

**INVESTMENT STRATEGY<sup>1</sup>**

Founded in 2004, Prospect Capital Corporation (NASDAQ: PSEC) is a \$7.9B company that is a leading provider of private debt and private equity to middle market companies in the United States.

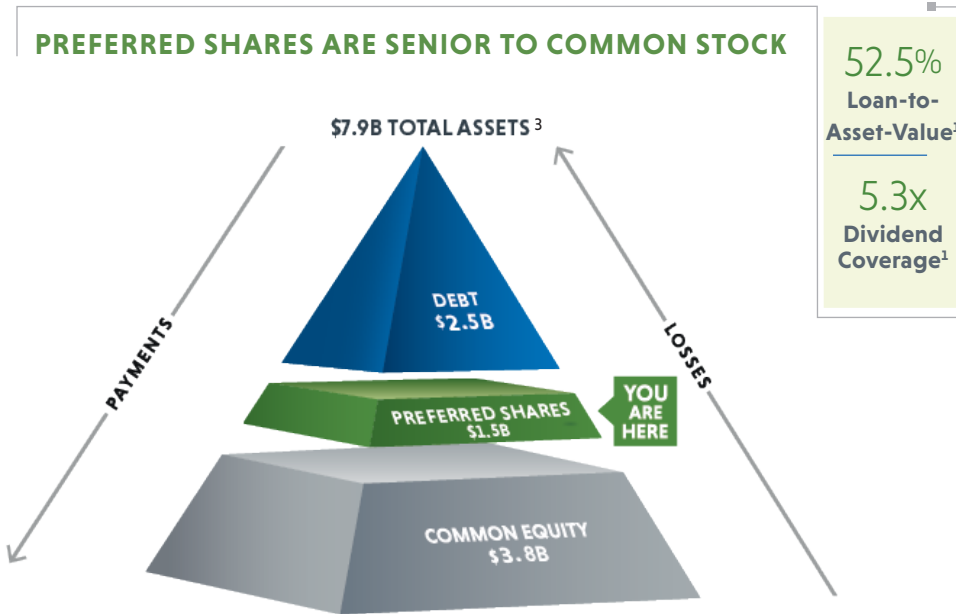
**CORPORATE CREDIT**  
**INVESTMENT GRADE RATINGS<sup>2</sup>**

DBRS: BBB (low)  
 Egan-Jones: BBB  
 Kroll: BBB-

Moody's: Baa3  
 S&P: BBB-

THE PREFERRED STOCK IS RATED BBB- BY EGAN-JONES AND BB BY S&P<sup>2</sup>

**PREFERRED SHARES ARE SENIOR TO COMMON STOCK**



52.5%  
 Loan-to-Asset-Value<sup>1</sup>  
 5.3x  
 Dividend Coverage<sup>1</sup>

**WELL DIVERSIFIED PORTFOLIO IN**  
**128 INVESTMENTS ACROSS 36 INDUSTRIES<sup>1</sup>**

Equity Real Estate Investment Trusts (REITs)	18.2%
Health Care Providers & Services	10.4%
Consumer Finance	9.8%
Subordinated Structured Notes	8.1%
Commercial Services & Supplies	6.2%
IT Services	4.5%
Distributors	3.3%
Professional Services	2.6%
Construction & Engineering	2.4%
Air Freight & Logistics	2.4%
Textiles, Apparel & Luxury Goods	2.3%
Machinery	2.2%
Diversified Telecommunication Services	2.1%
Interactive Media & Services	2.0%
Household Durables	2.0%
Other (Multiple Industries)	21.5%



**OFFERING:**

Convertible Preferred Stock A - \$1.8B Offering  
 by Prospect Capital

**SHARE PRICE:**

Brokerage Accounts: \$25.00 per share\*  
 Advisory Accounts/RIA: \$23.25 per share\*

