

PROSPECT CAPITAL

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

JOHN BARRY
Chairman and CEO

PROSPECT CAPITAL INTERNOTES®

Investment-Grade Corporate Notes Issued by a \$5B+ Business Development Company

Prospect Capital Corporation (NASDAQ: PSEC) is a \$5.3 billion publicly traded, closed-end business development company (“BDC”) that completed its IPO more than 16 years ago in 2004. Prospect makes debt and equity investments in privately held, middle-market companies in the United States. Prospect Capital InterNotes® enable individual investors to buy new issue corporate notes.

**CREDIT INVESTMENT
GRADE RATINGS¹**

**Moody's: Baa3
Egan-Jones: BBB**

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

WHAT IS A BUSINESS DEVELOPMENT COMPANY (BDC)?

Created in 1980, a BDC is a closed-end investment company that focuses on investing in small-sized and medium-sized private companies rather than large public companies. For companies that cannot access traditional sources of financing, BDCs provide investment capital to grow, along with managerial assistance. BDCs represent a large part of the direct lending market; there are 99 BDCs with \$112 billion² of assets under management. BDCs have conservative balance sheets as leverage (the ratio of debt to equity) is limited to 2.00x.

PROSPECT CAPITAL INTERNOTES® HIGHLIGHTS \$1.74 BILLION SOLD SINCE 2012

Current Offering	Up to \$1 billion
Minimum Investment	\$1,000
Tenor	5 – 10 years
Ratings¹ as of 11/1/2020	Moody's Baa3; S&P BBB-; Egan-Jones BBB; Kroll BBB-
Ranking	Senior unsecured debt obligations ahead of preferred/ common stock
Redemption	Principal will be repaid at maturity. Notes offer a Survivor's Option for repurchase by the issuer upon death of the beneficial owner. See Prospectus for details.
Availability	Prospect Capital InterNotes® are offered on Incapital's platform. Ask your financial advisor about purchasing InterNotes® for your portfolio.
Diversified/ Laddered Maturities	No maturities until July 2022, multiple forms of unsecured financing, \$1B+ significantly undrawn revolver from 30 banks

INVESTING ACROSS DIVERSE INDUSTRIES

Prospect Capital's portfolio is diversified across 39 industries with low exposure to cyclical industries like energy, retail, hotels, restaurants, and leisure. Since inception, Prospect has made more than \$16.1 billion in debt and equity investments in privately held, middle-market companies in the United States.

WELL DIVERSIFIED PORTFOLIO IN 204 INVESTMENTS ACROSS 39 INDUSTRIES

Holdings as of 6/30/20

Low Energy / Hotel / Restaurant / Leisure / Retail Concentration of 2.0%, the majority of which is secured debt

Structured Finance (Diversified Industries)	15.2%
Real Estate Investments	14.4%
Consumer Finance	12.3%
Health Care Providers & Services	9.5%
Commercial Services & Supplies	5.6%
Textiles, Apparel & Luxury Goods	4.2%
IT Services	3.9%
Interactive Media & Services	3.8%
Distributors	3.4%
Diversified Consumer Services	3.2%
Construction & Engineering	2.5%
Professional Services	2.0%
Other	20.0%

PROSPECT HIGHLIGHTS

\$5.3B

in assets and \$3.1B
in book equity as of 6/30/2020

27%

insider ownership

<1.0x

Conservative balance sheet with
leverage of less than 1.0x

\$3.8B

of unencumbered assets to support
Prospect's senior unsecured debt

100%

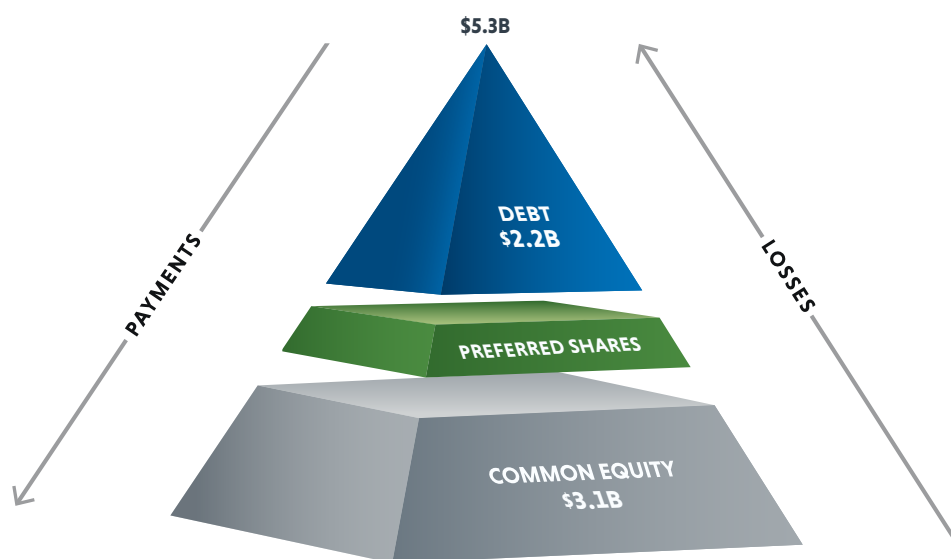
of Prospect's assets are valued by
independent third parties on a
quarterly basis

85%

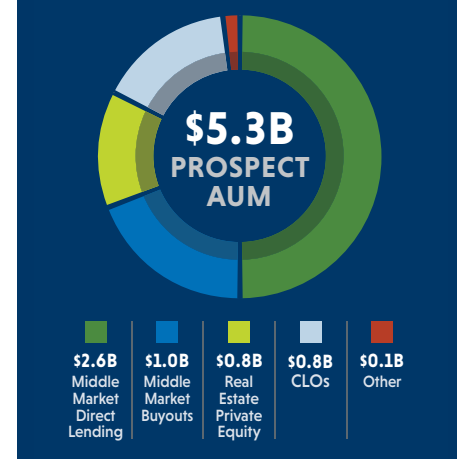
secured asset mix with
0.85% non-accruals loans³

PROSPECT CAPITAL INTERNOTES® ARE SENIOR DEBT

\$1.75 billion in Prospect Capital InterNotes® sold since 2012



Strategy Breakdown³



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

Footnotes

¹ Ratings current as of 9/1/2020. A credit rating is not a recommendation to buy, sell, or hold securities and is subject to revision or withdrawal at any time and without notice by the assigning agency. Each rating should be evaluated independently of any other rating, and investors should conduct thorough due diligence before investing.

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

² Source: BDC Council - <http://bdcsworkforamerica.org>

³ Loans calculated at fair value. All information derived from PSEC filings and management, and is as of 6/30/20 unless otherwise noted.

WHAT YOU SHOULD KNOW BEFORE INVESTING IN PROSPECT CAPITAL INTERNOTES®

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Portfolio company credit & investment risk

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

Leverage

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

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