

# PROSPECT CAPITAL

“We are proud of our multi-decade history of teaming up with U.S. middle-market businesses with strategic capital for growth, acquisitions, and recapitalizations.”

**JOHN BARRY**  
Chairman and CEO

## PROSPECT CAPITAL INTERNOTES®

### Investment-Grade Corporate Notes Issued by a \$7.8B Business Development Company

**Prospect Capital Corporation** (NASDAQ: PSEC) is a \$7.8 billion publicly traded, closed-end business development company (“BDC”) with an 20-year track record that completed its IPO in 2004. Prospect makes debt and equity investments in privately held, middle-market companies in the United States. Prospect Capital InterNotes® enable individual investors to buy new issue corporate notes.

#### CORPORATE CREDIT INVESTMENT GRADE RATINGS<sup>1</sup>

**Moody's: Baa3**  
**Egan-Jones: BBB**  
**DBRS: BBB (low)**

**S&P: BBB-**  
**Kroll: BBB-**

#### WHAT IS A BUSINESS DEVELOPMENT COMPANY (BDC)?

Created in 1980, a BDC is a closed-end investment company that focuses on investing in small-sized and medium-sized private companies rather than large public companies. For companies that cannot access traditional sources of financing, BDCs provide investment capital to grow, along with managerial assistance. BDCs represent a large part of the direct lending market; there are 138 BDCs with \$274 billion<sup>3</sup> of loans to middle market businesses. BDCs have conservative balance sheets as leverage (the ratio of debt to equity) is limited to 2.00x.

#### PROSPECT CAPITAL INTERNOTES® HIGHLIGHTS

**\$2.1 BILLION SOLD SINCE 2012**

<b>Current Offering</b>	Up to \$1 billion
<b>Minimum Investment</b>	\$1,000
<b>Tenor</b>	Typically 3 to 30 years
<b>Corporate Credit Ratings<sup>1</sup></b> as of 2/8/2024	Moody's Baa3 <sup>2</sup> ; S&P BBB- <sup>2</sup> ; Egan-Jones BBB; DBRS: BBB (low); Kroll BBB-
<b>Ranking</b>	Senior unsecured debt obligations ahead of preferred/ common stock
<b>Redemption</b>	Principal will be repaid at maturity. Notes offer a Survivor's Option for repurchase by the issuer upon death of the beneficial owner. See Prospectus for details.
<b>Availability</b>	Prospect Capital InterNotes® are offered on InspereX's platform. Ask your financial advisor about purchasing InterNotes® for your portfolio.
<b>Diversified/ Laddered Maturities</b>	Multiple forms of unsecured financing, \$2.0B revolver from 53 banks

## INVESTING ACROSS DIVERSE INDUSTRIES

Prospect Capital's portfolio is diversified across 36 industries with low exposure to cyclical industries like energy, retail, hotels, restaurants, and leisure. Since inception, Prospect has made more than \$20.6 billion in debt and equity investments in privately held, middle-market companies in the United States.

## WELL DIVERSIFIED PORTFOLIO IN 126 INVESTMENTS ACROSS 36 INDUSTRIES

Holdings as of 12/31/2023

Equity Real Estate Investment Trusts (REITs)	17.8%
Health Care Providers & Services	10.1%
Consumer Finance	9.7%
Subordinated Structured Notes	7.9%
Commercial Services & Supplies	6.7%
IT Services	4.4%
Distributors	3.4%
Construction & Engineering	2.8%
Professional Services	2.6%
Air Freight & Logistics	2.4%
Textiles, Apparel & Luxury Goods	2.3%
Machinery	2.2%
Diversified Telecommunication Services	2.1%
Household Durables	1.9%
Interactive Media & Services	1.9%
Other	21.8%