\*Client account statements reflect \$25.00 Stated Value

**CONTRACTUAL DIVIDEND RATE<sup>4</sup>:**

6.5%  
 per annum paid monthly<sup>5</sup>

**ACCESS TO CAPITAL:**

Liquidity from Day 1  
 subject to a 5 year declining conversion fee  
 (9%, 8%, 7%, 6%, 5%, 0%)

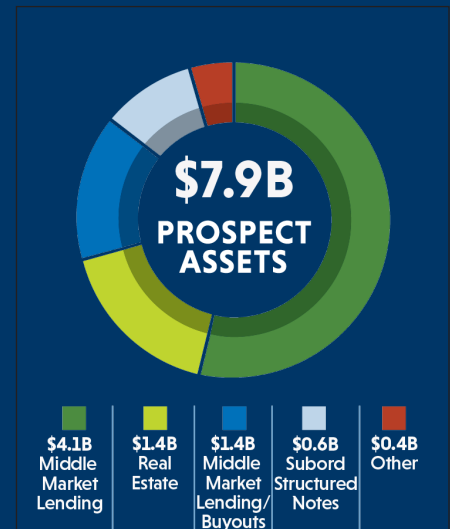
Death Put<sup>6</sup>  
 (0% conversion fee)

**PROSPECT HIGHLIGHTS**

\$20.4B  
 Invested Since 2004

20  
 Years Public Company

**Strategy Breakdown<sup>1</sup>**



# PROSPECT CAPITAL CONVERTIBLE PREFERRED STOCK

// We are proud of our long history of providing important capital to U.S. middle market businesses while delivering to our SHAREHOLDERS CONSISTENT RETURNS. //

John Barry - Chairman of the Board,  
CEO and Co-Founder

Past performance is neither indicative nor a guarantee of future results.

- 1 As of 9/30/2023. Loan-to-asset value leverage calculated as (Principal Debt Outstanding + Total Preferred Outstanding) / Total Assets. Dividend coverage ratio is net investment income for the quarter ended 9/30/2023 divided by one quarter of preferred dividends, based on the amount of preferred stock outstanding as of 9/30/2023. Includes coverage of \$148M of Series A shares with 5.35% dividend rate and \$853M of Series A1, A2, and M1 shares with 5.50% dividend rate.
- 2 Ratings current as of 11/7/2023. 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, Kroll, and DBRS, 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.
- 3 As of 9/30/2023. Based on balance sheet amounts
- 4 Any return of principal and dividends is subject to the credit risk of the issuer and terms of the offering documents
- 5 Dividends are intended to be paid monthly as authorized by the Board of Directors. The stated dividend rate on issuances of the Series A1, M1 and M2 Preferred Stock is 5.5%.
- 6 We will have a discretionary right to limit the aggregate liquidation preference of Preferred Stock subject to redemption following the death of a holder that may be exercised in any calendar year to an amount equal to the greater of \$10 million or 5% of all Preferred Stock outstanding as of the end of the most recent calendar year. Accordingly, no assurance can be given that exercise of a redemption following the death of a holder for the desired amount will be permitted in any single calendar year. Death redemption terminates upon listing of Preferred Stock.

## Important Risk Factors to Consider

An investment in PSEC Preferred Stock involves certain risks, including the risk of a substantial loss of investment. You should carefully consider the information set forth in the "Risk Factors" section of the prospectus supplement and the prospectus for a discussion of material risk factors relevant to an investment in PSEC Preferred Stock, including but not limited to the following:

