele Buyer, LLC)(1)	Delayed Draw Term Loan	712,567	712,567
Beacon Pointe Advisors, LLC(1)	Delayed Draw Term Loan	363,636	—
Centralis Finco S.a.r.l.(1)(3)	Acquisition Facility	1,146,522	—
Classic Collision (Summit Buyer, LLC)(1)	Delayed Draw Term Loan	11,793,854	—
CM Acquisitions Holdings Inc.(1)	Delayed Draw Term Loan	1,859,111	1,859,111
Contabo Finco S.À R.L.(1)(4)	Delayed Draw Term Loan	209,485	1,013,849
Dart Buyer, Inc.(1)	Delayed Draw Term Loan	2,430,569	4,294,503
DreamStart Bidco SAS(1)(5)	Acquisition Facility	3,290,175	—
Heartland, LLC(1)	Delayed Draw Term Loan	8,729,695	8,729,695
Heilbron (f/k/a Sucsez (Bolt Bidco B.V.))(1)(6)	Accordion Facility	—	2,605,531
Jocassie Partners LLC(1)	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(1)(7)	Acquisition Facility	1,082,438	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.(1)(8)	GBP Acquisition Facility	415,737	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
The Hilb Group, LLC(1)	Delayed Draw Term Loan	2,099,113	2,904,066
Thompson Rivers LLC(1)	Joint Venture	8,500,000	—
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
Validity, Inc.(1)	Delayed Draw Term Loan	—	898,298
Total unused commitments to extend financing		<u>\$ 113,955,748</u>	<u>\$ 89,496,985</u>

- (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 (€4,469,000) which was translated into U.S. dollars using the June 30, 2020 spot rate.
- (3) Actual commitment amount is denominated in Euros (€1,020,809) which was translated into U.S. dollars using the June 30, 2020 spot rate.
- (4) June 30, 2020 commitment amount is denominated in Euros (€186,516) which was translated into U.S. dollars using the June 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 Euros (€2,929,417) which was translated into U.S. dollars using the June 30, 2020 spot rate.
- (6) 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.
- (7) June 30, 2020 commitment amount is denominated in British pounds sterling (£876,042) which was translated into U.S. dollars using the June 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.
- (8) June 30, 2020 commitment amount is denominated in British pounds sterling (£336,466) which was translated into U.S. dollars using the June 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.

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 six months ended June 30, 2020, the spread of the Coronavirus and the COVID-19 pandemic had a significant impact on the U.S economy. The Company had a significant reduction in its net asset value as of June 30, 2020 as compared to its net asset value as of December 31, 2019, which was primarily the result of the impact of the COVID-19 pandemic. The decrease in net asset value as from December 31, 2019 to June 30, 2020 resulted primarily from an increase in the aggregate unrealized depreciation of the Company's investment portfolio resulting from decreases in the fair value of some of its portfolio company investments primarily due to the immediate adverse economic effects of the COVID-19 pandemic and the continuing uncertainty surrounding COVID-19's long-term impact, as well as the re-pricing of credit risk in the broadly syndicated credit market. From March 31, 2020 to June 30, 2020, the Company did experience unrealized appreciation on its broadly syndicated loan portfolio of \$31.6 million, which partially offset the \$82.6 million of unrealized depreciation on the broadly syndicated loan portfolio that occurred from December 31, 2019 to March 31, 2020. 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 six months ended June 30, 2020 and 2019:

	Six Months Ended June 30,	
	2020	2019
Per share data:		
Net asset value at beginning of period	\$ 11.66	\$ 10.98
Net investment income(1)	0.29	0.30
Net realized loss on investments / foreign currency transactions(1)	(0.35)	—
Net unrealized appreciation (depreciation) on investments / foreign currency transactions(1)	(1.12)	0.54
Total increase (decrease) from investment operations(1)	(1.18)	0.84
Dividends paid to stockholders from net investment income	(0.32)	(0.25)
Purchases of shares in share repurchase plan	0.05	0.03
Loss on extinguishment of debt(1)	(0.01)	—
Other(2)	0.03	(0.01)
Net asset value at end of period	\$ 10.23	\$ 11.59
Market value at end of period(3)	\$ 7.94	\$ 9.84
Shares outstanding at end of period	47,961,753	50,314,275
Net assets at end of period	490,473,194	583,079,705
Average net assets	517,358,958	579,833,877
Ratio of total expenses, including loss on extinguishment of debt and provision for taxes, to average net assets (annualized)(4)	8.28 %	7.83 %
Ratio of net investment income to average net assets (annualized)	5.34 %	5.30 %
Portfolio turnover ratio (annualized)	50.67 %	39.48 %
Total return(5)	(18.74) %	11.96 %

- (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. SUBSEQUENT EVENTS

Subsequent to June 30, 2020, the Company made approximately \$60.6 million of new private debt commitments, of which \$15.7 million closed and funded. The \$15.7 million of investments consist of two first lien senior secured debt investments with a weighted average yield of 14.0%. In addition, the Company funded \$5.7 million of previously committed delayed draw term loans.

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) \$50,000,000 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 \$50,000,000 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 \$25,000,000 of the Series A Notes is expected to be issued in September 2020 (subject to the satisfaction of customary closing conditions contained in the Note Purchase Agreement) and will mature on August 4, 2025, and an aggregate principal amount of \$25,000,000 of the Series A Notes is expected to be issued in December 2020 (subject to the satisfaction of customary closing conditions contained in the Note Purchase Agreement) and mature on August 4, 2025, in each case 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 addition, the Company is obligated to offer to repay the August 2025 Notes at par if certain change in control

Barings BDC, Inc.
Notes to Unaudited Consolidated Financial Statements — (Continued)

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.

On August 5, 2020 the Board declared a quarterly distribution of \$0.16 per share payable on September 16, 2020 to holders of record as of September 9, 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 six months ended June 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; and future changes in laws or regulations and conditions in our operating areas. 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 cyclicity 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 June 30, 2020, the weighted average yield on the principal amount of our syndicated senior secured loan portfolio (excluding non-accrual investments), our middle-market senior secured private debt portfolio and our structured product investments was approximately 4.5%, 6.2%, and 7.4%, respectively. As of June 30, 2020, the weighted average yield on the principal amount on these three portfolios (excluding non-accrual investments) on a combined basis was approximately 5.5%. The weighted-average yield on the principal amount of our outstanding investments (including equity and equity-linked investments and short-term investments and excluding non-accrual investments) was approximately 5.3% as of June 30, 2020.

As of December 31, 2019, the weighted average yield on the principal amount of our syndicated senior secured loan portfolio and our middle-market senior secured private debt portfolio was approximately 5.4% and 7.0%, respectively. As of December 31, 2019, the weighted average yield on the principal amount of these two portfolios on a combined basis was approximately 6.2%. The weighted-average yield on the principal amount of our outstanding investments (including equity and equity-linked investments and short-term investments) was approximately 5.8% as of December 31, 2019.

As of June 30, 2019, the weighted average yield on the principal amount of our syndicated senior secured loan portfolio and our middle-market senior secured private debt portfolio was approximately 5.6% and 7.4%, respectively. As of June 30, 2019, the weighted average yield on the principal amount of these two portfolios on a combined basis was approximately 6.2%. The weighted-average yield on the principal amount of our outstanding investments (including equity and equity-linked investments and short-term investments) was approximately 6.0% as of June 30, 2019.

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 is operating a 100% remote-working model across the United States, Europe and Australia. Barings shifted to remote working and flexible working arrangements in Asia at the end of January 2020, 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, including syndicated senior secured loans and senior secured private debt investments, as Barings continues to transition our portfolio from syndicated senior secured loans to senior secured private debt investments in middle-market businesses.

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. 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 and the Debt Securitization (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.

We have had a significant reduction in our net asset value as of June 30, 2020 as compared to our net asset value as of December 31, 2019, which is primarily the result of the impact of the COVID-19 pandemic. The decrease in net asset value as of June 30, 2020 primarily resulted from an increase in the aggregate unrealized depreciation of our investment portfolio resulting from decreases in the fair value of some of our portfolio company investments primarily due to the immediate adverse economic effects of the COVID-19 pandemic and the continuing uncertainty surrounding its long-term impact, as well as the re-pricing of credit risk in the broadly syndicated credit market. From March 31, 2020 to June 30, 2020, the Company did experience unrealized appreciation on our broadly syndicated loan portfolio of \$31.6 million which partially offset the \$82.6 million of unrealized depreciation that occurred from December 31, 2019 to March 31, 2020.

As of June 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 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 June 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 June 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 June 30, 2020, approximately \$1,053.9 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 addition, the Class A-1 2019 Notes and the Class A-2 2019 Notes issued in connection with the Debt Securitization have floating rate interest provisions, and the February 2019 Credit Facility has a floating rate interest provision. 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 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’ \$251.7 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 June 30, 2020, our asset coverage ratio was 186.1%.

Portfolio Investment Composition

The total value of our investment portfolio was \$1,034.0 million as of June 30, 2020, as compared to \$1,173.6 million as of December 31, 2019. As of June 30, 2020, we had investments in 147 portfolio companies, 8 structured product investments and four money market funds with an aggregate cost of \$1,107.8 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 June 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 June 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
June 30, 2020:				
Senior debt and 1 st lien notes	\$ 1,002,993,507	91 %	\$ 930,685,483	90 %
Subordinated debt and 2 nd lien notes	17,505,684	2	16,040,935	2
Structured products	11,519,473	1	12,264,235	1
Equity shares	1,028,125	—	1,070,410	—
Investments in joint ventures	16,658,270	2	15,933,845	2
Short-term investments	58,046,476	5	58,046,124	6
	<u>\$ 1,107,751,535</u>	<u>100 %</u>	<u>\$ 1,034,041,032</u>	<u>100 %</u>
December 31, 2019:				
Senior debt and 1 st lien notes	\$ 1,070,031,715	90 %	\$ 1,050,863,369	90 %
Subordinated debt and 2 nd 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
	<u>\$ 1,192,613,930</u>	<u>100 %</u>	<u>\$ 1,173,643,807</u>	<u>100 %</u>

Investment Activity

During the six months ended June 30, 2020, we purchased \$38.3 million in syndicated senior secured loans, purchased \$11.5 million in structured product investments, made new investments in 12 middle-market portfolio companies totaling \$91.3 million, consisting of 12 senior secured private debt investments, one subordinated debt investment and two minority equity investment, made one new joint venture equity investment totaling \$1.5 million, made additional debt investments in 14 existing portfolio companies totaling \$19.0 million and made an additional investment in one joint venture equity portfolio company totaling \$5.0 million. We had 11 syndicated senior secured loans repaid at par totaling total \$43.6 million, had one middle-market portfolio company loan repaid at par totaling \$8.4 million, received \$3.3 million of syndicated senior secured loan principal payments and received \$3.1 million of middle-market portfolio company principal payments. In addition, we sold \$105.5 million of syndicated senior secured loans, recognizing a net realized loss on these transactions of \$16.4 million, and sold \$30.8 million of middle-market portfolio company debt investments to our joint venture. In addition, one broadly syndicated 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 \$0.2 million in escrow distributions from legacy portfolio companies, which were recognized as realized gains.

During the six months ended June 30, 2019, we purchased \$3.6 million in syndicated senior secured loans, made thirteen new middle-market debt investments totaling \$130.1 million, consisting of 12 senior secured private debt investments and one second lien private debt investment, made one joint venture equity investment totaling \$5.2 million and made additional debt investments in four existing portfolio companies totaling \$6.9 million. We had four portfolio company loans repaid at par totaling \$26.6 million, received \$20.8 million of principal payments and sold \$33.7 million of syndicated secured loans and senior secured private debt investments, recognizing a net realized loss on these transactions of \$0.5 million. In addition, we received \$0.5 million in escrow distributions from three portfolio companies, which were recognized as realized gains.

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

Six Months Ended June 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	145,908,541	2,160,081	11,518,233	512,299	6,500,000	403,971,410	570,570,564
Proceeds from sales of investments	(136,317,018)	—	—	(241,428)	—	(442,510,852)	(579,069,298)
Loan origination fees received	(3,111,977)	(19,808)	—	—	—	—	(3,131,785)
Principal repayments received	(58,401,447)	—	(19,432)	—	—	—	(58,420,879)
Payment in kind interest earned	198,839	—	—	—	—	—	198,839
Accretion of loan discounts	576,166	9,299	18,831	—	—	—	604,296
Accretion of deferred loan origination revenue	1,124,781	16,932	—	—	—	—	1,141,713
Realized gain (loss)	(17,016,092)	—	1,841	241,428	—	16,979	(16,755,844)
Unrealized depreciation	(53,139,679)	(1,346,538)	744,762	(202,605)	(795,968)	(353)	(54,740,381)
Fair value, end of period	\$ 930,685,483	\$ 16,040,935	\$ 12,264,235	\$ 1,070,410	\$ 15,933,845	\$ 58,046,124	\$ 1,034,041,032

Six Months Ended June 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	135,673,192	4,951,685	—	5,162,299	317,480,389	463,267,565
Proceeds from sales of investments	(33,739,874)	—	(468,819)	—	(328,280,839)	(362,489,532)
Loan origination fees received	(2,271,606)	(148,551)	—	—	—	(2,420,157)
Principal repayments received	(44,447,323)	(2,980,874)	—	—	—	(47,428,197)
Accretion of loan discounts	114,594	—	—	—	—	114,594
Accretion of deferred loan origination revenue	487,623	55,878	—	—	—	543,501
Realized gain (loss)	(548,570)	—	468,819	—	—	(79,751)
Unrealized appreciation (depreciation)	27,252,163	91,288	67,833	(162,089)	—	27,249,195
Fair value, end of period	\$ 1,150,957,046	\$ 9,648,558	\$ 583,658	\$ 5,000,210	\$ 34,423,491	\$ 1,200,612,963

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 June 30, 2020, the fair value of our non-accrual asset was \$1.8 million, which comprised 0.2% of the total fair value of our portfolio, and the cost of our non-accrual asset was \$10.1 million, which comprised 0.9% of the total cost of our portfolio. As of December 31, 2019, we had no non-accrual assets.

Our non-accrual asset as of June 30, 2020 was as follows:

Fieldwood Energy LLC

Effective with the quarterly payment due April 30, 2020, we placed our debt investment in Fieldwood Energy LLC, or Fieldwood, on non-accrual status. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in Fieldwood for financial reporting purposes. As of June 30, 2020, the cost of our debt investment in Fieldwood was \$10.1 million and the fair value of such investment was \$1.8 million.

Results of Operations

Three and Six months ended June 30, 2020 and June 30, 2019

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

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Total investment income	\$ 16,139,764	\$ 19,601,688	\$ 34,819,362	\$ 37,941,446
Total operating expenses	9,610,635	12,188,806	20,996,164	22,571,277
Net investment income	6,529,129	7,412,882	13,823,198	15,370,169
Net realized gains (losses)	(16,514,997)	50,024	(16,817,369)	(79,751)
Net unrealized appreciation (depreciation)	65,043,310	1,852,007	(54,352,743)	27,249,195
Loss on extinguishment of debt	(306,202)	(85,356)	(443,592)	(129,751)
Benefit from (provision for) taxes	(2,532)	17,493	17,467	(499)
Net increase (decrease) in net assets resulting from operations	\$ 54,748,708	\$ 9,247,050	\$ (57,773,039)	\$ 42,409,363

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 June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Investment income:				
Interest income	\$ 15,295,679	\$ 19,074,824	\$ 32,970,081	\$ 37,108,838
Dividend income	2,603	4,711	2,603	4,711
Fee and other income	650,433	519,970	1,611,426	821,027
Payment-in-kind interest income	191,049	—	234,621	—
Interest income from cash	—	2,183	631	6,870
Total investment income	<u>\$ 16,139,764</u>	<u>\$ 19,601,688</u>	<u>\$ 34,819,362</u>	<u>\$ 37,941,446</u>

The change in investment income for the three and six months ended June 30, 2020, as compared to the three and six months ended June 30, 2019, was primarily due to a decrease in LIBOR from June 30, 2019 to June 30, 2020 and a decrease in the average size of our portfolio. These decreases were partially offset by increases in fee income from June 30, 2019 to June 30, 2020 and the continued rotation of our portfolio from syndicated senior secured loans to senior secured private debt investments in middle-market businesses. As of June 30, 2019, we had investments in 142 portfolio companies, which included 30 middle-market debt investment, 111 syndicated senior secured loans and one joint venture equity investment as compared to investments in eight structured product investments and 147 portfolio companies as of June 30, 2020, which included 64 middle-market debt investments, 81 syndicated senior secured loans and two joint venture equity investments. The weighted average yield on our investments was 5.3% as of June 30, 2020, as compared to 6.0% as of June 30, 2019.

Operating Expenses

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Operating expenses:				
Interest and other financing fees	\$ 4,624,731	\$ 7,027,040	\$ 10,628,864	\$ 12,871,212
Base management fees	3,616,787	3,130,955	7,529,160	5,581,950
Compensation expenses	—	108,646	48,410	227,090
General and administrative expenses	1,369,117	1,922,165	2,789,730	3,891,025
Total operating expenses	<u>\$ 9,610,635</u>	<u>\$ 12,188,806</u>	<u>20,996,164</u>	<u>22,571,277</u>

Interest and Other Financing Fees

Interest and other financing fees during the three and six months ended June 30, 2020 were attributable to borrowings under the August 2018 Credit Facility, the February 2019 Credit Facility and the Debt Securitization (each as defined below under "Liquidity and Capital Resources"). Interest and other financing fees during the three and six months ended June 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 the three and six months ended June 30, 2020 as compared to the three and six months ended June 30, 2019 was primarily attributable to the decrease in average borrowings outstanding and the decrease in interest rates associated with the February 2019 Credit Facility and the Debt Securitization as a result of a decrease in LIBOR.

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 six months ended June 30, 2020, the amount of base management fee incurred was approximately \$3.6 million and \$7.5 million, respectively. For the three and six months ended June 30, 2019, the amount of base management fee incurred was approximately \$3.1 million and \$5.6 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 six months ended June 30, 2020, pursuant to the terms of the Advisory Agreement, as compared to 1.125% for the three and six months ended June 30, 2019.

Compensation Expenses

The compensation expenses for the six months ended June 30, 2020 and June 30, 2019 related to salaries, benefits and discretionary compensation. As of March 31, 2020, all of our employees had been terminated in connection with our transition to an externally managed structure.

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 six months ended June 30, 2020, the amount of administration expense incurred and invoiced by Barings for expenses was approximately \$0.2 million and \$0.6 million, respectively. For the three and six months ended June 30, 2019, the amount of administration expense incurred and invoiced by the Adviser for expenses was approximately \$0.9 million and \$1.4 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 six months ended June 30, 2020 and 2019 were as follows:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net realized gain (losses):				
Non-Control / Non-Affiliate investments	\$ (16,597,865)	\$ 50,024	\$ (16,755,844)	\$ (79,751)
Net realized losses on investments	(16,597,865)	50,024	(16,755,844)	(79,751)
Foreign currency transactions	82,868	—	(61,525)	—
Net realized gains (losses)	<u>\$ (16,514,997)</u>	<u>\$ 50,024</u>	<u>\$ (16,817,369)</u>	<u>\$ (79,751)</u>

In the three months ended June 30, 2020, we recognized net realized losses totaling \$16.5 million, which consisted primarily of a net loss on our loan portfolio of \$16.7 million, partially offset by a net gain on foreign currency transactions of \$0.1 million, and by \$0.1 million in escrow distributions we received from legacy portfolio companies, which were recognized as realized gains. In the six months ended June 30, 2020, we recognized net realized losses totaling \$16.8 million, which consisted primarily of a net loss on our loan portfolio of \$17.0 million and a net loss on foreign currency transactions of \$0.1 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 June 30, 2019, we recognized net realized gains totaling \$0.1 million, which consisted primarily of a net gain on escrow payments received of \$0.2 million, partially offset by a net loss on our syndicated senior secured loan portfolio of \$0.1 million. In the six months ended June 30, 2019, we recognized a net realized loss totaling \$0.1 million, which consisted primarily of a net loss on our syndicated senior secured loan portfolio of \$0.5 million, partially offset by a net gain on escrow payments received of \$0.5 million.

Net Unrealized Appreciation (Depreciation)

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

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net unrealized appreciation (depreciation):				
Non-Control / Non-Affiliate investments	\$ 63,416,644	\$ 2,014,096	\$(53,944,413)	\$ 27,411,284
Affiliate investments	3,037,255	(162,089)	(795,968)	(162,089)
Net unrealized appreciation (depreciation) on investments	66,453,899	1,852,007	(54,740,381)	27,249,195
Foreign currency transactions	(1,410,589)	—	387,638	—
Net unrealized appreciation (depreciation)	<u>\$ 65,043,310</u>	<u>\$ 1,852,007</u>	<u>\$ (54,352,743)</u>	<u>\$ 27,249,195</u>

During the three months ended June 30, 2020, we recorded net unrealized appreciation totaling \$65.0 million, consisting of net unrealized appreciation on our current portfolio of \$43.8 million, net unrealized depreciation related to foreign currency transactions of \$1.4 million and net unrealized appreciation reclassification adjustments of \$22.7 million related to the net realized losses on the sales / repayments of certain syndicated secured loans. The net unrealized appreciation on the Company's current portfolio of \$43.8 million was driven by broad market moves for liquid syndicated secured loans and structured products totaling \$31.6 million, broad market moves for middle-market debt investments of \$5.1 million, the credit or fundamental performance of middle-market debt investments totaling \$2.9 million, the impact of foreign currency exchange rates on middle-market debt investments of \$1.3 million, and net unrealized appreciation on the Company's total equity and joint venture investments of \$3.0 million.

During the six months ended June 30, 2020, we recorded net unrealized depreciation totaling \$54.4 million, consisting of net unrealized depreciation on our current portfolio of \$77.8 million, net unrealized appreciation related to foreign currency transactions of \$0.4 million and net unrealized appreciation reclassification adjustments of \$23.0 million related to the net realized losses on the sales / repayments of certain syndicated secured loans. The net unrealized depreciation on the Company's current portfolio of \$77.8 million was driven by broad market moves for liquid syndicated secured loans and structured products totaling \$51.0 million, broad market moves for middle-market debt investments of \$20.4 million, the credit or fundamental performance of middle-market debt investments totaling \$5.3 million and net unrealized depreciation on the Company's total equity and joint venture investments of \$1.0 million.

