AICA BDC Earnings Pulse – Session 3

Transcript | June 10, 2026

Panelists:

- **John Cole Scott** – Executive Chairman & Founder, Active Investment Company Alliance (AICA); President & CIO, CEF Advisors
- **Paul Johnson** – Managing Director, KBW *(Sell-Side Analyst)*
- **Dan Altscher** – Portfolio Manager, FJ Capital *(Institutional Investor/Portfolio Manager)*

Opening Remarks

John Cole Scott *(0:04)*

Good afternoon. John Cole Scott, Executive Chairman and Founder of the Active Investment Company Alliance. Thank you, guys, again for logging in and attending our third BDC Earnings Pulse. This is a chance to really bring together both an experienced analyst in the space and an institutional investor to create a conversation based on the quarterly cadence of what's going on in the world of BDCs. Primarily we're going to be talking about listed BDCs, and we will focus on what's happened in the earnings quarter, but we'll also be having some conversations — as you might imagine — around the headlines of the day, which include whether it's interval funds, non-traded, or private BDCs, and some of the redemption issues happening in that asset class.

So we're not going to do long introductions, because they're both pretty well known, and you can go to their LinkedIn profiles or company pages to learn more about Dan and Paul. The one thing I'll get started with is that, just for perspective, listed BDCs per our CEF Advisors BDC index — available on CEFdata.com — are off about 8% total return year to date, they're up almost 2% quarter to date, but off a little over 1%

month to date, and the one-year discount widening for the index is almost 18%, which is a significant number that we're going to get into.

So with that, we're going to first start with Paul. I'd love for you to give me a sense of how you reviewed this quarter's earnings season — really a health check for the structure, the investments, and broadly how you reviewed it versus the previous quarter and previous periods in your experience.

Earnings Season Review

Paul *(1:33)*

Yeah, I would say this was a pretty volatile quarter, to put it simply. BDCs are still rolling through a rough time here. There was a lot of noise in the quarter that came from the mark-to-market breakdowns. That's really what I think exacerbated some of the NAV volatility this quarter. But earnings were also weaker — there were a number of misses in our coverage, almost half of our coverage missed estimates. That's really due to a number of factors all ongoing at the same time, and then you have the NAV volatility on top of that. Now, most of that is unrealized, but I think there's a question still remaining: does some of that ultimately become realized from here?

There were also a number of dividend cuts this quarter. Within our coverage, there were about eight or nine BDCs that cut their dividends this quarter, following about 10 BDCs in the quarter just prior to that. So we're still, I think, well in the middle of what I would call the dividend reset — probably only about halfway through it.

I'd characterize it as a weaker quarter where I think earnings are still troughing at this point. Rates are still expected to go lower, we're still seeing spread compression ongoing within portfolios, and returns are sort of down across the board in terms of spreads, fees, dividend income, and that sort of thing. It was a tough quarter, but I think also somewhat expected just given the loan market volatility that occurred at the beginning of the year.

John Cole Scott *(3:29)*

Just a quick follow-up: looking at those earnings misses, were they names that surprised you? Are they ones that historically have often had trouble meeting earnings expectations? I don't know if you have perspective on where the buckets of earnings misses came from — whether traditionally the stronger, diversified names across the base, or in specific areas.

Paul *(3:50)*

It was really all across the board. You had a number of even the stronger names missing this quarter. Ares, for example, missed estimates by two cents versus our estimate, one cent versus consensus. So some of the higher-quality names had just slower quarters — recognizing slower income from joint ventures, lower activity, lower fee-based income, that sort of thing. That was really a big driver: the slower activity.

I probably wouldn't say that the earnings misses were necessarily concentrated in one specific sub-sector of BDCs or another. It was really weaker earnings across the sector. And even in the cases where BDCs did beat estimates, where performance looked a little bit stronger from an NII perspective, there were a lot of fee waivers involved in there as well. So overall, I'd say it's primarily the lower rates, lower activity, and higher debt costs that have pressured earnings across the space, kind of unilaterally.

John Cole Scott *(5:08)*

Thank you for that follow-up. Dan, I'm sure you looked at it similarly but differently. As you went through the quarter, how did you view either the sector or the specific investments you consider for your clients over time?

