

REFINITIV

# DELTA REPORT

## 10-K

PSBD - PALMER SQUARE CAPITAL BDC

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

**TOTAL DELTAS** 2107

■ CHANGES	203
■ DELETIONS	774
■ ADDITIONS	1130

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022 December 31, 2023

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 000-56126

Palmer Square Capital BDC Inc.

(Exact name of registrant as specified in its charter)

**Maryland**

**84-3665200**

(State or Other Jurisdiction of  
Incorporation or Organization)

(I.R.S. Employer  
Identification No.)

1900 Shawnee Mission Parkway, Suite 315,  
Mission Woods, KS

**66205**

(Address of Principal Executive Offices)

(Zip Code)

(816) 994-3200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

**Title of each class**

**Trading Symbol(s)**

**Name of each exchange on which registered**

None Common Stock, par value \$0.001 per share

None PSBD

None New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Common Stock, par value \$0.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2023 has not been provided because trading of the registrant's common stock on The New York Stock Exchange did not commence until January 18, 2024. There were 24,408,165 32,552,794 issued and outstanding shares of the issuer's registrant's common stock, \$0.001 par value per share, on February 28, 2023 February 28, 2024.

Documents Incorporated by Reference

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## PART I

*Unless indicated otherwise in this Annual Report on Form 10-K or the context requires otherwise, the terms:*

- “we,” “us,” “our,” and the “Company” refer to Palmer Square Capital BDC Inc.;
- “Palmer Square” or “PSCM” refers collectively to Palmer Square Capital Management LLC and its subsidiaries and other affiliated entities;
- “Investment Advisor” refers to Palmer Square BDC Advisor LLC, a majority-owned subsidiary of Palmer Square and our investment adviser;
- “Administrator” refers to the Investment Advisor, in its capacity as our administrator; and
- “stockholders” refers to holders of our common stock, par value \$0.001 per share.

### Item 1. Business

#### Overview

We are a financial services company that primarily lends to and invests in corporate debt securities of companies, including small to large private U.S. companies. We were organized as a Maryland corporation on August 26, 2019 and are structured as an externally managed, non-diversified closed-end management investment company. We have elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). Beginning with our taxable year ended December 31, 2020, we have elected to be treated as a regulated investment company (a “RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”), and we expect to qualify as a RIC annually.

On January 22, 2024, we completed our initial public offering (the “IPO”) issuing 5,450,000 shares of common stock, par value \$0.001, at a public offering price of \$16.45 per share. Our common stock began trading on the New York Stock Exchange under the symbol “PSBD” on January 18, 2024.

We are externally managed by the Investment Advisor, an investment adviser that is registered with the Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”), pursuant to an amended and restated investment advisory agreement between us and the Investment Advisor (the “Advisory Agreement”). Subject to the supervision of our Board of Directors (the “Board”), a majority of which is comprised made up of directors that are not “interested persons” as defined in Section 2(a)(19) of the 1940 Act (the “Independent Directors”), our Investment Advisor manages our day-to-day operations and provides us with investment advisory and management services and certain administrative services. The Investment Advisor, in its capacity as Administrator, provides the administrative services necessary for us to operate pursuant to an administration agreement between us and the Administrator (the “Administration Agreement”). The Administrator has entered into a sub-administration agreement (the “Sub-Administration Agreement”) to delegate certain administrative functions to U.S. Bancorp Fund Services, LLC (the “Sub-Administrator”). Our Investment Advisor is a majority-owned subsidiary of Palmer Square, PSCM, which is a privately-held firm specializing in global alternative (non-traditional) investments with a total return orientation.

Our investment objective is to maximize total return, comprised of current income and capital appreciation. Our current investment focus is guided by two strategies that facilitate our investment opportunities and core competencies: (1) investing in corporate debt securities and, to a lesser extent, (2) investing in collateralized loan obligation (“CLO”) structured credit funds that typically own corporate debt securities, including the equity and junior debt tranches of CLOs. To a limited extent, we may enter into derivatives transactions, which may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates or to earn income and enhance our total returns. We may also receive or purchase warrants or other rights to acquire equity or other similar securities or otherwise purchase such securities in connection with making a debt investment in a company. We will continue to evaluate other investment strategies in the ordinary course of business with no specific top-down allocation to any single investment strategy.

We have two wholly-owned subsidiaries, (PS Palmer Square BDC Funding I LLC (“PS BDC Funding”) and Palmer Square BDC Funding II LLC (“PS BDC Funding II”)), that were established in connection with our obtaining credit facilities from third party lenders. The accounts of these subsidiaries are consolidated in the Company’s financial statements. We “look through” such subsidiaries to determine our compliance with the provisions of the 1940 Act, including provisions governing capital structure and leverage. leverage, and such subsidiaries comply with such provisions on an aggregate basis with us (Section 18 of the 1940 Act).

#### Our Portfolio

As of December 31, 2022 December 31, 2023, we had 204 227 debt and private fund equity investments in 176 191 portfolio companies with an aggregate fair value and we had total assets of approximately \$966.9 million \$1.0 billion.

Listed below are our top ten portfolio companies and industries (excluding short-term investments) represented as a percentage of total assets as of December 31, 2023:

Portfolio Company	2023
Idera, Inc.	1.3%
Aptean Inc	1.2%
Vision Solutions, Inc.	1.2%
Minotaur Acquisition, Inc.	1.1%
Gainwell Acquisition Corp.	1.0%
Infinite Bidco, LLC	1.0%
Acisure, LLC	1.0%
Delta Topco, Inc.	0.9%
Barracuda Networks, Inc.	0.9%
Invanti Software, Inc.	0.9%
Industry	2023
Software	13.9%
Healthcare Providers and Services	9.2%
Professional Services	7.1%
IT Services	6.6%
Insurance	5.8%
Diversified Financial Services	4.2%
Hotels, Restaurants and Leisure	4.1%
Media	3.7%
Independent Power and Renewable Electricity Producers	3.4%
Chemicals	2.9%

Listed below are our top ten portfolio companies and industries (excluding short-term investments) represented as a percentage of total assets as of December 31, 2022:

Portfolio Company	2022
Idera, Inc.	1.3%
Peraton Corp.	1.2%
Inmar, Inc.	1.1%
Minotaur Acquisition, Inc.	1.1%
Vision Solutions, Inc.	1.0%
Acisure, LLC	1.0%
Barracuda Networks, Inc.	0.9%
Moneygram International, Inc.	0.9%
Micro Holding Corp.	0.9%
Wilsonart LLC	0.9%
Industry	2022
Software	12.3%
Healthcare Providers and Services	9.4%
IT Services	8.0%
Professional Services	5.7%
Insurance	5.6%
Hotels, Restaurants and Leisure	3.7%
Building Products	3.6%
Chemicals	3.1%
Media	3.1%
Independent Power and Renewable Electricity Producers	2.7%

Listed below are our top ten portfolio companies and industries represented as a percentage of total assets (excluding short-term investments) as of December 31, 2021:

Portfolio Company	2021
Vision Solutions, Inc.	1.1%
Inmar, Inc.	1.1%
Idera, Inc.	1.1%
Peraton Corp.	1.0%
Acisure, LLC	0.9%
Help/Systems Holdings, Inc.	0.9%
Quest Software US Holdings Inc	0.8%
Dotdash Meredith, Inc.	0.8%
Micro Holding Corp.	0.8%

Specialty Building Products Holdings, LLC	0.8%
<b>Industry</b>	<b>2021</b>
Healthcare Providers and Services	10.5%
Software	10.0%
IT Services	9.2%
Professional Services	6.3%
Insurance	5.6%
Media	3.8%
Hotels, Restaurants and Leisure	3.4%
Independent Power and Renewable Electricity Producers	3.1%
Oil, Gas and Consumable Fuels	2.9%
Building Products	2.9%

#### **The Investment Advisor**

The Investment Advisor serves as our investment adviser pursuant to the Advisory Agreement and manages our day-to-day operations and provides us with investment advisory and management services and certain administrative services. The investment team (the “Investment Team”) of our Investment Advisor is responsible for identifying investment opportunities, conducting research and due diligence on prospective investments, structuring our investments and monitoring and servicing our investments. As of December 31, 2022 December 31, 2023, the Investment Team was comprised of 23 28 investment professionals, all of whom dedicate a substantial portion of their time to the Company. In addition, the team has five eight dedicated operations professionals. In addition, the The Investment Advisor believes that it has best-in-class experienced support personnel, including individuals with expertise in risk management, legal, accounting, tax, information technology and compliance, among others.

The Investment Team employs a blend of top-down and granular, bottom-up fundamental credit analysis. The senior members of the Investment Team have been actively involved in the alternative credit investing market for an average of 20 22 years and have built strong relationships with private equity sponsors, banks and financial intermediaries. The Investment Advisor has an investment committee (the “Investment Committee”) comprised of four members that is responsible for approving all of our investments and is responsible for the day to day day-to-day management of the portfolio. See “Item 1. Business—Investment Committee” below for a discussion of the Investment Committee.

The Investment Advisor has entered into a Resource Sharing Agreement (the “Resource Sharing Agreement”) with Palmer Square, PSCM, pursuant to which Palmer Square PSCM provides the Investment Advisor with access to the resources of Palmer Square, PSCM, including the Investment Team, so as to enable the Investment Advisor to fulfill its obligations under the Advisory Agreement. Through the Resource Sharing Agreement, the Investment Advisor capitalizes on the significant deal origination, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of Palmer Square’s PSCM’s investment professionals.

#### **Palmer Square Capital Management**

Palmer Square PSCM is a Delaware limited liability company formed in 2009 and had approximately \$25.4 billion \$29.5 billion in assets under management as of December 31, 2022. Palmer Square manages December 31, 2023 with approximately \$3.4 billion in assets under management in opportunistic strategies (which includes the Company), approximately \$3.4 billion in assets under management in income/short duration strategies and approximately \$22.7 billion in assets under management in private credit/structured credit issuance strategies. PSCM and its affiliates, including the Investment Advisor, manage portfolios of both corporate credit and structured credit as well as diverse strategies designed with the intent to achieve high risk-adjusted returns over market cycles. We believe Palmer Square’s PSCM’s experience in analyzing companies and investment structures provides a sustainable competitive advantage over other firms. Palmer Square PSCM is 100% management owned and is led by Christopher D. Long and Angie K. Long. The firm is an SEC registered investment adviser.

## Investment Advisory Agreement

Subject to the overall supervision of our Board and in accordance with the 1940 Act, the Investment Advisor manages our day-to-day operations and provides investment advisory services to us. Under the terms of the Advisory Agreement, our Investment Advisor:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of the investments we make;
- performs due diligence on prospective portfolio companies;
- executes, closes, services and monitors the investments we make;
- determines the securities and other assets that we purchase, retain or sell; and
- provides us with such other investment advisory, research and related services as we may, from time to time, reasonably require for the investment of our funds.

Pursuant to the Advisory Agreement, we pay the Investment Advisor a fee for its investment advisory and management services consisting of two components—a base management fee and, subsequent to the listing of the Company's common stock on a national securities exchange (a "Listing"), IPO, an incentive fee (the "Income Incentive Fee"). The cost of both the base management fee and, subsequent to a Listing, the IPO, the Income Incentive Fee, is ultimately borne by our stockholders.

### Base Management Fee

In return for providing management services to the Company, the Company pays the Investment Advisor a base management fee. Upon completion of the IPO, the base management fee is calculated and paid quarterly at an annual rate of 2.00% 1.75% of the average value of the weighted average (based on the number of shares outstanding each day in the quarter) of the Company's total net assets at the end of the two most recently completed calendar quarters. The base management fee for any partial quarter will be pro-rated based on the number of days actually elapsed in that quarter relative to the total number of days in such quarter.

Prior to the IPO, the base management fee was 2.00% of the average value of the weighted average (based on the number of shares outstanding each day in the quarter) of the Company's total net assets at the end of the two most recently completed calendar quarters. The Investment Advisor, however, has during any period prior to the IPO, agreed to waive its right to receive management fees in excess of an annual rate of 1.75% of the average value of the weighted average total net assets during any period prior to a Listing. If a Listing does not occur, such fee waiver will remain in place through liquidation at the end of each of the Company's two most recently completed calendar quarters. The Investment Advisor will not be permitted to recoup any base management fees waived amounts at for any period of time and the waiver may only be modified or terminated prior to a Listing with the approval of the Board. IPO.

## Incentive Fee

Pursuant to the Advisory Agreement, the Investment Advisor is not entitled to an incentive fee prior to a Listing. Following a Listing, the IPO because the Advisory Agreement provides that no incentive fee is payable prior to the IPO. Effective upon completion of the IPO, the Investment Advisor will be entitled to the Income Incentive Fee based on the Company's pre-incentive fee net investment income for the then most recently completed calendar quarter, as adjusted downward (but not upward) if over the most recently completed and three preceding calendar quarters since the IPO (or if shorter, the number of calendar quarters since the IPO) (each such period is referred to herein as the "Trailing Twelve Quarters") aggregate net realized losses on the Company's investments exceed the Company's aggregate net investment income over the same period, excluding the most recently completed quarter, as described in more detail below. In this regard, if the Company's net realized losses over the most recently completed and three preceding Trailing Twelve Quarters since the IPO (or if shorter, the number of calendar quarters since the IPO) are greater than the Company's net investment income over the same period, excluding the most recently completed quarter, then the pre-incentive fee net income used in the calculation of the Income Incentive Fee would be subject to a downward adjustment. The amount of the adjustment would be equal to the amount by which such net realized losses exceed such net investment income. On the other hand, if the Company's net investment income over the most recently completed and three preceding Trailing Twelve Quarters since the IPO (or if shorter, the number of calendar quarters since the IPO) is equal to or greater than the Company's net realized losses over the same period, excluding the most recently completed quarter, then no adjustment to pre-incentive fee net investment income would be made. The Income Incentive Fee will be calculated and payable quarterly in arrears commencing with the first calendar quarter following a Listing, the IPO. The Company will pay the Investment Advisor an Income Incentive Fee with respect to its "adjusted net investment income" in each calendar quarter as follows:

- no Income Incentive Fee in any calendar quarter in which the Company's "adjusted net investment income" does not exceed an amount equal to a "hurdle rate" of 1.5% per quarter (6% annualized) of the Company's total net assets at the end of that quarter (the "Hurdle Amount");
- 100% of the Company's "adjusted net investment income" with respect to that portion of such "adjusted net investment income," if any, that exceeds the Hurdle Amount but is less than or equal to an amount (the "Catch-Up Amount") determined on a quarterly basis by multiplying 1.6875% by the Company's total net asset value for the immediately preceding calendar quarter. The Catch-Up Amount is intended to provide the Investment Advisor with an incentive fee of 12.5% on all of the Company's "adjusted net investment income" when the Company's "adjusted net investment income" reaches the Catch-Up Amount in any calendar quarter; and
- for any calendar quarter in which the Company's "adjusted net investment income" exceeds the Catch-Up Amount, the Income Incentive Fee shall equal 12.5% of the amount of the Company's "adjusted net investment income" for the calendar quarter.

"Adjusted net investment income" means the Company's "pre-incentive fee net investment income" during the then most recently completed calendar quarter minus the difference, if positive, between (i) the Company's "net realized losses" over the then most recently completed and three preceding calendar quarters Trailing Twelve Quarters (or if shorter, the number of calendar quarters that have occurred since the Listing) IPO and (ii) the Company's "net investment income" over the three preceding Trailing Twelve Quarters (excluding the then most recently completed calendar quarters (or if shorter, the number of calendar quarters that have occurred since the Listing) quarter). No adjustment (downward or upward) will be made to "pre-incentive fee net investment income" if the difference between clause (i) minus clause (ii) is zero or negative.

"Pre-incentive fee net investment income" means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including the base management fee, any expenses payable under the Administration Agreement, and any interest expense and dividends paid on any outstanding preferred stock, but excluding the Income Incentive Fee). "Pre-incentive fee net investment income" includes, in the case of investments with a deferred interest feature such as market discount, original issue discount ("OID"), debt instruments with payment-in-kind ("PIK") interest, preferred stock with PIK dividends and zero-coupon securities, accrued income that the Company has not yet received in cash.

“Net realized losses” in respect of a particular period means the difference, if positive, between (i) the aggregate realized capital losses on the Company’s investments in such period and (ii) the aggregate realized capital gains on the Company’s investments in such period. As noted above, “net realized losses” will not by itself cause an upward adjustment to adjusted net investment income. “Net investment income” in respect of the particular period means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies but excluding fees for providing managerial assistance) accrued during the particular period, minus operating expenses for the particular period (including the base management fee, the Income Incentive Fee, any expenses payable under the Administration Agreement, and any interest expense and dividends paid on any outstanding preferred stock). “Net investment income” includes, in the case of investments with a deferred interest feature such as market discount, OID, debt instruments with PIK interest, preferred stock with PIK dividends and zero-coupon securities, accrued income that the Company has not yet received in cash.

The Income Incentive Fee amount, or the calculations pertaining thereto, as appropriate, will be pro-rated for any period less than a full calendar quarter.

Effective upon completion of the IPO, the Investment Advisor has also agreed to use the most recently completed and three preceding calendar quarters (each such period is referred to herein as the “Trailing Four Quarters”) in addition to the Trailing Twelve Quarters to compute the incentive fee payable to it by the Company. In conjunction therewith, the Investment Advisor has agreed to calculate the incentive fee based on the Trailing Twelve Quarters and the Trailing Four Quarters and in the event that any Trailing Four Quarter period calculation produces a lower incentive fee as compared to the applicable Trailing Twelve Quarter period calculation for any quarterly period, then the Trailing Four Quarter Period will be used in connection with the calculation of the incentive fee payable to the Investment Advisor by the Company for such quarter.

The following is a graphical representation of the calculation of the Income Incentive Fee based on “adjusted net investment income” that will be in place subsequent to a Listing: the IPO.

Example 1—Income Incentive Fee:

*Assumptions*

- Hurdle rate<sup>(1)</sup> = 1.5%
- Base management fee<sup>(2)</sup> = 0.50% 0.4375%
- Other expenses (legal, accounting, custodian, transfer agent, etc.)<sup>(3)</sup> = 0.20%

#### Alternative 1 - The Company is below the hurdle

##### Additional Assumptions

- Investment income (including interest, dividends, fees, etc.) = **1.25%** **1.20%**
- Pre-incentive fee net investment income (investment income **1.25%** (base management fee + other expenses)) = **0.55%** **0.5625%**
- Net realized losses (realized capital losses — realized capital gains) = 0.00%<sup>(4)</sup>
- Adjusted net investment income (pre-incentive fee net investment income — ([if positive] (net realized losses - net investment income))) = **0.55%** **0.5625%**<sup>(5)</sup>

Adjusted net investment income does not exceed the hurdle rate, therefore there is no Income Incentive Fee.

#### Alternative 2 - The Company exceeds the hurdle

##### Additional Assumptions

- Investment income (including interest, dividends, fees, etc.) = 2.30%
- Pre-incentive fee net investment income (investment income **2.30%** (base management fee + other expenses)) = **1.60%** **1.6625%**
- Net realized losses (realized capital losses — realized capital gains) = 0.00%<sup>(4)</sup>
- Adjusted net investment income (pre-incentive fee net investment income — ([if positive] (net realized losses - net investment income))) = **1.60%** **1.6625%**<sup>(5)</sup>

Adjusted net investment income exceeds hurdle rate, therefore there is an Income Incentive Fee.

##### Income Incentive Fee

$$\begin{aligned} &= 100\% \times \text{"Catch-Up"} + \text{the greater of } 0\% \text{ AND } (12.5\% \times (\text{adjusted net investment income} - 1.6875\%)) \\ &= (100\% \times (1.6000\% (1.6625\% - 1.5000\%)) + 0\% \\ &= 100\% \times 0.1000\% 0.1625\% \\ &= \mathbf{0.1000\% 0.1625\%} \end{aligned}$$

- (1) Represents a quarter of the 6.0% annualized hurdle rate.
- (2) Represents a quarter of the **2.0%** **1.75%** annualized base management fee.
- (3) Excludes offering expenses.
- (4) The calculation of "realized capital losses" and "realized capital gains" are amounts over the **four twelve** calendar quarters immediately preceding the payment date.
- (5) If the amount of net realized losses over the **most recently completed and three calendar quarters Trailing Twelve Quarters** preceding the payment date (or, alternatively, the **Trailing Four Quarters preceding the payment date**) exceeds the amount of net investment income over the same period, excluding the most recently completed quarter, then the amount of adjusted net investment income is reduced by that amount. Otherwise, the amount of adjusted net investment income is not changed.

### Alternative 3 - The Company exceeds the catch-up

#### Additional Assumptions

- Investment income (including interest, dividends, fees, etc.) = 2.70%
- Pre-incentive fee net investment income (investment income - (base management fee + other expenses)) = **2.00%** 2.0625%
- Net realized losses (realized capital losses — realized capital gains) = 0.00%<sup>(4)</sup>
- Adjusted net investment income (pre-incentive fee net investment income — ([if positive] (net realized losses - net investment income))) = **2.00%** 2.0625%<sup>(5)</sup>

Adjusted net investment income exceeds hurdle rate, therefore there is an Income Incentive Fee.

#### Income Incentive Fee

$$\begin{aligned} &= 100\% \times \text{"Catch-Up"} + \text{the greater of 0\% AND } (12.5\% \times (\text{adjusted net investment income } \textcolor{red}{+} 1.6875\%)) \\ &= (100\% \times (1.6875\% - 1.5000\%)) + (12.5\% \times \textcolor{red}{(2.0000\% (2.0625\% - 1.6875\%))}) \\ &= 0.1875\% + (12.5\% \times \textcolor{red}{0.3125\% 0.3750\%}) \\ &= 0.1875\% + \textcolor{red}{0.0039\% 0.0469\%} \\ &= \textcolor{red}{0.1914\% 0.2344\%} \end{aligned}$$

### Alternative 4 - The Company does not exceed the hurdle due to net realized losses

#### Additional Assumptions

- Investment income (including interest, dividends, fees, etc.) = 2.30%
- Pre-incentive fee net investment income (investment income  $\textcolor{red}{+}$  (base management fee + other expenses)) = **1.60%** 1.6625%
- Net realized losses (realized capital losses — realized capital gains) = 9.00%<sup>(4)</sup>
- Adjusted net investment income (pre-incentive fee net investment income — ([if positive] (net realized losses - net investment income)))<sup>(5)(6)</sup>

$$\begin{aligned} &= \textcolor{red}{1.60\% 1.6625\%} - (9.00\% - 8.00\%) \\ &= \textcolor{red}{1.60\% 1.6625\%} - 1.00\% \\ &= \textcolor{red}{0.60\% 0.6625\%} \end{aligned}$$

Adjusted net investment income does not exceed the hurdle rate, therefore there is no Income Incentive Fee.

- (4) The calculation of "realized capital losses" and "realized capital gains" are amounts over the **four twelve** calendar quarters immediately preceding the payment date.
- (5) If the amount of net realized losses over the **most recently completed and three calendar quarters Trailing Twelve Quarters** preceding the payment date (or, alternatively, the **Trailing Four Quarters preceding the payment date**) exceeds the amount of net investment income over the same period, excluding the most recently completed quarter, then the amount of adjusted net investment income is reduced by that amount. Otherwise, the amount of adjusted net investment income is not changed.
- (6) The example assumes 8.00% net investment income over the **three twelve** calendar quarters preceding the most recently completed quarter.

#### *Payment of Our Expenses*

All professionals of the Investment Advisor, when and to the extent engaged in providing investment advisory and management services to us, and the compensation and routine overhead expenses of personnel allocable to these services to us, are provided and paid for by the Investment Advisor and not by us. We bear all other out-of-pocket costs and expenses of our operations and transactions.

#### *Duration and Termination*

The Advisory Agreement was approved by the Board on November 13, 2019 for an initial two-year term. Unless terminated earlier as described below, the Advisory Agreement will remain in effect from year to year if approved annually by our Board or by the affirmative vote of the holders of a majority of our outstanding voting securities, and, in either case, if also approved by a majority of our Independent Directors. At a meeting held on March 10, 2022, our Board approved an amended and restated Advisory Agreement, to be effective upon completion of the IPO. Our Board most recently determined to re-approve the Advisory Agreement for an additional one-year term ending January 13, 2024 January 13, 2025 at a meeting held on November 10, 2022 November 9, 2023. The Advisory Agreement automatically terminates in the event of its assignment, as defined in the 1940 Act, by the Investment Advisor and may be terminated by either party without penalty upon not less than 60 days' written notice to the other. The holders of a majority of our outstanding voting securities may also terminate the Advisory Agreement without penalty upon 60 days' written notice.

The Advisory Agreement provides that, absent criminal conduct, willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations under the Advisory Agreement, the Investment Advisor and its professionals and any other person or entity affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of our Investment Advisor's services under the Advisory Agreement or otherwise as our investment adviser.

#### *Administration Agreement*

The Company has entered into Investment Advisor, in its capacity as Administrator, provides the Administration Agreement with administrative services necessary for us to operate pursuant to an administration agreement between us and the Administrator. Administrator (the "Administration Agreement"). Pursuant to the Administration Agreement, the Administrator furnishes office facilities and equipment and provides clerical, bookkeeping, compliance, recordkeeping and other administrative services at such facilities. Under the Administration Agreement, the Administrator performs, or oversees the performance of, required administrative services, which include being responsible for the financial and other records that the Company is required to maintain and preparing reports to stockholders and reports and other materials filed with the SEC. In addition, the Administrator assists the Company in determining and publishing the Company's net asset value, overseeing the preparation and filing of tax returns and the printing and dissemination of reports and other materials to stockholders, and generally overseeing the payment of expenses and the performance of administrative and professional services rendered to the Company by others. Under the Administration Agreement, the Administrator also provides managerial assistance on the Company's behalf to those portfolio companies that have accepted the offer to provide such assistance.

Under the Administration Agreement, the Company reimburses the Administrator based upon its allocable portion of the Administrator's overhead (including rent) in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions and the Company's allocable portion of the cost of its officers (including the Company's Chief Financial Officer and Chief Compliance Officer), and any of their respective staff who provide services to the Company, operations staff who provide services to the Company, and internal audit staff, if any, to the extent internal audit performs a role in the Company's Sarbanes-Oxley internal control assessment. In addition, if requested to provide managerial assistance to portfolio companies, the Administrator is reimbursed based on the services provided. The Administration Agreement has an initial term of two years and may be renewed with the approval of the Board. Our Board most recently determined to re-approve the Administration Agreement for an additional one-year term ending January 13, 2024 January 13, 2025 at a meeting held on November 10, 2022 November 9, 2023. The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other party. To the extent that the Administrator outsources any of its functions, the Company pays the fees associated with such functions on a direct basis without any incremental profit to the Administrator.

In addition, the Administrator has pursuant also entered into an agreement (the “Sub-Administration Agreement”) to the Sub-Administration Agreement, engaged the Sub-Administrator to delegate certain administrative functions to act on behalf of the Company’s Administrator in the performance of certain other administrative services. U.S. Bancorp Fund Services, LLC (the “Sub-Administrator”). The Company has also engaged U.S. Bank, National Association Equiniti Trust Company, LLC or its affiliates (“U.S. Bank” Equiniti”) directly to serve as custodian, transfer agent, registrar and dividend disbursing agent and engaged U.S. Bank or its affiliates directly to serve as custodian. Prior to the Company’s engagement of Equiniti upon the closing of the IPO, U.S. Bank served as the Company’s transfer agent, distribution paying agent and registrar.

## Market Opportunity

The Investment Team believes that existing market conditions, including those set forth below, have combined to create an attractive investment environment for us:

**Large Addressable Market Opportunity.** Macro volatility resulting from geopolitical tensions, inflationary pressures and rising interest rates has led to increased opportunities in the secondary loan market, in addition to presenting higher yielding opportunities in the private credit markets. As of the date of this report, we believe the pipeline for the primary loan market is building as debt capital markets have become more active in the past few months. In addition, we also believe demand for floating rate loans has remained strong due to the meaningful increase in yields.

**Risk Adjusted Returns.** Broadly-syndicated fixed and floating rate loans and corporate debt provides an opportunity set that the Investment Team believes offers an attractive, risk-adjusted return, including through NAV growth from current portfolio market price improvement and total return opportunities for broadly syndicated loans. Specifically, the Investment Team believes it can mitigate risk and achieve our investment objective by: (i) seeking the best relative value, which may equate to buying new loans or other corporate debt issuances at a discount or purchasing in the secondary market, and (ii) seeking to buy loans or other corporate debt issuances that the Investment Team believes have strong fundamentals and low default risk and are capable of withstanding significant downward pricing pressure.

**Expansion of Corporate Debt Market.** The corporate debt market segment on which the Investment Team focuses is industry diverse and large, and includes small to large U.S. companies. In addition, we believe that private equity sponsors have a large pool of uninvested private equity capital. The Investment Team believes private equity firms are poised to deploy meaningful amounts of capital, thus creating ongoing investment opportunities for private lenders such as us.

**Regulatory Environment and Opportunity for Alternative Lenders.** Traditional banks have reduced their lending activities to smaller private companies in recent years and bank stakeholders, including shareholders, lenders and regulators, continue to exert pressure to contain the amount of these types of assets held on bank balance sheets. Examples of this include continued investor focus on the amount of assets whose fair value cannot be determined by using observable measures, or “Level 3 assets,” held on bank balance sheets. As a result, of decreased lending by banks to smaller private companies, the Investment Team believes there are increased opportunities for alternative lenders such as us to fill the void. us.

**CLO Equity and Debt.** The Investment Team believes that CLO equity and debt has been a tremendous source of returns for investors historically and has the potential to offer investors high cash on cash returns with low credit risk and low correlation to traditional asset classes. Because CLO securities are floating rate instruments designed to mitigate interest rate sensitivity, investors may not directly suffer the same adverse effects that other asset classes may experience due to rising interest rates. The Investment Team has a strong track record of investing in CLO equity and debt, and believes that CLO investments continue to offer attractive relative value.

## Financing Arrangements

### Bank of America Credit Facility

On February 18, 2020, the Company, through a special purpose wholly-owned subsidiary, Palmer Square PS BDC Funding I LLC (“PS BDC Funding” and together with the Company, the “Borrowers”) entered into a Credit Agreement (the “Credit Agreement”) with certain financial institutions as lenders (“Lenders”), Bank of America, N.A. as the administrative agent (“BofA N.A.”) and BofA Securities, Inc. (“BofA Securities”), as Lead Arranger and Sole Book Manager, pursuant to which the Lenders agreed to provide the Company with a revolving line of credit (the “BoA Credit Facility”).

Under the BoA Credit Facility, which matures on February 18, 2025, the Lenders have agreed to extend credit to PS BDC Funding in an aggregate amount up to the Commitment (as defined in the Credit Agreement) amount. The Commitment amount for the BoA Credit Facility was \$200.0 million as of the closing date of the Credit Agreement, increased to \$400.0 million on the one-month anniversary of the closing date, further increased to \$475.0 million on October 12, 2020, and further increased to is currently \$725 million on September 29, 2021. The Borrowers' ability to draw under the BoA Credit Facility is scheduled to terminate on February 11, 2025. All amounts outstanding under the BoA Credit Facility are required to be repaid by February 18, 2025.

The loans under the BoA Credit Facility may be base rate loans or eurocurrency rate Secured Overnight Financing Rate ("SOFR") loans. The base rate loans will bear interest at the base rate plus 1.30% 1.40%, and the eurocurrency rate SOFR loans will bear interest at the London Interbank Offered Rate ("LIBOR") 1-month SOFR plus 1.30% 1.40% or 3-month SOFR plus 1.45%. The "base rate" will be equal to the highest of (a) the federal funds rate plus 0.5% 0.50%, (b) the prime rate, and (c) LIBOR 1-month or 3-month SOFR plus 0.10%. The Credit Agreement includes fallback language in the event that LIBOR SOFR becomes unavailable. Interest pursuant to base rate loans is payable quarterly in arrears, and interest pursuant to eurocurrency SOFR loans is payable either quarterly or monthly, as specified by the Borrowers in a loan notice pertaining thereto. The Credit Agreement requires the payment of a commitment fee of 0.50% for unused Commitments until the four-month anniversary of the Second Amendment to the Credit Agreement. Thereafter, the commitment fee is 0.50% on unused Commitments up to 30% of the BoA Credit Facility, and 1.30% on unused Commitments in excess of 30% of the BoA Credit Facility. Such fee is payable quarterly in arrears. The advance rate for PS BDC Funding's Eligible Collateral Assets ranges from 40% for Second Lien Bank Loans to 70% for First Lien Bank Loans that are B Assets to 100% for Cash (excluding Excluded Amounts) (as each such term is defined in the Credit Agreement).

PS BDC Funding has pledged all of its assets to BofA N.A., in its capacity as Administrative Agent, to secure its obligations under the BoA Credit Facility. Both the Company and PS BDC Funding have made customary representations and warranties and are required to comply with various covenants, reporting requirements, and other customary requirements for similar credit facilities. Borrowing under the BoA Credit Facility is subject to the leverage restrictions contained in the 1940 Act and PS BDC Funding complies with 1940 Act provisions relating to affiliated transactions and custody (Section 17, as modified by Section 57, of the 1940 Act). The custodian of the assets pledged to BofA N.A. pursuant to the BoA Credit Facility is U.S. Bank National Administration. The obligations under the Credit Agreement may be accelerated upon the occurrence of an event of default under the Credit Agreement, including in the event of a change of control of PS BDC Funding or if the Investment Advisor ceases to serve as investment adviser to the Company.

As of December 31, 2022 December 31, 2023, we had approximately \$514.5 million \$504.0 million principal outstanding and \$210.5 million \$221.0 million of available Commitments under the BoA Credit Facility, and PS BDC Funding was in compliance with the applicable covenants in the BoA Credit Facility on such date.

#### **Wells Fargo Credit Facility**

On December 18, 2020, the Company, through a special purpose wholly-owned subsidiary, Palmer Square PS BDC Funding II LLC ("PS BDC Funding II" and together (together with the Company, the "WF Borrowers") entered into a Loan and Security Agreement (the "Loan Agreement") with certain financial institutions as lenders ("WF Lenders"), Wells Fargo Bank, National Association as the administrative agent ("WFB") and U.S. Bank National Association ("U.S. Bank"), as Collateral Agent and Custodian, pursuant to which the WF Lenders agreed to provide the Company with a line of credit (the "WF Credit Facility").

Under On December 18, 2023, the Company entered into an amendment to the WF Credit Facility which matures on December 18, 2025, the WF Lenders have agreed to extend credit to PS BDC Funding II in an aggregate amount up to the (the "WF Credit Facility Amount (as defined in the Loan Agreement). The Facility Amount for Fourth Amendment") that amends the WF Credit Facility was \$150.0 million as of to, among other things: (i) increase the closing date of the Loan Agreement. The WF Borrowers' ability to draw amount available for borrowing under the WF Credit Facility is scheduled from \$150,000,000 to terminate on \$175,000,000, (ii) extend the facility maturity date from December 18, 2025 to December 18, 2028 and (iii) extend the reinvestment period from December 18, 2023. All amounts outstanding under to December 18, 2026 (subject to other provisions of the WF Credit Facility are required to be repaid by December 18, 2025 Facility).

The loans under the WF Credit Facility may be Broadly Syndicated Loans or Middle Market Loans and shall be eurocurrency rate loans unless such rate is unavailable, in which case the loans shall be base rate loans until such rate is available. Broadly Syndicated Loans will bear interest at the LIBOR Daily Simple SOFR, or base rate as applicable, (to the extent Daily Simple SOFR is unavailable), plus 1.85% 2.50%, and Middle Market Loans will bear with an interest at LIBOR or base rate as applicable, plus 2.35% floor of 0.0%. The “base rate” will be equal to the highest of (a) the federal funds rate plus 0.5% 0.50% and (b) the prime rate. The Loan Agreement includes fallback language in the event that LIBOR Daily Simple SOFR becomes unavailable. Interest is payable quarterly, as determined by the WFB as the administrative agent. Following the Second Amendment of an amendment to the WF Credit Facility on October 13, 2021, the Loan Agreement requires the payment of a non-usage fee of (x) during the first thirteen months following the closing of the WF Credit Facility, 0.50% multiplied by daily unused Facility Amounts, (y) between thirteen and sixteen months following the closing of the WF Credit Facility, 0.50% multiplied by the lesser of (1) daily unused Facility Amounts and (2) 50% of the Facility Amount plus 2.00% multiplied by the greater of (i) the difference between the daily unused Facility Amount and 50% of the Facility Amount and (ii) zero, and, (z) thereafter, 0.50% multiplied by the lesser of (1) daily unused Facility Amounts and (2) 20% of the Facility Amount plus 2.00% multiplied by the greater of (i) the difference between the daily unused Facility Amount and 20% of the Facility Amount and (ii) zero. Such fee is payable quarterly in arrears. The WF Credit Facility includes the option to downsize the facility by paying a Commitment Reduction Fee. The Fee is equal to 2.00% of the facility reduction amount prior to the one year one-year anniversary of the closing of the WF Credit Facility Fourth Amendment, and 1.00% thereafter. The applicable percentage for the advance rate on PS BDC Funding II’s Eligible Loans ranges from 67.5% for Middle Market Loans to 70% for Broadly Syndicated Loans (as each such term is defined in the Loan Agreement).

PS BDC Funding II has pledged all of its assets to U.S. Bank, in its capacity as Collateral Agent, to secure its obligations under the WF Credit Facility and U.S. Bank acts as the custodian of such assets. Both the Company and PS BDC Funding II have made customary representations and warranties and are required to comply with various covenants, reporting requirements, and other customary requirements for similar credit facilities. Borrowing under the WF Credit Facility is subject to the leverage restrictions contained in the 1940 Act and PS BDC Funding II complies with 1940 Act provisions relating to affiliated transactions and custody, custody (Section 17, as modified by Section 57, of the 1940 Act). The obligations under the Loan Agreement may be accelerated upon the occurrence of an event of default under the Loan Agreement, including in the event of a change of control of PS BDC Funding II, if the Investment Advisor ceases to serve as investment adviser to the Company, or if Palmer Square PSCM or its affiliates cease to directly or indirectly own a majority of the membership interests of the Investment Advisor.

As of December 31, 2022 December 31, 2023, we had \$126.8 million \$136.3 million principal outstanding and \$23.2 million \$38.7 million of available Commitments under the WF Credit Facility, and PS BDC Funding II was in compliance with the applicable covenants in the WF Credit Facility on such date.

#### Investment Criteria for Evaluating Investment Opportunities

The Company’s investment objective is to maximize total return, comprised of current income and capital appreciation. However, no assurance can be given that the Company’s investment objective will be achieved, and investment results may vary substantially on a monthly, quarterly and annual basis. The Investment Advisor believes that seeks to achieve the Company’s investment objective can be achieved by primarily investing in first and second lien secured loans of small to large private U.S. companies, and to a lesser extent CLO structured credit funds that typically own senior secured bank loans of public and private companies. The Company seeks to invest in credit and other assets that the Investment Advisor believes have strong structural protections, limited downside, and low long-term beta, or volatility, in comparison to systemic risk within the broader credit and equity markets. First and second lien secured loans generally are senior debt instruments that rank ahead of unsecured debt of a given portfolio company. These loans also have the benefit of security interests on the assets of the portfolio company, which may rank ahead of or be junior to other security interests. A significant portion of the loans in which the Company may invest or obtain exposure to through its investments in structured securities may be deemed “Covenant-Lite Loans,” which means the loans contain fewer or no maintenance covenants than other loans and do not include terms which allow the lender to monitor the performance of the borrower and declare a default if certain criteria are breached. See “Item 1A. Risk Factors—Risks Related to our Investments—Covenant-Lite Loans” below.

We seek to maximize returns and minimize risk for our investors by applying detailed, fundamental credit analysis to make and monitor our portfolio investments. While the structure of our investments may vary, the Company can invest in senior secured debt, senior unsecured debt, subordinated secured debt, subordinated unsecured debt, convertible debt, convertible preferred equity, preferred equity, common equity, warrants and other instruments, many of which generate current yield. Structurally, CLOs are entities that are formed to hold a portfolio of senior secured loans made to companies whose debt is generally rated below investment grade or, in limited circumstances, unrated. The senior secured loans within a CLO are limited to senior secured loans which meet specified credit and diversity criteria and are subject to concentration limitations in order to create an investment portfolio that is diverse by senior secured loan, borrower, and industry, with limitations on the number of non-U.S. borrowers. As of the date of this report, the Investment Advisor believes that the Company's investment strategies are positioned to continue to benefit investors for the following three reasons: attractive yields, with a bias for high quality, short duration and liquid credits; the ability to rotate investments to take advantage of dislocations as they arise; and balance fundamentals and default risk with valuation.