During the three months ended June 30, 2019, we recorded net unrealized appreciation totaling \$1.9 million, consisting of net unrealized appreciation on our current portfolio of \$1.7 million and net unrealized appreciation reclassification adjustments of \$0.2 million related predominately to the net realized losses on the sales / repayments of certain syndicated secured loans. During the six months ended June 30, 2019, we recorded net unrealized appreciation totaling \$27.2 million, consisting of net unrealized appreciation on our current portfolio of \$25.5 million and net unrealized appreciation reclassification adjustments of \$1.8 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 (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 six months ended June 30, 2020, we experienced a net decrease in cash in the amount of \$3.5 million. During that period, our operating activities provided \$120.0 million in cash, consisting primarily of proceeds from sales of portfolio investments totaling \$239.7 million and sales of short-term investments of \$442.5 million, partially offset by purchases of portfolio investments of \$171.5 million and purchases of short-term investments of \$404.0 million. In addition, our financing activities used \$123.5 million of cash, consisting primarily of net repayments under the August 2018 Credit Facility and the

February 2019 Credit Facility of \$9.1 million, repayments of the Debt Securitization of \$91.8 million, share repurchases of \$7.1 million and dividends paid in the amount of \$15.5 million. As of June 30, 2020, we had \$18.5 million of cash on hand.

For the six months ended June 30, 2019, we experienced a net increase in cash in the amount of \$0.5 million. During that period, our operating activities used \$32.7 million in cash, consisting primarily of purchases of portfolio investments of \$171.4 million and purchases of short-term investments of \$317.5 million, partially offset by proceeds from sales of investments totaling \$104.4 million and sales of short-term investments of \$328.3 million. In addition, our financing activities provided \$33.2 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 \$284.5 million, purchases of shares in the share repurchase plan of \$9.6 million, financing fees of \$8.2 million and dividends paid in the amount of \$12.6 million. As of June 30, 2019, we had \$12.9 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 1.25% (or 1.00% if we receive an investment grade credit rating), (ii) the applicable LIBOR rate plus 2.25% (or 2.00% if we receive 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 2.25% (or 2.00% if we receive an investment grade credit rating), or (iv) for borrowings denominated in Australian dollars, the applicable Australian dollars Screen Rate, plus 2.45% (or 2.20% if we receive 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 June 30, 2020, we were in compliance with all covenants under the February 2019 Credit Facility and had U.S. dollar borrowings of \$265.0 million outstanding under the February 2019 Credit Facility with a weighted average interest rate of 2.438%, 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 £9.3 million (\$11.5 million U.S. dollars) with an interest rate of 2.375%, borrowings denominated in Euros of €38.0 million (\$55.0 million U.S. dollars) with an interest rate of 2.25% and borrowings denominated in Canadian dollars of C\$13.6 million (\$10.0 million U.S. dollars) with an interest rate of 2.78%. 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 June 30, 2020, the total fair value of the borrowings outstanding under the February 2019 Credit Facility was \$342.9 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 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, or the Class A-1 2019 Notes, which bear 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 bear interest at the three-month LIBOR plus 1.65%; and \$101.0 million of Subordinated 2019 Notes which do not bear interest and are 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 are scheduled to mature on April 15, 2027; however the 2019 Notes may 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 are 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 includes customary covenants and events of default. The 2019 Notes have not been, and will not be, registered under the Securities Act of 1933, as amended, or the Securities Act, or any state securities or “blue sky” laws and may 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 June 30, 2020, \$64.8 million of the Class A-1 2019 Notes were repaid. As of June 30, 2020, we had borrowings of \$174.9 million outstanding under the Class A-1 2019 Notes with an interest rate of 2.239% and borrowings of \$51.5 million outstanding under the Class A-2 2019 Notes with an interest rate of 2.869%. 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 June 30, 2020, the total fair value of the Class A-1 2019 Notes and the Class A-2 2019 Notes was \$174.2 million and \$51.2 million, respectively. See Note 5 to our Unaudited Consolidated Financial Statements for additional information regarding the Debt Securitization.

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 six months ended June 30, 2019, we repurchased a total of 969,789 shares of our common stock in the open market under the 2019 Share Repurchase Plan at an average price of \$9.95 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 six months ended June 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 June 30, 2020, we made approximately \$60.6 million of new private debt commitments, of which \$15.7 million closed and funded. The \$15.7 million of investments consist of two first lien senior secured debt investments with a weighted average yield of 14.0%. In addition, we funded \$5.7 million of previously committed delayed draw term loans.

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) \$50,000,000 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 \$50,000,000 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 \$25,000,000 of the Series A Notes is expected to be issued in September 2020 (subject to the satisfaction of customary closing conditions contained in the Note Purchase Agreement) and will mature on August 4, 2025, and an aggregate principal amount of \$25,000,000 of the Series A Notes is expected to be issued in December 2020 (subject to the satisfaction of customary closing conditions contained in the Note Purchase Agreement) and mature on August 4, 2025, in each case 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 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 will be our general unsecured obligations that rank *pari passu* with all outstanding and future unsecured unsubordinated indebtedness issued by us. See "Part II. Item 5. Other Information" of this Quarterly Report on Form 10-Q for more information.

On August 5, 2020 our Board declared a quarterly distribution of \$0.16 per share payable on September 16, 2020 to holders of record as of September 9, 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%

(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.

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 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 June 30, 2020 and December 31, 2019 were as follows:

Portfolio Company	Investment Type	June 30,	
		2020	December 31, 2019
ADE Holding(1)(2)	Committed Capex Line	\$ 5,019,358	\$ —
Anju Software, Inc.(1)	Delayed Draw Term Loan	1,981,371	1,981,371
Arch Global Precision, LLC(1)	Delayed Draw Term Loan	9,360,435	1,012,661
Armstrong Transport Group (Pele Buyer, LLC)(1)	Delayed Draw Term Loan	712,567	712,567
Beacon Pointe Advisors, LLC(1)	Delayed Draw Term Loan	363,636	—
Centralis Finco S.a.r.l.(1)(3)	Acquisition Facility	1,146,522	—
Classic Collision (Summit Buyer, LLC)(1)	Delayed Draw Term Loan	11,793,854	—
CM Acquisitions Holdings Inc.(1)	Delayed Draw Term Loan	1,859,111	1,859,111
Contabo Finco S.À R.L.(1)(4)	Delayed Draw Term Loan	209,485	1,013,849
Dart Buyer, Inc.(1)	Delayed Draw Term Loan	2,430,569	4,294,503
DreamStart Bidco SAS(1)(5)	Acquisition Facility	3,290,175	—
Heartland, LLC(1)	Delayed Draw Term Loan	8,729,695	8,729,695
Heilbron (f/k/a Sucsez (Bolt Bidco B.V.))(1)(6)	Accordion Facility	—	2,605,531
Jocassee Partners LLC(1)	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(1)(7)	Acquisition Facility	1,082,438	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.(1)(8)	GBP Acquisition Facility	415,737	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
The Hilb Group, LLC(1)	Delayed Draw Term Loan	2,099,113	2,904,066
Thompson Rivers LLC(1)	Joint Venture	8,500,000	—
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
Validity, Inc.(1)	Delayed Draw Term Loan	—	\$ 898,298
Total unused commitments to extend financing		\$ 113,955,748	\$ 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 (€4,469,000) which was translated into U.S. dollars using the June 30, 2020 spot rate.

(3) Actual commitment amount is denominated in Euros (€1,020,809) which was translated into U.S. dollars using the June 30, 2020 spot rate.

(4) June 30, 2020 commitment amount is denominated in Euros (€186,516) which was translated into U.S. dollars using the June 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 Euros (€2,929,417) which was translated into U.S. dollars using the June 30, 2020 spot rate.

(6) 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.

(7) June 30, 2020 commitment amount is denominated in British pounds sterling (£876,042) which was translated into U.S. dollars using the June 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.

(8) June 30, 2020 commitment amount is denominated in British pounds sterling (£336,466) which was translated into U.S. dollars using the June 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.

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.

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. 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 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 June 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 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 June 30, 2020, approximately \$1,053.9 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 \$21.1 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 1.25% (or 1.00% if we receive an investment grade credit rating), (ii) the applicable LIBOR rate plus 2.25% (or 2.00% if we receive 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 2.25% (or 2.00% if we receive an investment grade credit rating) or (iv) for borrowings denominated in Australian dollars, the applicable Australian dollars Screen Rate, plus 2.45% (or 2.20% if the Company receives 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 June 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 have floating rate interest provisions based on the three-month LIBOR that reset quarterly. A hypothetical 200 basis point increase or decrease in the interest rates on the 2019 Notes could increase or decrease, as applicable, our interest expense by a maximum of \$4.5 million on an annual basis (based on the aggregate amount of outstanding borrowings under the 2019 Notes as of June 30, 2020).

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 June 30, 2020, we had borrowings denominated in Swedish kronas of 12.8kr million (\$1.4 million U.S. dollars) with an interest rate of 2.25%, borrowings denominated in British pounds sterling of £9.3 million (\$11.5 million U.S. dollars) with an interest rate of 2.38%, borrowings denominated in Euros of €38.0 million (\$55.0 million U.S. dollars) with an interest rate of 2.25% and borrowings denominated in Canadian dollars of C\$13.6 million (\$10.0 million U.S. dollars) with an interest rate of 2.78%.

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 second 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 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.

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.

There have been no material changes during the three months ended June 30, 2020 to the risk factors previously disclosed in “Part I. Item 1A. Risk Factors” in our annual report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on February 27, 2020, and in “Part II. Item 1A. Risk Factors” in our quarterly report on Form 10-Q for the quarter ended March 31, 2020, filed with the SEC on April 30, 2020, which you should carefully consider. 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.

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 June 30, 2020, in connection with our Dividend Reinvestment Plan for our common stockholders, we directed the plan administrator to purchase 24,431 shares of our common stock for an aggregate of \$186,448 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 April 30, 2020.

On February 27, 2020, our Board approved the 2020 Share Repurchase Program for the purposes of repurchasing shares of our common stock in the open market. During the three months ended June 30, 2020, we repurchased a total of 327,069 shares of our common stock in the open market under the 2020 Share Repurchase Program for an aggregate of \$2.3 million, including broker commissions.

The following chart summarizes repurchases of our common stock for the three months ended June 30, 2020:

Period	Total number of shares purchased ⁽¹⁾	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
April 1 through April 30, 2020	327,069 (2)	\$ 7.17	327,069	\$ 9,859,393
May 1 through May 31, 2020	—	\$ —	—	\$ 11,317,884
June 1 through June 30, 2020	24,431 (3)	\$ 7.63	—	\$ 11,464,736 (4)

(1) Includes purchases of our common stock made on the open market by or on behalf of any “affiliated purchaser,” as defined in Exchange Act Rule 10b-18(a)(3), of the Company.

(2) Includes 327,069 shares repurchased under the 2020 Share Repurchase Program

(3) Includes 24,431 shares purchased in the open market pursuant to the terms of our dividend reinvestment plan.

(4) Based on the total maximum remaining number of shares that could be repurchased under the 2020 Share Repurchase Program as of June 30, 2020 of 1,443,921 and assuming a purchase price of \$7.94, which was the closing price of our common stock on the NYSE on June 30, 2020.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On August 3, 2020, we entered into the Note Purchase Agreement governing the issuance of (i) \$50,000,000 in aggregate principal amount of the Series A Notes due August 2025 with a fixed interest rate of 4.66% per year, and (ii) up to \$50,000,000 in aggregate principal amount of the Additional 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 \$25,000,000 of the Series A Notes is expected to be issued in September 2020 (subject to the satisfaction of customary closing conditions contained in the Note Purchase Agreement) and will mature on August 4, 2025, and an aggregate principal amount of \$25,000,000 of the Series A Notes is expected to be issued in December 2020 (subject to the satisfaction of customary closing conditions contained in the Note Purchase Agreement) and mature on August 4, 2025, in each case 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 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 will be our general unsecured obligations that rank *pari passu* with all outstanding and future unsecured unsubordinated indebtedness issued by us.

We intend to use the net proceeds from this offering for general corporate purposes, including to make investments and make distributions permitted by the Note Purchase Agreement.

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.

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.

The information in this Quarterly Report on Form 10-Q shall not constitute an offer to sell or a solicitation of an offer to purchase the August 2025 Notes or any other securities, and shall not constitute an offer, solicitation or sale in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful.

The description above is only a summary of the material provisions of the Note Purchase Agreement and is qualified in its entirety by reference to the copy of the Note Purchase Agreement which is filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q and is incorporated herein by reference thereto.

Item 6. Exhibits.

<u>Number</u>	<u>Exhibit</u>
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).
3.5	Amended and Restated Limited Liability Company Agreement of Barings BDC Senior Funding I, LLC (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 6, 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*
31.1	Chief Executive 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.*
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: August 5, 2020

/s/ Eric Lloyd

Eric Lloyd
Chief Executive Officer
(Principal Executive Officer)

Date: August 5, 2020

/s/ Jonathan Bock

Jonathan Bock
Chief Financial Officer
(Principal Financial Officer)

Date: August 5, 2020

/s/ Elizabeth A. Murray

Elizabeth A. Murray
Principal Accounting Officer

BARINGS BDC, INC.

\$50,000,000 4.66% SERIES A SENIOR UNSECURED NOTES DUE AUGUST 4, 2025
UP TO \$50,000,000 OF ADDITIONAL SENIOR UNSECURED NOTES DUE AUGUST 4, 2025

—————
NOTE PURCHASE AGREEMENT
—————

Dated August 3, 2020

TABLE OF CONTENTS

	Page
i.	
SECTION 1. AUTHORIZATION OF NOTES	<u>1</u>
Section 1.1 Authorization of Series A Notes	<u>1</u>
Section 1.2 Authorization of Additional Notes	<u>1</u>
Section 1.3 Defined Terms	<u>1</u>
SECTION 2. SALE AND PURCHASE OF NOTES	<u>2</u>
Section 2.1 Purchase and Sale of Series A Notes	<u>2</u>
Section 2.2 Purchase and Sale of Additional Notes	<u>2</u>
SECTION 3. CLOSINGS	<u>4</u>
Section 3.1 Series A Closings	<u>4</u>
Section 3.2 Additional Note Closings	<u>5</u>
SECTION 4. CONDITIONS TO CLOSINGS	<u>5</u>
Section 4.1 Conditions to Effective Date	<u>5</u>
Section 4.2 Conditions to Closings	<u>7</u>
SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY	<u>10</u>
Section 5.1 Organization; Power and Authority	<u>10</u>
Section 5.2 Authorization, Etc.	<u>10</u>
Section 5.3 Disclosure	<u>10</u>
Section 5.4 Organization and Ownership of Shares of Subsidiaries; Affiliates	<u>11</u>
Section 5.5 Financial Statements	<u>11</u>
Section 5.6 Compliance with Laws, Other Instruments, Etc.	<u>12</u>
Section 5.7 Governmental Authorizations, Etc.	<u>12</u>
Section 5.8 Litigation; Observance of Agreements, Statutes and Orders	<u>12</u>
Section 5.9 Taxes	<u>13</u>
Section 5.10 Title to Property	<u>13</u>
Section 5.11 Licenses, Permits, Etc.	<u>13</u>
Section 5.12 Compliance with Employee Benefit Plans	<u>13</u>
Section 5.13 Private Offering by the Company	<u>14</u>
Section 5.14 Use of Proceeds; Margin Regulations	<u>14</u>

TABLE OF CONTENTS
(continued)

	Page
Section 5.15 Existing Indebtedness; Future Liens.	<u>15</u>
Section 5.16 Foreign Assets Control Regulations, Etc.	<u>15</u>
Section 5.17 Environmental Matters	<u>16</u>
Section 5.18 Investment Company Act	<u>17</u>
Section 5.19 Priority of Obligations	<u>17</u>
SECTION 6. REPRESENTATIONS OF THE PURCHASERS	<u>17</u>
Section 6.1 Purchase for Investment	<u>17</u>
Section 6.2 Source of Funds	<u>17</u>
Section 6.3 Investment Experience; Access to Information	<u>19</u>
Section 6.4 Authorization	<u>19</u>
Section 6.5 Restricted Securities	<u>19</u>
Section 6.6 No Public Market	<u>20</u>
Section 6.7 Legends	<u>20</u>
SECTION 7. INFORMATION AS TO COMPANY	<u>20</u>
Section 7.1 Financial and Business Information	<u>20</u>
Section 7.2 Officer's Certificate	<u>23</u>
Section 7.3 Visitation	<u>24</u>
Section 7.4 Electronic Delivery	<u>24</u>
SECTION 8. PAYMENT AND PREPAYMENT OF THE NOTES	<u>25</u>
Section 8.1 Maturity	<u>25</u>
Section 8.2 Optional Prepayments with Make-Whole Amount	<u>25</u>
Section 8.3 Allocation of Partial Prepayments	<u>25</u>
Section 8.4 Maturity; Surrender, Etc.	<u>25</u>
Section 8.5 Purchase of Notes	<u>26</u>
Section 8.6 Make-Whole Amount	<u>26</u>
Section 8.7 Payments Due on Non-Business Days	<u>27</u>
Section 8.8 Change in Control	<u>28</u>
SECTION 9. AFFIRMATIVE COVENANTS	<u>29</u>
Section 9.1 Compliance with Laws	<u>29</u>

TABLE OF CONTENTS
(continued)

	Page
Section 9.2 Insurance	<u>29</u>
Section 9.3 Maintenance of Properties	<u>29</u>
Section 9.4 Payment of Taxes and Claims	<u>29</u>
Section 9.5 Corporate Existence, Etc.	<u>30</u>
Section 9.6 Books and Records	<u>30</u>
Section 9.7 Subsidiary Guarantors	<u>30</u>
Section 9.8 Status of BDC	<u>32</u>
Section 9.9 Investment Policies	<u>32</u>
Section 9.10 Rating Confirmation	<u>32</u>
Section 9.11 Most Favored Lender	<u>32</u>
SECTION 10. NEGATIVE COVENANTS	<u>33</u>
Section 10.1 Transactions with Affiliates	<u>33</u>
Section 10.2 Merger, Consolidation, Fundamental Changes, Etc.	<u>35</u>
Section 10.3 Line of Business	<u>37</u>
Section 10.4 Economic Sanctions, Etc.	<u>37</u>
Section 10.5 Liens	<u>37</u>
Section 10.6 Certain Financial Covenants	<u>40</u>
SECTION 11. EVENTS OF DEFAULT	<u>41</u>
SECTION 12. REMEDIES ON DEFAULT, ETC.	<u>44</u>
Section 12.1 Acceleration	<u>44</u>
Section 12.2 Holder Action	<u>44</u>
Section 12.3 Rescission	<u>45</u>
Section 12.4 No Waivers or Election of Remedies, Expenses, Etc.	<u>45</u>
SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES	<u>45</u>
Section 13.1 Registration of Notes	<u>45</u>
Section 13.2 Transfer and Exchange of Notes	<u>46</u>
Section 13.3 Replacement of Notes	<u>47</u>
SECTION 14. PAYMENTS ON NOTES	<u>47</u>
Section 14.1 Place of Payment	<u>47</u>

TABLE OF CONTENTS
(continued)

	Page
Section 14.2 Payment by Wire Transfer	<u>47</u>
Section 14.3 Taxes	<u>48</u>
SECTION 15. EXPENSES, ETC.	<u>50</u>
Section 15.1 Transaction Expenses	<u>50</u>
Section 15.2 Certain Taxes	<u>51</u>
Section 15.3 Survival	<u>51</u>
SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT	<u>51</u>
SECTION 17. AMENDMENT AND WAIVER	<u>51</u>
Section 17.1 Requirements	<u>51</u>
Section 17.2 Solicitation of Holders of Notes	<u>52</u>
Section 17.3 Binding Effect, Etc.	<u>53</u>
Section 17.4 Notes Held by Company, Etc.	<u>53</u>
SECTION 18. NOTICES	<u>53</u>
SECTION 19. REPRODUCTION OF DOCUMENTS	<u>54</u>
SECTION 20. CONFIDENTIAL INFORMATION	<u>54</u>
SECTION 21. SUBSTITUTION OF PURCHASES	<u>55</u>
SECTION 22. MISCELLANEOUS	<u>56</u>
Section 22.1 Successors and Assigns	<u>56</u>
Section 22.2 Accounting Terms	<u>56</u>
Section 22.3 Severability	<u>56</u>
Section 22.4 Construction, Etc.	<u>56</u>
Section 22.5 Counterparts; Electronic Contracting	<u>57</u>
Section 22.6 Governing Law	<u>57</u>
Section 22.7 Jurisdiction and Process; Waiver of Jury Trial	<u>57</u>

TABLE OF CONTENTS

CONTINUED

SCHEDULE A — Defined Terms

SCHEDULE 1(a) — Form of 4.66% Series A Senior Unsecured Notes due August 4, 2025

SCHEDULE 1(b) — Form of Additional Senior Unsecured Notes due August 4, 2025

SCHEDULE 2.2(f) — Form of Supplement

SCHEDULE 5.3 — Disclosure Materials

SCHEDULE 5.4A — Subsidiaries of the Company and Ownership of Subsidiary Stock

SCHEDULE 5.4B — Excluded Subsidiaries of the Company

SCHEDULE 5.5 — Financial Statements

SCHEDULE 5.15 — Existing Indebtedness

SCHEDULE 10.1 — Transactions with Affiliates

SCHEDULE 10.5 — Liens

PURCHASES SCHEDULE — Information Relating to Purchasers

BARINGS BDC, INC.
300 South Tryon Street, Suite 2500
Charlotte, North Carolina

\$50,000,000 4.66% Series A Senior Unsecured Notes due August 4, 2025
Up to \$50,000,000 of Additional Senior Unsecured Notes due August 4, 2025

August 3, 2020

TO EACH OF THE PURCHASERS LISTED IN
THE PURCHASER SCHEDULE HERETO:

Ladies and Gentlemen:

Barings BDC, Inc., a Maryland corporation (the “**Company**”), agrees with each of the Purchasers as follows:

Section 1. AUTHORIZATION OF NOTES

Section 1.1 Authorization of Series A Notes . The Company will authorize the issue and sale of its 4.66% Series A Senior Unsecured Notes due August 4, 2025 in an aggregate principal amount of \$50,000,000 (as amended, restated or otherwise modified from time to time pursuant to Section 17 and including any such notes issued in substitution therefor pursuant to Section 13, the “**Series A Notes**”). The Series A Notes shall be substantially in the form set out in Schedule 1(a) hereto.

Section 1.2 Authorization of Additional Notes . The Company will authorize the issue and sale of its additional Senior Unsecured Notes (as amended, restated or otherwise modified from time to time pursuant to Section 17 and including any such notes issued in substitution therefor pursuant to Section 13, the “**Additional Notes**”; and together with the Series A Notes, collectively, the “**Notes**”) in an aggregate principal amount of up to \$50,000,000, to be dated the date of issue thereof, to mature on August 4, 2025, to bear interest on the unpaid balance thereof from the date of issue thereof at the rate per annum as shall be set forth, in the case of each Additional Note so issued, in the Supplement with respect to such Additional Note delivered pursuant to Section 2.2(f), and to be substantially in the form set out in Schedule 1(b) hereto. Any Notes which have the same interest rate are herein called a “**Series**” of Notes.

