

Business Development Companies

Asset managers are increasingly democratizing access to traditionally illiquid asset classes, particularly investments in private US companies, through innovative structures like BDCs.

Business development companies (BDCs) give investors access to private credit market opportunities that are typically difficult to reach through traditional funds. Rising demand for income-oriented strategies and portfolio diversification has fueled growing interest in BDCs, as they provide investors with exposure to alternative asset classes while offering the potential for attractive yields in a regulated investment structure.

Alternative and traditional asset managers are converging

Advisor Rationale

- Access to permanent capital and higher yields investing in illiquid private assets
- Reduced burden under the 1940 Act
- Ability to incur higher leverage, as compared to other closed-end funds
- Allows for pass through tax treatment, avoiding corporate-level taxation on income and capital gains distributed to shareholders
- Ability to charge management fees as well as two-part incentive fees based on income and capital gains

Investor Rationale

- SEC regulated investment structure
- Investor transparency like corporate registrants, BDCs file quarterly reports on Form 10-Q, annual reports on form 10-K and current reports on Form 8-K
- 1099 tax reporting
- Provides access to private and illiquid markets, particularly investments in private US companies
- High dividend yields, must distribute at least 90% of its investment income to shareholders annually when taxed as a regulated investment company (RIC)
- Portfolio diversification with exposure to investments in companies across industry sectors

The Ultimus Advantage

Recordkeeping system enables capital call and tender offer processing

Financial and SEC Reporting with comprehensive support of quarterly 10-Q and annual 10-K filings

Structuring guidance and fund formation support

Transfer agent services employing leading-edge technology, a comprehensive offering of supplemental services, and a flexible, open architecture format

Ultimus Service Offering

Fund accounting
Fund administration
Statutory distribution
Legal and board support
1940 Act and RIC testing
Transfer Agent and investor servicing

Shareholder and Distribution Support

As non-traded and private BDCs have risen in popularity in recent years, so too has adviser education and intermediary/platform receptivity to these structures. We will assist you in navigating the intermediary landscape and meeting requirements for these structures across your syndicate. We offer robust technology and processing tools to streamline sensitive transfer agent touchpoints, including:

- Investor purchase commitment & fulfillment
- DTCC AIP trading & commitment fulfillment
- Capital call support
- Repurchase & tender offer processing
- Expense processing
- Time weighted fund & investor performance calculations
- Shareholder & adviser web access
- Literature & advertising review
- Rep Licensing & ongoing education
- Robust connectivity & transparency with third-party platforms & firms

BDC Structure Comparisons

	Exchange-traded	Non-traded	Private
Offering Type	Fixed offering in an IPO, shares trade daily on exchange post-IPO	Continuous offering at NAV up to a preset maximum amount	Private placement offering
Investor Access	Accessible to all investors through public markets	Mostly available to accredited investors or retail investors through broker-dealers or RIAs; certain states may impose additional suitability standards	Qualified Purchasers or accredited investors through private placement offering
Tax Treatment	1099	1099	1099
SEC Registration	Form N-2	Form N-2	Form 10 - used to register shares under the Securities Exchange Act of 1934 Act. Securities Act of 1933 registration not required as a private offering. Automatic effectiveness in 60 days
Ongoing SEC Reporting	Must file quarterly reports on Form 10-Q, annual reports on Form 10-K and current reports on Form 8-K	Must file quarterly reports on Form 10-Q, annual reports on Form 10-K and current reports on Form 8-K	Must file quarterly reports on Form 10-Q, annual reports on Form 10-K and current reports on Form 8-K
State Review	Listed on a national securities exchange, exempt from state blue sky requirements, no review required	Public offerings subject to state blue sky requirements	Regulation D offering, exempt from state blue sky requirements, no review required
NAV Calculation	Quarterly	Flexible (Monthly / Quarterly)	Flexible (Monthly / Quarterly)
Liquidity	Daily liquidity, traded at market value on secondary market metus	Often subject to a lock-up period, then periodic share repurchases through a tender offer process at discretion of the board	Limited liquidity, may be subject to long lockup periods. Potential for liquidity events through exchange listing or tender-offers disclosed in PPM

Ultimus Fund Solutions, LLC provides fund distribution services through its affiliated broker-dealers: Ultimus Fund Distributors, LLC, and Northern Lights Distributors, LLC. Each of which is a registered broker-dealer and member of FINRA. Investments in interval and tender offer funds involve significant risk and are not suitable for all investors. Investments in these types of funds are illiquid and are not suitable for shareholders who need access to the money they invest. Because investors cannot readily sell their shares, they will not be able to reduce their investment exposure during market downturns. 20260710-5738644 COD00001045