Dan *(5:18)*

Yeah, Paul hit the nail on the head in a lot of ways. It was expected to be a weak earnings season, and I would say arguably weaker than even my fairly low bar expectations, for a lot of the reasons Paul clearly articulated. I was surprised to see, in some cases, just how much earnings fell off for some companies as well. I think Paul is exactly right that it was a combination of factors, but the impact of spread compression became much more meaningful. The lower broader industry activity really hit some of those one-time fees — acceleration of OID or prepayment fees that we all know are non-recurring, but they're recurring in the sense that we sometimes don't appreciate how meaningful a driver they can be to NII at points in time.

I was also surprised to see dividend cuts from names that are certainly in the higher-quality bucket — those that even maybe a quarter ago were pretty resistant to cutting dividends, or were projecting confidence in the sustainability of their dividend, and then one quarter out cut fairly meaningfully.

That being said, there were some positive things to take from this earnings season, so I don't want to come off as all negative. For instance, we saw pretty strong origination growth and balance sheet growth

in some of the venture lenders — whether it's Hercules or Trinity Capital. They really differentiated themselves in terms of growing their balance sheets, taking advantage of a very different market than what a lot of the more traditional middle market lenders play in. Those are a bit more idiosyncratic stories, but they're also idiosyncratic in terms of seeing different market dynamics that allow them to grow their balance sheet and maintain stable NII. That was a positive.

You also saw some growth from those playing more in the lower middle market — Main Street had a solid quarter relative to expectations — and I think that's just a testament to the diversity of the BDC landscape overall.

Interval Fund Redemptions & Impact on Listed BDCs

John Cole Scott *(8:39)*

Very good, and I appreciate that feedback. Let's maybe dig into another topic that's been heavily covered across the press: the interval fund exposure — like the Cliffwater Fund, which has approximately $30 billion of private credit — and the large basket of non-traded and private BDCs that are experiencing gating. For those not already aware — and I think most of our listeners are — there has been some gating, which is part of the structure. Dan, I'd love for you to start: when you see the headlines about investors wanting their money back from these other structures, I know you and I don't invest in these non-traded BDCs for our clients — how do you consider that as driving some of the discounts, where you see it as a possible risk, and where you see it as a possible opportunity for the listed BDC market?

Dan *(9:30)*

Yeah, it's a really important topic right now. First off, I would say the gates are working as they're supposed to, so I think it's important to acknowledge that — they're there for a reason, to avoid forced liquidations or forced asset sales. They're working exactly as designed, which is great to see in many respects. It may just be that not every investor in these products was necessarily fully aware of the gate mechanism, or they may have been told about it by their advisor but never really thought it would be needed. But I do think it's warranted to point out that they are working as intended.

The first quarter was pretty brutal in terms of the redemptions we saw across pretty much every major brand-name interval fund or non-traded vehicle, many of which hit the gate and limited redemptions at 5%, and were not able to meet the redemption requests received. We saw this from some of the Blue Owl

vehicles — they were very large, with 20–30–40% redemption requests overall, and that's just not feasible to meet.

The short answer in terms of what comes from here: I expect we're going to see a continuation of redemptions, and we're already starting to see that. You referenced Cliffwater, and we saw redemption data from Blackstone more recently. We still have Apollo to go through — I think their redemption period ends in a few days — so we'll get news from them pretty soon. The Blue Owl ones will come probably later in the month, if not early July. My base case expectation is that we will continue to see redemption notices, and we'll continue to see headlines. Those 5% gates are going to hold again, and there will be redemption requests in excess of that level. But the gates are going to continue to hold and to work.

Dan *(12:38)*

And if I can understand why the redemptions are going to continue — I expect the headlines are going to persist for quite a while. But what it does create is a pretty compelling opportunity for the public market, because you see that dispersion: if you're able to get out at NAV in a private vehicle and you can reinvest in a vehicle that looks broadly similar in public format at 70 or 75 cents on the dollar, that's compelling math — if you believe the private vehicle is worth NAV. So that dispersion between the public and the private is really meaningful and does create opportunity, as long as you want to be invested in the space.

John Cole Scott *(13:11)*

Very helpful, and I think we're going to learn — in six to twelve months — which financial advisors properly documented and explained all of this to their retail clients, based on what arbitrations and other actions pop up on the FINRA calendar. I've already had one of our contacts reach out to our database because he's a court expert on private credit. I'm broadly positive about what's going on — I think investors who don't want to exit their positions shouldn't have their net asset value fire-sold. But there's definitely cause for concern. Paul, I'd love to have you add your thoughts. As you build your models for your coverage universe, looking at NII coverage, earnings, and thinking about how BDCs deal with the ebb and flow of being a publicly traded vehicle in private credit — where do you see the risks and the opportunities? I hope you see more opportunity down the road than risk. I'd love to hear your perspective.