Section 1.3 Defined Terms . Certain capitalized and other terms used in this Agreement are defined in Schedule A and, for purposes of this Agreement, the rules of construction set forth in Section 22.4 shall govern.

Section 2. SALE AND PURCHASE OF NOTES.

Section 2.1 Purchase and Sale of Series A Notes. Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at each Series A Closing provided for in Section 3, Series A Notes in the principal amount specified opposite or below such Purchaser's name in the Purchaser Schedule at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

Section 2.2 Purchase and Sale of Additional Notes.

(a) *Additional Note Facility.* The Company may, from time to time, elect to issue and sell to the Purchasers one or more additional Series of its Additional Notes upon the terms, and subject to the conditions, set forth in this Agreement in an aggregate principal amount of up to \$50,000,000 for all such Additional Notes, minus the sum of the aggregate principal amount of Additional Notes issued and sold pursuant to this Agreement prior to such time, minus the aggregate principal amount of Accepted Notes (as hereinafter defined) which have not yet been issued and sold hereunder (and the issue and sale of which have not been cancelled hereunder) prior to such time (such amount as determined at any time, the "**Available Facility Amount**"). The agreement of the Purchasers to purchase Additional Notes issued from time to time by the Company pursuant to this Section 2.2 upon the terms and subject to the conditions set forth in this Agreement is referred to herein as the "**Additional Note Facility**." Each Purchaser's commitment to purchase Additional Notes issued pursuant to the Additional Note Facility is set forth opposite or below such Purchaser's name in the Purchaser Schedule. Notwithstanding the foregoing, in no event shall any Additional Notes be issued on any date prior to the issuance and sale of all of the Series A Notes in an aggregate principal amount of \$50,000,000 pursuant to this Agreement.

(b) *Issuance Period.* The Additional Notes may be issued and sold pursuant to this Agreement until the earliest of (i) August 2, 2021, if as of such date less than \$50,000,000 of Series A Notes shall have been issued on or prior to such date, (ii) February 3, 2022, (iii) the thirtieth day after the Company shall have given the Purchasers a written notice stating that the Company has elected to terminate the Additional Note Facility pursuant to this Agreement (or if such thirtieth day is not a Business Day, the Business Day next preceding such thirtieth day), (iv) the last Closing Day after which there is no remaining Available Facility Amount, (v) the termination of the Additional Note Facility under Section 12 of this Agreement and (vi) the acceleration of any Note under Section 12 of this Agreement. The period during which Additional Notes may be issued and sold pursuant to this Agreement is herein called the "**Issuance Period**."

(c) *Proposed Issuance Notice.* The Company may from time to time during the Issuance Period propose to issue and sell to the Purchasers one or more Series of Additional Notes by sending a notice (each such proposal being herein called a "**Proposed Issuance Notice**") by e-mail (with .pdf attachment) or overnight delivery service to the Purchasers, specifying (i) the aggregate principal amount of Additional Notes proposed to be issued, which shall not be less than

\$25,000,000 (or an amount less than \$25,000,000 if the remaining Available Facility Amount is less than \$25,000,000 at the time such Proposed Issuance Notice is given is proposed to be issued) and not be greater than the remaining Available Facility Amount at the time such Proposed Issuance Notice is given, and (ii) the proposed day for the closing of the purchase and sale of such Additional Notes, which shall be a Business Day during the Issuance Period not less than 20 days and not more than 30 days after the date on which such Proposed Issuance Notice is received by the Purchasers (and which day may be advanced by mutual agreement of the Company and the Purchasers).

(d) *Rate Quotes.* Not later than ten (10) Business Days after the Purchasers shall have received a Proposed Issuance Notice pursuant to Section 2.2(c), the Purchasers with a commitment to purchase Additional Notes as specified on the Purchaser Schedule shall provide to the Company by telephone or e-mail (with signed .pdf attachment), in each case between 9:30 a.m. and 1:30 p.m. New York City local time on a Business Day, interest rate quotes (which quotes will be for fixed interest rates only) for the proposed Additional Notes specified in such Proposed Issuance Notice (each such interest rate quote provided in response to a Proposed Issuance Notice herein called a “**Quotation**”). Each Quotation shall represent the interest rate per annum payable on the outstanding principal balance of such Additional Notes at which the Purchasers would be willing to purchase such Additional Notes at 100% of the principal amount thereof and shall specify the time period (which will not be more than one Business Day) within which the Company may elect to accept the Quotation (the “**Acceptance Window**”). Such interest rate Quotations shall be based on (i) the yield to maturity on U.S. Treasury Notes having a maturity equal or closest to the average life of the Additional Notes proposed to be issued (or the interpolated yield using specified U.S. Treasury Notes for the average life), plus (ii) a credit spread (which spread shall be determined by the Purchasers based on prevailing market conditions at the time of such Quotation for similarly situated companies of a like credit quality engaged in the same or similar businesses as the Company as reasonably determined by the Purchasers).

(e) *Acceptance.* Within the Acceptance Window, a Senior Financial Officer of the Company may elect to accept on behalf of the Company a Quotation as to the aggregate principal amount of the Additional Notes specified in the related Proposed Issuance Notice (each such Additional Note being herein called an “**Accepted Note**” and such acceptance being herein called an “**Acceptance**”). The day the Company notifies the Purchasers of an Acceptance with respect to any Accepted Notes is herein called the “**Acceptance Day**” for such Accepted Notes. Any Quotation as to which the Purchasers do not receive an Acceptance within the Acceptance Window shall expire, and no purchase or sale of Additional Notes hereunder shall be made based on any such expired Quotation. Subject to Section 2.2(f), the satisfaction of the applicable conditions in Section 4.2 and the other terms and conditions hereof, upon the Acceptance of any Quotation, the Company agrees to issue and sell to each applicable Purchaser, and each applicable Purchaser agrees to purchase, the Accepted Notes at 100% of the principal amount thereof.

(f) *Supplement.* As soon as practicable following the Acceptance Day (but in any event no later than the proposed day for the closing of the purchase and sale of such Additional Notes specified in the applicable Proposed Issuance Notice), the Company and the applicable Purchasers which are to purchase any such Accepted Notes will execute a supplement (a “**Supplement**”) substantially in the form of Schedule 2.2(f) hereto or otherwise in form and substance satisfactory to the Purchasers, providing for the issuance and sale of such Accepted

Notes. Each Series of Additional Notes issued pursuant to a Supplement shall be subject to the following terms and conditions:

- i. each Series of Additional Notes, when so issued, shall be differentiated from all previous Series of Notes by a sequential designation inscribed thereon;
- ii. each Series of Additional Notes shall mature on August 4, 2025 and shall be dated the date of issue and bear interest at such rate or rates as shall be specified in the Supplement under which such Additional Notes are issued (and any updates to Schedules 5.4, 5.5 and 5.15 set forth in such Supplement shall be reasonably satisfactory to the Purchasers) and upon execution of any such Supplement, this Agreement shall be amended to reflect such representations and warranties as are contained in such Supplement for the benefit of the holders of such Additional Notes in accordance with the provisions of Section 17;
- iii. each Additional Note issued under this Agreement shall be in substantially the form of Schedule 1(b) hereto;
- iv. the minimum principal amount of any Additional Note issued under a Supplement shall be \$100,000, except as may be necessary to evidence the outstanding amount of any Note originally issued in a denomination of \$100,000 or more;
- v. all Additional Notes shall rank *pari passu* with all other outstanding Notes; and
- vi. no Additional Notes shall be issued hereunder if at the time of issuance thereof and after giving effect to the application of the proceeds thereof, any Event of Default shall have occurred and be continuing.

Section 3. CLOSINGS.

Section 3.1 Series A Closings. The sale and purchase of the Series A Notes to be purchased by each Purchaser shall occur at the offices of Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036-6745, at 10:00 a.m. New York City local time (or such other place and time agreed by the Company and the applicable Purchasers), at two (2) separate Closings to occur on or after the Effective Date and prior to August 2, 2021 (each a “**Series A Closing**”). The initial closing for the sale and purchase of the Series A Notes in an aggregate principal amount of \$25,000,000 (the “**First Series A Closing**”) shall occur on September 24, 2020 or on such other Business Day as may be agreed upon by the Company and the Purchasers (the day of the First Series A Closing hereinafter referred to as the “**First Series A Closing Day**”). The second closing for the sale and purchase of the Series A Notes in an aggregate principal amount of \$25,000,000 (the “**Second Series A Closing**”) shall occur on December 15, 2020 or on such other Business Day as may be agreed upon by the Company and the Purchasers (the day of the Second Series A Closing hereinafter referred to as the “**Second Series A Closing Day**”). At each Series A Closing, the Company will deliver to each Purchaser the Series A Notes to be purchased by such Purchaser at such Series A Closing in the form of a single Series A Note (or such greater number of Series A Notes in denominations of at least \$100,000 as such Purchaser may request), dated the date of such Series A Closing and registered in such Purchaser’s name (or in the name of its

nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds to the account of the Company set forth in the applicable funding instructions delivered pursuant to Section 4.2(i) in connection with such Series A Closing. If at any Series A Closing the Company shall fail to tender such Series A Notes to any Purchaser as provided above in this Section 3.1, or any of the conditions specified in Section 4 shall not have been fulfilled to the satisfaction of any Purchaser, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure by the Company to tender such Series A Notes or any of the conditions specified in Section 4 not having been fulfilled to such Purchaser's satisfaction.

Section 3.2 Additional Note Closings. The Closing for the sale and purchase of any Accepted Notes shall occur at the time, in the manner and at the place specified in the Supplement with respect to such Series of Accepted Notes (an "**Additional Note Closing**"). At such Additional Note Closing, the Company will deliver to each Purchaser listed in the Supplement relating thereto the Accepted Notes to be purchased by such Purchaser as set forth in the Supplement with respect to such Accepted Notes, in the form of one or more Notes in authorized denominations as such Purchaser may request for each Series of Accepted Notes to be purchased on such Closing Day, dated as of such Closing Day and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds to the account of the Company specified in the Supplement for such Accepted Notes and the applicable funding instructions delivered pursuant to Section 4.2(i) in connection with the Closing for such Accepted Notes.

Section 4. CONDITIONS TO CLOSINGS.

Section 4.1 Conditions to Effective Date. The effectiveness of this Agreement is subject to the fulfillment of the following conditions:

(a) *Representations and Warranties.* The representations and warranties of the Company in this Agreement shall be correct as of the Effective Date.

(b) *Performance; No Default.* The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or on the Effective Date. Immediately after giving effect to the execution and delivery of this Agreement, no Event of Default shall have occurred and be continuing and no Change in Control shall have occurred.

(c) *Officer's Certificate.* The Company shall have delivered to such Purchaser an Officer's Certificate, dated the Effective Date, certifying that the conditions specified in Sections 4.1(a), 4.1(b) and 4.1(i) have been fulfilled.

(d) *Secretary's Certificate.* Each of the Company and each Subsidiary Guarantor shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the Effective Date, certifying as to (i) the resolutions attached thereto and other corporate or similar organizational proceedings relating to the authorization, execution and delivery of the Notes and

this Agreement (in the case of the Company) and the Subsidiary Guaranty (in the case of such Subsidiary Guarantor) and (ii) its respective organizational documents as then in effect, certified (if applicable) by the Secretary of State in the applicable jurisdiction of incorporation or formation. In addition, each of the Company and each Subsidiary Guarantor shall have delivered to such Purchaser a certificate of good standing or existence dated as of a recent date from the Secretary of State of its state of incorporation or formation and each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

(e) *Opinions of Counsel.* On the Effective Date, such Purchaser shall have received customary opinions in form and substance reasonably satisfactory to such Purchaser, dated the Effective Date, from Dechert LLP, special counsel for the Company, covering matters with respect to the Company and the Subsidiary Guarantors incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers).

(f) *Purchase Permitted By Applicable Law, Etc.* On the Effective Date, the purchase of Notes by each Purchaser hereunder shall (i) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable law or regulation (including Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (iii) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

(g) *Payment of Special Counsel Fees.* Without limiting Section 15.1, the Company shall have paid on or before the Effective Date the reasonable and documented out-of-pocket fees, charges and disbursements of Akin Gump Strauss Hauer & Feld LLP, as special counsel to the Purchasers, to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Effective Date.

(h) *[Reserved]*.

(i) *Changes in Corporate Structure.* The Company shall not have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity (in each case, other than as permitted under Section 10.2), at any time following the date of the most recent financial statements referred to in Schedule 5.5 or delivered pursuant to Section 7.1(a) or 7.1(b), as applicable.

(j) *[Reserved]*.

(k) *Subsidiary Guaranties*. Each Subsidiary of the Company listed on Schedule 4(n) shall have executed and delivered the Subsidiary Guaranty.

(l) *Proceedings and Documents*. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be reasonably satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

Section 4.2 Conditions to Closings. Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at any applicable Closing on or after the Effective Date is subject to the fulfillment to such Purchaser's satisfaction, prior to or at such Closing, of the following conditions:

(a) *Representations and Warranties*. The representations and warranties of the Company in this Agreement shall be correct on and as of the date of such Closing.

(b) *Performance; No Default*. The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at such Closing. Before and after giving effect to the issue and sale of the Notes at such Closing (and the application of the proceeds thereof as contemplated by Section 5.14), no Event of Default shall have occurred and be continuing and no Change in Control shall have occurred.

(c) *Officer's Certificate*. The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of such Closing, certifying that the conditions specified in Sections 4.2(a), 4.2(b) and 4.2(h) have been fulfilled.

(d) *Purchase Permitted By Applicable Law, Etc*. On the date of such Closing, the purchase of Notes by each applicable Purchaser shall (i) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable law or regulation (including Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (iii) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

(e) *Sale of Other Notes*. Contemporaneously with such Closing, the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at such Closing as specified in the Purchaser Schedule or, with respect to any issuance and sale of Additional Notes, the Supplement for such Series of Additional Notes, as applicable.

(f) *Payment of Special Counsel Fees.* Without limiting Section 15.1, the Company shall have paid on or before such Closing the reasonable and documented out-of-pocket fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.2(m)(ii) to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to such Closing.

(g) *Private Placement Number.* A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for the Notes to be issued at such Closing.

(h) *Changes in Corporate Structure.* The Company shall not have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity (in each case, other than as permitted under Section 10.2), at any time following the date of the most recent financial statements referred to in Schedule 5.5 or delivered pursuant to Section 7.1(a) or 7.1(b), as applicable.

(i) *Funding Instructions.* At least one Business Day prior to the date of such Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company specifying (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes to be issued at such Closing is to be deposited.

(j) *Rating.* With respect to any Series A Closing, the Series A Notes to be issued at such Series A Closing shall be rated "Baa3" (or its equivalent) or higher by a Rating Agency.

(k) *Reaffirmation of Subsidiary Guaranty.* With respect to any Closing (other than the First Series A Closing), each Subsidiary Guarantor shall have delivered to each Purchaser a confirmation and reaffirmation of its obligations under the Subsidiary Guaranty, in form and substance reasonably satisfactory to such Purchaser.

(l) *Secretary's Certificate.* With respect to any New Series Closing, each of the Company and each Subsidiary Guarantor shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of such Closing, certifying (i) as to the resolutions attached thereto and other corporate or similar organizational proceedings relating to the authorization, execution and delivery of the Notes and this Agreement (in the case of the Company) and the Subsidiary Guaranty (in the case of such Subsidiary Guarantor) and (ii) either (A) as to its respective organizational documents as then in effect, certified (if applicable) by the Secretary of State in the applicable jurisdiction of incorporation or formation, or (B) that its organizational documents have not been amended, modified, revoked or rescinded since the date such organizational documents were previously delivered to the Purchasers pursuant to Section 4.1(d) or pursuant to this Section 4.2(l) in connection with any prior Closing, except as detailed therein and attached thereto. In addition, each of the Company and each Subsidiary Guarantor shall have delivered to such Purchaser a certificate of good standing or existence dated as of a recent date from the Secretary of State of its state of incorporation or formation and each jurisdiction where its ownership, lease or operation of properties or the conduct of its business

requires such qualification, except to the extent that failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

(m) *Opinions of Counsel.* With respect to any New Series Closing, such Purchaser shall have received customary opinions in form and substance reasonably satisfactory to such Purchaser, dated the date of such Closing (i) from Dechert LLP, special counsel for the Company, covering matters with respect to the Company and the Subsidiary Guarantors incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (ii) from Akin Gump Strauss Hauer & Feld LLP, the Purchasers' special counsel in connection with such transactions, covering such other matters incident to such transactions as such Purchaser may reasonably request.

(n) *Completion of Issuance and Sale of Series A Notes.* With respect to any Additional Note Closing, an aggregate principal amount of not less than \$50,000,000 of Series A Notes shall have been issued on or prior to the date of such Closing (it being understood that a Series of Additional Notes may be issued simultaneously with such issuance of Series A Notes).

(o) *Supplement for Additional Notes.* With respect to any Additional Note Closing, the Company and the Purchasers shall have entered into a Supplement to this Agreement with respect to the Additional Notes to be issued at such Closing; provided that the Company and the Purchasers shall cooperate in good faith to enter into such Supplement as soon as practicable following the Acceptance Day with respect to such Additional Notes.

(p) *Proceedings and Documents.* All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be reasonably satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

Section 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser as of the Effective Date and as of the date of each applicable Closing (or, if any such representations and warranties expressly relate to an earlier date, then as of such earlier date) that:

Section 5.1 Organization; Power and Authority. The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

Section 5.2 Authorization, Etc. This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3 Disclosure. (a) This Agreement and the financial statements listed in Schedule 5.5 and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company (other than financial projections, pro forma financial information and other forward-looking information referenced in Section 5.3(b), information relating to third parties and general economic information) prior to August 3, 2020 in connection with the transactions contemplated hereby and identified in Schedule 5.3 (this Agreement and such documents, certificates or other writings and such financial statements delivered to the Purchasers being referred to, collectively, as the "**Disclosure Documents**"), taken as a whole (and after taking into account all updates thereto and the same having been delivered to the Purchasers), do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2019, there has been no change in the financial condition, operations, business or properties of the Company or any Subsidiary except changes that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Disclosure Documents.

(b) All financial projections, pro forma financial information and other forward-looking information which has been delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated by this Agreement are based upon good faith assumptions and, in the case of financial projections and pro forma financial information, good faith estimates, in each case, believed to be reasonable at the time made, it being recognized that (i) such financial information as it relates to future events is subject to significant uncertainty and contingencies (many of which are beyond the control of the Company) and are therefore not to be viewed as fact, and (ii) actual results during the period or periods covered by such financial information may materially differ from the results set forth therein.

Section 5.4 Organization and Ownership of Shares of Subsidiaries; Affiliates. (a) Schedule 5.4A (as such Schedule 5.4A may be updated by the Company for each Closing pursuant to any Supplement executed and delivered in connection with such Closing) contains (except as noted therein) complete and correct lists, as of the date of the applicable Closing, of the Company's Subsidiaries, showing, as to each Subsidiary, the name thereof, the jurisdiction of its organization, the percentage of shares of each class of its capital stock or similar equity

interests outstanding owned by the Company and each other Subsidiary and whether such Subsidiary is a Subsidiary Guarantor and the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4A as being owned by the Company and its Subsidiaries have been validly issued, and, to the extent applicable, are fully paid and non-assessable and are owned by the Company or another Subsidiary free and clear of any Lien that is prohibited by this Agreement.

(c) Each Subsidiary is a corporation or other legal entity duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and, where applicable, is in good standing in each jurisdiction in which such qualification is required by law, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact, except where the failure to do so would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) No Subsidiary is subject to any legal, regulatory, contractual or other restriction (other than the agreements listed on Schedule 5.4A and customary limitations imposed by corporate law or similar statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

Section 5.5 Financial Statements. The Company has delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5 (as such Schedule 5.5 may be updated by the Company for each Closing pursuant to any Supplement executed and delivered in connection with such Closing). All of such financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments and lack of footnotes); provided that with respect to all or any portion of such financial statements that are financial projections, pro forma financial information and other forward-looking information, the Company represents only that such information was prepared in good faith based upon assumptions and, in the case of financial projections and pro forma financial information, good faith estimates, in each case, believed to be reasonable at the time made.

Section 5.6 Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of this Agreement and the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any

Lien in respect of any property of the Company or any Subsidiary under, any (A) indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected or (B) the corporate charter or by-laws of the Company, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary, in each case, except where any of the foregoing (other than clause (i)(B) above), individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

Section 5.7 Governmental Authorizations, Etc. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes, other than any filing required under the Securities Exchange Act of 1934 or the rules or regulations promulgated thereunder on Form 8-K, Form 10-Q or Form 10-K.

Section 5.8 Litigation; Observance of Agreements, Statutes and Orders. (a) There are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is (i) in default under any agreement or instrument to which it is a party or by which it is bound, (ii) in violation of any order, judgment, decree or ruling of any court, any arbitrator of any kind or any Governmental Authority or (iii) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including Environmental Laws, the USA PATRIOT Act or any of the other laws and regulations that are referred to in Section 5.16), which default or violation would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.9 Taxes. The Company and its Subsidiaries have filed all federal and state income and other material tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which, individually or in the aggregate, is not Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP.

Section 5.10 Title to Property. The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after such date

(except as sold or otherwise disposed of as permitted by this Agreement), in each case free and clear of Liens prohibited by this Agreement.

Section 5.11 Licenses, Permits, Etc. (a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others, except for any such conflicts that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(b) To the knowledge of the Company, no product or service of the Company or any of its Subsidiaries infringes any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person, except for any such infringements that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(c) To the knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

Section 5.12 Compliance with Employee Benefit Plans.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could, individually or in the aggregate, reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to section 430(k) of the Code or to any such penalty or excise tax provisions under the Code or federal law or section 4068 of ERISA or by the granting of a security interest in connection with the amendment of a Plan, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities, except as would not reasonably be expected to result in a Material Adverse Effect. The term "benefit liabilities" has the meaning specified in section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406(a) of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 as to the sources of the funds to be used to pay the purchase price of the Notes to be purchased by such Purchaser.

(f) The Company and its Subsidiaries do not have any Non-U.S. Plans.

Section 5.13 Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Notes or any substantially similar debt Securities for sale to, or solicited any offer to buy the Notes or any substantially similar debt Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than 25 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction.

Section 5.14 Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Notes hereunder for the general corporate purposes of the Company and its Subsidiaries, including to make investments and make distributions permitted by this Agreement. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any Securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 25% of the value of the consolidated assets of the Company and its subsidiaries and the Company does not have any present intention that margin stock will constitute more than 25% of the value of such assets. As used in this Section, the terms "**margin stock**" and "**purpose of buying or carrying**" shall have the meanings assigned to them in said Regulation U.

