Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

The following is a summary of the principal risk factors associated with an investment in our securities. Further details regarding each risk included in the below summary list can be found further below. • We are dependent upon Barings' access to its investment professionals for our success. • Our investment portfolio is and will continue to be recorded at fair value as determined in accordance with the Adviser' s valuation policies and procedures and, as a result, there is and will continue to be uncertainty as to the value of our portfolio investments. • We operate in a highly competitive market for investment opportunities, which could reduce returns and result in losses. • There are potential conflicts of interest, including the management of other investment funds and accounts by Barings, which could impact our investment returns. • The fee structure under the ~~New~~ Barings BDC Advisory Agreement may induce Barings to pursue speculative investments and incur leverage, which may not be in the best interests of our stockholders. • Regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital. • Our financing agreements contain various covenants, which, if not complied with, could accelerate our repayment obligations thereunder, thereby materially and adversely affecting our liquidity, financial condition, results of operations and ability to pay distributions. • We are exposed to risks associated with changes in interest rates. • Inflation could adversely affect the business, results of operations, and financial ~~conditions~~ - **condition** of our portfolio companies. • Incurring additional leverage may magnify our exposure to risks associated with changes in leverage, including fluctuations in interest rates that could adversely affect our profitability. • Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity. • Our investments in portfolio companies may be risky, and we could lose all or part of our investment. • Shares of closed- end investment companies, including BDCs, frequently trade at a discount to their **NAV** ~~net asset value~~, and may trade at premiums that may prove to be unsustainable. Risks Relating to Our Business and Structure We depend on the diligence, skill and network of business contacts of Barings' investment professionals to source appropriate investments for us. We depend on members of Barings' investment team to appropriately analyze our investments and the relevant investment committee to approve and monitor our portfolio investments. Barings' investment teams evaluate, negotiate, structure, close and monitor our investments. Our future success depends on the continued availability of the members of Barings' investment committee and the other investment professionals available to Barings. We do not have employment agreements with these individuals or other key personnel of Barings, and we cannot provide any assurance that unforeseen business, medical, personal or other circumstances would not lead any such individual to terminate his or her relationship with Barings. If these individuals do not maintain their existing relationships with Barings and its affiliates or do not develop new relationships with other sources of investment opportunities, we may not be able to identify appropriate replacements or grow our investment portfolio. The loss of any member of Barings' investment committee or of other investment professionals of Barings and its affiliates may limit our ability to achieve our investment objectives and operate as we anticipate, which could have a material adverse effect on our financial condition, results of operations and cash flows. Barings evaluates, negotiates, structures, closes and monitors our investments in accordance with the terms of the ~~New~~ Barings BDC Advisory Agreement. We can offer no assurance, however, that the investment professionals of Barings will continue to provide investment advice to us or that we will continue to have access to Barings' investment professionals or its information and deal flow. Further, there can be no assurance that Barings will replicate its own historical success, and we caution you that our investment returns could be substantially lower than the returns achieved by other funds managed by Barings. Our business model depends to a significant extent upon strong referral relationships, and our inability to maintain or develop these relationships, as well as the failure of these relationships to generate investment opportunities, could adversely affect our business. We depend upon Barings' and its affiliates' relationships with sponsors, and we intend to rely to a significant extent upon these relationships to provide us with potential investment opportunities. If Barings or its affiliates fail to maintain such relationships, or to develop new relationships with other sponsors or sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom the principals of Barings have relationships are not obligated to provide us with investment opportunities, and, therefore, we can offer no assurance that these relationships will generate investment opportunities for us in the future. Our financial condition and results of operations will depend on our ability to manage and deploy capital effectively. Our ability to continue to achieve our investment objectives will depend on our ability to effectively manage and deploy our capital, which will depend, in turn, on Barings' ability to continue to identify, evaluate, invest in and monitor companies that meet our investment criteria. We cannot assure you that we will continue to achieve our investment objectives. Accomplishing this result on a cost- effective basis will be largely a function of Barings' handling of the investment process, their ability to provide competent, attentive and efficient services and our access to investments offering acceptable terms. In addition to monitoring the performance of our existing investments, Barings' investment professionals may also be called upon to provide managerial assistance to our portfolio companies. These demands on their time may distract them or slow the rate of investment. Even if we are able to grow and build upon our investment operations in a manner commensurate with any capital made available to us as a result of our operating activities, financing activities and / or offerings of our securities, any failure to manage our growth effectively could have a material adverse effect on our business, financial condition, results of operations and prospects. The results of our operations will depend on many factors, including the availability of opportunities for investment, readily accessible short- and long- term funding alternatives in the financial markets and general economic conditions. Furthermore, if we cannot successfully operate our business or implement our investment policies and strategies as described in this Annual Report on Form 10- K, it could negatively impact our ability to pay distributions and cause you to lose part or all of your investment. Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined in good faith by the Board. The Board has designated Barings as valuation designee to perform our fair value determinations relating to the value of our assets for which market quotations are not readily available. Typically there is not a public market for the securities of the privately held middle- market companies in which we have invested and will generally continue to invest. The Adviser conducts the valuation of such investments, upon which the Company' s **NAV** ~~net asset value~~ is primarily based, in accordance with its 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 ASC Topic 820. Our current valuation policy and processes were established by the Adviser and have been approved by the Board. 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 us. The Adviser uses independent third- party providers to price the portfolio, but in the event an acceptable price cannot be obtained from an approved external source, the Adviser will utilize alternative methods in accordance with internal pricing procedures established by the Adviser' s pricing committee. See " Item 1. Business – Valuation Process and Determination of Net Asset Value " included in this Annual Report on Form 10- K for a detailed description of our valuation process. The determination of fair value and consequently, the amount of unrealized appreciation and depreciation in our portfolio, is to a certain degree subjective and dependent on the judgment of Barings. Certain factors that may be considered in determining the fair value of our investments include the nature and realizable value of any collateral, the portfolio company' s earnings and its ability to make payments on its indebtedness, the markets in which the portfolio company does business, comparison to comparable publicly- traded companies, discounted cash flows and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Due to this uncertainty, the Adviser' s fair value determinations may cause our **NAV** ~~net asset value~~ on a given date to materially understate or overstate the value that we may ultimately realize upon the sale or disposition of one or more of our investments. As a result, investors purchasing our securities based on an overstated **NAV** ~~net asset value~~ would pay a higher price than the value of our investments might warrant. Conversely, investors selling shares during a period in which the **NAV** ~~net asset value~~ understates the value of our investments will receive a lower price for their shares than the value of our investments might warrant. A number of entities compete with us to make the types of investments that we make. We compete with public and private funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and some have considerably greater financial, technical and marketing resources than we do. For example, we believe some of our competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or the source of income, asset diversification and distribution requirements we must satisfy to maintain our qualification as a RIC. The competitive pressures we face may have a material adverse effect on our business, financial condition, results of operations and cash flows. As a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we may not be able to identify and make investments that are consistent with our investment objective. With respect to the investments we make, we do not seek to compete based primarily on the interest rates we offer, and we believe that some of our competitors may make loans with interest rates that will be lower than the rates we offer. In the secondary market for acquiring existing loans, we compete generally on the basis of pricing terms. With respect to all investments, we may lose some investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may experience decreased net interest income, lower yields and increased risk of credit loss. Our executive officers and the members of Barings' investment committee, as well as the other principals of Barings, manage other funds affiliated with Barings, including other closed- end investment companies. In addition, Barings' investment team has responsibilities for managing U. S. and global middle- market debt investments for certain other investment funds and accounts. Accordingly, they have obligations to investors in those entities, the fulfillment of which may not be in the best interests of, or may be adverse to our and our stockholders' interests. In addition, certain of the other funds and accounts managed by Barings may provide for higher management or incentive fees, greater expense reimbursements or overhead allocations, or permit Barings and its affiliates to receive higher origination and other transaction fees, all of which may contribute to this conflict of interest and create an incentive for Barings to favor such other funds or accounts. Although the professional staff of Barings will devote as much time to our management as appropriate to enable Barings to perform its duties in accordance with the ~~New~~ Barings BDC Advisory Agreement, the investment professionals of Barings may have conflicts in allocating their time and services among us, on the one hand, and the other investment vehicles managed by Barings or one or more of its affiliates on the other hand. Barings may face conflicts in allocating investment opportunities between us and affiliated investment vehicles that have overlapping investment objectives with ours. Although Barings will endeavor to allocate investment opportunities in a fair and equitable manner in accordance with its allocation policies and procedures, it is possible that, in the future, we may not be given the opportunity to participate in investments made by investment funds managed by Barings or an investment manager affiliated with Barings if such investment is prohibited by the 1940 Act, and there can be no assurance that we will be able to participate in all investment opportunities that are suitable to us. Conflicts may also arise because portfolio decisions regarding our portfolio may benefit Barings' affiliates. Barings' affiliates may pursue or enforce rights with respect to one of our portfolio companies on behalf of other funds or accounts managed by it, and those activities may have an adverse effect on us. Barings may exercise significant influence over us in connection with its ownership of our common stock. As of February ~~23~~ **22** , ~~2023~~ **2024** , Barings, our external investment adviser, beneficially owns approximately 12. ~~6~~ **9** % of our outstanding common stock. As a result, Barings may be able to significantly influence the outcome of matters submitted for stockholder action, including the election of directors, approval of significant corporate transactions, such as amendments to our governing documents, business combinations, consolidations and mergers. Barings has substantial influence on us and could exercise its influence in a manner that conflicts with the interests of other stockholders. The presence of a significant stockholder such as Barings may also have the effect of making it more difficult for a third party to acquire us or discourage a third party from seeking to acquire us. Barings, its investment committee, or its affiliates may, from time to time, possess material non- public information, limiting our investment discretion. Principals of Barings and its affiliates and members of Barings' investment committee may serve as directors of, or in a similar capacity with, companies in which we invest, the securities of which are purchased or sold on our behalf. In the event that material nonpublic information is obtained with respect to such companies, or we become subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations, we could be prohibited for a period of time from purchasing or selling the securities of such companies, and this prohibition may have an adverse effect on us. Our ability to enter into transactions with Barings and its affiliates is restricted. BDCs generally are prohibited under the 1940 Act from knowingly participating in certain transactions with their affiliates without the prior approval of their independent directors and, in some cases, of the SEC. Those transactions include purchases and sales, and so-called " joint " transactions, in which a BDC and one or more of its affiliates engage in certain types of profit- making activities. Any person that owns, directly or indirectly, 5. 