WHITEWOLF CAPITAL GROUP

APPROVED MEDIA

The Case for Business Development Companies (BDCs) in Investment Portfolios

Private credit has experienced significant growth over the years as more companies have stayed private for longer and looked beyond traditional banks for financing. BlackRock estimates that private credit is now roughly a $2.1 trillion[1] asset class and expects the market to more than double by 2030. This growth has created a larger role for private lenders, particularly in the middle market where many companies do not have easy access to the public bond market.

Ways to Access Private Credit

As private credit has grown, investors have gained more ways to access the asset class. Two important approaches are publicly traded Business Development Companies (BDCs) and non-traded private credit vehicles. The latter can include non-traded BDCs as well as interval funds. Both can provide exposure to private-company lending, but the way investors buy, value and exit these investments can be very different. Before looking at those differences, it is helpful to understand how BDCs developed and the role they play in private credit today.

BDCs have been part of the investment landscape for more than four decades. Congress created the BDC framework in 1980 through the Small Business Investment Incentive Act of 1980[2], which amended the Investment Company Act of 1940. The legislation was designed to provide incentives for small-business investment and created a regulated structure through which capital could be provided to smaller and developing companies.

That role remains relevant today. BDCs raise capital and use it primarily to make loans or equity investments in small and medium-sized private companies. Many BDCs are themselves publicly traded, giving individual investors a way to participate in private-company financing through the public markets. BDCInvestor.com, a long-standing resource focused on the BDC sector, maintains company-level information, market data, dividend information and other metrics for publicly traded BDCs. Based on an analysis of 46 listed BDCs using BDCInvestor.com data supplemented by SEC filings, the group represented approximately $61 billion of market capitalization as of June 30, 2026[3].

An important consideration for investors, however, is how they can access this private credit exposure. Investment in publicly traded BDCs is liquid in nature. By contrast, non-traded private credit vehicles are not continuously traded on an exchange. Interval funds generally provide liquidity through scheduled repurchase offers at NAV, often quarterly, and investor requests can be prorated when repurchase requests exceed the amount the fund offers to buy back.

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1 BlackRock, “Today’s Private Credit Opportunity.” https://www.blackrock.com/corporate/insights/thought-leadership/global-insights/todays-private-credit-opportunity

2 Public Law 96-477, Small Business Investment Incentive Act of 1980, Oct. 21, 1980. https://www.congress.gov/96/statute/STATUTE-94/STATUTE-94-Pg2275.pdf

3 https://www.bdcinvestor.com/business-development-company-list/?confirm=1

For investors, this creates an important distinction. Both structures can provide exposure to private credit, but publicly traded BDCs combine that exposure with daily market liquidity and public-market pricing.

Feature	Publicly Traded BDCs	Non-Traded Private Credit Vehicles
Investor liquidity	Shares trade on an exchange throughout the trading day	Periodic repurchase or tender programs; terms vary by structure
Pricing	Market price determined throughout the trading day	Generally NAV-based
If investor demand for liquidity is high	Investors generally sell shares in the market, subject to normal market liquidity	Repurchase or tender requests may be limited or prorated
Public reporting	Public-company SEC reporting and detailed investment schedules	Depends on structure; registered vehicles also have SEC reporting requirements
Underlying exposure	Primarily loans and investments in private and middle-market companies	Private credit investments
Market price vs. NAV	Shares can trade above or below NAV	Transactions generally occur based on NAV under the applicable fund terms

For informational purposes only. Not intended to be a complete list of comparison features.

Role of BDCs For Investors

In simple terms, a BDC can act as a bridge between public investors and private companies. A BDC raises money from shareholders and may also use borrowings. It then invests that capital across a portfolio of companies, often through senior secured and other private credit investments. The SEC describes BDCs as a type of closed-end investment fund that provides investors with access to small and medium-sized private companies and, to a lesser extent, other investments[4].

Income is an important part of the structure. The interest received on portfolio loans generates investment income. Many BDCs also elect to be treated as regulated investment companies, or RICs, for tax purposes. To maintain that treatment, they generally must distribute at least 90% of their investment company taxable income to shareholders. This helps explain why dividends are an important part of the BDC model, although distributions can change and are not guaranteed[5]. For investors, this can provide access to a source of income that looks different from traditional public bonds. Based on White Wolf Capital's analysis of data compiled from BDCInvestor.com, the median annualized regular dividend yield across 43 publicly listed BDCs was approximately 13.3% as of June 30, 2026. Higher income, however, comes with credit risk, and the performance of BDCs depends on the health of the companies they finance[6].

BDCs can also provide diversification. Instead of lending to a single private company, a BDC typically owns investments across many portfolio companies, industries and types of borrowers. An investor buying shares of a publicly traded BDC therefore gains exposure to a broader pool of private-company loans and investments rather than relying on the performance of one borrower.