Section 5.15 Existing Indebtedness; Future Liens. (a) Except as described therein, Schedule 5.15 (as such Schedule 5.15 may be updated by the Company for each Closing pursuant to any Supplement executed and delivered in connection with such Closing) sets forth a

complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries in an aggregate principal amount exceeding \$10,000,000 as of August 3, 2020 (in the case of the Effective Date) and as of each Closing Day (as such Schedule 5.15 may be updated by the Company for each Closing pursuant to any Supplement executed and delivered in connection with such Closing) (including descriptions of the obligors and obligees, principal amounts outstanding, any collateral therefor and any Guaranty thereof), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of such Indebtedness. The Company is not in default in the payment of any principal or interest on the Specified Credit Facility or any other Material Indebtedness and, to the knowledge of the Company, no event or condition exists with respect to the Specified Credit Facility or any other Material Indebtedness that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause the Specified Credit Facility or such other Material Indebtedness, as applicable, to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) [Reserved].

(c) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including its charter or any other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as disclosed in Schedule 5.15 (as such Schedule 5.15 may be updated by the Company from time to time pursuant to any Supplement executed and delivered in connection with any Closing).

Section 5.16 Foreign Assets Control Regulations, Etc. (a) Neither the Company nor any Controlled Entity (i) is a Blocked Person, (ii) has been notified that its name appears or may in the future appear on a State Sanctions List or (iii) is a target of sanctions that have been imposed by the United Nations or the European Union.

(b) Neither the Company nor any Controlled Entity (i) has violated, been found in violation of, or been charged or convicted under, any applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws or (ii) to the Company's knowledge, is under investigation by any Governmental Authority for possible violation of any U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) No part of the proceeds from the sale of the Notes hereunder:

(i) constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (A) in connection with any investment in, or any transactions or dealings with, any Blocked Person, (B) for any purpose that would cause any Purchaser to be in violation of any U.S. Economic Sanctions Laws or (C) otherwise in violation of any U.S. Economic Sanctions Laws;

(ii) will be used, directly or indirectly, in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Money Laundering Laws; or

(iii) will be used, directly or indirectly, for the purpose of making any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage, in each case which would be in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Corruption Laws.

(d) The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws and Anti-Corruption Laws.

Section 5.17 Environmental Matters. (a) Neither the Company nor any Subsidiary has knowledge of or received written notice of any claim and no proceeding has been instituted asserting any claim against the Company or any of its Subsidiaries or with respect to any real property now or formerly owned, leased or operated by any of them, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as would not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has knowledge of any facts which would reasonably be expected to give rise to any claim, public or private, of violation of or liability under Environmental Laws by the Company or any Subsidiary, except, in each case, such as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(c) Neither the Company nor any Subsidiary has handled, stored, or disposed of any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them in a manner which has violated any Environmental Law that would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(d) Neither the Company nor any Subsidiary has had a release of any Hazardous Materials in a manner which has or would reasonably be expected to give rise to liability under any Environmental Law that would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

Section 5.18 Investment Company Act. (a) The Company has elected to be regulated as a “business development company” within the meaning of the Investment Company Act and qualifies as a RIC.

(b) The business and other activities of the Company and its Subsidiaries, including the execution and delivery of this Agreement, any Supplement hereto and the Subsidiary Guaranty, the issuance of the Notes hereunder (or under any Supplement), the application of the proceeds and repayment thereof by the Company and the consummation of the transactions contemplated by this Agreement, the Notes and the Subsidiary Guaranty do not result in a violation or breach in any material respect of the provisions of the Investment Company Act or any rules, regulations or orders issued by the SEC thereunder, in each case that are applicable to the Company and its Subsidiaries.

(c) The Company is in compliance in all respects with the Investment Policies, except to the extent that the failure to comply therewith would not reasonably be expected to have a Material Adverse Effect.

Section 5.19 Priority of Obligations. The payment obligations of the Company under this Agreement and the Notes, and the payment obligations of any Subsidiary Guarantor under the Subsidiary Guaranty, rank at least *pari passu*, without preference or priority, with all other unsecured and unsubordinated Indebtedness of the Company and such Subsidiary Guarantor, as applicable.

Section 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1 Purchase for Investment. Each Purchaser severally represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

Section 6.2 Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("PTE") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the "NAIC Annual Statement")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an “investment fund” (within the meaning of Part VI of PTE 84-14 (the “**QPAM Exemption**”)) managed by a “qualified professional asset manager” or “QPAM” (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan’s assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be “related” within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a “plan(s)” (within the meaning of Part IV(h) of PTE 96-23 (the “**INHAM Exemption**”)) managed by an “in-house asset manager” or “INHAM” (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of “control” in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been heretofore identified to the Company in writing pursuant to this clause (f); or

(h) the Source does not include assets of any employee benefit plan, other than a plan that is not subject to ERISA or Section 4975 of the Code.

As used in this Section 6.2, the terms “**employee benefit plan**” and “**separate account**” shall have the respective meanings assigned to such terms in section 3 of ERISA.

Section 6.3 Investment Experience; Access to Information. Each Purchaser (a) is an “accredited investor” as defined in Rule 501(a) of Regulation D promulgated under the Securities Act and an “Institutional Account” as defined in FINRA Rule 4512(c), (b) either alone or together with its representatives has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of this investment and make an informed decision to so invest, and has so evaluated the risks and merits of such investment, (c) has the ability to bear the economic risks of this investment and can afford a complete loss of such investment, (d) understands the terms of and risks associated with the purchase of the Notes, including, without limitation, a lack of liquidity, pricing availability and risks associated with the industry in which the Company operates, (e) has had the opportunity to review (i) the Disclosure Documents, (ii) the Annual Report on Form 10-K for the Company for the fiscal year ended December 31, 2019 and (iii) such other disclosure regarding the Company, its business, its management and its financial affairs and condition as such Purchaser has determined to be necessary in connection with the purchase of the Notes, and (f) has had an opportunity to ask such questions and make such inquiries concerning the conditions of the offering of the Notes, the Company, its business, the management and its financial affairs and condition, and has had an opportunity to review the Company’s facilities, in each case Purchaser has deemed appropriate in connection with such purchase and to receive satisfactory answers to such questions and inquiries.

Section 6.4 Authorization. Each Purchaser has full power and authority to enter into this Agreement. This Agreement, when executed and delivered by such Purchaser, will constitute valid and legally binding obligations of such Purchaser, enforceable in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors’ rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

Section 6.5 Restricted Securities. Each Purchaser understands that the Notes have not been, and will not be, registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of each Purchaser’s representations as expressed herein. Each Purchaser understands that the Notes are “restricted securities” under applicable U.S. federal and state securities laws and that, pursuant to these laws, each Purchaser must hold the Notes indefinitely unless they are registered with the SEC and qualified by state authorities, or an exemption from such registration and qualification requirements is available. Each Purchaser acknowledges that the Company has no obligation to register or qualify the Notes for resale. Each Purchaser further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Notes, and on requirements relating to the Company which are outside of such Purchaser’s control, and which the Company is under no obligation and may not be able to satisfy.

Section 6.6 No Public Market. Each Purchaser understands that no public market now exists for the Notes, and that the Company has made no assurances that a public market will ever exist for the Notes.

Section 6.7 Legends. Each Purchaser understands that the Notes may be notated with one or both of the following legends:

(a) “THE NOTE REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR UNLESS AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 IS AVAILABLE.”

(b) Any legend required by the securities laws of any state to the extent such laws are applicable to the Notes represented by the certificate, instrument or book entry so legended.

Section 7. INFORMATION AS TO COMPANY.

Section 7.1 Financial and Business Information. The Company shall deliver to each holder of a Note that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days (or such shorter period as is the earlier of (x) 15 days greater than the period applicable to the filing of the Company’s Quarterly Report on Form 10-Q (the “**Form 10-Q**”) with the SEC regardless of whether the Company is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under the Specified Credit Facility or the date on which such financial statements are delivered under the Specified Credit Facility if such delivery occurs earlier than such required delivery date) after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of:

(i) a consolidated balance sheet of the Company and its consolidated subsidiaries as at the end of such quarter, and

(ii) consolidated statements of operations, changes in net assets and cash flows of the Company and its consolidated subsidiaries, for such quarter and (in the case of the consolidated statements of operations for the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally (other than absence of footnotes and year-end adjustments), and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the Company and its consolidated subsidiaries being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

(b) *Annual Statements* — within 105 days (or such shorter period as is the earlier of (x) 15 days greater than the period applicable to the filing of the Company’s Annual Report on Form 10-K (the “**Form 10-K**”) with the SEC regardless of whether the Company is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be

delivered under the Specified Credit Facility or the date on which such financial statements are delivered under the Specified Credit Facility if such delivery occurs earlier than such required delivery date) after the end of each fiscal year of the Company, duplicate copies of:

(i) a consolidated balance sheet of the Company and its consolidated subsidiaries as at the end of such year, and

(ii) consolidated statements of operations, changes in net assets and cash flows of the Company and its consolidated subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon (without a “going concern” qualification or similar exception as to the Company and without any explanatory paragraph or paragraph of emphasis with respect to any going concern (other than as a result of the impending maturity under any credit document of the Company, including this Agreement and the Notes) and without any qualification or exception as to the scope of the audit on which such opinion is based) of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances;

(c) *SEC and Other Reports* — promptly after their becoming available, one copy of (i) each financial statement, report, notice, proxy statement or similar document sent by the Company or any Subsidiary to its public Securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) *Notice of Event of Default* — promptly, and in any event within 5 Business Days, after a Responsible Officer becoming aware of the existence of any Event of Default or that any Person (other than a Purchaser or a holder of a Note (except with respect to any claimed default of the type referred to in Section 11(a) or 11(b) provided by any single holder of a Note)) has given any notice or taken any action with respect to a claimed default hereunder or that any Person (other than a Purchaser or a holder of a Note) has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *Notices from Governmental Authority* — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any

Governmental Authority relating to any order, ruling, statute or other law or regulation that would reasonably be expected to have a Material Adverse Effect;

(f) *Resignation or Replacement of Auditors* — within 10 days following the date on which the Company's auditors resign or the Company elects to change auditors, as the case may be, notification thereof, together with such further information as the Required Holders may request;

(g) *Supplements* — promptly, and in any event within 10 Business Days after the execution and delivery of any Supplement, a copy thereof;

(h) *Employee Benefits Matters* — promptly, and in any event within 5 days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof;

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan;

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect; or

(iv) receipt of notice of the imposition of a Material financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S. Plans; and

(i) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by the Required Holders, in each case to the extent reasonably available to the Company.

Section 7.2 Officer's Certificate. Each set of financial statements delivered to a holder of a Note pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer:

(a) *Covenant Compliance* — setting forth the information from such financial statements that is required in order to establish whether the Company was in compliance with the requirements of Section 10.6 during the quarterly or annual period covered by the financial statements then being furnished (including with respect to each such provision that involves mathematical calculations, the information from such financial statements that is required to perform such calculations) and detailed calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Section, and the calculation of the amount, ratio or percentage then in existence. In the event that the Company or any Subsidiary has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with this Agreement pursuant to Section 22.2) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election;

(b) *Event of Default* — certifying that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any other condition or event that constitutes an Event of Default or, if any such condition or event existed or exists (including any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto; and

(c) *Subsidiary Guarantors* — setting forth a statement of any changes to the list of all Subsidiaries that are Subsidiary Guarantors since the most recent statement delivered pursuant to this Section 7.2(c) and certifying that each Subsidiary that is required to be a Subsidiary Guarantor pursuant to Section 9.7 is a Subsidiary Guarantor, in each case, as of the date of such certificate of Senior Financial Officer.

Section 7.3 Visitation. The Company shall permit the representatives of each holder of a Note:

(a) *No Default* — if no Event of Default then exists and is continuing, at the expense of such holder and upon at least 10 Business Days' prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld and so long as a Senior Financial Officer or his or her delegee is present during such discussions) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices of the Company and each Subsidiary, all at such reasonable

times and as often as may be reasonably requested in writing; provided, that such visitation rights set forth in this clause (a) may only be exercised once per calendar year for all holders of the Notes collectively; and

(b) *Default* — if an Event of Default then exists and is continuing, at the expense of the Company and upon at least 10 Business Days' prior notice to the Company, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries so long as a Senior Financial Officer or his or her delegee is present during such discussions), all at such reasonable times and as often as may be reasonably requested.

Section 7.4 Electronic Delivery. Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to Sections 7.1(a), (b) or (c) and Section 7.2 shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto:

(a) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related Officer's Certificate satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c) are delivered to each holder of a Note by e-mail at the e-mail address set forth in such holder's Purchaser Schedule or the relevant Supplement as communicated from time to time in a separate writing delivered to the Company;

(b) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of Section 7.1(a) or Section 7.1(b), as the case may be, with the SEC on EDGAR;

(c) the Company shall have timely filed any of the items referred to in Section 7.1(c) with the SEC on EDGAR;

provided however, that in no case shall access to such financial statements and other information and Officer's Certificates be conditioned upon any waiver or other agreement or consent (other than confidentiality provisions consistent with Section 20 of this Agreement); *provided further*, that, in the case of clauses (b) and (c) above, the Company shall have given each holder of a Note written notice, which may be by e-mail or in accordance with Section 18, of such posting or filing in connection with each delivery; *provided further*, that upon request of any holder to receive paper copies of such forms, financial statements, other information and Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to such holder.

Section 8. PAYMENT AND PREPAYMENT OF THE NOTES.

Section 8.1 Maturity. As provided therein, the entire unpaid principal balance of each Note shall be due and payable on the Maturity Date thereof.

Section 8.2 Optional Prepayments with Make-Whole Amount. The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than 10% of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 10 days and not more than 60 days prior to the date fixed for such prepayment unless the Company and the Required Holders agree to another time period pursuant to Section 17. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 8.3 Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.4 Maturity; Surrender, Etc. In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.5 Purchase of Notes. The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with this Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment or prepayment of Notes pursuant to this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.6 Make-Whole Amount.

The term “**Make-Whole Amount**” means, with respect to any Note, (i) for the period beginning on the Effective Date and ending on November 3, 2024, an amount equal to the

excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal and (ii) after November 3, 2024, zero; *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

“Called Principal” means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

“Discounted Value” means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“Reinvestment Yield” means, with respect to the Called Principal of any Note, the sum of (a) 0.50% plus (b) the yield to maturity implied by the “Ask Yield(s)” reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (**“Reported”**) having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (i) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (ii) interpolating linearly between the “Ask Yields” Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then **“Reinvestment Yield”** means, with respect to the Called Principal of any Note, the sum of (x) 0.50% plus (y) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

“Remaining Average Life” means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“Remaining Scheduled Payments” means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

“Settlement Date” means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 8.7 Payments Due on Non-Business Days. Anything in this Agreement or the Notes to the contrary notwithstanding, (x) except as set forth in clause (y), any payment of interest on any Note that is due on a date that is not a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; and (y) any payment of principal of or Make-Whole Amount on, any Note (including principal due on the Maturity Date of such Note) that is due on a date that is not a Business Day shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

Section 8.8 Change in Control.

(a) *Notice of Change in Control.* The Company will, within fifteen Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control, give written notice of such Change in Control to each holder of Notes. Such notice shall contain and constitute an offer to prepay Notes as described in subparagraph (b) of this Section 8.8 and shall be accompanied by the certificate described in subparagraph (e) of this Section 8.8.

(b) *Offer to Prepay Notes.* The offer to prepay Notes contemplated by subparagraph (a) of this Section 8.8 shall be an offer to prepay, in accordance with and subject to this Section 8.8, all, but not less than all, the Notes held by each holder (in this case only, “holder” in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the “**Section 8.8 Proposed Prepayment Date**”). Such date shall be not less than 30 days and not more than 60 days after the date of such offer (if the Section 8.8 Proposed Prepayment Date shall not be specified in such offer, the

Section 8.8 Proposed Prepayment Date shall be the first Business Day after the 45th day after the date of such offer).

(c) *Acceptance/Rejection.* A holder of Notes may accept the offer to prepay made pursuant to this Section 8.8 by causing a notice of such acceptance to be delivered to the Company not later than 15 Business Days after receipt by such holder of the most recent offer of prepayment. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 8.8 shall be deemed to constitute rejection of such offer by such holder.

(d) *Prepayment.* Prepayment of the Notes to be prepaid pursuant to this Section 8.8 shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to, but excluding, the date of prepayment, but without Make-Whole Amount or other premium.

(e) *Officer's Certificate.* Each offer to prepay the Notes pursuant to this Section 8.8 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Section 8.8 Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 8.8; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to, but excluding, the Section 8.8 Proposed Prepayment Date; (v) that the conditions of this Section 8.8 have been fulfilled; and (vi) in reasonable detail, the nature and date of the Change in Control.

Section 9. Affirmative Covenants.

The Company covenants that during the Issuance Period and so long as any of the Notes are outstanding:

Section 9.1 Compliance with Laws. Without limiting Section 10.4, the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject (including ERISA, Environmental Laws, the USA PATRIOT Act and the other laws and regulations that are referred to in Section 5.16) and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, the Company will, and will cause its Subsidiaries to, conduct its business and other activities in compliance with the applicable provisions of the Investment Company Act (including, without limitation, Section 18(a)(1)(A) and any applicable "asset coverage" maintenance requirement) and any applicable rules, regulations or orders issued by the SEC thereunder, except where such failure to comply would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2 Insurance. The Company will, and will cause each of its Subsidiaries to, maintain insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including

deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of externally managed business development companies.

Section 9.3 Maintenance of Properties. The Company will, and will cause each of its Subsidiaries (other than Immaterial Subsidiaries) to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided* that this Section 9.3 shall not prevent the Company or any Subsidiary (other than any Immaterial Subsidiary) from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4 Payment of Taxes and Claims. The Company will, and will cause each of its Subsidiaries to, file all federal and state income and other material tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent the same have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary, *provided* that neither the Company nor any Subsidiary need pay any such tax, assessment, charge, levy or claim if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the nonpayment of all such taxes, assessments, charges, levies and claims would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.5 Corporate Existence, Etc. Subject to Section 10.2, the Company will at all times preserve and keep its corporate existence in full force and effect. Subject to Section 10.2, the Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6 Books and Records. The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be. The Company will, and will cause each of its Subsidiaries to, keep books, records and accounts which, in reasonable detail, accurately reflect all transactions and dispositions of assets. The Company and its Subsidiaries have devised a system of internal accounting controls sufficient to provide reasonable assurances that their respective books, records, and accounts accurately reflect all transactions and

dispositions of assets and the Company will, and will cause each of its Subsidiaries to, continue to maintain such system.

Section 9.7 Subsidiary Guarantors. (a) The Company will cause each of its Subsidiaries that guarantees or otherwise becomes liable at any time as a borrower or co-borrower in respect of the Indebtedness under the Specified Credit Facility or any other Material Indebtedness after the date hereof to concurrently therewith:

(i) enter into an agreement in form and substance reasonably satisfactory to the Required Holders providing for the guaranty by such Subsidiary, on a joint and several basis with all other Subsidiary Guarantors, of the prompt payment in full when due of all amounts payable by the Company pursuant to the Notes (whether for principal, interest, Make-Whole Amount or otherwise) and this Agreement, including all indemnities, fees and expenses payable by the Company thereunder (the “**Subsidiary Guaranty**”); and

(ii) deliver the following to each holder of a Note:

(A) an executed counterpart of the Subsidiary Guaranty or a joinder thereto;

(B) a certificate signed by an authorized responsible officer of such Subsidiary containing representations and warranties on behalf of such Subsidiary to the same effect, *mutatis mutandis*, as those contained in Sections 5.1, 5.2, 5.6 and 5.7 of this Agreement (but with respect to such Subsidiary and the Subsidiary Guaranty rather than the Company and the Notes and this Agreement);

(C) all documents as may be reasonably requested by the Required Holders to evidence the due organization, continuing existence and, where applicable, good standing of such Subsidiary and the due authorization by all requisite action on the part of such Subsidiary of the execution and delivery of the Subsidiary Guaranty and the performance by the Subsidiary of its obligations thereunder; and

(D) upon request of the Required Holders, a customary opinion of counsel reasonably satisfactory to the Required Holders covering such matters relating to such Subsidiary and the Subsidiary Guaranty as the Required Holders may reasonably request.

(b) At the election of the Company and by written notice to each holder of Notes, any Subsidiary Guarantor may be discharged from all of its obligations and liabilities under the Subsidiary Guaranty and shall be automatically released from its obligations thereunder without the need for the execution or delivery of any other document by the holders, *provided* that (i) if such Subsidiary Guarantor is a guarantor or is otherwise liable for or in respect of the Specified Credit Facility or any other Material Indebtedness, then such Subsidiary Guarantor has been

released and discharged (or will be released and discharged concurrently with the release of such Subsidiary Guarantor under the Subsidiary Guaranty) under the Specified Credit Facility or such other Material Indebtedness, as applicable, (ii) at the time of, and after giving effect to, such release and discharge, no Event of Default shall be existing, (iii) no amount is then due and payable under the Subsidiary Guaranty, (iv) if, solely as a result of (or in order to induce any holder of such Indebtedness to agree to) such Subsidiary Guarantor being released and discharged under the Specified Credit Facility or such other Material Indebtedness, as applicable, any fee or other form of consideration is given to any holder of Indebtedness under the Specified Credit Facility or such other Material Indebtedness, as applicable (or any agent therefor), for such release (which, for the avoidance of doubt, shall not include any prepayment to any such holders of Indebtedness under the Specified Credit Facility or such other Material Indebtedness, as applicable, in connection with an asset sale or other disposition or any prepayment premium or penalty or any other fee that was part of the Specified Credit Facility or such other Material Indebtedness, as applicable, prior to such release or discharge), the holders of the Notes shall receive equivalent consideration substantially concurrently therewith and (v) each holder shall have received a certificate of a Responsible Officer certifying as to the matters set forth in clauses (i) through (iii).

(c) Notwithstanding anything to the contrary herein, in no event shall an Excluded Subsidiary be required to be a Subsidiary Guarantor.

Section 9.8 Status of BDC. The Company shall at all times maintain its status as a “business development company” under the Investment Company Act and its status as a RIC under the Code.

Section 9.9 Investment Policies. The Company shall at all times be in compliance with its Investment Policies, except to the extent that the failure to so comply would not reasonably be expected to result in a Material Adverse Effect.

Section 9.10 Rating Confirmation. The Company covenants and agrees that, at its sole cost and expense, it shall cause to be maintained at all times a Rating from at least one Rating Agency (but solely to the extent such a Rating is reasonably available) that indicates that it will monitor the rating on an ongoing basis. No later than September 30 of each year (beginning September 30, 2021) the Company further covenants and agrees it shall provide a notice to each of the holders of the Notes sent in the manner provided in Section 18 with respect to all then current Ratings (but solely to the extent such Ratings are reasonably available), which shall include a Rating from at least one Rating Agency, and which notice shall include a copy of all such Ratings (which may be shared with the NAIC). Within ten (10) Business Days after a Responsible Officer becomes aware of an adverse change in, or withdrawal of, a Rating, the Company shall notify each holder of a Note in writing of such adverse change or withdrawal.