0 % or more of a BDC' s outstanding voting securities will be considered an affiliate of the BDC for purposes of the 1940 Act, and a BDC generally is prohibited from engaging in purchases or sales of assets or joint transactions with such affiliates, absent the prior approval of the BDC' s independent directors. Additionally, without the approval of the SEC, a BDC is prohibited from engaging in purchases or sales of assets or joint transactions with the BDC' s officers and directors, and investment adviser, including funds managed by the investment adviser and its affiliates. BDCs may, however, invest alongside certain related parties or their respective other clients in certain circumstances where doing so is consistent with current law and SEC staff interpretations. For example, a BDC may invest alongside such accounts consistent with guidance promulgated by the SEC staff permitting the BDC and such other accounts to purchase interests in a single class of privately placed securities so long as certain conditions are met, including that the BDC' s investment adviser, acting on the BDC' s behalf and on behalf of other clients, negotiates no term other than price. The 1940 Act generally prohibits BDCs from making certain negotiated co- investments with certain affiliates absent an order from the SEC permitting the BDC to do so. Pursuant to the Exemptive Relief, we are generally permitted to co- invest with funds affiliated with Barings if a " required majority " (as defined in Section 57 (o) of the 1940 Act) of our independent directors make certain conclusions in connection with a co- investment transaction, including that (1) the terms of the transaction, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching in respect of us or our stockholders on the part of any person concerned and (2) the transaction is consistent with the interests of our stockholders and is consistent with our investment objective and strategies. Co- investments made under the Exemptive Relief are subject to compliance with the conditions and other requirements contained in the Exemptive Relief, which could limit our ability to participate in a co- investment transaction. In situations where co- investment with other affiliated funds or accounts is not permitted or appropriate, Barings will need to decide which account will proceed with the investment in accordance with its allocation policies and procedures. Although Barings will endeavor to allocate investment opportunities in a fair and equitable manner in accordance with its allocation policies and procedures, it is possible that, in the future, we may not be given the opportunity to participate in investments made by investment funds managed by Barings or an investment manager affiliated with Barings if such investment is prohibited by the 1940 Act. These restrictions, and similar restrictions that limit our ability to transact business with our officers or directors or their affiliates, including funds managed by Barings, may limit the scope of investment opportunities that would otherwise be available to us. We are subject to risks associated with investing alongside other third parties. We have invested and may in the future invest alongside third parties through partnerships, joint ventures or other entities ~~in the future~~ . Such investments may involve risks not present in investments where a third party is not involved, including the possibility that such third party may at any time have economic or business interests or goals which are inconsistent with ours, or may be in a position to take action contrary to our investment objectives. In addition, we may in certain circumstances be liable for actions of such third party. More specifically, joint ventures involve a third party that has approval rights over certain activities of the joint venture. The third party may take actions that are inconsistent with our interests. For example, the third party may decline to approve an investment for the joint venture that we otherwise want the joint venture to make. A joint venture may also use investment leverage which magnifies the potential for gain or loss on amounts invested. Generally, the amount of borrowings by the joint venture is not included when calculating our total borrowings and related leverage ratios and is not subject to asset coverage requirements imposed by the 1940 Act. If the activities of the joint venture were required to be consolidated with our activities because of a change in **U. S.** GAAP rules or SEC staff interpretations, it is likely that we would have to reorganize any such joint venture. Under the ~~New~~ Barings BDC Advisory Agreement, the base management fee will be payable even if the value of your investment declines. The base management fee is calculated based on our gross assets, including assets purchased with borrowed funds or other forms of leverage (but excluding cash or cash equivalents). Accordingly, the base management fee is payable regardless of whether the value of our gross assets and / or your investment has decreased during the then- current quarter and creates an incentive for Barings to incur leverage, which may not be consistent with our stockholders' interests. The income- based fee payable to Barings is calculated based on a percentage of our return on invested capital. The income- based fee payable to Barings may create an incentive for Barings to make investments on our behalf that are risky or more speculative than would be the case in the absence of such a compensation arrangement. Unlike the base management fee, the income- based fee is payable only if the hurdle rate is achieved. Because the portfolio earns investment income on gross assets while the hurdle rate is based on invested capital, and because the use of leverage increases gross assets without any corresponding increase in invested capital, Barings may be incentivized to incur leverage to grow the portfolio, which will tend to enhance returns where our portfolio has positive returns and increase the chances that such hurdle rate is achieved. Conversely, the use of leverage may increase losses where our portfolio has negative returns, which would impair the value of our common stock. In addition, Barings receives the capital gains fee based, in part, upon net capital gains realized on our investments. Unlike the income-based fee, there is no hurdle rate applicable to the capital gains fee. As a result, Barings may have a tendency to invest more capital in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which may not be in the best interests of our stockholders and could result in higher investment losses, particularly during economic downturns. Barings' liability is limited under the ~~New~~ Barings BDC Advisory Agreement, and we are required to indemnify Barings against certain liabilities, which may lead Barings to act in a riskier manner on our behalf than it would when acting for its own account. Pursuant to the ~~New~~ Barings BDC Advisory Agreement, Barings and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with Barings will not be liable to us, and we have agreed to indemnify them, for their acts under the ~~New~~ Barings BDC Advisory Agreement, absent fraud, willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties. These protections may lead Barings to act in a riskier manner when acting on our behalf than it would when acting for its own account. Barings is able to resign as our investment adviser and / or our administrator upon 60 days' notice, and we may not be able to find a suitable replacement within that time, or at all, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations. Pursuant to the ~~New~~ Barings BDC Advisory Agreement, Barings has the right to resign as our investment adviser upon 60 days' written notice, whether a replacement has been found or not. Similarly, Barings has the right under the Administration Agreement to resign upon 60 days' written notice, whether a replacement has been found or not. If Barings resigns, it may be difficult to find a replacement investment adviser or administrator, as applicable, or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If a replacement is not found quickly, our business, results of operations and financial condition as well as our ability to pay distributions are likely to be adversely affected and the value of our shares may decline. In addition, the coordination of our internal management and investment or administrative activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by Barings. Even if a comparable service provider or individuals performing such services are retained, whether internal or external, their integration into our business and lack of familiarity with our investment objective may result in additional costs and time delays that may materially adversely affect our business, results of operations and financial condition. Our long- term ability to fund new investments and make distributions to our stockholders could be limited if we are unable to renew, extend, replace or expand our current borrowing arrangements, or if financing becomes more expensive or less available. There can be no guarantee that we will be able to renew, extend, replace or expand our current borrowing arrangements on terms that are favorable to us, if at all. Our ability to obtain replacement financing will be constrained by then- current economic conditions affecting the credit markets. Our inability to renew, extend, replace or expand these borrowing arrangements could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders and our ability to qualify for tax treatment as a RIC under the Code. We may be subject to PIK interest payments. Certain of our debt investments may contain provisions providing for the payment of PIK interest. Because PIK interest results in an increase in the size of the loan balance of the underlying loan, the receipt by us of PIK interest will have the effect of increasing our assets under management. As a result, because the base management fee that we pay to the Investment Adviser is based on the value of our gross assets, the receipt by us of PIK interest will result in an increase in the amount of the base management fee payable by us. In addition, any such increase in a loan balance due to the receipt of PIK interest will cause such loan to accrue interest on the higher loan balance, which will result in an increase in our pre- incentive fee net investment income and, as a result, an increase in incentive fees that are payable by us to the Investment Adviser. To the extent original issue discount instruments, such as zero coupon bonds and PIK loans, constitute a significant portion of the Company' s income, investors will be exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash, including the following: (a) the higher interest rates of PIK loans reflect the payment deferral and increased credit risk associated with these instruments, and PIK instruments generally represent a significantly higher credit risk than coupon loans; (b) PIK loans may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral; (c) market prices of zero- coupon or PIK securities are affected to a greater extent by interest rate changes and may be more volatile than securities that pay interest periodically and in cash, and PIKs are usually less volatile than zero- coupon bonds, but more volatile than cash pay securities; (d) because original issue discount income is accrued without any cash being received by the Company, required cash distributions may have to be paid from offering proceeds or the sale of Company assets without investors being given any notice of this fact; (e) the deferral of PIK interest increases the loan- to- value ratio, which is a measure of the riskiness of a loan; (f) even if the accounting conditions for income accrual are met, the borrower could still default when the Company' s actual payment is due at the maturity of the loan; and (g) original issue discount creates risk of non- refundable cash payments to our Investment Adviser based on non- cash accruals that may never be realized. Our business requires capital to operate and grow. In the future, we may issue debt securities or preferred stock, and / or borrow money from banks or other financial institutions, which we refer to collectively as " senior securities. " As a result of issuing senior securities, we will be exposed to additional risks, including, but not limited to, the following: • Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150 % after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be prohibited from declaring a dividend or making any distribution to stockholders or repurchasing our shares until such time as we satisfy this test. • Any amounts that we use to service our debt or make payments on preferred stock will not be available for distributions to our common stockholders. • Our current indebtedness is, and it is likely that any securities or other indebtedness we may issue will be, governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, some of these securities or other indebtedness may be rated by rating agencies, and in obtaining a rating for such securities and other indebtedness, we may be required to abide by operating and investment guidelines that further restrict operating and financial flexibility. • We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities and other indebtedness. • Preferred stock or any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock, including separate voting rights and could delay or prevent a transaction or a change in control to the detriment of the holders of our common stock. Under the provisions of the 1940 Act, we are not generally able to issue and sell our common stock at a price below then- current **NAV** ~~net asset value~~ per share. We may, however, sell our common stock or warrants, options or rights to acquire our common stock, at a price below the then- current **NAV** ~~net asset value~~ per share of our common stock if the Board determines that such sale is in the best interests of us and our stockholders, and our stockholders approve such sale. We may also make rights offerings to our stockholders at prices per share less than the **NAV** ~~net asset value~~ per share, subject to applicable requirements of the 1940 Act. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and they may experience dilution. Moreover, we can offer no assurance that we will be able to issue and sell additional equity securities in the future on favorable terms, or at all. We generally seek approval from our stockholders so that we have the flexibility to issue up to a specified percentage of our then- outstanding shares of our common stock at a price below **NAV** ~~net asset value~~ . Pursuant to approval granted at ~~the reconvened portion of~~ our annual meeting of stockholders held on ~~June 30~~ **May 4** , ~~2022~~ **2023** we are permitted to issue and sell shares of our common stock at a price below our then- current **NAV** ~~net asset value~~ per share in one or more offerings, subject to certain limitations and determinations that must be made by the Board (including, without limitation, that the number of shares issued and sold pursuant to such authority does not exceed 30 % of our then- outstanding common stock immediately prior to each such offering). Such stockholder approval expires on ~~June 30~~ **May 4** , ~~2023~~ **2024** . We will have a continuing need for capital to finance our investments. We are party to various financing agreements from time to time which contain customary terms and conditions, including, without limitation, affirmative and negative covenants such as information reporting requirements, minimum stockholders' equity, minimum obligators' net worth, minimum asset coverage, maximum net debt to equity, minimum liquidity and maintenance of RIC and BDC status. These financing arrangements also contain 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. Our continued compliance with the covenants under these financing agreements depends on many factors, some of which are beyond our control, and there can be no assurance that we will continue to comply with such covenants. Our failure to satisfy the respective covenants or otherwise default under one of our financing arrangements could result in foreclosure by the lenders thereunder, which would accelerate our repayment obligations under the financing arrangement and thereby have a material adverse effect on our business, liquidity, financial condition, results of operations and ability to pay distributions to our stockholders. To the extent we borrow money or issue debt securities or preferred stock to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities or preferred stock and the rate at which we invest these funds. The recent increases in the general level of interest rates have led to higher interest rates applicable to our debt investments, which have resulted in an increase of the amount of incentive fees payable to Barings. Also, the recent increases in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our distribution rate, which could reduce the market price of our common stock. **As of the end of June 2023, no settings of the London Interbank Offered Rate (" LIBOR ") continue to be published on a representative basis and publication of many non- U. S. dollar LIBOR settings has been entirely discontinued. On March 15, 2022, the U. S. enacted federal legislation that is intended to minimize legal and economic uncertainty following U. S. dollar LIBOR' s cessation by replacing LIBOR references in certain U. S. law- governed contracts under certain circumstances with a SOFR- based rate identified in a Federal Reserve rule plus a statutory spread adjustment.** In addition, ~~uncertainty relating to the LIBOR calculation process may adversely affect the value of the LIBOR- indexed, floating- rate debt securities in our portfolio or the cost of our borrowings. National and international regulators and law enforcement agencies have conducted investigations into a number of rates or indices that are deemed to be ' ' reference rates.'' Actions by such regulators and law enforcement agencies may result in changes to the manner in which certain reference rates are determined, their discontinuance, or the establishment of alternative reference rates. In March 2021,~~ the U. K. ~~' s~~ Financial Conduct Authority ~~publicly~~ **, which regulates the publisher of LIBOR (ICE Benchmark Administration), has** announced that **it** ~~all U. S. Dollar LIBOR settings~~ will **require the continued publication of the** ~~either cease to be provided by any administrator or no longer be representative (i) immediately after December 31, 2021 for~~ one- ~~week~~ **, three-** and ~~two~~ **six** - month **tenors of** ~~U. S. Dollar LIBOR settings and (ii) immediately after June 30, 2023 for the remaining U. S. Dollar LIBOR settings. Although most~~ U. S. dollar LIBOR **on a** ~~rates will continue to be published through June 30, 2023, the Financial Conduct Authority no~~ **non - representative synthetic basis until** ~~longer compels panel banks to continue to contribute to LIBOR and~~ the **end** ~~Federal Reserve Board, the Office~~ of **September 2024** ~~the Comptroller of the Currency~~ , ~~and the Federal Deposit Insurance Corporation have encouraged banks to cease entering into new~~ **which may result in certain non- U. S. law- governed** contracts ~~that use~~ **and U. S. law- governed contracts not covered by the federal legislation remaining on synthetic** U. S. dollar LIBOR ~~as a reference rate~~ **until the end of this period** . **Our loan agreements** ~~The U. S. Federal Reserve, in conjunction~~ with ~~the Alternative~~ **our portfolio companies**