- The Preferred Stock will be subject to a risk of early redemption or conversion at our option and holders may not be able to reinvest their funds.
- Holders of the Preferred Stock will bear dividend risk. We may be unable to pay dividends on the Preferred Stock under some circumstances. In addition, the terms of any future indebtedness we may incur could preclude the payment of dividends in respect of equity securities, including the Preferred Stock, under certain conditions.
- There is limited liquidity and no public trading market for the PSEC Preferred Stock and there is no guarantee that the Preferred Stock will be listed on a national securities exchange.
- The Preferred Stock pays dividends at a fixed rate. The market values of fixed income investments tend to vary inversely with changes in market yields. The market yields on securities comparable to the Preferred Stock may increase, which would likely result in a decline in the market value of the Preferred Stock if it were to be traded on a national securities exchange. Additionally, if interest rates rise, securities comparable to the Preferred Stock may pay higher dividend rates and holders of the Preferred Stock, if it were listed on a national securities exchange, may not be able to sell the Preferred Stock at the Stated Value on a national securities exchange and reinvest the proceeds at market rates. The Company may be subject to a greater risk of rising interest rates due to the current period of rising interest rates and high inflation. The Federal Reserve has aggressively begun to raise interest rates, which is likely to drive down the prices of income or dividend-paying securities. The risk that interest rates may continue to rise is pronounced.
- We will have a discretionary right to limit the aggregate Liquidation Preference of Preferred Stock subject to redemption following the death of a holder that may be exercised in any calendar year to an amount equal to the greater of \$10 million or 5% of all Preferred Stock outstanding as of the end of the most recent calendar year. Accordingly, no assurance can be given that exercise of a redemption following the death of a holder for the desired amount will be permitted in any single calendar year.
- Preferred Stock is currently rated BBB- by Egan-Jones Ratings Company and BB by S&P. The credit ratings that have been issued on the Preferred Stock could be reduced or withdrawn while an investor holds Preferred Stock. A reduction or withdrawal of the credit rating would likely have an adverse effect on the market value of the Preferred Stock following a listing. In addition, a credit rating does not eliminate or mitigate the risks of investing in the Preferred Stock.
- Senior securities, including debt and preferred stock, expose us to additional risks, including the typical risks associated with leverage and could adversely affect our business, financial condition and results of operations.
- There is no cap on the number of shares of common stock that can be issued upon the conversion of shares of Preferred Stock. The conversion of the Preferred Stock into shares of common stock could cause the price of common stock to decline significantly.
- Our obligations to pay dividends or make distributions and, upon liquidation of us, liquidation payments in respect of the Preferred Stock is subordinate to our obligations to make any principal and interest payments due and owing with respect to our outstanding debt.
- In the event we do not generate a total return from dividends and interest received and net realized capital gains in an amount at least equal to our distributions for a given year, we may return capital as part of its distribution. This would decrease the asset coverage per shares with respect to the Preferred Stock, which could adversely affect their liquidity or market prices.
- The price of our common stock may fluctuate significantly during calculation and settlement of a holder conversion, and this may make it difficult for you to resell the Preferred Stock or common stock issuable upon conversion of the Preferred Stock when you want or at prices you find attractive.

**Summary of fees and expenses:** We will be subject to the following fees and expenses as part of the offering: selling commissions, dealer manager fees, and other offering expenses. Investors should consider the investment objectives, risks, charges and expenses of the investment company carefully before investing. The prospectus supplement and the accompanying prospectus contain this and other relevant information. Investors should read the prospectus supplement and accompanying prospectus carefully before investing. Investors may obtain the prospectus supplement and accompanying prospectus from your sales representative or Preferred Capital Securities at (855) 330-6594.

## FOR MORE OFFERING INFORMATION PLEASE CONTACT YOUR FINANCIAL ADVISOR

These and other risks may impact the company's financial condition, operating results, returns to its investors, and ability to make distributions as stated in the company's prospectus.

This material contains forward-looking statements relating to the business and financial outlook of Prospect Capital Corporation, that are based on the company's current expectations, estimates, forecasts, and projections, and are not guarantees of future performance. Actual results may differ materially from those expressed in these forward-looking statements, and you should not place undue reliance on any such statements. A number of important factors could cause actual results to differ materially from the forward-looking statements contained in this material. Such factors include those listed above, and those described in the "Risk Factors" section of the company's prospectus. Forward-looking statements in this material speak only as of the date on which such statements were made, and the company undertakes no obligation to update or revise any such statements whether as a result of new information, future events or otherwise.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED ANY OFFERING OF PROSPECT CAPITAL CORPORATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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