Section 9.11 Most Favored Lender. (a) If at any time after the Effective Date, the Specified Credit Facility shall include any restriction, event of default or other provision (or any thereof shall be amended or otherwise modified) that restricts or limits investments by the Company or dividends or distributions to the shareholders of the Company and such restriction, event of default or provision is not contained in this Agreement or would be more beneficial to

the holders of Notes than any analogous restriction, event of default or provision contained in this Agreement (any such restriction, event of default or provision, an “**Additional Covenant**”), then the Company shall provide a Most Favored Lender Notice to the holders of Notes. Thereupon, unless waived in writing by the Required Holders within ten (10) Business Days of receipt of such notice by the holders of the Notes, such Additional Covenant (including any associated cure or grace period) shall be deemed automatically incorporated by reference into this Agreement, *mutatis mutandis*, as if set forth fully herein, without any further action required on the part of any Person, effective as of the date after the Effective Date when such Additional Covenant became effective under the Specified Credit Facility. Thereafter, upon the request of any holder of a Note, the Company shall enter into any additional agreement or amendment to this Agreement reasonably requested by such holder evidencing any of the foregoing.

(b) Any Additional Covenant (including any associated cure period) incorporated into this Agreement pursuant to this Section 9.11 (herein referred to as an “**Incorporated Covenant**”) (i) shall be deemed automatically amended herein to reflect any subsequent waivers, supplements, modifications or amendments made to such Additional Covenant (including any associated cure or grace period) under the Specified Credit Facility that contains the relevant Additional Covenant; provided that if any Default or Event of Default then exists (including in respect of such Incorporated Covenant) and the amendment of such Additional Covenant would result in such Additional Covenant being less restrictive on the Company, such Incorporated Covenant shall only be deemed automatically amended at such time as no Default or Event of Default then exists and (ii) shall be deemed automatically deleted from this Agreement at such time as such Additional Covenant is deleted or otherwise removed from the Specified Credit Facility, including if the Specified Credit Facility is terminated or otherwise no longer in effect; provided that, if a Default or an Event of Default then exists (including in respect of such Incorporated Covenant), such Incorporated Covenant shall only be deemed automatically deleted from this Agreement at such time as no Default or Event of Default then exists. Upon the request of the Company, the holders of Notes shall (at the Company’s sole cost and expense) enter into any additional agreement or amendment to this Agreement requested by the Company evidencing the waiver, supplement, modification or amendment or deletion of any such Incorporated Covenant in accordance with the terms hereof.

(c) Notwithstanding anything to the contrary contained in this Section 9.11 requiring an Incorporated Covenant to be adopted after the Effective Date, Sections 6.04 and 6.05 of the Specified Credit Facility (including any associated cure or grace period) shall constitute Incorporated Covenants pursuant to this Section 9.11 and are hereby deemed automatically incorporated by reference into this Agreement, *mutatis mutandis*, as if set forth fully herein, without any further action required on the part of any Person, in accordance with Section 9.11(a) hereof.

Section 10. NEGATIVE COVENANTS.

The Company covenants that during the Issuance Period and so long as any of the Notes are outstanding:

Section 10.1 Transactions with Affiliates. The Company will not, and will not permit any Subsidiary to, enter into directly or indirectly any transaction or group of related transactions

(including the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or any Subsidiary), except:

(a) pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable at the time in a comparable arm's-length transaction with a Person not an Affiliate;

(b) transactions otherwise permitted by this Agreement (including pursuant to any Incorporated Covenant);

(c) transactions with Affiliates that are set forth in Schedule 10.1;

(d) transactions with one or more Affiliates (including co-investments) as permitted by any SEC exemptive order (as may be amended from time to time), any no-action letter or as otherwise permitted by applicable law, rule or regulation or SEC staff interpretations thereof or based on advice of counsel;

(e) transactions between or among, on the one hand, the Company and/or any of its Subsidiaries, and, on the other hand, any SBIC Subsidiary or any "downstream affiliate" (as such term is used under the rules promulgated under the Investment Company Act) company of the Company and/or any Subsidiaries at prices and on terms and conditions, taken as a whole, not materially less favorable to the Company and/or such Subsidiaries than in good faith is believed could be obtained on an arm's-length basis from unrelated third parties,

(f) a transaction that has been approved by a majority of the independent directors of the board of directors of the Company;

(g) any Investment that results in the creation of an Affiliate;

(h) any issuance, sale or grant of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of employment arrangements, stock options, restricted stock awards or units and stock ownership plans or other compensation, severance or retention awards or plans approved by the board of directors of the Company or any Subsidiary;

(i) (i) any collective bargaining, employment, retention or severance agreement or compensatory arrangement entered into by the Company or any of its direct or indirect subsidiaries with their respective current or former officers, directors, members of management, managers, employees, consultants or independent contractors or those of the Company in the ordinary course of business, (ii) any agreement pertaining to the repurchase of Equity Interests pursuant to rights with current or former officers, directors, members of management, managers, employees, consultants or independent contractors, and (iii) transactions pursuant to any employee compensation, benefit plan, stock option plan or arrangement, any health, disability or similar insurance plan which covers current or former officers, directors, members of management, managers, employees, consultants or independent contractors or any employment contract or arrangement in the ordinary course of business;

(j) customary compensation to Affiliates in connection with financial advisory, financing, underwriting or placement services or in respect of other investment banking activities and other transaction fees, which payments are approved by the majority of the members of the board of directors (or similar governing body) or a majority of the disinterested members of the board of directors of the Company in good faith;

(k) transactions and payments required under the definitive agreement for any acquisition or Investment permitted under this Agreement (to the extent any seller, employee, officer or director of an acquired entity becomes an Affiliate in connection with such transaction);

(l) the payment of customary fees and reasonable out-of-pocket costs to, and indemnities provided on behalf of, members of the board of directors (or similar governing body), officers, employees, members of management, managers, consultants and independent contractors of the Company and/or any of its direct or indirect subsidiaries in the ordinary course of business;

(m) transactions with customers, clients, suppliers, joint ventures, purchasers or sellers of goods or services or providers of employees or other labor entered into in the ordinary course of business, which are (i) fair to the Company and/or the applicable Subsidiary in the good faith determination of the board of directors (or similar governing body) of the Company or the senior management thereof or (ii) on terms at least as favorable as might reasonably be obtained from a Person other than an Affiliate;

(n) the Company may issue and sell Equity Interests and debt to its Affiliates (subject to the terms of any Incorporated Covenant); and

(o) the Investment Advisory Agreement and the Administration Agreement and any transactions contemplated or permitted thereunder;

(p) the Company or any Subsidiary may sell, transfer or otherwise dispose of Portfolio Investments, cash and Cash Equivalents to any Financing Subsidiary or joint venture with a third-party (including, for clarity, as investments (debt or equity) or capital contributions), in each case, in the ordinary course of business and on an arm's-length basis;

(q) transactions between or among the Obligors not involving any other Affiliate; and

(r) Restricted Payments (as defined in the Specified Credit Facility as in effect on the date hereof) permitted by any Incorporated Covenant.

Section 10.2 Merger, Consolidation, Fundamental Changes, Etc. The Company will not, and will not permit any Subsidiary Guarantor to, consolidate with or merge with any other Person or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to any Person, except:

(a) in the case of any such transaction involving the Company, the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of the Company as an entirety, as the case may be, shall be a solvent corporation or limited liability company organized and existing under

the laws of the United States or any state thereof (including the District of Columbia), and, if the Company is not such corporation or limited liability company, (i) such corporation or limited liability company shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes and (ii) such corporation or limited liability company shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof;

(b) in the case of any such transaction involving a Subsidiary Guarantor, the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of such Subsidiary Guarantor as an entirety, as the case may be, shall be (1) the Company, such Subsidiary Guarantor or another Subsidiary Guarantor; or (2) a solvent corporation or limited liability company (other than the Company or another Subsidiary Guarantor) that is organized and existing under the laws of the United States or any state thereof (including the District of Columbia) and, if such Subsidiary Guarantor is not such corporation or limited liability company, (A) such corporation or limited liability company shall have executed and delivered to each holder of Notes its assumption of the due and punctual performance and observance of each covenant and condition of the Subsidiary Guaranty of such Subsidiary Guarantor and (B) the Company shall have caused to be delivered to each holder of Notes an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof;

(c) the Equity Interests of any Subsidiary Guarantor may be sold, transferred or otherwise disposed of to another Obligor;

(d) any Subsidiary Guarantor may be liquidated or dissolved; provided that in connection with such liquidation or dissolution, any and all of the assets of such Subsidiary Guarantor shall be distributed or otherwise transferred to an Obligor;

(e) in the cases of clauses (a) and (b) above, each Subsidiary Guarantor under the Subsidiary Guaranty that is outstanding at the time such transaction or each transaction in such a series of transactions occurs reaffirms its obligations under the Subsidiary Guaranty in writing at such time pursuant to documentation that is reasonably acceptable to the Required Holders;

(f) in the case of clause (a) above, (x) at the time of the signing of the purchase agreement for any such transaction, no Event of Default shall have occurred and be continuing and (y) immediately before and immediately after giving effect to such transaction or each transaction in any such series of transactions, no Event of Default under Section 11(a), 11(b), 11(h), 11(i) or 11(j) shall have occurred and be continuing;

(g) the Company or any Subsidiary Guarantor may sell, transfer or otherwise dispose of Portfolio Investments, cash and Cash Equivalents to any Financing Subsidiary or joint venture with a third-party (including, for clarity, as investments (debt or equity) or capital contributions), in each case, upon fair and reasonable terms no less favorable to the Company or such Subsidiary Guarantor than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate; and

(h) the Company or any Subsidiary Guarantor may transfer assets to a Financing Subsidiary for the sole purpose of facilitating the transfer of assets from one Financing Subsidiary (or a Subsidiary that was a Financing Subsidiary immediately prior to such disposition) to another Financing Subsidiary, directly or indirectly through such Obligor.

No such conveyance, transfer or lease of substantially all of the assets of the Company or any Subsidiary Guarantor shall have the effect of releasing the Company or such Subsidiary Guarantor, as the case may be, or any successor corporation or limited liability company that shall theretofore have become such in the manner prescribed in this Section 10.2, from its liability under (x) this Agreement or the Notes (in the case of the Company) or (y) the Subsidiary Guaranty (in the case of any Subsidiary Guarantor), unless, in the case of the conveyance, transfer or lease of substantially all of the assets of a Subsidiary Guarantor, such Subsidiary Guarantor is released from the Subsidiary Guaranty in accordance with Section 9.7(b) in connection with or immediately following such conveyance, transfer or lease.

Section 10.3 Line of Business. The Company will not and will not permit any Subsidiary (other than any Immaterial Subsidiary) to engage in any business if, as a result, the general nature of the business in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company and its Subsidiaries, taken as a whole, are engaged on the date of this Agreement as described in the Company's most recent Form 10-K or other public filing, other than (i) ancillary or support businesses; (ii) any business in or related to private credit or that other business development companies enter into or are engaged in; or (iii) as is otherwise in accordance with its Investment Policies.

Section 10.4 Economic Sanctions, Etc. The Company will not, and will not permit any Controlled Entity to (a) become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or (b) directly or indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction (i) would cause any holder or any affiliate of such holder to be in violation of, or subject to sanctions under, any law or regulation applicable to such holder, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions Laws.

Section 10.5 Liens. The Company will not and will not permit any Subsidiary to directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to any property or asset (including any

document or instrument in respect of goods or accounts receivable) of the Company or any such Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits, except:

(a) any Lien on any property or asset of the Company or a Subsidiary existing on the date of this Agreement and set forth in Schedule 10.5, provided that (i) no such Lien shall extend to any other property or asset of the Company or any of its Subsidiaries, and (ii) any such Lien shall secure only those obligations which it secures on the date of this Agreement and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(b) Liens imposed by any Governmental Authority for taxes, assessments or charges not yet due or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company in accordance with GAAP;

(c) Liens of clearing agencies, broker-dealers and similar Liens incurred in the ordinary course of business, provided that such Liens (i) attach only to the securities (or proceeds) being purchased or sold and (ii) secure only obligations incurred in connection with such purchase or sale, and not any obligation in connection with margin financing;

(d) Liens imposed by law, such as materialmen's, mechanics', carriers', workmens', storage, landlord, and repairmen's Liens and other similar Liens arising in the ordinary course of business and securing obligations (other than Indebtedness for borrowed money) not yet due or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company or any of its direct or indirect subsidiaries in accordance with GAAP;

(e) Liens incurred or pledges or deposits made to secure obligations incurred in the ordinary course of business under workers' compensation laws, unemployment insurance or other similar social security legislation (other than in respect of employee benefit plans subject to ERISA) or to secure public or statutory obligations;

(f) Liens securing the performance of, or payment in respect of, bids, insurance premiums, deductibles or co-insured amounts, tenders, government or utility contracts (other than for the repayment of borrowed money), surety, stay, customs and appeal bonds and other obligations of a similar nature incurred in the ordinary course of business;

(g) Liens arising out of judgments or awards that have been in force for less than the applicable period for taking an appeal so long as such judgments or awards do not constitute an Event of Default;

(h) customary rights of setoff, bankers' liens, security interest, liens or other like rights upon (i) deposits of cash in favor of banks or other depository institutions in which such cash is maintained in the ordinary course of business, (ii) cash and financial assets (including, for the avoidance of doubt, Portfolio Investments) held in securities accounts in favor of banks and other financial institutions with which such accounts are maintained in the ordinary course of

business and (iii) assets (including, for the avoidance of doubt, Portfolio Investments) held by a custodian in favor of such custodian in the ordinary course of business, in the case of each of clauses (i) through (iii) above (other than with respect to Portfolio Investments), securing payment of fees, indemnities, charges for returning items and other similar obligations;

(i) Liens arising solely from precautionary filings of financing statements under the Uniform Commercial Code of the applicable jurisdictions;

(j) zoning restrictions, easements, rights-of-way, encroachments, protrusions, licenses, or other restrictions on, and other minor defects or irregularities affecting, the use of any real estate (including leasehold title), in each case which do not interfere with or affect in any material respect the ordinary course conduct of the business of the Company and its Subsidiaries;

(k) purchase money Liens on specific equipment and fixtures provided that (i) such Liens only attach to such equipment and fixtures and (ii) the Indebtedness secured thereby does not exceed the lesser of the cost and the fair market value of such equipment and fixtures at the time of the acquisition thereof;

(l) deposits of money securing leases to which the Company or any Subsidiary is a party as lessee made in the ordinary course of business;

(m) Liens consisting of any (i) interest or title of a lessor or sub-lessor under any lease of real estate not prohibited hereunder, (ii) landlord lien permitted by the terms of any lease, (iii) restriction or encumbrance to which the interest or title of such lessor or sub-lessor may be subject or (iv) subordination of the interest of the lessee or sub-lessee under such lease to any restriction or encumbrance referred to in the preceding clause (iii);

(n) Liens (i) solely on any cash earnest money deposits made by the Company and/or any of its Subsidiaries in connection with any letter of intent or purchase agreement with respect to any Investment permitted by this Agreement or (ii) consisting of an agreement to dispose of any property;

(o) Liens securing obligations (other than obligations representing Indebtedness for borrowed money) under operating, reciprocal easement or similar agreements entered into in the ordinary course of business of the Company and/or any Subsidiary;

(p) leases, licenses, subleases or sublicenses granted to others in the ordinary course of business which do not (i) interfere in any material respect with the business of the Company and its Subsidiaries or (ii) secure any Indebtedness;

(q) Liens on Securities that are the subject of repurchase agreements constituting Investments arising out of such repurchase transaction;

(r) Liens arising (i) out of conditional sale, title retention, consignment or similar arrangements for the sale of any assets or property in the ordinary course of business or (ii) by operation of law under Article 2 of the UCC (or similar law of any jurisdiction);

(s) Liens in favor of any Obligor;

(t) Liens securing obligations under Swap Contracts entered into in the ordinary course of the Company's business for financial planning and not for speculative purposes;

(u) (i) Liens on Equity Interests of joint ventures or non-Obligors securing capital contributions to, or obligations of, such Persons and (ii) customary rights of first refusal and tag, drag and similar rights in joint venture agreements and agreements with respect to non-Obligors;

(v) Liens on assets owned by Financing Subsidiaries;

(w) any encumbrance or restriction assumed in connection with an acquisition of the property or Equity Interests of any Person, so long as such encumbrance or restriction relates solely to the property so acquired (or to the Person or Persons (and its or their subsidiaries) bound thereby) and was not created in connection with or in anticipation of such acquisition;

(x) [Reserved];

(y) Liens on Equity Interests in any SBIC Subsidiary created in favor of the SBA or its designee;

(z) Liens on Equity Interests in any Structured Subsidiary in favor of and required by any lender providing third-party financing to such Structured Subsidiary;

(aa) Liens in favor of any escrow agent solely on and in respect of any cash earnest money deposits made by the Company or any Subsidiary in connection with any letter of intent or purchase agreement (to the extent that the acquisition or disposition with respect thereto is otherwise permitted hereunder);

(bb) Liens securing collateral posted as margin to secure obligations under any Indebtedness so long as, after giving pro forma effect to such Liens, the Company is in compliance with Section 10.6;

(cc) Liens on Special Equity Interests included in the Investments of the Company or any of its subsidiaries but only to the extent securing obligations in the manner provided in the definition of "Special Equity Interests";

(dd) Liens on assets securing Indebtedness so long as, immediately after giving pro forma effect to the initial grant of such Liens, the Company is in compliance with Section 10.6; and

(ee) Liens on assets securing other obligations in an aggregate principal amount at any time outstanding not to exceed \$5,000,000.

Section 10.6 Certain Financial Covenants.

(a) *Minimum Net Worth.* The Company will not permit the Obligor's Net Worth at the last day of any fiscal quarter of the Company to be less than \$222,900,000 plus 50% of the aggregate net proceeds of all sales of Equity Interests of the Company on or after the Effective Date.

(b) *Net Debt to Equity Ratio.* The Company will not permit the Net Debt to Equity Ratio as of the last day of any fiscal quarter of the Company to be greater than 2.0 to 1.0.

(c) *Asset Coverage Ratio.* The Company will not permit the Asset Coverage Ratio as of the date of (i) the incurrence of any Indebtedness for borrowed money or (ii) the making of any cash dividend to shareholders, to be less than the Investment Company Act Asset Coverage, in each case, immediately after giving pro forma effect to such incurrence or dividend, as applicable.

(d) *Cure Right.* If, (i) as of the date of delivery of an Officer's Certificate pursuant to Section 7.2(a) demonstrating that a Financial Covenant Default for the fiscal quarter then most recently ended has occurred, the Company delivers to the holders of the Notes a notice of the Company's intent to exercise its Cure Right pursuant to this Section 10.6(d) and (ii) within 30 days of such date the Company presents the Required Holders with a reasonably feasible plan for the Company to offer or sell Equity Interests (other than Disqualified Equity Interests) or purchase or sell one or more assets as otherwise permitted by this Agreement (the "**Cure Right**"), the proceeds of such offer or sale or the receipt of any asset shall be deemed received immediately prior to such Financial Covenant Default and used immediately prior to such Financial Covenant Default as specified in such plan (for the avoidance of doubt, if any principal of the Notes is paid down at par in accordance with such plan, no prepayment penalty or Make-Whole Amount shall be due or owing in respect of such prepayment) to enable such Financial Covenant Default to be cured (x) with respect to a Financial Covenant Default for failure to comply with Section 10.6(a), within ninety (90) calendar days after the delivery of such plan, or (y) with respect to a Financial Covenant Default for failure to comply with Section 10.6(b), within one hundred fifty (150) calendar days after the delivery of such plan, then, once such plan is delivered to the holders of the Notes, the Company shall be deemed to have complied with the relevant covenant under Section 10.6 that gave rise to such Financial Covenant Default as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable Financial Covenant Default that had occurred shall be deemed cured for the purposes of this Agreement; provided that, if the transaction specified in such plan is not consummated within such 90-day period or 150-day period, as applicable, it shall constitute an immediate Event of Default effective as of the date on which the Financial Covenant Default originally occurred. Notwithstanding anything herein to the contrary, (x) no more than three (3) Cure Rights may be exercised during the term of this Agreement, (y) the Cure Right shall not be exercised in any two (2) consecutive fiscal quarters and (z) in each consecutive four (4) fiscal quarter period there will be at least two (2) fiscal quarters in which the Cure Right has not been exercised.

The holders of the Notes agree that from and after their receipt of notice from the Company of its intent to exercise the Cure Right in respect of any Financial Covenant Default in accordance with this Section 10.6(d), no holder of the Notes shall impose any Default Rate of interest, accelerate its Notes, or exercise any of its rights or remedies pursuant to Section 12

solely on the basis of the occurrence and continuance of such Financial Covenant Default during the period from the date of delivery of such notice and until the date that is 90 days or 150 days, as applicable, after the date on which the Company delivers its plan to cure such Financial Covenant Default as provided above.

Section 11. EVENTS OF DEFAULT.

