KAYNE ANDERSON
» PRIVATE CREDIT

INVEST/STAY CONNECTED
INITIAL REPORT SEP 28, 2025
LAST UPDATED SEP 28, 2025
$13.83 / Buy, target $14.00

KAYNE ANDERSON BDC, INC.

FAST FACTS

- Kayne Anderson BDC (KBDC) is a publicly traded loan fund that focuses on first lien senior secured loans
- Portfolio size of $2.2 billion as of June 30
- 100% floating rate on debt
- 99% PE Sponsored
- Portfolio composition: 114 companies, 98% first lien senior secured loans
- Specializing in distributors & commercial services and supplies

Although KBDC has stable net asset value per share (NAV) and a good portfolio, the share price has been dipping along with the BDC sector. BDC indexes have fallen around 15% from their 2025 February highs. The sector derives earnings and income from floating rate loans and earnings decline when interest rates go down. Management underperformance at a few of the companies may be adding concern. BDCs such as PSEC, FSK and TCPC have seen NAV per share drops, which have led to above average share declines of 25-30%. Investors may be mostly concerned about the income declines. However, all bond funds pay less interest as rates decline and BDCs are essentially bond funds. Since the 2024 highs, the ten year treasury has seen a yield decline around 20%. BDCs continue to provide attractive returns although gross asset yields have declined. With a current dividend yield of around 11.5%, KBDC shares yield around 150% above ten year treasuries and 100% over high yield indexes. So, it is normal for income to decline with interest rates in the BDC sector, and we see the current pullback as a buying opportunity in certain shares.

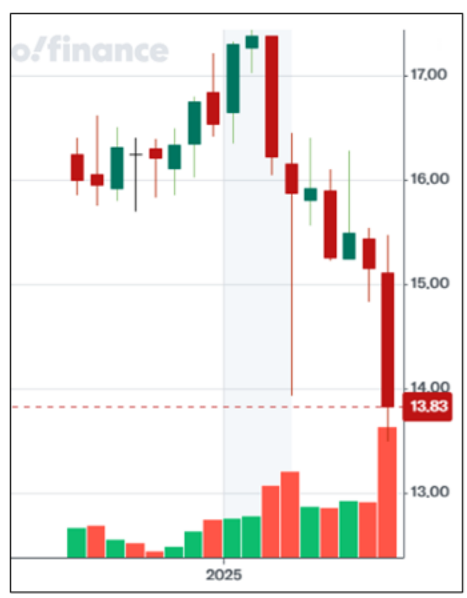
On the recent conference call, KBDC management indicated that their second quarter loan originations had an average spread, over SOFR, of approximately 540 basis points. The KBDC loan portfolio companies have healthy EBITDA ratios. Weighted average leverage of 4.3x, interest coverage ratio of 2.5x and loan-to-enterprise value of approximately 43%. 1.6% of the portfolio is on non- accrual. KBDC believes that for every 1% drop in interest rates the company will see earnings drop by close to $12 million or 17 cents per share (2024 10-K). In addition, management outlined several growth initiatives for 2025 that could help reduce the effect of income declines.

We rate the shares of KBDC as a buy but caution investors on the BDC sector volatility. The sector is currently in a down trajectory. KBDC has a stable history, an 11.6% current yield and a 16% discount to net asset value (as of this report).

Company Stats & Estimates ***in $ or MM***	
Current Yield	**11.57%**
Dividend coverage	**100%**
2027 div coverage	**91%**
Share Price	$13.83
NAV / Share	$16.40
Discount to NAV	**15.66%**
Shares Outstanding	70.576
Equity Market Cap	976
2026 BV / SH	16.22
2026 BV / SH	16.02
Total Assets	2,256
Total Liabilities	1,099
Share Equity	1,157
2025 EPS	1.52
2026 EPS	1.43
2027 EPS	1.40
PE Ratio 2025	9.09

KBDC INVESTOR RELATIONS

FIRST QUARTER KBDC PRESENTATION

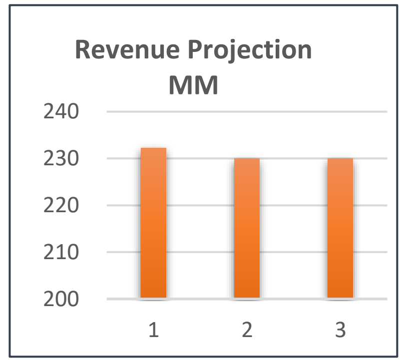


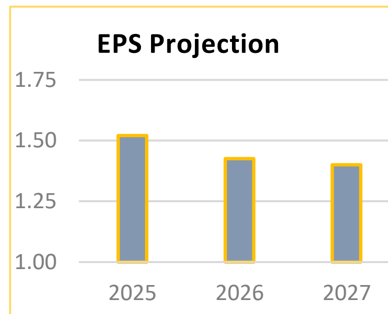
KBDC Chart Since 2024

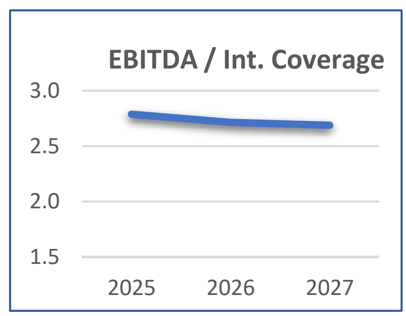
BROXTON CAPITAL ADVISORS **KBDC as of 6/30/2025**

Sunday, September 28, 2025

share price	$13.83		
PROJECTIONS IN MM fiscal yr	2025	2026	2027
Income Statement			
Total Investment Income	232	230	230
Revenue growth	9%	-1%	0%
Interest expense	70	68	68
management fees	42	46	47
Net NAV Increase	107	101	99
Distributable NI	113	105	103
Cash Flow / Dist. NI / Share	1.60	1.48	1.46
Projected Dividend	1.60	1.60	1.60
(EPS) Increase in NAV per share	1.52	1.43	1.40
NAV / Share	16.40	16.22	16.02
Dividend Yield	11.57%	11.57%	11.57%
EBITDA in MM	195	185	183
Valuations			
Total Assets	2,256		
Total Liabilities	1,099		
Ratio	205%		
Booke Value	1,157		
Book Value /Share	16.40		
EV/EBITDA	10.4	11.0	11.1
PE Price to Earnings	9.1	9.7	9.9
Enterprise Value	2,030		
Total Debt	1,054		
Equity Market Cap	976	976	976
Debt Ratios			
EBITDA/Interest Coverage ratio	2.8	2.7	2.7
Debt/EBITDA	**5.4**	**5.7**	**5.8**
Liquidity			
Cash	14		
Borrowing Availability *est.*	300+		
Debt			
Borrowings	1,054		







NOTES:

For the purpose of this analysis, we primarily project the Net Investment Income. Net Gains or Losses in the investment portfolio can be significantly different than our projections and will cause GAAP EPS to be significantly different than net investment income

Disclosures 02022025

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