Another important feature is transparency. Although the underlying borrowers are private companies, publicly traded BDCs operate within a public reporting framework. They file periodic reports with the SEC and provide detailed schedules of investments showing portfolio companies, the type of security held and other financial

4 U.S. Securities and Exchange Commission, "Publicly Traded Business Development Companies (BDCs): Investor Bulletin," Dec. 13, 2024. https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/publicly-traded-business-development-companies-bdcs-investor-bulletin

5 Internal Revenue Service, "Instructions for Form 1120-RIC," General Requirements to Qualify as a RIC and Distribution Requirements. https://www.irs.gov/instructions/i1120ric?utm_source=chatgpt.com

6 BDCInvestor.com and White Wolf Capital analysis. Data are primarily as of June 30, 2026, with the latest available information used for certain BDCs where June 30, 2026 data were not available. For purposes of this analysis, annualized regular dividend yield was calculated as the regular quarterly dividend multiplied by four and divided by the applicable share price. The median represents 43 publicly listed BDCs with available data. This yield represents the underlying BDCs analyzed and does not represent the dividend yield or distribution yield of LBO. https://www.bdcinvestor.com/business-development-company-list/?confirm=1

information. The SEC also makes standardized information from BDC filings available through its Business Development Company Data Sets. [7]

Diversified Exposure Across BDCs and Private Markets

That is where the WHITEWOLF Publicly Listed Private Equity ETF (ticker: LBO) fits into the picture. As of August 7, 2026, LBO held investment in 22 publicly traded BDCs, representing approximately $48.6 billion in aggregate market capitalization. Across these BDC holdings, as of second quarter of 2026, the median debt-to-equity ratio is 1.16x, while the median annualized dividend yield is 12.1%. Through these holdings, LBO provides exposure to a diversified group of lenders financing private businesses, alongside its investments in publicly traded private equity firms and alternative asset managers. Together, these holdings provide investors with exposure to different parts of the private-market ecosystem through a daily-liquid ETF[8].

For additional information, please visit www.lbo.fund.

Important Notice

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a Prospectus or Summary Prospectus with this and other information about the Fund, please call +1-215.330.4476.

Read the prospectus or summary prospectus carefully before investing.

Investments involve risk. Principal loss is possible. Redemptions are limited and often commissions are charged on each trade. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. Diversification does not ensure a profit or protect against loss.

Management Risk. The Fund is actively managed and may not meet its investment objective based on the Adviser's or Sub-Adviser's success or failure to implement investment strategies for the Fund. It is possible the investment techniques and risk analyses employed on behalf of the Fund will not produce the desired results. show less

Investment Risk. When you sell your Shares of the Fund, they could be worth less than what you paid for them. The Fund could lose money due to short-term market movements and over longer periods during market downturns. Securities may decline in value due to factors affecting securities markets generally or particular asset classes or industries represented in the markets.

Listed Private Equity Companies Risk. There are certain risks inherent in investing in listed private equity companies, which encompass financial institutions or vehicles whose principal business is to invest in and lend capital to or provide services to privately held companies. Generally, little public information exists for private and thinly traded companies, and there is a risk that investors may not be able to make a fully informed investment decision. The Fund is also subject to the underlying risks which affect the listed private equity companies in which the financial institutions or vehicles held by the Fund invest. Listed private equity companies are subject to various risks depending on their underlying investments, which include additional liquidity risk, industry risk, foreign security risk, currency risk, valuation risk and credit risk.

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7 U.S. Securities and Exchange Commission, "Business Development Company Data Sets." https://www.sec.gov/data-research/sec-markets-data/bdc-data-sets

8 This yield represents the underlying BDCs analyzed and does not represent the dividend yield or distribution yield of LBO. For holdings, please visit fund website. https://lbo.fund/

Business Development Company (BDC) Risk. BDCs generally invest in less mature U.S. private companies or thinly traded U.S. public companies which involve greater risk than well-established publicly traded companies. While the BDCs in which the Fund invests are expected to generate income in the form of dividends, certain BDCs during certain periods of time may not generate such income. The Fund will indirectly bear its proportionate share of any management fees and other operating expenses incurred by the BDCs and of any performance-based or incentive fees payable by the BDCs in which it invests, in addition to the expenses paid by the Fund.

Master Limited Partnership Risk. An MLP is an entity that is classified as a partnership under the Internal Revenue Code of 1986, as amended, and whose partnership interests or “units” are traded on securities exchanges like shares of corporate stock. Investments in MLP units are subject to certain risks inherent in a partnership structure, including (i) tax risks, (ii) the limited ability to elect or remove management or the general partner or managing member, (iii) limited voting rights and (iv) conflicts of interest between the general partner or managing member and its affiliates and the limited partners or members.

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