that ~~Reference~~ **referenced** ~~Rates Committee~~ **LIBOR included fallback language in the event that LIBOR was discontinued** , ~~a steering committee comprised of large U~~ **became unrepresentative or in the event that the method for determining LIBOR has changed** . **As a result of this language or through other bi** ~~S. financial institutions, supports replacing U. S. dollar LIBOR with~~ **lateral amendments, all of** ~~the~~ **these loan** ~~Secured Overnight Financing Rate, or SOFR, a new index calculated by short- term repurchase~~ agreements ~~backed by Treasury securities. Some regulators~~ have ~~prohibited the use of any LIBOR benchmarks in new contracts and have required that regulated entities transition~~ **transitioned** ~~existing contracts~~ to ~~another benchmark prior to June 30, 2023. Although settings of such LIBOR benchmarks may continue to be available, such prohibitions and requirements may adversely affect the value of floating- rate debt securities in our portfolio or issued by us. Moreover, at this time, no consensus exists as to what rate or rates will become accepted alternatives to LIBOR. Although there are an increasing number of issuances utilizing SOFR or the Sterling Over Night Index Average, or SONIA,~~ an alternative reference rate ~~that is based on transactions, these alternative reference rates may not attain market acceptance as replacements for LIBOR~~ . The transition away from LIBOR **and reform, modification, or adjustments of other reference rate benchmarks** to alternative reference rates is complex and could have a material adverse effect on our business, financial condition and results of operations, including as a result of any changes in the pricing of our investments, changes to the documentation for certain of our investments and the pace of such changes, disputes and other actions regarding the interpretation of current and prospective loan documentation or modifications to processes and systems ~~. In anticipation of the cessation of LIBOR, we may need to renegotiate any credit agreements extending beyond June 30, 2023 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate or rely on certain fallback provisions that could cause interest rates to shift to a base rate plus a margin. Any such renegotiations may affect financial condition and results of operations as a result of changes in interest rates payable to us by our portfolio companies~~ . Alteration of the terms of a debt instrument or a modification of the terms of other types of contracts to replace an interbank offered rate with a new reference rate could result in a taxable exchange and the realization of income and gain / loss for U. S. federal income tax purposes. The IRS has issued final regulations regarding the tax consequences of the transition from interbank offered rates to new reference rates in debt instruments and non- debt contracts. Under the final regulations, alteration or modification of the terms of a debt instrument to replace an operative rate that uses a discontinued interbank offered rate with a qualified rate (as defined in the final regulations), add a qualified rate as a fallback rate to a contract whose operative rate uses a discontinued interbank offered rate or replace a fallback rate that uses a discontinued interbank offered rate with a qualified rate would not be taxable. The IRS may provide additional guidance, with potential retroactive effect. Furthermore, because a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments, an increase in interest rates would make it easier for us to meet or exceed the incentive fee hurdle rate in the investment advisory agreement and may result in a substantial increase of the amount of incentive fees payable to Barings with respect to pre- incentive fee net investment income. We may invest in derivatives or other assets that expose us to certain risks, including ~~markets~~ - **market** risk, liquidity risk, and other risks similar to those associated with the use of leverage. We may invest in derivatives and other assets that are subject to many of the same types of risks related to the use of leverage. In October 2020, the SEC adopted Rule 18f- 4 under the 1940 Act regarding the ability of a BDC to use derivatives and other transactions that create future payment or delivery obligations. Under Rule 18f- 4, BDCs that use derivatives are subject to a value- at- risk leverage limit, a derivatives risk management program and testing requirements and requirements related to board reporting. These requirements apply unless the BDC qualifies as a " limited derivatives user, " as defined under Rule 18f- 4. Under Rule 18f- 4, a BDC may enter into an unfunded commitment agreement (which may include delayed draw and revolving loans) that will not be deemed to be a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has, among other things, a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. Collectively, these requirements may limit our ability to use derivatives and / or enter into certain other financial contracts. We have adopted updated policies and procedures in compliance with Rule 18f- 4. We expect to qualify as a " limited derivatives user " under Rule 18f- 4. Future legislation or rules may modify how we treat derivatives and other financial arrangements for purposes of compliance with the leverage limitations of the 1940 Act. Future legislation or rules may modify how leverage is calculated under the 1940 Act and, therefore, may increase or decrease the amount of leverage currently available to us under the 1940 Act, which may be materially adverse to us and our stockholders. As part of our business strategy, we borrow under financing agreements with certain banks **and issue debt securities** , and in the future may borrow money and issue debt securities to banks, insurance companies and other lenders. Our obligations under these arrangements are or may be secured by a material portion of our assets. As a result, these lenders are or may have claims that are superior to the claims of our common stockholders, and have or may have fixed- dollar claims on our assets that are superior to the claims of our stockholders. Also, if the value of our assets decreases, leverage will cause our **NAV** ~~net asset value~~ to decline more sharply than it otherwise would have without leverage. Similarly, any decrease in our income would cause our net income to decline more sharply than it would have if we had not borrowed. This decline could negatively affect our ability to make dividend payments on our common stock. Because we incur leverage, general interest rate fluctuations may have a more significant negative impact on our investments than they would have absent such leverage and, accordingly, may have a material adverse effect on our operating results. A portion of our income will depend upon the difference between the rate at which we borrow funds and the interest rate on the debt securities in which we invest. Because we borrow money to make investments and may issue debt securities, preferred stock or other securities, our net investment income is dependent upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities, preferred stock or other securities and the rate at which we invest these funds. Typically, our interest earning investments accrue and pay interest at variable rates, and our interest- bearing liabilities accrue interest at variable or potentially fixed rates. As a result, 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. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming that we employ (i) our actual asset coverage ratio as of December 31, ~~2022~~ **2023** and (ii) a hypothetical asset coverage ratio of 150 %, each at various annual returns on our portfolio as of December 31, ~~2022~~ **2023**, net of expenses. The purpose of this table is to assist investors in understanding the effects of leverage. The calculations in the table below are hypothetical, and actual returns may be higher or lower than those appearing in the table below. Assumed Return on our Portfolio (Net of Expenses) (10. 0) % (5. 0) % 0. 0 % 5. 0 % 10. 0 % Corresponding return to common stockholder assuming actual asset coverage as of December 31, ~~2022~~ **2023** (1) (28. ~~6~~ **9**) % (17. ~~2~~ **8**) % (~~5~~ **6**. ~~9~~ **6**) % ~~5~~ **4**. ~~5~~ **6** % ~~16~~ **15**. 8 % Corresponding return to common stockholder assuming 150 % asset coverage as of December 31, ~~2022~~ **2023** (2) (~~39~~ **41. 2) % (26. 0) % (10**. 9) % **4** ~~(24~~. **3** ~~7)~~ % **19** ~~(9~~. 4 ~~) % 5. 8 % 21. 1~~ % (1) Assumes $ 2, ~~708~~ **677**. 5 million in total assets, $ 1, ~~489~~ **446**. ~~7~~ **0** million in debt outstanding, $ 1, ~~192~~ **196**. ~~3~~ **6** million in net assets and an average cost of funds of ~~4~~ **5**. ~~705~~ **432** %, which was the weighted average borrowing cost of our outstanding borrowings at December 31, ~~2022~~ **2023**. The assumed amount of debt outstanding for this example includes $ ~~729~~ **719**. ~~1~~ **9** million of outstanding borrowings under **our senior secured credit facility with ING Capital LLC initially entered into in February 2019 (as amended, restated and otherwise modified from time to time,** the **"** February 2019 Credit Facility **")** as of December 31, ~~2022~~ **2023**, $ 50. 0 million aggregate principal amount of August 2025 Notes (as defined below under " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources " included in Item 7 of Part II of this Annual Report on Form 10- K) outstanding, $ 175. 0 million aggregate principal amount of November Notes (as defined below under " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources " included in Item 7 of Part II of this Annual Report on Form 10- K) outstanding, $ 150. 0 million aggregate principal amount of February Notes (as defined below under " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources " included in Item 7 of Part II of this Annual Report on Form 10- K) outstanding, $ 350. 0 million aggregate principal amount of November 2026 Notes (as defined below under " Management' s Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources " included in Item 7 of Part II of this Annual Report on Form 10- K) outstanding, and assumed additional borrowings of $ ~~35~~ **1**. ~~6~~ **1** million to settle our payable from unsettled transactions as of December 31, ~~2022~~ **2023**. (2) Assumes $ 3, ~~640~~ **625**. ~~5~~ **7** million in total assets, $ 2, ~~384~~ **393**. ~~7~~ **1** million in debt outstanding and $ 1, ~~192~~ **196**. ~~3~~ **6** million in net assets as of December 31, ~~2022~~ **2023**, and an average cost of funds of ~~4~~ **5**. ~~705~~ **432** %, which was the weighted average borrowing cost of our borrowings at December 31, ~~2022~~ **2023**. Based on our total outstanding indebtedness of $ 1, ~~454~~ **444**. ~~1~~ **9** million as of December 31, ~~2022~~ **2023**, assumed additional borrowings of $ ~~35~~ **1**. ~~6~~ **1** million to settle our payable from unsettled transactions as of December 31, ~~2022~~ **2023** and an average cost of funds of ~~4~~ **5**. ~~705~~ **432** %, which was the weighted average borrowing cost of our outstanding borrowings at December 31, ~~2022~~ **2023**, our investment portfolio must experience an annual return of at least 2. ~~59~~ **93** % to cover annual interest payments on our outstanding indebtedness. Based on outstanding indebtedness of $ 2, ~~384~~ **393**. ~~7~~ **1** million calculated assuming a 150 % asset coverage ratio and an average cost of funds of ~~4~~ **5**. ~~705~~ **432** %, which was the weighted average borrowing cost of our outstanding borrowings at December 31, ~~2022~~ **2023**, our investment portfolio must experience an annual return of at least 3. ~~08~~ **59** % to cover annual interest payments on our outstanding indebtedness. We may in the future determine to fund a portion of our investments with preferred stock, which would magnify the potential for gain or loss and the risks of investing in us in the same way as our borrowings. Preferred stock, which is another form of leverage, has the same risks to our common stockholders as borrowings because the dividends on any preferred stock we issue must be cumulative. Payment of such dividends and repayment of the liquidation preference of such preferred stock must take preference over any dividends or other payments to our common stockholders, and preferred stockholders are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference. Our Board of Directors may change our investment objectives, operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse. The Board has the authority to modify or waive our current investment objectives, operating policies and strategies without prior notice and without stockholder approval (except as required by the 1940 Act). However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. We cannot predict the effect any changes to our current operating policies, investment criteria and strategies would have on our business, **NAV** ~~net asset value~~, operating results and value of our stock. However, the effects might be adverse, which could negatively impact our ability to pay you distributions and cause you to lose all or part of your investment. Moreover, we will have significant flexibility in investing the net proceeds from any future offering and may use the net proceeds from such offerings in ways with which investors may not agree or for purposes other than those contemplated at the time of the offering. We will be subject to corporate- level U. S. federal income tax if we are unable to maintain our tax treatment as a RIC under Subchapter M of the Code, which will adversely affect our results of operations and financial condition. We have elected to be treated as a RIC under the Code, which generally allows us to avoid being subject to corporate- level U. S. federal income tax. To maintain RIC tax treatment under the Code, we must meet the following annual distribution, income source and asset diversification requirements: • The Annual Distribution Requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90. 0 % of our net ordinary income and net short- term capital gain in excess of net long- term capital loss, or ICTI, if any. We will be subject to a 4. 0 % nondeductible U. S. federal excise tax, however, to the extent that we do not satisfy certain additional minimum distribution requirements on a calendar year basis. Because we use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and are currently, and may in the future become, subject to certain financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the Annual Distribution Requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus become subject to corporate- level U. S. federal income tax. • The income source requirement will be satisfied if we obtain at least 90. 0 % of our income for each year from distributions, interest, gains from the sale of stock or securities or similar sources. • The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50. 0 % of the value of our assets must consist of cash, cash equivalents, U. S. government securities, securities of other RICs, and other acceptable securities, provided such other securities of any one issuer do not represent more than 5 % of the value of our assets or more than 10 % of the outstanding voting securities of the issuer; and no more than 25. 0 % of the value of our assets can be invested in the securities, other than U. S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain " qualified publicly traded partnerships. " Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC tax treatment. Because most of our investments will be in private companies, and therefore will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses. If we fail to maintain RIC tax treatment for any reason and are subject to corporate- level U. S. federal income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. We may also be subject to certain U. S. federal excise taxes, as well as state, local and foreign taxes. We may not be able to pay distributions to our stockholders, our distributions may not grow over time, a portion of distributions paid to our stockholders may be a return of capital and investors in any debt securities we may issue may not receive all of the interest income to which they are entitled. We intend to pay quarterly distributions to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year- to- year increases in cash distributions. Our ability to pay distributions might be harmed by, among other things, the risk factors described in this Annual Report on Form 10- K. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could, in the future, limit our ability to pay distributions. All distributions will be paid at the discretion of the Board and will depend on our earnings, our financial condition, maintenance of our RIC tax treatment, compliance with applicable BDC regulations, compliance with the covenants under our financing agreements and any debt securities we may issue and such other factors as the Board may deem relevant from time to time. We cannot assure you that we will pay distributions to our stockholders in the future. Some of the above- described risks may also inhibit our ability to make required interest payments to holders of any debt securities we may issue, which may cause a default under the terms of our debt agreements. Such a default could materially increase our cost of raising capital, as well as cause us to incur penalties or trigger cross- default provisions under the terms of our debt agreements. When we make quarterly distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated earnings and profits, recognized capital gain or capital. To the extent there is a return of capital, investors will be required to reduce their basis in our stock for U. S. federal income tax purposes, which may result in a higher tax liability when the shares are sold, even if they have not increased in value or have lost value. We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income. For U. S. federal income tax purposes, we may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with contractual PIK interest or debt instruments that were issued with warrants), we must include in income 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. Investments structured with these features may represent a higher level of credit risk compared to investments generating income which must be paid in cash on a current basis. We may also have to include in income other amounts that we have not yet received in cash, such as deferred loan origination fees that are paid after origination of the loan or are paid in non- cash compensation such as PIK interest. We anticipate that a portion of our income may constitute original issue discount or other income required to be included in taxable income prior to receipt of cash. Further, we may elect to amortize market discounts and include such amounts in our taxable income in the current year, instead of upon disposition, as an election not to do so would limit our ability to deduct interest expenses for U. S. federal income tax purposes. Because any original issue discount or other amounts accrued will be included in our ICTI for the year of the accrual, we may be required to make a distribution to our stockholders in order to satisfy the annual distribution requirement, even though we will not have received any corresponding cash amount. As a result, we may have difficulty meeting the annual distribution requirement necessary to maintain RIC tax treatment under the Code. We may have to sell some of our investments at times and / or at prices we would not consider advantageous, raise debt or additional equity capital or forego new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate- level U. S. federal income tax. Because we intend to distribute substantially all of our income to our stockholders to maintain our tax treatment as a RIC, we will continue to need additional capital to finance our growth, and regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital and make distributions. In order to satisfy the requirements applicable to a RIC, and to avoid payment of U. S. federal excise tax, we intend to distribute to our stockholders substantially all of our net ordinary income and net capital gain income except for certain net long- term capital gains recognized after we became a RIC, some or all of which we may retain, pay applicable U. S. federal income taxes with respect thereto and elect to treat as deemed distributions to our stockholders. As a BDC, we generally are required to meet a coverage ratio of total assets to total senior securities, which includes all of our borrowings and any preferred stock we may issue, of at least 150 %. This requirement limits the amount that we may borrow and may prohibit us from making distributions. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments or sell additional securities and, depending on the nature of our leverage, to repay a portion of our indebtedness at a time when such sales may be disadvantageous. In addition, issuance of additional securities could dilute the percentage ownership of our current stockholders in us. While we expect to be able to borrow and to issue debt and additional equity securities, we cannot assure you that debt and equity financing will be available to us on favorable terms, or at all. If additional funds are not available to us, we could be forced to curtail or cease new investment activities, and our **NAV** ~~net asset value~~ could decline. There may be withholding of U. S. federal income tax on dividends for non- U. S. stockholders. Distributions by a BDC generally are treated as dividends for U. S. tax purposes, and will be subject to U. S. income or withholding tax unless the stockholder receiving the dividend qualifies for an exemption from U. S. tax, or the distribution is subject to one of the special look- through rules described below. Distributions paid out of net capital gains can qualify for a reduced rate of taxation in the hands of an individual U. S. stockholder, and an exemption from U. S. tax in the hands of a non- U. S. stockholder. However, if ~~designated~~ **reported** by a RIC, dividend distributions by the RIC derived from certain interest income (such distributions, " interest- related dividends ") and certain net short- term capital gains (such distributions, " short- term capital gain dividends ") generally are exempt from U. S. withholding tax otherwise imposed on non- U. S. stockholders. Interest- related dividends are dividends that are attributable to " qualified net interest income " (i. e., " qualified interest income, " which generally consists of certain interest and original issue discount on obligations " in registered form " as well as interest on bank deposits earned by a RIC, less allocable deductions) from sources within the United States. Short- term capital gain dividends are dividends that are attributable to net short- term capital gains, other than short- term capital gains recognized on the disposition of U. S. real property interests, earned by a RIC. However, no assurance can be given as to whether any of our distributions will be eligible for this exemption from U. S. withholding tax or, if eligible, will be ~~designated~~ **reported** as such by us. Furthermore, in the case of shares of our stock held through an intermediary, the intermediary may have withheld U. S. federal income tax even if we ~~designated~~ **reported** the payment as an interest- related dividend or short- term capital gain dividend. A failure of any portion of our distributions to qualify for the exemption for interest- related dividends or short- term capital gain dividends would not affect the treatment of non- U. S. stockholders that qualify for an exemption from U. S. withholding tax on dividends by reason of their special status (for example, foreign government- related entities and certain pension funds resident in favorable treaty jurisdictions). There is no assurance that any ~~future~~ share repurchase programs **we implement** will result in ~~future~~ repurchases of our common stock or enhance long- term stockholder value, and repurchases, if any, could affect our stock price and increase its volatility and will diminish our cash reserves. **On February 23** ~~As part of the MVC Acquisition~~ , ~~we committed to make open~~ **2023, our Board authorized a 12** - **month** ~~market purchases of shares of our common stock in an aggregate amount of up to $ 15. 0 million at then- current market prices at any time shares trade below 90 % of our then most recently disclosed net asset value per~~ share ~~. Any repurchases~~ - **repurchase** ~~pursuant to the authorized~~ program ~~occurred~~ **. Under the program, we may repurchase,** during the 12- month period ~~that commenced~~ **commencing on March 1, 2023, up to $ 30. 0 million in the aggregate of our outstanding common stock in the open market at prices below the then- current NAV per share. The timing, manner, price and amount of any share repurchases will be determined by us, at our discretion, based** upon the ~~filing~~ **evaluation** of **economic** ~~our quarterly report on Form 10- Q for the quarter ended March 31, 2021, which occurred on May 6, 2021,~~ and ~~were made in accordance with~~ **market conditions, our stock price,** applicable legal, **contractual and** regulatory ~~and contractual~~ requirements **and other factors** . The ~~MVC~~ **program is expected to be in effect until March 1, 2024, unless extended or until the aggregate** repurchase **amount that has been approved by our Board has been expended. The** program ~~terminated on May 6~~ **does not require us to repurchase any specific number of shares** , ~~2022~~ **and we cannot assure stockholders that any shares will be repurchased under the program. The program may be suspended, extended, modified or discontinued at any time** . During the year ended December 31, ~~2022~~ **2023** , we repurchased a total of ~~207~~ **1** , ~~677~~ **849, 096** shares of common stock in the open market under the authorized program at an average price of $ ~~10~~ **7** . ~~14~~ **99** per share, including ~~broker~~ **brokerage** commissions. ~~In connection with the Sierra Merger, we committed to make open~~ **See " Management' s Discussion of Financial Condition and Results of Operations — Recent Developments " included in Item 7 of Part II of this Annual Report on Form 10** - **K** ~~market purchases of shares of our common stock in an aggregate amount of up to $ 30. 0 million at then- current market prices at any time shares trade below 90 % of our then most recently disclosed NAV per share. Any repurchases pursuant to the authorized program were to occur during the 12- month period commencing on April 1, 2022. During the year ended December 31, 2022, we had repurchased the maximum amount of $ 30. 0 million of common stock authorized under the Sierra share repurchase program. In total under the Sierra share repurchase program, we repurchased a total of 3, 179, 168 shares of common stock in the open market under the authorized program at an average price of $ 9. 44 per share, including broker commissions~~ . There can be no assurance that any future share repurchases will occur, or, if they occur, that they will enhance stockholder value. In addition, any future share repurchases could have a material adverse effect on our business for the following reasons: • Repurchases may not prove to be the best use of our cash resources. • Repurchases will diminish our cash reserves, which could impact our ability to finance future growth and to pursue possible future strategic opportunities. • We may incur debt in connection with our business in the event that we use other cash resources to repurchase shares, which may affect the financial performance of our business during future periods or our liquidity and the availability of capital for other needs of the business. • Repurchases could affect the trading price of our common stock or increase its volatility and may reduce the market liquidity for our stock. • Repurchases may not be made at the best possible price and the market price of our common stock may decline below the levels at which we repurchased shares of common stock. • Any suspension, modification or discontinuance of any future share repurchase plan could result in a decrease in the trading price of our common stock. • Repurchases may make it more difficult for us to meet the diversification requirements necessary to qualify for tax treatment as a RIC for U. S. federal income tax purposes; failure to qualify for tax treatment as a RIC would render our taxable income subject to corporate- level U. S. federal income taxes. • Repurchases may cause our non- compliance with covenants under our financing agreements, which could have an adverse effect on our operating results and financial condition. We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect our liquidity, financial condition and results of operations. Our business depends on the communications and information systems of Barings, its affiliates and our or Barings' third- party service providers. Any failure or interruption of those systems or services, including as a result of the termination or suspension of an agreement with any third- party service providers, could cause delays or other problems in our or Barings' business activities. Our or Barings' financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. Among other things, there could be sudden electrical or telecommunications outages, natural disasters, disease pandemics, events arising from local or larger scale political or social matters and / or cyber- attacks, any one or more of which could have a material adverse effect on our business, financial condition and operating results and negatively affect the market price of our common stock. Cybersecurity risks and cyber incidents may adversely affect our business or the business of our portfolio companies by causing a disruption to our operations or the operations of our portfolio companies, a compromise or corruption of our confidential information or the confidential information of our portfolio companies and / or damage to our business relationships or the business relationships of our portfolio companies, all of which could negatively impact the business, financial condition and operating results of us or our portfolio companies. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the information resources of us, Barings or our portfolio companies. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our or Barings' information systems or those of our portfolio companies for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. Barings' employees may be the target of fraudulent calls, emails and other forms of activities. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to business relationships. Our business operations rely upon secure information technology systems for data processing, storage, and reporting. We depend on the effectiveness of the information and cybersecurity policies, procedures, and capabilities maintained by our affiliates and ~~out~~ **our** and their respective third- party service providers to protect their computer and telecommunications systems and the data that reside on or are transmitted through them. Substantial costs may be incurred in order to prevent any cyber incidents in the future. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. As our and our portfolio companies' reliance on technology has increased, so have the risks posed to our information systems, both internal and those provided by Barings and third- party service providers, and the information systems of our portfolio companies. Barings has implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber incident, do not guarantee that a cyber incident will not occur and / or that our financial results, operations or confidential information will not be negatively impacted by such an incident. In addition, cybersecurity **continues** ~~has become a top~~ - **to be a key** priority for regulators around the world, and some jurisdictions have enacted laws requiring companies to notify individuals **or the general investing public** of data security breaches involving certain types of personal data ~~. There is no assurance that any efforts to mitigate~~ **, including the SEC, which, on July 26, 2023, adopted amendments requiring the prompt public disclosure of certain** cybersecurity **breaches** ~~risks undertaken by us, our affiliates, or our or their respective third- party service providers will be effective~~ . If we fail to comply with the relevant laws and regulations, we could suffer financial losses, a disruption of our business, liability to investors, regulatory intervention or reputational damage. Our business and operations may be negatively affected by securities litigation or stockholder activism, which could cause us to incur significant expense, hinder execution of our investment strategy and impact our stock price. In the past, following periods of volatility in the market price of a company' s securities, securities class- action litigation has often been brought against that company. In addition, stockholder activism, which could take many forms or arise in a variety of situations, including making public demands that we consider strategic alternatives, engaging in public campaigns to attempt to influence our corporate governance and / or our management, and commencing proxy contests to attempt to elect the activists' representatives or others to the Board, has increased in the BDC space in recent years. For example, we and certain of our former executive officers have previously been named defendants in a class- action lawsuit asserting claims under Section 10 (b) and Section 20 (a) of the Exchange Act, and, due to the potential volatility of our stock price and for a variety of other reasons, we may in the future become the target of further securities litigation or stockholder activism. Securities litigation and stockholder activism, including potential proxy contests, may result in substantial costs and divert management' s and the Board' s attention and resources from our business. Additionally, such securities litigation and stockholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult for Barings to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation and activist stockholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and stockholder activism. We are currently operating in a period of capital markets disruption and economic uncertainty. The success of our activities is affected by general economic and market conditions, including, among others, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and trade barriers. These factors could affect the level and volatility of securities prices and the liquidity of our investments. Volatility or illiquidity could impair our profitability or result in losses. These factors also could adversely affect the availability or cost of our leverage, which would result in lower returns. In addition, the U. S. capital markets have experienced extreme volatility and disruption following the global outbreak of COVID- 19 and its variants. Disruptions in the capital markets have increased the spread between the yields realized on risk- free and higher risk securities, resulting in illiquidity in parts of the capital markets. **A resurgence** ~~Some economists and major investment banks have expressed concern that the continued spread~~ of the virus globally could lead to a prolonged period of world- wide economic downturn. These and future market disruptions and / or illiquidity would be expected to have an adverse effect on our business, financial condition, results of operations and cash flows. Unfavorable economic conditions also would be expected to increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events have limited and could continue to limit our investment originations, limit our ability to grow and have a material negative impact on our operating results and the fair values of our debt and equity investments. Risks Relating to Our Investments ~~Inflation could adversely affect the business, results of operations, and financial condition of our portfolio companies.