Paul *(14:06)*

Yeah, I don't think anybody at this point is building in expected liquidations or distressed asset sales at a loss into their models quite yet. I think that, at least on the sell side and even for a lot of investors familiar with the BDC space, most view this as more temporary in nature, and therefore it's probably not something you necessarily model for — but it's certainly going to be reflected in valuations, and it's probably going to be with us for a while.

We're starting to get, as Dan mentioned, a few looks at what the key redemption figures are going to be, and a lot of those look like they're going to remain above the gate level. We'll probably have a few more BDCs hitting the gate this quarter. It's looking more and more like it won't really be until later this year — maybe even early next year — where you start to see some sort of inflection in redemption requests, and perhaps some of those requests starting to fall below the gate threshold. Call it a good base case scenario that most people are incorporating into how they think about the space at this point.

But we're still relatively early in this redemption cycle — it's really only coming up on the second quarter since redemptions started to spike and spook the market. We'll probably want to see evidence that the gates are working as designed — which so far I would say they are — and of course we'd want to see that distressed asset sales are not taking place, which so far they're not. So it's probably a matter of time, and it is still somewhat early.

Portfolio Holdings, AI Risk, and Credit Quality

John Cole Scott *(17:02)*

Good, thank you. Now let's talk more about the actual work of these managers and what's in their portfolios, having cleared that prior conversation. I think many of our listeners — and hopefully you two — saw the work we did after last earnings quarter: the one-year ROE for the best and worst performers, and our new AI risk score. Broadly through our process — which we've seen others also apply — we haven't really seen accelerated AI risk concentrated across the better- or worst-performing BDCs. That's at least what our research has suggested. We've also looked at PIK income, which appeared a little more elevated for the software-weighted BDCs, and looked at fair market value marks, non-accrual levels, and where they've been for the different underlying sectors — and we found that to be, I think, a bigger story.

Paul, I'd love for you to dig in now that we can focus on the listed universe. As you look at portfolio holdings and the work of each manager — separate from the redemption issues — what are you finding in

your experience? Does it line up with some of our thinking at CEF Advisors, or do you have a contrarian view?

Paul *(18:09)*

Yeah, in terms of how we're evaluating the space, I don't know quite yet how much differentiation there is in valuation necessarily due to AI risk, just because it's still so early. Certainly the software exposure has something to do with that, but it's not necessarily the full driver of any particular discount by any means. There are plenty of BDCs with high software exposure that still trade at what I think are reasonable valuations, so it's a little tough in this market to see what's really driving the dispersion — other than coming down simply to old-fashioned credit quality.

I think that is really the biggest driver of any decision in terms of how we would rank a manager. The BDCs we would recommend typically come down to the level of non-accruals and other credit metrics — watch list investments, PIK may be part of that as well. When you look at that, I think the space has done a fairly good job of dispersing valuations in terms of who's been able to deliver performance based on a proven track record, and stress is, you know, not very high, so valuations are kind of aligned with that.

But what makes it very difficult in today's market is that the track record — which would give us all the most confidence in terms of how we'd think about our recommendations, and how comfortable we can get with credit quality — just isn't that long for a lot of BDCs. It's typically less than 10 years, even if you include the time that they were private for the majority of the BDC's existence. So it really comes down to the quality of management. I think that's really what you have to be able to buy into.

John Cole Scott *(21:16)*

Thank you. Dan, as I'm listening to the commentary, I'm thinking of two things I'd love for you to weigh in on. Obviously every BDC reports data that we all digest in our various ways. I've learned that different BDCs report data differently — you might see higher non-accruals for a more conservative BDC, and lower non-accruals from one that may look cleaner initially, but if you look at realized versus unrealized gains, you can often find a difference there. I'd love for you to cover that.

The other thing we've been discussing: while it's not exactly the same type of issue, this reminds some of us of the 2015–2016 energy pullback — how the structure dealt with that, how recoveries happened, and how manager homogeneity was a very real thing. And then just for the last piece: for those who don't realize it — because I say this all the time — only about 10% of private credit is in the BDC universe, and

only about a third of that is in the publicly traded universe. I'd love your perspective on how the publicly traded RIC version of BDCs might just possibly be a better place to be than outside that framework. I know that's a lot to cover — feel free to address whatever resonates most.