In addition, to a lesser extent, portfolio investments may also include, but are not limited to, corporate structured credit, cash and synthetic CLOs, including the equity and junior debt tranches of CLOs, collateralized debt obligations (each, a "CDO"), swaps, asset backed securities, corporate bonds of large U.S. and non-U.S. companies, corporate bank loans, preferred stock, municipal bonds or loans and convertible securities. The Company seeks to invest in credit and other assets that the Investment Advisor believes have strong structural protections, limited downside, and low long-term beta to the broader credit and equity markets.

While not our primary investment objective, our investments may include other equity investments, such as warrants, options to buy a minority interest in a portfolio company, or contractual payment rights or rights to receive a proportional interest in the operating cash flow or net income of such company. When determined by the Investment Advisor to be in our best interest, we may acquire a controlling interest in a portfolio company. We do not intend to create or acquire primary control of any entity which engages in investment activities in securities or other assets other than entities wholly owned by the Company. Any warrants we receive with our debt securities may require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest.

Our Investment Advisor may sell all or a portion of a position of the Company's portfolio holdings when, in its opinion, one or more of the following occurs, among other reasons: (1) the deterioration of an issuer's fundamentals; (2) changes in business strategy or key personnel; (3) rating agency downgrades or a decline in credit quality metrics; or (4) the Investment Advisor finds more attractive investment opportunities for the Company.

The Investment Advisor has the ability to invest in both illiquid and less liquid securities. The Investment Advisor may employ leverage, including through borrowing funds or issuing senior securities, and use derivatives, both for hedging purposes and to earn income and enhance total returns. The Investment Advisor may employ techniques to hedge investment risk, including without limitation, the use of forward contracts, currency options and interest rate swaps, caps, collars and floors. The Investment Advisor may use derivatives to earn income and enhance total returns by investing in derivatives securities and monitoring such investments to ensure that each holding is maintaining its investment potential.

#### Investment Approach

We seek to achieve our investment objective by applying rigorous credit analysis and asset-based and cash-flow based lending techniques to make and monitor our investments. We are routinely pursuing multiple investment opportunities, including primary purchases of newly issued securities and secondary purchases of securities, securities on the open market.

The Investment Advisor employs a blend of top-down and granular, bottom-up fundamental credit analysis. The top-down approach has three components: (1) macro analysis whereby the Investment Team undertakes frequent dialogues among its team members regarding macro items including the economic outlook, financial and credit markets, new and secondary issues, regulatory changes, M&A environment, and valuation levels; (2) cross-asset relative value analysis which consists of the Investment Team analyzing various asset classes across the credit spectrum for strong relative value opportunities (e.g., analysis of valuation metrics across loans, bonds, convertibles, CLOs and mortgage credits to identify and monitor optimal risk / reward opportunities); and (3) active monitoring by the Investment Team of the major sectors within corporate credit, such as software and technology, healthcare and business services. With regard to the bottom-up analysis, the Investment Team undertakes frequent dialogue discussing key analyses including items such as determining an issuer's ability to service debt, measuring past performance and understanding the approach of the management team and their ability to meet goals, deal structure model analysis, document analysis and other financial modeling and scenario testing. Finally, the bottom-up analysis includes trade specific analysis. For example, within the credit spectrum, the team also seeks to evaluate many trade specifics including liquidity, position size, upside/downside, and relative versus absolute value.

We believe our vast experience in analyzing and investing in corporate and structured credit provides us with a strong competitive advantage over other lenders with more limited experience investing in these markets. The Investment Advisor has deep expertise in evaluating, underwriting, monitoring and trading senior secured first lien, second lien term loans and other corporate debt securities. In addition, the Investment Advisor also has deep expertise in evaluating the investment merits and structural considerations of CLO debt and equity investments.

Our capital is generally used by our corporate borrowers to finance organic growth, acquisitions, recapitalizations and working capital. Our investment decisions are based on extensive analysis of potential portfolio companies' business operations supported by an in-depth understanding of the quality of their recurring revenues and cash flow, variability of costs and the inherent value of their assets, including proprietary intangible assets and intellectual property. In making our CLO investments, we consider the indenture structure for that vehicle, its operating characteristics and compliance with its various indenture provisions, the collateral manager and its experience managing CLOs, as well as its corporate loan-based collateral pool.

The Investment Advisor believes it can mitigate risk by: (i) seeking the best relative value, which may equate to buying new loans and CLO debt and equity in the primary market at a discount or purchasing in the secondary market, and (ii) seeking to buy loans and CLO debt and equity that the Investment Advisor believes have strong fundamentals and low default risk capable of withstanding significant downward pricing pressure.

#### *Investment Process – Senior Secured Loans*

The Investment Advisor's Team's senior secured loan investment strategy has been consistent throughout multiple credit environments and is predicated on the view that a conservative approach to investing in first lien and second lien senior secured loans is the optimal strategy over the course of a credit cycle. Given the idiosyncratic nature of secured loans, our Investment Team focuses on downside protection and overall credit quality when evaluating each and every loan borrower.

The Investment Team evaluates many factors during the due diligence phase, including: company-specific risk, industry risk, balance sheet risk, cash flow generation, liquidity of the loan, in addition to other factors. The aggregate output of this information provides a building block for deeper financial analysis, including base-case financial projections, and more importantly, downside-case financial projections. Once the initial research process is completed, the Investment Team makes an informed decision on the quality of a particular loan and whether or not it meets our strict criteria for investment.

Corporate credit analysts at the Investment Advisor are each responsible for coverage of specific industries. Our Investment Advisor believes that in order to appropriately analyze and underwrite senior secured loans, each analyst has to be an expert in their respective industry verticals. As a result, the Investment Advisor's corporate credit analysts average over 12 years of experience in broadly syndicated and small to large company credit. As it relates to the due diligence process, each analyst draws not only on their personal analytical skillset, but also utilize their networks within the industry. This can include calls and visits with existing company management teams, former industry CEOs, industry experts, private equity sponsors and industry investment bankers. The aggregate of this initial information gathering then lays the groundwork for fundamental financial analysis and detailed financial modeling, whereby the credit analyst constructs a base case and downside case set of projections.

At the conclusion of the due diligence process, the credit analyst presents a formal investment memorandum to the entire Investment Team, which includes the Investment Committee (which averages over 25 years of credit investing experience) and all industry credit analysts. Our Investment Advisor views this part of our process as unique across credit investment firms but believes that this more fulsome and collaborative process leads to better investment decisions. Ultimately the Investment Committee needs to have a unanimous vote in order to approve any of our investments, working in collaboration with our Chief Investment Officer and the Investment Advisor's loan portfolio manager to size the position appropriately for the risk.

Of equal importance, the monitoring phase of each loan investment is critical to the ultimate success of the loan position. Detailed quarterly writeups and model updates are done for each credit after they report earnings. However, the monitoring process is not just a quarterly event as credit analysts are digesting daily information and news regarding our borrowers, their industries and their competitors.

#### *Investment Process – CLO Debt and Equity*

The Investment Advisor's CLO debt and equity investment strategy has also been consistent throughout multiple credit environments and is focused on three main areas: structure and documentation of the CLO, the underlying portfolio of the CLO, and the collateral manager of the CLO.

The structures of CLOs have become more robust since the pre-financial crisis era, with subordination of each rated tranche essentially improving by one rating category (i.e., a current BBB-rated tranche may have similar credit support from a subordination perspective as a pre-financial crisis A-rated tranche). CLO equity leverage is also lower from the pre-financial crisis era, with the equity tranche now representing approximately 9-10% of current structures versus approximately 7% in pre-crisis structures. The Investment Advisor believes that no two CLO structures are identical, thus it is critical to analyze the nuances of each structure and the underlying documentation. For example, CLOs with higher overcollateralization cushions can help protect CLO equity from future cash diversion in a stressed scenario. From a documentation standpoint, while post-financial crisis documents are more standardized, our Investment Team works to understand the nuances of each CLO, such as optional redemption rights, collateral quality limitations, reinvestment language optionality, and the ability to flush excess par to the equity holders.

A second critical aspect of the CLO investment process is the Investment Advisor's focus on the overall portfolio characteristics and underlying loans within a CLO. From a top-down perspective we focus on the weighted-average rating factor ("WARF"), diversity, spread, loan bid depth, facility size, rating distribution and price distribution of the entire portfolio. For example, two portfolios with a weighted-average price of \$98.00 may have very different overall portfolio characteristics, such as a higher concentration in lower-rated loans, which could lead to issues during a downgrade cycle. In addition, given our strong corporate credit investment team, we focus on the individual names of the underlying portfolio, with great focus on any loans we perceive to have heightened credit risk.

The collateral manager of the CLO is the third aspect the Investment Advisor spends a significant amount of its due diligence effort analyzing. The Investment Advisor tracks data compiled from third-party sources such as Intex, Moody's Analytics and Bloomberg, as well as proprietary internal systems to create a detailed analysis of the CLO collateral manager universe. This process leads to rankings of collateral managers based on all of these criteria. In addition to the analytical and statistical process, the Investment Advisor also performs due diligence on collateral managers via in-person meetings and via telephone calls. Our goal is to meet the collateral managers we invest in at least twice per year.

#### *Investment Process – ESG Integration*

We believe that integrating environmental, social and corporate governance ("ESG") criteria and risk assessment should be an important component of our overall investment philosophy and process. Effective PSCM formed its initial ESG policy statement and integrated an ESG framework into its investment process in 2019 and became a United Nations Principles for Responsible Investment signatory in 2020. It has also formed an ESG Committee which helps to develop and implement its ESG policies. The ESG Committee has developed and maintains a proprietary ESG scoring system. The Investment Team is responsible for utilizing the system to assign a score to each non-investment grade borrower to which the Company is a lender. Each scored non-investment grade borrower is assigned an environmental score, a social score and a governance score, with the scoring based on whether the non-investment grade borrower is determined to be subject to material environmental, social, or governance risks that may negatively impact credit quality and/or valuations and/or whether the non-investment grade borrower is believed to not be sufficiently mitigating such risks. These scores inform our underwriting and monitoring processes, but are not used on a standalone basis to approve or decline an investment. In addition, effective March 1, 2021, we have implemented policies and procedures to screen for Prohibited ESG criteria Securities (as defined below) in our potential investments, and our investments. Our Investment Committee, together with PSCM's ESG Committee, is responsible for monitoring our investments to ensure that our ESG guidelines are met.

Our ESG guidelines state that we will not directly purchase any “Prohibited ESG Security.” We define a “Prohibited ESG Security” as any debt obligation of, equity interest in, or credit default swap referencing a company where the consolidated group is a group whose Primary Business Activity (as defined below) at the time of purchase is: (i) the speculative extraction of oil and gas (commonly referred to as exploration and production); (ii) the speculative extraction of thermal coal or the generation of electricity using coal; (iii) the production of or trade in Controversial Weapons (as defined below); (iv) the production of or trade in components or services that have been specifically designed or designated for military purposes for the functioning of Controversial Weapons; or (v) the trade in (a) hazardous chemicals, pesticides and wastes, ozone depleting substances, endangered or protected wildlife or wildlife products, of which production or trade is banned by applicable global conventions and agreements; (b) pornography or prostitution; (c) tobacco or tobacco-related products; (d) subprime lending or payday lending activities; or (e) weapons or firearms. We define “Controversial Weapons” as any controversial weapons (such as cluster bombs, anti-personnel mines, chemical or biological weapons) which are prohibited under applicable international treaties or conventions. We define “Primary Business Activity” as, in relation to a consolidated group of companies, for the purposes of determining whether a security is a Prohibited ESG Security, where such group derives more than 50 percent of its revenues for the relevant business, trade or production (as applicable).

Following its effectiveness on March 1, 2021, our ESG guidelines are followed by our Investment Committee on a go-forward basis, and certain of our investments held prior to March 1, 2021, including as set forth in the schedule of investments herein or in our prior quarterly reports on Form 10-Q, and annual reports on Form 10-K, may not have satisfied our newly adopted ESG guidelines. Our Investment Committee is responsible for the execution and continued progress of integration of ESG criteria into our investment strategy, and will support efforts to collaborate with our investors and others in the investment industry to assess and prioritize the ESG topics that are most relevant to the Company and our investors.

#### *Investment Process — Ongoing Portfolio Monitoring*

The Investment Advisor employs an active relative value scoring system to monitor portfolio investments throughout the life of a loan. Existing positions are assigned a score of 5 to 1 to each position, which is updated on an ongoing basis and the Investment Advisor's analysts incorporate both a fundamental and relative value view. The scoring system is as follows:

5. Add Now Where Possible/Outperforming or Compelling Relative Value
4. Performing At or Above Plan/Add on Relative Where Applicable
3. Hold/Fair Value
2. Sell Opportunistically/Don't Add
1. Sell Now Where Possible/Potential for Impairment.

#### Investment Committee

The Investment Advisor's Investment Committee is chaired by Angie K. Long, and the other members of the Investment Committee are Christopher D. Long, Matthew L. Bloomfield and Jeffrey D. Fox. The members of the Investment Committee are jointly responsible for the day to day management of the portfolio, and have equal rights with respect to the management of the portfolio. The extensive experience of the investment professionals serving on our Investment Committee includes expertise in privately originated and publicly traded leveraged credit, stressed and distressed debt, bankruptcy, mergers and acquisitions and private equity. This diverse skill set provides a range of perspectives in the evaluation of each investment opportunity.

## Competition

Our primary competitors in investing in corporate debt and CLO securities include public and private funds, other BDCs, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, we believe some competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or to the distribution and other requirements we must satisfy as a RIC.

We use the expertise of the investment professionals of **Palmer Square PSCM** to which we have access pursuant to the Resource Sharing Agreement to assess investment risks and determine appropriate pricing for our investments in portfolio companies. In addition, we seek to use the relationships of the Investment Advisor to enable us to learn about, and compete effectively for, financing opportunities with attractive small to large private companies in the industries in which we seek to invest. For additional information concerning the competitive risks we face, see *"Item 1A. Risk Factors—Risks Relating to our Business and Structure—Operation We operate in a Highly Competitive Market highly competitive market for Investment Opportunities investment opportunities, which could reduce returns and result in losses."*

## Expenses

Our primary operating expenses include the payment of fees to the Investment Advisor under the Advisory Agreement, our allocable portion of overhead and rental expenses under the Administration Agreement and other operating costs described below. We bear all other out-of-pocket costs and expenses of our operations and transactions, including:

- interest expense and other costs associated with our indebtedness;
- the cost of calculating our net asset value, including the cost of any third-party valuation services;

- the cost of effecting sales and repurchases of shares of our common stock and other securities;
- fees payable to third parties relating to making investments, including our Investment Advisor's or its affiliates' travel expenses, research costs and out-of-pocket fees and expenses associated with performing due diligence and reviews of prospective investments;
- transfer agent and custodial fees;
- operating costs incurred prior to the commencement of our operations;
- out-of-pocket fees and expenses associated with marketing efforts;
- federal and state registration fees and any stock exchange listing fees;
- U.S. federal, state and local taxes;
- Independent Directors' fees and expenses;
- brokerage commissions and markups;
- fidelity bond, directors' and officers' liability insurance and other insurance premiums;
- direct costs, such as printing, mailing, long distance telephone and staff;

- fees and expenses associated with independent audits and outside legal costs;
- costs associated with our reporting and compliance obligations under the 1940 Act and other applicable U.S. federal and state securities laws; and
- other expenses incurred by the Administrator or us in connection with administering our business, including payments under the Administration Agreement that will be based upon our allocable portion (subject to the review and approval of our Board) of overhead, including rental expenses.

#### Implications of Being an Emerging Growth Company

We currently are, and expect to remain, an “emerging growth company,” as that term is used in the JOBS Act, until the earliest of:

- up to five years measured from the date of the first sale of common stock pursuant to the registration statement with respect to the IPO;
- the last day of the first fiscal year in which our annual gross revenues are \$1.235 billion or more;
- the date on which we have, during the preceding three-year period, issued more than \$1.0 billion in non-convertible debt securities; and
- the date that we become a “large-accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of June 30th of any year.

Under the JOBS Act, we are exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), which would require that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. This may increase the risk that material weaknesses or other deficiencies in our internal control over financial reporting go undetected.

In addition, as an emerging growth company, we have elected to take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act and Section 13(a) of the Exchange Act for complying with new or revised accounting standards.

#### Employees

We do not currently have any employees. Each officer of the Company is an employee of the Investment Advisor or its affiliates. See “Item 10. Directors, Executive Officers, and Corporate Governance.”

Our day-to-day investment operations are managed by the Investment Advisor. Pursuant to its Resource Sharing Agreement with **Palmer Square, PSCM**, the Investment Advisor has access to the individuals who comprise our Investment Advisor’s Investment Committee and Investment Team. The Investment Advisor may hire additional investment professionals to provide services to us, based upon its needs. See above “Item 1. Business — The Investment Advisor.”

#### Open Market Share Repurchase Plan

Our Board authorized us to repurchase shares of our common stock through an open-market share repurchase program for up to \$20 million in the aggregate of shares of our common stock through 12 months from the date of the IPO. Pursuant to such authorization and concurrently with the closing of the IPO, we entered into a share repurchase plan (the “Company Rule 10b5-1 Stock Repurchase Plan”) to acquire up to \$15 million in the aggregate of shares of our common stock, in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Exchange Act.

The Company Rule 10b5-1 Stock Repurchase Plan is intended to allow us to repurchase shares of our common stock at times when we otherwise might be prevented from doing so under insider trading laws. The Company Rule 10b5-1 Stock Repurchase Plan will require our agent to repurchase shares of common stock on our behalf when the market price per share of our common stock is below the most recently reported NAV per share of our common stock (including any updates, corrections or adjustments publicly announced by us to any previously announced NAV per share). Under the Company Rule 10b5-1 Stock Repurchase Plan, the agent will increase the volume of purchases made as the price of our common stock declines, subject to volume restrictions.

The repurchase of shares pursuant to the Company Rule 10b5-1 Stock Repurchase Plan is intended to satisfy the conditions of Rule 10b5-1 and Rule 10b-18 under the Exchange Act and will otherwise be subject to applicable law, including Regulation M, which may prohibit purchases under certain circumstances.

The Company Rule 10b5-1 Stock Repurchase Plan will commence beginning 60 calendar days following the end of the “restricted period” under Regulation M and terminate upon the earliest to occur of (i) 12 months from the date of the Company Rule 10b5-1 Stock Repurchase Plan, (ii) the end of the trading day on which the aggregate purchase price for all shares purchased under the Company Rule 10b5-1 Stock Repurchase Plan equals \$15 million and (iii) the occurrence of certain other events described in the Company Rule 10b5-1 Stock Repurchase Plan. The “restricted period” under Regulation M will end upon the closing of the IPO and, therefore, the common stock repurchases/purchases described above shall not begin prior to 60 days after the closing of the IPO.

#### PSCM Rule 10b5-1 Stock Purchase Plan

In addition, PSCM will purchase up to \$5 million in the aggregate of shares of our common stock in the open market within one year of the date of the IPO if our shares of common stock trade below a specific level of NAV per share following the completion of the IPO. In order to facilitate PSCM’s purchase commitment, concurrently with the closing of the IPO, PSCM entered into a share purchase plan (the “PSCM Rule 10b5-1 Stock Purchase Plan”) to permit the purchase of up to \$2.5 million of our shares of common stock. The purchases of shares pursuant to the PSCM Rule 10b5-1 Stock Purchase Plan will be implemented in accordance with Rule 10b5-1 and Rule 10b-18 under the Exchange Act.

The PSCM Rule 10b5-1 Stock Purchase Plan is intended to allow PSCM to purchase shares of our common stock at times when it otherwise might be prevented from doing so under insider trading laws. The PSCM Rule 10b5-1 Stock Purchase Plan will require PSCM’s agent to purchase shares of common stock on PSCM’s behalf when the market price per share of our common stock is trading below the most recently reported NAV per share of our common stock (including any updates, corrections or adjustments publicly announced by us to any previously announced NAV per share). Under the PSCM Rule 10b-1 Stock Purchase Plan, the agent will increase the volume of purchases made as the price of our common stock declines, subject to volume restrictions.

The purchase of shares pursuant to the PSCM Rule 10b5-1 Stock Purchase Plan is intended to satisfy the conditions of Rule 10b5-1 and Rule 10b-18 under the Exchange Act, and will otherwise be subject to applicable law, including Regulation M, which may prohibit purchases under certain circumstances.

The PSCM Rule 10b5-1 Stock Purchase Plan will commence beginning 60 calendar days following the end of the “restricted period” under Regulation M and terminate upon the earliest to occur of (i) 12 months from the date of the PSCM Rule 10b5-1 Stock Purchase Plan, (ii) the end of the trading day on which the aggregate purchase price for all shares purchased under the PSCM Rule 10b5-1 Stock Purchase Plan equals \$2.5 million and (iii) the occurrence of certain other events described in the PSCM Rule 10b5-1 Stock Purchase Plan. The “restricted period” under Regulation M will end upon the closing of the IPO and, therefore, the common stock repurchases/purchases described above shall not begin prior to 60 days after the closing of the IPO.

## Regulation as a Business Development Company

We have elected to be regulated as a BDC under the 1940 Act. A BDC must be organized in the United States for the purpose of investing in or lending to primarily private companies and making significant managerial assistance available to them.

We may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC unless authorized by vote of a majority of the outstanding voting securities, as required by the 1940 Act. A majority of the outstanding voting securities of a company is defined under the 1940 Act as the lesser of: (a) 67% or more of such company's voting securities present at a meeting if more than 50% of the outstanding voting securities of such company are present or represented by proxy, or (b) more than 50% of the outstanding voting securities of such company.

As with other companies regulated by the 1940 Act, a BDC must adhere to certain substantive regulatory requirements. A majority of our directors must be persons who are not interested persons, as that term is defined in the 1940 Act. Additionally, we are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect the BDC. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

We are required to meet an asset coverage ratio, defined under the 1940 Act as the ratio of our total assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities, of at least 150% after each issuance of senior securities.

We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our directors who are not interested persons, as defined in Section 2(a)(19) of the 1940 Act, and, in some cases, prior approval by the SEC. As a BDC, we are limited in our ability to invest in any portfolio company in which our Investment Advisor or any of its affiliates currently has an investment or to make any co-investments with our Investment Advisor or its affiliates without an exemptive order from the SEC, subject to certain exceptions.

We do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, except for registered money market funds, we generally cannot acquire more than 3% of the voting stock of any investment company, invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of investment companies in the aggregate. The portion of our portfolio invested in securities issued by investment companies ordinarily will subject our stockholders to additional expenses. Our investment portfolio is also subject to diversification requirements by virtue of our qualification as a RIC for U.S. tax purposes and our intention to continue to operate in a manner so as to qualify for the tax treatment applicable to RICs.

We will generally not be able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value of our common stock if our Board determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. We will comply with the conditions set forth in Section 63(2) of the 1940 Act when selling our common stock at a price below net asset value. In addition, we may generally issue new shares of our common stock at a price below net asset value in rights offerings to existing stockholders, in payment of dividends and in certain other limited circumstances.

We will be periodically examined by the SEC for compliance with the 1940 Act.

## Qualifying Assets

Under the 1940 Act, a BDC may not acquire any assets other than assets of the type listed in section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. The principal categories of qualifying assets relevant to our business are the following:

- Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:
  - is organized under the laws of, and has its principal place of business in, the United States;
  - is not an investment company (other than a small business investment company wholly owned by the Company) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
  - satisfies any of the following:
    - does not have any class of securities that is traded on a national securities exchange;
    - has a class of securities listed on a national securities exchange, but has an aggregate market value of outstanding voting and non-voting common equity of less than \$250 million;
    - is controlled by a BDC or a group of companies including a BDC and the BDC has an affiliated person who is a director of the eligible portfolio company; or
    - is a small and solvent company having total assets of not more than \$4.0 million and capital and surplus of not less than \$2.0 million.
- Securities of any eligible portfolio company that we control.
- Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
- Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- Securities received in exchange for or distributed on or with respect to securities described above, or pursuant to the exercise of warrants or rights relating to such securities.
- Cash, cash equivalents, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment.

## Limitations on Leverage

We are required to meet an asset coverage ratio, defined under the 1940 Act as the ratio of our total assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities, of at least 150% after each issuance of senior securities.

## Managerial Assistance to Portfolio Companies

A BDC must be operated for the purpose of making investments in the types of securities described under “—*Regulation as a Business Development Company—Qualifying Assets*,” above. However, in order to count portfolio securities as qualifying assets for the purpose of the 70% test, the BDC must either control the issuer of the securities or must offer to make available to the issuer of the securities significant managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC, through its directors, officers or employees, offers to provide, and, if accepted, does in fact provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

## ***Temporary Investments***

Pending investment in other types of “qualifying assets,” as described above, our investments may consist of cash, cash equivalents, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, such that at least 70% of our assets are qualifying assets.

## ***Senior Securities***

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 150% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage.

## Code of Ethics

We and our Investment Advisor have adopted codes of ethics pursuant to Rule 17j-1 under the 1940 Act and Rule 204A-1 under the Advisers Act, respectively, that establish procedures for personal investments and restrict certain transactions by our personnel. The codes of ethics generally do not permit investments by our employees or employees of our Investment Advisor in securities that may be purchased or held by us.

We hereby undertake to provide a copy of the codes to any person, without charge, upon request. Requests for a copy of the codes may be made in writing addressed to Palmer Square Capital BDC Inc., Attention: Secretary, 1900 Shawnee Mission Parkway, Suite 315, Mission Woods, Kansas 66205, or by emailing us at: [investorrelations@palmersquarecap.com](mailto:investorrelations@palmersquarecap.com).

## Compliance Policies and Procedures

We and our Investment Advisor have adopted and implemented written policies and procedures reasonably designed to detect and prevent violation of the federal securities laws and are required to review these compliance policies and procedures annually for their adequacy and the effectiveness of their implementation and designate a chief compliance officer to be responsible for administering the policies and procedures.

## Exchange Act and Sarbanes-Oxley Act Compliance

The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") imposes a wide variety of regulatory requirements on certain publicly held companies and their insiders. Assuming certain requirements are met, many of these requirements affect us. For example:

- pursuant to Rule 13a-14 of the Exchange Act, our chief executive officer and chief financial officer are required to certify the accuracy of the consolidated financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 of the Exchange Act, subject to certain assumptions, our management is required to prepare an annual report regarding its assessment of our internal control over financial reporting and, depending on our accelerated filer status, this report may be required to be audited by our independent registered public accounting firm; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the Exchange Act, our periodic reports must disclose whether there were material changes in our internal control over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

## Proxy Voting Policies and Procedures

We have delegated our proxy voting responsibility to our Investment Advisor. The Proxy Voting Policies and Procedures of our Investment Advisor are set forth below. The guidelines are reviewed periodically by our Investment Advisor and our Independent Directors, and, accordingly, are subject to change.

An investment adviser registered under the Advisers Act has a fiduciary duty to act solely in the best interests of its clients. As part of this duty, our Investment Advisor recognizes that it must vote client securities in a timely manner free of conflicts of interest and in the best interests of its clients. These policies and procedures for voting proxies for our Investment Advisor's investment advisory clients are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

Our Investment Advisor intends to vote proxies relating to our securities in the best interest of the Company's stockholders. It reviews on a case-by-case basis each proposal submitted for a stockholder vote to determine its impact on the portfolio securities held by the Company. Although our Investment Advisor will generally vote against proposals that may have a negative impact on the Company's portfolio securities, it may vote for such a proposal if there exists compelling long-term reasons to do so.

The proxy voting decisions of our Investment Advisor are made by the senior officers who are responsible for monitoring each of the Company's investments. To ensure that its vote is not the product of a conflict of interest, it will require that: (a) anyone involved in the decision-making process disclose to its chief compliance officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (b) employees involved in the decision making process or vote administration are prohibited from revealing how our Investment Advisor intends to vote on a proposal in order to reduce any attempted influence from interested parties.

You may obtain information without charge about how our Investment Advisor voted proxies by making a written request for proxy voting information to: Palmer Square Capital BDC Inc., 1900 Shawnee Mission Parkway, Suite 315, Mission Woods, Kansas 66205, Attention: Investor Relations.

## Privacy Principles

The Company looks to protect nonpublic personal data. The Company's privacy policy summarized below is intended to be compliant with the federal and state regulations as applied to the Company.

From time to time, nonpublic personal information of our stockholders may be collected as required for legitimate business purposes. The Company may share all of the information that we collect with our Investment Advisor and its affiliates in order to service stockholder accounts or provide stockholders with information about other products and services offered by the Company or the Investment Advisor or its affiliates that may be of interest to them.

In addition, the Company may disclose all of the information that it collects about stockholders to certain third parties who are not affiliated with the Company or the Investment Advisor or its affiliates under one or more of the following circumstances:

1. As Authorized — if a stockholder requests or authorizes disclosure of the information.
2. As Required by Law — for example, to cooperate with regulators or law enforcement authorities.
3. As Permitted by Law — for example, sharing information with companies that maintain, process or service Company or stockholder accounts or financial products and services or who effect, administer or enforce Company or stockholder transactions is permitted. Among other activities, the Company and its Investment Advisor and its affiliates may share information with persons acting in a representative or fiduciary capacity on the Company's or a stockholder's behalf. The Company believes that sharing of information for these purposes is essential to providing stockholders with necessary or useful services with respect to their accounts.

The Company and the Investment Advisor and its affiliates restrict access to nonpublic personal information about stockholders internally to those of their respective employees and agents who need to know the information to enable them to provide services to the stockholders. The Company and the Investment Advisor and its affiliates maintain physical, electronic and procedural safeguards to guard stockholder's nonpublic personal information.

## Reporting Obligations

We are a reporting company under the Exchange Act and are required to comply with all periodic reporting, proxy solicitation and other applicable requirements under the Exchange Act.

We will furnish our stockholders with annual reports containing audited consolidated financial statements, quarterly reports, and such other periodic reports as we determine to be appropriate or as may be required by law. As a BDC, we are required to file quarterly reports on Form 10-Q, annual reports on Form 10-K and current reports on Form 8-K with the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which is available on the SEC's Internet site at <http://www.sec.gov>.

## Certain U.S. Federal Income Tax Considerations

The following discussion is a general summary of the material U.S. federal income tax considerations applicable to us and to an investment in our shares. This summary does not purport to be a complete description of the income tax considerations applicable to such an investment. For example, we have not described tax consequences that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, pension plans and trusts, financial institutions, partnerships and other pass-through entities, U.S. stockholders (as defined below) whose functional currency is not the U.S. dollar, persons who mark-to-market our shares and persons who hold our shares as part of a "straddle," "hedge" or "conversion" transaction. This summary assumes that investors hold our common stock as capital assets (within the meaning of the Code). The discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as of the date hereof and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service (the "IRS") regarding any matter discussed herein. Tax counsel has not rendered any legal opinion regarding any tax consequences relating to us or our stockholders. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets.

For purposes of this discussion, a "U.S. stockholder" generally is a beneficial owner of shares of our common stock who is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof;
- a trust if (a) a court in the United States has primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person for federal income tax purposes; or
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

A "Non-U.S. stockholder" generally is a beneficial owner of shares of our common stock that is not a U.S. stockholder.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective stockholder that is a partner in a partnership holding shares of our common stock should consult his, her or its tax advisers with respect to the purchase, ownership and disposition of shares of our common stock.

Tax matters are complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of the investor's particular situation. We encourage investors to consult their own tax advisers regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, including the potential application of U.S. withholding taxes, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

### Election to be Taxed as a RIC

As a BDC, we have elected, and intend to qualify annually, as a RIC under Subchapter M of the Code, beginning with our initial taxable year ending December 31, 2020. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any income that we distribute (or are deemed to distribute) to our stockholders from our earnings and profits. To qualify for and maintain our qualification as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, to obtain RIC tax treatment, we must timely distribute to our stockholders, for each taxable year, at least 90% of our "investment company taxable income," which is generally our net ordinary income plus the excess, if any, of realized net short-term capital gains over realized net long-term capital losses (the "Annual Distribution Requirement").

## Taxation as a RIC

If we:

- qualify as a RIC; and
- satisfy the Annual Distribution Requirement,

then we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (generally defined as net long-term capital gains in excess of short-term capital losses) we distribute (or are deemed to distribute) to stockholders. We will be subject to U.S. federal income tax at regular corporate rates on any net income or net capital gain not distributed (or deemed distributed) to our stockholders.

We will be subject to a nondeductible U.S. federal excise tax of 4% on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our net ordinary income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending October 31 of that calendar year and (3) any income realized, but not distributed, in preceding years and on which we paid no federal income tax ("Excise Tax Distribution Requirement").

To qualify as a RIC for federal income tax purposes, we must, among other things:

- continue to qualify to be treated as a BDC under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities, loans, gains from the sale of stock or other securities, net income from certain "qualified publicly-traded partnerships," or other income derived with respect to our business of investing in such stock or securities the ("90% Income Test"); and
- diversify our holdings so that at the end of each quarter of the taxable year:
  - (i) at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of such issuer; and
  - (ii) no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or in the securities of one or more "qualified publicly-traded partnerships," (the "Diversification Tests").

To the extent that we invest in entities treated as partnerships for U.S. federal income tax purposes (other than a "qualified publicly traded partnership"), we generally must include the items of gross income derived by the partnerships for purposes of the 90% Income Test, and the income that is derived from a partnership (other than a "qualified publicly traded partnership") will be treated as qualifying income for purposes of the 90% Income Test only to the extent that such income is attributable to items of income of the partnership which would be qualifying income if realized by us directly. In addition, we generally must take into account our proportionate share of the assets held by partnerships in which we are a partner (other than a "qualified publicly traded partnership") for purposes of the Diversification Tests.

A RIC is limited in its ability to deduct expenses in excess of its investment company taxable income. If our deductible expenses in a given taxable year exceed our investment company taxable income, we may incur a net operating loss for that taxable year. However, a RIC is not permitted to carry forward net operating losses to subsequent taxable years and such net operating losses do not pass through to its stockholders. In addition, deductible expenses can be used only to offset investment company taxable income, not net capital gain. A RIC may not use any net capital losses (that is, the excess of realized capital losses over realized capital gains) to offset its investment company taxable income, but may carry forward such net capital losses, and use them to offset future capital gains, indefinitely. Due to these limits on deductibility of expenses and net capital losses, we may for tax purposes have aggregate taxable income for several taxable years that we are required to distribute and that is taxable to our stockholders even if such taxable income is greater than the net income we actually earn during those taxable years.

Certain of our investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things, (1) treat distributions that would otherwise constitute qualified distribution income as non-qualified distribution income, (2) treat distributions that would otherwise be eligible for the corporate dividends-received deduction as ineligible for such treatment, (3) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (4) convert lower-taxed long-term capital gain into higher-taxed short-term capital gain or ordinary income, (5) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (6) cause us to recognize income or gain without a corresponding receipt of cash, (7) adversely affect the time as to when a purchase or sale of shares or securities is deemed to occur, (8) adversely alter the characterization of certain complex financial transactions and (9) produce income that will not be qualifying income for purposes of the 90% Income Test. We intend to monitor our transactions and may make certain tax elections to mitigate the effect of these provisions and prevent our ability to be subject to tax as a RIC.

Gain or loss realized by us from warrants acquired by us as well as any loss attributable to the lapse of such warrants generally will be treated as capital gain or loss. Such gain or loss generally will be long-term or short-term, depending on how long we held a particular warrant.

For federal income tax purposes, we may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK interest or, in certain cases, increasing interest rates or debt instruments that were issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in income other amounts that we have not yet received in cash, such as deferred loan origination fees that are paid after origination of the loan or are paid in non-cash compensation such as warrants or stock. We anticipate that a portion of our income may constitute original issue discount or other income required to be included in taxable income prior to receipt of cash. Further, we may elect to amortize market discount and include such amounts in our taxable income in the current year, instead of upon disposition, as an election not to do so may limit our ability to deduct interest expenses for tax purposes, which is subject to other limitations under U.S. federal income tax law.

We intend to invest a portion of our net assets in below investment grade instruments (rated lower than "Baa3" by Moody's Investors Service or lower than "BBB-" by Standard & Poor's Corporation), which are often referred to as "junk" bonds. Investments in these types of instruments may present special tax issues for us. U.S. federal income tax rules are not entirely clear about issues such as when we may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless instruments, how payments received on obligations in default should be allocated between principal and income and whether exchanges of debt obligations in a bankruptcy or workout context are taxable. We will address these and other issues to the extent necessary to seek to ensure that we distribute sufficient income so that we do not become subject to U.S. federal income or excise tax.

Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount. As a result, we may have difficulty meeting the Annual Distribution Requirement necessary to qualify for and maintain RIC tax treatment under Subchapter M of the Code. We may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax.

Although we do not presently expect to do so, we are authorized to borrow funds and to sell assets to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain "asset coverage" tests are met. See "[Regulation — Regulation as a Business Development Company — Senior Securities](#)." Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets to meet the Annual Distribution Requirement or the Excise Tax Distribution Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

A portfolio company in which we invest may face financial difficulties that require us to work-out, modify or otherwise restructure its investment in the portfolio company. Any such transaction could, depending upon the specific terms of the transaction, result in unusable capital losses and future non-cash income. Any such transaction could also result in our receiving assets that give rise to income that is not qualifying income for purposes of the 90% Income Test.

Our investment in non-U.S. securities may be subject to non-U.S. income, withholding and other taxes. In that case, our yield on those securities would be decreased. Stockholders generally will not be entitled to claim a U.S. foreign tax credit or deduction with respect to non-U.S. taxes paid by the Company.

We may invest in stocks of foreign companies that are classified under the Code as passive foreign investment companies ("PFICs"). In general, a foreign company is classified as a PFIC if at least 50% of its assets constitute investment-type assets or 75% or more of its gross income is investment-type income. In general, under the PFIC rules, an "excess distribution" received with respect to PFIC stock is treated as having been realized ratably over the period during which we held the PFIC stock. We will be subject to tax on the portion, if any, of the excess distribution that is allocated to our holding period in prior taxable years (and an interest factor will be added to the tax, as if the tax had actually been payable in such prior taxable years) even though we distribute the corresponding income to stockholders. Excess distributions include any gain from the sale of PFIC stock as well as certain distributions from a PFIC. All excess distributions are taxable as ordinary income.

We may be eligible to elect alternative tax treatment with respect to PFIC stock. Under such an election, we generally would be required to include in our gross income its share of the earnings of a PFIC on a current basis, regardless of whether any distributions are received from the PFIC. If this election is made, the special rules, discussed above, relating to the taxation of excess distributions, would not apply. Alternatively, we may be able to elect to mark to market our PFIC stock, resulting in any unrealized gains at year end being treated as though they were realized and reported as ordinary income. Any mark-to-market losses and any loss from an actual disposition of the PFIC's shares would be deductible as ordinary losses to the extent of any net mark-to-market gains included in income in prior years with respect to stock in the same PFIC.

Because the application of the PFIC rules may affect, among other things, the character of gains, the amount of gain or loss and the timing of the recognition of income with respect to PFIC stock, as well as subject us to tax on certain income from PFIC stock, the amount that must be distributed to stockholders, and which will be taxed to stockholders as ordinary income or long-term capital gain, may be increased or decreased substantially as compared to a fund that did not invest in PFIC stock.

Under the Code, gains or losses attributable to fluctuations in foreign currency exchange rates that occur between the time we accrue interest income or other receivables or accrues expenses or other liabilities denominated in a foreign currency and the time we actually collect such receivables or pay such liabilities generally are treated as ordinary income or ordinary loss. Similarly, on disposition of some investments, including debt securities and certain forward contracts denominated in a foreign currency, gains or losses attributable to fluctuations in the value of foreign currency between the date of acquisition of the security or contract and the date of disposition also are treated as ordinary gain or loss. These gains and losses, referred to under the Code as "section 988" gains and losses, may increase or decrease the amount of our investment company taxable income to be distributed to stockholders as ordinary income. For example, fluctuations in exchange rates may increase the amount of income that we must distribute in order to qualify for treatment as a RIC and to prevent application of an excise tax on undistributed income. Alternatively, fluctuations in exchange rates may decrease or eliminate income available for distribution. If section 988 losses exceed other investment company taxable income during a taxable year, we would not be able to make ordinary distributions, or distributions made before the losses were realized would be re-characterized as a return of capital to stockholders for U.S. federal income tax purposes, rather than as ordinary dividend income, and would reduce each stockholder's basis in our shares.