An “**Event of Default**” shall exist if any of the following conditions or events shall occur and be continuing:

- (a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or
- (b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or
- (c) subject to Section 10.6(d), the Company defaults in the performance of or compliance with any term contained in Section 10.6(a) or (b) as of the last day of any fiscal quarter; or
- (d) the Company defaults in the performance of or compliance with any term contained in Section 10.6(c); or
- (e) the Company or any Subsidiary Guarantor defaults in the performance of or compliance with (i) any term contained in Section 10 (other than those referred to in Sections 11(c) and (d)) or any Incorporated Covenant and such default is not remedied within 10 Business Days after the earlier of (A) a Responsible Officer obtaining actual knowledge of such default and (B) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a “notice of default” and to refer specifically to this Section 11(e)); or (ii) any other term contained herein (other than those referred to in clause (i) of this Section 11(e) or Sections 11(a), (b), (c) and (d)) or in the Subsidiary Guaranty and such default is not remedied within 30 days after the earlier of (A) a Responsible Officer obtaining actual knowledge of such default and (B) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a “notice of default” and to refer specifically to this Section 11(e)); or
- (f) (i) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or any Supplement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made, or (ii) any representation or warranty made in writing by or on behalf of any Subsidiary Guarantor or by any officer of such Subsidiary Guarantor in the Subsidiary Guaranty or in any writing furnished in connection with the Subsidiary Guaranty proves to have been false or incorrect in any material respect on the date as of which made; or

(g) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness for borrowed money that is outstanding in an aggregate principal amount of at least the greater of (x) \$50,000,000 (or its equivalent in the relevant currency of payment) and (y) the corresponding threshold in the Specified Credit Facility beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness for borrowed money in an aggregate outstanding principal amount of at least the greater of (x) \$50,000,000 (or its equivalent in the relevant currency of payment) and (y) the corresponding threshold in the Specified Credit Facility or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has been accelerated and has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of such Indebtedness to convert such Indebtedness into equity interests), the Company or any Subsidiary has become obligated to purchase or repay Indebtedness for borrowed money before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least the greater of (x) \$50,000,000 (or its equivalent in the relevant currency of payment) and (y) the corresponding threshold in the Specified Credit Facility; provided that this clause (g) shall not apply to (1) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, the net cash proceeds of which are used to repay such Indebtedness within thirty (30) days after such sale or transfer; or (2) convertible debt that becomes due as a result of a conversion or redemption event, other than as a result of an “event of default” (as defined in the documents governing such convertible debt); or

(h) the Company or any Subsidiary (other than any Immaterial Subsidiary) (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(i) a court or other Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any Subsidiary (other than any Immaterial Subsidiary), a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Subsidiaries (other than any Immaterial Subsidiary), or any such petition shall be filed against the Company or any Subsidiary Guarantor and such petition shall not be dismissed within 60 days; or

(j) any event occurs with respect to the Company or any Subsidiary (other than any Immaterial Subsidiary) which under the laws of any jurisdiction is analogous to any of the events described in Section 11(h) or Section 11(i), *provided* that the applicable grace period, if any, which shall apply shall be the one applicable to the relevant proceeding which most closely corresponds to the proceeding described in Section 11(h) or Section 11(i); or

(k) one or more final judgments or orders for the payment of money aggregating in excess of the greater of (x) \$50,000,000 (or its equivalent in the relevant currency of payment) and (y) the corresponding threshold in the Specified Credit Facility (to the extent not covered by independent third-party insurance or by an enforceable indemnity) are rendered against one or more of the Company and its Subsidiaries (other than Immaterial Subsidiaries) and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(l) (i) the Subsidiary Guaranty shall cease to be in full force and effect in any material respect, (ii) any Subsidiary Guarantor or any Person acting on behalf of any Subsidiary Guarantor shall contest in any manner the validity, binding nature or enforceability of the Subsidiary Guaranty, or (iii) the obligations of any Subsidiary Guarantor under the Subsidiary Guaranty are not or cease to be legal, valid, binding and enforceable in accordance with the terms of the Subsidiary Guaranty, except in the cases of clauses (i) and (ii) above as otherwise permitted by Section 9.7(b) or (c);

(m) the Company or any of its Subsidiaries shall cause or permit the occurrence of any condition or event that would result in any recourse to any Obligor under any Permitted SBIC Guarantee, to the extent such recourse would reasonably be expected to have a Material Adverse Effect;

(n) any SBIC Subsidiary shall become the subject of an enforcement action and be transferred into liquidation status by the SBA, to the extent such transfer would reasonably be expected to have a Material Adverse Effect;

(o) the Investment Advisor shall cease to be the investment advisor of the Company; or

(p) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) there is any "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under one or more Plans, determined in accordance with Title IV of ERISA, (iv) the aggregate present value of accrued benefit liabilities under all funded Non-U.S. Plans exceeds the aggregate current value of the assets of such Non-U.S. Plans allocable to such liabilities, (v) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or

IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (vi) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, (vii) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder, (viii) the Company or any Subsidiary fails to administer or maintain a Non-U.S. Plan in compliance with the requirements of any and all applicable laws, statutes, rules, regulations or court orders or any Non-U.S. Plan is involuntarily terminated or wound up, or (ix) the Company or any Subsidiary becomes subject to the imposition of a financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S. Plans; and any such event or events described in clauses (i) through (ix) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect. As used in this Section 11(k), the terms “**employee benefit plan**” and “**employee welfare benefit plan**” shall have the respective meanings assigned to such terms in section 3 of ERISA.

Section 12. REMEDIES ON DEFAULT, ETC.

Section 12.1 Acceleration. (a) If an Event of Default with respect to the Company described in Section 11(h), (i) or (j) (other than an Event of Default described in clause (i) of Section 11(h) or described in clause (vi) of Section 11(h) by virtue of the fact that such clause encompasses clause (i) of Section 11(h)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Super-Majority Holders may at any time at their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a) or (b) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon (including interest accrued thereon at the Default Rate) and (y) the Make-Whole Amount determined in respect of such principal amount, shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2 Holder Action. Each Purchaser and each holder of a Note agrees that it shall not take or institute any actions or proceedings, judicial or otherwise, for any right or

remedy against the Company or any Subsidiary Guarantor or any other obligor under this Agreement, the Subsidiary Guaranty or any of the Notes (including the exercise of any right of setoff, rights on account of any banker's lien or similar claim or other rights of self-help), or institute any actions or proceedings, or otherwise commence any remedial procedures, with respect to any property of any Obligor, except as provided in Section 12.1(a) and Section 12.1(c), without the prior written consent of the Super-Majority Holders. The provisions of this Section 12.2 are for the sole benefit of the holders of the Notes and shall not afford any right to, or constitute a defense available to, the Obligors.

Section 12.3 Rescission. At any time after any Notes have been declared due and payable pursuant to Section 12.1(b) or (c), the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4 No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement, the Subsidiary Guaranty or any Note upon any holder of any Note shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay on demand such further amount as shall be sufficient to cover all costs and expenses of such holders incurred in any enforcement or collection under this Section 12, including documented out-of-pocket costs and expenses of one special outside counsel for all of the holders of the Notes, taken as a whole (and, if reasonably required by the Required Holders, one local counsel in each applicable jurisdiction for all such holders, taken as a whole) collectively incurred in connection with any such enforcement or collection.

Section 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1 Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. If any holder of one or more Notes is a nominee, then (a) the name and address of the beneficial owner of such Note or Notes shall also be registered in such register as an owner and holder thereof and (b) at any such

beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent pursuant to this Agreement. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes. For the avoidance of doubt, the language in this Section 13.1 is intended to cause the Notes to be issued in "registered form" as defined in Sections 163(f), 871(h)(2) and 881(c)(2) of the Code and Sections 5f.103-1(c) and 1.871-14(c) of the U.S. Treasury Regulations, and such language shall be interpreted and applied consistently therewith.

Section 13.2 Transfer and Exchange of Notes.

(a) Subject to clause (b) below, any registered holder of a Note or a Purchaser (an "**Assigning Party**") may assign to one or more assignees (other than a Competitor) (an "**Assignee**") all or a portion of its rights and obligations under its Note and/or under this Agreement.

(b) Any such assignment or transfer shall be subject to the following conditions: (i) the Assigning Party shall deliver to the Company a written instrument of transfer duly executed by the Assigning Party or such Assigning Party's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof; (ii) the Assignee shall have made the representations set forth in Section 6 to the Company; (iii) an exemption from registration of the Notes under the Securities Act is available; and (iv) if requested by the Company, the Assigning Party shall have delivered to the Company such certifications or other evidence to determine that such assignment or transfer is being made in compliance with the Securities Act and applicable state securities laws, in each case at the sole expense of the Assigning Party.

(c) Upon satisfaction of the conditions set forth in clause (b) above and surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)), for registration of transfer or exchange within 10 Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes of the same tranche (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Schedule 1(a) or Schedule 1(b) or attached to the relevant Supplement, as applicable. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or other similar governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note of each such holder may be in a denomination of less than \$100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of

its nominee), shall be deemed to have made the representations set forth in Section 6.2. Notwithstanding any other provision hereof, if such transferee, in connection with such giving of the representation set forth in Section 6.2, makes disclosure under Section 6.2(b) or (e), then no transfer of Notes shall be effective without the consent of the Company, which consent, as to these matters, shall not be withheld if the Company reasonably determines that it is able to conclude that the transfer of the Notes to the transferee would not constitute a transaction that is subject to the prohibitions of Section 406(a) of ERISA or in connection with which a tax could be imposed pursuant to Section 4975(c)(1) (A)-(D) of the Code.

Section 13.3 Replacement of Notes. Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation in the form of a lost note affidavit), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$500,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within 10 Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

Section 14. PAYMENTS ON NOTES.

Section 14.1 Place of Payment. Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of the Company in such jurisdiction. The Company (or its agent or sub-agent) may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company, the principal office of the Company's agent or sub-agent in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2 Payment by Wire Transfer. So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company (or its agent or sub-agent) will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose below such Purchaser's name in the Purchaser Schedule or, if applicable, any Supplement, or by such other method or at such other address as such Purchaser shall have from time to time specified to the

Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 14.2.

Section 14.3 Taxes.

(a) Any and all payments hereunder and under the Notes shall be made by the Company without setoff, offset, deduction, withholding or counterclaim, and free and clear of all Taxes, except as required by applicable law. If any withholding or deduction from any payment made by or on account of the Company hereunder or under any Note is required in respect of any Taxes pursuant to any applicable law, then the Company will (x) pay directly to the relevant authority the full amount required to be so withheld or deducted, (y) promptly forward to the holders an official receipt or other documentation reasonably satisfactory to the holders evidencing such payment to such authority and (z) if such Tax is an Indemnified Tax, increase the amount payable to the applicable holder by such additional amount as is necessary to ensure that the net amount actually received by each holder after such withholding or deduction has been made (including such withholdings and deductions on additional sums payable under this Section 14.3(a)) will equal the full amount such holder, as applicable, would have received had no such withholding or deduction for Indemnified Taxes been made.

(b) The Company shall indemnify any holder, within 10 Business Days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 14.3(b)) payable or paid by such holder or required to be withheld or deducted from a payment to such holder and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Company by or on behalf of a holder, shall be conclusive absent manifest error.

(c) Any holder that is entitled to an exemption from or reduction of withholding tax with respect to payments made under this Agreement or any Note shall deliver to the Company, at the time or times reasonably requested by the Company, such properly completed and executed documentation reasonably requested by the Company as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any holder, if reasonably requested by the Company, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Company as will enable the Company to determine

whether or not such holder is subject to backup withholding or information reporting requirements (including FATCA). Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in clauses (i) and (ii) of this Section 14.3(c)) shall not be required if in the holder's reasonable judgment such completion, execution or submission would subject such holder to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such holder. Without limiting the generality of the foregoing, (i) any holder that is a United States Person shall deliver to the Company on or before the date on which such holder obtains a Note (and from time to time thereafter upon the reasonable request of the Company), executed copies of IRS Form W-9 certifying that such holder is exempt from U.S. federal backup withholding tax, and (ii) any holder that is a not United States Person shall deliver to the Company on or before the date on which such holder obtains a Note (and from time to time thereafter upon the reasonable request of the Company), executed copies of (A) the applicable IRS Form W-8 and (B) any other documentation prescribed by applicable law as a basis for claiming exemption (if any) from or a reduction (if any) in U.S. federal withholding tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Company to determine the withholding or deduction required to be made.

(d) If a payment made to a holder under this Agreement or any Note would be subject to U.S. federal withholding tax imposed by FATCA if such holder were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such holder shall deliver to the Company at the time or times prescribed by law and at such time or times reasonably requested by the Company such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company as may be necessary for the Company to comply with its obligations under FATCA and to determine that such holder has complied with such holder's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. For purposes of this Section 14.3(d), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. Each holder agrees that if any form or certification it previously delivered under Section 14.3(c) or this Section 14.3(d) expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Company in writing of its legal inability to do so.

(e) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 14.3 (including by the payment of additional amounts pursuant to this Section 14.3), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 14.3 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 14.3(e) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 14.3(e), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 14.3(e) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party

would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 14.3(e) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(f) Each party's obligations under this Section 14.3 shall survive any assignment of rights by, or the replacement of, a holder, the termination of this Agreement and the repayment, satisfaction or discharge of all obligations under this Agreement and the Notes.

Section 15. EXPENSES, ETC.

Section 15.1 Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all reasonable and documented out-of-pocket costs and expenses (but limited, in the case of attorneys' fees and expenses, to the reasonable and documented out-of-pocket attorneys' fees of one special counsel for, collectively, the Purchasers and each other holder of a Note, taken as a whole, and, if reasonably required by the Required Holders, one local counsel in each applicable jurisdiction for all such holders, taken as a whole) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, the Subsidiary Guaranty or the Notes (whether or not such amendment, waiver or consent becomes effective), including: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, the Subsidiary Guaranty or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, the Subsidiary Guaranty or the Notes, or by reason of being a holder of any Note and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes and the Subsidiary Guaranty and (c) the costs and expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information with the SVO. If required by the NAIC, the Company shall obtain and maintain at its own cost and expense a Legal Entity Identifier (LEI). For the avoidance of doubt, this Section 15.1 shall not apply to any taxes other than taxes that arise from non-tax claims.

The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, (i) all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes), and (ii) any judgment, liability, claim, order, decree, fine, penalty, cost, fee, expense (but limited, in the case of attorneys' fees and expenses, to the reasonable and documented out-of-pocket attorneys' fees of one special counsel for, collectively, the Purchasers and each other holder of a Note, taken as a whole, and, if reasonably required by the Required Holders, one local counsel in each applicable jurisdiction for all such Purchasers and holders, taken as a whole) or obligation resulting from the consummation of the transactions contemplated hereby, including the use of the proceeds of the Notes by the Company, in each case, other than any such judgment, liability, claim, order, decree, fine, penalty, cost, fee, expense (including reasonable attorneys' fees and expenses) or obligation that resulted from (x) the bad faith, gross negligence or willful misconduct by such Purchaser or such holder of a Note as determined in a final non-appealable judgment from a court of

competent jurisdiction or (y) a claim between any Purchaser or holder of a Note, on the one hand, and any other Purchaser or holder of a Note, on the other hand (other than claims arising out of any act or omission by the Company and/or its Affiliates). Notwithstanding anything to the contrary, no party hereto shall be liable to any other party hereto for any special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of the transactions contemplated hereunder or under the Subsidiary Guaranty, any Supplement or any Note.

Section 15.2 Certain Taxes. The Company agrees to pay all stamp, documentary or similar taxes or fees which may be payable in respect of the execution and delivery or the enforcement of this Agreement or the Subsidiary Guaranty or the execution and delivery (but not the transfer) or the enforcement of any of the Notes in the United States or any other jurisdiction where the Company or any Subsidiary Guarantor has assets or of any amendment of, or waiver or consent under or with respect to, this Agreement (including any Supplement) or the Subsidiary Guaranty or of any of the Notes, and to pay any value added tax due and payable in respect of reimbursement of costs and expenses by the Company pursuant to this Section 15, and will save each holder of a Note to the extent permitted by applicable law harmless against any loss or liability resulting from nonpayment or delay in payment of any such tax or fee required to be paid by the Company hereunder.

Section 15.3 Survival. The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement, any Supplement, the Subsidiary Guaranty or the Notes, and the termination of this Agreement.

Section 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein or in any Supplement shall survive the execution and delivery of this Agreement, such Supplement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement or any Supplement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement, each Supplement, the Notes and any Subsidiary Guaranties embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

Section 17. AMENDMENT AND WAIVER.

Section 17.1 Requirements. This Agreement (including any Supplement) and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), only with the written consent of the Company and the Required Holders, except that:

(a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 6 or 21 hereof or the corresponding provision of any Supplement, or any defined term (as it is used in any such Section or such corresponding provision of any Supplement), will be effective as to any Purchaser unless consented to by such Purchaser in writing,

(b) no amendment or waiver may, without the written consent of each Purchaser and the holder of each Note directly affected thereby at the time outstanding, (i) subject to Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of (x) interest on the Notes or (y) the Make-Whole Amount, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any amendment or waiver, or (iii) amend any of Sections 8 (except as set forth in the second sentence of Section 8.2 (or such corresponding provision of any Supplement) and Section 17.1(c)), Section 11(a), Section 11(b), Section 12, Section 17 or Section 20; and

(c) Section 8.5 may be amended or waived to permit offers to purchase made by the Company or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions only with the written consent of the Company and the Super-Majority Holders.

(d) Notwithstanding anything to the contrary contained herein, the Company may enter into any Supplement providing for the issuance of one or more Additional Notes consistent with, and in compliance with, Sections 2.2 and 4.2 hereof without obtaining the consent of any holder of any other Notes.

Section 17.2 Solicitation of Holders of Notes.

(a) *Solicitation.* The Company will provide each holder of a Note with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof, any Supplement or of the Notes or the Subsidiary Guaranty. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to this Section 17 or the Subsidiary Guaranty to each holder of a Note promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of a Note as consideration for or as an inducement to the entering into by such holder of any waiver or amendment of any of the terms and provisions hereof, any Supplement or of the Subsidiary Guaranty or any Note unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of a Note even if such holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer.* Any consent given pursuant to this Section 17 or the Subsidiary Guaranty by a holder of a Note that has transferred or has agreed to transfer its Note to (i) the Company, (ii) any Subsidiary or any other Affiliate or (iii) any other Person in connection with, or in anticipation of, such other Person acquiring, making a tender offer for or merging with the Company and/or any of its Affiliates (either pursuant to a waiver under Section 17.1(c) or subsequent to Section 8.5 having been amended pursuant to Section 17.1(c)), in each case in connection with such consent, shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

Section 17.3 Binding Effect, Etc. Any amendment or waiver consented to as provided in this Section 17 or the Subsidiary Guaranty applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any holder of a Note and no delay in exercising any rights hereunder or under any Note or the Subsidiary Guaranty shall operate as a waiver of any rights of any holder of such Note.

Section 17.4 Notes Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement, the Subsidiary Guaranty or the Notes, or have directed the taking of any action provided herein or in the Subsidiary Guaranty or the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

Section 18. NOTICES.

Except to the extent otherwise provided in Sections 2.2(c), 2.2(d) and 7.4, all notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by an internationally recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), (c) by an internationally recognized overnight delivery service (charges prepaid), or (d) by e-mail, provided, that, in the case of this clause (d), upon written request of any holder to receive paper copies of such notices or communications, the Company will promptly deliver such paper copies to such holder. Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in the Purchaser Schedule or, if applicable, any

Supplement, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Thomas Moses, or at such other address or to the attention of such other Person as the Company shall have specified to the holder of each Note in writing, in each case, with a copy (which shall not constitute notice) to: Dechert LLP, 1095 Avenue of the Americas, New York, New York 10036, Attn: Jay Alicandri, Fax: (212) 698-3599, Email: jay.alicandri@dechert.com.

Notices under this Section 18 will be deemed given only when actually received. Notwithstanding anything to the contrary contained herein, any notice to be given by the Company (other than an Officer's Certificate) may be delivered by an agent or sub-agent of the Company.

Section 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the applicable Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

Section 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "**Confidential Information**" means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in

accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its auditors, financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (v) any Person from which it offers to purchase any Security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes, this Agreement or the Subsidiary Guaranty. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying this Section 20.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or other holder of a Note is required to agree to a confidentiality undertaking (whether a secure website, a secure virtual workspace or otherwise) which is different from this Section 20, this Section 20 shall not be amended thereby and, as between such Purchaser or such other holder and the Company, this Section 20 shall supersede any such other confidentiality undertaking.

Section 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates or another Purchaser or any one of such other Purchaser's Affiliates (a "**Substitute Purchaser**") as the purchaser of the Notes that it has agreed to purchase hereunder or under any Supplement, by prior written notice to the Company, which notice shall be signed by both such Purchaser and such Substitute Purchaser, shall contain such Substitute Purchaser's agreement to be bound by this Agreement and shall contain a confirmation by such Substitute Purchaser of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21) or any applicable Supplement, shall be deemed to refer to such Substitute Purchaser in lieu of such original

Purchaser. In the event that such Substitute Purchaser is so substituted as a Purchaser hereunder and such Substitute Purchaser thereafter transfers to such original Purchaser all of the Notes then held by such Substitute Purchaser, upon receipt by the Company of notice of such transfer, any reference to such Substitute Purchaser as a “Purchaser” in this Agreement (other than in this Section 21) or any applicable Supplement, shall no longer be deemed to refer to such Substitute Purchaser, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

Section 22. MISCELLANEOUS.

Section 22.1 Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including any subsequent holder of a Note) permitted hereby, whether so expressed or not, except that, subject to Section 10.2, the Company may not assign or otherwise transfer any of its rights or obligations hereunder or under the Notes without the prior written consent of each holder. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

Section 22.2 Accounting Terms. (a) All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with this Agreement (including Section 9, Section 10 and the definition of “Indebtedness”), any election by the Company to measure any financial liability using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 – *Fair Value Option*, International Accounting Standard 39 – *Financial Instruments: Recognition and Measurement* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

(b) If, at any time, either the Company or the Required Holders shall request an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision, regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then the parties shall negotiate in good faith to amend such provision to preserve the original intent thereof in light of such change in GAAP; provided that until so amended, such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

Section 22.3 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.4 Construction, Etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Defined terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein) and, for purposes of the Notes, shall also include any such notes issued in substitution therefor pursuant to Section 13, (b) subject to Section 22.1, any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections and Schedules shall be construed to refer to Sections of, and Schedules to, this Agreement, and (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

Section 22.5 Counterparts; Electronic Contracting. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. The parties agree to electronic contracting and signatures with respect to this Agreement. Delivery of an electronic signature to, or a signed copy of, this Agreement or any Supplement by facsimile, email or other electronic transmission shall be fully binding on the parties to the same extent as the delivery of the signed originals and shall be admissible into evidence for all purposes. The words “execution,” “execute,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Agreement shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Company, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 22.6 Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New

York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.7 Jurisdiction and Process; Waiver of Jury Trial . (a) The Company and each Purchaser irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company and each Purchaser irrevocably waive and agree not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company and each Purchaser agrees, to the fullest extent permitted by applicable law, that a final judgment in any suit, action or proceeding of the nature referred to in Section 22.7(a) brought in any such court shall be conclusive and binding upon it subject to rights of appeal, as the case may be, and may be enforced in the courts of the United States of America or the State of New York (or any other courts to the jurisdiction of which it or any of its assets is or may be subject) by a suit upon such judgment.

(c) The Company and each Purchaser consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.7(a) by mailing a copy thereof by registered, certified, priority or express mail (or any substantially similar form of mail), postage prepaid, return receipt or delivery confirmation requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company and each Purchaser agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(d) Nothing in this Section 22.7 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(e) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

BARINGS BDC, INC.

By /s/ Thomas Moses

Name: Thomas Moses

Title: Treasurer

This Agreement is hereby
accepted and agreed to as
of the date hereof.

**MASSACHUSETTS MUTUAL LIFE INSURANCE
COMPANY**

By: Barings LLC as Investment Adviser

By /s/ John Brown IV
Name: John Brown IV
Title: Managing Director

SCHEDULE A
DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

“**Acceptance**” is defined in Section 2.2(e).