Dan *(22:32)*

Yeah, a lot to cover there. I'll do my best, and if I forget something, please remind me.

First, I'll build on something you asked Paul about — consistency, which is a measure that you and I both spend a lot of time looking at. From a scorecard perspective, the first thing I do is look at economic return, which is essentially your change in NAV plus your dividends. That is a pretty quantitatively clean analysis — it's hard to fudge in a lot of respects. It's certainly not qualitative by any means.

But I think at the end of the day, it's important to understand that higher economic returns do not necessarily always translate into higher valuations and manager quality. You can have very high annualized returns of 15% in one year, but that might have been followed by a year in which you generated a negative 2% economic return. So I take the analysis a step further on consistency: I look at annualized economic returns relative to the standard deviation of those returns — essentially almost like a Sharpe ratio — to understand the consistency and the risk being taken to generate those economic returns. You can get very different answers. Two companies might have the same 8% annualized economic return over a three-year period, but one may have generated an equivalent Sharpe ratio of two and the other a one.

What I find in my analysis is that, historically speaking, those with higher Sharpe ratios of economic returns have consistently also traded at higher price-to-book valuations — and that has held true over time across 3-, 5-, 7-, and 10-year periods. It continues to hold true today, and I think it's one of the better frameworks for evaluating the space.

Dan *(26:55)*

On the AI and technology disruption topic — the revenue or EBITDA of some of these portfolio companies may not be falling off necessarily, but maybe they're just not growing as fast as was underwritten by the sponsor. And if things are deteriorating, there's also the risk of lenders getting pulled further into a situation — levering up, extending more capital, and going down the path of a death spiral rather than cutting losses. Then when the loan maturity comes due, the sponsor ends up doubling down by putting in new capital, or it can be refinanced — and those will be different outcomes ultimately. So it's not going to

be a quick fix the way we may have seen with some of the energy issues. Granted, some of those energy situations took quite a long time to persist and resolve, but they could be more easily fixed with price, per se, versus the current situation, which involves genuinely structural changes in technology. Many companies were not well positioned for these changes; others are very well positioned for them. The outcomes are going to be very wide and very different over the next several years, so it's going to be interesting from that perspective overall.

And look, I think it's also important to think about — and this may be slightly beyond the question asked — but if you go back to this time last year, everyone wanted to own BDCs that had software and tech exposure. Everyone wanted to own "new world," and no one wanted to own "old world" because they were scared of tariffs. No one wanted to own manufacturing, and now, lo and behold, no one wants to own tech. Instead, owning manufacturing sounds great. Old world is where you want to be — stuff versus services. A year ago it was services over stuff. And so I'm sure when we have this conversation again next year, the narrative might be a little different — it won't be energy, it won't be AI. Maybe it'll be healthcare, with all the roll-ups that were done there; maybe it'll be consumer discretionary. The good thing about this industry is that the wall of worries can change very, very fast.

Capital Markets Outlook & Crystal Ball

John Cole Scott *(28:40)*

One thing I'll say — you kind of covered it — but unlike energy, AI will be both a serious headwind and a crater for some of these portfolio companies, and a huge tailwind and accelerator for others. Some could actually become a public company faster, or a large private company, because of it. I think the way we see it differently is: you've got to really figure out what each portfolio company has in terms of moat and business plan, and hopefully the resources of their BDC lender will help them navigate that faster than if they were truly on their own. That's maybe a little PSA from our side.

And now, a great time for questions — I'm monitoring those periodically. We have a couple of pre-submitted questions if we need them. But before we get to Q&A, we have one more section: the crystal ball. We've got the Invest Act sitting in Senate committee, which I think could be very positive for the listed BDC universe. We also notice structurally that discounts are at a level where, 95% of the time, they've subsequently gone higher, and the RSI has hit a level over the last 90 days that is historically quite uncommon. With those pieces in mind — if you were to hear yourself talk in six months, what do you think will have changed, and what will the outlook for BDCs look like? Generally, let's set aside AI and the interval fund gating and focus on broader direction. Dan, we'll start with you.

Dan *(30:10)*

Yeah, I think the near-term — call it the zero-to-six-month period — is a bit more hazy right now for the space. We have a couple of factors going on. Setting aside AI, we still have companies where earnings power is more likely going lower than higher right now. We still have several names that will likely, or should be, cutting dividends from here. We have the gating and the redemptions we talked about, which are just headline-negative in totality. There will likely be more credit issues that pop up over the next earnings season — and this can be from names perceived as lower quality, and also from names perceived as higher quality. Let's not lose sight of the fact that the 2021 vintage is a pretty challenging bucket for most companies, and even good underwriters are going to have made some mistakes. Nobody has a perfect track record, but we're going back to what I think is a more normalized credit cycle — or at least a more normalized loss environment — which we haven't seen for many years overall.