\$2.1 billion in Prospect Capital InterNotes® sold since 2012

### PROSPECT HIGHLIGHTS

**\$7.8B**

in assets and \$5.2B  
in book equity<sup>5</sup> as of 12/31/2023

**27%**

insider ownership

**<1.0x**

Conservative balance sheet with  
indebtedness of less than 1.0x

**\$4.7B**

of unencumbered assets to support  
Prospect's senior unsecured debt

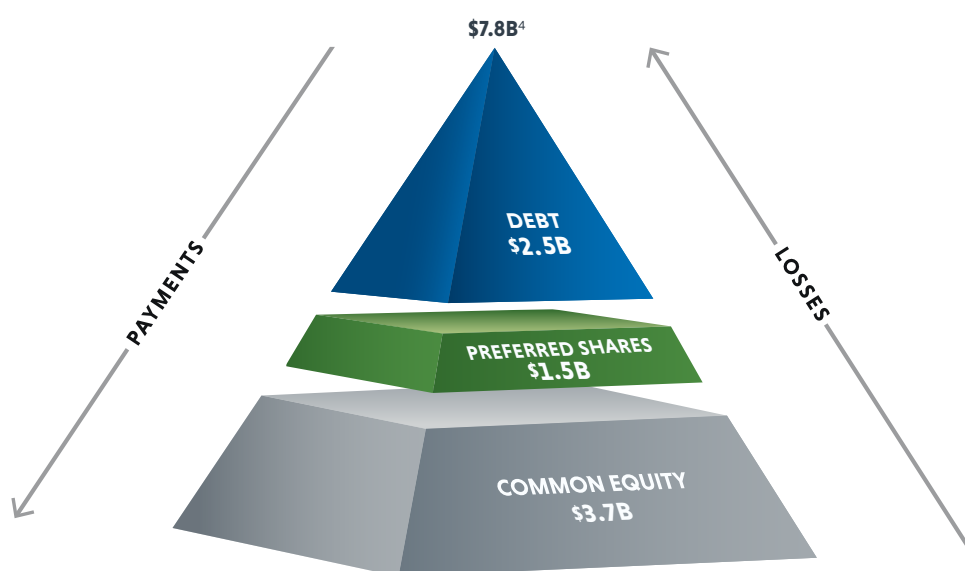
**100%**

of Prospect's assets are reviewed  
by independent third parties  
on a quarterly basis

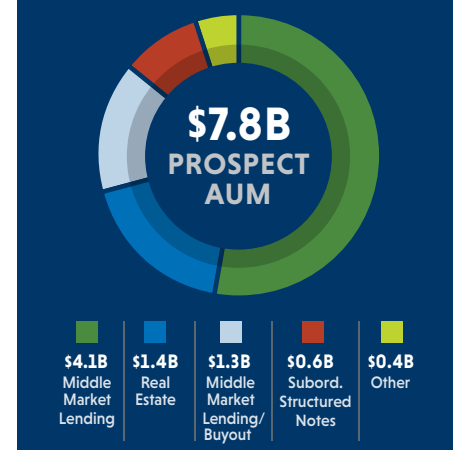
**82%**

underlying secured asset mix  
with 0.2% non-accrual loans<sup>6</sup>

## PROSPECT CAPITAL INTERNOTES® ARE SENIOR DEBT



### Strategy Breakdown<sup>6</sup>



**SPEAK WITH YOUR FINANCIAL PROFESSIONAL ABOUT THE RISKS AND SUITABILITY OF PROSPECT CAPITAL INTERNOTES® IN YOUR PORTFOLIO.**

## Footnotes

General: All data herein is as of 12/31/2023 except as noted.

<sup>1</sup> Corporate credit ratings current as of 2/8/2024. A credit rating is not a recommendation to buy, sell, or hold securities and is subject to revision or withdrawal at any time and without notice by the assigning agency. Each rating should be evaluated independently of any other rating, and investors should conduct thorough due diligence before investing.

Moody's investment-grade credit ratings range from Aaa to Baa, and its high-yield credit ratings range from Ba to C. For S&P, Egan-Jones, DBRS, and Kroll, investment-grade credit ratings range from AAA to BBB, while high-yield credit ratings range from BB to C. High-yield is another name for non-investment-grade or junk.

<sup>2</sup> Denotes also a credit rating on Prospect Capital InterNotes. Other rating agencies issue a corporate credit rating and do not rate the Prospect Capital InterNotes.

<sup>3</sup> Source: BDC Council - <http://sbia.org/bdc-council>.

<sup>4</sup> Based on balance sheet amounts.

<sup>5</sup> Book equity includes preferred stock.

<sup>6</sup> Investments calculated at fair value. Non-accruals calculated at fair value as a percentage of total assets. All information derived from PSEC filings and management, and is as of 12/31/2023 unless otherwise noted.

## WHAT YOU SHOULD KNOW BEFORE INVESTING IN PROSPECT CAPITAL INTERNOTES®

### Credit ratings

Moody's investment-grade credit ratings range from Aaa to Baa, and its high-yield credit ratings range from Ba to C. For S&P, Egan-Jones, DBRS, and Kroll, investment-grade credit ratings range from AAA to BBB, while high-yield credit ratings range from BB to C. High-yield is another name for non-investment-grade or junk bonds.

### Portfolio company credit & investment risk

BDCs invest primarily in debt and equity securities of smaller and developing companies, as well as financially troubled companies, most of which are privately held and lack publicly available information. These loans and investments may not be considered investment grade and are often illiquid and not transparent. As a result, an investment in a BDC is speculative and involves a high degree of risk.

### Leverage

BDCs may employ leverage, borrowing to gain greater investment exposure. In turn, this leverage creates the opportunity to magnify investment returns, but also may magnify losses – higher highs and lower lows.

**DISCLAIMER:** This is not an offer to sell or a solicitation of an offer to buy any securities. Such an offer is made only by means of a current Prospectus (including any applicable Pricing Supplement) for each of the respective Notes. Such offers may be directed only to investors in jurisdictions in which the Notes are eligible for sale. Investors should consider the investment objectives, risks, and charges and expenses of the investment company carefully before investing. The Prospectus and related supplements contain this and other information about the investment company. Investors may obtain these documents at [insperex.com/Products\\_and\\_Offerings/Corporate\\_Notes/Issuers](http://insperex.com/Products_and_Offerings/Corporate_Notes/Issuers). The Prospectus and related supplements should be read carefully before investing. No state or federal securities regulators have passed on or endorsed the merits of the offering of Notes. Any representation to the contrary is unlawful. The Notes will not be insured or guaranteed by the FDIC, SIPC or other governmental agency.