Distributions from capital gains generally are made after applying any available capital loss carryforwards. Capital loss carryforwards are reduced to the extent they offset current-year net realized capital gains, whether we retain or **distribute** such gains. If we incur or have incurred capital losses in excess of capital gains ("net capital losses"), those losses will be carried forward to one or more subsequent taxable years; any such carryforward losses will retain their character as short-term or long-term. In the event that we were to experience an ownership change as defined under the Code, our capital loss carryforwards and other favorable tax attributes, if any, may be subject to limitation.

In determining our net capital gain, including also in connection with determining the amount available to support a capital gain dividend, our taxable income and our earnings and profits, we generally may elect to treat part or all of any post-October capital loss (defined as any net capital loss attributable to the portion, if any, of the taxable year after October 31 or, if there is no such loss, the net long-term capital loss or net short-term capital loss attributable to any such portion of the taxable year) or late-year ordinary loss (generally, the sum of (i) our net ordinary loss, if any, from the sale, exchange or other taxable disposition of property, attributable to the portion, if any, of the taxable year after October 31, and (ii) our other net ordinary loss, if any, attributable to the portion, if any, of the taxable year after December 31) as if incurred in the succeeding taxable year.

#### Failure to Qualify as a RIC

If we were unable to qualify for treatment as a RIC, we would be subject to tax on all of our taxable income at regular corporate rates, regardless of whether we make any distributions to our stockholders. Distributions would not be required, and any distributions would be taxable to our stockholders as ordinary dividend income to the extent of our current and accumulated earnings and profits. Subject to certain limitations in the Code, such distributions may be eligible for the preferential maximum rate applicable to qualified dividend income of individual stockholders to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate distributees may be eligible for a dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain.

To requalify as a RIC in a subsequent taxable year, we would be required to satisfy the RIC qualification requirements for that year and dispose of any earnings and profits from any year in which we failed to qualify as a RIC. Subject to a limited exception applicable to RICs that qualified as such under the Code for at least one year prior to disqualification and that requalify as a RIC no later than the second year following the nonqualifying year, we would be subject to tax on any unrealized net built-in gains in the assets held by us during the period in which we failed to qualify as a RIC that are recognized within the subsequent 5 years, unless we made a special election to pay corporate-level U.S. federal income tax on such built-in gains at the time of our requalification as a RIC. **We may decide to be taxed as a regular corporation even if we would otherwise qualify as a RIC if we determine that treatment as a corporation for a particular year would be in our best interests.**

The remainder of this discussion assumes that we qualify as a RIC and satisfy the Annual Distribution Requirement.

#### **Taxation of U.S. Stockholders**

Distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gains, whether paid in cash or reinvested in additional shares. Distributions of our "investment company taxable income" (which is, generally, our net ordinary income plus realized net short-term capital gains in excess of realized net long-term capital losses) will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional common stock. To the extent such distributions paid by us to non-corporate stockholders (including individuals) are attributable to dividends from U.S. corporations and certain qualified foreign corporations, such distributions ("Qualifying Dividends") may be eligible for a maximum tax rate of 20%, provided that we properly report such distribution as "qualifying dividend income" in a written statement furnished to our stockholders and certain holding period and other requirements are satisfied. In this regard, it is not anticipated that a significant portion of distributions paid by us will be attributable to qualifying dividends; therefore, our distributions generally will not qualify for the preferential maximum rate applicable to Qualifying Dividends. Distributions of our net capital gain (which is generally our realized net long-term capital gains in excess of realized net short-term capital losses) properly designated reported by us as "capital gain dividends" will be taxable to a U.S. stockholder as long-term capital gains that are currently generally taxable at a maximum rate of 20% in the case of individuals, trusts or estates, regardless of the U.S. stockholder's holding period for his, her or its common stock and regardless of whether paid in cash or reinvested in additional common stock. Distributions in excess of our earnings and profits first will reduce a U.S. stockholder's adjusted tax basis in such stockholder's common stock and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. stockholder.

**Certain distributions that we report as Section 163(j) interest dividends may be treated as interest income by U.S. stockholders for purposes of the tax rules applicable to interest expense limitations under Section 163(j) of the Code. Such treatment by the U.S. stockholder is generally subject to holding period requirements and other potential limitations, although the holding period requirements are generally not applicable to dividends declared by money market funds and certain other funds that declare dividends daily and pay such dividends on a monthly or more frequent basis. The amount that we are eligible to report as a Section 163(j) dividend for a tax year is generally limited to the excess of our business interest income over the sum of our (i) business interest expense and (ii) other deductions properly allocable to our business interest income.**

Although we currently intend to distribute any long-term capital gain at least annually, we may in the future decide to retain some or all of our long-term capital gain, but designate report the retained amount as a "deemed distribution." In that case, among other consequences, we will pay tax on the retained amount, each U.S. stockholder will be required to include his, her or its proportionate share of the deemed distribution in income as if it had been actually distributed to the U.S. stockholder, and the U.S. stockholder will be entitled to claim a credit equal to his, her or its allocable share of the tax paid thereon by us. The amount of the deemed distribution net of such tax will be added to the U.S. stockholder's tax basis for his, her or its common stock. Since we expect to pay tax on any retained capital gain at our regular corporate tax rate, and since that rate is in excess of the maximum rate currently payable by individuals on net capital gain, the amount of tax that individual stockholders will be treated as having paid and for which they will receive a credit will exceed the tax they owe on the retained net capital gain. Such excess generally may be claimed as a credit against the U.S. stockholder's other U.S. federal income tax obligations or may be refunded to the extent it exceeds a stockholder's liability for U.S. federal income tax. A stockholder that is not subject to U.S. federal income tax or otherwise required to file a U.S. federal income tax return would be required to file a U.S. federal income tax return on the appropriate form to claim a refund for the taxes we paid. To utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of the relevant taxable year. We cannot treat any of our investment company taxable income as a "deemed distribution."

For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of distributions paid for that year, we may, under certain circumstances, elect to treat a distribution that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the distribution in the taxable year in which the distribution is made. However, any distribution declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by our U.S. stockholders on December 31 of the year in which the distribution was declared.

**The IRS currently requires that a RIC that has two or more classes of stock allocate to each such class proportionate amounts of each type of its income (such as ordinary income and capital gains) based upon the percentage of total dividends paid to each class for the tax year. Accordingly, if we issue preferred stock, we intend each year to allocate capital gain dividends, if any, between our shares of common stock and shares of preferred stock in proportion to the total dividends paid to each class with respect to such tax year.**

If an investor purchases shares of our common stock shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the investor will be subject to tax on the distribution even though economically it may represent a return of his, her or its investment.

**A stockholder** Certain distributions reported by us as section 163(j) interest dividends may be treated as interest income by shareholders for purposes of the tax rules applicable to interest expense limitations under section 163(j) of the Code. Such treatment by the shareholder is generally subject to holding period requirements and other potential limitations, although the holding period requirements are generally not applicable to dividends declared by money market funds and certain other funds that declare dividends daily and pay such dividends on a monthly or more frequent basis. The amount that we are eligible to report as a section 163(j) dividend for a tax year is generally limited to the excess of our business interest income over the sum of our (i) business interest expense and (ii) other deductions properly allocable to our business interest income.

Stockholders generally will recognize taxable gain or loss if the stockholder sells or otherwise disposes of his, her or its shares of our common stock. The amount of gain or loss will be measured by the difference between such stockholder's adjusted tax basis in the common stock sold and the amount of the proceeds received in exchange. Any gain arising from such sale or disposition generally will be treated as long-term capital gain or loss if the stockholder has held the shares for more than one year. Otherwise, it will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of shares of our common stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our common stock may be disallowed if other shares of our common stock or substantially identical position are purchased or acquired (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition.

In general, individual U.S. stockholders currently are subject to a maximum federal income tax rate of 20% on their net capital gain (i.e., the excess of realized net long-term capital gains over realized net short-term capital losses), including any long-term capital gain derived from an investment in our shares. Such rate is lower than the maximum rate on ordinary income currently payable by individuals. In addition, an additional 3.8% Medicare tax will be imposed on certain net investment income (including ordinary dividends and capital gain distributions received from us and net gains from redemptions or other taxable dispositions of our common stock) of U.S. high-income individuals, and certain estates and trusts. Corporate U.S. stockholders currently are subject to federal income tax on net capital gain at the maximum 21% corporate income tax rate also applied to ordinary income. Non-corporate stockholders with net capital losses for a year (i.e., capital losses in excess of capital gains) generally may deduct up to \$3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate stockholder in excess of \$3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate stockholders generally may not deduct any net capital losses for a year but may carry back such losses for three years or carry forward such losses for five years.

We (or if a U.S. stockholder holds shares through an intermediary, such intermediary) will send to each of our U.S. stockholders, as promptly as possible after the end of each calendar year, a notice detailing, on a per share and per distribution basis, the amounts includable in such U.S. stockholder's taxable income for such year as ordinary income and as long-term capital gain. In addition, the federal tax status of each year's distributions generally will be reported to the IRS (including the amount of distributions, if any, eligible for the preferential maximum rate). Distributions paid by us generally will not be eligible for the dividends-received deduction. Distributions may also be subject to additional state, local and foreign taxes depending on a U.S. stockholder's particular situation.

We are required to report adjusted cost basis information for covered securities which generally include shares of a RIC acquired after January 1, 2012 to the IRS and to taxpayers. The tax regulations require that we elect a default tax identification methodology to perform the required reporting. We have chosen the first-in-first-out ("FIFO") method as the default tax lot identification method for our stockholders. This is the method we will use to determine which specific shares are deemed to be sold when a stockholder's entire position is not sold in a single transaction and is the method in which "covered" share sales will be reported on a stockholder's Form 1099. However, at the time of purchase or upon the sale of "covered" shares, stockholders may generally choose a different tax lot identification method. Stockholders should consult a tax advisor with regard to their personal circumstances as the Company and its service providers do not provide tax advice. Stockholders should contact their financial intermediaries with respect to reporting of cost basis and available elections for their accounts.

***Backup Withholding.*** We may be required to withhold federal income tax (“backup withholding”), currently at a rate of 24%, from all distributions to any non-corporate U.S. stockholder (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (2) with respect to whom the IRS notifies us that such stockholder has failed to properly report certain interest and dividend income to the IRS and to respond to notices to that effect. An individual’s taxpayer identification number generally is his or her social security number. Any amount withheld under backup withholding is allowed as a credit against the U.S. stockholder’s federal income tax liability, provided that proper information is provided to the IRS.

***Reportable Transactions Reporting.*** If a U.S. stockholder recognizes a loss with respect to shares of our common stock of \$2 million or more for an individual stockholder or \$10 million or more for a corporate stockholder, the stockholder must file with the IRS a disclosure statement on Form 8886. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer’s treatment of the loss is proper. U.S. stockholders should consult their tax advisors to determine the applicability of these regulations in light of their specific circumstances.

#### U.S. Taxation of Tax-Exempt U.S. Stockholders

A U.S. stockholder that is a tax-exempt organization for U.S. federal income tax purposes and therefore generally exempt from U.S. federal income taxation may nevertheless be subject to taxation to the extent that it is considered to derive unrelated business taxable income (“UBTI”). The direct conduct by a tax-exempt U.S. stockholder of the activities we propose to conduct could give rise to UBTI. However, a BDC is a corporation for U.S. federal income tax purposes and its business activities generally will not be attributed to its stockholders for purposes of determining their treatment under current law.

Therefore, a tax-exempt U.S. stockholder generally should not be subject to U.S. taxation solely as a result of the stockholder’s ownership of our stock and receipt of dividends with respect to such stock. Moreover, under current law, if we incur indebtedness, such indebtedness generally will not be attributed to a tax-exempt U.S. stockholder. Therefore, a tax-exempt U.S. stockholder should not be treated as earning income from “debt-financed property” and dividends we pay should not be treated as “unrelated debt-financed income” solely as a result of indebtedness that we incur. Proposals periodically are made to change the treatment of “blocker” investment vehicles interposed between tax-exempt investors and non-qualifying investments. In the event that any such proposals were to be adopted and applied to BDCs, the treatment of dividends payable to tax-exempt investors could be adversely affected.

#### Taxation of Non-U.S. Stockholders

The following discussion applies only to Non-U.S. stockholders. Whether an investment in our shares is appropriate for a Non-U.S. stockholder will depend upon that person’s particular circumstances. An investment in our shares by a Non-U.S. stockholder may have adverse tax consequences. Non-U.S. stockholders should consult their tax advisers before investing in our common stock.

Distributions of our investment company taxable income to Non-U.S. stockholders (including interest income and realized net short-term capital gains in excess of realized long-term capital losses, which generally would be free of withholding if paid to Non-U.S. stockholders directly) will be subject to withholding of federal tax at a 30% rate (or lower rate provided by an applicable treaty) to the extent of our current and accumulated earnings and profits unless an applicable exception applies. If the distributions are effectively connected with a U.S. trade or business of the Non-U.S. stockholder, we will not be required to withhold federal tax if the Non-U.S. stockholder complies with applicable certification and disclosure requirements, although the distributions will be subject to federal income tax at the rates applicable to U.S. persons. (Special certification requirements apply to a Non-U.S. stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisers.)

In addition, with respect to certain distributions made by RICs to Non-U.S. stockholders, no withholding will be required and the distributions generally will not be subject to federal income tax if (i) the distributions are properly ~~reported~~ designated in a notice timely delivered to our stockholders as "interest-related dividends" or "short-term capital gain dividends," (ii) the distributions are derived from sources specified in the Code for such dividends and (iii) certain other requirements are satisfied. No assurance can be given as to whether any of our distributions will be reported as eligible for this exemption from withholding tax.

Actual or deemed distributions of our net capital gains to a Non-U.S. stockholder, and gains recognized by a Non-U.S. stockholder upon the sale of our common stock, generally will not be subject to federal withholding tax and will not be subject to U.S. federal income tax unless (i) the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the Non-U.S. stockholder and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the Non-U.S. stockholder in the United States, or ~~such Non-U.S. stockholder in the United States or~~ (ii) in the case of an individual ~~Non-U.S.~~ stockholder, the stockholder is present in the United States for a period or periods aggregating 183 days or more during the year of the sale or the receipt of the distributions or gains and certain other conditions are met.

If we distribute our net capital gains in the form of deemed rather than actual distributions, a Non-U.S. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the stockholder's allocable share of the tax we pay on the capital gains deemed to have been distributed. To obtain the refund, the Non-U.S. stockholder must obtain a U.S. taxpayer identification number and file a U.S. federal income tax return even if the Non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. federal income tax return. For a corporate Non-U.S. stockholder, distributions (both actual and deemed), and gains realized upon the sale of our common stock that are effectively connected to a U.S. trade or business may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or at a lower rate if provided for by an applicable treaty). Accordingly, investment in the shares may not be appropriate for a Non-U.S. stockholder.

*Backup Withholding.* A Non-U.S. stockholder who is a non-resident alien individual, and who is otherwise subject to U.S. federal withholding tax, may be subject to information reporting and backup withholding of federal income tax on dividends unless the Non-U.S. stockholder provides us or the dividend ~~paying~~ disbursing agent with an IRS Form W-8BEN (or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a Non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

Non-U.S. stockholders may also be subject to U.S. estate tax with respect to their investment in our common stock.

#### Foreign Account Tax Compliance Act

~~Under~~ Legislation commonly referred to as the Foreign "Foreign Account Tax Compliance Act," or "FATCA," generally imposes a 30% withholding tax ~~applies~~ on payments of certain types of income to foreign financial institutions ("FFIs") unless such FFIs either (i) enter into an agreement with the U.S. Treasury to report certain required information with respect to accounts held by U.S. persons (or held by foreign entities that have U.S. persons as substantial owners) or (ii) reside in a jurisdiction that has entered into an intergovernmental agreement ("IGA") with the United States to collect and share such information and are in compliance with the terms of such IGA and any enabling legislation or regulations. The types of income subject to the tax include U.S. source interest and dividends. The information required to be reported includes the identity and taxpayer identification number of each account holder that is a U.S. person and transaction activity within the holder's account. Depending on the status of a Non-U.S. stockholder and the status of the intermediaries through which they hold their shares, Non-U.S. stockholders could be subject to this 30% withholding tax with respect to distributions on their ~~shares and proceeds from the sale of their shares~~. Proposed Treasury regulations that may be relied on pending finalization provide that ~~FATCA withholding on gross proceeds will be eliminated and, consequently, this withholding tax on gross proceeds is not currently expected to apply~~. Stockholders may be requested to provide additional information to us to enable us to determine whether withholding is required, such as W-8BEN, W-8BEN-E or other applicable series W-8.

Non-U.S. persons should consult their own tax advisers with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.

## Legislative or Other Actions Affecting RICs

The foregoing discussion is only a summary and is based upon existing federal income tax law. You should recognize that the federal income tax treatment of an investment in us may be modified at any time by legislative, judicial or administrative action. Any such changes may have a retroactive effect with respect to existing transactions and investments and may modify the statements made above. You are urged to consult with your own tax advisor with respect to the impact of recent legislation including the Tax Act, on your investment in our shares.

THE FOREGOING DISCUSSION SHOULD NOT BE CONSIDERED TO DESCRIBE FULLY THE FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN US. YOU ARE STRONGLY ADVISED TO CONSULT WITH YOUR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF AN INVESTMENT IN US.

## Item 1A. Risk Factors

*Investing in our common stock involves a number of significant risks. The investor should be aware of various risks, including those described below. The investor should carefully consider these risk factors, together with all of the other information included in this Annual Report. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us may also materially and adversely affect our business, financial condition and/or operating results. If any of the following events occur, our business, financial condition, results of operations and cash flows could be materially and adversely affected. In such case, the net asset value of our common stock could decline, and an investor may lose all or part of his or her investment.*

The following is a summary of the principal risks that you should carefully consider before investing in our securities. Further details regarding each risk included in the below summary list can be found further below.

- **Dependence Upon Key Personnel of Palmer Square PSCM and the Investment Advisor** — The success of the Company is highly dependent on the financial and managerial expertise of the Investment Advisor and, in turn, Palmer Square PSCM.
- **Operation in a Highly Competitive Market for Investment Opportunities** — The business of investing in assets meeting our investment objective is highly competitive.
- **Financing Investments With Borrowed Money** — The use of leverage magnifies the potential for gain or loss on amounts invested.
- **Changes in Interest Rates May Affect Our Cost of Capital and Net Investment Income** — Because we borrow money to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds.
- **Regulations Governing Our Operation as a BDC** — Regulations governing our operation as a BDC affect our ability to raise, and the way in which we raise, additional capital or borrow for investment purposes, which may have a negative impact on our growth.
- **Investments in Leveraged Portfolio Companies** — Leveraged companies in which we invest may have limited financial resources and may be unable to meet their obligations under their loans and debt securities that we hold.
- **Investments in Secured Loans** — We cannot guarantee the adequacy of the protection of our interests in secured loans, including the validity or enforceability of the loan and the maintenance of the anticipated priority, and in the event of any default under a secured loan, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the secured loan.

- **Investments in Mezzanine Debt and Other Junior Securities** — Our investments in mezzanine debt and other junior securities are subordinate to senior indebtedness of the applicable company and are subject to greater risk.
- **Investments in CLOs** — CLO vehicles that we invest in are typically very highly levered, and therefore, the junior debt and equity tranches that we invest in are subject to a higher degree of risk of total loss.
- **Investments in Covenant-Lite Loans** — Our investments may include Covenant-Lite Loans, which may give us fewer rights and subject us to greater risk of loss than loans with financial maintenance covenants.
- **Risks Regarding Distributions** — We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions.
- **Dependence on Strong Referral Relationships** — We depend upon our Investment Advisor and its affiliates to maintain their relationships with private equity sponsors, placement agents, investment banks, management groups and other financial institutions, and we expect to rely to a significant extent upon these relationships to provide us with potential investment opportunities.
- **Uncertainty Regarding the Value of Portfolio Investments** — The fair value of loans, securities and other investments that are not publicly traded may not be readily determinable and we will value these investments at fair value as determined in good faith by our Investment Advisor (subject to the Board's oversight).
- **Risks Relating Investment in High Yield Debt with Greater Credit and Liquidity Risk** — We invest in high yield debt, a substantial portion of which may be rated below investment-grade by one or more nationally recognized statistical rating organizations or is unrated but of comparable credit quality to **Economic Recessions or Downturns** — Economic slowdowns or recessions could lead to financial losses in our portfolio obligations rated below investment-grade, and a decrease in our revenues, net income has greater credit and assets liquidity risk than more highly rated debt obligations.

Risks Related to our Business and Structure

**We have a limited operating history.**

We began operations on January 23, 2020 and have limited operating history. As a result, we are subject to all of the business risks and uncertainties associated with any new business, including the risk that it will not achieve its investment objectives and that the value of your investment could decline substantially or that the investor will suffer a complete loss of its investment in us.

In addition, neither Palmer Square nor the Investment Advisor has previously managed a BDC. The 1940 Act imposes numerous constraints on the operations of BDCs that generally do not apply to other investment vehicles managed by Palmer Square. BDCs are required, for example, to invest at least 70% of their total assets primarily in securities of U.S. private or thinly traded public companies, cash, cash equivalents, U.S. government securities and other high-quality debt instruments that mature in one year or less from the date of investment. We, the Investment Advisor and Palmer Square have limited experience operating or advising under these constraints, which may hinder our ability to take advantage of attractive investment opportunities and to achieve our investment objective.

**We are dependent upon key personnel of Palmer Square PSCM and the Investment Advisor.**

Our Pursuant to the Resource Sharing Agreement between the Investment Advisor and PSCM, PSCM provides the Investment Advisor with experienced investment professionals and services so as to enable the Investment Advisor to fulfil its obligations under the Advisory Agreement. Accordingly, our success is highly dependent on the financial and managerial expertise of the Investment Advisor and, in turn, **Palmer Square, PSCM**. The individuals may not necessarily continue to remain employed by **Palmer Square, PSCM** or affiliated with PSCM. Although we have attempted to foster a team approach to investing, the loss of key individuals employed by **Palmer Square, PSCM** or affiliated with PSCM or our Investment Advisor, including Christopher D. Long and Angie K. Long, could have a material adverse effect on our financial condition, performance and ability to achieve our investment objectives. In addition, we cannot assure you that our Investment Advisor will remain our investment adviser or that we will continue to have access to PSCM or its investment professionals. Moreover, the Resource Sharing Agreement may be terminated by either party on 60 days' notice; the termination of the Resource Sharing Agreement could have a material adverse effect on our financial condition, performance and ability to achieve our investment objectives.

The Investment Advisor's and **Palmer Square's PSCM's** investment professionals expect to devote such time and attention to the conduct of our business as such business shall reasonably require. However, there can be no assurance, for example, that the members of the Investment Advisor or such investment professionals will devote any minimum number of hours each week to our affairs or that they will continue to be employed by **Palmer Square, PSCM**. In the event that certain employees of the Investment Advisor cease to be actively involved with us, we will be required to rely on the ability of **Palmer Square, PSCM** to identify and retain other investment professionals to conduct our business.

**We are dependent on strong referral relationships.**

We depend upon our Investment Advisor and its affiliates to maintain their relationships with private equity sponsors, placement agents, investment banks, management groups and other financial institutions, and we expect to rely to a significant extent upon these relationships to provide us with potential investment opportunities. If our Investment Advisor and its affiliates fail to maintain such relationships, or to develop new relationships with other sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom our Investment Advisor and its affiliates have relationships are not obligated to provide us with investment opportunities, and we can offer no assurance that these relationships will generate investment opportunities for us in the future.

**Our investment decisions may be expedited.**

Investment analyses and decisions by the Investment Advisor may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In these cases, the information available to the Investment Advisor at the time of making an investment decision may be limited. Therefore, no assurance can be given that the Investment Advisor will have knowledge of all circumstances that may adversely affect an investment.

**Our financial condition, results of operations and cash flows depend on our ability to manage our business effectively.**

Our ability to achieve our investment objective will depend on our ability to manage our business and to grow our investments and earnings. This will depend, in turn, on our Investment Advisor's ability to identify, invest in and monitor portfolio companies that meet our investment criteria. The achievement of our investment objectives on a cost-effective basis will depend upon our Investment Advisor's execution of our investment process, its ability to provide competent, attentive and efficient services to us and, to a lesser extent, our access to financing on acceptable terms. Any failure to manage our business and our future growth effectively could have a material adverse effect on our business, financial condition, results of operations and cash flows.

**Our executive officers and directors, our Investment Advisor, **Palmer Square PSCM** and their affiliates, officers, directors and employees may face certain conflicts of interest.**

The employees of **Palmer Square PSCM** and our Investment Advisor serve, or may serve, as officers, directors, members, or principals of entities that operate in the same or a related line of business as we do, or of investment funds, accounts, or investment vehicles managed by it and/or its affiliates. Similarly, **Palmer Square, PSCM**, the Investment Advisor and their affiliates may have other clients with similar, different or competing investment objectives.

In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the best interests of us or our stockholders. There is a potential that we will compete with these clients, and other entities managed by the Investment Advisor and its affiliates, for capital and investment opportunities. As a result, the Investment Advisor and, as applicable, the members of the Investment Committee may face conflicts in the allocation of investment opportunities among us and the investment funds, accounts and investment vehicles managed by the Investment Advisor and its affiliates. Our Investment Advisor intends to allocate investment opportunities among eligible investment funds, accounts and investment vehicles in a manner that is fair and equitable over time and consistent with its allocation policy. However, we can offer no assurance that such opportunities will be allocated to us fairly or equitably in the short-term or over time.

**Our Investment Advisor or its affiliates may, from time to time, possess material non-public information, limiting our investment discretion.**

Principals and other employees of our Investment Advisor, including members of the Investment Advisor's Investment Committee, may serve as directors of, or in a similar capacity with, portfolio companies in which we invest, the securities of which are purchased or sold on our behalf. In the event that material nonpublic information is obtained with respect to such companies, or we become subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations, we could be prohibited for a period of time from purchasing or selling the securities of such companies, and this prohibition may have an adverse effect on us.

**Our management and incentive fee structure with our Investment Advisor may create incentives for our Investment Advisor that are not fully aligned with the interests of our stockholders and may induce our Investment Advisor to make speculative investments.**

In the course of our investing activities, we **will** pay management and **subsequent to a Listing**, incentive fees to the Investment Advisor. We have entered into an Advisory Agreement with the Investment Advisor. Under the incentive fee structure, **which will be in place subsequent to a Listing**, our adjusted net investment income for purposes thereof **will be** computed and paid on income that may include interest income that has been accrued but not yet received in cash. This fee structure may give rise to a conflict of interest for the Investment Advisor to the extent that it encourages the Investment Advisor to favor debt financings that provide for deferred interest, rather than current cash payments of interest. The Investment Advisor may have an incentive to invest in deferred interest securities in circumstances where it would not have done so but for the opportunity to continue to earn the Income Incentive Fee even when the issuers of the deferred interest securities would not be able to make actual cash payments to us on such securities. This risk could be increased because, under our Advisory Agreement, the Investment Advisor is not obligated to reimburse us for incentive fees it receives even if we subsequently incur losses or never receive in cash the deferred income that was previously accrued.

**The valuation process for certain of our portfolio holdings may create a conflict of interest.**

We may make **many of our** portfolio investments in the form of loans and securities that are not publicly traded and for which no market based price quotation is available. **As a result, we will determine the fair value of these loans and securities in good faith by the Effective August 11, 2022, our Board or its designee as described elsewhere in this Annual Report.** Our Board has designated the Investment Advisor as **the our** valuation designee pursuant to Rule 2a-5 under the 1940 Act. In connection with its fair value determination, **investment professionals from our Investment Advisor may determine valuations based upon the most recent portfolio company consolidated financial statements available and projected financial results of each portfolio company.** **designee.** The participation of the Investment Advisor's investment professionals in our valuation process could result in a conflict of interest as the Investment Advisor's base management fee is based, in part, on the value of our total net assets.

**We operate in a highly competitive market for investment opportunities, which could reduce returns and result in losses.**

The business of investing in assets meeting our investment objective is highly competitive. Competition for investment opportunities includes a growing number of nontraditional participants, such as hedge funds, senior private debt funds, including BDCs, and other private investors, as well as more traditional lending institutions and competitors. Some of these competitors may have access to greater amounts of capital and **to capital that may be committed for longer periods of time** or may have different return thresholds than us, and thus these competitors may have advantages not shared by us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or the source-of-income, asset diversification and distribution requirements we must satisfy to qualify and maintain our RIC status. Increased competition for, or a diminishment in the available supply of, investments suitable for us could result in lower returns on such investments. Moreover, the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. We may incur significant expenses in connection with identifying investment opportunities and investigating other potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third party advisors.

With respect to the investments we make, we will not seek to compete based primarily on the interest rates we will offer, and we believe that some of our competitors may make loans with interest rates that will be lower than the rates we offer. In the secondary market for acquiring existing loans, we expect to compete generally on the basis of pricing terms. With respect to all investments, we may lose some investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may experience decreased net interest income, lower yields and increased risk of credit loss.

**We may need to raise additional capital.**

We may need to raise additional capital to fund new investments and grow our portfolio of investments. We intend to access the capital markets periodically to issue debt or equity securities or borrow from financial institutions in order to obtain such additional capital. Unfavorable economic conditions could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. A reduction in the availability of new capital could limit our ability to grow. In addition, we are required to distribute dividends for U.S. federal income tax purposes of an amount generally at least equally to 90% of the sum of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders to qualify and maintain our RIC status. As a result, these earnings will not be available to fund new investments. An inability on our part to access the capital markets successfully could limit our ability to grow our business and execute our business strategy fully and could decrease our earnings, if any, which would have an adverse effect on the value of our securities.

**Our investments in PIK interest income may expose us to risks, risks, including a possible increase in incentive fees that are payable by us to the Investment Advisor.**

Certain of our debt investments may contain provisions providing for the payment of PIK interest. Because PIK interest results in an increase in the size of the loan balance of the underlying loan, the receipt by us of PIK interest will have the effect of increasing our total net assets. As a result, because the base management fee that we pay to the Investment Advisor is based on the value of our total net assets, the receipt by us of PIK interest will result in an increase in the amount of the base management fee payable by us. In addition, any such increase in a loan balance due to the receipt of PIK interest will cause such loan to accrue interest on the higher loan balance, which will result in an increase in our pre-incentive fee net investment income and, as a result, an increase in incentive fees that are payable by us to the Investment Advisor after a Listing Advisor.

**Our strategy involves a high degree of leverage. We intend to continue to finance our investments with borrowed money, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.**

The use of leverage magnifies the potential for gain or loss on amounts invested. The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities. We have borrowed and intend to continue to borrow from, and may in the future issue debt securities to, banks, insurance companies and other lenders. Lenders of these funds will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. We may pledge up to 100% of our assets and may grant a security interest in all of our assets under the terms of any debt instruments we may enter into with lenders. If the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged, thereby magnifying losses or eliminating our stake in a leveraged investment. Similarly, any decrease in our revenue or income will cause our net income to decline more sharply than it would have had we not borrowed. Such a decline would also negatively affect our ability to make dividend payments on our common stock. Our ability to service any debt will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of our use of leverage, including interest expenses.

As a BDC, we generally are required to meet a coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings and any preferred stock that we may issue in the future, of at least 150%. If this ratio declines below 150%, we will not be able to incur additional debt when it is otherwise advantageous or necessary for us to do so. The amount of leverage that we employ will depend on the Investment Advisor's and our Board's assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us.

*[Illustration.]* The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual results may be higher or lower than those appearing below.

<b>Assumed Return on Our Portfolio<sup>(1)</sup> (net of expenses)</b>					
	<b>(10.0)%</b>	<b>(5.0)%</b>	<b>0.0 %</b>	<b>5.0 %</b>	<b>10.0 %</b>
Corresponding net return to common stockholder	(33.13)%	(21.12)%	(9.12)%	2.88%	14.88%

(1) Assumes (i) \$1.1 billion in total assets as of December 31, 2023, (ii) \$1.1 billion in non-controlled, non-affiliated investments at fair value as of December 31, 2023, (iii) \$629.6 million in outstanding indebtedness as of December 31, 2023, (iv) \$462.0 million in net assets as of December 31, 2023 and (iv) weighted average interest rate of 6.58% on our indebtedness for the twelve months ended December 31, 2023.

Based on outstanding indebtedness of \$629.6 million as of December 31, 2023, and the weighted average effective interest rate of 6.58%, our investment portfolio would have had to produce an annual return of approximately 3.80% to cover annual interest payments on outstanding debt.

**We are subject to various covenants under our credit facilities which, if not complied with, could result in reduced availability and/or mandatory prepayments under our credit facilities.**

We are subject to various covenants under our credit facilities which, if not complied with, could result in reduced availability and/or mandatory prepayments under our credit facilities. In the event we default under our credit facilities or any other future borrowing facility, our business could be adversely affected as we may be forced to sell a portion of our investments quickly and prematurely at what may be disadvantageous prices to us in order to meet our outstanding payment obligations and/or support working capital requirements under our credit facilities, or such future borrowing facility, any of which would have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, following any such default, the agent for the lenders under our credit facilities, or such future borrowing facility could assume control of the disposition of any or all of our assets, including the selection of such assets to be disposed and the timing of such disposition, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition to asset coverage ratio requirements, our credit facilities contain various covenants which, if not complied with, could accelerate repayment of the indebtedness under our credit facilities. This could have a material adverse effect on our business, financial condition and results of operations. Our borrowings under the BoA Credit Facility are collateralized by the assets in a special purpose wholly-owned subsidiary, PS BDC Funding. The agreements governing the BoA Credit Facility require us to comply with certain financial and operational covenants. These covenants include a requirement to maintain a first-prior security interest in the collateral for the benefit of the lenders under the BoA Credit Facility, maintain various policies and procedures, and maintain a minimum borrowing base under the BoA Credit Facility. Our borrowings under the line of credit provided to us under the WF Credit Facility are collateralized by the assets in a special purpose wholly owned subsidiary, PS BDC Funding II. The agreements governing the WF Credit Facility require us to comply with certain financial and operational covenants. These covenants include a requirement to maintain a first-prior security interest in the collateral for the benefit of the lenders under the WF Credit Facility, maintain various policies and procedures, and maintain a minimum borrowing base under the WF Credit Facility. Our continued compliance with the covenants under our credit facilities depends on many factors, some of which are beyond our control.

**Changes in interest rates may affect our cost of capital and net investment income.**

Because we borrow money to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates would not have a material adverse effect on our net investment income given that we use debt to finance our investments. In periods of rising interest rates, our cost of funds **would** **could** increase, which could reduce our net investment income. In addition, in a prolonged low interest rate environment, the difference between investment income earned on interest earning assets and the interest expense incurred on interest bearing liabilities may be compressed, reducing our net investment income and potentially adversely affecting our operating results. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act.

***Inflation could adversely affect the business, results of operations and financial condition of our portfolio companies.***

Certain of our portfolio companies are in industries that could be impacted by inflation. If such portfolio companies are unable to pass any increases in their costs of operations along to their customers, it could adversely affect their operating results and impact their ability to pay interest and principal on our loans, particularly if interest rates rise in response to inflation. In addition, any projected future decreases in our portfolio companies' operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our investments could result in future realized or unrealized losses and therefore reduce our net increase (decrease) in net assets resulting from operations.

**We are subject to risks associated with the discontinuation of LIBOR.**

On March 5, 2021, the Financial Conduct Authority (the “FCA”) confirmed its intention to cease publication of (i) one-week and two-month U.S. dollar LIBOR tenors after December 31, 2021 and (ii) remaining U.S. dollar LIBOR tenors after June 30, 2023. As of January 1, 2022, USD LIBOR is available in five settings (overnight, one-month, three-month, six-month and 12-month). The ICE Benchmark Administration (“IBA”) has stated that it will cease to publish all remaining USD LIBOR settings immediately following their publication on June 30, 2023. As of January 1, 2022, all non-USD LIBOR reference rates in all settings ceased to be published.

As an alternative to LIBOR, the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee (“ARRC”), a U.S. based group convened by the Federal Reserve Board and the Federal Reserve Bank of New York, supports replacing U.S.-dollar LIBOR with the Secured Overnight Financing Rate (“SOFR”). SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. Similarly, other jurisdictions have also proposed their own alternative to LIBOR, including the Sterling Overnight Index Average for Sterling markets, the Euro Short Term Rate for Euros and Tokyo Overnight Average Rate for Japanese Yens. Although SOFR appears to be the preferred replacement rate for U.S. dollar LIBOR, it is unclear if other benchmarks may emerge or if other rates will be adopted outside of the U.S. Some regulators have prohibited the use of any LIBOR benchmarks in new contracts and have required that regulated entities transition existing contracts to another benchmark prior to June 30, 2023. Although settings of such LIBOR benchmarks may continue to be available, such prohibitions and requirements may adversely affect the value of floating-rate debt securities in our portfolio or issued by us. Moreover, at this time, no consensus exists as to what rate or rates will become accepted alternative to LIBOR.

The transition away from LIBOR to alternative base rates is complex and could have adverse impacts on our business, financial condition and results of operations, including as a result of any changes in the pricing of our investments, changes to the documentation for certain of our investments, disputes and other actions regarding the interpretation of current and prospective loan documentation or modifications to processes and systems. In addition, while some debt investments that are linked to LIBOR may contemplate a scenario where LIBOR is no longer available by providing or an alternative rate setting methodology, not all instruments may have such provisions and there is significant uncertainty regarding the effectiveness of any such alternative methodologies. Beyond these challenges, we anticipate there may be additional risks to our processes and information systems that will need to be identified and evaluated by us. Due to the uncertainty of the replacement for LIBOR, the potential effect of any such event on our business and results of operations cannot yet be determined. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market value of any LIBOR-linked securities, loans, and other financial obligations or extensions of credit we may hold or may be due to us and could have a material adverse effect on our business, financial condition and results of operations.

**We may have uncertainty as to the value of certain portfolio investments.**

We expect that certain of our portfolio investments may take the form of securities that are not publicly traded. The fair value of loans, securities and other investments that are not publicly traded may not be readily determinable and we will value these investments at fair value as determined in good faith by the Investment Advisor (subject to the Board's oversight). Certain of our investments (other than cash and cash equivalents) **may** **will** be classified as Level 3 assets under Topic 820 of the U.S. Financial Accounting Standards Board's Accounting Standards Codification (“ASC”), as amended, Fair Value Measurements and Disclosures (“ASC 820”). This means that **certain** of our portfolio valuations will be based on inputs other than quoted prices which are either directly or indirectly observable, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets including actionable bids from third parties for privately held assets or liabilities, and observable inputs other than quoted prices such as yield curves and forward currency rates that are entered directly into valuation models to determine the value of derivatives or other assets or liabilities. Certain other of our investments may be classified as Level 3 under ASC 820, which means that **certain** of our portfolio valuations will be based on unobservable inputs and our own assumptions about how market participants would price the asset or liability in question. We expect that inputs into the determination of fair value of our portfolio investments will require significant management judgment or estimation. Even if observable market data are available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimers materially reduces the reliability of such information. The types of factors that the Board may take into account in determining the fair value of our investments generally include, as appropriate, comparison to publicly-traded securities including such factors as yield, maturity and measures of credit quality, the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these loans and securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such loans and securities. In addition, the method of calculating the base management fee may result in conflicts of interest between the Investment Advisor, on the one hand, and our stockholders on the other hand, with respect to valuation of investments.

We will adjust on a quarterly basis the valuation of our portfolio to reflect the Investment Advisor's determination (subject to the Board's oversight) of the fair value of each investment in our portfolio for which market quotes are not readily available. Any changes in fair value are recorded in our statements of operations as net change in unrealized appreciation or depreciation on investments.

***We may experience fluctuations in our quarterly operating results.***

We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rate payable on the loans and debt securities we acquire, the default rate on such loans and securities, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. Moreover, as of December 31, 2023, 100% of our investments were classified as Level 1 or Level 2, which may cause our NAV to experience greater fluctuations than funds with a greater proportion of Level 3 assets. In light of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

***The Board may change our investment objectives, operating policies and strategies without prior notice or stockholder approval.***

The Board has the authority, except as otherwise provided in the 1940 Act, to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and the market price of our common stock. Nevertheless, any such changes could adversely affect our business and impair our ability to make distributions to our stockholders.

***We are subject to risks related to our management of ESG activities.***

Our business faces increasing public scrutiny related to ESG activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as environmental stewardship, corporate governance and transparency and considering ESG factors in our investment processes. Adverse incidents with respect to ESG activities could impact the value of our brand, the cost of our operations and relationships with investors, all of which could adversely affect our business and results of operations. Additionally, new regulatory initiatives related to ESG could adversely affect our business.