So where does that leave me? The question is: what's the catalyst to move higher? In the next six months I don't see a very strong industry-wide catalyst that propels the group higher outside of significant spread tightening — which is possible, but we're already at relatively tight levels. Maybe we get a resolution in geopolitical conflict, which would certainly help. The other catalyst that maybe should not be ignored is simple rotation, right? We can sometimes live in a silo of trading or investing in BDCs, but there's a whole other world out there — in financials, real estate, or other sectors — and if BDCs can benefit from a rotation trade at some point, those valuations can move quickly. So I wouldn't dismiss that possibility, but I'd say the near-term picture is hazy, and I would not be surprised to see continued discount pressure before we see meaningful tightening.

John Cole Scott *(33:28)*

I'll throw two points at you, Paul, before your complimentary take. We think there's a reasonable chance rates might actually go up this year, which could be positive for the mix of leverage and assets — though that's an educated guess, as it always is with interest rates. And the other thing I always remind myself: in August of 2021, the average BDC was at a 12% premium to book on an equal-weight basis, with a yield of 8.3%. So when we think about yields in the 12–13% range today at CEF Advisors — you can back that down to 11% with dividend cuts and still be roughly 300 basis points wider, with prices 30% lower relative to book — that's not unwarranted as a potential tailwind. These are the things that keep bringing me back to BDCs for our clients as we build income portfolios. I'd love your take on whether you agree, or where you'd add color on the future of the BDC landscape.

Paul *(34:25)*

Yeah, I think I'd find myself a little more aligned with Dan, in the sense that where we are today seems fairly valued. I'm in the same camp — I think the biggest thing you need for the space is a real fundamental catalyst for things to start reversing. There are just enough headwinds coming from a lot of different angles right now that I don't see a particularly strong reversal in the next six months. It's probably more headwinds than tailwinds.

Perhaps we start to see more bifurcation of performance among software companies. You're already getting some of that in the BSL market in terms of loan pricing, and if that bifurcation in pricing is directionally correct, do we see the same bifurcation of performance among private BDC portfolio companies as well? That means we've gone further down that path, and you can start to see who has the moat and what it takes to survive this AI transformation — and what might not. So you'll see more progress there in terms of understanding the risk. I feel like every quarter that goes by, you're narrowing it down a little more.

Non-accruals I would expect to go higher from here as well. So it's credit normalization probably through the remainder of the year, at least. That probably means different things for different BDCs, because there's very wide dispersion — some struggling, highly stressed BDCs seem to be getting a lot worse, while some of the stronger names haven't shown much credit stress at all. I'd imagine non-accruals go higher for the group, and the bigger question will be how much deterioration you see in that lower cohort.

Share Buybacks: Discounts vs. Capital Deployment

John Cole Scott *(37:35)*

And so, a couple of questions we haven't gotten to yet — and please, audience, feel free to submit more. With these deep discounts — 15, 20, 25, 30% — we see very little share buyback activity from most BDCs. I'd love to hear, Dan, the conversations you have with management about that. And, Paul, how you approach those conversations about why deploy capital into a new loan when you can buy your own product at a 15–23% discount? Let's start with Dan — Paul, jump in if you want, but let's keep answers reasonably concise. We're hoping to get through a couple of audience questions before we close.

Dan *(38:17)*

Yeah, I have those conversations with management teams on many occasions. Mathematically, they might all agree that deploying excess capital or liquidity into buying back their stock at a 12–13% yield is

certainly more accretive than deploying into a new loan at an implied 8–9% ROE. That math is pretty hard to debate. But there's also real friction in executing buybacks. First, liquidity is not free — once you remove it, it's hard to get it back, and that mathematically increases your leverage. There's not a lot of room that many BDCs have on leverage to take it higher. In fact, companies trading at premiums to NAV have no need to buy back stock — they're actually advantaged in issuing capital at accretive levels.

But there's also the friction on the manager side. Let's not forget that from an externally managed platform, you are taking revenue out of the manager's pocket in the form of management fees — and once that capital is deployed into a buyback, it's permanently gone from the fee-generating base. So that's a tricky element that can be tough for some management teams to embrace.