~~ Certain of the Company' s portfolio companies are in industries that could be impacted by inflation. If such portfolio companies are unable to pass any increases in their costs of operations along to their customers, it could adversely affect their operating results and impact their ability to pay interest and principal on the Company' s loans, particularly if interest rates rise in response to inflation. In addition, any projected future decreases in the Company' s portfolio companies' operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of the Company' s investments could result in future realized or unrealized losses and therefore reduce the Company' s net assets resulting from operations. Our portfolio consists primarily of senior secured private, middle- market debt and equity investments. Investing in private and middle- market companies involves a number of significant risks. Among other things, these companies: • may have limited financial resources to meet future capital needs and thus may be unable to grow or meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of the equity components of our investments; • may have shorter operating histories, narrower product lines, smaller market shares and / or more significant customer concentration than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; • are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us; • generally have less predictable operating results, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and • generally have less publicly available information about their businesses, operations and financial condition. We rely on the ability of Barings' investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If Barings is unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose all or part of our investment. In addition, in the course of providing significant managerial assistance to certain of our portfolio companies, certain of our officers and directors or certain of Barings' investment professionals may serve as directors on the boards of such companies. We or Barings may in the future be subject to litigation that arises out of our investments in these companies, and our officers and directors or Barings and / or its investment professionals may be named as defendants in such litigation, which could result in an expenditure of funds (through our indemnification of such officers and directors) and the diversion of our officers', directors' and Barings' time and resources. The lack of liquidity in our investments may adversely affect our business. We generally invest in companies whose securities are not publicly traded, and whose securities may be subject to legal and other restrictions on resale, or are otherwise less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. Price declines and illiquidity in the corporate debt markets may adversely affect the fair value of our portfolio investments, reducing our **NAV** ~~net asset value~~ through increased net unrealized depreciation. As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by the Board, which has designated Barings as valuation designee to perform our fair value determinations relating to the value of our assets for which market quotations are not readily available. The Adviser conducts the valuation of such investments, upon which our **NAV** ~~net asset value~~ is primarily based, in accordance with its 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 ASC Topic 820. Our current valuation policy and processes were established by the Adviser and have been approved by the Board. The Adviser uses independent third- party providers to price the portfolio, but in the event an acceptable price cannot be obtained from an approved external source, the Adviser will utilize alternative methods in accordance with internal pricing procedures established by the Adviser' s pricing committee. As part of the valuation process, Barings may take into account the following types of factors, if relevant, in determining the fair value of our investments: • a comparison of the portfolio company' s securities to publicly traded securities; • the enterprise value of the portfolio company; • the nature and realizable value of any collateral; • the portfolio company' s ability to make payments and its earnings and discounted cash flow; • the markets in which the portfolio company does business; and • changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made in the future and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we use the pricing indicated by the external event ~~is used~~ to corroborate a valuation. We record decreases in the market values or fair values of our investments as unrealized depreciation. Declines in prices and liquidity in the corporate debt markets may result in significant net unrealized depreciation in our portfolio. The effect of all of these factors on our portfolio may reduce our **NAV** ~~net asset value~~ by increasing net unrealized depreciation in our portfolio. Depending on market conditions, we could incur substantial realized losses and may suffer additional unrealized losses in future periods, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our failure to make follow- on investments in our portfolio companies could impair the value of our portfolio. Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as " follow- on " investments, in seeking to: • increase or maintain in whole or in part our position as a creditor or equity ownership percentage in a portfolio company; • exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or • preserve or enhance the value of our investment. We have discretion to make follow- on investments, subject to the availability of capital resources. Failure on our part to make follow- on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful portfolio company. Even if we have sufficient capital to make a desired follow- on investment, we may elect not to make a follow- on investment because we may not want to increase our level of risk, because we prefer other opportunities or because of regulatory or other considerations. Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies and such portfolio companies may not generate sufficient cash flow to service their debt obligations to us. We typically invest in senior debt and first lien notes, however, we have invested, and may invest in the future, a portion of our capital in second lien and subordinated loans issued by our portfolio companies. Our portfolio companies may have, or be permitted to incur, other debt that ranks equally with, or senior to, the debt securities in which we invest. Such subordinated investments are subject to greater risk of default than senior obligations as a result of adverse changes in the financial condition of the obligor or in general economic conditions. If we make a subordinated investment in a portfolio company, the portfolio company may be highly leveraged, and its relatively high debt- to- equity ratio may create increased risks that its operations might not generate sufficient cash flow to service all of its debt obligations. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the securities in which we invest. These debt instruments would usually prohibit the portfolio companies from paying interest on or repaying our investments in the event of and during the continuance of a default under such debt. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying senior creditors, the portfolio company may not have any remaining assets to use for repaying its obligation to us where we are junior creditor. In the case of debt ranking equally with debt securities in which we invest, we would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. Additionally, certain loans that we make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company' s obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company' s remaining assets, if any. We may in the future make unsecured loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on a portfolio company' s collateral, if any, will secure the portfolio company' s obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured loan obligations after payment in full of all loans secured by collateral. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company' s remaining assets, if any. The rights we may have with respect to the collateral securing any junior priority loans we make to our portfolio companies may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of senior debt. Under a typical intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens: • the ability to cause the commencement of enforcement proceedings against the collateral; • the ability to control the conduct of such proceedings; • the approval of amendments to collateral documents; • releases of liens on the collateral; and • waivers of past defaults under collateral documents. We may not have the ability to control or direct such actions, even if our rights as junior lenders are adversely affected. There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims. Even if we structure an investment as a senior loan, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances and based upon principles of equitable subordination as defined by existing case law, a bankruptcy court could subordinate all or a portion of our claim to that of other creditors and transfer any lien securing such subordinated claim to the bankruptcy estate. The principles of equitable subordination defined by case law have generally indicated that a claim may be subordinated only if its holder is guilty of misconduct or where the senior loan is re- characterized as an equity investment and the senior lender has actually provided significant managerial assistance to the bankrupt debtor. We may also be subject to lender liability claims for actions taken by us with respect to a borrower' s business or instances where we exercise control over the borrower. It is possible that we could become subject to a lender' s liability claim, including as a result of actions taken in rendering managerial assistance or actions to compel and collect payments from the borrower outside the ordinary course of business. Second priority liens on collateral securing loans that we make to our portfolio companies may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and us. Certain loans that we make are secured by a second priority security interest in the same collateral pledged by a portfolio company to secure senior debt owed by the portfolio company to commercial banks or other traditional lenders. Often the senior lender has procured covenants from the portfolio company prohibiting the incurrence of additional secured debt without the senior lender' s consent. Prior to and as a condition of permitting the portfolio company to borrow money from us secured by the same collateral pledged to the senior lender, the senior lender will require assurances that it will control the disposition of any collateral in the event of bankruptcy or other default. In many such cases, the senior lender will require us to enter into an " intercreditor agreement " prior to permitting the portfolio company to borrow from us. Typically the intercreditor agreements we are requested to execute expressly subordinate our debt instruments to those held by the senior lender and further provide that the senior lender shall control: (i) the commencement of foreclosure or other proceedings to liquidate and collect on the collateral; (ii) the nature, timing and conduct of foreclosure or other collection proceedings; (iii) the amendment of any collateral document; (iv) the release of the security interests in respect of any collateral and (v) the waiver of defaults under any security agreement. Because of the control we may cede to senior lenders under intercreditor agreements we may enter, we may be unable to realize the proceeds of any collateral securing some of our loans. Finally, the value of the collateral securing our debt investment will ultimately depend on market and economic conditions, the availability of buyers and other factors. Therefore, there can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the loan obligations secured by our second priority liens after payment in full of all obligations secured by the senior lender' s first priority liens on the collateral. There is also a risk that such collateral securing our investments may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the portfolio company and market conditions. If such proceeds are not sufficient to repay amounts outstanding under the loan obligations secured by our second priority liens, then we, to the extent not repaid from the proceeds from the sale of the collateral, will only have an unsecured claim against the company' s remaining assets, if any. Covenant- Lite Loans may expose us to different risks, including with respect to liquidity, price volatility, ability to restructure loans, credit risks and less protective loan documentation, than is the case with loans that contain financial maintenance covenants. A significant number of high yield loans in the market, in particular the broadly syndicated loan market, may consist of covenant- lite loans, or " Covenant- Lite Loans. " A significant portion of the loans in which we may invest or get exposure to through our investments may be deemed to be Covenant- Lite Loans and it is possible that such loans may comprise a majority of our portfolio. Such loans do not require the borrower to maintain debt service or other financial ratios and do not include terms which allow the lender to monitor the performance of the borrower and declare a default if certain criteria are breached. Ownership of Covenant- Lite Loans may expose us to different risks, including with respect to liquidity, price volatility, ability to restructure loans, credit risks and less protective loan documentation, than is the case with loans that contain financial maintenance covenants. Our investments in foreign companies may involve significant risks in addition to the risks inherent in U. S. investments. Our investment strategy includes investments in foreign companies. Investing in foreign companies may expose us to additional risk not typically associated with investing in U. S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes (potentially at confiscatory levels), less liquid markets, less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Although the majority of our investments are currently and are expected to be U. S.- dollar denominated, our investments that are denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short- term interest rates, differences in relative values of similar assets in different currencies, long- term opportunities for investment and capital appreciation and political developments. We may employ hedging techniques to minimize these risks, but we cannot assure you that such strategies will be effective or without risk to us. We may expose ourselves to risks if we engage in hedging transactions. We have and may in the future enter into hedging transactions, which may expose us to risks associated with such transactions. We have and may continue to utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Use of these hedging instruments may include counter- party credit risk. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. The success of our hedging transactions will depend on our ability to correctly predict movements in currencies and interest rates. Therefore, while we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to (or be able to) establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non- U. S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations. If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a BDC or be precluded from investing according to our current business strategy.