***Our Investment Advisor and Administrator each have the ability to resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.***

The Investment Advisor has the right under the Advisory Agreement to resign as our Investment Advisor at any time upon not less than 60 days' written notice, whether we have found a replacement or not. Similarly, our Administrator has the right under the Administration Agreement to resign at any time upon not less than 60 days' written notice, whether we have found a replacement or not. If the Investment Advisor or Administrator were to resign, we may not be able to find a new investment adviser or administrator, as applicable, or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions to our stockholders are likely to be adversely affected.

Moreover, pursuant to the Resource Sharing Agreement, Palmer Square PSCM provides the Investment Advisor with experienced investment professionals and services so as to enable the Investment Advisor to fulfill its obligations under the Advisory Agreement, and such Resource Sharing Agreement may itself be terminated on 60 days' notice. If Palmer Square PSCM were to so terminate the Resource Sharing Agreement, the Investment Advisor may be required to seek to find an alternate means of fulfilling its obligations under the Advisory Agreement, or to resign.

***We are highly dependent on information systems, and systems failures or cyber-attacks could significantly disrupt our business, which may, in turn, negatively affect the value of shares of our common stock and our ability to pay distributions.***

Our business relies on secure information technology systems. These systems are exposed to operational and information security risks resulting from cyberattacks that threaten the confidentiality, integrity or availability of our information resources (i.e., cyber incidents). Cyber incidents can result from unintentional events (such as an inadvertent release of confidential information) or deliberate attacks by insiders or third parties. These attacks could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing and unauthorized release of confidential information, corrupting data, denial of service attacks on our websites, "ransomware" that renders systems inoperable until ransom is paid, or various other forms of cybersecurity breaches. Cyber security Cybersecurity incidents and cyber-attacks have been occurring more frequently and will likely continue to increase. Such cyber incidents could result in disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to our business relationships, any of which could have a material adverse effect on our business, financial condition and results of operations. As our reliance on technology has increased, so have the risks posed to our information systems, both internal and those provided by the Investment Advisor and third-party service providers. Cyber incidents affecting us, our Investment Advisor, or third-party service providers may adversely impact us or the companies in which we invest, causing our investments to lose value. We, along with our Investment Advisor, have implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions. However, these measures may not be effective, and there can be no assurance that a cyber incident will not occur or that our financial results, operations or confidential information will not be negatively impacted by such an incident. In addition, the costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means, and we may be required to expend additional resources to modify our protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks. Furthermore, cybersecurity continues to be a key priority for regulators around the world, and some jurisdictions have enacted laws requiring companies to notify individuals or the general investing public of data security breaches involving certain types of personal data, including the SEC, which, on July 26, 2023, adopted amendments requiring the prompt public disclosure of certain cybersecurity breaches. If we fail to comply with the relevant laws and regulations, we could suffer financial losses, a disruption of our businesses, liability to investors, regulatory intervention or reputational damage.

**Failure to maintain our status as a business development company would reduce our operating flexibility.**

If we do not maintain our status as a business development company, we might be regulated as a closed-end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions and correspondingly decrease our operating flexibility.

**Our charter includes an exclusive forum selection provision, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or other agents.**

Our charter provides that, unless we consent in writing to the selection of a different forum, and except for any claims made under the federal U.S. securities laws, (i) the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, shall be, except for any claims made under the federal U.S. securities laws, the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Company, (b) any action asserting a claim of breach of any duty owed by a director or officer or other employee of the Company to the Company or to the stockholders of the Company or asserting a claim of breach of any standard of conduct set forth in the Maryland General Corporation Law, (the or the "MGCL"), (c) any action asserting a claim against the Company or any director or officer or other employee of the Company arising pursuant to any provision of the MGCL, the charter or our bylaws, or (d) any action asserting a claim against the Company or any director or officer or other employee of the Company that is governed by the internal affairs doctrine. There is uncertainty as to whether a court would enforce such a provision, and investors cannot waive compliance with (ii) the federal district courts of the United States of America shall be the sole and exclusive forum for any claims, suits, actions or proceedings arising under the federal securities laws and the rules and regulations thereunder. In addition, this provision may increase costs for shareholders in bringing a claim against us or our directors, officers or other agents. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed, to the fullest extent permitted by law, to have notice of and consented to these exclusive forum provisions. The exclusive forum selection provision in our charter may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other agents, which may discourage lawsuits against us and such persons. It is also possible that, notwithstanding such exclusive forum selection provision, a court could rule that such provision is inapplicable or unenforceable. If this occurred, we may incur additional costs associated with resolving such action in another forum, which could materially adversely affect our business, financial condition and results of operations.

**We have a limited operating history.**

We began operations on January 23, 2020 and have a limited operating history. As a result, we are subject to all of the business risks and uncertainties associated with any new business, including the risk that it will not achieve its investment objectives and that the value of your investment could decline substantially or that the investor will suffer a complete loss of its investment in us.

In addition, neither PSCM (including the employees of PSCM that serve on the Investment Team) nor the Investment Advisor has managed a BDC prior to our inception. The 1940 Act imposes numerous constraints on the operations of BDCs that generally do not apply to other investment vehicles managed by PSCM. BDCs are required, for example, to invest at least 70% of their total assets primarily in securities of U.S. private or thinly traded public companies, cash, cash equivalents, U.S. government securities and other high-quality debt instruments that mature in one year or less from the date of investment. We, the Investment Advisor and PSCM have limited experience operating or advising under these constraints, which may hinder our ability to take advantage of attractive investment opportunities and to achieve our investment objective.

**Risks Related to the 1940 Act**

**Our ability to enter into transactions with our affiliates is restricted.**

The 1940 Act prohibits or restricts our ability to engage in certain principal transactions and joint transactions with certain "First Tier" affiliates and "Second Tier" affiliates. For example, we are prohibited from buying or selling any security from or to any person who owns more than 25% of our voting securities or certain of that person's affiliates (each is a "First Tier" affiliate), or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC. We consider the Investment Advisor and its affiliates, including Palmer Square, PSCM, to be "First Tier" affiliates for such purposes. We are prohibited under the 1940 Act from participating in certain principal transactions and joint transactions with a "Second Tier" affiliate without the prior approval of our Independent Directors. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities will be a "Second Tier" affiliate for purposes of the 1940 Act, and we are generally prohibited from buying or selling any security from or to such affiliate without the prior approval of our Independent Directors.

We may, however, invest alongside Palmer Square's PSCM's investment funds, accounts and investment vehicles in certain circumstances where doing so is consistent with our investment strategy as well as applicable law and SEC staff interpretations. For example, we may invest alongside such investment funds, accounts and investment vehicles consistent with guidance promulgated by the SEC staff to purchase interests in a single class of privately placed securities so long as certain conditions are met, including that the Investment Advisor and Palmer Square, PSCM, acting on our behalf and on behalf of such investment funds, accounts and investment vehicles, negotiate no term other than price.

In situations where co-investment with investment funds, accounts and investment vehicles managed by the Investment Advisor and its affiliates, including **Palmer Square, PSCM**, is not permitted or appropriate, such as when there is an opportunity to invest in different securities of the same issuer or where the different investments could be expected to result in a conflict between our interests and those of these other clients, the Investment Advisor and **Palmer Square PSCM** will need to decide which client will proceed with the investment. These restrictions will limit the scope of investment opportunities that would otherwise be available to us.

We, the Investment Advisor and **Palmer Square PSCM** have been granted exemptive relief from the SEC to permit greater flexibility to negotiate the terms of co-investments if our Board determines that it would be advantageous for us to co-invest with investment funds, accounts and investment vehicles managed by **Palmer Square PSCM** in a manner consistent with our investment objectives, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. We believe that co-investment by us and investment funds, accounts and investment vehicles managed by the Investment Advisor and its affiliates, including **Palmer Square, PSCM**, may afford us additional investment opportunities and an ability to achieve greater diversification. Accordingly, our exemptive order permits us to invest with these investment funds, accounts and investment vehicles managed in the same portfolio companies under circumstances in which such investments would otherwise not be permitted by the 1940 Act. Our exemptive relief permitting co-investments applies only if our Independent Directors review and approve each co-investment. The exemptive order imposes other constraints on co-investments that limit the number of instances when we may rely on its protections.

***Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital.***

Regulations governing our operation as a BDC affect our ability to raise, and the way in which we raise, additional capital or borrow for investment purposes, which may have a negative impact on our growth. We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as "senior securities," up to the maximum amount permitted by the 1940 Act. We are generally able to issue senior securities such that our asset coverage, as defined in the 1940 Act, equals at least 150% of gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets decline, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments at a time when such sales may be disadvantageous to use in order to repay a portion of our indebtedness.

Risks Related to our Investments

***Economic recessions or downturns could impair our portfolio companies, and defaults by our portfolio companies will harm our operating results.***

Many of the portfolio companies in which we have invested or expect to make investments are likely to be susceptible to economic slowdowns or recessions and may be unable to repay our loans during such periods. Therefore, the number of our non-performing assets is likely to increase, and the value of our portfolio is likely to decrease during such periods. Adverse economic conditions may decrease the value of collateral securing some of our loans and debt securities and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing our investments and harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets, which could trigger cross-defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the loans and debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company.

***We may hold the debt securities of leveraged portfolio companies.***

Portfolio companies may issue certain types of debt, such as senior loans, mezzanine or high yield in connection with leveraged acquisitions or recapitalizations in which the portfolio company incurs a substantially higher amount of indebtedness than the level at which it had previously operated. Leverage may have important consequences to these portfolio companies and us as an investor. For example, the substantial indebtedness of a portfolio company could (i) limit its ability to borrow money for its working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes; (ii) require it to dedicate a substantial portion of its cash flow from operations to the repayment of its indebtedness, thereby reducing funds available to it for other purposes; (iii) make it more highly leveraged than some of its competitors, which may place it at a competitive disadvantage; or (iv) subject it to restrictive financial and operating covenants, which may preclude it from favorable business activities or the financing of future operations or other capital needs.

A leveraged portfolio company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used. In addition, a portfolio company with a leveraged capital structure will be subject to increased exposure to adverse economic factors, such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of that portfolio company or its industry. If a portfolio company is unable to generate sufficient cash flow to meet all of its obligations, it may take alternative measures (e.g., reduce or delay capital expenditures, sell assets, seek additional capital, or seek to restructure, extend or refinance indebtedness). These actions may negatively affect our investment in such a portfolio company.

Investment in leveraged companies involves a number of significant risks. Leveraged companies in which we invest may have limited financial resources and may be unable to meet their obligations under their loans and debt securities that we hold. Such developments may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing any guarantees that we may have obtained in connection with our investment. Smaller leveraged companies also may have less predictable operating results and may require substantial additional capital to support their operations, finance their expansion or maintain their competitive position.

***The lack of liquidity in our investments may adversely affect our businesses.***

We may acquire a significant percentage of our portfolio company investments from privately held companies in directly negotiated transactions. The lack of an established, liquid secondary market for some of our investments may have an adverse effect on the market value of our investments and on our ability to dispose of them. Additionally, our investments may be subject to certain transfer restrictions that may also contribute to illiquidity. Further, our assets that are typically traded in a liquid market may become illiquid due to events relating to the issuer, market events, economic conditions or investor perceptions. Therefore, no assurance can be given that, if we are determined to dispose of a particular investment held by us, it could dispose of such investment at the prevailing market price.

***Our investments in secured loans may nonetheless expose us to losses from default and foreclosure.***

While we may invest in secured loans, they may nonetheless be exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying collateral, the creditworthiness of the borrower and the priority of the lien are each of great importance. We cannot guarantee the adequacy of the protection of our interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, we cannot assure you that claims may not be asserted that might interfere with enforcement of our rights. In addition, in the event of any default under a secured loan held directly by us, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the secured loan, which could have a material adverse effect on our cash flow from operations.

In the event of a foreclosure, we may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to us. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

***Our investments in mezzanine debt and other junior securities are subordinate to senior indebtedness of the applicable company and are subject to greater risk.***

The mezzanine debt and other junior investments in which we may invest are typically contractually or structurally **subordinate** to senior indebtedness of the applicable company, or effectively subordinated as a result of being unsecured debt and therefore subject to the prior repayment of secured indebtedness to the extent of the value of the assets pledged as security. In some cases, the subordinated debt held by us may be subject to the prior repayment of different classes of senior debt that may be in priority ahead of the debt held by us. In the event of financial difficulty on the part of a portfolio company, such class or classes of senior indebtedness ranking prior to the debt held by us, and interest thereon and related expenses, must first be repaid in full before any recovery may be had on our mezzanine debt or other subordinated investments. Subordinated investments are characterized by greater credit risks than those associated with the senior or senior secured obligations of the same issuer. In addition, under certain circumstances the holders of the senior indebtedness will have the right to block the payment of interest and principal on our mezzanine debt or other junior investment and to prevent us from pursuing its remedies on account of such non-payment against the issuer. Further, in the event of any debt restructuring or workout of the indebtedness of any issuer, the holders of the senior indebtedness will likely control the creditor side of such negotiations.

Many issuers of mezzanine debt or other junior securities are highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. In addition, many issuers of mezzanine debt or other junior securities may be in poor financial condition, experiencing poor operating results, having substantial capital needs or negative net worth or be facing special competitive or product obsolescence problems, and may include companies involved in bankruptcy or other reorganizations or liquidation proceedings. Adverse changes in the financial condition of an issuer, general economic conditions, or both, may impair the ability of such issuer to make payments on the subordinated securities and result in defaults on such securities more quickly than in the case of the senior obligations of such issuer. Mezzanine debt and other junior securities may not be publicly traded, and therefore it may be difficult to obtain information as to the true condition of the issuers. Finally, the market values of certain of mezzanine debt and other junior securities may reflect individual corporate developments.

***Our investments **may** include Covenant-Lite Loans, which **may** give us fewer rights and subject us to greater risk of loss than loans with financial maintenance covenants.***

A significant number of high yield loans in the market, in particular the broadly syndicated loan market, **may** consist of Covenant-Lite Loans. A significant portion of the Loans, which are loans in which we may invest or get exposure to through its investments in CDOs or other types of structured securities may be deemed to be Covenant-Lite Loans and it is possible that such loans may comprise a majority of our portfolio. Such loans do not require the borrower to maintain debt service or other financial ratios and do not include terms which allow the lender to monitor the performance of the borrower and declare a default if certain criteria are breached. A significant portion of the loans in which we may invest or get exposure to through its investments in CDOs or other types of structured securities are Covenant-Lite Loans and it is possible that such loans may comprise a majority of our portfolio from time to time. Ownership of Covenant-Lite Loans **may expose** exposes us to different risks, including with respect to liquidity, price volatility, ability to restructure loans, credit risks and less protective loan documentation, than is the case with loans that contain financial maintenance covenants. In addition, a significant portion of the loans in which we may invest may be Covenant-Lite Loans. Generally, Covenant-Lite Loans provide borrower companies more freedom to negatively impact lenders because their covenants are incurrence-based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower's financial condition. Accordingly, to the extent we invest in Covenant-Lite Loans, we may have fewer rights against a borrower and may have a greater risk of loss on such investments as compared to investments in or exposure to loans with financial maintenance covenants.

**Our prospective portfolio companies may prepay loans, which may reduce our yields if capital returned cannot be invested in transactions with equal or greater expected yields.**

The terms of loans we acquire or originate may be subject to early prepayment options or similar provisions which, in each case, could result in us realizing repayments of such loans earlier than expected, sometimes with no or a nominal prepayment premium. This may happen when there is a decline in interest rates, when the portfolio company's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt or when the general credit market conditions improve. Additionally, prepayments could negatively impact our ability to pay, or the amount of, distributions on our common stock, which could result in a decline in the market price of our shares. Our inability to reinvest such proceeds may materially affect the overall performance.

**We ~~may~~ invest in high yield debt, which has greater credit and liquidity risk than more highly rated debt obligations.**

We ~~may~~ invest in high yield debt, a substantial portion of which may be rated below investment-grade by one or more nationally recognized statistical rating organizations or is unrated but of comparable credit quality to obligations rated below investment-grade, and has greater credit and liquidity risk than more highly rated debt obligations. High yield debt is generally unsecured and may be subordinate to other obligations of the obligor. The lower rating of high yield debt reflect a greater possibility that adverse changes in the financial condition of the obligor or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. Many issuers of high yield debt are highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. In addition, many issuers of high yield debt may be in poor financial condition, experiencing poor operating results, having substantial capital needs or negative net worth or be facing special competitive or product obsolescence problems, and may include companies involved in bankruptcy or other reorganizations or liquidation proceedings. Certain of these securities may not be publicly traded, and therefore it may be difficult to obtain information as to the true condition of the issuers. Overall declines in the below investment-grade bond and other markets may adversely affect such issuers by inhibiting their ability to refinance their debt at maturity. High yield debt is often less liquid than higher rated securities, and the market for high yield debt has recently experienced periods of volatility. The market values of certain of this high yield debt may reflect individual corporate developments.

**Our investments in bank loans and financial institutions may be less liquid than our other investments and we may incur greater risk with respect to investments we acquire through assignments or participations of interests.**

We may invest a portion of our investments in loans originated by banks and other financial institutions. The loans invested in by us may include term loans and revolving loans, may pay interest at a fixed or floating rate and may be senior or subordinated. Purchasers of bank loans are predominantly commercial banks, investment funds and investment banks. As secondary market trading volumes for bank loans increase, new bank loans are frequently adopting standardized documentation to facilitate loan trading, which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in bank loan trading will provide an adequate degree of liquidity, that the current period of illiquidity will not persist or worsen and that the market will not experience periods of significant illiquidity in the future. In addition, we may make investments in stressed or distressed bank loans, which are often less liquid than performing bank loans.

Compared to securities and to certain other types of financial assets, purchases and sales of loans take relatively longer to settle. This extended settlement process can (i) increase the counterparty credit risk borne by us; (ii) leave us unable to timely vote, or otherwise act with respect to, loans ~~it has~~ we have agreed to purchase; (iii) delay us from realizing the proceeds of a sale of a loan; (iv) inhibit our ability to re-sell a loan that it has agreed to purchase if conditions change (leaving us more exposed to price fluctuations); (v) prevent us from timely collecting principal and interest payments; and (vi) expose us to adverse tax or regulatory consequences. To the extent the extended loan settlement process gives rise to short-term liquidity needs, we may hold cash, sell investments or temporarily borrow from banks or other lenders.

In certain circumstances, loans may not be deemed to be securities, and in the event of fraud or misrepresentation by a borrower or an arranger, lenders will not have the protection of the anti-fraud provisions of the federal securities laws, as would be the case for bonds or stocks. Instead, in such cases, lenders generally rely on the contractual provisions in the loan agreement itself, and common-law fraud protections under applicable state law.

We may acquire interests in bank loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest, and not with the borrower. In purchasing participations, we generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and we may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, we will assume the credit risk of both the borrower and the institution selling the participation. The bank loans acquired by us are likely to be below investment-grade.

**We may invest in structured products and such investments may involve significant risks.**

We may also invest, to a limited extent, in structured products, which may include CDOs, CLOs (including the equity tranches thereof), structured notes, and credit-linked notes. These investment entities may be structured as trusts or other types of pooled investment vehicles. They may also involve the deposit with or purchase by an entity of the underlying investments and the issuance by that entity of one or more classes of securities backed by, or representing interests in, the underlying investments or referencing an indicator related to such investments. CDOs and CLOs are types of asset-backed securities issued by special purpose vehicles created to reapportion the risk and return characteristics of a pool of assets. The underlying pool for a CLO, for example, may include domestic and foreign senior loans, senior unsecured loans, and subordinate corporate loans. Generally, these are not qualified as eligible portfolio companies. Investments in the equity tranche or any similarly situated tranche of a structured product involve a greater degree of risk than investments in other tranches, and such investments will be the first to bear losses incurred by a structured product.

**Our CLO investments are typically highly levered and subject to a higher degree of risk of total loss.**

CLO vehicles that we invest in are typically very highly levered, and therefore, the junior debt and equity tranches that we invest in are subject to a higher degree of risk of total loss. We will generally have the right to receive payments only from the CLO vehicles, and will generally not have direct rights against the underlying borrowers or the entity that sponsored the CLO vehicle. The failure by a CLO vehicle in which we invest to satisfy certain financial covenants, specifically those with respect to adequate collateralization and/or interest coverage tests, could lead to a reduction in its payments to us. In the event that a CLO vehicle failed those tests, holders of debt senior to us may be entitled to additional payments that would, in turn, reduce the payments we would otherwise be entitled to receive. If any of these occur, it could materially and adversely affect our operating results and cash flows.

In addition to the general risks associated with investing in debt securities, CLO vehicles carry additional risks, including, but not limited to: including: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the fact that our investments in CLO tranches will likely be subordinate to other senior classes of note tranches thereof; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the CLO vehicle or unexpected investment results. Our net asset value may also decline over time if our principal recovery with respect to CLO equity investments is less than the price we paid for those investments.

Investments in structured vehicles, including equity and junior debt instruments issued by CLO vehicles, involve risks, including credit risk and market risk. Changes in interest rates and credit quality may cause significant price fluctuations. Additionally, changes in the underlying leveraged corporate loans held by a CLO vehicle may cause payments on the instruments we hold to be reduced, either temporarily or permanently. Structured investments, particularly the subordinated interests in which we intend to invest, may be less liquid than many other types of securities and may be more volatile than the leveraged corporate loans underlying the CLO vehicles we intend to target. Fluctuations in interest rates may also cause payments on the tranches of CLO vehicles that we hold to be reduced, either temporarily or permanently.

The accounting and tax implications of such investments are complicated. In particular, reported earnings from the equity tranche investments of these CLO vehicles are recorded under generally accepted accounting principles based upon an effective yield calculation. Current taxable earnings on these investments, however, will generally not be determinable until after the end of the fiscal year of each individual CLO vehicle that ends within our fiscal year, even though the investments are generating cash flow. In general, the tax treatment of these investments may result in higher distributable earnings in the early years and a capital loss at maturity, while for reporting purposes the totality of cash flows are reflected in a constant yield to maturity.

**Any interests** we acquire in CLO vehicles will likely be thinly traded or have only a limited trading market and may be subject to restrictions on resale. Securities issued by CLO vehicles are generally not listed on any U.S. national securities exchange and no active trading market may exist for the securities of CLO vehicles in which we may invest. Although a secondary market may exist for our investments in CLO vehicles, the market for our investments in CLO vehicles may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. As a result, these types of investments may be more difficult to value.

***We may be subject to lender liability and equitable subordination.***

In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or stockholders. Because of the nature of certain of our investments, we could be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of the other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." Because of the nature of certain of our investments, we could be subject to claims from creditors of an obligor that our investments issued by such obligor should be equitably subordinated. A significant number of our investments will involve investments in which we will not be the lead creditor. It is, accordingly, possible that lender liability or equitable subordination claims affecting our investments could arise without our direct involvement.

If we purchase debt securities of an affiliate of a portfolio company in the secondary market at a discount, (i) a court might require us to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (ii) we might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt.

**Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.**

Following an initial investment in a portfolio company, we may decide to provide additional funds to such portfolio company, in order to:

- increase or maintain in whole or in part our position as a creditor or equity ownership percentage in a portfolio company;
- exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or
- attempt to preserve or enhance the value of our investment.

There is no assurance that we will make follow-on investments or that we will have sufficient funds to make all or any of such investments. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our concentration of risk, because we prefer other opportunities or because we are **inhibited restricted** by compliance with BDC requirements of the 1940 Act or the desire to maintain our qualification as a RIC. Any decision by us not to make follow-on investments or our inability to make such investments may have a substantial adverse effect on a portfolio company in need of such an investment. Additionally, a failure to make such investments may result in a lost opportunity for us to increase our participation in a successful portfolio company or the dilution of our ownership in a portfolio company if a third party invests in the portfolio company.

**Our portfolio may include equity investments, which are subordinated to debt investments and are subject to additional risks.**

We expect to make select equity investments in the common or preferred stock of a company, all of which are subordinated to debt investments. In addition, when we invest in first lien secured debt, second lien secured debt or subordinated debt, we may acquire warrants to purchase equity investments from time to time. Our goal is ultimately to dispose of these equity investments and realize gains upon our disposition of such interests. However, the equity investments we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity investments, and any gains that we do realize on the disposition of any equity investments may not be sufficient to offset any other losses we experience. In addition, many of the equity securities in which we invest may not pay dividends on a regular basis, if at all.

**The lack of liquidity in our investments may adversely affect our businesses.**

We may acquire a significant percentage of our portfolio company investments from privately held companies in directly negotiated transactions. The lack of an established, liquid secondary market for some of our investments may have an adverse effect on the market value of our investments and on our ability to dispose of them. Additionally, our investments may be subject to certain transfer restrictions that may also contribute to illiquidity. Further, our assets that are typically traded in a liquid market may become illiquid due to events relating to the issuer, market events, economic conditions or investor perceptions. Therefore, no assurance can be given that, if we are determined to dispose of a particular investment held by us, it could dispose of such investment at the prevailing market price.

**Because we generally do not hold controlling equity interests in our portfolio companies, we generally will not be able to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.**

We do not generally intend to hold controlling equity positions in our portfolio companies. As a result, we will be subject to the risk that a portfolio company may make business decisions with which we disagree, and that the management and/or stockholders of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the potential lack of liquidity of the debt and equity investments that we **expect to hold** in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of our investments.

In addition, we may not be in a position to control any portfolio company by investing in its debt securities. As a result, we are subject to the risk that a portfolio company **in which we invest** may make business decisions with which we disagree and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve our interests as debt investors.

***Our portfolio companies could incur debt that ranks equally with, or senior to, our investments in such companies and such portfolio companies could fail to generate sufficient cash flow to service their debt obligations to us.***

The characterization of certain of our investments as senior debt or senior secured debt does not mean that such debt will necessarily be repaid in priority to all other obligations of the businesses in which we invest. Furthermore, debt and other liabilities incurred by non-guarantor subsidiaries of the borrowers of senior secured loans made by us may be structurally senior to the debt held by us. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, the debt and other liabilities of such subsidiaries could be repaid in full before any distribution can be made to an obligor of the senior secured loans held by us. Finally, portfolio companies will typically incur trade credit and other liabilities or indebtedness, which by their terms may provide that their holders are entitled to receive principal payments on or before the dates payments are due in respect of the senior secured loans held by us.

Where we hold a first lien to secure senior indebtedness, the portfolio companies may be permitted to issue other senior loans with liens that rank junior to the first liens granted to us. The intercreditor rights of the holders of such other junior lien debt may, in any liquidation, reorganization, insolvency, dissolution or bankruptcy of such a portfolio company, affect the recovery that we would have been able to achieve in the absence of such other debt.

Additionally, certain loans that we may make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company's remaining assets, if any.

Even where the senior loans held by us are secured by a perfected lien over a substantial portion of the assets of a portfolio company and its subsidiaries, the portfolio company and its subsidiaries will often be able to incur a substantial amount of additional indebtedness, which may have an exclusive lien over particular assets. For example, debt and other liabilities incurred by non-guarantor subsidiaries of portfolio companies will be structurally senior to the debt held by us. Accordingly, any such debt and other liabilities of such subsidiaries would, in the event of liquidation, dissolution, insolvency, reorganization or bankruptcy of such subsidiary, be repaid in full before any distributions to an obligor of the loans held by us. Furthermore, these other assets over which other lenders have a lien may be substantially more liquid or valuable than the assets over which we have a lien.

The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of such senior debt. Under a typical intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens:

- the ability to cause the commencement of enforcement proceedings against the collateral;
- the ability to control the conduct of such proceedings;
- the approval of amendments to collateral documents;
- releases of liens on the collateral; and
- waivers of past defaults under collateral documents.

We may not have the ability to control or direct such actions, even if our rights are adversely affected.

We may also make unsecured debt investments in portfolio companies, meaning that such investments will not benefit from any interest in collateral of such companies. Liens on any such portfolio company's collateral, if any, will secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured debt agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured debt obligations after payment in full of all secured debt obligations. If such proceeds were not sufficient to repay the outstanding secured debt obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

**We may be subject to risk if we invest risks related to investments in non-U.S. securities.**

Our portfolio ~~may include~~ includes debt securities of non-U.S. companies, including emerging market issuers, to the limited extent such transactions and investments would not cause us to violate the 1940 Act. Investing in loans and securities of non-U.S. issuers involves many risks including economic, social, political, financial, tax and security conditions in the non-U.S. market, potential inflationary economic environments, less liquid markets and regulation by foreign governments. There may be less information publicly available about a non-U.S. issuer than about a U.S. issuer, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and practices comparable to those in the United States. In addition, with respect to certain countries, there is a possibility of expropriation, imposition of non-U.S. withholding or other taxes on distributions, interest, capital gains or other income, limitations on the removal of funds or other of our assets, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Bankruptcy law and process in non-U.S. jurisdictions may differ substantially from that in the United States, which may result in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain, while other developing countries may have no bankruptcy laws enacted, adding further uncertainty to the process for reorganization.

**We may be subject to risks if we engage in hedging transactions.**

We are authorized to use various investment strategies to hedge interest rate or currency exchange risks. These strategies are generally accepted as portfolio management techniques and are regularly used by many investment funds and other institutional investors. Techniques and instruments may change over time as new instruments and strategies are developed or regulatory changes occur. We may use any or all such types of interest rate hedging transactions and currency hedging transactions at any time and no particular strategy will dictate the use of one transaction rather than another. The choice of any particular interest rate hedging transactions and currency hedging transactions will be a function of numerous variables, including market conditions. Investments or liabilities of ours may be denominated in currencies other than the U.S. dollar, and hence the value of such investments, or the amount of such liabilities, will depend in part on the relative strength of the U.S. dollar. We may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned as well as the level of gains and losses realized on the sale of securities. The rates of exchange between the U.S. dollar and other currencies are affected by many factors, including forces of supply and demand in the foreign exchange markets. These rates are also affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. We are not obligated to engage in any currency hedging operations, and there can be no assurance as to the success of any hedging operations that we may implement.

Although we intend to engage in any interest rate hedging transactions and currency hedging transactions primarily for hedging purposes and not for income or enhancing total returns, use of interest rate hedging transactions and currency hedging transactions involves certain inherent risks. These risks include (i) the possibility that the market will move in a manner or direction that would have resulted in gain for us had an interest rate hedging transaction or currency hedging transaction not been utilized, in which case it would have been better had we not engaged in the interest rate hedging transaction or currency hedging transaction, (ii) the risk of imperfect correlation between the risk sought to be hedged and the interest rate hedging transaction or currency hedging transaction utilized, (iii) potential illiquidity for the hedging instrument utilized, which may make it difficult for us to close-out or unwind an interest rate hedging transaction or currency hedging transaction and (iv) credit risk with respect to the counterparty to the interest rate hedging transaction or currency hedging transaction. In addition, it might not be possible for us to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those loans and securities would likely fluctuate as a result of factors not related to currency fluctuations.

We may also enter into certain hedging and short sale transactions for the purpose of protecting the market value of an investment of ours for a period of time without having to currently dispose of such investment. Such defensive hedge transactions may be entered into when we are legally restricted from selling an investment or when we otherwise determine that it is advisable to decrease our exposure to the risk of a decline in the market value of an investment. Such defensive hedging transactions may expose us to the counterparty's credit risk. There also can be no assurance that we will accurately assess the risk of a market value decline with respect to an investment or enter into an appropriate defensive hedge transaction to protect against such risk. Furthermore, we are in no event obligated to enter into any defensive hedge transaction. We may from time to time employ various investment programs, including the use of derivatives, short sales, swap transactions, currency hedging transactions, securities lending agreements and repurchase agreements. There can be no assurance that any such investment program will be undertaken successfully.

***We may invest in derivatives or other assets that expose us to certain risks, including market risk, liquidity risk and other risks similar to those associated with the use of leverage.***

We may invest in derivatives and other assets that are subject to many of the same types of risks related to the use of leverage. In October 2020, the SEC adopted Rule 18f-4 under the 1940 Act regarding the ability of a BDC to use derivatives and other transactions that create future payment or delivery obligations. Under Rule 18f-4, BDCs that use derivatives are subject to a value-at-risk leverage limit, a derivatives risk management program and testing requirements and requirements related to board reporting. These requirements apply unless the BDC qualifies as a "limited derivatives user," as defined under Rule 18f-4. Under Rule 18f-4, a BDC may enter into an unfunded commitment agreement (which may include delayed draw and revolving loans) that will not be deemed to be a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has, among other things, a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. Collectively, these requirements may limit our ability to use derivatives and/or enter into certain other financial contracts.

We have adopted updated policies and procedures in compliance with Rule 18f-4. We expect to qualify as a "limited derivatives user." Future legislation or rules may modify how we treat derivatives and other financial arrangements for purposes of our compliance with the leverage limitations of the 1940 Act and, therefore, may increase or decrease the amount of leverage currently available to us under the 1940 Act, which may be materially adverse to us and our stockholders.

***Our investments in OID and PIK interest income may expose us to risks associated with such income being required to be included in accounting income and taxable income prior to receipt of cash.***

Our investments may include OID and PIK instruments. To the extent OID and PIK interest income constitute a portion of our income, we will be exposed to risks associated with such income being required to be included in an accounting income and taxable income prior to receipt of cash, including the following:

- OID instruments and PIK securities may have unreliable valuations because the accretion of OID as interest income and the continuing accruals of PIK securities require judgments about their collectability and the collectability of deferred payments and the value of any associated collateral.

- OID instruments may create heightened credit risks because the inducement to the borrower to accept higher interest rates in exchange for the deferral of cash payments typically represents, to some extent, speculation on the part of the borrower.
- For accounting purposes, cash distributions to stockholders that include a component of accrued OID income do not come from paid-in capital, although they may be paid from the offering proceeds. Thus, although a distribution of accrued OID income may come from the cash invested by the stockholders, the 1940 Act does not require that stockholders be given notice of this fact.
- The higher interest rates on PIK securities reflects the payment deferral and increased credit risk associated with such instruments and PIK securities generally represent a significantly higher credit risk than coupon loans.

- The presence of accrued OID income and PIK interest income create the risk of non-refundable cash payments to the Investment Advisor in the form of incentive fees on income that will be payable subsequent to a Listing based on non-cash accrued OID income and PIK interest income accruals that may never be realized.
- Even if accounting conditions are met, borrowers on such securities could still default when our actual collection is expected to occur at the maturity of the obligation.
- PIK interest has the effect of generating investment income and increasing the incentive fees that will be payable subsequent to a Listing at a compounding rate. In addition, the deferral of PIK interest also reduces the loan-to-value ratio at a compounding rate.
- Market prices of OID instruments are more volatile because they are affected to a greater extent by interest rate changes than instruments that pay interest periodically in cash.
- The required recognition of OID, including PIK, interest for U.S. federal income tax purposes may have a negative impact on liquidity, because it represents a non-cash component of our taxable income that must, nevertheless, be distributed in cash to investors to avoid us being subject to corporate level taxation.

#### Federal Income Tax and Other Tax Risks

***We will be subject to corporate-level income tax if we are unable to qualify as a RIC.***

In order to qualify and be subject to tax as a RIC under the Code, we must be a BDC at all times during each taxable year and meet certain source-of-income, asset diversification and distribution requirements. If we do not maintain our status as a BDC, we may fail to qualify as a RIC and, thus, may be subject to corporate-level income tax. The distribution requirement for a RIC is satisfied if we distribute dividends in respect of each taxable year of an amount generally at least equal to 90% of our investment company taxable income, determined without regard to any deduction for dividends paid, to our stockholders. We are subject to certain asset coverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to enable us to be subject to tax as a RIC. If we are unable to obtain cash from other sources, we may fail to be subject to tax as a RIC and, thus, may be subject to corporate-level income tax. To qualify to be subject to tax as a RIC, we must also meet certain asset diversification requirements at the end of each quarter of our taxable year. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to satisfy these requirements. Because most of our investments will be in private or thinly traded public companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses. If we fail to qualify to be subject to tax as a RIC for any reason and become subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distributions to our stockholders and the amount of funds available for new investments. Such a failure would have a material adverse effect on us and our stockholders.

***We may have difficulty paying our required distributions if we recognize income before, or without, receiving cash representing such income.***

For U.S. federal income tax purposes, we will include in income certain amounts that we have not yet received in cash, such as the accretion of OID. This may arise if we receive warrants in connection with the making of a loan and in other circumstances, or through contracted PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. Such OID, which could be significant relative to our overall investment activities, or increases in loan balances as a result of contracted PIK arrangements, will be included in income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we will not receive in cash.

Since in certain cases we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement in a given taxable year to distribute at least 90% of our investment company taxable income, determined without regard to any deduction for dividends paid, as dividends to our stockholders in order to be subject to tax as a RIC. In such a case, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are not able to obtain such cash from other sources, we may fail to be subject to tax as a RIC and thus be subject to corporate-level income tax.

***If we are not treated as a “publicly offered regulated investment company,” as defined in the Code, U.S. stockholders that are individuals, trusts or estates could be subject to tax as though they received a distribution of some of our expenses.***

We cannot assure you that we will be treated as a publicly offered regulated investment company for all years. Unless and until we are treated as a “publicly offered regulated investment company” (within the meaning of Section 67 of the Code) by reason of either (i) shares of our common stock and our preferred stock (if any) collectively are held by at least 500 persons at all times during a taxable year, (ii) shares of our common stock are treated as regularly traded on an established securities market or (iii) shares of our common stock are continuously offered pursuant to a public offering (within the meaning of Section 4 of the Securities Act), each U.S. stockholder that is an individual, trust or estate will be treated as having received a dividend from us in the amount of such U.S. stockholder’s allocable share of the management fees paid to our Investment Advisor and certain of our other expenses for the calendar year, and these fees and expenses will be treated as miscellaneous itemized deductions of such U.S. stockholder. For taxable years beginning before 2026, miscellaneous itemized deductions generally are not deductible by a U.S. stockholder that is an individual, trust or estate. For taxable years beginning in 2026 or later, miscellaneous itemized deductions generally are deductible by a U.S. stockholder that is an individual, trust or estate only to the extent that the aggregate of such U.S. stockholder’s miscellaneous itemized deductions exceeds 2% of such U.S. stockholder’s adjusted gross income for U.S. federal income tax purposes, are not deductible for purposes of the alternative minimum tax and are subject to the overall limitation on itemized deductions under Section 68 of the Code.

***We may be subject required to withholding of withhold U.S. federal income tax on distributions for to non-U.S. stockholders.***

Distributions by a BDC generally are treated as dividends for U.S. tax purposes, and will be subject to U.S. income or withholding tax unless the stockholder receiving the dividend qualifies for an exemption from U.S. tax, or the distribution is subject to one of the special look-through rules described below. Distributions paid out of net capital gains can qualify for a reduced rate of taxation in the hands of an individual U.S. stockholder, and an exemption from U.S. tax in the hands of a non-U.S. stockholder.

However, if reported by a RIC, dividend distributions by the RIC derived from certain interest income (such distributions, “interest-related dividends”) and certain net short-term capital gains (such distributions, “short-term capital gain dividends”) generally are exempt from U.S. withholding tax otherwise imposed on non-U.S. stockholders. Interest-related dividends are dividends that are attributable to “qualified net interest income” (i.e., “qualified interest income,” which generally consists of certain interest and OID on obligations “in registered form” as well as interest on bank deposits earned by a RIC, less allocable deductions) from sources within the United States. Short-term capital gain dividends are dividends that are attributable to net short-term capital gains, other than short-term capital gains recognized on the disposition of U.S. real property interests, earned by a RIC. However, no assurance can be given as to whether any of our distributions will be eligible for this exemption from U.S. withholding tax or, if eligible, will be reported as such by us. Furthermore, in the case of shares of our stock held through an intermediary, the intermediary may have withheld U.S. federal income tax even if we reported the payment as an interest-related dividend or short-term capital gain dividend. Since our common stock will be subject to significant transfer restrictions, and an investment in our common stock will generally be illiquid, non-U.S. stockholders whose distributions on our common stock are subject to U.S. withholding tax may not be able to transfer their shares of our common stock easily or quickly or at all.

A failure of any portion of our distributions to qualify for the exemption for interest-related dividends or short-term capital gain dividends would not affect the treatment of non-U.S. stockholders that qualify for an exemption from U.S. withholding tax on dividends by reason of their special status (for example, foreign government-related entities and certain pension funds resident in favorable treaty jurisdictions).