In practice, you do see limited buyback activity generally in the space. The notable exception more recently is Midcap Financial, which has been most active on buybacks for a number of different reasons, and in an effort to create shareholder value. They've done approximately $100 million over the past quarter and a half, which is very impressive and very shareholder friendly — and they already have a very shareholder-aligned management fee structure in general. That's undeniable. I appreciate that element, but what I often encourage management teams to do, because of the friction involved, is to think about buybacks systematically — pre-approved programs, pre-defined levels — rather than purely opportunistically, so the market understands the commitment.

Paul *(41:39)*

Yeah, I agree. I think we're at a point where liquidity is becoming a little bit more important. That's really the excuse most of these BDCs give — leverage limitations and their ability to buy back a meaningful amount of stock. And you've seen it with Midcap as well: they've made very meaningful share repurchases, which has certainly supported the stock, but it hasn't necessarily made them the best-performing BDC in the sector either.

I almost think the market prefers, above almost anything — even above repurchases — just a sense of NAV stability, or at least that the trend in book value is improving. The message that the problems aren't mounting — even repurchasing your stock at a significant discount, which might be a couple of cents accretive to book value, just may not be more valuable than retaining the equity and reducing leverage. Leverage is at an all-time high for the space — relative to other financials, BDC leverage is not very aggressive, but at approximately 1.3x it's at the top of most target ranges. So it really does come down to a capacity issue, and NAV stability needs to be the focus.

Closing PSAs for Financial Advisors

John Cole Scott *(43:22)*

All right, well, there's one question I love ending these sessions with. We're going to start with Paul. If you could give one PSA for financial advisors looking at BDCs — maybe for the first time or newer to the segment — what would be the first thing you'd tell an FA looking to add or increase exposure here?

Paul *(43:44)*

Certainly the valuations can fluctuate quite a bit in the space. Very rarely do BDCs trade at NAV, and in my opinion, there are very few BDCs that can get it right consistently — delivering a good shareholder experience through lower losses, higher returns, and dividend stability. Those are the factors that ultimately have to be evaluated. Don't be enticed by the discount in a name simply because it's cheap on a relative or absolute basis, or because the dividend yield looks attractive. It's not hard to find track record data on BDCs, and that will tell you quite a bit about what's driving the valuation at that moment.

John Cole Scott *(44:43)*

Great. Dan, do you have a complementary perspective to share for financial advisors?

Dan *(44:47)*

Yeah, Paul hit the nail on the head in many respects: don't chase the high yield and assume that's the best manager or the best opportunity in the space. In many cases it's often the other way around in terms of long-term value creation. What we've historically found is that managers who make good decisions in the past often make good decisions in the future — it goes back to that consistency of return we discussed earlier. Those managers can certainly make mistakes — no one has a perfect track record — but management turnover, strategy changes, and inconsistent results are not generally the way to create long-term shareholder value in this space.

Those who stick to their knitting — yes, they need to evolve — but those who learn and continuously improve tend to deliver better shareholder outcomes. This is really the case for any balance sheet financial, but it holds true particularly in BDCs.

"Earnings make you sick, but credit kills" — and you really have to try to understand what's in these portfolios as best you can, because you don't want to be left holding something that ends up having a lot of

risk that you don't fully understand. A lot of people in credit-related vehicles got used to the last cycle, broadly the post-COVID period, in which there were essentially zero losses or 50 basis points of losses indefinitely — and that's just not historically how this works. Bifurcation and differentiation are coming in the next several quarters, and that's why I try to focus on those managers who have been through cycles, have been time-tested, and have learned and evolved in tough periods — rather than going for the brightest and newest name in the space.

Closing Remarks

John Cole Scott *(46:46)*

Well, awesome, guys. I'm trying to hold to the hard stop we committed to. I really want to thank Dan and Paul for sharing your perspective and insight with our AICA community. I can't wait to continue the conversation as the earnings evolve and BDCs evolve, and we'll see how much the world changes in the next few quarters as we keep focused on the structure.

Thank you everyone for attending today. We will post content as available — at minimum an article from our perspective, and possibly a replay. Look for that in the AICA weekly email as well as on the AICA website under the Events page where you registered for today's session. Thank you all so much for your time. Appreciate everything, and good luck for the rest of the quarter.

Paul *(47:26)*

Thanks, John.

John Cole Scott *(47:28)*

Cheers, guys.

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