“**Acceptance Day**” is defined in Section 2.2(e).

“**Acceptance Window**” is defined in Section 2.2(d).

“**Accepted Note**” is defined in Section 2.2(e).

“**Additional Note Closing**” is defined in Section 3.2.

“**Additional Note Facility**” is defined in Section 2.2(a).

“**Additional Notes**” is defined in Section 1.

“**Administration Agreement**” means that certain Administration Agreement, dated August 2, 2018, by and among the Company (f/k/a Triangle Capital Corporation) and Barings LLC, as amended, supplemented or restated from time to time and any successor agreement thereto.

“**Affiliate**” means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. Unless the context otherwise clearly requires, any reference to an “Affiliate” is a reference to an Affiliate of the Company. Anything herein to the contrary notwithstanding, the term “Affiliate” shall not include (i) any Person that constitutes a Portfolio Investment held by any Obligor or any of its or their subsidiaries in the ordinary course of business or (ii) Massachusetts Mutual Life Insurance Company, any other Purchaser as of the Effective Date or any Affiliate or Related Fund thereof (other than, for the avoidance of doubt, the Company, any of its Subsidiaries or any holder of the Equity Interests of the Company) that is a holder of the Notes issued under this Agreement.

“**Agreement**” means this Note Purchase Agreement, including all Schedules and Exhibits attached to this Agreement and any Supplement hereto (including all Schedules and Exhibits attached to any Supplement).

“**Anti-Corruption Laws**” means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010.

Schedule A
(to Note Purchase Agreement)

“Anti-Money Laundering Laws” means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act) and the USA PATRIOT Act.

“Asset Coverage Ratio” means, on a consolidated basis for the Company and its subsidiaries, the ratio which the value of total assets, less all liabilities and indebtedness not represented by Senior Securities, bears to the aggregate amount of Senior Securities representing indebtedness of the Company and its subsidiaries (all as determined pursuant to the Investment Company Act and any orders of the SEC issued to the Company thereunder). For clarity, the calculation of the Asset Coverage Ratio shall be made in accordance with any exemptive order issued by the SEC under Section 6(c) of the Investment Company Act relating to the exclusion of any Indebtedness of any SBIC Subsidiary from the definition of Senior Securities.

“Assignee” is defined in Section 13.2(a).

“Assigning Party” is defined in Section 13.2(a).

“Available Facility Amount” is defined in Section 2.2(a).

“Blocked Person” means (a) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC, (b) a Person, entity, organization, country or regime that is blocked or a target of comprehensive sanctions that have been imposed under U.S. Economic Sanctions Laws or (c) a Person that is an agent, department or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, any Person, entity, organization, country or regime described in clause (a) or (b).

“Business Day” means any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York are required or authorized to be closed.

“Cash Equivalents” means (a) U.S. Government Securities maturing within 1 year from the applicable date of determination, (b) securities that are direct obligations of, and obligations the timely payment of principal and interest on which is issued by, any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within 1 year from the applicable date of determination and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody’s, (c) commercial paper maturing no more than 270 days from the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody’s, (d) certificates of deposit, bankers’ acceptances and time deposits maturing within 1 year from the date of acquisition thereof issued or guaranteed by or placed with, any bank organized under the laws of the United States or any state thereof or under the laws of a Permitted Foreign Jurisdiction, (e) money market and demand deposit accounts issued by, offered by or maintained with any bank organized under the laws of the United States or any state or under the laws of a Permitted Foreign Jurisdiction, (f) fully collateralized repurchase agreements with a term of not more than 30 days from the date of acquisition thereof for U.S. Government Securities and

entered into with (i) a financial institution satisfying the criteria described in clause (d) of this definition or (ii) a primary dealer in U.S. Government Securities having (or being a member of a consolidated group having) at such date of acquisition, a credit rating of at least A-1 from S&P or at least P-1 from Moody's, (g) certificates of deposit or bankers' acceptances with a maturity of 90 days or less of any financial institution that is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than \$1,000,000,000, and (h) money market funds or mutual funds substantially all of whose assets are invested in the types of assets described in clauses (a) through (g) above.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect on the date hereof) other than the Investment Advisor of shares representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding shares of capital stock, membership interest or partnership interest, as applicable, in the Company; (b) the occupation of a majority of the seats (other than the vacant seats) on the Board of Directors of the Company by Persons who were not (i) members of the Board of Directors of the Company as of the Effective Date, (ii) approved, selected or nominated to become members of the Board of Directors of the Company by the Board of Directors of the Company of which a majority consisted of individuals described in clause (i), or (iii) approved, selected or nominated to become members of the Board of Directors of the Company by the Board of Directors of the Company of which a majority consisted of individuals described in clause (i) or clause (ii); or (c) the acquisition of direct or indirect Control of the Company by any Person or group other than the Investment Advisor.

"Closing" means each of the First Series A Closing, the Second Series A Closing and each Additional Note Closing.

"Closing Day" means (a) with respect to the Series A Notes, the First Series A Closing Day and the Second Series A Closing Day and (b) with respect to any Accepted Note, the Business Day specified for the closing of the purchase and sale of such Accepted Note in the Supplement for such Accepted Note, provided that if the Company and the Purchasers which are obligated to purchase such Accepted Notes agree on an earlier Business Day for such closing, the "Closing Day" for such Accepted Note shall be such earlier Business Day.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" is defined in the first paragraph of this Agreement.

"Competitor" means (a) any entity that has elected to be regulated as a "business development company" under the Investment Company Act; and (b) any Person who is not an Affiliate of the Company or any of its subsidiaries and who is actively engaged, as its primary business, in the same or similar line of business as any material business of the Company or any of its subsidiaries as of the Effective Date; provided, however, that (x) in no event shall any insurance company, bank, trust company, pension plan, savings and loan association or any other similar financial institution or entity (regardless of legal form) be deemed to be a Competitor and (y) in no event shall any entity which (i) maintains passive investments in any Person which is a

Competitor and (ii) is not an asset manager, a vehicle of an asset manager or a Person controlled by an asset manager, solely because of such passive investments, be deemed a Competitor.

“Confidential Information” is defined in Section 20.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms **“Controlled”** and **“Controlling”** shall have meanings correlative to the foregoing.

“Controlled Entity” means (a) any of the Subsidiaries of the Company and any of their or the Company’s respective Controlled Affiliates and (b) if the Company has a parent company, such parent company and its Controlled Affiliates.

“Controlled Foreign Corporation” means any Subsidiary which is (i) a “controlled foreign corporation” (within the meaning of Section 957 of the Code), (ii) a Subsidiary substantially all the assets of which consist (directly or indirectly through one or more flow-through entities) of Equity Interests and/or indebtedness of one or more Subsidiaries described in clause (i) of this definition, or (iii) without duplication of clause (i) or (ii) of this definition, an entity treated as disregarded for U.S. federal income tax purposes and substantially all of the assets of which consist (directly or indirectly through one or more flow-through entities) of the Equity Interests and/or indebtedness of one or more Subsidiaries described in clause (i) or (ii) of this definition.

“Cure Right” is defined in Section 10.6(d).

“Default” means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“Default Rate” means that rate of interest per annum that is 2.0% above the rate of interest stated in clause (a) of the first paragraph of the Notes.

“Disclosure Documents” is defined in Section 5.3.

“Disqualified Equity Interests” means any Equity Interests which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable (other than for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than for Qualified Equity Interests), in whole or in part, on or prior to 91 days following the Maturity Date at the time such Equity Interests is issued (it being understood that if any such redemption is in part, only such part coming into effect prior to 91 days following the Maturity Date shall constitute Disqualified Equity Interests), (b) is or becomes convertible into or exchangeable (unless at the sole option of the issuer thereof) for (i) debt securities or (ii) any Equity Interests that would constitute Disqualified Equity Interests, in each case at any time on or prior to 91 days following the Maturity Date at the time such Equity

Interests is issued, (c) contains any mandatory repurchase obligation or any other repurchase obligation at the option of the holder thereof (other than for Qualified Equity Interests), in whole or in part, which may come into effect prior to 91 days following the Maturity Date at the time such Equity Interests is issued (it being understood that if any such repurchase obligation is in part, only such part coming into effect prior to 91 days following the Maturity Date shall constitute Disqualified Equity Interests) or (d) requires scheduled payments of dividends in cash on or prior to 91 days following the Maturity Date at the time such Equity Interests is issued; *provided* that any Equity Interests that would not constitute Disqualified Equity Interests but for provisions thereof giving holders thereof (or the holders of any security into or for which such Equity Interests is convertible, exchangeable or exercisable) the right to require the issuer thereof to redeem such Equity Interests upon the occurrence of any Change in Control occurring prior to 91 days following the Maturity Date at the time such Equity Interests is issued shall not constitute Disqualified Equity Interests if (x) such Equity Interests provides that the issuer thereof will not redeem any such Equity Interests pursuant to such provisions prior to the date that the Notes have been repaid in full (other than contingent indemnification obligations) (the “**Termination Date**”) or (y) such redemption is subject to events that would cause the Termination Date to occur.

“**EDGAR**” means the SEC’s Electronic Data Gathering, Analysis and Retrieval System or any successor SEC electronic filing system for such purposes.

“**Effective Date**” means the date on which the conditions to effectiveness of this Agreement in Section 4.1 are fulfilled in accordance with the terms thereof.

“**Environmental Laws**” means any applicable federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, or settlement or consent agreements relating to pollution and the protection of the environment or the release of any Hazardous Materials into the environment.

“**Equity Interests**” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest. As used in this Agreement, “Equity Interests” shall not include convertible debt unless and until such debt has been converted to capital stock.

“**ERISA**” means the Employee Retirement Income Security Act of 1974 and the rules and regulations promulgated thereunder from time to time in effect.

“**ERISA Affiliate**” means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414(b), (c), (m) or (o) of the Code.

“**Event of Default**” is defined in Section 11.

“**Excluded Subsidiaries**” means, collectively, (a) any Financing Subsidiary, (b) any bankruptcy remote special purpose vehicle, (c) any Person that constitutes an Investment held by

the Company that is not, under generally accepted accounting principles in the United States, consolidated on the financial statements of the Company and its Subsidiaries, and (d) any Subsidiary of any of the foregoing, in each case, so long as any such Person described in clauses (a) through (d) above is not a guarantor, borrower or co-borrower with respect to the Specified Credit Facility.

“**Excluded Taxes**” shall mean any of the following Taxes imposed on or with respect to a holder or required to be withheld or deducted from a payment to a holder, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such holder being organized under the laws of, or having its principal office or, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of such holder with respect to an applicable interest in the Notes pursuant to a law in effect on the date on which (i) such holder acquires such Notes or (ii) such holder changes its lending office, except in each case to the extent that, pursuant to Section 14.3, amounts with respect to such Taxes were payable either to such holder’s assignor immediately before such holder became a party hereto or to such holder immediately before it changed its lending office, (c) Taxes attributable to such holder’s failure to comply with Section 14.3(c) or (d) and (d) any withholding Taxes imposed under FATCA.

“**Existing Series Closing**” means, with respect to any Series of Notes, each Closing for such Series other than a New Series Closing with respect to such Series.

“**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“**Financial Covenant Default**” means a Default under Section 11(c) for failure to comply with Section 10.6(a) or 10.6(b).

“**Financing Subsidiary**” means (a) any Structured Subsidiary or (b) any SBIC Subsidiary.

“**First Series A Closing**” is defined in Section 3.1.

“**First Series A Closing Day**” is defined in Section 3.1.

“**Fitch**” means Fitch Ratings, Inc. or any successor thereto.

“**Foreign Subsidiary**” means any Subsidiary of the Company that is a Controlled Foreign Corporation or a Subsidiary of a Controlled Foreign Corporation.

“**Form 10-K**” is defined in Section 7.1(b).

“Form 10-Q” is defined in Section 7.1(a).

“GAAP” means (a) generally accepted accounting principles as in effect from time to time in the United States of America and (b) for purposes of Section 9.6, with respect to any Subsidiary, generally accepted accounting principles (including International Financial Reporting Standards, as applicable) as in effect from time to time in the jurisdiction of organization of such Subsidiary.

“Governmental Authority” means

(a) the government of

(i) the United States of America or any state or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

“Governmental Official” means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

“Guaranty” of or by any Person (the **“guarantor”**) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the **“primary obligor”**) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guaranty shall not include (i) “bad boy” guaranties and (ii) endorsements for collection or deposit in the ordinary course of business or customary indemnification agreements entered into in the ordinary course of business in connection with obligations that do not constitute Indebtedness. The amount of any Guaranty at any time shall be deemed to be an amount equal to the maximum stated or determinable amount of the primary obligation in respect of which such Guaranty is incurred, unless the terms of such Guaranty expressly provide that the maximum amount for which such Person may be liable thereunder is a lesser amount (in which case the amount of such Guaranty

shall be deemed to be an amount equal to such lesser amount). The terms “**Guaranteed**” and “**Guarantees**” shall have correlative meanings.

“**Hazardous Materials**” means any and all pollutants, contaminants, or toxic or hazardous wastes, substances or which are regulated by Environmental Law, including asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, or petroleum products.

“**holder**” means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1, *provided, however*, that if such Person is a nominee, then for the purposes of Section 7, Section 12, Section 17.2 and Section 18 and any related definitions in this Schedule A, “holder” shall mean the beneficial owner of such Note whose name and address appears in such register.

“**Immaterial Subsidiaries**” means those Subsidiaries of the Company that are designated as “Immaterial Subsidiaries” by the Company from time to time (it being understood that the Company may at any time change any such designation); provided that such designated Immaterial Subsidiaries shall collectively meet all of the following criteria as of the date of (x) the designation of each such Immaterial Subsidiary and (y) the most recent balance sheet required to be delivered pursuant to Section 7.1 (and the Company shall in each case deliver to the holders of the Notes a certificate of a Senior Financial Officer to such effect setting forth reasonably detailed calculations demonstrating such compliance): (a) the aggregate assets of all such Subsidiaries and their Subsidiaries (on a consolidated basis) as of such date do not exceed an amount equal to 5% of the consolidated assets of the Company and its Subsidiaries as of such date; and (b) the aggregate revenues of all such Subsidiaries and their Subsidiaries (on a consolidated basis) for the fiscal quarter ending on such date do not exceed an amount equal to 5% of the consolidated revenues of the Company and its Subsidiaries for such period. Notwithstanding the foregoing, no Immaterial Subsidiary that is or later becomes a Subsidiary Guarantor may be an Immaterial Subsidiary.

“**Incorporated Covenant**” is defined in Section 9.11(b).

“**Indebtedness**” with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(d) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);

(e) the aggregate Swap Termination Value of all Swap Contracts of such Person; and

(f) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (e) hereof.

Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (a) through (f) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP. Notwithstanding the foregoing, "Indebtedness" shall not include (x) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset or Investment to satisfy unperformed obligations of the seller of such asset or Investment, (y) a commitment arising in the ordinary course of business to make a future Portfolio Investment or fund the delayed draw or unfunded portion of any existing Portfolio Investment or (z) indebtedness of an Obligor on account of the sale by an Obligor of the first out tranche of any debt Portfolio Investment that is entitled to the benefit of a first lien that arises solely as an accounting matter under ASC 860, provided that such indebtedness (i) is non-recourse to the Company and its Subsidiaries and (ii) would not represent a claim against the Company or any of its Subsidiaries in a bankruptcy, insolvency or liquidation proceeding of the Company or its Subsidiaries, in each case in excess of the amount sold or purportedly sold.

"Indemnified Taxes" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Issuer under any Transaction Document and (b) to the extent not otherwise described in (a), Other Taxes.

"INHAM Exemption" is defined in Section 6.2(e).

"Institutional Investor" means (a) any Purchaser, (b) any holder of a Note holding (together with one or more of its affiliates) more than 10% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

"Investment" means, for any Person: (a) Equity Interests, bonds, notes, debentures or other securities of any other Person (including convertible securities) or any agreement to acquire any Equity Interests, bonds, notes, debentures or other securities of any other Person (including any "short sale" or any sale of any securities at a time when such securities are not owned by the Person entering into such sale); (b) deposits, advances, loans or other extensions of credit made to any other Person (including purchases of property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such property to such Person); or (c) Swap Contracts.

“Investment Advisor” means (a) Barings LLC, (b) an Affiliate of Barings or (c) another investment advisor reasonably satisfactory to the Required Holders.

“Investment Advisory Agreement” means that certain Investment Advisory Agreement, dated August 2, 2018, by and among the Company (f/k/a Triangle Capital Corporation) and Barings LLC, as amended, supplemented or restated from time to time and any successor agreement thereto.

“Investment Company Act” means the Investment Company Act of 1940, as amended from time to time.

“Investment Company Act Asset Coverage” means the minimum asset coverage required to be maintained by the Company to comply with the Investment Company Act.

“Investment Policies” means, with respect to the Company, the investment objectives, policies, restrictions and limitations as the same may be changed, altered, expanded, amended, modified, terminated or restated from time to time.

“Issuance Period” is defined in Section 2.2(b).

“Kroll” means Kroll Bond Rating Agency, Inc., or if applicable, its successor.

“Lien” means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements but, in the case of Portfolio Investments that are equity securities, excluding customary drag-along, tag-along, right of first refusal and other similar rights in favor of other equity holders of the same issuer). For the avoidance of doubt, in the case of Investments that are loans or other debt obligations, customary restrictions on assignments or transfers thereof on customary and market based terms pursuant to the underlying documentation relating to such Investment shall not be deemed to be a “Lien”.

“Make-Whole Amount” is defined in Section 8.6.

“Material” means material in relation to the business, operations, affairs, financial condition, assets, or properties of the Company and its Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, operations, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole (excluding in any case a decline in the net asset value of the Company or its Subsidiaries or a change in general market conditions or values of the Portfolio Investments of the Company and its Subsidiaries (taken as a whole)), (b) the ability of the Company to perform its obligations under this Agreement and the Notes, (c) the ability of any Subsidiary Guarantor to perform its obligations under the Subsidiary Guaranty, or (d) the validity or enforceability of this Agreement, the Notes or the Subsidiary Guaranty.

“Material Indebtedness” means Indebtedness (other than the Notes), of any one or more of the Company and its Subsidiaries (excluding any Financing Subsidiary) in an aggregate outstanding principal amount exceeding \$75,000,000.

“Maturity Date” is defined in the first paragraph of each Note.

“Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

“Most Favored Lender Notice” means a written notice from the Company to each of the holders of the Notes delivered promptly, and in any event within ten (10) Business Days after the inclusion of any Additional Covenant in the Specified Credit Facility (including by way of amendment or other modification of any existing provision thereof), pursuant to Section 9.11 by a Senior Financial Officer in reasonable detail, including reference to Section 9.11, a verbatim statement of such Additional Covenant (including any defined terms used therein).

“Multiemployer Plan” means any Plan that is a “multiemployer plan” (as such term is defined in section 4001(a)(3) of ERISA).

“NAIC” means the National Association of Insurance Commissioners.

“Net Debt to Equity Ratio” means, as of any date of determination, the ratio of (a) the aggregate amount of Senior Securities representing Indebtedness for borrowed money of the Company and its consolidated Subsidiaries (including under the Notes) as of such date, in each case as determined pursuant to the Investment Company Act, and any orders of the SEC issued to or with respect to Company thereunder, including any exemptive relief granted by the SEC with respect to the indebtedness of any SBIC Subsidiary, less all cash and Cash Equivalents of the Company and its consolidated Subsidiaries (but excluding, for purposes of this clause (a), the aggregate amount of any Indebtedness held by the Company or any consolidated Subsidiary thereof), to (b) Stockholders’ Equity at the last day of the fiscal quarter of the Company ending on or immediately prior to such date of determination, as applicable.

“New Series Closing” means, with respect to any Series of Notes, the first Closing for such Series.

“Non-U.S. Plan” means any plan, fund or other similar program that (a) is established or maintained outside the United States of America by the Company or any Subsidiary primarily for the benefit of employees of the Company or one or more Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and (b) is not subject to ERISA or the Code.

“Notes” is defined in Section 1.2.

“Obligors” means, collectively, the Company and the Subsidiary Guarantors.

“Obligors’ Net Worth” means, at any date, Stockholders’ Equity.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“OFAC Sanctions Program” means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

“Officer’s Certificate” means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

“Other Connection Taxes” shall mean, with respect to any holder, Taxes imposed as a result of a present or former connection between such holder and the jurisdiction imposing such Tax (other than connections arising from such holder having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced this Agreement or any Note, or sold or assigned an interest in any Note or this Agreement).

“Other Taxes” shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement or any Note, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“Pension Plan” means any Plan that is subject to Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA.

“Permitted Acquisition” means any acquisition by the Company or any of its subsidiaries, whether by purchase, merger, amalgamation or otherwise, of all or substantially all of the assets of, or any business line, unit or division or product line of, any Person or of a majority of the outstanding Equity Interests of any Person; provided, that at the time of entering into the agreement governing such acquisition, no Event of Default is in existence and the Company is in pro forma compliance with Section 10.6.

“Permitted Equity Interests” means common stock of the Company that after its issuance is not subject to any agreement between the holder of such common stock and the Company where the Company is required to purchase, redeem, retire, acquire, cancel or terminate any such common stock.

“Permitted Foreign Jurisdiction” means Canada, Germany, Ireland, Luxembourg, the Netherlands, Australia, New Zealand, Denmark, Norway, Sweden and Switzerland and the United Kingdom.

“Permitted SBIC Guarantee” means a Guaranty by the Company of Indebtedness of an SBIC Subsidiary on the SBA’s then applicable form, provided that the recourse to the Company thereunder is expressly limited only to periods after the occurrence of an event or condition that is an impermissible change in the control of such SBIC Subsidiary.

“Person” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

“Plan” means an “employee benefit plan” (as defined in section 3(3) of ERISA) subject to Title IV of ERISA (other than a Multiemployer Plan) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate has any liability.

“Portfolio Investment” means any Investment held by the Company and its subsidiaries in their asset portfolio (and, for the avoidance of doubt, shall not include any Subsidiary of the Company).

“Preferred Stock” means any class of capital stock of a Person that is preferred over any other class of capital stock (or similar equity interests) of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

“property” or **“properties”** means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

“Proposed Issuance Notice” is defined in Section 2.2(c).

“PTE” is defined in Section 6.2(a).

“Purchaser” or **“Purchasers”** means each of the purchasers that has executed and delivered this Agreement to the Company and such Purchaser’s successors and assigns (so long as any such assignment complies with Section 13.2) and any Substitute Purchaser (so long as any such substitution complies with Section 21), *provided, however*, that any Purchaser of a Note that ceases to be the registered holder or a beneficial owner (through a nominee) of such Note as the result of a transfer thereof pursuant to Section 13.2 or as the result of a substitution pursuant to Section 21 shall cease to be included within the meaning of “Purchaser” of such Note for the purposes of this Agreement upon such transfer.