As a BDC, we may not acquire any assets other than " qualifying assets " unless, at the time of and after giving effect to such acquisition, at least 70. 0 % of our total assets are qualifying assets. For further detail, see " Item 1. — Business — Regulation of Business Development Companies " included in this Annual Report on Form 10- K. We may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could lose our status as a BDC. If we fail to maintain our status as a BDC, we might be regulated as a closed- end investment company that is required to register under the 1940 Act, which would subject us to additional regulatory restrictions and significantly decrease our operating flexibility. In addition, any such failure could cause an event of default under our outstanding indebtedness. For these reasons, loss of BDC status likely would have a material adverse effect on our business, financial condition and results of operations. Similarly, these rules could prevent us from making follow- on investments in existing portfolio companies (which could result in the dilution of our position). We are a non- diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer. We are classified as a non- diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. To the extent that we assume large positions in the securities of a small number of issuers, our **NAV** ~~net asset value~~ may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market' s assessment of the issuer or the industry in which it operates. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond our RIC asset diversification requirements under the Code and certain investment diversification requirements under our financing agreements, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few portfolio companies. We generally do not control our portfolio companies. We generally do not expect to control most of our portfolio companies, even though we or Barings may have board representation or board observation rights, and our debt agreements with such portfolio companies may contain certain restrictive covenants. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we disagree, and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve our interests as debt investors. Due to the lack of liquidity for our investments in non- traded companies, we may not be able to dispose of our interests in our portfolio companies as readily as we would like or at an appropriate valuation. As a result, a portfolio company may make decisions that could decrease the value of our portfolio holdings. We are subject to the risk that the investments we make in our portfolio companies may be repaid prior to maturity. When this occurs, we will generally reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being prepaid and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our securities. Any unrealized losses we experience on our loan portfolio may be an indication of future realized losses, which could reduce our income available for distribution. As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at the fair value as determined in good faith by the Board (or its valuation designee pursuant to Rule 2a- 5 under the 1940 Act). Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized losses in our loan portfolio could be an indication of a portfolio company' s inability to meet its repayment obligations to us with respect to the affected loans. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods. Defaults by our portfolio companies may harm our operating results. A portfolio company' s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross- defaults under other agreements and jeopardize a portfolio company' s ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company. Changes in interest rates may affect our cost of capital, the value of our investments, and results of operations. An increase in interest rates would make it more expensive to use debt to finance our investments. As a result, a significant increase in market interest rates could both reduce the value of our portfolio investments and increase our cost of capital, which may reduce our net investment income. Also, an increase in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our distribution rate, a situation which could reduce the value of our common stock. Conversely, a decrease in interest rates may have an adverse impact on our returns by requiring us to seek lower yields on our debt investments and by increasing the risk that our portfolio companies will prepay our debt investments, resulting in the need to redeploy capital at potentially lower rates. We may not realize gains from our equity investments. Certain investments that we have made in the past and may make in the future include equity securities. Investments in equity securities involve a number of significant risks, including the risk of further dilution as a result of additional issuances, inability to access additional capital and failure to pay current distributions. Investments in preferred securities involve special risks, such as the risk of deferred distributions, credit risk, illiquidity and limited voting rights. In addition, we may from time to time make non- control, equity co- investments in companies in conjunction with private equity sponsors. Our goal is ultimately to realize gains upon our disposition of such equity interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests. Our investments in asset- backed securities are subject to additional risks. Asset- backed securities often involve risks that are different from or more acute than risks associated with other types of debt instruments. For instance, asset- backed securities may be particularly sensitive to changes in prevailing interest rates. In addition, the underlying assets may be subject to prepayments that shorten the securities' weighted average maturity and may lower their return. Asset- backed securities are also subject to risks associated with their structure and the nature of the assets underlying the security and the servicing of those assets. Payment of interest and repayment of principal on asset- backed securities is largely dependent upon the cash flows generated by the assets backing the securities. Certain asset- backed securities are supported by letters of credit, surety bonds or other credit enhancements. However, if many borrowers on the underlying assets default, losses could exceed the credit enhancement level and result in losses to investors, such as the Company. The values of asset- backed securities may be substantially dependent on the servicing of the underlying asset pools, and are therefore subject to risks associated with the negligence by, or defalcation of, their servicers. Furthermore, debtors may be entitled to the protection of a number of state and federal consumer credit laws with respect to the assets underlying these securities, which may give the debtor the right to avoid or reduce payment. Our investments in collateralized loan obligation vehicles are subject to additional risks. We may invest in debt and equity interests of collateralized loan obligation (" CLO ") vehicles. Generally, there may be less information available to us regarding the underlying debt investments held by such CLOs than if we had invested directly in the debt of the underlying companies. As a result, we and our stockholders may not know the details of the underlying holdings of the CLO vehicles in which we may invest. As a BDC, we may not acquire equity and junior debt investments in CLO vehicles unless, at the time of and after giving effect to such acquisition, at least 70 % of our total assets are " qualifying assets. " CLO vehicles that we expect to invest in are typically very highly leveraged, and therefore, the junior debt and equity tranches that we expect to invest in are subject to a higher degree of risk of total loss. In particular, investors in CLO vehicles indirectly bear risks of the underlying debt investments held by such CLO vehicles. We will generally have the right to receive payments only from the CLO vehicles, and will generally not have direct rights against the underlying borrowers or the entity that sponsored the CLO vehicle. While the CLO vehicles we intend to target generally enable the investor to acquire interests in a pool of leveraged corporate loans without the expenses associated with directly holding the same investments, we will generally pay a proportionate share of the CLO vehicles' administrative and other expenses. Although it is difficult to predict whether the prices of indices and securities underlying CLO vehicles will rise or fall, these prices (and, therefore, the prices of the CLO vehicles) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. The failure by a CLO vehicle in which we invest to satisfy certain financial covenants, specifically those with respect to adequate collateralization and / or interest coverage tests, could lead to a reduction in its payments to us. In the event that a CLO vehicle failed those tests, holders of debt senior to us may be entitled to additional payments that would, in turn, reduce the payments we would otherwise be entitled to receive. If any of these occur, it could materially and adversely affect our operating results and cash flows. In addition to the general risks associated with investing in debt securities, CLO vehicles carry additional risks, including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the fact that our investments in CLO tranches will likely be subordinate to other senior classes of note tranches thereof; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the CLO vehicle or unexpected investment results. Our **NAV** ~~net asset value~~ may also decline over time if our principal recovery with respect to CLO equity investments is less than the price we paid for those investments. Investments in structured vehicles, including equity and junior debt instruments issued by CLO vehicles, involve risks, including credit risk and market risk. Changes in interest rates and credit quality may cause significant price fluctuations. Additionally, changes in the underlying leveraged corporate loans held by a CLO vehicle may cause payments on the instruments we hold to be reduced, either temporarily or permanently. Structured investments, particularly the subordinated interests in which we intend to invest, may be less liquid than many other types of securities and may be more volatile than the leveraged corporate loans underlying the CLO vehicles we intend to target. Fluctuations in interest rates may also cause payments on the tranches of CLO vehicles that we hold to be reduced, either temporarily or permanently. Any interests we acquire in CLO vehicles will likely be thinly traded or have only a limited trading market and may be subject to restrictions on resale. Securities issued by CLO vehicles are generally not listed on any U. S. national securities exchange and no active trading market may exist for the securities of CLO vehicles in which we may invest. Although a secondary market may exist for our investments in CLO vehicles, the market for our investments in CLO vehicles may be subject to irregular trading activity, wide bid / ask spreads and extended trade settlement periods. As a result, these types of investments may be more difficult to value. In addition, our investments in CLO warehouse facilities are short term investments and therefore may be subject to a greater risk relating to market conditions and economic recession or downturns. We may be subject to risks associated with syndicated loans. From time to time, we may acquire interests in syndicated loans. Under the documentation for syndicated loans, a financial institution or other entity typically is designated as the administrative agent and / or collateral agent. This agent is granted a lien on any collateral on behalf of the other lenders and distributes payments on the indebtedness as they are received. The agent is the party responsible for administering and enforcing the loan and generally may take actions only in accordance with the instructions of a majority or two- thirds in commitments and / or principal amount of the associated indebtedness. In most cases, we do not expect to hold a sufficient amount of the indebtedness to be able to compel any actions by the agent. Consequently, we would only be able to direct such actions if instructions from us were made in conjunction with other holders of associated indebtedness that together with us compose the requisite percentage of the related indebtedness then entitled to take action. Conversely, if holders of the required amount of the associated indebtedness other than us desire to take certain actions, such actions may be taken even if we did not support such actions. Furthermore, if an investment is subordinated to one or more senior loans made to the applicable obligor, our ability to exercise such rights may be subordinated to the exercise of such rights by the senior lenders. Accordingly, we may be precluded from directing such actions unless we act together with other holders of the indebtedness. If we are unable to direct such actions, we cannot assure you that the actions taken will be in our best interests. If an investment is a syndicated revolving loan or delayed drawdown loan, other lenders may fail to satisfy their full contractual funding commitments for such loan, which could create a breach of contract, result in a lawsuit by the obligor against the lenders and adversely affect the fair market value of our investment. There is a risk that a loan agent in respect of one of our loans may become bankrupt or insolvent. Such an event would delay, and possibly impair, any enforcement actions undertaken by holders of the associated indebtedness, including attempts to realize upon the collateral securing the associated indebtedness and / or direct the agent to take actions against the related obligor or the collateral securing the associated indebtedness and actions to realize on proceeds of payments made by obligors that are in the possession or control of any other financial institution. In addition, we may be unable to remove the agent in circumstances in which removal would be in our best interests. Moreover, agented loans typically allow for the agent to resign with certain advance notice. Our special situations investments involve a high degree of credit and market risk. Our special situations investments, which consist of investments in the securities and debt of financially troubled issuers or borrowers and operationally troubled issuers or borrowers, involve a high degree of credit and market risk. Although we may invest in select companies that, in the view of Barings, have the potential over the long- term for capital growth, there can be no assurance that such financially troubled issuers or operationally troubled issuers can be successfully transformed into profitable operating companies. There is a possibility that we may incur substantial or total losses on investments or that such investments may not show any return for a considerable period of time. Under such circumstances, the returns generated from the investments may not compensate investors adequately for the risks assumed. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There can be no assurance that Barings will correctly evaluate the value of a company' s assets or the prospects for a successful reorganization or similar action. During an economic downturn or recession, securities of financially troubled or operationally troubled issuers and borrowers are more likely to go into default than securities of other issuers. In addition, it may be difficult to obtain information about such issuers and borrowers. Securities and debt of financially troubled issuers or borrowers and operationally troubled issuers or borrowers are less liquid and more volatile than securities of companies not experiencing financial or operational difficulties. The market prices of such securities are subject to erratic and abrupt market movements, and the spread between bid and asked prices may be greater than normally expected. In addition, it is anticipated that many investments may not be widely traded and that our investment in such securities may be substantial relative to the market for such securities. As a result, we may experience delays and incur losses and other costs in connection with the sale of investments. Troubled company and other asset- based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by Barings. To the extent that Barings becomes involved in such proceedings, we may have a more active participation in the affairs of the issuer than that assumed generally by an investor. In addition, involvement by Barings in an issuer' s reorganization proceedings could result in the imposition of restrictions limiting our ability to liquidate its position in the issuer or increase the likelihood of us being involved in litigation. Risks Relating to Our Securities Shares of closed- end investment companies, including BDCs, frequently trade at a discount **to their NAV** ~~from net asset value,~~ and may trade at premiums that may prove to be unsustainable. **Shares** ~~This characteristic~~ of closed- end investment companies **, including BDCs, frequently trade at a discount from NAV, and may trade at premiums that may prove to be unsustainable. This characteristic of closed- end investment companies** and BDCs is separate and distinct from the risk that our **NAV** ~~net asset value~~ per share may decline. We cannot predict whether our common stock will trade at, above or below **NAV** ~~net asset value~~. The risk of purchasing shares of a BDC that might trade at a discount or unsustainable premium is more pronounced for investors who wish to sell their shares in a relatively short period of time because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon changes in premium or discount levels than upon increases or decreases in **NAV** ~~net asset value~~ per share. As of December 31, ~~2022~~ **2023**, the closing price of our common stock on the NYSE was $ 8. ~~15~~ **58** per share, an approximately ~~26~~ **23**. ~~2~~ **9** % discount to our **NAV** ~~net asset value~~ per share as of December 31, ~~2022~~ **2023**. In addition, at times when our common stock trades below **NAV** ~~net asset value~~, we will generally not be able to issue additional common stock at the market price without first obtaining the approval of our stockholders and our independent directors. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the current **NAV** ~~net asset value~~ per share of our common stock if our board of directors determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. Any such sale would be dilutive to the **NAV** ~~net asset value~~ per share of our common stock. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any commission or discount). If our common stock trades at a discount to **NAV** ~~net asset value~~, this restriction could adversely affect our ability to raise capital. Pursuant to approval granted at ~~the reconvened portion of~~ our annual meeting of stockholders held on ~~June 30~~ **May 4**, ~~2022~~ **2023**, we are permitted to issue and sell shares of our common stock at a price below our then- current **NAV** ~~net asset value~~ per share in one or more offerings, subject to certain limitations and determinations that must be made by the Board (including, without limitation, that the number of shares issued and sold pursuant to such authority does not exceed 30 % of our then- outstanding common stock immediately prior to each such offering). Such stockholder approval expires on ~~June 30~~ **May 4**, ~~2023~~ **2024**. Investing in our securities may involve an above average degree of risk. The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and a higher risk of volatility or loss of principal. Our investments in portfolio companies may be highly speculative, and therefore, an investment in our shares may not be suitable for someone with lower risk tolerance. The market price of our securities may be volatile and fluctuate significantly. Fluctuations in the trading prices of our shares may adversely affect the liquidity of the trading market for our shares and, if we seek to raise capital through future equity financings, our ability to raise such equity capital. The market price and liquidity of the market for our securities may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include: • significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies; • changes in regulatory policies or tax guidelines, particularly with respect to RICs or BDCs; • inability to obtain certain exemptive relief from the SEC; • loss of RIC tax treatment; • changes in earnings or variations in operating results; • changes in the value of our portfolio of investments; • any shortfall in investment income or net investment income or any increase in losses from levels expected by investors or securities analysts; • conversion features of subscription rights, warrants or convertible debt; • loss of a major funding source; • fluctuations in interest rates; • the operating performance of companies comparable to us; • departure of Barings' or any of its affiliates' key personnel; • proposed, or completed, offerings of our securities, including classes other than our common stock; • global or national credit market changes; and • general economic trends and other external factors. The market for any security is subject to volatility. The loans and securities purchased by us and issued by us are no exception to this fundamental investment truism that prices will fluctuate. We may be unable to invest a significant portion of the net proceeds raised from our offerings on acceptable terms, which would harm our financial condition and operating results. Delays in investing the net proceeds raised in our offerings may cause our performance to be worse than that of other fully invested BDCs or other lenders or investors pursuing comparable investment strategies. We cannot assure you that we will be able to identify any investments that meet our investment objective or that any investment that we make will produce a positive return. We may be unable to invest the net proceeds from any offering on acceptable terms within the time period that we anticipate or at all, which could harm our financial condition and operating results. We anticipate that, depending on market conditions, it may take a substantial period of time to invest substantially all of the net proceeds from any offering in securities meeting our investment objective. During such a period, we have and will continue to invest the net proceeds from any offering primarily in cash, cash equivalents, U. S. government securities, repurchase agreements and high- quality debt instruments maturing in one year or less from the time of investment, which may produce returns that are significantly lower than the returns which we expect to achieve when our portfolio is fully invested in securities meeting our investment objective, and given our expense ratio and the prevailing interest rate climate, there is a possible risk of losing money on the offering proceeds from certain securities, such as debt securities during this interval. As a result, any dividends or distributions that we pay during such period may be substantially lower than the dividends or distributions that we may be able to pay when our portfolio is fully invested in securities meeting our investment objective. In addition, until such time as the net proceeds from any offering are invested in securities meeting our investment objective, the market price for our securities may decline. Thus, the return on your investment may be lower than when, if ever, our portfolio is fully invested in securities meeting our investment objective. Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock. Sales of substantial amounts of our common stock, or the availability of such common stock for sale, could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of securities should we desire to do so. If we sell common stock at a discount to our **NAV** ~~net asset value~~ per share, stockholders will experience immediate dilution in an amount that may be material. Any sale of common stock at a price below **NAV** ~~net asset value~~ would result in an immediate dilution to existing common stockholders. During periods of time in which we have authority from stockholders to issue shares of common stock at a price below **NAV** ~~net asset value~~, such shares of common stock could be issued at a price that is substantially below the **NAV** ~~net asset value~~ per share, and the resulting dilution could be substantial. This dilution would include reduction in the **NAV** ~~net asset value~~ per share as a result of the issuance of shares at a price below the **NAV** ~~net asset value~~ per share and a proportionately greater decrease in a stockholder' s interest in the earnings and assets of the Company and voting interest in the Company than the increase in the assets, potential earnings and voting interests of the Company resulting from such issuance. In addition, such issuances or sales may adversely affect the price at which our common stock trades. Provisions of the Maryland General Corporation Law and our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock. The Maryland General Corporation Law and our charter and bylaws contain provisions that may have the effect of discouraging, delaying or making difficult a change in control of our Company or the removal of our incumbent directors. Specifically, the Board has adopted a resolution explicitly subjecting us to the Maryland Business Combination Act under the Maryland General Corporation Law, which, subject to limitations, prohibits certain business combinations between us and an " interested stockholder " (defined generally as any person who beneficially owns 10 % or more of the voting power of our outstanding voting stock) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder and thereafter imposes fair price and / or super majority voting requirements on these combinations. In addition, our charter classifies the Board in three classes serving staggered three- year terms and provides that a director may be removed only for cause by the vote of at least two- thirds of the votes entitled to be cast for the election of directors generally. In addition, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by our secretary to act upon any matter that may properly be considered at a meeting of stockholders only upon the written request of the stockholders entitled to cast at least a majority of all the votes entitled to be cast on such matter at the meeting. In addition, subject to the provisions of the 1940 Act, our charter permits the Board, without stockholder action, to authorize the issuance of shares of stock in one or more classes or series, including preferred stock. Subject to compliance with the 1940 Act, the Board may, without stockholder action, amend our charter from time to time to increase or decrease the number of shares of stock of any class or series that we have authority to issue. The existence of these provisions, among others, may have a negative impact on the price of our common stock and may discourage third- party bids for ownership of our company. These provisions may prevent any premiums being offered to you for shares of our common stock. If we issue preferred stock and / or debt securities, the **NAV** ~~net asset value~~ and market value of our common stock may become more volatile. We cannot assure you that the issuance of preferred stock and / or debt securities would result in a higher yield or return to the holders of our common stock. The issuance of preferred stock and / or debt securities would likely cause the **NAV** ~~net asset value~~ and market value of our common stock to become more volatile. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of our common stock would be reduced. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to exceed the net rate of return on our portfolio, the use of leverage would result in a lower rate of return to the holders of common stock than if we had not issued the preferred stock or debt securities. Any decline in the **NAV** ~~net asset value~~ of our investment would be borne entirely by the holders of our common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in **NAV** ~~net asset value~~ to the holders of our common stock than if we were not leveraged through the issuance of preferred stock or debt securities. This decline in **NAV** ~~net asset value~~ would also tend to cause a greater decline in the market price for our common stock. There is also a risk that, in the event of a sharp decline in the value of our net assets, we would be in danger of failing to maintain required asset coverage ratios which may be required by the preferred stock and / or debt securities or of a downgrade in the ratings of the preferred stock and / or debt securities or our current investment income might not be sufficient to meet the dividend requirements on the preferred stock or the interest payments on the debt securities. In order to counteract such an event, we might need to liquidate investments in order to fund redemption of some or all of the preferred stock and / or debt securities. In addition, we would pay (and the holders of our common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock and / or debt securities. Holders of preferred stock and / or debt securities may have different interests than holders of common stock and may at times have disproportionate influence over our affairs. There is a risk that investors in our common stock may not receive a specified level of dividends or that our dividends may not grow over time and that investors in any debt securities we may issue may not receive all of the interest income to which they are entitled. We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year- to- year increases in cash distributions. If we declare a dividend and if more stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to sell some of our investments in order to make cash dividend payments. In addition, due to the asset coverage and **NAV** ~~net asset value~~ tests applicable to us as a BDC and under covenants under our financing agreements, we may be limited in our ability to make distributions. Further, if we invest a greater amount of assets in equity securities that do not pay current dividends, it could reduce the amount available for distribution. See " Item 5. — Market for Registrant' s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Distribution Policy " of this Annual Report on Form 10- K for further discussion of distributions. The above- referenced restrictions on distributions may also inhibit our ability to make required interest payments to holders of our current debt including the August 2025 Notes, the November Notes, the February Notes ~~and~~ **,** the November 2026 Notes (each as defined below under " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources **" included in Item 7 of Part II of this Annual Report on Form 10- K) and the February 2029 Notes (as defined below under " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments** " included in Item 7 of Part II of this Annual Report on Form 10- K), and any future debt we may issue, which may cause a default under the terms of the relevant debt agreements. Such a default could materially increase our cost of raising capital, as well as cause us to incur penalties under the terms of our debt agreements. Terms relating to redemption may materially adversely affect your return on any debt securities that we may issue. If you are holding debt securities issued by us and such securities are redeemable at our option, we may choose to redeem your debt securities at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In addition, if you are holding debt securities issued by us and such securities are subject to mandatory redemption, we may be required to redeem your debt securities at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In this circumstance, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as your debt securities being redeemed. If we choose to redeem any of the August 2025 Notes, the November Notes, the February Notes ~~or~~ **,** the November 2026 Notes **or the February 2029 Notes** when the fair market value of the August 2025 Notes, the November Notes, the February Notes ~~or~~ **,** the November 2026 **Notes or the February 2029** Notes is above par value, you would experience a loss of any potential premium. We may not be able to prepay the August 2025 Notes, the November Notes, the February Notes ~~or~~ **,** the November 2026 Notes **or the February 2029** upon a change in control. The note purchase agreements governing the August 2025 Notes, the November Notes and the February Notes, and the indenture governing the November 2026 **Notes and the February 2029** Notes, require us to offer to prepay all of the respective issued and outstanding notes upon the occurrence of certain change in control events, which could have a material adverse effect on our business, financial condition and results of operations. Upon a change in control event, holders of the notes may require us to prepay for cash some or all of the notes at a prepayment price equal to 100 % of the aggregate principal amount of the notes being prepaid, plus accrued and unpaid interest to, but not including, the date of prepayment. If a change in control were to occur, we may not have sufficient funds to prepay any such accelerated indebtedness. Future offerings of debt securities, which would be senior to our common stock upon liquidation, or equity securities, which could dilute our existing stockholders and may be senior to our common stock for the purposes of distributions, may harm the value of our common stock. In the future, we may attempt to increase our capital resources by making offerings of additional debt securities or additional equity securities, including commercial paper, medium- term notes, senior or subordinated notes and classes of preferred stock or common stock subject to the restrictions of the 1940 Act. Upon a liquidation of our company, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings by us may dilute the holdings of our existing stockholders or reduce the value of our common stock, or both. Any preferred stock we may issue would have a preference on distributions that could limit our ability to make distributions to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of our common stock and diluting their stock holdings in us. In addition, proceeds from a sale of common stock will likely be used to increase our total assets or to pay down our borrowings, among other uses. This would increase our asset coverage ratio and permit us to incur additional leverage under rules pertaining to BDCs by increasing our borrowings or issuing senior securities such as preferred stock or debt securities. You may have a current tax liability on distributions reinvested in our common stock pursuant to our dividend reinvestment plan or otherwise but would not receive cash from such distributions to pay such tax liability. If you participate in our dividend reinvestment plan, you will be deemed to have received, and for U. S. federal income tax purposes will be taxed on, the amount reinvested in our common stock to the extent the amount reinvested was not a tax- free return of capital. As a result, unless you are a tax- exempt entity, you may have to use funds from other sources to pay your tax liability on the value of our common stock received from the distribution. In addition, in order to satisfy the annual distribution requirement applicable to RICs, we have the ability to declare a large portion of a dividend 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 20 % of the declared dividend ~~, and 10 % of the declared dividend through June 30, 2022~~) 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. We currently do not intend to pay dividends in shares of our common stock other than in connection with our dividend reinvestment plan. A downgrade, suspension or withdrawal of the credit rating, if any, assigned by a rating agency to us or any of our outstanding unsecured notes, or change in the debt markets could cause the liquidity or market value of our securities to decline significantly. Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the value and trading prices, if any, of our outstanding unsecured notes. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. We undertake no obligation to maintain our credit ratings or to advise any holders of our unsecured notes of any changes in our credit ratings, except as may be required under the terms of any applicable indenture or other governing document, including the August 2020 NPA, the November 2020 NPA, the February 2021 NPA and the indenture governing the November 2026 Notes **and the February 2029 Notes** . There can be no assurance that our credit ratings will remain for any given period of time or that such credit ratings will not be lowered or withdrawn entirely by the rating agency if in their judgment future circumstances relating to the basis of the credit ratings, such as adverse changes in our business or operations, so warrant. Any downgrades to us or our securities could increase our cost of capital or otherwise have a negative effect on our results of operations and financial condition. In this regard, the fixed rates of the November Notes and the February Notes are subject to increase in the event that a Below Investment Grade Event (as defined in relevant note purchase agreement) occurs. The conditions of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices and value of our unsecured notes. General Risk Factors Global capital markets could enter a period of severe disruption and instability or an economic recession. These conditions have historically affected and could again materially and adversely affect debt and equity capital markets in the United States and around the world and could impair our portfolio companies and harm our operating results. The U. S. and global capital markets have from time to time experienced periods of disruption characterized by the freezing of available credit, a lack of liquidity in the debt capital markets, significant losses in the principal value of investments, the re- pricing of credit risk in the broadly syndicated credit market, the failure of major financial institutions and general volatility in the financial markets. During these periods of disruption, general economic conditions deteriorated with material and adverse consequences for the broader financial and credit markets, and the availability of debt and equity capital for the market as a whole, and financial services firms in particular, was reduced significantly. These conditions may reoccur for a prolonged period of time or materially worsen in the future ~~. The United Kingdom (the " UK ") formally left the European Union (the " EU ") on January 31, 2020 (commonly known as " Brexit "), followed by an implementation period, during which EU law continued to apply in the UK and the UK maintained its EU single- market access rights and EU customs union membership. Following the implementation period, the UK has become a third country vis- à- vis the EU, without access to the single market or membership of the EU customs union. Although it is probable that any adverse effects flowing from the UK' s withdrawal from the EU will principally affect the UK (and those having an economic interest in, or connected to, the UK), given the size and global significance of the UK' s economy, the impact of the withdrawal is unpredictable and likely to be an ongoing source of instability, produce significant currency fluctuations, and / or have other adverse effects on international markets, international trade agreements and / or other existing cross- border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). The withdrawal of the UK from the EU could therefore adversely affect us. In addition, although it seems less likely following the expiration of the transition period than at the time of the UK' s referendum, the withdrawal of the UK from the EU could have a further destabilizing effect if any other member states were to consider withdrawing from the EU, presenting similar and / or additional potential risks and consequences to our business and financial results~~ . Market conditions may in the future make it difficult to extend the maturity of or refinance our existing indebtedness and any failure to do so could have a material adverse effect on our business. If we are unable to raise or refinance debt, then our equity investors may not benefit from the potential for increased returns on equity resulting from leverage and we may be limited in our ability to make new commitments or to fund existing commitments to our portfolio companies. Given the volatility and dislocation that the capital markets have historically experienced, many BDCs have faced, and may in the future face, a challenging environment in which to raise capital. We may in the future have difficulty accessing debt and equity capital on attractive terms, or at all, and a severe disruption or instability in the global financial markets or deteriorations in credit and financing conditions may cause us to reduce the volume of the loans we originate and / or fund, which may adversely affect the value of our portfolio investments or otherwise have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, significant changes in the capital markets, including instances of extreme volatility and disruption, have had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. We monitor developments and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so, and we may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments in the current or future market environment. An inability to raise capital, and any required sale of our investments for liquidity purposes, could have a material adverse impact on our business, financial condition or results of operations. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than what we currently experience, including being at a higher cost in rising rate environments. If we are unable to raise or refinance debt, then our equity investors may not benefit from the potential for increased returns on equity resulting from leverage and we may be limited in our ability to make new commitments or to fund existing commitments to our portfolio companies. In addition, equity capital may be difficult to raise during periods of adverse or volatile market conditions because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than **NAV** ~~net asset value~~ without first obtaining approval for such issuance from our stockholders and our independent directors. We generally seek approval from our stockholders so that we have the flexibility to issue up to a specified percentage of our then- outstanding shares of our common stock at a price below **NAV** ~~net asset value~~. Pursuant to approval granted at ~~the reconvened portion of~~ our annual meeting of stockholders held on ~~June 30~~ **May 4**, ~~2022~~ **2023** we are permitted to issue and sell shares of our common stock at a price below our then- current **NAV** ~~net asset value~~ per share in one or more offerings, subject to certain limitations and determinations that must be made by the Board (including, without limitation, that the number of shares issued and sold pursuant to such authority does not exceed 30 % of our then- outstanding common stock immediately prior to each such offering). Such stockholder approval expires on ~~June 30~~ **May 4**, ~~2023~~ **2024**. Many of the portfolio companies in which we make investments may be susceptible to economic slowdowns or recessions and may be unable to repay the loans we made to them during these periods. Therefore, our non- performing assets may increase and the value of our portfolio may decrease during these periods as we are required to record our investments at their current fair value. Adverse economic conditions also may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our and our portfolio companies' funding costs, limit our and our portfolio companies' access to the capital markets or result in a decision by lenders not to extend credit to us or our portfolio companies. These events could prevent us from increasing investments and harm our operating results. A portfolio company' s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its secured assets, which could trigger cross- defaults under other agreements and jeopardize the portfolio company' s ability to meet its obligations under the debt that we hold. We may incur additional expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, including the extent to which we will actually provide significant managerial assistance to that portfolio company, a bankruptcy court might subordinate all or a portion of our claim to that of other creditors. Terrorist attacks, acts of war, national disasters, outbreaks or pandemics may affect any market for our securities, impact the businesses in which we invest and harm our business, operating results and financial condition. Terrorist acts, acts of war, national disasters, outbreaks or pandemics may disrupt our operations, as well as the operations of the businesses in which we invest. Such acts have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. For example, many countries have experienced outbreaks of infectious illnesses in recent decades, including swine flu, avian influenza, SARS and COVID- 19. The **Israel- Hamas war and the conflict between Russia and Ukraine, and resulting market volatility, could also adversely affect the Company' s business, operating results, and financial condition. The extent and duration or escalation of such conflicts, resulting sanctions and resulting future market disruptions are impossible to predict, but could be significant. Any disruptions resulting from such conflicts and any future conflict (including cyberattacks, espionage or the use or threatened use of nuclear weapons) or resulting from actual or threatened responses to such actions could cause disruptions to any of our portfolio companies located in Europe or the Middle East or that have substantial business relationships with companies in affected regions. It is not possible to predict the duration or extent of longer- term consequences of these conflicts, which could include further sanctions, retaliatory and escalating measures, embargoes, regional instability, geopolitical shifts and adverse effects on or involving macroeconomic conditions, the energy sector, supply chains, inflation, security conditions, currency exchange rates and financial markets around the globe. Any such market disruptions could affect our portfolio companies' operations and, as a result, could have a material adverse effect on our business, financial condition and results of operations. The extent to which** COVID- 19 **and /** ~~pandemic has resulted in adverse consequences for~~ - **or** ~~us and~~ **other disease outbreaks** ~~our~~ - **or** ~~portfolio companies. While many countries, including the United States, have relaxed or eliminated the early public~~ health ~~restrictions adopted in response to the COVID- 19 pandemic~~ **pandemics** ~~, the outbreak of new, worsening strains of COVID- 19~~ may **negatively** ~~result in a resurgence in the number of reported cases and hospitalizations. Such increases in cases could lead to the re- introduction of restrictions and business shutdowns in certain states, counties and cities in the United States and globally. While these developments have had adverse consequences for our portfolio companies, the adverse effects of the COVID- 19~~

~~pandemic on our operations and the operations of Barings, including with respect to us, have been reduced since the height of the pandemic. Barings continues to monitor the COVID- 19 situation globally and is prepared to adapt office working patterns as required to ensure the safety of its employees and clients who visit Barings office locations. In addition, Barings' cybersecurity policies are applied consistently when working remotely or in the office. These potential impacts, while uncertain, could adversely~~ affect our and our portfolio companies' operating results **, or the duration of any potential business or supply chain disruption, is uncertain** . ~~The~~ **These** ~~Russian invasion~~ **potential impacts, while uncertain, could adversely affect our operating results and the operating results** of ~~Ukraine~~ **the portfolio companies in which we invest. There is a risk that any future disease outbreaks or health pandemics (including a recurrence of COVID- 19) would impact our ability to achieve our investment objectives. Further, if a future pandemic occurs during a period when our investments are maturing, we** may **not be able to realize our investments within the Company' s term, or at all. In addition, future terrorist activities, military or security operations, natural disasters, disease outbreaks, pandemics or other similar events could weaken the domestic / global economies and create additional uncertainties, which may negatively impact our portfolio companies and, in turn, could** have a material adverse impact on ~~us and~~ our ~~portfolio companies. The conflict between Russia and Ukraine could lead to disruption, instability and volatility in global markets, economies and industries that could negatively impact our and our portfolio companies'~~ business, **operating** results ~~of operations~~ and financial condition ~~. The conflict has already resulted in significant volatility in certain equity, debt and currency markets, material increases in certain commodity prices, and economic uncertainty. The conflict may escalate and its resolution is unclear. The U. S. government and other governments have imposed severe sanctions against Russia and Russian interests and threatened additional sanctions and controls. Sanctions and export control laws and regulations are complex, frequently changing, and increasing in number, and they may impose additional legal compliance costs or business risks associated with our operations~~ . We are subject to risks related to corporate social responsibility. Our business faces increasing public scrutiny related to environmental, social and governance (" ESG ") activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as environmental stewardship, corporate governance and transparency and the consideration of ESG factors in our investment processes. Adverse incidents with respect to ESG activities could impact the value of our brand, the cost of our operations and relationships with investors, all of which could adversely affect our business and results of operations. We may experience fluctuations in our quarterly results. We could experience fluctuations in our quarterly operating results due to a number of factors, including our ability or inability to make investments in companies that meet our investment criteria, the interest rate payable on the debt securities we acquire, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods. Economic recessions or downturns could impair our portfolio companies and harm our operating results. Many of our portfolio companies may be susceptible to economic downturns or recessions and may be unable to repay our loans or meet other obligations during these periods. Therefore, during these periods our non- performing assets may increase and the value of these assets may decrease. Adverse economic conditions may also decrease the value of collateral securing some of our loans and the value of our debt and equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results. A portfolio company' s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets, which could trigger cross- defaults under other agreements and jeopardize our portfolio company' s ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if one of our portfolio companies were to go bankrupt, even though we may have structured our interest as senior debt or preferred equity, depending on the facts and circumstances, including the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy court might recharacterize our debt or equity holding and subordinate all or a portion of our claim to those of other creditors. Changes to U. S. tariff and import / export regulations may have a negative effect on our portfolio companies and, in turn, harm us. There have been ongoing discussion and commentary regarding potential significant changes to U. S. trade policies, treaties and tariffs, creating significant uncertainty about the future relationship between the United States and other countries with respect to trade policies, treaties and tariffs. These developments, or the perception that more of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. Any of these factors could depress economic activity and restrict our portfolio companies' access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us. Changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy. We, our subsidiaries and our portfolio companies are subject to regulation at the local, state and federal level. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we are permitted to make, any of which could harm us and our stockholders, potentially with retroactive effect. Additionally, new regulatory initiatives related to ESG could adversely affect our business. Additionally, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth in this Annual Report on Form 10- K and may result in our investment focus shifting from the areas of expertise of our management team to other types of investments in which our management team may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment. **We, the Adviser, and our portfolio companies may maintain cash balances at financial institutions that exceed federally insured limits and may otherwise be materially affected by adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties. Our cash and our Adviser' s cash is held in accounts at U. S. banking institutions that we believe are of high quality. Cash held by us, our Adviser and by our portfolio companies in non- interest- bearing and interest- bearing operating accounts may exceed the FDIC insurance limits. If such banking institutions were to fail, we, our Investment Adviser, or our portfolio companies could lose all or a portion of those amounts held in excess of such insurance limitations. In addition, actual events involving limited liquidity, defaults, non- performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market- wide liquidity problems, which could adversely affect our, our Adviser' s and our portfolio companies' business, financial condition, results of operations, or prospects. Although we and our Adviser assess our and our portfolio companies' banking relationships as we believe necessary or appropriate, our and our portfolio companies' access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our respective current and projected future business operations could be significantly impaired by factors that affect us, our Adviser or our portfolio companies, the financial institutions with which we, our Investment Adviser or our portfolio companies have arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we, our Investment Adviser or our portfolio companies have financial or business relationships, but could also include factors involving financial markets or the financial services industry generally. In addition, investor concerns regarding the U. S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us, our Investment Adviser, or our portfolio companies to acquire financing on acceptable terms or at all.**