***Our business may be adversely affected if we fail to maintain our qualification as a RIC.***

To maintain RIC tax treatment under the Code, we must be a BDC at all times during each taxable year and meet the following minimum annual distribution, income source and asset diversification requirements. The minimum annual distribution requirement for a RIC will be satisfied if we distribute dividends to our stockholders in respect of each taxable year of an amount generally at least equal to 90% of our investment company taxable income, determined without regard to any deduction for dividends paid. In this regard, a RIC may, in certain cases, satisfy the 90% distribution requirement by distributing dividends relating to a taxable year after the close of such taxable year under the “spillback dividend” provisions of Subchapter M of the Code. We would be taxed, at regular corporate rates, on any retained income and/or gains, including any short-term capital gains or long-term capital gains. We must also satisfy an additional annual distribution requirement with respect to each calendar year in order to avoid a 4% excise tax on the amount of any under-distribution. Because we may use debt financing, we are subject to (i) an asset coverage ratio requirement under the 1940 Act and may, in the future, be subject to (ii) certain financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirements. If we are unable to obtain cash from other sources, or chose or be required to retain a portion of our taxable income or gains, we could (1) be required to pay excise tax and (2) fail to qualify for RIC tax treatment, and thus become subject to corporate-level income tax on our taxable income (including gains).

The income source requirement will be satisfied if we obtain at least 90% of our gross income each taxable year from dividends, interest, gains from the sale of stock or securities, or other income derived from the business of investing in stock or securities. The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50% of the value of our assets at the close of each quarter of each taxable year must consist of cash, cash equivalents (including receivables), U.S. Government securities, securities of other RICs, and other acceptable securities; and no more than 25% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain “qualified publicly traded partnerships.” Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because a significant portion of our investments will be in private companies, and therefore may be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

We may invest in certain debt and equity investments through taxable subsidiaries and the net taxable income of these taxable subsidiaries will be subject to federal and state corporate income taxes. We also may invest in certain foreign debt and equity investments which could be subject to foreign taxes (such as income tax, withholding, and value added taxes). If we fail to qualify for or maintain RIC tax treatment for any reason and are subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution, and the amount of our distributions.

***There is a risk that you may not receive distributions or that our distributions may not grow over time and a portion of our distributions may be a return of capital.***

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this Annual Report. Due to the asset coverage test applicable to us under the 1940 Act as a BDC and certain limitations under Maryland law, we may be limited in our ability to make distributions. In addition, if we violate certain covenants under our credit facilities, or any future credit or other borrowing facility, our ability to pay distributions to our stockholders could be limited because we may be required by its terms to use all payments of interest and principal that we receive from our current investments as well as any proceeds received from the sale of our current investments to repay amounts outstanding thereunder.

Furthermore, the tax treatment and characterization of our distributions may vary significantly from time to time due to the nature of our investments. The ultimate tax characterization of our distributions made during a taxable year may not finally be determined until after the end of that taxable year. We may make distributions during a taxable year that exceed our investment company taxable income and net capital gains for that taxable year. In such a situation, the amount by which our total distributions exceed investment company taxable income and net capital gains generally would be treated as a return of capital up to the amount of a stockholder's tax basis in the shares, with any amounts exceeding such tax basis treated as a gain from the sale or exchange of such shares. A return of capital generally is a return of a stockholder's investment rather than a return of earnings or gains derived from our investment activities. Moreover, we may pay all or a substantial portion of our distributions from the proceeds of the sale of shares of our common stock or from borrowings in anticipation of future cash flow, which could constitute a return of stockholders' capital and will lower such stockholders' tax basis in our shares, which may result in increased tax liability to stockholders when they sell such shares.

#### General Risk Factors

***Global capital markets could enter a period of severe disruption and instability. These conditions have historically affected and could again materially and adversely affect debt and equity capital markets in the United States and around the world and our business.***

The U.S. and global capital markets have, from time to time, experienced periods of disruption characterized by the freezing of available credit, a lack of liquidity in the debt capital markets, significant losses in the principal value of investments, the re-pricing of credit risk in the broadly syndicated credit market, the failure of major financial institutions and general volatility in the financial markets. During these periods of disruption, general economic conditions deteriorated with material and adverse consequences for the broader financial and credit markets, and the availability of debt and equity capital for the market as a whole, and financial services firms in particular, was reduced significantly. These conditions may reoccur for a prolonged period of time or materially worsen in the future.

We may in the future have difficulty accessing debt and equity capital markets, and a severe disruption in the global financial markets, deterioration in credit and financing conditions, uncertainty between the United States and other countries with respect to trade policies, or uncertainty regarding U.S. government spending and deficit levels or other global economic and political conditions, including future recessions, political instability, geopolitical turmoil and foreign hostilities, and disease, pandemics and other serious health events, could have a material adverse effect on our business, financial condition and results of operations.

***Inflation may adversely affect the business, results of operations and financial condition of our portfolio companies.***

Certain of our portfolio companies are in industries that may be impacted by inflation. If such portfolio companies are unable to pass any increases in their costs of operations along to their customers, it could adversely affect their operating results and impact their ability to pay interest and principal on our loans, particularly if interest rates rise in response to inflation. In addition, any projected future decreases in our portfolio companies' operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our investments could result in future realized or unrealized losses and therefore reduce our net increase (decrease) in net assets resulting from operations.

***Events outside of our control, including public health crises, could negatively affect our portfolio companies, our Investment Advisor and the results of our operations.***

Periods of market volatility could continue to occur in response to pandemics or other events outside of our control. We, the Investment Advisor, and the portfolio companies in which we invest could be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, such as acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, acts of war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events could adversely affect the ability of a party (including us, the Investment Advisor, a portfolio company or a counterparty to us, the Investment Advisor, or a portfolio company) to perform its obligations until it is able to remedy the force majeure event or could lead to the unavailability of essential equipment and technologies. These risks could, among other effects, adversely impact the cash flows available from a portfolio company, damage property, cause personal injury or loss of life, or instigate disruptions of service. Certain events causing catastrophic loss could be either uninsurable, or insurable at such high rates as to adversely impact us, the Investment Advisor, or our portfolio companies, as applicable, and insurance proceeds received, if any, could be inadequate to completely or even partially cover any loss of revenues or investments, any increases in operating and maintenance expenses, or any replacements or rehabilitation of property. Force majeure events that are incapable of or are too costly to cure could have permanent adverse effects.

In addition, certain force majeure events (such as events of war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which we invest or in which our portfolio companies operate. Such force majeure events could result in or coincide with: increased volatility in the global securities, derivatives and currency markets; a decrease in the reliability of market prices and difficulty in valuing assets; greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; less governmental regulation and supervision of the securities markets and market participants and decreased monitoring of the markets by governments or self-regulatory organizations and reduced enforcement of regulations; limited, or limitations on, the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; inability to purchase and sell investments or otherwise settle security or derivative transactions (i.e., a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to us, including if the investment in such portfolio companies is canceled, unwound or acquired (which could result in inadequate compensation). Any of the foregoing could therefore have an adverse effect on our business and results of operations.

***The COVID-19 pandemic resulted in a period of capital markets disruption and economic uncertainty.***

The U.S. capital markets experienced extreme volatility and disruption following the global outbreak of COVID-19. Some economists and major investment banks have expressed concern that the continued spread of the virus globally could lead to a prolonged period of world-wide economic downturn. Disruptions in the capital markets have in the past increased the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. Such disruptions and/or illiquidity adversely effected our business, financial condition, results of operations and cash flows, and future market disruptions and/or illiquidity may again negatively impact us. Such unfavorable economic conditions also would be expected to increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could limit our investment originations, limit our ability to grow and have a material negative impact on our operating results and the fair values of our debt and equity investments. We also face an increased risk of investor, creditor or portfolio company disputes, litigation and governmental and regulatory scrutiny as a result of the effects of COVID-19, including multiple variants thereof, on economic and market conditions.

***Global economic, political and market conditions, including downgrades of the U.S. credit rating, may adversely affect our business, results of operations and financial condition.***

The current global financial market situation, as well as various social and political tensions in the United States and around the world (including the bilateral relationship between the U.S. and China, the conflict in the Red Sea and the conflict between Russia and Ukraine), may contribute to increased market volatility, may have long-term effects on the United States and worldwide financial markets and may cause economic uncertainties or deterioration in the U.S. and worldwide. The impact of downgrades by rating agencies to the U.S. government's sovereign credit rating or its perceived creditworthiness as well as potential government shutdowns and uncertainty surrounding transfers of power could adversely affect the U.S. and global financial markets and economic conditions.

In addition, there will likely continue to be considerable uncertainty as to the United Kingdom's post-transition and post-withdrawal framework following its withdrawal from the European Union ("Brexit"), in particular as to the arrangements which will apply to its relationships with the European Union and with other countries. The new Trade and Cooperation Agreement reached between the European Union and the United Kingdom in late 2020 is untested and may lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European and global markets for some time.

***The Russian invasion of Ukraine may have a material adverse impact on us and our portfolio companies.***

The conflict between Russia and Ukraine could lead to disruption, instability and volatility in global markets, economies and industries that could negatively impact our business, results of operations and financial condition. The conflict has already resulted in significant volatility in certain equity, debt and currency markets, material increases in certain commodity prices, and economic uncertainty. The conflict may escalate and its resolution is unclear. The U.S. government and other governments have imposed severe sanctions against Russia and Russian interests and threatened additional sanctions and controls. Sanctions and export control laws and regulations are complex, frequently changing, and increasing in number, and they may impose additional legal compliance costs or business risks associated with our operations.

***New or modified laws or regulations governing our operations could adversely affect our business.***

We and our portfolio companies will be subject to regulation by laws at the U.S. federal, state and local levels. These laws and regulations, as well as their interpretation, may change from time to time, and new laws, regulations and interpretations may also come into effect. Any such new or changed laws or regulations could have a material adverse effect on our business.

**Recent strain on the banking system may adversely impact us.**

The financial markets recently have encountered volatility associated with concerns about the balance sheets of banks, especially small and regional banks who may have significant losses associated with investments that make it difficult to fund demands to withdraw deposits and other liquidity needs. Although the federal government has announced measures to assist these banks and protect depositors, some banks have already been impacted and others may be materially and adversely impacted. A significant adverse development with one or more national or regional banks, financial institutions or other participants in the financial or capital markets may spread to others and lead to significant concentrated or market-wide problems (such as defaults, liquidity problems, impairment charges, additional bank runs and/or losses) for other participants in these markets. Future developments, including actions taken by the U.S. Department of Treasury, Federal Deposit Insurance Corporation ("FDIC") and Federal Reserve Board, and systemic risk in the U.S. and global banking sectors and broader economies in general, are difficult to assess and quantify, and the form and magnitude of such developments or other actions could have an adverse effect on our business, financial condition and results of operations.

For example, in response to the rapidly declining financial condition of regional banks Silicon Valley Bank ("SVB") and Signature Bank ("Signature"), the California Department of Financial Protection and Innovation (the "CDFPI") and the New York State Department of Financial Services (the "NYSDFS") closed SVB and Signature on March 10, 2023 and March 12, 2023, respectively, and the FDIC was appointed as receiver for SVB and Signature. Although the U.S. Department of the Treasury, the Federal Reserve and the FDIC have taken measures to stabilize the financial system, uncertainty and liquidity concerns in the broader financial services industry remain. Additionally, should there be additional systemic pressure on the financial system and capital markets, we cannot assure you of the response of any government or regulator, and any response may not be as favorable to industry participants as the measures currently being pursued. In addition, highly publicized issues related to the U.S. and global capital markets in the past have led to significant and widespread investor concerns over the integrity of the capital markets. The situation related to SVB and Signature could in the future lead to further rules and regulations for public companies, banks, financial institutions and other participants in the U.S. and global capital markets, and complying with the requirements of any such rules or regulations may be burdensome. Even if not adopted, evaluating and responding to any such proposed rules or regulations could result in increased costs and require significant attention from the Investment Advisor.

Risks Relating to Our Common Stock

**Investing in our common stock involves an above average degree of risk.**

The investments we make in accordance with our investment objectives may result in a higher amount of risk than alternative investment options and a higher risk of volatility or loss of principal. Therefore, an investment in shares of our common stock may not be suitable for someone with lower risk tolerance. In addition, our common stock is intended for long-term investors who can accept the risks of investing primarily in illiquid loans and other debt or debt-like instruments and should not be treated as a trading vehicle.

**The market price of our common stock may fluctuate significantly.**

We currently list our common stock on the NYSE under the symbol "PSBD." The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- price and volume fluctuations in the overall stock market from time to time;
- the inclusion or exclusion of our stock from certain indices;
- changes in regulatory policies or tax guidelines, particularly with respect to RICs or BDCs;
- any loss of RIC or BDC status;

- changes in earnings or perceived changes or variations in operating results;
- changes or perceived changes in the value of our portfolio of investments;
- changes in accounting guidelines governing valuation of our investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- the inability of our Investment Advisor to employ additional experienced investment professionals or the departure of any of our Investment Advisor's key personnel;
- short-selling pressure with respect to shares of our common stock or BDCs generally;
- future sales of our securities convertible into or exchangeable or exercisable for our common stock or the conversion of such securities;
- uncertainty surrounding the strength of the U.S. economy;
- operating performance of companies comparable to us;
- general economic trends and other external factors; and
- loss of a major funding source.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. If our stock price fluctuates significantly, we may be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

***We cannot assure you that a market for shares of our common stock will be maintained or the market price of our shares will trade close to NAV.***

We cannot assure you that a trading market for our common stock can be sustained. In addition, we cannot predict the prices at which our common stock will trade, whether at, above or below NAV. Shares of closed-end investment companies, including BDCs, frequently trade at a discount from NAV, and our common stock may also be discounted in the market. This characteristic of closed-end investment companies is separate and distinct from the risk that our NAV per share may decline. In addition, if our common stock trades below its NAV, we will generally not be able to sell additional shares of our common stock to the public at its market price without, among other things, the requisite stockholders' approval of such a sale.

***Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.***

Subsequent to the IPO, we have 32,552,794 shares of common stock outstanding. Sales of substantial amounts of our common stock, or the availability of such shares for sale, could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of equity securities should we desire to do so.

***Purchases of shares of our common stock by us under our open market repurchase program, including the Company Rule 10b5-1 Stock Repurchase Plan, and by PSCM, including through the PSCM Rule 10b5-1 Stock Purchase Plan, may result in the price of shares of our common stock being higher than the price that otherwise might exist in the open market.***

Our Board authorized us to repurchase shares of our common stock through an open-market share repurchase program for up to \$20 million in the aggregate of shares of our common stock through 12 months from the date of the IPO. Pursuant to such authorization and concurrently with the closing of the IPO, we entered into the Company Rule 10b5-1 Stock Repurchase Plan to acquire up to \$15 million in the aggregate of shares of our common stock, in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Exchange Act. In addition, PSCM will purchase up to \$5 million in the aggregate of shares of our common stock in the open market within one year of the date of the IPO. Concurrently with the closing of the IPO, PSCM entered into the PSCM Rule 10b5-1 Stock Purchase Plan to permit the purchase of up to \$2.5 million of our shares of common stock in connection with its purchase commitment. These activities may have the effect of maintaining the market price of shares of our common stock or retarding a decline in the market price of the shares of our common stock, and, as a result, the price of our shares of common stock may be higher than the price that otherwise might exist in the open market.

***We may in the future determine to issue preferred stock, which could adversely affect the market value of our common stock.***

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms more favorable to the holders of preferred stock than to our common stockholders could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any distributions or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the 1940 Act, participating preferred stock and preferred stock constitutes a “senior security” for purposes of the asset coverage test.

***Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.***

The Maryland General Corporation Law, our charter and our bylaws contain provisions that may discourage, delay or make more difficult a change in control or the removal of our directors. We are subject to Subtitle 6 of Title 3 of the Maryland General Corporate Law, the Maryland Business Combination Act, subject to any applicable requirements of the 1940 Act. Our Board has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our Board, including approval by a majority of our independent directors. If the resolution exempting business combinations is repealed or our Board does not approve a business combination, the Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer. We are subject to Subtitle 7 of Title 3 of the Maryland General Corporate Law, the Maryland Control Share Acquisition Act. Our bylaws exempt from the Maryland Control Share Acquisition Act acquisitions of our common stock by any person. If we amend our bylaws to repeal the exemption from the Control Share Acquisition Act, the Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such an offer. We intend to give the SEC prior notice should our Board elect to amend our bylaws to repeal the exemption from the Control Share Acquisition Act.

We have also adopted other measures that may make it difficult for a third party to obtain control of us, including provisions of our charter classifying our Board in three classes serving staggered three-year terms, and provisions of our charter authorizing our Board to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our charter, without stockholder approval, to increase or decrease the number of shares of stock that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

### ITEM 1C. CYBERSECURITY

We have processes in place to assess, identify, and manage material risks from cybersecurity threats. Our business is dependent on the communications and information systems of the Investment Advisor and other third-party service providers. The Investment Advisor manages our day-to-day operations and has implemented a cybersecurity program that applies to us and our business.

#### ***Cybersecurity Program Overview***

The Investment Advisor has instituted a cybersecurity program designed to identify, assess, and mitigate cyber risks applicable to us and to protect the systems, data and other digital assets of the Company. The cyber risk management program involves risk assessments, implementation of security measures, and ongoing monitoring of systems and networks, including networks on which we rely. The Investment Advisor actively monitors the current threat landscape in an effort to identify material risks arising from new and evolving cybersecurity threats, including material risks faced by us.

We rely on the Investment Advisor to engage external experts, including cybersecurity assessors, consultants, and auditors to evaluate cybersecurity measures and risk management processes, including those applicable to us.

We rely on the Investment Advisor's risk management program and processes, which include cyber risk assessments.

We depend on and engage various third parties, including suppliers, vendors, and service providers, to operate our business. We rely on the expertise of risk management, legal, information technology, and compliance personnel of the Investment Advisor when identifying and overseeing risks from cybersecurity threats associated with our use of such entities.

#### ***Board Oversight of Cybersecurity Risks***

The Board provides strategic oversight on cybersecurity matters, including risks associated with cybersecurity threats. The Board receives periodic updates from our Investment Advisor's Chief Operating Officer ("COO") and Chief Compliance Officer ("CCO") regarding the overall state of the Investment Advisor's cybersecurity program, information on the current threat landscape, and risks from cybersecurity threats and cybersecurity incidents impacting us.

#### ***Management's Role in Cybersecurity Risk Management***

Our management, including the COO and CCO, is responsible for assessing and managing material risks from cybersecurity threats. Members of our management possess relevant expertise in various disciplines that are key to effectively managing such risks, such as operations management, IT management, oversight of third-party service providers and managing relationships with outside cybersecurity experts. Our management team is informed about and monitors the prevention, detection, mitigation, and remediation of cybersecurity incidents impacting us, including through the receipt of notifications from service providers and reliance on communications with risk management, legal, information technology, and/or compliance personnel of the Investment Advisor.

#### ***Assessment of Cybersecurity Risk***

The potential impact of risks from cybersecurity threats on us are assessed on an ongoing basis, and how such risks could materially affect our business strategy, operational results, and financial condition are regularly evaluated. During the reporting period, we have not identified any risks from cybersecurity threats, including as a result of previous cybersecurity incidents, that we believe have materially affected, or are reasonably likely to materially affect, us, including our business strategy, operational results, and financial condition.

## ITEM 2. PROPERTIES

Our headquarters are located at 1900 Shawnee Mission Parkway, Suite 315, Mission Woods, Kansas 66205. We believe that our office facilities are suitable and adequate for our business.

## ITEM 3. LEGAL PROCEEDINGS

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us. From time to time, we may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under loans to or other contracts with our portfolio companies.

## ITEM 4. MINE SAFETY DISCLOSURES

None.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

There is currently Our common stock began trading on the New York Stock Exchange (“NYSE”) on January 18, 2024 under the symbol “PSBD” in connection with our IPO, which closed on January 22, 2024. Prior to our IPO, the shares of our common stock were offered and sold in transactions exempt from registration under the Securities Act. As such, there was no public market for shares of our common stock nor can we give any assurance that one will develop. during the year ended December 31, 2023.

As of the date hereof, none of our shares of common stock are subject to outstanding options or warrants, nor do we have any outstanding equity that is convertible into shares of our common stock. In addition, as of the date hereof, we have not granted any registration rights to any of our stockholders. No stock has been authorized for issuance under any equity compensation plans.

#### Holders

As of February 28, 2023 February 28, 2024, we had 215,228 record holders of our common stock. This number does not include stockholders for whom shares are held in “nominee” or “street name.”

#### Distributions

The following table reflects the distributions declared on shares during the fiscal year ended December 31, 2023:

Declaration Date	Record Date	Per Share	Payment Date	Total Distributions Declared
5/16/2023	5/17/2023	\$ 0.520	5/18/2023	\$ 13,183,368
8/14/2023	8/15/2023	0.540	8/16/2023	13,928,820
9/29/2023	9/29/2023	0.560	10/17/2023	14,678,378
12/20/2023	12/21/2023	0.535	12/22/2023	14,277,719
				\$ 56,068,285

The following table reflects the distributions declared on shares during the fiscal year ended December 31, 2022:

Declaration Date	Record Date	Per Share	Payment Date	Total Distributions Declared
5/12/2022	5/17/2022	\$ 0.370	5/18/2022	\$ 8,439,969
8/11/2022	8/16/2022	0.440	8/17/2022	10,147,434
11/10/2022	11/15/2022	0.440	11/16/2022	10,284,466
12/30/2022	12/30/2022	0.640	1/17/2023	15,183,248
				\$ 44,055,117

The following table reflects the distributions declared on shares during the fiscal year ended December 31, 2021:

Declaration Date	Record Date	Per Share	Payment Date	Total Distributions Declared
5/13/2021	5/18/2021	\$ 0.31	5/19/2021	\$ 4,050,180
8/12/2021	8/17/2021	0.25	8/18/2021	3,738,707
11/12/2021	11/16/2021	0.17	11/17/2021	3,713,626
12/30/2021	12/31/2021	0.65	1/19/2022	14,449,980
				\$ 25,952,493

#### Distribution Reinvestment Plan

The Company has adopted a dividend reinvestment plan that provides for reinvestment of its dividends and other distributions on behalf of the Company's stockholders, unless a stockholder elects to receive cash. As a result, if the Company's Board authorizes, and the Company declares, a cash dividend or other distribution, then stockholders who do not “opt out” of the Company's dividend reinvestment plan will have their cash dividends and distributions automatically reinvested in additional shares of the Company's common stock, rather than receiving cash dividends and distributions.

Prior to a Listing, the IPO, the Board will use primarily used newly-issued shares of the Company's common stock to implement the dividend reinvestment plan. The number of shares of common stock to be issued to a participant prior to a Listing the IPO would be equal to the quotient determined by dividing the cash value of the dividend payable to such stockholder by the net asset value per share as of the date such dividend was declared.

After a Listing, the IPO, the Board intends to primarily use newly-issued shares to implement the dividend reinvestment plan, whether or not the shares are trading at a price per share at, below or above net asset value. However, the Board reserves the right to purchase shares in the open market in connection with the implementation of the dividend reinvestment plan. The Board will examine the full facts and circumstances of each such dividend to determine the approach (i.e., to use newly issued shares or effectuate open market purchases to implement the dividend reinvestment plan) that is in the best interests of stockholders taking into account the Board's fiduciary duties to stockholders, including by weighing the potential dilution in connection with such issuance to be incurred by the Company's stockholders against the Company's need and usage of reinvested funds, funds, and, if we use newly issued shares to implement the dividend reinvestment plan at a time when the shares are trading at a price below NAV, the stockholders' receipt of fewer shares than they would have if we had effectuated open market purchases. The number of newly issued shares to be issued to a participant would be determined by dividing the total dollar amount of the dividend payable to such stockholder by the market price per share of the Company's common stock at the close of regular trading on a national securities exchange on the dividend payment date. Shares purchased in open market transactions by US Bank, Equiniti, the plan administrator and the Company's transfer agent, registrar and dividend disbursing agent, will be allocated to a participant based upon the average purchase price, excluding any brokerage charges or other charges, of all shares of the Company's common stock purchased with respect to the dividend.

A registered stockholder may elect to receive an entire distribution in cash by notifying US Bank Equiniti in writing so that such notice is received by the plan administrator no later than the record date for distributions to stockholders. The plan administrator will set up an account for shares acquired through the plan for each stockholder who has not elected to receive dividends or other distributions in cash and hold such shares in noncertificated form.

There will be no brokerage charges or other charges to stockholders who participate in the plan. The plan administrator's fees are paid by the Company.

Stockholders who receive dividends and other distributions in the form of stock are generally subject to the same U.S. federal, state and local tax consequences as are stockholders who elect to receive their distributions in cash. However, since a participating stockholder's cash dividends will be reinvested, such stockholder will not receive cash with which to pay any applicable taxes on reinvested dividends. A stockholder's basis for determining gain or loss upon the sale of stock received in a dividend or other distribution from the Company will generally be equal to the total dollar amount of the distribution payable to the stockholder. Any stock received in a dividend or other distribution will have a new holding period for tax purposes commencing on the day following the day on which the shares are credited to the U.S. stockholder's account.

Participants may terminate their accounts under the plan by so notifying the plan administrator by submitting a letter of instruction terminating the participant's account under the plan to US Bank. Equiniti. The plan may be terminated by the Company upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend by the Company.

If participants withdraw from the plan or the plan is terminated, the plan administrator will cause the shares held for the participant under the plan to be delivered to the participant. If an investor holds common stock with a brokerage firm that does not participate in the plan, such investor will not be able to participate in the plan and any dividend reinvestment may be affected on different terms than those described above.

Stockholders can obtain additional information about the dividend reinvestment plan by contacting US Bank Equiniti via telephone at 1-866-775-9668 (877) 248-6417 or by mailing a request to U.S. Bank National Association, One Federal Street, 3rd Floor, Boston, Massachusetts 02110. Equiniti Trust Company, LLC, 55 Challenger Rd, Ridgefield Park, NJ 07660.

#### Recent sales of Unregistered Securities

During the year ended December 31, 2022 December 31, 2023, the Company issued and sold 1,716,297 2,816,166 shares of its common stock at an aggregate purchase price of approximately \$29.2 million \$46.7 million. These amounts include shares issued in reinvestment. The issuance of the shares of common stock was exempt from the registration requirements of the Securities Act, pursuant to Section 4(a)(2) and Rule 506(b) of Regulation D thereof. The Company relied, in part, upon representations that each investor was an accredited investor as defined in Regulation D under the Securities Act. The Company did not engage in solicitation or advertising, and did not offer securities to the public, in connection with such issuances and sales.

#### ITEM 6. [Reserved]

Not applicable.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes and other financial information appearing elsewhere in this Annual Report on Form 10-K.

### Forward Looking Statements

This annual report on Form 10-K contains forward-looking statements that involve substantial known and unknown risks, uncertainties and other factors. Undue reliance should not be placed on such statements. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about our company, our current and prospective portfolio investments, our industry, our beliefs and our assumptions. Words such as "anticipates," "expects," "intends," "plans," "will," "may," "continue," "believes," "seeks," "estimates," "would," "could," "should," "targets," "projects," and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets, including changes from the impact liquidity of the novel coronavirus (SARS-CoV-2) and related respiratory disease ("COVID-19") pandemic; certain banks;
- uncertainty surrounding the financial and political stability of the United States, the United Kingdom, the European Union and China, and the war between Russia and Ukraine;
- the impact of fluctuations in interest rates and foreign exchange rates on our business and our portfolio companies;
- rising levels of inflation, and its impact on us, on our portfolio companies and on the industries in which we invest;
- the ability of the Investment Advisor to locate suitable investments for us and to monitor and administer our investments;
- the ability of the Investment Advisor and its affiliates to attract and retain highly talented professionals;
- risk associated with possible disruptions in our operations or the economy generally, including a possible slowdown in the economy and risk of recession;
- the timing of cash flows, if any, from the operations of the companies in which we invest;
- the ability of the companies in which we invest to achieve their objectives, including as a result of adverse events, such as the COVID-19 pandemic; objectives;
- our ability to continue to effectively manage our business due to the disruptions caused by adverse events, such as the COVID-19 pandemic; global political and economic instability;
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- our ability to maintain our qualification as a BDC and as a RIC under the Code;
- the use of borrowed money to finance a portion of our investments;
- the adequacy, availability and pricing of our financing sources and working capital;
- actual or potential conflicts of interest with the Investment Advisor and its affiliates;
- our contractual arrangements and relationships with third parties;
- the current economic downturn, interest rate volatility, loss of key personnel, and the illiquid nature of our investments; and
- the risks, uncertainties and other factors we identify under "Item 1A. Risk Factors" and elsewhere in this annual report on Form 10-K.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of the assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this annual report on Form 10-K should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in the section entitled "Item 1A. Risk Factors" and elsewhere in this annual report on Form 10-K. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this annual report on Form 10-K. Moreover, we assume no duty and do not undertake to update the forward-looking statements. Because we are a BDC, the forward-looking statements and projections contained in this in this annual report on Form 10-K are excluded from the safe harbor protection provided by Sections 27A of the Securities Act and Section 21E of the Exchange Act.

## Overview

We are a financial services company that primarily lends to and invests in corporate debt securities of companies, including small to large private U.S. companies. We were organized as a Maryland corporation on August 26, 2019 and are structured as an externally managed, non-diversified closed-end management investment company. We have elected to be regulated as a BDC under the 1940 ~~Act and, beginning~~ Act. Beginning with our taxable year ~~ending~~ ended December 31, 2020, we have elected to be treated as a RIC under Subchapter M of the Code, and we expect to qualify as a RIC annually thereafter. ~~annually~~.

On January 22, 2024, we completed our IPO, issuing 5,450,000 shares of common stock, par value \$0.001, at a public offering price of \$16.45 per share. Our common stock began trading on the New York Stock Exchange under the symbol "PSBD" on January 18, 2024.

We are externally managed by the Investment Advisor, an investment adviser that is registered with the SEC under the Advisers Act, pursuant to the Advisory Agreement. Subject to the supervision of our Board, a majority of which is made up of Independent Directors, our Investment Advisor manages our day-to-day operations and provides us with investment advisory and management services and certain administrative services. The Investment Advisor, in its capacity as Administrator, provides the administrative services necessary for us to operate pursuant to the Administration Agreement. The Administrator has entered into the Sub-Administration Agreement to delegate certain administrative functions to the Sub-Administrator. Our Investment Advisor is a majority-owned subsidiary of ~~Palmer Square, PSCM~~, which is a ~~privately-held~~ privately held firm specializing in global alternative (non-traditional) investments with a total return orientation.

Our investment objective is to maximize total return, comprised of current income and capital appreciation. However, no assurance can be given that our investment objective will be achieved, and investment results may vary substantially on a monthly, quarterly and annual basis. The Company's current investment focus is guided by two strategies that facilitate our investment opportunities and core competencies: (1) investing in corporate debt securities and, to a lesser extent, (2) investing in CLO structured credit funds that typically ~~owns~~ own corporate debt securities, including the equity and junior debt tranches of CLOs. ~~To a~~ We seek to invest in credit and other assets that the Investment Advisor believes have strong structural protections, limited extent, downside, and low long-term beta, or volatility, in comparison to systemic risk within the broader credit and equity markets. A significant portion of the loans in which we may enter into derivatives transactions, invest or obtain exposure to through our investments in structured securities may be deemed "Covenant-Lite Loans," which may utilize instruments such as forward contracts, currency options means the loans contain fewer or no maintenance covenants compared to other loans and ~~interest rate swaps, caps, collars and floors~~ do not include terms which allow the lender to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates or to earn income and enhance our total returns. We may also receive or purchase warrants or rights to acquire equity or other securities in connection with making declare a debt investment in a company. We may also invest in other strategies and opportunities from time to time that we view as attractive. We will continue to evaluate other investment strategies in the ordinary course of business with no specific top-down allocation to any single investment strategy. ~~default if certain covenants are breached.~~

## Revenues

We generate revenue primarily in the form of interest and fee income on debt investments we hold and capital gains, if any, on investments. Our debt investments generally bear interest at a floating rate usually determined on the basis of a ~~benchmark such as LIBOR~~ benchmark. Interest on debt securities is generally payable quarterly or semi-annually. In some instances, we receive payments on our debt investments based on scheduled amortization of the outstanding balances. In addition, we receive repayments of some of our debt investments prior to their scheduled maturity date. The frequency or volume of these repayments is expected to fluctuate significantly from period to period. Our portfolio activity also reflects the proceeds of sales of securities. We may also generate revenue in the form of commitment, origination, amendment, structuring or due diligence fees, fees for providing managerial assistance and consulting fees.

## Expenses

Our primary operating expenses include the payment of fees to the Investment Advisor under the Advisory Agreement, our allocable portion of overhead and rental expenses under the Administration Agreement and other operating costs described below. We bear all other out-of-pocket costs and expenses of our operations and transactions, including:

- interest expense and other costs associated with our indebtedness;
- the cost of calculating our net asset value, including the cost of any third-party valuation services;

- the cost of effecting sales and repurchases of shares of our common stock and other securities;
- fees payable to third parties relating to making investments, including our Investment Advisor's or its affiliates' travel expenses, research costs and out-of-pocket fees and expenses associated with performing due diligence and reviews of prospective investments;
- transfer agent and custodial fees;
- operating costs incurred prior to the commencement of our operations;
- out-of-pocket fees and expenses associated with marketing efforts;
- federal and state registration fees and any stock exchange listing fees;
- U.S. federal, state and local taxes;
- Independent Directors' fees and expenses;
- brokerage commissions and markups;
- fidelity bond, directors' and officers' liability insurance and other insurance premiums;
- direct costs, such as printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits and outside legal costs;
- costs associated with our reporting and compliance obligations under the 1940 Act and other applicable U.S. federal and state securities laws; and
- other expenses incurred by the Administrator or us in connection with administering our business, including payments under the Administration Agreement that will be based upon our allocable portion (subject to the review and approval of our Board) of overhead, including rental expenses.

#### Portfolio and Investment Activity

As of December 31, 2023, our weighted average total yield to maturity of debt and income producing securities at fair value was 10.51%, and our weighted average total yield to maturity of debt and income producing securities at amortized cost was 8.93%.

As of December 31, 2022, our weighted average total yield to maturity of debt and income producing securities at fair value was 11.47%, and our weighted average total yield to maturity of debt and income producing securities at amortized cost was 8.70%.

As of December 31, 2021 December 31, 2023, our weighted average total yield to maturity of we had 227 debt and income producing securities at equity investments in 191 portfolio companies with an aggregate fair value was 5.77% and our weighted average total yield to maturity of debt and income producing securities at amortized cost was 5.91% approximately \$1.0 billion.

As of December 31, 2022, we had 204 debt and equity investments in 176 portfolio companies with an aggregate fair value of approximately \$966.9 million.

As of December 31, 2021 Our investment activity for the years ended December 31, 2023, we had 240 debt 2022, and private investments in 212 portfolio companies with an aggregate fair value of approximately \$1.1 billion 2021 is presented below (information presented herein is at amortized cost unless otherwise indicated).

	<b>For the Year Ended</b>		
	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>New investments:</b>			
Gross investments	\$ 273,733,424	\$ 278,951,054	\$ 926,351,937
Less: sold investments	(247,083,117)	(314,355,643)	(401,760,802)
Total new investments	<u>26,650,307</u>	<u>(35,404,589)</u>	<u>524,591,135</u>
<b>Principal amount of investments funded:</b>			
First-lien senior secured debt investments	\$ 267,272,174	\$ 247,233,397	\$ 829,591,637
Second-lien senior secured debt investments	3,858,750	19,102,118	57,492,916
Corporate bonds	2,602,500	-	2,883,300
Convertible bonds	-	3,728,288	1,025,000
Collateralized securities and structured products - debt	-	-	14,757,907
CLO Equity	-	8,887,251	20,101,177
Common stock	-	-	500,000
Total principal amount of investments funded	<u>273,733,424</u>	<u>278,951,054</u>	<u>926,351,937</u>
<b>Principal amount of investments sold or repaid:</b>			
First-lien senior secured debt investments	233,535,659	292,852,517	380,386,061
Second-lien senior secured debt investments	8,013,549	11,938,325	12,583,308
Corporate Bonds	-	987,500	-
Convertible bonds	-	4,504,808	3,026
CLO Equity	2,533,909	1,976,080	-
Collateralized securities and structured products - debt	3,000,000	1,501,875	8,788,407
Common Stock	-	594,538	-
Total principal amount of investments sold or repaid	<u>247,083,117</u>	<u>314,355,643</u>	<u>401,760,802</u>

Our investment activity for the years ended **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022**, is presented below (information presented herein is at amortized cost unless otherwise indicated).

	<b>For the Year Ended</b>	
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>New investments:</b>		
Gross investments	\$ 278,951,054	\$ 926,351,937
Less: sold investments	(314,355,643)	(401,760,802)
Total new investments	<u>(35,404,589)</u>	<u>524,591,135</u>
<b>Principal amount of investments funded:</b>		
First-lien senior secured debt investments	\$ 247,233,397	\$ 829,591,637
Second-lien senior secured debt investments	19,102,118	57,492,916
Corporate bonds	-	2,883,300
Convertible bonds	3,728,288	1,025,000
Collateralized securities and structured products - debt	-	14,757,907
CLO Equity	8,887,251	20,101,177
Common stock	-	500,000
Total principal amount of investments funded	<u>278,951,054</u>	<u>926,351,937</u>
<b>Principal amount of investments sold or repaid:</b>		
First-lien senior secured debt investments	292,852,517	380,386,061
Second-lien senior secured debt investments	11,938,325	12,583,308
Corporate Bonds	987,500	-
Convertible bonds	4,504,808	3,026
CLO Equity	1,976,080	-
Collateralized securities and structured products - debt	1,501,875	8,788,407
Common Stock	594,538	-
Total principal amount of investments sold or repaid	<u>314,355,643</u>	<u>401,760,802</u>

Our investment activity for the years ended December 31, 2022 and December 31, 2021 is presented below (information presented herein is at **Par** unless otherwise indicated). New investment commitment refers to funded commitments in new securities made during the year that remained outstanding as of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022** respectively.

	For the Year Ended		For the Year Ended		
	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022	December 31, 2021
	38	155	67	38	155
Number of new investment commitments					
Average new investment commitment amount	\$ 4,784,093	\$ 4,521,355	\$ 3,802,624	\$ 4,784,093	\$ 4,521,355
Weighted average maturity for new investment commitments	5.95 years	5.85 years	5.19 years	5.95 years	5.85 years
Percentage of new debt investment commitments at floating rates	100.00 %	99.42 %	98.82 %	100.00 %	99.42 %
Percentage of new debt investment commitments at fixed rates	0.00 %	0.58 %	1.18 %	0.00 %	0.58 %
Weighted average interest rate of new investment commitments <sup>(1)</sup>	9.17 %	4.80 %	10.22 %	9.17 %	4.80 %
Weighted average spread over reference rate of new floating rate investment commitments <sup>(2)</sup>	4.80 %	4.39 %	4.87 %	4.80 %	4.39 %
Weighted average interest rate on investment sold or paid down	5.45 %	4.40 %	9.56 %	5.45 %	4.40 %

(1) New CLO equity investments do not have an ascribed interest rate, and are therefore excluded from the calculation.

