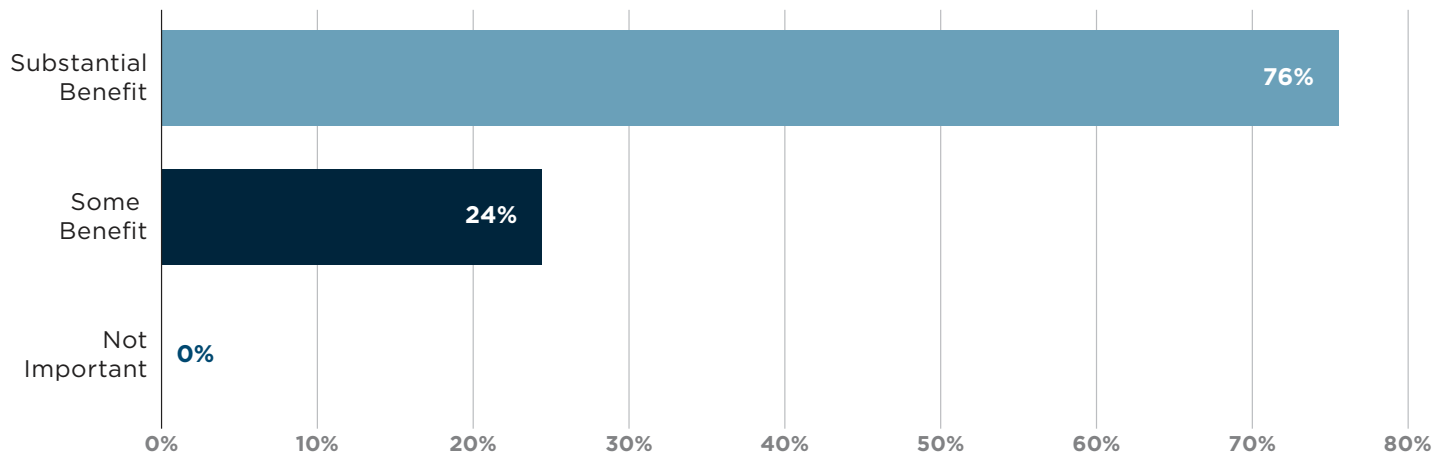




Survey Results

How beneficial is it when middle-market senior lenders have financial covenants in their loans?



NXT Capital's latest Eye on Private Credit recently asked investors how beneficial it is for middle-market lenders to have financial covenants in their loans.

All respondents believe in the value of requiring borrowers to meet regular financial tests, with 76% considering financial covenants to provide substantial benefit.

From the perspective of a lender, strong fundamental credit analysis is still the best foundation for underwriting borrowers. However, appropriate loan documentation and lender protections remain critical attributes to recovery rates in challenged situations. The presence of a financial covenant provides for greater influence on deteriorating situations sooner rather than later.

Even with the growth of cov-lite issuance in today's loan market, at NXT Capital our conservative approach means we hold firm on obtaining financial covenant protection in every investment.

Thank you to all who participated in the survey.

If you have any other questions, comments or feedback you would like to share please e-mail marketing@nxtcapital.com.

Survey was conducted in March/April 2022.

This information is not being provided as any impartial investment recommendation or investment advice. Information provided by NXT Capital, LLC. Asset management services provided by NXT Capital Investment Advisers, LLC.