“Purchaser Schedule” means the Purchaser Schedule to this Agreement listing the Purchasers of the Notes and including their notice and payment information.

“QPAM Exemption” is defined in Section 6.2(d).

“Qualified Equity Interests” of any Person means any Equity Interests of such Person that is not Disqualified Equity Interests.

“Qualified Institutional Buyer” means any Person who is a “qualified institutional buyer” within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

“Quotation” is defined in Section 2.2(d).

“Rating” means a rating of the Notes, which rating shall specifically describe the Notes, including their interest rate, maturity and Private Placement Number, issued by a Rating Agency.

“Rating Agency” means (a) any one of S&P, Moody’s, Fitch or Kroll and (b) any other nationally recognized credit rating organization that is recognized as a nationally recognized statistical rating organization by the SEC and approved by the Required Holders, so long as, in each case, any such credit rating organization described in clause (a) or (b) above continues to be a nationally recognized statistical rating organization recognized by the SEC and is approved as a “Credit Rating Provider” (or other similar designation) by the NAIC.

“Related Fund” means, with respect to any holder of any Note, any fund or entity that (a) invests in Securities or bank loans and (b) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

“Required Holders” means at any time, the holders of greater than 50.00% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

“Responsible Officer” means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

“RIC” means a person qualifying for treatment as a “regulated investment company” under the Code.

“S&P” means S&P Global Ratings, a division of S&P Global, Inc., a New York corporation, or any successor thereto.

“SBA” means the United States Small Business Administration or any Governmental Authority succeeding to any or all of the functions thereof.

“SBIC Subsidiary” means any subsidiary of the Company (or such subsidiary’s general partner or manager entity) that is (x) either (i) a “small business investment company” licensed by the SBA (or that has applied for such a license and is actively pursuing the granting thereof by appropriate proceedings promptly instituted and diligently conducted) under the Small Business Investment Act of 1958, as amended, or (ii) any wholly-owned, direct or indirect, subsidiary of an entity referred to in clause (x)(i) of this definition, and (y) designated in writing by the Company (as provided below) as an SBIC Subsidiary, so long as:

(a) other than pursuant to a Permitted SBIC Guarantee or the requirement by the SBA that the Company make an equity or capital contribution to the SBIC Subsidiary in connection with its incurrence of Indebtedness (provided that such contribution is permitted by the Specified

Credit Facility and is made substantially contemporaneously with such incurrence), no portion of the Indebtedness or any other obligations (contingent or otherwise) of such Person (i) is Guaranteed by the Company or any of its subsidiaries (other than any SBIC Subsidiary), (ii) is recourse to or obligates the Company or any of its subsidiaries (other than any SBIC Subsidiary) in any way, or (iii) subjects any property of the Company or any of its subsidiaries (other than any SBIC Subsidiary) to the satisfaction thereof, other than Equity Interests in any SBIC Subsidiary pledged to secure such Indebtedness;

(b) neither the Company nor any of its subsidiaries (other than any SBIC Subsidiary) has any obligation to such Person to maintain or preserve its financial condition or cause it to achieve certain levels of operating results; and

(c) such Person has not Guaranteed or become a co-borrower under, and has not granted a security interest in any of its properties to secure, and the Equity Interests it has issued are not pledged to secure, in each case, any indebtedness, liabilities or obligations of any one or more of the Obligors.

Any designation by the Company under clause (y) above shall be effected pursuant to a certificate of a Senior Financial Officer delivered to the Purchasers, which certificate shall include a statement to the effect that, to the best of such Senior Financial Officer's knowledge, such designation complied with the foregoing conditions.

“**SEC**” means the Securities and Exchange Commission of the United States of America.

“**Second Series A Closing**” is defined in Section 3.1.

“**Second Series A Closing Day**” is defined in Section 3.1.

“**Section 8.8 Proposed Prepayment Date**” is defined in Section 8.8(b).

“**Securities**” or “**Security**” shall have the meaning specified in section 2(1) of the Securities Act.

“**Securities Act**” means the Securities Act of 1933 and the rules and regulations promulgated thereunder from time to time in effect.

“**Senior Financial Officer**” means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

“**Senior Securities**” means senior securities (as such term is defined and determined pursuant to the Investment Company Act and any orders of the SEC issued to the Company thereunder).

“**Series**” is defined in Section 1.2.

“**Series A Closing**” is defined in Section 3.1.

“**Series A Notes**” is defined in Section 1.

“**Source**” is defined in Section 6.2.

“**Special Equity Interest**” means any Equity Interest that is subject to a Lien in favor of creditors of the issuer of such Equity Interest provided that such Lien was created to secure Indebtedness owing by such issuer to such creditors.

“**Specified Credit Facility**” means (a) only for so long as such facility (or any replacement or refinancing thereof) is in effect, that certain Senior Secured Revolving Credit Facility, dated as of February 21, 2019 and as amended on December 3, 2019, by and among the Company, as borrower, the lenders party thereto, ING Capital LLC, as administrative agent, and the other parties signatory thereto, as such facility may be amended, restated, supplemented, otherwise modified, refinanced or replaced from time to time, and (b) if any such facility described in clause (a) is terminated and is not otherwise refinanced or replaced, then, beginning on the date of such termination, any similar credit facility or financing similar to this Agreement with investors similar to the Purchasers (whether in the form of a loan agreement, note purchase agreement, credit agreement, indenture or other agreement creating or evidencing Indebtedness for borrowed money) in respect of which the Company is an obligor (or otherwise provides a guarantee or other credit support) with the largest aggregate principal amount outstanding or available for borrowing thereunder in an aggregate principal amount in excess of \$50,000,000 (other than the Notes, this Agreement, bonds, converts, public or registered offerings of debt securities or investments or prime brokerage facilities) as of such date, if any, shall be deemed to be the “Specified Credit Facility” for purposes of this Agreement.

“**Standard Securitization Undertakings**” means, collectively, (a) customary arms-length servicing obligations (together with any related performance guarantees), (b) obligations (together with any related performance guarantees) to refund the purchase price or grant purchase price credits for breach of representations and warranties referred to in clause (c), and (c) representations, warranties, covenants and indemnities (together with any related performance guarantees) of a type that are reasonably customary in commercial loan securitizations (in each case in clauses (a), (b) and (c) excluding obligations related to the collectability of the assets sold or the creditworthiness of the underlying obligors and excluding obligations that constitute credit recourse).

“**State Sanctions List**” means a list that is adopted by any state Governmental Authority within the United States of America pertaining to Persons that engage in investment or other commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Economic Sanctions Laws.

“**Stockholders’ Equity**” means, at any date, the amount determined on a consolidated basis, without duplication, in accordance with GAAP, of stockholders’ equity for the Company and its Subsidiaries at such date.

“**Structured Subsidiary**” means:

(a) each entity set forth on Schedule 5.4B hereto;

(b) a direct or indirect subsidiary of the Company, which is formed in connection with such subsidiary obtaining and maintaining third-party financing, and which engages in no material activities other than in connection with the purchase and financing of such assets, and which is designated by the Company (as provided below) as a Structured Subsidiary; and, so long as:

(i) no portion of the Indebtedness or any other obligations (contingent or otherwise) of such subsidiary (i) is Guaranteed by any Obligor (other than Guarantees in respect of Standard Securitization Undertakings), (ii) is recourse to or obligates any Obligor in any way other than pursuant to Standard Securitization Undertakings or (iii) subjects any property of any Obligor (other than property that has been contributed or sold or otherwise transferred to such subsidiary in accordance with the terms of the Specified Credit Facility), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings or any Guarantee thereof; and

(ii) no Obligor has any obligation to maintain or preserve such entity’s financial condition or cause such entity to achieve certain levels of operating results; and

(c) any passive holding company that is designated by the Company (as provided below) as a Structured Subsidiary, so long as:

(i) such passive holding company is the direct parent of a Structured Subsidiary referred to in clause (a);

(ii) such passive holding company engages in no activities and has no assets (other than in connection with the transfer of assets to and from a Structured Subsidiary referred to in clause (a), and its ownership of all of the Equity Interests of a Structured Subsidiary referred to in clause (a)) or liabilities;

(iii) all of the Equity Interests of such passive holding company are owned directly by an Obligor;

(iv) no Obligor has any contract, agreement, arrangement or understanding with such passive holding company; and

(v) no Obligor has any obligation to maintain or preserve such passive holding company’s financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Company pursuant to (b) and (c) of this definition shall be effected pursuant to a certificate of a Senior Financial Officer delivered to the Purchasers, which

certificate shall include a statement to the effect that, to such Senior Financial Officer's knowledge, such designation complied with the applicable foregoing conditions. Each subsidiary of a Structured Subsidiary shall be deemed to be a Structured Subsidiary and shall comply with the foregoing requirements of this definition.

"Subsidiary" means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Anything herein to the contrary notwithstanding, the term "Subsidiary" shall not include any Excluded Subsidiary. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Subsidiary Guarantor" means each Subsidiary that has executed and delivered the Subsidiary Guaranty or a joinder thereto.

"Subsidiary Guaranty" is defined in Section 9.7(a).

"Substitute Purchaser" is defined in Section 21.

"Super-Majority Holders" means at any time, the holders of at least 66-2/3% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"SVO" means the Securities Valuation Office of the NAIC.

"Swap Contract" means (a) any and all interest rate swap transactions, basis swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward foreign exchange transactions, cap transactions, floor transactions, currency options, spot contracts or any other similar transactions or any of the foregoing (including any options to enter into any of the foregoing), and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amounts(s) determined as the mark-to-market values(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

“**Taxes**” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**United States Person**” has the meaning set forth in Section 7701(a)(30) of the Code.

“**USA PATRIOT Act**” means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the rules and regulations promulgated thereunder from time to time in effect.

“**U.S. Economic Sanctions Laws**” means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act and any other OFAC Sanctions Program.

“**U.S. Government Securities**” means securities that are direct obligations of, and obligations the timely payment of principal and interest on which is fully guaranteed by, the United States or any agency or instrumentality of the United States the obligations of which are backed by the full faith and credit of the United States.

“**Wholly-Owned Subsidiary**” means, at any time, any subsidiary all of the equity interests (except directors’ qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company’s other Wholly-Owned Subsidiaries at such time.

Schedule 1(a)

[FORM OF SERIES A NOTE]

[THE NOTE REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR UNLESS AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 IS AVAILABLE.]

BARINGS BDC, INC.

4.66% SERIES A SENIOR UNSECURED NOTE DUE AUGUST 4, 2025

No. [] [•]
\$[] PPN 06759L A*4

For Value Received, the undersigned, **Barings BDC, Inc.** (herein called the “**Company**”), a corporation organized and existing under the laws of the State of Maryland, hereby promises to pay to [], or registered assigns, the principal sum of [] Dollars (or so much thereof as shall not have been prepaid) on August 4, 2025 (the “**Maturity Date**”), with interest (computed on the basis of a 360-day year of twelve 30day months) (a) on the unpaid balance hereof at the rate of 4.66% per annum from the date hereof, payable semiannually, on the 24th day of March and September in each year, commencing with the March or September next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (x) on any overdue payment of interest and (y) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount (if any), at a rate per annum from time to time equal to 6.66%, payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the Company in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Unsecured Notes (herein called the “**Notes**”) issued pursuant to the Note Purchase Agreement, dated August 3, 2020 (as from time to time amended, restated, supplemented or otherwise modified from time to time, the “**Note Purchase Agreement**”), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase

Schedule 1
(to Note Purchase Agreement)

Agreement and (ii) made the representations set forth in Section 6 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in (and subject to the terms and conditions of) the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Note Purchase Agreement.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

BARINGS BDC, INC.

By _____

Schedule 1(b)

[FORM OF ADDITIONAL NOTE]

[THE NOTE REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR UNLESS AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 IS AVAILABLE.]

BARINGS BDC, INC.

SERIES [] SENIOR UNSECURED NOTE DUE AUGUST 4, 2025

No. [] [●]
\$[] PPN 06759LA @2

FOR VALUE RECEIVED, the undersigned, **Barings BDC, Inc.** (herein called the “**Company**”), a corporation organized and existing under the laws of the State of Maryland, hereby promises to pay to [], or registered assigns, the principal sum of [] DOLLARS (or so much thereof as shall not have been prepaid) on August 4, 2025 (the “**Maturity Date**”), with interest (computed on the basis of a 360-day year of twelve 30day months) (a) on the unpaid balance hereof at the rate of [●]% per annum from the date hereof, payable semiannually, on the 24th day of March and September in each year, commencing with the March or September next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (x) on any overdue payment of interest and (y) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount (if any), at a rate per annum from time to time equal to [●]%,¹ payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the Company in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

¹ To be 2.0% above the rate of interest stated in clause (a) of this paragraph.

This Note is one of a series of Senior Unsecured Notes (herein called the “Notes”) issued pursuant to the Note Purchase Agreement, dated August 3, 2020 (as from time to time amended, restated, supplemented or otherwise modified from time to time, the “Note Purchase Agreement”), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representations set forth in Section 6 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in (and subject to the terms and conditions of) the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder’s attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Noted Purchase Agreement.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

BARINGS BDC, INC.

By _____

Schedule 2.2(f)

FORM OF SUPPLEMENT

[SEE ATTACHED]

Schedule 2.2(f)
(to Note Purchase Agreement)

Table of Contents

BARINGS BDC, INC.

[NUMBER] SUPPLEMENT TO NOTE PURCHASE AGREEMENT

Dated as of _____

\$ _____ % Series _____ Senior Unsecured Notes
due August 4, 2025

Schedule 2.2(f)
(to Note Purchase Agreement)

Table of Contents

BARINGS BDC, INC.
300 South Tryon Street, Suite 2500
Charlotte, North Carolina

Dated as of
_____, 20__

To the Additional Purchaser(s) named in
Schedule A hereto

Ladies and Gentlemen:

This [Number] Supplement to Note Purchase Agreement (the “**Supplement**”) is between Barings BDC, Inc., a Maryland corporation (the “**Company**”), and the institutional investors named on Schedule A attached hereto (the “**Additional Purchasers**”).

Reference is hereby made to that certain Note Purchase Agreement, dated as of August 3, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “**Note Purchase Agreement**”), by and among the Company and the Purchasers listed on Schedule A thereto. All capitalized terms not otherwise defined herein shall have the same meaning as specified in the Note Purchase Agreement. Reference is further made to Section 2.2 of the Note Purchase Agreement, which requires that, prior to the delivery of any Additional Notes, the Company and each Additional Purchaser shall execute and deliver a Supplement.

The Company hereby agrees with the Additional Purchasers as follows:

1. The Company has authorized the issue and sale of its ____% Series ____ Senior Notes due August 4, 2025 in an aggregate principal amount of \$[____] (the “**Series ____ Notes**”). The Series ____ Notes, together with the Series A Notes [and the Series ____ Notes] issued pursuant to the Note Purchase Agreement and each series of Additional Notes which may from time to time hereafter be issued pursuant to the provisions of Section 2.2 of the Note Purchase Agreement, are collectively referred to as the “**Notes**” (such term shall also include any such notes issued in substitution therefor or in replacement thereof pursuant to Section 13 of the Note Purchase Agreement). The Series ____ Notes shall be substantially in the form set out in Exhibit A hereto. The Series ____ Notes shall constitute a Series of Additional Notes issued pursuant to Section 2.2 of the Note Purchase Agreement.

2. Subject to the terms and conditions hereof and as set forth in the Note Purchase Agreement and on the basis of the representations and warranties hereinafter set forth, the Company agrees to issue and sell to each Additional Purchaser, and each Additional Purchaser agrees to purchase from the Company, Series ____ Notes in the principal amount set forth below such Additional Purchaser’s name on Schedule A hereto at a purchase price equal to 100% of the principal amount thereof on the closing date hereinafter set forth.

Schedule 2.2(f)
(to Note Purchase Agreement)

3. The sale and purchase of the Series _____ Notes to be purchased by each Additional Purchaser shall occur at the offices of Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036-6745 at 10:00 a.m. New York City local time (or such other place and time agreed by the Company and the Additional Purchasers), at a closing (the “**Series _____ Closing**”) on _____, ____ or on such other Business Day thereafter on or prior to _____, ____ as may be agreed upon by the Company and the Additional Purchasers. At the Series ____ Closing, the Company will deliver to each Additional Purchaser the Series _____ Notes to be purchased by such Additional Purchaser in the form of a single Series _____ Note (or such greater number of Series _____ Notes in denominations of at least \$100,000 as such Additional Purchaser may request) dated the date of the Series _____ Closing and registered in such Additional Purchaser’s name (or in the name of such Additional Purchaser’s nominee), against delivery by such Additional Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company as specified in the applicable funding instructions delivered pursuant to Section 4.2(i) of the Note Purchase Agreement in connection with the Series ____ Closing. If, at the Series ____ Closing, the Company shall fail to tender such Series _____ Notes to any Additional Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to the satisfaction of any Additional Purchaser, such Additional Purchaser shall, at such Additional Purchaser’s election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Additional Purchaser may have by reason of such failure by the Company to tender such Series _____ Notes or any of the conditions specified in Section 4 not having been fulfilled to such Additional Purchaser’s satisfaction.

4. Each Additional Purchaser’s obligation to purchase and pay for the Series _____ Notes to be sold to such Additional Purchaser at the Series _____ Closing is subject to the fulfillment to such Additional Purchaser’s satisfaction, prior to the Series ____ Closing, of the conditions set forth in Section 4.2 of the Note Purchase Agreement with respect to the Series _____ Notes to be purchased at the Series _____ Closing and to the following additional conditions:

(a) Except as supplemented, amended or superseded by the representations and warranties set forth in Exhibit B hereto, the representations and warranties of the Company set forth in Section 5 of the Note Purchase Agreement shall be correct on and as of the date of the Series ____ Closing (except for representations and warranties which apply to a specific earlier date which shall be true as of such earlier date or as of the date specified in Exhibit B hereto to the extent such provision is superseded in Exhibit B) and the Company shall have delivered to each Additional Purchaser an Officer’s Certificate, dated the date of the Series _____ Closing, certifying that such condition has been fulfilled.

(b) Contemporaneously with the Series ____ Closing, the Company shall sell to each Additional Purchaser and each Additional Purchaser shall purchase the Series _____ Notes to be purchased by such Additional Purchaser at the Series _____ Closing as specified in Schedule A.

5. Each Additional Purchaser represents and warrants that the representations and warranties set forth in Section 6 of the Note Purchase Agreement are true and correct on the date hereof with respect to the purchase of the Series _____ Notes by such Additional Purchaser as if each reference to “Notes” was modified to refer to the “Series _____ Notes,” and each reference to “this Agreement” therein was modified to refer to the Note Purchase Agreement as supplemented by this Supplement.

6. This Supplement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choiceoflaw principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

7. This Supplement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Delivery of an electronic signature to, or a signed copy of, this Supplement by facsimile, email or other electronic transmission shall be fully binding on the parties to the same extent as the delivery of the signed originals and shall be admissible into evidence for all purposes.

Table of Contents

The execution hereof shall constitute a contract between the Company and the Additional Purchasers for the uses and purposes hereinabove set forth.

BARINGS BDC, INC.

By _____
Name: _____
Title: _____

Schedule 2.2(f)
(to Note Purchase Agreement)

Table of Contents

Accepted as of _____, _____

[ADDITIONAL PURCHASER]

By _____
Name: _____
Title: _____

Schedule 2.2(f)
(to Note Purchase Agreement)

SCHEDULE A

Section Heading Page

SCHEDULE A

INFORMATION RELATING TO ADDITIONAL PURCHASERS

NAME AND ADDRESS OF ADDITIONAL PURCHASER	PRINCIPAL AMOUNT OF SERIES NOTES TO BE PURCHASED
--	---

[NAME OF ADDITIONAL PURCHASER]

\$

- (1) All payments by wire transfer of immediately available funds to:
- (2) All notices of payments and written confirmations of such wire transfers:
- (3) All other communications:

Schedule 2.2(f)
(to Note Purchase Agreement)

EXHIBIT A
(to Supplement)

FORM OF SERIES ___ NOTE

[Note to be in substantially the form of Schedule 1(b) to the Note Purchase Agreement or as may be otherwise agreed by the Additional Purchasers and the Company]

EXHIBIT B
(to Supplement)

SUPPLEMENTAL REPRESENTATIONS

The Company represents and warrants to each Additional Purchaser that except as hereinafter set forth in this Exhibit B, each of the representations and warranties set forth in Section 5 of the Note Purchase Agreement is correct on and as of the date hereof (except for representations and warranties that apply solely to a specific earlier date which shall be true as of such earlier date or as of the date specified in this Exhibit B to the extent such provision is superseded in this Exhibit B) with respect to the Series ___ Notes with the same force and effect as if each reference to “the Notes” set forth therein was modified to specifically include the “Series _____ Notes” and each reference to “this Agreement” therein was modified to refer to the Note Purchase Agreement as supplemented by the _____ Supplement. The Section references hereinafter set forth correspond to the similar Sections of the Note Purchase Agreement which are supplemented hereby:

Section 5.4. Organization and Ownership of Shares of Subsidiaries. (a) Schedule 5.4A contains (except as noted therein) complete and correct lists, as of the date of the Series _____ Closing, of (i) the Company’s Subsidiaries, showing, as to each Subsidiary, the name thereof, the jurisdiction of its organization, the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary and whether such Subsidiary is a Subsidiary Guarantor, and (ii) the Company’s directors and senior officers.

Section 5.5. Financial Statements. The Company has delivered to each Additional Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of such financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments and lack of footnotes); provided that with respect to all or any portion of such financial statements that are financial projections, pro forma financial information and other forward-looking information, the Company represents only that such information was prepared in good faith based upon assumptions and, in the case of financial projections and pro forma financial information, good faith estimates, in each case, believed to be reasonable at the time made.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Series ___ Notes or any similar debt Securities for sale to, or solicited any offer to buy the Series _____ Notes or any similar debt Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than the Additional Purchasers and not more than [___] other Institutional Investors, each of which has been offered

Schedule 2.2(f)
(to Note Purchase Agreement)

the Series ___ Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Series _____ Notes to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction.

Section 5.15. Existing Indebtedness; Future Liens. (a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness for borrowed money of the Company and its Subsidiaries as of the date of the Series _____ Closing (including descriptions of the obligors, principal amounts outstanding, any collateral therefor and any Guaranty thereof), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of such Indebtedness for borrowed money of the Company or its Subsidiaries. The Company is not in default in the payment of any principal or interest on the Specified Credit Facility and, to the knowledge of the Company, no event or condition exists with respect to the Specified Credit Facility that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause the Specified Credit Facility to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

**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

August 5, 2020

**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

August 5, 2020

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 June 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

August 5, 2020

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 June 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

August 5, 2020