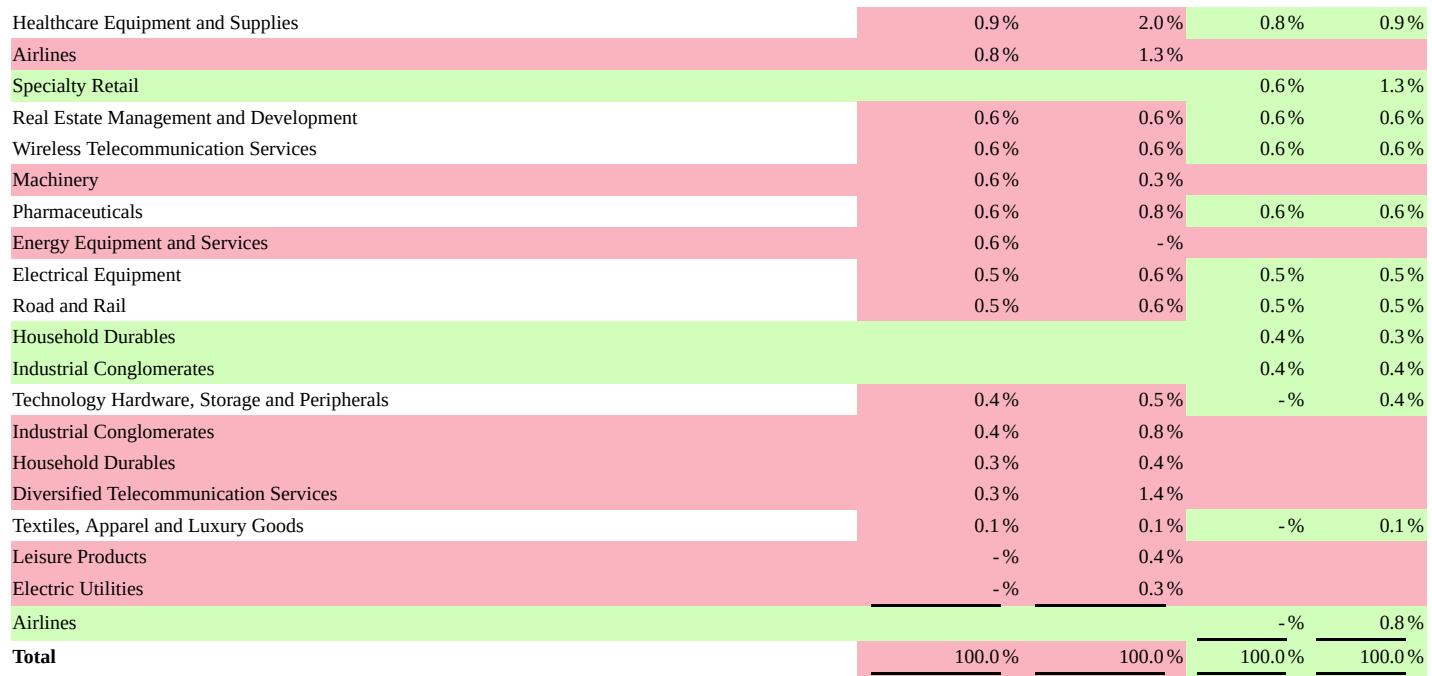
(2) Variable rate loans bear interest at a rate that may be determined by reference to either a) LIBOR (which can include one-, two-, three- or six-month LIBOR) or b) the CME Term Secured Overnight Financing Rate ("SOFR" or "S") (which can include one-, three-, or six-month SOFR), which resets periodically based on the terms of the loan agreement. At the borrower's option, loans may instead reference an alternate base rate (which can include the Federal Funds Effective Rate or the Prime Rate), which also resets periodically based on the terms of the loan agreements. Loans that reference SOFR may include a Credit Spread Adjustment ("CSA"), where the CSA is a defined additional spread amount based on the tenor of SOFR the borrower selects (making the reference rate S+CSA).

As of **December 31, 2022** **December 31, 2023** and **December 31, 2021** **December 31, 2022**, our investments consisted of the following:

Investments:	December 31, 2022		December 31, 2021		December 31, 2023		December 31, 2022	
	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized	Fair
	Cost	Value	Cost	Value	Cost	Value	Cost	Value
First-lien senior secured debt	\$ 951,753,250	\$ 870,880,344	\$ 1,003,839,402	\$ 1,007,407,474	\$ 984,089,538	\$ 952,100,626	\$ 951,753,250	\$ 870,880,344
Second-lien senior secured debt	71,513,263	58,118,340	64,317,453	64,658,512	67,449,770	55,989,218	71,513,263	58,118,340
Corporate Bonds	1,884,529	1,332,888	2,883,596	2,947,571	4,495,104	4,239,975	1,884,529	1,332,888
Convertible Bond	-	-	1,021,974	942,069				
CLO Mezzanine	17,589,330	14,732,721	18,907,287	19,105,394	14,859,567	13,764,620	17,589,330	14,732,721
CLO Equity	27,012,348	21,800,224	20,101,177	20,253,800	24,478,438	18,953,309	27,012,348	21,800,224
Equity	-	-	500,000	800,000				
Short-term investments	50,347,215	50,347,215	78,142,764	78,142,764	63,763,005	63,763,005	50,347,215	50,347,215
<b>Total Investments</b>	<b>\$ 1,120,099,935</b>	<b>\$ 1,017,211,732</b>	<b>\$ 1,189,713,653</b>	<b>\$ 1,194,257,584</b>	<b>\$ 1,159,135,422</b>	<b>\$ 1,108,810,753</b>	<b>\$ 1,120,099,935</b>	<b>\$ 1,017,211,732</b>

The table below describes investments by industry composition based on fair value as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022:

	December 31, 2022	December 31, 2021	December	
			31, 2023	31, 2022
Software	12.9%	10.2%	14.0%	12.9%
Healthcare Providers and Services	9.9%	10.8%	9.3%	9.9%
Professional Services			7.2%	5.9%
IT Services	8.4%	9.4%	6.7%	8.4%
Professional Services	5.9%	6.4%		
Insurance	5.8%	5.7%	5.9%	5.8%
Cash and Cash Equivalents	4.9%	6.5%		
Short Term Investments			5.8%	4.9%
Diversified Financial Services			4.2%	2.6%
Hotels, Restaurants and Leisure	3.9%	3.5%	4.2%	3.9%
Building Products	3.7%	3.0%		
Chemicals	3.3%	2.2%		
Media	3.2%	3.9%	3.7%	3.2%
Independent Power and Renewable Electricity Producers	2.8%	3.1%	3.4%	2.8%
Diversified Financial Services	2.6%	1.8%		
Aerospace and Defense	2.5%	0.9%		
Chemicals			2.9%	3.3%
Building Products			2.9%	3.7%
Construction and Engineering	2.5%	1.7%	2.6%	2.5%
Food Products			2.0%	1.3%
Auto Components			1.7%	1.9%
Structured Subordinated Note	2.1%	1.7%	1.7%	2.1%
Healthcare Technology	2.1%	2.1%		
Metals and Mining	2.0%	1.5%		
Auto Components	1.9%	1.5%		
Oil, Gas and Consumable Fuels	1.7%	3.0%		
Containers and Packaging			1.7%	1.5%
Machinery			1.6%	0.6%
Diversified Consumer Services	1.6%	0.8%	1.6%	1.6%
Containers and Packaging	1.5%	1.8%		
Structured Note	1.4%	1.6%		
Food Products	1.3%	1.1%		
Specialty Retail	1.3%	1.2%		
Commercial Services and Supplies	1.3%	1.5%		
Electronic Equipment, Instruments and Components	1.2%	1.1%	1.5%	1.2%
Internet Software and Services	1.1%	1.3%	1.4%	1.1%
Energy Equipment and Services			1.4%	0.6%
Commercial Services and Supplies			1.3%	1.3%
Structured Note			1.2%	1.4%
Aerospace and Defense			1.2%	2.5%
Metals and Mining			1.2%	2.0%
Healthcare Technology			1.0%	2.1%
Oil, Gas and Consumable Fuels			0.9%	1.7%
Diversified Telecommunication Services			0.8%	0.3%



The table below shows the weighted average yields and interest rate of our debt investments at fair value as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022:

	December 31, 2022	December 31, 2021
Weighted average total yield of debt and income producing securities	11.47%	5.77%
Weighted average interest rate of debt and income producing securities <sup>(1)</sup>	8.83%	4.80%
Weighted average spread over reference rate of all floating rate investments <sup>(2)</sup>	4.47%	4.31%

	December 31, 2023	December 31, 2022
Weighted average total yield of debt and income producing securities	10.51%	11.47%
Weighted average interest rate of debt and income producing securities <sup>(1)</sup>	10.10%	8.83%
Weighted average spread over reference rate of all floating rate investments <sup>(2)</sup>	4.61%	4.47%

(1) CLO equity securities are considered income producing securities but do not have an ascribed interest rate, and therefore are excluded from the calculation

(2) Variable rate loans bear interest at a rate that may be determined by reference to either a) LIBOR (which can include one-, two-, three- or six-month LIBOR) or b) SOFR (which can include one-, three-, or six-month SOFR), which resets periodically based on the terms of the loan agreement. At the borrower's option, loans may instead reference an alternate base rate (which can include the Federal Funds Effective Rate or the Prime Rate), which also resets periodically based on the terms of the loan agreements. Loans that reference SOFR may include CSA, where the CSA is a defined additional spread amount based on the tenor of SOFR the borrower selects (making the reference rate S+CSA).

#### Results of Operations

The following table represents the operating results for the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021: 2021:

	For the Year Ended December 31,		For the Year Ended December 31		
	2022	2021	2023	2022	2021
Total investment income	\$ 74,499,900	\$ 39,685,653	\$ 112,223,607	\$ 74,499,900	\$ 39,685,653
Less: Net expenses	33,419,068	16,851,412	54,236,087	33,419,068	16,851,412
Net investment income	41,080,832	22,834,241	57,987,520	41,080,832	22,834,241
Net realized gains (losses) on investments	(8,130,187)	4,753,263	(2,715,413)	(8,130,187)	4,753,263
Net change in unrealized gains (losses) on investments	(107,432,980)	(8,527,786)	52,563,544	(107,432,980)	(8,527,786)
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ (74,482,335)</b>	<b>\$ 19,059,718</b>	<b>\$ 107,835,651</b>	<b>\$ (74,482,335)</b>	<b>\$ 19,059,718</b>

#### Investment Income

Investment income for the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, was as follows:

	For the Year Ended December 31,		For the Year Ended December 31		
	2022	2021	2023	2022	2021
Interest from investments	\$ 73,705,450	\$ 38,897,216	\$ 107,739,382	\$ 73,705,450	\$ 38,897,216
Dividend income	610,203	9,597	4,066,745	610,203	9,597
Other income	184,247	778,840	417,480	184,247	778,840
<b>Total investment income</b>	<b>\$ 74,499,900</b>	<b>\$ 39,685,653</b>	<b>\$ 112,223,607</b>	<b>\$ 74,499,900</b>	<b>\$ 39,685,653</b>

For the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021 total investment income was driven by interest income from our investments. The size of our investment portfolio at fair value increased from \$600.1 million as of December 31, 2020 to \$1.1 billion as of December 31, 2021. The size of our investment portfolio at fair value decreased from \$1.1 billion as of December 31, 2021 to \$966.9 million as of December 31, 2022, and increased from \$966.9 million as of December 31, 2022 to \$1.0 billion as of December 31, 2023. All debt and short-term investments were income producing, and there were no loans on non-accrual status as of December 31, 2022 December 31, 2023.

#### Expenses

Operating expenses for the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, was as follows:

	For the Year Ended December 31,		For the Year Ended December 31		
	2022	2021	2023	2022	2021
Interest and debt financing expenses	\$ 23,452,169	\$ 8,616,661			
Interest expense			\$ 44,483,152	\$ 23,452,169	\$ 8,616,661
Management fees	8,328,713	6,369,583	8,408,074	8,328,713	6,369,583
Other operating expenses	2,604,275	2,586,366	2,320,870	2,604,275	2,586,366
Directors fees	75,000	75,000	75,000	75,000	75,000
Management fee waiver	(1,041,089)	(796,198)	(1,051,009)	(1,041,089)	(796,198)
Net expenses	\$ 33,419,068	\$ 16,851,412	\$ 54,236,087	\$ 33,419,068	\$ 16,851,412

Net expenses for the year ended December 31, 2023 were \$54.2 million, which consisted of \$44.5 million in interest and debt financing, \$8.4 million in management fees, \$2.3 million in other operating expenses, and \$75 thousand in directors fees offset by \$1.1 million in management fee waiver from the Investment Advisor.

Interest expense increased during the year ended December 31, 2023, primarily due to increased average interest rates under our BoA Credit Facility and WF Credit Facility. Average debt outstanding decreased from \$667.5 million to \$629.6 million for the years ended December 31, 2022 and December 31, 2023, respectively. Management fees increased due to a higher value of average net assets during the period. Average net assets increased from \$416.4 million to \$420.4 million as of December 31, 2022 and December 31, 2023, respectively.

Net expenses for the year ended December 31, 2022 were \$33.4 million, which consisted of \$23.5 million in interest and debt financing, \$8.3 million in management fees, \$2.6 million in other operating expenses, and \$75 thousand in directors fees offset by \$1.0 million in management fee waiver from the Investment Advisor.

Interest expense increased during the year ended December 31, 2022 as a result of an increase in outstanding debt. Average debt outstanding increased from \$477.0 million to \$667.5 million for the years ended December 31, 2021 and December 31, 2022, respectively. Management fees increased due to a higher value of average net assets during the period. Average net assets increased from \$318.5 million to \$416.4 million as of December 31, 2021 and December 31, 2022, respectively.

Net expenses for the year ended December 31, 2021 were \$16.9 million, which consisted of \$8.6 million in interest and debt financing, \$6.4 million in management fees, \$2.6 million in other operating expenses, and \$75 thousand in directors fees offset by \$796 thousand in management fee waiver from the Investment Advisor.

#### Net Change in Unrealized Gains (Losses) on Investments

We fair value our portfolio investments quarterly and any changes in fair value are recorded as unrealized gains or losses. During the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, net unrealized gains (losses) on our investment portfolio were comprised of the following:

	For the Year Ended December 31,		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
	2022	2021			
Unrealized gains on investments	\$ 1,635,443	\$ 6,224,196			
Unrealized (losses) on investments	(109,068,423)	(14,751,982)			
Net change in unrealized gains (losses) on investments	\$ (107,432,980)	\$ (8,527,786)			
	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021		
Unrealized gains on investments	\$ 65,920,976	\$ 1,635,443	\$ 6,224,196		
Unrealized (losses) on investments	(13,357,432)	(109,068,423)	(14,751,982)		
Net change in unrealized gains (losses) on investments	\$ 52,563,544	\$ (107,432,980)	\$ (8,527,786)		

The change in unrealized appreciation (depreciation) for the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021 2021 totaled \$52.6 million, \$(107.4) million, and \$(8.5) million, respectively. For the year ended December 31, 2023, this consisted of net unrealized appreciation of \$41.1 million related to existing portfolio investments and net unrealized appreciation of \$11.5 million related to exited portfolio investments (a portion of which has been reclassified to realized gains). For the year ended December 31, 2022, this consisted of net unrealized depreciation of \$106.2 million related to existing portfolio investments and net unrealized depreciation of \$1.2 million related to exited portfolio investments (a portion of which has been reclassified to realized gains). For the year ended December 31, 2021, this consisted of net unrealized depreciation of \$864 thousand related to existing portfolio investments and unrealized appreciation of \$2.7 million related to new portfolio investments, and net unrealized depreciation of \$10.4 million related to exited portfolio investments (a portion of which has been reclassified to realized gains).

#### Financial Condition, Liquidity and Capital Resources

We anticipate cash to be generated from the private offering registered offerings of our common stock and other future offerings of equity and debt securities (including an initial public offering) on-balance sheet CLO financings, and cash flows from operations, including interest earned from the temporary investment of cash in cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less. Additionally, On January 14, 2020, our sole stockholder approved the application of the reduced asset coverage requirements in Section 61(a)(2) of the 1940 Act to us effective as of such date. As a result of the reduced asset coverage requirement, we are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 150% immediately after each such issuance. If we are unable to obtain leverage or raise equity capital on terms that are acceptable to us, our ability to grow our portfolio could be substantially impacted. Furthermore, while any indebtedness and senior securities remain outstanding, we may be required to prohibit any distribution to our stockholders or the repurchase of shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. In connection with borrowings, our lenders, including under the BoA Credit Facility and the WF Credit Facility, may require us to pledge assets, investor commitments to fund capital calls and/or the proceeds of those capital calls. In addition, such lenders may ask us to comply with positive or negative covenants that could have an effect on our operations.

During the year ended December 31, 2023, we experienced a net increase in cash and cash equivalents of \$466 thousand. During the period, net cash provided by operating activities was \$19.5 million, primarily as a result of proceeds received from sale of investments (excluding investments in short-term money market funds) of \$247.1 million, partially offset by fundings of portfolio investments (excluding investments in short-term money market funds) of \$273.7 million. We invested in short-term money market funds during the period, and as of the end of the period we held \$63.8 million in fair value of short-term money market funds. During the same period, net cash used in financing activities was \$19.1 million, primarily consisting of \$1.0 million of net repayments under the BoA Credit Facility and WF Credit Facility, \$1.8 million of payments of debt issuance costs and distributions paid in cash of \$33.9 million, partially offset by proceeds from the issuance of common stock of \$17.6 million.

During the year ended December 31, 2022, we experienced a net increase in cash and cash equivalents of \$557 thousand. During the period, net cash provided by operating activities was \$25.1 million, primarily as a result of proceeds received from sale of investments (excluding investments in short-term money market funds) of \$314.4 million, partially offset by fundings of portfolio investments (excluding investments in short-term money market funds) of \$279.0 million. We invested in short-term money market funds during the period, and as of the end of the period we held \$50.3 million in fair value of short-term money market funds. During the same period, net cash used in financing activities was \$24.6 million, primarily consisting of \$10.8 million of net repayments under the BoA Credit Facility and WF Credit Facility and distributions paid in cash of \$18.8 million, partially offset by proceeds from the issuance of common stock of \$5.0 million.

During the year ended December 31, 2021, we experienced a net increase in cash and cash equivalents of \$411 thousand. During the period, net cash used in operating activities was \$438 million, primarily as a result of fundings of portfolio investments (excluding investments in short-term money market funds) of \$926.4 million, partially offset by proceeds received from sale of investments (excluding investments in short-term money market funds) of \$406.8 million. We invested in short-term money market funds during the period, and as of the end of the period we held \$78.1 million in fair value of short-term money market funds. During the same period, net cash provided by financing activities was \$438.4 million, primarily consisting of \$256.6 million of net borrowing under the BoA Credit Facility and WF Credit Facility and proceeds from the issuance of common stock of \$188.9 million, partially offset by distributions paid in cash of \$6.3 million.

As of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, we had cash and cash equivalents of \$1.7 million \$2.1 million and \$1.1 million \$1.7 million, respectively. As of December 31, 2023, we had \$504.0 million principal outstanding under the BoA Credit Facility and \$136.3 million principal outstanding under the WF Credit Facility. As of December 31, 2022, we had \$514.5 million principal outstanding under the BoA Credit Facility and \$126.8 million principal outstanding under the WF Credit Facility. As of December 31, 2021, we had \$552 million principal outstanding under the BoA Credit Facility and \$100 million principal outstanding under the WF Credit Facility.

During the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, we had aggregate capital commitments and undrawn capital commitments from investors as follows:

	December 31, 2022			December 31, 2021		
	Capital Commitments	Unfunded Capital Commitments	% of Capital Commitments Funded	Capital Commitments	Unfunded Capital Commitments <sup>(1)</sup>	% of Capital Commitments Funded
Common stock	\$ 5,023,800	\$ -	100 %	\$ 193,511,571	\$ 4,650,000	98 %
<b>December 31, 2023</b>						
	Capital Commitments	Unfunded Capital Commitments	% of Capital Commitments Funded	Capital Commitments	Unfunded Capital Commitments	% of Capital Commitments Funded
Common stock	\$ 17,654,225	\$ -	100 %	\$ 5,023,800	\$ -	100 %
					\$ 193,511,571	\$ 4,650,000
						98 %

(1) 100% of the unfunded commitments were drawn down in January 2022.

As a BDC, we are required to meet a coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings and any preferred stock that we may issue in the future, of at least 150%. If this ratio declines below 150%, we cannot incur additional debt and could be required to sell a portion of our investments to repay some debt when it is disadvantageous to do so. As of December 31, 2022 December 31, 2023, our asset coverage ratio was 157% 172%.

#### Capital Contributions

During the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, the Company issued and sold 2,816,166 shares at an aggregate purchase price of \$46.7 million, 1,716,297 shares at an aggregate purchase price of \$29.2 million, and 10,007,526 shares at an aggregate purchase price of \$206.6 million, respectively. These amounts include shares issued in reinvestment.

#### Financing Arrangements

##### Bank of America Credit Facility

On February 18, 2020, we, through a special purpose wholly-owned subsidiary, PS BDC Funding, entered into the Credit Agreement with the Lenders, BofA N.A. as the administrative agent and BofA Securities, as Lead Arranger and Sole Book Manager, pursuant to which the Lenders agreed to provide us with a revolving line of credit.

Under the BoA Credit Facility, which matures on February 18, 2025, the Lenders have agreed to extend credit to PS BDC Funding in an aggregate amount up to the Commitment (as defined in the Credit Agreement) amount. The Commitment amount for the BoA Credit Facility was \$200.0 million as of the closing date of the Credit Agreement, increased to \$400.0 million on the one-month anniversary of the closing date, further increased to \$475.0 million on October 12, 2020, and further increased to is currently \$725 million on September 29, 2021. The Borrowers' ability to draw under the BoA Credit Facility is scheduled to terminate on February 11, 2025. All amounts outstanding under the BoA Credit Facility are required to be repaid by February 18, 2025.

Prior to February 3, 2023, the loans under the BoA Credit Facility may have been base rate loans or euro currency loans. The base rate loans bore interest at the base rate plus 1.30%, and the eurocurrency rate loans bore interest at 1-month or 3-month LIBOR plus 1.30%. The "base rate" was equal to the highest of (a) the federal funds rate plus 0.50%, (b) the prime rate, and (c) 1-month or 3-month LIBOR. On February 3, 2023, the Company entered into an omnibus amendment to the BoA Credit Facility that, among other things: (i) removed LIBOR transition language and (ii) replaced eurocurrency rate loans with SOFR loans.

As of February 3, 2023, the loans under the BoA Credit Facility may be base rate loans or eurocurrency rate SOFR loans. The base rate loans will bear interest at the base rate plus 1.30% 1.40%, and the eurocurrency rate SOFR loans will bear interest at LIBOR 1-month SOFR plus 1.30% 1.40% or 3-month SOFR plus 1.45%. The "base rate" will be equal to the highest of (a) the federal funds rate plus 0.50%, (b) the prime rate, and (c) LIBOR 1-month or 3-month SOFR plus 0.10%. The Credit Agreement includes fallback language in the event that LIBOR SOFR becomes unavailable. Interest pursuant to base rate loans is payable quarterly in arrears, and interest pursuant to eurocurrency SOFR loans is payable either quarterly or monthly, as specified by the Borrowers in a loan notice pertaining thereto. The Credit Agreement requires the payment of a commitment fee of 0.50% for unused Commitments until the four-month anniversary of the Second Amendment to the Credit Agreement. Thereafter, the commitment fee is 0.50% on unused Commitments up to 30% of the BoA Credit Facility, and 1.30% on unused Commitments in excess of 30% of the BoA Credit Facility. Such fee is payable quarterly in arrears. The advance rate for PS BDC Funding's Eligible Collateral Assets ranges from 40% for Second Lien Bank Loans to 70% for First Lien Bank Loans that are B Assets to 100% for Cash (excluding Excluded Amounts) (as each such term is defined in the Credit Agreement).

PS BDC Funding has pledged all of its assets to BofA N.A., in its capacity as Administrative Agent, to secure its obligations under the BoA Credit Facility. Both the Company and PS BDC Funding have made customary representations and warranties and are required to comply with various covenants, reporting requirements, and other customary requirements for similar credit facilities. Borrowing under the BoA Credit Facility is subject to the leverage restrictions contained in the 1940 Act and PS BDC Funding complies with 1940 Act provisions relating to affiliated transactions and custody (Section 17, as modified by Section 57, of the 1940 Act). The custodian of the assets pledged to BofA N.A. pursuant to the BoA Credit Facility is U.S. Bank National Administration. The obligations under the Credit Agreement may be accelerated upon the occurrence of an event of default under the Credit Agreement, including in the event of a change of control of PS BDC Funding or if the Investment Advisor ceases to serve as investment adviser to the Company.

As of December 31, 2022 December 31, 2023, we had approximately \$514.5 million \$504.0 million principal outstanding and \$210.5 million \$221.0 million of available Commitments under the BoA Credit Facility, and PS BDC Funding was in compliance with the applicable covenants in the BoA Credit Facility on such date.

#### **Wells Fargo Credit Facility**

On December 18, 2020, we, through a special purpose wholly-owned subsidiary, PS BDC Funding II, entered into the Loan Agreement with the WF Lenders, WFB as the administrative agent and U.S. Bank, as Collateral Agent and Custodian, pursuant to which the WF Lenders agreed to provide us with a line of credit.

Under On December 18, 2023, we entered into an amendment to the WF Credit Facility which matures on December 18, 2025, the WF Lenders have agreed to extend credit to PS BDC Funding II in an aggregate amount up to the (the "WF Credit Facility Amount (as defined in the Loan Agreement). The Facility Amount for Fourth Amendment") that amends the WF Credit Facility was \$150.0 million as of to, among other things: (i) increase the closing date of the Loan Agreement. The WF Borrowers' ability to draw amount available for borrowing under the WF Credit Facility is scheduled from \$150,000,000 to terminate on \$175,000,000, (ii) extend the facility maturity date from December 18, 2025 to December 18, 2028 and (iii) extend the reinvestment period from December 18, 2023 to December 18, 2026 (subject to other provisions of the WF Credit Facility). All amounts outstanding

Prior to April 10, 2023 the loans under the WF Credit Facility are required may have been Broadly Syndicated Loans or Middle Market loans and were eurocurrency rate loans unless such rate was unavailable, in which case the loans were base rate loans until such rate was available. Broadly Syndicated Loans bore interest at the LIBOR or base rate, as applicable, plus 1.85%, and Middle Market Loans bore interest at LIBOR or base rate, as applicable, plus 2.35%. The "base rate" was equal to be repaid by December 18, 2025, the highest of (a) the federal funds rate plus 0.50% and (b) the prime rate. On April 10, 2023, the Company entered into an amendment to the WF Credit Facility that, among other things: (i) transferred and assigned U.S. Bank National Association's rights and obligations as collateral agent and as a secured party to U.S. Bank Trust Company, National Association, (ii) referenced SOFR instead of LIBOR and (iii) removed LIBOR transition language.

The As of April 10, 2023, the loans under the WF Credit Facility may be Broadly Syndicated Loans or Middle Market Loans and shall be eurocurrency rate loans unless such rate is unavailable, in which case the loans shall be base rate loans until such rate is available. Broadly Syndicated Loans will bear interest at the LIBOR Daily Simple SOFR or base rate as applicable, (to the extent Daily Simple SOFR is unavailable), plus 1.85% 2.50%, and Middle Market Loans will bear with an interest at LIBOR or base rate as applicable, plus 2.35% floor of 0.0%. The "base rate" will be equal to the highest of (a) the federal funds rate plus 0.50% and (b) the prime rate. The Loan Agreement includes fallback language in the event that LIBOR Daily Simple SOFR becomes unavailable. Interest is payable quarterly, as determined by the WFB as the administrative agent. Following the Second Amendment of an amendment to the WF Credit Facility on October 13, 2021, the Loan Agreement requires the payment of a non-usage fee of (x) during the first thirteen months following the closing of the WF Credit Facility, 0.50% multiplied by daily unused Facility Amounts, (y) between thirteen and sixteen months following the closing of the WF Credit Facility, 0.50% multiplied by the lesser of (1) daily unused Facility Amounts and (2) 50% of the Facility Amount plus 2.00% multiplied by the greater of (i) the difference between the daily unused Facility Amount and 50% of the Facility Amount and (ii) zero, and, (z) thereafter, 0.50% multiplied by the lesser of (1) daily unused Facility Amounts and (2) 20% of the Facility Amount plus 2.00% multiplied by the greater of (i) the difference between the daily unused Facility Amount and 20% of the Facility Amount and (ii) zero. Such fee is payable quarterly in arrears. The WF Credit Facility includes the option to downsize the facility by paying a Commitment Reduction Fee. The Fee is equal to 2.00% of the facility reduction amount prior to the one year one-year anniversary of the closing of the WF Credit Facility Fourth Amendment, and 1.00% thereafter. The applicable percentage for the advance rate on PS BDC Funding II's Eligible Loans ranges from 67.5% for Middle Market Loans to 70% for Broadly Syndicated Loans (as each such term is defined in the Loan Agreement).

PS BDC Funding II has pledged all of its assets to U.S. Bank, in its capacity as Collateral Agent, to secure its obligations under the WF Credit Facility and U.S. Bank acts as the custodian of such assets. Both the Company and PS BDC Funding II have made customary representations and warranties and are required to comply with various covenants, reporting requirements, and other customary requirements for similar credit facilities. Borrowing under the WF Credit Facility is subject to the leverage restrictions contained in the 1940 Act and PS BDC Funding II complies with 1940 Act provisions relating to affiliated transactions and **custody**, **custody** (Section 17, as modified by Section 57, of the 1940 Act). The obligations under the Loan Agreement may be accelerated upon the occurrence of an event of default under the Loan Agreement, including in the event of a change of control of PS BDC Funding II, if the Investment Advisor ceases to serve as investment adviser to the Company, or if **Palmer Square PSCM** or its affiliates cease to directly or indirectly own a majority of the membership interests of the Investment Advisor.

As of December 31, 2022 December 31, 2023, we had approximately \$126.8 million \$136.3 million principal outstanding and \$23.2 million \$38.7 million of available Commitments under the WF Credit Facility, and PS BDC Funding II was in compliance with the applicable covenants in the WF Credit Facility on such date.

#### Distribution Policy

To the extent that we have income available, we intend to distribute quarterly dividends to our stockholders. Our quarterly dividends, if any, will be determined by our Board. Any dividends to our stockholders will be declared out of assets legally available for distribution.

We have elected to be treated, and intend to operate in a manner so as to continuously qualify, as a RIC under the Code. To obtain and maintain RIC tax treatment, among other things, we must distribute dividends to our stockholders in respect of each taxable year of an amount at least equal to 90% of the sum of our net ordinary income and net short-term capital gains in excess of our net long-term capital losses ("investment company taxable income"), determined without regard to any deduction for dividends paid. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute dividends to our stockholders in respect of each calendar year of an amount at least equal to the sum of: (1) 98% of our net ordinary income (taking into account certain deferrals and elections) for such calendar year; (2) 98.2% of our capital gains in excess of capital losses ("capital gain net income"), adjusted for certain ordinary losses, generally for the one-year period ending on October 31 of such calendar year; and (3) any net ordinary income and capital gain net income for preceding years that were not distributed during such years and on which we previously paid no U.S. federal income tax. Under certain applicable provisions of the Code and U.S. Treasury regulations, distributions payable in cash or in shares of stock at the election of the stockholders are treated as taxable dividends. The IRS has published guidance indicating that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. Under this guidance, if too many stockholders elect to receive their distributions in cash, the cash available for distribution must be allocated among the stockholders electing to receive cash (with the balance of the distribution paid in stock). If we decide to make any distributions consistent with this guidance that are payable in part in stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, shares of our stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the value of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, the Company may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock.

For these excise tax purposes, we will be deemed to have distributed any net ordinary taxable income or capital gain net income on which we have paid U.S. federal income tax. Depending on the level of taxable income earned in a calendar year, we may choose to carry forward taxable income for distribution in the following calendar year, and pay any applicable U.S. federal excise tax. We may not be able to achieve results that will permit the payment of cash distributions.

We currently intend to distribute net capital gains (i.e., net long-term capital gains in excess of net short-term capital losses), if any, at least annually out of the assets legally available for such distributions. However, we may decide in the future to retain such capital gains for investment, incur a corporate-level tax on such capital gains, and elect to treat such capital gains as deemed distributions to our stockholders. If this happens, our stockholders will be treated for U.S. federal income tax purposes as if they had received an actual distribution of the capital gains that we retain and reinvested the net after tax proceeds in us. In this situation, our stockholders would be eligible to claim a tax credit equal to their allocable share of the tax we paid on the capital gains deemed distributed to them. We may not be able to achieve operating results that will permit us to pay any cash distributions, and if we issue senior securities, we will be prohibited from making distributions if doing so would cause us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if such distributions are limited by the terms of any of our borrowings.

We have adopted a dividend reinvestment plan that **will provide** provides for reinvestment of our dividends and other distributions on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if our Board authorizes, and we declare, a cash dividend or other distribution, then stockholders who do not "opt out" of the Company's dividend reinvestment plan will have their cash dividends and distributions automatically reinvested in additional shares of our common stock, rather than receiving cash dividends and distributions.

Prior to **a Listing, the IPO**, the Board **will use** primarily used newly-issued shares of the Company's common stock to implement the dividend reinvestment plan. The number of shares of common stock to be issued to a participant prior to **a Listing, the IPO** would be equal to the quotient determined by dividing the cash value of the dividend payable to such stockholder by the net asset value per share as of the date such dividend was declared.

After **a Listing, the IPO**, the Board intends to primarily use newly-issued shares to implement the dividend reinvestment plan, whether or not the shares are trading at a price per share at, below or above net asset value. However, the Board reserves the right to purchase shares in the open market in connection with the implementation of the dividend reinvestment plan. The Board will examine the full facts and circumstances of each such dividend to determine the approach (i.e., to use newly issued shares or effectuate open market purchases to implement the dividend reinvestment plan) that is in the best interests of stockholders taking into account the Board's fiduciary duties to stockholders, including by weighing the potential dilution in connection with such issuance to be incurred by the Company's stockholders against the Company's need and usage of reinvested **funds**, funds, and, if we use newly issued shares to implement the dividend reinvestment plan at a time when the shares are trading at a price below NAV, the stockholders' receipt of fewer shares than they would have if we had effectuated open market purchases. The number of newly issued shares to be issued to a participant would be determined by dividing the total dollar amount of the dividend payable to such stockholder by the market price per share of our common stock at the close of regular trading on a national securities exchange on the dividend payment date. Shares purchased in open market transactions by **US Bank, Equiniti**, the plan administrator and our transfer agent, registrar, and dividend disbursing agent, will be allocated to a participant based upon the average purchase price, excluding any brokerage charges or other charges, of all shares of our common stock purchased with respect to the dividend.

A registered stockholder may elect to receive an entire distribution in cash by notifying **US Bank, Equiniti** in writing so that such notice is received by the plan administrator no later than the record date for distributions to stockholders. The plan administrator will set up an account for shares acquired through the plan for each stockholder who has not elected to receive dividends or other distributions in cash and hold such shares in noncertificated form.

## Critical Accounting **Estimates** Policies

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods.

Critical accounting **estimates** **policies** are those that require the application of management's most difficult, subjective, or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain and that may change in subsequent periods. The preparation of these financial statements will require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. In addition to the discussion below, we have described our critical accounting **estimates** **policies** in the notes to our consolidated financial statements.

### *Valuation of Portfolio Investments*

In December 2020, the SEC adopted Rule 2a-5 under the 1940 Act, which permits a BDC's board of directors to either (i) choose to continue to determine fair value in good faith, or (ii) designate its investment adviser as the valuation designee tasked with determining fair value in good faith, subject to the board's oversight. Our Board has designated the Investment Advisor to serve as our valuation designee effective August 11, 2022.

We Under procedures established by our Board, we value investments for which market quotations are readily available at such market quotations. Assets listed on an exchange will be valued at their last sales prices as reported to the consolidated quotation service at 4:00 P.M. eastern time Eastern Time on the date of determination. If no such sales of such securities occurred, such securities will be valued at the mean between the last available bid and ask prices as reported by an independent, third-party pricing service on the date of determination (unless the prices provided by the pricing service is believed by the Investment Advisor to be unreliable or a significant event has occurred subsequent to the provision of the prices that the Investment Advisor determines will affect the fair value of the securities). Debt and equity securities that are not publicly traded or whose market prices are not readily available (or for which either of the events noted in the parenthetical immediately above occur) are valued at fair value by the Investment Advisor. Such determination of fair values may involve subjective judgments and estimates, although we will also engage independent valuation providers to review the valuation of each portfolio investment that constitutes a material portion of our portfolio and that does not have a readily available market quotation at least once annually. With respect to unquoted securities, our Investment Advisor will value each investment considering, among other measures, discounted cash flow models, comparisons of financial ratios of peer companies that are public and other factors. With respect to Level 3 assets, we intend to retain one or more independent providers of financial advisory services to assist the Investment Advisor by performing certain limited third-party valuation services. We may appoint additional or different third-party valuation firms in the future.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs with respect to a fair-valued portfolio company or comparable company, the Investment Advisor will use the pricing indicated by the external event in connection with its fair valuation determination process. Because we expect that there will not be a readily available market for many of the investments in our portfolio, we expect to value many of our portfolio investments at fair value as determined in good faith by the Investment Advisor using a documented valuation policy and a consistently applied valuation process. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had readily available market quotations existed for such investments, and the differences could be material.

#### Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized upfront fees and prepayment penalties. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized. Realized gains and losses from securities transactions and unrealized appreciation and depreciation of securities are determined using the identified cost basis method for financial reporting.

#### Related Party Transactions

We have entered into the Advisory Agreement with the Investment Advisor and the Administration Agreement with the Investment Advisor (in such capacity, the Administrator). Mr. Christopher D. Long and Mr. Jeffrey D. Fox, each an executive officer of ours and an interested member of our Board, and Angie K. Long and Scott A. Betz, each an executive officer of ours, have an indirect pecuniary interest in the Investment Advisor. The Investment Advisor is a registered investment adviser under the Advisers Act that is majority-owned by Palmer Square, PSCM. See “Note 3. Agreements and Related Party Transactions – Administration Agreement” and “– Investment Advisory Agreement” in the notes to the accompanying consolidated financial statements.

#### Contractual Obligations

We have certain contracts under which we have material future commitments. We have entered into the Advisory Agreement with the Investment Advisor in accordance with the 1940 Act. Payments for investment advisory services under the Advisory Agreement are equal to (a) a base management fee calculated at an annual rate of 2.0% 1.75% of the average value of the weighted average of our total net assets at the end of the two most recently completed quarters and (b) an incentive fee based on our performance. The Investment Advisor has agreed to waive its right to receive management fees in excess of 1.75% of the total net assets during any period prior to a Listing, the IPO. We have entered into an Administration Agreement with the Administrator to serve as our administrator. Pursuant to the Administration Agreement, the Administrator furnishes us with office facilities and equipment, provides us with clerical, bookkeeping and recordkeeping services at such facilities, and provides us with other services necessary for us to operate or has engaged a third-party firm to perform some or all of these functions.

A summary of our significant contractual payment obligations related to the repayment of our outstanding indebtedness at December 31, 2022 December 31, 2023 is as follows:

	Payments Due by Period					Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
BoA Credit Facility, Net	\$ 513,726,164	\$ -	\$ 513,726,164	\$ -	\$ -	\$ 505,417,357	\$ -	\$ 505,417,357	\$ -	\$ -
WF Credit Facility, Net	\$ 127,583,253	\$ -	\$ 127,583,253	\$ -	\$ -	\$ 136,411,448	\$ -	\$ -	\$ 136,411,448	\$ -
<b>Total contractual obligations</b>	<b>\$ 641,309,417</b>	<b>\$ -</b>	<b>\$ 641,309,417</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 641,828,805</b>	<b>\$ -</b>	<b>\$ 505,417,357</b>	<b>\$ 136,411,448</b>	<b>\$ -</b>

#### Off-Balance Sheet Arrangements

Unfunded commitments to provide funds to portfolio companies are not recorded on our consolidated statements of assets and liabilities. Our unfunded commitments may be significant from time to time. Unfunded commitments may expire without being drawn upon and the total commitment amount does not necessarily represent future cash requirements. As of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, we had fifteen unfunded commitments totaling \$20.1 million, and two unfunded commitments totaling \$2.6 million, and nine unfunded commitments totaling \$11.3 million, respectively. See “Note 8. Commitments and Contingencies” in the notes to the accompanying consolidated financial statements for specific identification of the unfunded commitments. We believe we maintain sufficient liquidity in the form of cash (including restricted cash, if any), receivables and borrowing capacity to fund these unfunded commitments should the need arise. See Financial Condition, Liquidity and Capital Resources above.

Other than contractual commitments and other legal contingencies incurred in the normal course of our business, we do not have any off- balance sheet financings or liabilities.

#### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates. Interest rate sensitivity refers to the change in our earnings that may result from changes in the level of interest rates. Because we fund a portion of our investments with borrowings, our net investment income will be affected by the difference between the rate at which we invest and the rate at which we borrow. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

Assuming that the consolidated statement of assets and liabilities as of December 31, 2022 December 31, 2023 was to remain constant and that we took no actions to alter our existing interest rate sensitivity, the following table shows the annualized impact of hypothetical base rate changes in interest rate.

Change in Interest Rates	Increase (Decrease) in Interest Income	Increase (Decrease) in Interest Expense	Net Increase (Decrease) in Net Investment Income	Increase (Decrease) in Interest Income	Increase (Decrease) in Interest Expense	Net Increase (Decrease) in Net Investment Income
Down 25 basis points	\$ (2,648,808)	\$ (1,603,125)	\$ (1,045,683)	\$ (2,707,525)	\$ (1,600,625)	\$ (1,106,900)
Up 100 basis points	10,526,946	6,412,500	4,114,446	10,828,317	6,402,500	4,425,817
Up 200 basis points	20,874,973	12,825,000	8,049,973	21,540,626	12,805,000	8,735,626
Up 300 basis points	31,156,719	19,237,500	11,919,219	32,151,029	19,207,500	12,943,529

The data in the table are based on our current statement of assets and liabilities. As of December 31, 2022 December 31, 2023, the Company had \$11.7 million \$14.6 million in net purchases that had not yet settled and \$2.6 million \$20.1 million in unfunded commitments. After settlement of these purchases, the change in interest expense will be larger as a result of the increase in the amount borrowed under the BoA Credit Facility or WF Credit Facility, as applicable. The table does not include any change in dividend income from our money market investments.

In addition, any investments we make that are denominated in a foreign currency will be subject to risks associated with changes in currency exchange rates. These risks include the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls, and potential illiquidity in the secondary market. These risks will vary depending upon the currency or currencies involved.

We measure exposure to interest rate and currency exchange rate fluctuations on an ongoing basis and may hedge against interest rate and currency exchange rate fluctuations by using standard hedging instruments such as futures, options, swaps and forward contracts and credit hedging contracts, such as credit default swaps, in each case, subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in benefits of lower interest rates with respect to our portfolio of investments with fixed interest rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Palmer Square Capital BDC Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated statements of assets and liabilities, including the consolidated schedules of investments, of Palmer Square Capital BDC Inc. and its subsidiaries (the "Company") as of **December 31, 2022** December 31, 2023 and **2021**, 2022, and the related consolidated statements of operations, of changes in net assets and of cash flows for each of the three years then in the period ended December 31, 2023, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2022** December 31, 2023 and **2021**, 2022, and the results of its operations, changes in its net assets and its cash flows for each of the three years then in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our procedures included confirmation of securities owned as of **December 31, 2022** December 31, 2023 and **2021** 2022 by correspondence with the custodian, brokers and agent banks. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Kansas City, Missouri

**March 10, 2023** February 28, 2024

We have served as the Company's auditor since 2019.

PCAOB ID: 238

Palmer Square Capital BDC Inc.  
Consolidated Statement of Assets and Liabilities

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Assets:</b>		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$1,120,099,935 and \$1,189,713,653, respectively)	\$ 1,017,211,732	\$ 1,194,257,584
Cash and cash equivalents	1,650,801	1,093,503
<b>Receivables:</b>		
Receivable for sales of investments	31,014,356	17,393,877
Receivable for paydowns of investments	136,119	227,548
Due from investment adviser	234,102	280,740
Dividend receivable	141,997	833
Interest receivable	6,465,594	3,836,068
Prepaid expenses and other assets	598,327	195,996
<b>Total Assets</b>	<b>\$ 1,057,453,028</b>	<b>\$ 1,217,286,149</b>
<b>Liabilities:</b>		
Credit facilities, net (Note 6)	\$ 641,309,417	\$ 649,910,497
<b>Payables:</b>		
Payable for investments purchased	42,750,748	104,278,958
Distributions payable	6,941,066	5,874,681
Management fee payable	1,872,815	2,245,918
Directors fee payable	-	5,000
Accrued other general and administrative expenses	1,135,500	2,173,507
<b>Total Liabilities</b>	<b>\$ 694,009,546</b>	<b>\$ 764,488,561</b>
Commitments and contingencies (Note 8)		
<b>Net Assets:</b>		
Common Shares, \$0.001 par value; 450,000,000 shares authorized; 24,286,628 and 22,570,331 as of December 31, 2022 and December 31, 2021, respectively issued and outstanding	\$ 24,287	\$ 22,570
Additional paid-in capital	473,921,377	444,739,748
Total distributable earnings (accumulated deficit)	(110,502,182)	8,035,270
<b>Total Net Assets</b>	<b>\$ 363,443,482</b>	<b>\$ 452,797,588</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,057,453,028</b>	<b>\$ 1,217,286,149</b>
<b>Net Asset Value Per Common Share</b>	<b>\$ 14.96</b>	<b>\$ 20.06</b>
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Assets:</b>		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$1,159,135,422 and \$1,120,099,935, respectively)	\$ 1,108,810,753	\$ 1,017,211,732
Cash and cash equivalents	2,117,109	1,650,801
<b>Receivables:</b>		
Receivable for sales of investments	97,141	31,014,356
Receivable for paydowns of investments	344,509	136,119
Due from investment adviser	1,718,960	234,102
Dividend receivable	301,637	141,997
Interest receivable	8,394,509	6,465,594
Prepaid expenses and other assets	30,100	598,327
<b>Total Assets</b>	<b>\$ 1,121,814,718</b>	<b>\$ 1,057,453,028</b>
<b>Liabilities:</b>		
Credit facilities, net (Note 6)	\$ 641,828,805	\$ 641,309,417
<b>Payables:</b>		
Payable for investments purchased	14,710,524	42,750,748
Distributions payable	-	6,941,066
Management fee payable	2,252,075	1,872,815
Accrued other general and administrative expenses	1,067,921	1,135,500
<b>Total Liabilities</b>	<b>\$ 659,859,325</b>	<b>\$ 694,009,546</b>

Commitments and contingencies (Note 8)

**Net Assets:**

Common Shares, \$0.001 par value; 450,000,000 shares authorized; 27,102,794 and 24,286,628 as of December 31, 2023 and December 31, 2022, respectively issued and outstanding

Additional paid-in capital

Total distributable earnings (accumulated deficit)

\$ 27,103	\$ 24,287
520,663,106	473,921,377
(58,734,816)	(110,502,182)
<b>\$ 461,955,393</b>	<b>\$ 363,443,482</b>
<b>\$ 1,121,814,718</b>	<b>\$ 1,057,453,028</b>
<b>\$ 17.04</b>	<b>\$ 14.96</b>

The accompanying notes are an integral part of these consolidated financial statements.

<b>Total Net Assets</b>	
<b>Total Liabilities and Net Assets</b>	
<b>Net Asset Value Per Common Share</b>	

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Palmer Square Capital BDC Inc.  
Consolidated Statement of Operations

	For the Year Ended December 31		For the Year Ended December 31		
	2022		2023	2022	2021
	2022	2021	2023	2022	2021
<b>Income:</b>					
Investment income from non-controlled, non-affiliated investments:					
Interest income	\$ 73,705,450	\$ 38,897,216	\$ 107,739,382	\$ 73,705,450	\$ 38,897,216
Dividend income	610,203	9,597	4,066,745	610,203	9,597
Other income	184,247	778,840	417,480	184,247	778,840
Total investment income from non-controlled, non-affiliated investments	<u>74,499,900</u>	<u>39,685,653</u>	<u>112,223,607</u>	<u>74,499,900</u>	<u>39,685,653</u>
<b>Total Investment Income</b>	<b>74,499,900</b>	<b>39,685,653</b>	<b>112,223,607</b>	<b>74,499,900</b>	<b>39,685,653</b>
<b>Expenses:</b>					
Interest expense	23,452,169	8,616,661	44,483,152	23,452,169	8,616,661
Management fees	8,328,713	6,369,583	8,408,074	8,328,713	6,369,583
Professional fees	741,961	758,435	792,645	741,961	758,435
Directors fees	75,000	75,000	75,000	75,000	75,000
Other general and administrative expenses	1,862,314	1,827,931	1,528,225	1,862,314	1,827,931
<b>Total Expenses</b>	<b>34,460,157</b>	<b>17,647,610</b>	<b>55,287,096</b>	<b>34,460,157</b>	<b>17,647,610</b>
Less: Management fee waiver (Note 3)	(1,041,089)	(796,198)	(1,051,009)	(1,041,089)	(796,198)
Net expenses	33,419,068	16,851,412	54,236,087	33,419,068	16,851,412
<b>Net Investment Income (Loss)</b>	<b>41,080,832</b>	<b>22,834,241</b>	<b>57,987,520</b>	<b>41,080,832</b>	<b>22,834,241</b>
<b>Realized and unrealized gains (losses) on investments and foreign currency transactions</b>					
Net realized gains (losses):					
Non-controlled, non-affiliated investments	(8,130,187)	4,753,263	(2,715,413)	(8,130,187)	4,753,263
<b>Total net realized gains (losses)</b>	<b>(8,130,187)</b>	<b>4,753,263</b>	<b>(2,715,413)</b>	<b>(8,130,187)</b>	<b>4,753,263</b>
Net change in unrealized gains (losses):					
Non-controlled, non-affiliated investments	(107,432,980)	(8,527,786)	52,563,544	(107,432,980)	(8,527,786)
<b>Total net change in unrealized gains (losses)</b>	<b>(107,432,980)</b>	<b>(8,527,786)</b>	<b>52,563,544</b>	<b>(107,432,980)</b>	<b>(8,527,786)</b>
<b>Total realized and unrealized gains (losses)</b>	<b>(115,563,167)</b>	<b>(3,774,523)</b>	<b>49,848,131</b>	<b>(115,563,167)</b>	<b>(3,774,523)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ (74,482,335)</b>	<b>\$ 19,059,718</b>	<b>\$ 107,835,651</b>	<b>(74,482,335)</b>	<b>19,059,718</b>
<b>Per Common Share Data:</b>					
Basic and diluted net investment income per common share	\$ 1.78	\$ 1.47	\$ 2.26	1.78	1.47
Basic and diluted net increase (decrease) in net assets resulting from operations	\$ (3.22)	\$ 1.23	\$ 4.20	(3.22)	1.23
<b>Weighted Average Common Shares Outstanding - Basic and Diluted</b>	<b>23,130,666</b>	<b>15,494,614</b>	<b>25,700,603</b>	<b>23,130,666</b>	<b>15,494,614</b>

The accompanying notes are an integral part of these consolidated financial statements.

Palmer Square Capital BDC Inc.  
Consolidated Statement of Changes in Net Assets

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Increase (Decrease) in Net Assets Resulting from Operations:</b>		
Net investment income (loss)	\$ 41,080,832	\$ 22,834,241
Net realized gains (losses) on investments and foreign currency transactions	(8,130,187)	4,753,263
Net change in unrealized gains (losses) on investments, foreign currency translations, and foreign currency exchange contracts	(107,432,980)	(8,527,786)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(74,482,335)</b>	<b>19,059,718</b>
<b>Decrease in Net Assets Resulting from Stockholder Distributions</b>		
Dividends and distributions to stockholders	(43,102,007)	(17,845,775)
Distributions declared from realized gains	(953,110)	(8,106,718)
<b>Net Decrease in Net Assets Resulting from Stockholder Distributions</b>	<b>(44,055,117)</b>	<b>(25,952,493)</b>
<b>Increase in Net Assets Resulting from Capital Share Transactions</b>		
Issuance of common shares	5,023,801	188,861,571
Reinvestment of distributions	24,159,545	17,683,821
<b>Net Increase in Net Assets Resulting from Capital Share Transactions</b>	<b>29,183,346</b>	<b>206,545,392</b>
<b>Total Increase (Decrease) in Net Assets</b>	<b>(89,354,106)</b>	<b>199,652,617</b>
Net Assets, Beginning of Period	452,797,588	253,144,971
<b>Net Assets, End of Period</b>	<b>\$ 363,443,482</b>	<b>\$ 452,797,588</b>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Increase (Decrease) in Net Assets Resulting from Operations:</b>		
Net investment income (loss)	\$ 57,987,520	\$ 41,080,832
Net realized gains (losses) on investments and foreign currency transactions	(2,715,413)	(8,130,187)
Net change in unrealized gains (losses) on investments, foreign currency translations, and foreign currency exchange contracts	52,563,544	(107,432,980)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>107,835,651</b>	<b>(74,482,335)</b>
<b>Decrease in Net Assets Resulting from Stockholder Distributions</b>		
Dividends and distributions to stockholders	(56,068,285)	(43,102,007)
Distributions declared from realized gains	-	(953,110)
<b>Net Decrease in Net Assets Resulting from Stockholder Distributions</b>	<b>(56,068,285)</b>	<b>(44,055,117)</b>
<b>Increase in Net Assets Resulting from Capital Share Transactions</b>		
Issuance of common shares	17,654,225	5,023,801
Reinvestment of distributions	29,090,320	24,159,545
<b>Net Increase in Net Assets Resulting from Capital Share Transactions</b>	<b>46,744,545</b>	<b>29,183,346</b>
<b>Total Increase (Decrease) in Net Assets</b>	<b>98,511,911</b>	<b>(89,354,106)</b>
Net Assets, Beginning of Period	363,443,482	452,797,588
<b>Net Assets, End of Period</b>	<b>\$ 461,955,393</b>	<b>\$ 363,443,482</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Palmer Square Capital BDC Inc.**  
**Consolidated Statement of Cash Flows**

	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>		
	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>					
Net increase (decrease) in net assets resulting from operations	\$ (74,482,335)	\$ 19,059,718	\$ 107,835,651	\$ (74,482,335)	\$ 19,059,718
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash used in operating activities:					
Net realized (gains)/losses on investments	8,130,187	(4,753,263)	2,715,413	8,130,187	(4,753,263)
Net change in unrealized (gains)/losses on investments	107,432,980	8,527,786	(52,563,544)	107,432,980	8,527,786
Net accretion of discount on investments	(1,717,453)	(286,282)	(1,851,339)	(1,717,453)	(286,282)
Purchases of short-term investments	(374,447,403)	(662,604,311)	(578,708,751)	(374,447,403)	(662,604,311)
Purchases of portfolio investments	(278,951,054)	(926,351,937)	(273,733,424)	(278,951,054)	(926,351,937)
Proceeds from sale of short-term investments	402,242,952	637,566,416	565,459,502	402,242,952	637,566,416
Proceeds from sale of portfolio investments	314,355,643	406,800,208	247,083,117	314,355,643	406,800,208
Amortization of deferred financing cost	988,243	909,269	1,005,799	988,243	909,269
Increase/(decrease) in operating assets and liabilities:					
(Increase)/decrease in receivable for sales of investments	(13,620,479)	(5,631,875)	30,917,215	(13,620,479)	(5,631,875)
(Increase)/decrease in interest and dividends receivable	(2,770,690)	(2,224,325)	(2,088,555)	(2,770,690)	(2,224,325)
(Increase)/decrease in due from investment adviser	46,638	(125,387)	(1,484,858)	46,638	(125,387)
(Increase)/decrease in receivable for paydowns of investments	91,429	(106,157)	(208,390)	91,429	(106,157)
(Increase)/decrease in prepaid expenses and other assets	(402,331)	(195,996)	568,233	(402,331)	(195,996)
Increase/(decrease) in interest payable on credit facilities	1,160,678	-	2,326,070	1,160,678	-
Increase/(decrease) in payable for investments purchased	(61,528,210)	88,725,508	(28,040,224)	(61,528,210)	88,725,508
Increase/(decrease) in management fees payable	(373,103)	1,003,097	379,260	(373,103)	1,003,097
Increase/(decrease) in directors fee payable	(5,000)	-	-	(5,000)	-
Increase/(decrease) in accrued other general and administrative expenses	(1,038,008)	1,676,221	(67,579)	(1,038,008)	1,676,221
<b>Net cash provided by (used in) operating activities</b>	<b>25,112,684</b>	<b>(438,011,310)</b>	<b>19,543,596</b>	<b>25,112,684</b>	<b>(438,011,310)</b>
<b>Cash Flows from Financing Activities:</b>					
Borrowings on the credit facilities	81,250,000	256,629,745	27,500,000	81,250,000	256,629,745
Payments on the credit facilities	(92,000,000)	-	(28,500,000)	(92,000,000)	-
Payments of debt issuance costs	-	(780,621)	(1,812,482)	-	(780,621)
Distributions paid in cash	(18,829,187)	(6,288,461)	(33,919,031)	(18,829,187)	(6,288,461)
Proceeds from issuance of common shares, net of change in subscriptions receivable of \$ -	5,023,801	188,861,571	17,654,225	5,023,801	188,861,571
<b>Net cash provided by (used in) financing activities</b>	<b>(24,555,386)</b>	<b>438,422,234</b>	<b>(19,077,288)</b>	<b>(24,555,386)</b>	<b>438,422,234</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>557,298</b>	<b>410,924</b>	<b>466,308</b>	<b>557,298</b>	<b>410,924</b>
Cash and cash equivalents, beginning of period	1,093,503	682,579	1,650,801	1,093,503	682,579
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,650,801</b>	<b>\$ 1,093,503</b>	<b>\$ 2,117,109</b>	<b>\$ 1,650,801</b>	<b>\$ 1,093,503</b>
<b>Supplemental and Non-Cash Information:</b>					
Interest paid during the period	\$ 22,291,491	\$ 7,313,093	\$ 42,157,082	\$ 22,291,491	\$ 7,313,093
Distributions declared during the period	\$ 44,055,117	\$ 25,952,493	\$ 56,068,285	\$ 44,055,117	\$ 25,952,493
Reinvestment of distributions during the period	\$ 24,159,545	\$ 17,683,821	\$ 29,090,320	\$ 24,159,545	\$ 17,683,821
Distributions payable	\$ 6,941,066	\$ 5,874,681	\$ -	\$ 6,941,066	\$ 5,874,681

The accompanying notes are an integral part of these consolidated financial statements.

**Palmer Square Capital BDC Inc.**  
**Consolidated Schedule of Investments**  
**As of December 31, 2022**  
**As of December 31, 2023**

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
<b>Debt Investments</b>							
<b>First Lien Senior Secured<sup>(2)</sup></b>							
AAdvantage Loyalty IP Ltd. (4)(7)							
AccentCare, Inc. (7)	Insurance	8.99% (L + 4.75%)	4/20/2028	\$ 3,750,000	\$ 3,716,805	\$ 3,740,039	0.9 %
Acrisure, LLC (7)	Healthcare Providers and Services	8.73% (L + 4.00%)	6/22/2026	5,970,140	5,971,668	4,059,695	1.1 %
Acrisure, LLC (7)	Insurance	7.88% (L + 3.50%)	2/12/2027	5,842,349	5,829,939	5,496,511	1.5 %
AI Aque Merger Sub, Inc. (7)(8)	Insurance	8.63% (L + 4.25%)	2/15/2027	4,999,500	4,968,962	4,851,590	1.3 %
Aimbridge Acquisition Co., Inc. (7)	Food Products	7.97% (S + 3.75%)	6/16/2028	7,661,500	7,664,792	7,235,329	2.0 %
Alliant Holdings Intermediate LLC (7)	Hotels, Restaurants and Leisure	8.13% (L + 3.75%)	2/2/2026	4,936,225	4,848,346	4,508,945	1.2 %
Allied Universal Holdco LLC (7)	Insurance	7.85% (L + 3.50%)	11/5/2027	5,925,000	5,919,495	5,799,094	1.6 %
Amentum Government Services Holdings LLC (7)	Professional Services	8.17% (S + CSA + 3.75%)	4/7/2028	6,912,500	6,907,152	6,580,735	1.8 %
American Rock Salt Company LLC (7)	Aerospace and Defense	8.76% (S + 4.00%)	2/15/2029	5,970,000	5,944,146	5,831,944	1.6 %
Amynta Agency Borrower, Inc. (7)	Metals and Mining	8.38% (L + 4.00%)	6/9/2028	5,914,950	5,906,545	5,582,234	1.5 %
AP Gaming I, LLC (4)(5)(7)	Insurance	8.88% (L + 4.50%)	2/28/2025	8,837,032	8,726,822	8,395,181	2.3 %
Aptean Inc (7)(8)	Hotels, Restaurants and Leisure	8.73% (S + CSA + 4.00%)	2/15/2029	8,689,362	8,574,269	8,254,894	2.3 %
AQA Acquisition Holding, Inc. (5)(7)	Software	8.98% (L + 4.25%)	4/23/2026	7,804,752	7,806,146	7,492,562	2.1 %
ARC Falcon I Inc. (7)	Software	8.98% (L + 4.25%)	11/19/2027	8,431,026	8,314,473	8,107,865	2.2 %
Aruba Investments Holdings, LLC (7)	Chemicals	8.13% (L + 3.75%)	8/31/2028	4,319,427	4,298,413	3,740,771	1.0 %
Ascend Learning, LLC (7)	Chemicals	8.14% (L + 4.00%)	10/28/2027	2,463,819	2,437,480	2,400,178	0.7 %
AssuredPartners, Inc. (7)	Professional Services	7.88% (L + 3.50%)	11/18/2028	7,425,000	7,392,488	7,038,789	1.9 %
AssuredPartners, Inc. (7)	Insurance	7.88% (L + 3.50%)	2/12/2027	4,416,472	4,421,141	4,288,394	1.2 %
Athletico Management, LLC (7)	Insurance	7.82% (S + 3.50%)	2/12/2027	1,985,000	1,973,934	1,932,398	0.5 %
Autokinion US Holdings, Inc. (7)(8)	Healthcare Providers and Services	8.98% (S + CSA + 4.25%)	2/2/2029	7,188,875	7,157,111	5,890,384	1.6 %
Aveanna Healthcare LLC (4)(5)(7)	Auto Components	8.79% (L + 4.50%)	3/27/2028	8,134,273	8,142,050	7,895,370	2.2 %
Barracuda Networks, Inc. (7)	Healthcare Providers and Services	8.14% (L + 3.75%)	6/30/2028	5,149,341	5,111,181	3,988,165	1.1 %
BBB Industries (8)	Software	8.59% (S + 4.50%)	4/13/2029	7,500,000	7,285,329	7,245,825	2.0 %
BCP Renaissance Parent LLC (7)	Auto Components	9.67% (S + CSA + 5.25%)	6/29/2029	4,000,000	3,616,539	3,650,000	1.0 %
Belfor Holdings, Inc. (5)(7)	Oil, Gas and Consumable Fuels	7.82% (S + 3.50%)	10/30/2026	7,569,511	7,554,173	7,511,377	2.1 %
Castle US Holding Corporation (7)(8)	Commercial Services and Supplies	8.38% (L + 3.75%)	3/31/2026	1,994,832	1,989,845	1,984,858	0.5 %
Castle US Holding Corporation (8)	Professional Services	8.38% (L + 4.00%)	1/29/2027	6,037,233	5,981,767	3,758,177	1.0 %
CCI Buyer, Inc. (7)(8)	Professional Services	8.13% (L + 3.75%)	1/29/2027	1,974,737	1,966,699	1,230,508	0.3 %
	Wireless Telecommunication Services	8.58% (S + 4.00%)	12/17/2027	6,795,280	6,789,067	6,509,879	1.8 %

**Palmer Square Capital BDC Inc.**  
**Consolidated Schedule of Investments**  
**As of December 31, 2022**

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
CCS-CMGC Holdings, Inc. (7)	Healthcare Providers and Services	9.91% (L + 5.50%)	10/1/2025	5,355,711	5,303,965	4,263,360	1.2 %
CDK Global (7)	Software	9.08% (S + 4.50%)	7/6/2029	4,000,000	3,883,280	3,970,680	1.1 %
Congruex Group LLC (8)	Construction and Engineering	9.99% (S + CSA + 5.75%)	4/28/2029	6,218,750	6,073,258	6,063,281	1.7 %
Connectwise LLC (7)	IT Services	7.88% (L + 3.50%)	9/29/2028	7,920,000	7,908,488	7,543,800	2.1 %
Consolidated Communications, Inc. (4)(7)	Diversified Telecommunication Services	7.88% (L + 3.50%)	10/2/2027				
ConvergeOne Holdings Corp. (7)(8)	IT Services	9.38% (L + 5.00%)	1/4/2026	9,839,102	9,682,304	5,765,959	1.6 %
Corelogic, Inc. (7)	Internet Software and Services	7.94% (L + 3.50%)	4/14/2028	7,900,000	7,893,718	6,618,739	1.8 %
CP Atlas Buyer, Inc (7)	Building Products	7.88% (L + 3.50%)	11/23/2027	6,894,514	6,800,708	6,064,484	1.7 %
Creation Technologies, Inc. (4)(8)	Electronic Equipment, Instruments and Components	9.25% (L + 5.50%)	9/14/2028				
Curia Global, Inc. (7)	Healthcare Providers and Services	8.16% (L + 3.75%)	8/30/2026	4,850,056	4,836,404	4,017,980	1.1 %
Dave & Buster's, Inc. (4)(5)(7)	Hotels, Restaurants and Leisure	9.44% (S + CSA + 5.00%)	6/22/2029	5,000,000	4,981,250	4,982,825	1.4 %
DCert Buyer, Inc. (7)	IT Services	8.70% (S + 4.00%)	10/16/2026	7,835,452	7,835,021	7,586,402	2.1 %
Deerfield Dakota Holding, LLC (7)	Diversified Financial Services	8.07% (S + 3.75%)	2/25/2027	4,875,000	4,824,100	4,564,999	1.3 %
Delta Topco, Inc. (7)	IT Services	8.15% (S + 3.75%)	10/29/2027	6,902,406	6,897,810	6,398,530	1.8 %
Digi International Inc. (4)(8)	Technology Hardware, Storage and Peripherals	9.38% (L + 5.00%)	12/22/2028				
DIRECTV Financing, LLC (7)	Media	9.38% (L + 5.00%)	8/2/2027	5,325,000	5,287,772	5,195,762	1.4 %
Dotdash Meredith, Inc. (7)	Media	8.22% (S + CSA + 4.00%)	11/23/2028	9,900,000	9,856,743	8,563,500	2.4 %
EAB Global, Inc. (7)	Professional Services	7.88% (L + 3.50%)	6/28/2028	1,791,912	1,784,394	1,728,237	0.5 %
ECI Software Solutions, Inc. (7)	Software	8.48% (L + 3.75%)	9/30/2027	6,864,925	6,841,429	6,607,490	1.8 %
ECL Entertainment, LLC (8)	Hotels, Restaurants and Leisure	11.88% (L + 7.50%)	3/31/2028	1,970,000	2,006,853	1,968,365	0.5 %
EFS Cogen Holdings I, LLC (7)(8)	Independent Power and Renewable Electricity Producers	8.23% (L + 3.50%)	10/29/2027				
Endurance International Group, Inc., The (7)	Professional Services	7.72% (L + 3.50%)	2/10/2028	4,686,175	4,620,144	4,229,273	1.2 %
Ensemble RCM, LLC (7)	Healthcare Technology	7.94% (S + CSA + 3.75%)	7/24/2026	5,689,474	5,618,296	5,636,135	1.6 %
Fertitta Entertainment, LLC (7)	Hotels, Restaurants and Leisure	8.32% (S + 4.00%)	1/29/2029	7,443,750	7,415,307	7,092,070	2.0 %
Filtration Group Corporation (7)	Industrial Conglomerates	7.88% (L + 3.50%)	10/20/2028	3,950,000	3,941,824	3,887,452	1.1 %
Flexera Software LLC (7)(8)	Software	8.14% (L + 3.75%)	1/26/2028	8,837,266	8,817,772	8,503,129	2.3 %

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/ Par</b>	<b>Amortized Cost<sup>(1)(5)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
<b>Debt Investments</b>							
<b>First Lien Senior Secured<sup>(2)</sup></b>							
888 Holdings PLC (4)(6)	Hotels, Restaurants and Leisure	10.82% (S + CSA + 5.25%)	7/8/2028	\$ 3,391,190	\$ 3,170,705	\$ 3,301,560	0.6 %
AAdvantage Loyalty IP Ltd. (4)(6)	Insurance	10.43% (S + CSA + 4.75%)	4/20/2028	3,375,000	3,349,525	3,472,300	0.7 %
AccentCare, Inc. (6)	Healthcare Providers and Services	9.65% (S + CSA + 4.00%)	6/22/2026				
Accession Risk Management Group, Inc. (9)	Insurance	11.35% (S + 6.00%)	10/30/2029	167,153	140,244	154,018	0.0 %
Accession Risk Management Group, Inc.	Insurance	11.41% (S + CSA + 6.00%)	10/30/2029	375,000	375,000	373,125	0.1 %
Accession Risk Management Group, Inc.	Insurance	11.02% (S + CSA + 5.50%)	11/1/2029	798,244	778,995	798,244	0.2 %
Accession Risk Management Group, Inc. (7)	Insurance	11.01% (S + CSA + 5.50%)	11/1/2029				
Acrisure, LLC (6)	Insurance	9.90% (L + 4.25%)	2/15/2027	4,949,000	4,925,187	4,970,652	1.0 %
Acrisure, LLC (6)	Insurance	9.15% (L + 3.50%)	2/12/2027	5,782,273	5,774,311	5,780,741	1.2 %
AI Aqua Merger Sub, Inc., (6)(7)	Food Products	9.09% (S + 3.75%)	6/16/2028	7,584,500	7,588,317	7,599,745	1.6 %
Aimbridge Acquisition Co., Inc. (6)	Hotels, Restaurants and Leisure	9.22% (S + CSA + 3.75%)	2/2/2026				
Allian Holdings Intermediate LLC (6)	Insurance	8.86% (S + 3.50%)	11/6/2030	2,378,637	2,377,608	2,392,172	0.5 %
Allied Universal Holdco LLC (6)	Professional Services	9.21% (S + CSA + 3.75%)	4/7/2028	6,842,500	6,836,638	6,824,778	1.5 %
Amentum Government Services Holdings LLC (6)	Aerospace and Defense	9.36% (S + 4.00%)	2/15/2029				
American Rock Salt Company LLC (6)	Metals and Mining	9.47% (S + CSA + 4.00%)	6/9/2028	5,854,900	5,848,790	5,551,177	1.2 %
Amynta Agency Borrower, Inc. (6)	Insurance	9.61% (S + 4.25%)	2/28/2028	6,965,044	6,784,256	6,982,456	1.5 %
AP Gaming I, LLC (4)(6)	Hotels, Restaurants and Leisure	9.46% (S + CSA + 4.00%)	2/15/2029				
Apollo Finco BV (4)	Household Durables	8.74% (E + 4.85%)	10/2/2028	1,000,000	789,613	810,000	0.2 %
Aptean Inc (6)(7)	Software	9.71% (S + CSA + 4.25%)	4/23/2026	8,721,003	8,706,221	8,709,907	1.9 %
Aptean Inc (7)	Software	10.61% (S + 5.25%)	12/14/2030	4,711,640	4,664,524	4,664,524	1.0 %
AQA Acquisition Holding, Inc. (6)	Software	9.89% (S + CSA + 4.25%)	3/3/2028	8,345,432	8,250,166	8,349,604	1.8 %
Aramsco, Inc. (7)	Machinery	10.10% (S + 4.75%)	10/10/2030	4,087,129	3,991,632	4,091,137	0.9 %
ARC Falcon I Inc. (6)	Chemicals	8.96% (S + CSA + 3.50%)	8/31/2028	4,906,369	4,889,855	4,866,505	1.1 %

Aretec Group, Inc. (6)	Diversified Financial Services	9.96% (S + CSA + 4.50%)	8/9/2030	4,987,469	4,838,877	4,990,860	1.1 %
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**Palmer Square Capital BDC Inc.**  
**Consolidated Schedule of Investments**  
**As of December 31, 2022**

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Garda World Security Corporation (4)(5)(7)	Diversified Consumer Services	8.53% (S + 4.25%)	2/12/2029	7,000,000	6,772,500	6,755,000	1.9 %
Getty Images, Inc. (5)(7)(8)	Media	8.94% (L + 4.50%)	2/13/2026	8,356,730	8,358,691	8,351,507	2.3 %
GIP III Stetson I, LP (7)	Energy Equipment and Services	8.63% (L + 4.25%)	7/19/2025	1,855,663	1,804,227	1,822,614	0.5 %
Global Medical Response, Inc. (7)	Healthcare Providers and Services	8.42% (L + 4.25%)	9/24/2025	9,095,838	9,053,579	6,429,666	1.8 %
Grab Holdings Inc (4)(7)	IT Services	8.89% (L + 4.50%)	2/27/2026	4,903,031	4,942,597	4,854,001	1.3 %
Great Outdoors Group, LLC (7)	Specialty Retail	8.13% (L + 3.75%)	3/6/2028	7,007,670	6,979,386	6,749,262	1.9 %
Grinding Media Inc. (8)	Metals and Mining	7.93% (L + 4.00%)	9/21/2028	4,937,500	4,916,856	4,616,563	1.3 %
HAH Group Holding Company LLC (5)(7)	Healthcare Providers and Services	9.43% (S + CSA + 5.00%)	10/22/2027	710,949	693,320	679,845	0.2 %
HAH Group Holding Company LLC (5)(7)	Healthcare Providers and Services	9.43% (S + CSA + 5.00%)	10/20/2027	5,618,604	5,479,223	5,372,790	1.5 %
Hamilton Projects Acquiror, LLC (7)(8)	Independent Power and Renewable Electricity Producers	8.17% (L + 4.50%)	6/11/2027				
Help/Systems Holdings, Inc. (7)	Software	8.19% (S + CSA + 4.00%)	11/19/2026	8,721,780	8,681,952	8,596,404	2.4 %
Hyland Software, Inc. (7)	Software	7.88% (L + 3.50%)	7/1/2024	4,905,349	4,904,261	4,849,551	1.3 %
Idera, Inc. (7)	IT Services	7.5% (L + 3.75%)	3/2/2028	9,799,449	9,760,546	9,266,604	2.5 %
IMA Financial Group, Inc. (8)	Insurance	7.88% (L + 3.50%)	10/16/2028	4,950,000	4,928,624	4,801,525	1.3 %
Ineos US Finance LLC (4)(5)(7)	Chemicals	8.17% (S + CSA + 3.75%)	11/8/2027	4,077,252	3,934,548	4,021,189	1.1 %
Infinite Bidco LLC (7)	Electronic Equipment, Instruments and Components	7.98% (L + 3.25%)	3/2/2028				
Inmar, Inc. (7)(8)	Professional Services	8.47% (L + 4.00%)	5/1/2024	7,842,418	7,822,586	7,158,167	2.0 %
Ivanti Software, Inc. (7)	Software	8.73% (L + 4.00%)	12/1/2027	982,500	980,602	778,022	0.2 %
Ivanti Software, Inc. (7)	Software	9.01% (L + 4.25%)	12/1/2027	6,922,688	6,877,857	5,512,917	1.5 %
Jack Ohio Finance LLC (8)	Hotels, Restaurants and Leisure	9.13% (L + 4.75%)	10/31/2028	4,948,645	4,950,641	4,862,044	1.3 %
Kestrel Acquisition, LLC (7)	Independent Power and Renewable Electricity Producers	8.64% (L + 4.25%)	5/2/2025				
Kleopatra Finco S.a.r.l (4)(7)	Containers and Packaging	8.26% (S + CSA + 4.75%)	2/4/2026	1,965,000	1,959,187	1,753,763	0.5 %
LBM Acquisition LLC (7)(8)	Building Products	7.12% (L + 3.75%)	12/31/2027	7,391,911	7,318,369	6,441,385	1.8 %
Life Time, Inc. (4)(7)	Hotels, Restaurants and Leisure	9.48% (L + 4.75%)	12/10/2024	7,582,556	7,575,249	7,555,335	2.1 %
Lifescan Global Corporation (7)	Healthcare Equipment and Supplies	9.74% (L + 6.00%)	10/1/2024				
				6,146,918	6,121,209	4,471,883	1.2 %

**Palmer Square Capital BDC Inc.**  
**Consolidated Schedule of Investments**  
**As of December 31, 2022 December 31, 2023**

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Lightstone Holdco LLC (7)	Independent Power and Renewable Electricity Producers	10.07% (S + 5.75%)	2/1/2027	4,795,064	4,322,409	4,411,459	1.2%
Lightstone Holdco LLC (7)	Independent Power and Renewable Electricity Producers	10.07% (S + 5.75%)	2/1/2027	271,204	244,463	249,508	0.1%
LogMeln, Inc. (7)	IT Services	9.14% (L + 4.75%)	8/31/2027	9,844,496	9,742,894	6,379,233	1.8%
LSF9 Atlantis Holdings, LLC (7)	Specialty Retail	11.83% (S + 7.25%)	3/29/2029	6,912,500	6,654,959	6,734,503	1.9%
Magenta Buyer LLC (7)	Software	9.17% (L + 4.75%)	7/27/2028	5,445,000	5,401,766	4,687,818	1.3%
Mariner Wealth Advisors, LLC (5)(8)	Diversified Financial Services	9.04% (S + CSA + 4.25%)	8/18/2028	3,000,000	2,865,000	2,891,250	0.8%
Maxa Technologies, Inc. (4)(5)(7)	Aerospace and Defense	8.67% (S + CSA + 4.25%)	6/14/2029	3,888,979	3,888,979	3,890,709	1.1%
Medical Solutions L.L.C. (8)	Healthcare Providers and Services	7.88% (L + 3.50%)	10/6/2028	4,966,304	4,945,113	4,665,744	1.3%
Michael Baker International, LLC (8)	Construction and Engineering	9.38% (L + 5.00%)	11/2/2028	6,187,500	6,132,616	6,001,875	1.7%
Micro Holding Corp. (7)	IT Services	8.13% (L + 3.75%)	9/13/2024	9,861,126	9,824,488	9,604,046	2.6%
Midwest Veterinary Partners, LLC (7)	Healthcare Providers and Services	8.38% (L + 4.00%)	4/27/2028	8,882,538	8,806,026	8,038,697	2.2%
Milano Acquisition Corporation (5)(7)	Healthcare Providers and Services	8.73% (L + 4.00%)	10/1/2027	8,878,393	8,719,701	8,356,788	2.3%
Minotaur Acquisition, Inc. (7)(8)	Diversified Financial Services	9.17% (S + CSA + 5.00%)	3/27/2026	11,944,106	12,017,475	11,356,411	3.1%
Mitchell International, Inc. (7)	Professional Services	8.41% (L + 3.75%)	10/16/2028	9,925,000	9,862,344	9,175,514	2.5%
MLN US HoldCo LLC (7)	Diversified Telecommunication Services	8.25% (L + 4.50%)	12/31/2025				
Moneygram International, Inc. (4)(7)	Diversified Consumer Services	8.88% (L + 4.50%)	7/21/2026	9,895,833	9,876,860	9,891,182	2.7%
NAPA Management Services Corporation (7)	Healthcare Providers and Services	9.67% (S + CSA + 5.25%)	2/23/2029	7,940,000	7,874,026	6,538,114	1.8%
National Mentor Holdings, Inc. (7)	Healthcare Providers and Services	8.33% (L + 3.75%)	2/18/2028	9,134,164	9,111,508	6,434,516	1.8%
National Mentor Holdings, Inc. (7)	Healthcare Providers and Services	8.48% (L + 3.75%)	2/18/2028	291,993	291,242	205,693	0.1%
Navicure, Inc. (7)	Healthcare Technology	8.38% (L + 4.00%)	10/22/2026	4,625,815	4,627,579	4,556,428	1.3%
NorthStar Group Services, Inc. (7)(8)	Commercial Services and Supplies	9.94% (S + CSA + 5.50%)	11/9/2026	8,649,114	8,620,554	8,526,599	2.3%
NSM Top Holdings Corp. (7)	Healthcare Equipment and Supplies	9.67% (S + CSA + 5.25%)	11/12/2026				
OneDigital Borrower LLC (7)	Insurance	8.49% (S + CSA + 4.25%)	11/16/2027	9,871,228	9,770,988	9,352,989	2.6%
Orchid Merger Sub II, LLC (4)(7)	Software	9.58% (S + CSA + 4.75%)	5/12/2027	4,331,250	4,127,214	3,789,844	1.0%
Padagis, LLC (7)	Pharmaceuticals	8.49% (L + 4.75%)	7/31/2028	6,588,235	6,553,975	5,874,532	1.6%
PECF USS Intermediate Holding III Corporation (8)	Professional Services	8.63% (L + 4.25%)	11/6/2028				
Peraton Corp. (7)(8)	Aerospace and Defense	8.13% (L + 3.75%)	2/1/2028	10,644,693	10,616,273	10,414,075	2.9%
PetVet Care Centers, LLC (7)	Healthcare Providers and Services	7.88% (L + 3.50%)	2/14/2025	6,867,196	6,857,497	6,475,079	1.8%
PMHC II Inc. (7)	Chemicals	8.49% (S + CSA + 4.25%)	2/2/2029	6,588,488	6,532,502	5,601,927	1.5%

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/Par</b>	<b>Amortized Cost<sup>(1)(5)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Ascend Learning, LLC (6)	Professional Services	8.96% (S + CSA + 3.50%)	11/18/2028	7,350,000	7,323,339	7,235,671	1.6%
Aspire Bakeries Holdings, LLC (6)	Food Products	9.61% (S + 4.25%)	12/13/2030	3,000,000	2,970,012	3,015,000	0.7%
AssuredPartners, Inc. (6)	Insurance	8.97% (S + CSA + 3.50%)	2/12/2027	4,371,635	4,374,552	4,388,028	0.9%
AssuredPartners, Inc. (6)	Insurance	8.86% (S + 3.50%)	2/12/2027	1,965,000	1,956,461	1,971,878	0.4%
Athletico Management, LLC (6)	Healthcare Providers and Services	9.75% (S + CSA + 4.25%)	2/2/2029				
Autokiniton US Holdings, Inc. (6) (7)	Auto Components	9.97% (S + CSA + 4.50%)	3/27/2028	8,051,692	8,056,553	8,092,675	1.8%
Aveanna Healthcare LLC (4)(6)	Healthcare Providers and Services	9.24% (S + CSA + 3.75%)	6/30/2028				
Barracuda Networks, Inc. (6)	Software	9.88% (S + 4.50%)	8/15/2029	7,425,000	7,238,805	7,269,558	1.6%
B'laster Holdings, LLC (7)	Chemicals	10.94% (S + 5.50%)	10/16/2029	4,433,334	4,342,011	4,362,774	0.9%
Boxer Parent Company, Inc. (6)	Software	9.61% (S + 4.25%)	12/2/2028	5,000,000	4,950,000	5,043,125	1.1%
Castle US Holding Corporation (7)	Professional Services	9.40% (S + CSA + 3.75%)	1/27/2027	1,957,895	1,951,797	1,384,163	0.3%
Castle US Holding Corporation (6) (7)	Professional Services	9.65% (S + CSA + 4.00%)	1/31/2027				
CCI Buyer, Inc. (6)(7)	Wireless Telecommunication Services	9.35% (S + 4.00%)	12/17/2027				
CCS-CMGC Holdings, Inc. (6)	Healthcare Providers and Services	11.32% (S + CSA + 5.50%)	10/1/2025				
CDK Global (6)	Software	9.35% (S + 4.00%)	7/6/2029	3,970,000	3,857,969	3,997,075	0.9%
Congruex Group LLC (7)	Construction and Engineering	11.28% (S + CSA + 5.75%)	4/28/2029				
Connectwise LLC (6)	IT Services	8.97% (S + CSA + 3.50%)	9/29/2028	6,156,250	6,030,595	5,879,219	1.3%
Consolidated Communications, Inc. (4)(6)	Diversified Telecommunication Services	8.97% (S + CSA + 3.50%)	10/2/2027				
ConvergeOne Holdings Corp. (6)(7) (2)	IT Services	12.50% (P + 4.00%)	1/4/2026	4,428,009	4,139,814	4,133,458	0.9%
Corelogic, Inc. (6)	Internet Software and Services	8.97% (S + CSA + 3.50%)	4/14/2028	9,736,877	9,630,247	5,537,849	1.2%
				7,820,000	7,813,343	7,631,030	1.7%

CP Atlas Buyer, Inc (6)	Building Products	9.21% (S + CSA + 3.75%)	11/23/2027	6,826,201	6,749,038	6,733,024	1.5 %
CPM Holdings, Inc. (6)	Machinery	9.84% (S + 4.50%)	9/27/2028	4,050,000	3,991,878	4,068,569	0.9 %
Creation Technologies, Inc. (4)(7)	Electronic Equipment, Instruments and Components	11.18% (S + CSA + 5.50%)	9/14/2028				
Crown Subsea Communications Holding, Inc. (6)	Construction and Engineering	10.71% (S + CSA + 5.25%)	4/27/2027	4,925,000	4,870,143	4,801,875	1.0 %
				1,828,125	1,797,330	1,840,693	0.4 %

**Palmer Square Capital BDC Inc.**  
**Consolidated Schedule of Investments**  
**As of December 31, 2022**

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
PQ Performance Chemicals (7)	Chemicals	7.39% (L + 3.25%)	4/28/2028	4,950,000	4,947,652	4,830,383	1.3 %
Prairie ECI Acquiror LP (7)	Oil, Gas and Consumable Fuels	9.13% (L + 4.75%)	3/1/2026	7,182,326	7,013,472	7,000,757	1.9 %
Pretium PKG Holdings, Inc. (7)(8)	Containers and Packaging	8.73% (L + 4.00%)	9/22/2028	5,940,000	5,892,087	4,764,741	1.3 %
Project Alpha Intermediate Holding, Inc. (5)(7)	Software	8.39% (L + 4.00%)	4/26/2024	8,350,738	8,289,560	8,167,022	2.2 %
Project Boost Purchaser, LLC (7)	Professional Services	7.88% (L + 3.50%)	6/1/2026	5,910,000	5,899,689	5,714,261	1.6 %
Proofpoint, Inc. (5)(7)	IT Services	7.98% (L + 3.25%)	6/9/2028	2,421,385	2,414,428	2,334,276	0.6 %
PS Holdco, LLC (8)	Road and Rail	8.63% (L + 4.25%)	10/31/2028	5,433,731	5,411,542	5,060,162	1.4 %
PT Intermediate Holdings III LLC (8)	Machinery	10.23% (L + 5.50%)	11/1/2028	2,296,800	2,287,978	2,227,896	0.6 %
PT Intermediate Holdings III LLC (8)	Machinery	10.23% (L + 5.50%)	11/1/2028	496,250	491,647	481,363	0.1 %
PT Intermediate Holdings III LLC (8)	Machinery	10.23% (L + 5.50%)	11/1/2028	1,520,750	1,507,724	1,475,128	0.4 %
PT Intermediate Spider DD T/L (Parts Town) (8)	Machinery	10.23% (L + 5.50%)	11/1/2028	2,118,600	2,118,600	2,055,042	0.6 %
Quest Software US Holdings Inc. (7)	Software	8.49% (S + CSA + 4.25%)	2/1/2029	9,476,250	9,385,131	7,353,001	2.0 %
Radiology Partners, Inc. (7)	Healthcare Providers and Services	8.64% (L + 4.25%)	7/9/2025	6,000,000	5,993,919	5,064,390	1.4 %
RC Buyer, Inc. (7)	Auto Components	8.23% (L + 3.50%)	7/28/2028	2,073,750	2,069,336	1,946,090	0.5 %
RealPage, Inc. (7)	Real Estate Management and Development	7.38% (L + 3.00%)	2/18/2028	6,912,500	6,903,165	6,587,613	1.8 %
Red Planet Borrower, LLC (7)	Internet Software and Services	8.13% (L + 3.75%)	10/2/2028	7,900,000	7,866,755	4,984,900	1.4 %
Redstone Holdco 2 LP (7)(8)	IT Services	9.11% (L + 4.75%)	4/14/2028	7,900,000	7,852,104	5,507,406	1.5 %
Refresco (4)(7)	Food Products	8.52% (S + 4.25%)	12/13/2024	5,000,000	4,958,869	4,850,000	1.3 %
Renaissance Holdings Corp. (7)	Software	8.72% (S + 4.50%)	4/1/2027	4,975,000	4,836,940	4,795,900	1.3 %
Rocket Software, Inc. (5)(7)	Software	8.63% (L + 4.25%)	11/28/2025	3,490,933	3,377,477	3,364,823	0.9 %
Rocket Software, Inc. (7)	Software	8.63% (L + 4.25%)	11/28/2025	4,932,406	4,912,516	4,762,855	1.3 %
Rodan & Fields, LLC (7)	Textiles, Apparel and Luxury Goods	8.32% (L + 4.00%)	6/16/2025	1,714,103	1,561,291	640,063	0.2 %
Rohm Holding GMBH (4)(7)(8)	Chemicals	8.37% (L + 4.75%)	7/31/2026	8,845,183	8,830,408	7,418,897	2.0 %
RSC Acquisition, Inc. (8)	Insurance	10.23% (S + CSA + 5.50%)	9/30/2026	6,193,331	6,147,556	6,023,015	1.7 %
Runner Buyer Inc. (8)	Household Durables	10.23% (L + 5.50%)	10/20/2028	4,962,500	4,919,797	3,523,375	1.0 %
Sabert Corporation (8)	Containers and Packaging	8.94% (L + 4.50%)	11/26/2026	2,101,808	2,109,801	2,091,299	0.6 %
Shearer's Foods, LLC (7)	Food Products	7.88% (L + 3.50%)	9/23/2027	1,674,054	1,665,320	1,600,814	0.4 %
Sophia, L.P. (7)	Software	8.57% (S + 4.00%)	10/7/2027	1,990,000	1,971,843	1,941,912	0.5 %
Sovos Compliance, LLC (8)	Software	8.57% (L + 4.50%)	7/28/2028	3,962,945	3,955,834	3,660,771	1.0 %

**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Specialty Building Products Holdings, LLC (7) (8)	Building Products	7.64% (L + 3.25%)	10/5/2028	9,925,000	9,909,395	8,969,768	2.5 %
Summer BC Holdco B LLC (4)(8)	Media	8.17% (L + 4.50%)	12/4/2026	4,937,500	4,942,258	4,595,998	1.3 %
Surgery Center Holdings, Inc. (4)(7)	Healthcare Providers and Services	8.05% (L + 3.75%)	9/3/2026	4,217,676	4,201,753	4,175,035	1.1 %
Tecta America Corp. (7)(8)	Construction and Engineering	8.69% (S + CSA + 4.25%)	4/6/2028	8,585,091	8,568,674	8,263,150	2.3 %
The Edelman Financial Center, LLC (7)	Diversified Financial Services	7.88% (L + 3.50%)	4/7/2028	7,859,918	7,783,213	7,354,919	2.0 %
Thryv, Inc. (4)(7)	Professional Services	12.88% (L + 8.50%)	2/18/2026	4,850,226	4,861,233	4,791,636	1.3 %
Tidal Power Holdings, LLC (4)(7)	Independent Power and Renewable Electricity Producers	8.48% (L + 3.75%)	4/1/2027	848,961	847,980	846,838	0.2 %
Titan US Finco, LLC (4)(8)	Media	7.67% (L + 4.00%)	10/6/2028	5,955,000	5,942,128	5,711,857	1.6 %
Tosca Services, LLC (7)	Containers and Packaging	7.94% (S + CSA + 3.50%)	8/18/2027	6,899,596	6,847,551	5,640,420	1.6 %
Traverse Midstream Partners LLC (7)	Oil, Gas and Consumable Fuels	8.95% (S + CSA + 4.25%)	9/27/2024	3,162,774	3,153,165	3,160,798	0.9 %
Truck Hero, Inc. (7)	Auto Components	8.13% (L + 3.50%)	1/20/2028	6,980,675	6,973,011	6,016,469	1.7 %
U.S. Renal Care, Inc. (7)(8)	Healthcare Providers and Services	9.44% (L + 5.00%)	6/26/2026	8,820,648	8,697,196	4,978,153	1.4 %
U.S. Renal Care, Inc. (7)	Healthcare Providers and Services	9.94% (L + 5.50%)	6/26/2026	493,750	488,355	278,660	0.1 %
U.S. Silica Company (4)(7)	Metals and Mining	8.44% (L + 4.00%)	4/25/2025	7,856,622	7,724,787	7,797,697	2.1 %
UKG Inc. (7)	Software	8.13% (L + 3.75%)	4/8/2026	4,365,880	4,352,517	4,217,746	1.2 %
United Airlines, Inc. (4)(7)	Airlines	8.11% (L + 3.75%)	4/21/2028	7,887,124	7,944,048	7,809,909	2.1 %
US Radiology Specialists, Inc. (7)	Healthcare Providers and Services	8.94% (L + 5.25%)	12/10/2027	8,880,300	8,788,150	8,046,395	2.2 %
Veracode (7)	Software	8.94% (S + CSA + 4.75%)	4/20/2029	8,778,000	8,735,737	8,245,878	2.3 %
VeriFone Systems, Inc. (7)	Commercial Services and Supplies	8.36% (L + 4.00%)	8/20/2025	2,946,292	2,916,464	2,714,743	0.7 %
Verscend Holding Corp. (7)	Healthcare Technology	8.38% (L + 4.00%)	8/27/2025	6,063,985	6,052,127	6,037,455	1.7 %
Vision Solutions, Inc. (7)	IT Services	8.36% (L + 4.00%)	4/24/2028	9,875,000	9,848,442	8,203,656	2.3 %
WaterBridge Midstream Operating, LLC (7)	Energy Equipment and Services	9.13% (L + 5.75%)	6/22/2026	3,959,079	3,866,350	3,816,176	1.1 %
Watlow Electric Manufacturing Company (7)	Electrical Equipment	8.15% (S + CSA + 3.75%)	3/2/2028	3,281,909	3,260,223	3,165,007	0.9 %
Wencor Group (7)	Aerospace and Defense	8.42% (S + CSA + 4.25%)	6/19/2026	2,976,923	2,913,743	2,906,221	0.8 %
White Cap Buyer LLC (7)(8)	Building Products	8.07% (S + 3.75%)	10/8/2027	6,890,281	6,880,543	6,674,960	1.8 %
Wilsonart LLC (7)(8)	Building Products	7.98% (L + 3.25%)	12/18/2026	9,849,375	9,807,312	9,397,535	2.6 %
Zelis Cost Management Buyer, Inc. (7)	Healthcare Technology	7.88% (L + 3.50%)	9/30/2026	4,744,302	4,738,488	4,701,319	1.3 %
<b>Total First Lien Senior Secured</b>				<b>959,720,843</b>	<b>\$ 951,753,250</b>	<b>\$ 870,880,344</b>	<b>239.6 %</b>

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/ Par</b>	<b>Amortized Cost<sup>(1)(5)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Curia Global, Inc. (6)	Healthcare Providers and Services	9.23% (S + CSA + 3.75%)	8/30/2026	4,800,817	4,790,688	4,334,249	0.9 %
Deerfield Dakota Holding, LLC (6)	Diversified Financial Services	9.10% (S + 3.75%)	2/25/2027	4,825,000	4,785,512	4,788,813	1.0 %
Delta Topco, Inc. (6)	IT Services	9.12% (S + 3.75%)	10/29/2027	6,832,331	6,829,206	6,837,455	1.5 %
DIRECTV Financing, LLC (6)	Media	10.65% (S + CSA + 5.00%)	8/2/2027	4,785,000	4,758,070	4,793,685	1.0 %
Dottash Meredith, Inc. (6)	Media	9.44% (S + CSA + 4.00%)	11/23/2028	9,800,000	9,764,648	9,751,000	2.1 %
EAB Global, Inc. (6)	Professional Services	8.97% (S + CSA + 3.50%)	6/28/2028	1,773,812	1,767,846	1,773,812	0.4 %
ECI Software Solutions, Inc. (6)	Software	9.36% (S + CSA + 3.75%)	9/30/2027	2,835,691	2,828,591	2,840,341	0.6 %
ECL Entertainment, LLC (7)	Hotels, Restaurants and Leisure	10.11% (S + 4.75%)	9/3/2030	4,987,500	4,891,150	5,007,450	1.1 %
EFS Cogen Holdings I, LLC (6)(7)	Independent Power and Renewable Electricity Producers	9.11% (S + 3.50%)	10/29/2027	7,276,177	7,281,384	7,275,740	1.6 %
Endurance International Group, Inc., The (6)	Professional Services	9.42% (S + CSA + 3.50%)	2/10/2028	4,638,599	4,584,186	4,556,705	1.0 %
EnergySolutions, LLC (6)	Commercial Services and Supplies	9.36% (S + 4.00%)	9/20/2030	2,992,500	2,956,004	2,996,241	0.6 %
Enverus Holdings, Inc. (7)	Software	10.86% (S + 5.50%)	12/22/2029	6,216,216	6,113,561	6,113,547	1.3 %
EP Purchaser, LLC (6)	Professional Services	10.11% (S + CSA + 4.50%)	11/6/2028	4,974,929	4,913,751	4,922,070	1.1 %
EPIC Y-Grade Services, LP (6)	Energy Equipment and Services	11.49% (S + CSA + 6.00%)	6/30/2027	7,000,000	6,728,726	6,856,080	1.5 %
Fertitta Entertainment, LLC (6)	Hotels, Restaurants and Leisure	9.36% (S + 4.00%)	1/29/2029	7,368,750	7,344,237	7,381,424	1.6 %
Filtration Group Corp. (6)	Industrial Conglomerates	9.72% (S + CSA + 4.25%)	10/23/2028	3,970,000	3,932,675	3,992,331	0.9 %
Flexera Software LLC (6)(7)	Software	9.22% (S + CSA + 3.75%)	1/26/2028	8,710,472	8,692,911	8,716,613	1.9 %
Fugue Finance, LLC (4)(6)	Diversified Consumer Services	9.39% (S + 4.00%)	1/31/2028	3,945,188	3,877,785	3,968,306	0.9 %
Gainwell Acquisition Corp. (6)	Healthcare Providers and Services	9.45% (S + CSA + 4.00%)	10/1/2027	8,787,797	8,657,860	8,568,102	1.9 %
Garda World Security Corporation (4)(6)	Diversified Consumer Services	9.62% (S + 4.25%)	2/12/2029	7,919,799	7,690,415	7,941,698	1.7 %

Generation Bridge Northeast, LLC (6)	Independent Power and Renewable Electricity Producers	9.61% (S + 4.25%)	8/22/2029				
Genuine Financial Holdings LLC (4) (6)	Professional Services	9.36% (S + 4.00%)	9/20/2030	4,405,585	4,362,895	4,428,538	1.0 %
				3,990,000	3,932,484	3,986,429	0.9 %

**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>	
<b>Second Lien Senior Secured<sup>(2)</sup></b>								
American Rock Salt Company LLC	Metals and Mining	11.63% (L + 7.25%)	6/4/2029	2,750,000	2,774,395	2,640,000	0.7 %	
ARC Falcon I Inc. (7)	Chemicals	11.38% (L + 7.00%)	9/24/2029	2,000,000	1,982,524	1,745,000	0.5 %	
Artera Services, LLC (7)	Construction and Engineering	11.98% (L + 7.25%)	3/6/2026	7,810,000	7,499,293	4,867,309	1.3 %	
Aruba Investments, Inc. (7)	Chemicals	12.14% (L + 7.75%)	10/27/2028	2,350,000	2,318,902	2,150,250	0.6 %	
Asurion, LLC (7)	Insurance	9.63% (L + 5.25%)	1/19/2029	6,000,000	5,965,262	4,699,290	1.3 %	
Barracuda Networks, Inc.	Software	11.09% (S + 7.00%)	5/17/2030	3,000,000	2,912,610	2,741,250	0.8 %	
DCert Buyer, Inc. (7)	IT Services	11.7% (L + 7.00%)	2/19/2029	1,500,000	1,497,620	1,375,500	0.4 %	
Delta Topco, Inc.	IT Services	11.65% (S + 7.25%)	10/6/2028	3,435,617	3,470,139	2,735,610	0.8 %	
Energy Acquisition LP	Electrical Equipment	12.88% (L + 8.50%)	6/25/2026	2,812,400	2,726,657	2,271,013	0.6 %	
Epicor Software Corporation (7)	Software	12.13% (L + 7.75%)	7/31/2028	3,000,000	3,044,723	2,968,500	0.8 %	
Help/Systems Holdings, Inc.	Software	10.94% (S + CSA + 6.75%)	11/19/2027	3,656,217	3,663,047	2,911,263	0.8 %	
Idera, Inc.	IT Services	10.5% (L + 6.75%)	2/5/2029	5,000,000	5,027,564	4,150,000	1.1 %	
Infinite Bidco LLC (7)	Electronic Equipment, Instruments and Components	11.73% (L + 7.00%)	2/24/2029		2,729,999	2,725,339	2,525,249	0.7 %
Inmar, Inc. (7)	Professional Services	12.38% (L + 8.00%)	5/1/2025	5,000,000	5,004,820	4,675,000	1.3 %	
Ivanti Software, Inc.	Software	12.01% (L + 7.25%)	12/1/2028	3,000,000	3,011,509	1,755,000	0.5 %	
Magenta Buyer LLC	Software	12.67% (L + 8.25%)	7/27/2029	5,000,000	4,990,886	3,975,000	1.1 %	
Paradigm Outcomes	Healthcare Providers and Services	12.05% (S + CSA + 7.50%)	10/26/2026	1,500,000	1,479,565	1,440,000	0.4 %	
Peraton Corp.	Aerospace and Defense	12.09% (L + 7.75%)	2/26/2029	2,912,425	2,970,059	2,783,551	0.8 %	
Premium PKG Holdings, Inc. (7)	Containers and Packaging	11.54% (L + 6.75%)	9/30/2029	2,000,000	1,982,769	1,247,510	0.3 %	
Quest Software US Holdings Inc.	Software	11.59% (S + 7.50%)	2/1/2030	3,000,000	2,958,821	1,851,255	0.5 %	
Vision Solutions, Inc.	IT Services	11.61% (L + 7.25%)	4/23/2029	3,500,000	3,506,759	2,610,790	0.7 %	
<b>Total Second Lien Senior Secured</b>				<b>71,956,658</b>	<b>71,513,263</b>	<b>58,118,340</b>	<b>16.0 %</b>	
<b>Corporate Bonds</b>								
KOBE US Midco 2 Inc	Chemicals	9.25%	11/1/2026	1,900,000	1,884,529	1,332,888	0.4 %	
<b>Total Corporate Bonds</b>				<b>1,900,000</b>	<b>1,884,529</b>	<b>1,332,888</b>	<b>0.4 %</b>	
<b>Total Debt Investments</b>				<b>1,033,577,501</b>	<b>\$ 1,025,151,042</b>	<b>\$ 930,331,572</b>	<b>256.0 %</b>	
<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/Par</b>	<b>Amortized Cost<sup>(1)(5)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>	
Getty Images, Inc. (4)(6)(7)	Media	9.95% (S + CSA + 4.50%)	2/13/2026	7,744,017	7,745,054	7,789,513	1.7 %	
Global Medical Response, Inc. (6)	Healthcare Providers and Services	9.93% (S + CSA + 4.25%)	9/24/2025		9,003,023	8,974,743	7,097,398	1.5 %
Gloves Buyer, Inc.	Machinery	10.47% (S + CSA + 5.00%)	12/29/2027	1,995,000	1,929,386	1,970,063	0.4 %	
Grab Holdings Inc (4)(6)	IT Services	9.97% (S + CSA + 4.50%)	2/27/2026	2,180,433	2,192,657	2,192,698	0.5 %	
Great Outdoors Group, LLC (6)	Specialty Retail	9.22% (S + CSA + 3.75%)	3/6/2028	6,936,707	6,914,945	6,945,377	1.5 %	
Grinding Media Inc. (7)	Metals and Mining	9.68% (S + CSA + 4.00%)	9/21/2028	4,887,500	4,870,648	4,887,500	1.1 %	
HAH Group Holding Company LLC (6)	Healthcare Providers and Services	10.46% (S + CSA + 5.00%)	10/22/2027		703,731	689,126	699,776	0.2 %
HAH Group Holding Company LLC (6)	Healthcare Providers and Services	10.46% (S + CSA + 5.00%)	10/20/2027		5,561,417	5,445,970	5,530,162	1.2 %
Hamilton Projects Acquiror, LLC (6) (7)	Independent Power and Renewable Electricity Producers	9.97% (S + CSA + 4.50%)	6/11/2027		7,664,093	7,634,935	7,709,004	1.7 %
Helios Software Holdings, Inc. (4)(6)	Diversified Financial Services	9.70% (S + CSA + 4.25%)	7/18/2030		2,500,000	2,403,593	2,501,825	0.5 %
Help/Systems Holdings, Inc. (6)	Software	9.48% (S + CSA + 4.00%)	11/19/2026	6,778,876	6,751,274	6,442,373	1.4 %	
HUB International Ltd.	Insurance	9.66% (S + 4.25%)	6/20/2030	4,089,750	4,050,095	4,112,469	0.9 %	
Idera, Inc. (6)	IT Services	9.28% (S + CSA + 3.75%)	3/2/2028	9,699,709	9,669,409	9,669,397	2.1 %	
IMA Financial Group, Inc. (7)	Insurance	9.22% (S + CSA + 3.75%)	10/16/2028	4,900,000	4,882,618	4,906,125	1.1 %	
Imagefirst Holdings, LLC (7)	Healthcare Providers and Services	10.72% (S + CSA + 5.00%)	4/27/2028		4,145,833	4,033,403	4,145,833	0.9 %
Indicor, LLC (6)	Software	9.35% (S + 4.00%)	11/22/2029	3,970,050	3,844,297	3,983,707	0.9 %	
Indy US Holdco, LLC (6)	Media	11.61% (S + 6.25%)	3/6/2028	6,567,000	5,900,941	6,439,764	1.4 %	
Infinite Bidco, LLC (6)	Electronic Equipment, Instruments and Components	9.39% (S + CSA + 3.75%)	3/2/2028		6,345,825	6,307,674	6,203,044	1.3 %
Infinite Bidco, LLC	Electronic Equipment, Instruments and Components	11.88% (S + CSA + 6.25%)	3/2/2028		2,970,000	2,963,048	2,940,300	0.6 %



**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>	
<b>CLO Mezzanine<sup>(2)</sup></b>								
522 Funding CLO 2020-6, Ltd. (4)	Structured Note	12.36% (L + 8.04%)	10/23/2034	2,800,000	2,723,983	2,188,332	0.7 %	
Barings CLO 2013-1A Class FR (4)	Structured Note	10.99% (L + 6.75%)	1/20/2028	2,000,000	1,935,102	1,788,731	0.5 %	
Carlyle US CLO 2020-2, Ltd (4)	Structured Note	12.89% (L + 8.53%)	1/25/2035	4,000,000	3,889,711	3,213,525	0.9 %	
Elmwood CLO III Ltd. (4)	Structured Note	11.98% (L + 7.74%)	10/20/2034	2,000,000	1,927,196	1,600,079	0.4 %	
GoldenTree Loan Management US 2020-7A (4)	Structured Note	11.99% (L + 7.75%)	4/20/2034	2,000,000	1,895,346	1,532,172	0.4 %	
GoldenTree Loan Management US 2021-10A (4)	Structured Note	12.03% (L + 7.79%)	7/20/2034		1,250,000	1,216,595	983,411	0.3 %
GoldenTree Loan Management US 2021-9A (4)	Structured Note	10.99% (L + 6.75%)	1/20/2033	2,000,000	1,896,778	1,558,971	0.4 %	
Magnetite CLO, Ltd. 2015-16A (4)	Structured Note	10.69% (L + 6.50%)	1/18/2028	1,000,000	842,116	854,968	0.2 %	
Thayer Park CLO, Ltd. (4)	Structured Note	13.11% (L + 8.87%)	4/20/2034	1,300,000	1,262,503	1,012,532	0.3 %	
<b>Total CLO Mezzanine</b>				<b>18,350,000</b>	<b>17,589,330</b>	<b>14,732,721</b>	<b>4.1 %</b>	
<b>CLO Equity</b>								
Ares CLO Ltd 2021-62A (4)	Structured Subordinated Note	NA	1/25/2034	5,000,000	4,225,172	3,679,447	1.0 %	
Babson CLO 2018-4A, Ltd. (4)	Structured Subordinated Note	NA	10/15/2030	4,000,000	1,856,928	1,637,600	0.5 %	
Dryden 86 CLO, Ltd. (4)	Structured Subordinated Note	NA	7/17/2030	6,000,000	4,395,442	3,732,464	1.0 %	
HPS Loan Management 12-2018, Ltd. (4)	Structured Subordinated Note	NA	7/18/2031	7,500,000	4,290,326	3,006,631	0.8 %	
Long Point Park CLO, Ltd. (4)	Structured Subordinated Note	NA	1/17/2030	6,358,000	3,836,615	2,550,735	0.7 %	
Regatta XII Funding Ltd. (4)	Structured Subordinated Note	NA	10/15/2032	6,000,000	4,430,480	3,845,111	1.1 %	
Signal Peak CLO, LLC (4)	Structured Subordinated Note	NA	10/26/2034	5,000,000	2,437,836	2,253,444	0.6 %	
Stratus CLO Series 2021-1A (4)	Structured Subordinated Note	NA	12/29/2029	2,000,000	1,539,549	1,094,792	0.3 %	
<b>Total CLO Equity</b>				<b>41,858,000</b>	<b>27,012,348</b>	<b>21,800,224</b>	<b>6.0 %</b>	
<b>Total Other Investments</b>				<b>60,208,000</b>	<b>\$ 44,601,678</b>	<b>\$ 36,532,945</b>	<b>10.1 %</b>	

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/Par</b>	<b>Amortized Cost<sup>(1)(5)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>	
Inmar, Inc. (6)(7)	Professional Services	10.85% (S + 5.50%)	5/1/2026	7,782,563	7,537,171	7,704,737	1.7 %	
Invenergy Thermal Operating I LLC (7)	Independent Power and Renewable Electricity Producers	9.92% (S + CSA + 4.50%)	8/14/2029		3,558,261	3,489,433	3,572,725	0.8 %
Invenergy Thermal Operating I LLC (7)	Independent Power and Renewable Electricity Producers	9.92% (S + CSA + 4.50%)	8/14/2029		294,071	288,403	295,267	0.1 %
iSolved, Inc. (6)	Software	9.48% (S + 4.00%)	10/5/2030	2,600,000	2,574,027	2,608,125	0.6 %	
IVC Acquisition, Ltd. (4)(6)	Software	9.67% (S + CSA + 4.00%)	12/1/2027	972,500	971,445	924,079	0.2 %	
IVC Acquisition, Ltd. (4)(6)	Software	9.91% (S + CSA + 4.25%)	12/1/2027	6,852,938	6,816,310	6,523,722	1.4 %	
Jack Ohio Finance LLC (7)	Professional Services	10.87% (S + 5.50%)	11/17/2028	5,000,000	4,900,475	5,027,075	1.1 %	
Jack Ohio Finance LLC (7)	Hotels, Restaurants and Leisure	10.22% (S + CSA + 4.75%)	10/31/2028		4,895,434	4,898,075	4,838,843	1.0 %
Jones DesLauriers Insurance Management Inc. (4)(7)	Insurance	9.62% (S + 4.25%)	3/16/2030		2,750,000	2,730,178	2,765,469	0.6 %
Kestrel Acquisition, LLC (6)	Independent Power and Renewable Electricity Producers	9.72% (S + CSA + 4.25%)	5/2/2025					
Kleopatra Finco S.a.r.l (4)(6)	Containers and Packaging	10.48% (S + CSA + 4.73%)	2/4/2026		5,900,476	5,636,874	5,831,735	1.3 %
LBM Acquisition LLC (6)(7)	Building Products	9.21% (S + CSA + 3.75%)	12/31/2027	7,316,803	7,259,009	7,247,074	1.6 %	
Life Time, Inc. (4)(6)	Hotels, Restaurants and Leisure	10.11% (S + CSA + 4.25%)	1/15/2026		7,582,556	7,570,881	7,643,216	1.7 %
Lifescan Global Corporation (6)	Healthcare Equipment and Supplies	11.98% (S + CSA + 6.50%)	12/31/2026					
Lightstone Holdco LLC (6)	Independent Power and Renewable Electricity Producers	11.13% (S + 5.75%)	2/1/2027		5,406,440	5,394,007	4,068,346	0.9 %
Lightstone Holdco LLC (6)	Independent Power and Renewable Electricity Producers	11.13% (S + 5.75%)	2/1/2027		4,741,832	4,364,801	4,525,486	1.0 %
LogMeIn, Inc. (6)	IT Services	10.28% (S + CSA + 4.75%)	8/31/2027	9,744,042	9,663,298	6,493,722	1.4 %	
Magenta Buyer LLC (6)	Software	10.64% (S + CSA + 5.00%)	7/27/2028	5,390,000	5,353,819	3,857,219	0.8 %	

Mariner Wealth Advisors, LLC (7)	Diversified Financial Services	9.70% (S + CSA + 4.25%)	8/18/2028	4,954,962	4,804,638	4,964,253	1.1 %
Maverick 1, LLC	Software	9.89% (S + CSA + 4.25%)	5/18/2028	4,975,000	4,751,890	4,931,469	1.1 %
Max US Bidco Inc.	Food Products	10.35% (S + 5.00%)	10/3/2030	5,725,000	5,445,089	5,365,756	1.2 %
Medical Solutions L.L.C. (7)	Healthcare Providers and Services	8.71% (S + CSA + 3.25%)	10/6/2028	4,916,517	4,899,589	4,629,736	1.0 %

**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/Par</b>	<b>Amortized Cost<sup>(1)(5)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Mermaid Bidco, Inc.	Software	9.88% (S + 4.50%)	12/22/2027	1,990,000	1,954,539	2,002,438	0.4 %
Michael Baker International, LLC (7)	Construction and Engineering	10.47% (S + CSA + 5.00%)	11/2/2028	6,125,000	6,078,246	6,125,000	1.3 %
Micro Holding Corp. (6)	IT Services	9.61% (S + 4.25%)	5/3/2028	9,786,662	9,541,199	9,639,862	2.1 %
Midwest Veterinary Partners, LLC (6)	Healthcare Providers and Services	9.47% (S + CSA + 4.00%)	4/27/2028	8,793,690	8,730,243	8,740,136	1.9 %
Minotaur Acquisition, Inc. (6)(7)	Diversified Financial Services	10.21% (S + CSA + 4.75%)	3/27/2026	11,820,011	11,750,011	11,767,918	2.5 %
Mitchell International, Inc. (6)	Professional Services	9.40% (S + CSA + 3.75%)	10/16/2028	9,825,000	9,773,159	9,834,923	2.1 %
MLN US HoldCo LLC (6)	Diversified Telecommunication Services	9.97% (S + CSA + 4.50%)	12/31/2025	4,056,188	4,014,973	473,215	0.1 %
Momentive Performance Materials USA, LLC (6)	Chemicals	9.86% (S + 4.50%)	3/29/2028	3,845,938	3,708,614	3,732,982	0.8 %
NAPA Management Services Corporation (6)	Healthcare Providers and Services	10.71% (S + CSA + 5.25%)	2/23/2029	7,860,000	7,804,787	7,254,937	1.6 %
National Mentor Holdings, Inc. (6)	Healthcare Providers and Services	9.20% (S + CSA + 3.75%)	2/18/2028	291,993	291,396	266,748	0.1 %
National Mentor Holdings, Inc. (6)	Healthcare Providers and Services	9.20% (S + CSA + 3.75%)	2/18/2028	9,041,196	9,022,958	8,259,494	1.8 %
Navicure, Inc. (6)	Healthcare Technology	9.47% (S + CSA + 4.00%)	10/22/2026	4,578,249	4,579,772	4,601,140	1.0 %
Nexus Buyer LLC (6)	Diversified Financial Services	9.86% (S + 4.50%)	12/11/2028	5,000,000	4,850,569	4,975,025	1.1 %
NorthStar Group Services, Inc. (6)(7)	Commercial Services and Supplies	10.97% (S + CSA + 5.50%)	11/9/2026	8,418,468	8,395,525	8,413,206	1.8 %
NSM Top Holdings Corp. (6)	Healthcare Equipment and Supplies	10.70% (S + CSA + 5.25%)	11/12/2026	4,885,496	4,870,473	4,751,145	1.0 %
OMNIA Partners, LLC (6)	Professional Services	9.63% (S + 4.25%)	7/25/2030	2,376,731	2,351,405	2,396,244	0.5 %
OneDigital Borrower LLC (6)	Insurance	9.71% (S + CSA + 4.25%)	11/16/2027	9,771,519	9,690,190	9,777,675	2.1 %
Orchid Merger Sub II, LLC (4)(6)	Software	10.25% (S + CSA + 4.75%)	7/27/2027	4,106,250	3,949,028	2,477,444	0.5 %
Padagis, LLC (6)	Pharmaceuticals	10.43% (S + CSA + 4.75%)	7/31/2028	6,588,235	6,558,110	6,382,353	1.4 %

**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/ Par</b>	<b>Amortized Cost<sup>(1)(5)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Patriot Growth Insurance Services, LLC (7)(10)	Insurance	11.10% (S + 5.75%)	10/14/2028	350,000	276,916	293,500	0.1%
PECF USS Intermediate Holding III Corporation (7)	Professional Services	9.89% (S + CSA + 4.25%)	11/6/2028	4,900,000	4,893,280	3,849,293	0.8%
Peraton Corp. (7)	Aerospace and Defense	9.21% (S + CSA + 3.75%)	2/1/2028	4,778,345	4,786,723	4,796,264	1.0%
PMHC II Inc. (6)	Chemicals	9.81% (S + CSA + 4.25%)	2/2/2029	6,522,438	6,474,251	6,266,301	1.4%
Prairie ECI Acquiror LP (6)	Oil, Gas and Consumable Fuels	10.21% (S + CSA + 4.75%)	3/11/2026	9,656,148	9,533,263	9,679,227	2.1%
Premium PKG Holdings, Inc.	Containers and Packaging	10.39% (S + 5.00%) incl. 2.50% PIK	10/2/2028	1,481,076	1,428,726	1,455,165	0.3%
Premium PKG Holdings, Inc. (6)(7)	Containers and Packaging	9.99% (S + 4.60%) incl. 1.40% PIK	10/2/2028	5,517,720	5,479,051	4,345,205	0.9%
Project Alpha Intermediate Holding, Inc. (6)	Software	10.11% (S + 4.75%)	10/28/2030	8,000,000	7,842,603	8,059,160	1.7%
Project Boost Purchaser, LLC (6)	Professional Services	8.97% (S + CSA + 3.50%)	6/1/2026	5,850,000	5,844,776	5,862,197	1.3%
Prometric Holdings, Inc. (6)	Diversified Consumer Services	10.72% (S + CSA + 5.25%)	1/31/2028	5,706,603	5,561,435	5,711,083	1.2%
PS Holdco, LLC (7)	Road and Rail	9.72% (S + CSA + 4.25%)	10/31/2028	5,378,706	5,361,695	5,292,996	1.1%
PT Intermediate Holdings III, LLC (7)	Machinery	11.47% (S + CSA + 5.98%)	11/1/2028	491,250	487,340	492,478	0.1%
PT Intermediate Holdings III, LLC (7)	Machinery	11.47% (S + CSA + 5.98%)	11/1/2028	1,505,350	1,494,290	1,509,113	0.3%
PT Intermediate Holdings III, LLC (7)	Machinery	11.47% (S + CSA + 5.98%)	11/1/2028	2,273,600	2,267,494	2,279,284	0.5%
PT Intermediate Holdings III, LLC (7)	Machinery	11.47% (S + CSA + 5.98%)	11/1/2028	2,097,200	2,097,200	2,102,443	0.5%
PT Intermediate Holdings III, LLC (6)	Machinery	11.85% (S + 6.50%)	11/1/2028	1,409,701	1,388,314	1,424,623	0.3%
Quest Software US Holdings Inc. (6)	Software	9.78% (S + CSA + 4.25%)	2/1/2029	9,381,250	9,301,754	7,213,149	1.6%
Radiology Partners, Inc. (6)	Healthcare Providers and Services	10.18% (S + CSA + 4.25%)	7/9/2025				
RC Buyer, Inc. (6)	Auto Components	8.89% (S + CSA + 3.25%)	7/28/2028	5,971,261	5,967,601	4,846,067	1.0%
RealPage, Inc. (6)	Real Estate Management and Development	8.47% (S + CSA + 3.00%)	2/18/2028	2,052,750	2,049,357	2,046,335	0.4%
RealTruck Group, Inc.	Auto Components	10.47% (S + CSA + 5.00%)	1/31/2028	6,842,500	6,835,914	6,804,456	1.5%
RealTruck Group, Inc. (6)	Auto Components	8.97% (S + CSA + 3.50%)	1/20/2028	2,000,000	1,951,919	2,000,000	0.4%
Red Planet Borrower, LLC (6)	Internet Software and Services	9.21% (S + CSA + 3.75%)	10/2/2028	6,909,625	6,905,406	6,834,759	1.5%
				7,820,000	7,793,625	7,532,146	1.6%

**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/Par</b>	<b>Amortized Cost<sup>(1)(5)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Redstone Holdco 2 LP (6)(7)	IT Services	10.22% (S + CSA + 4.75%)	4/14/2028	4,892,258	4,867,936	3,728,439	0.8%
Refresco (4)(6)	Food Products	9.63% (S + 4.25%)	7/12/2029	4,950,000	4,930,051	4,960,049	1.1%
Renaissance Holding Corp. (6)	Software	10.11% (S + 4.75%)	4/5/2030	7,727,778	7,559,120	7,765,335	1.7%
Rocket Software, Inc. (6)	Software	10.11% (S + 4.75%)	11/28/2028	8,337,684	8,117,739	8,207,407	1.8%
Rohm Holding GMBH (4)(6)(7)	Chemicals	10.88% (S + CSA + 5.00%)	7/31/2026	8,753,760	8,745,516	7,768,962	1.7%
Runner Buyer Inc. (7)	Household Durables	11.00% (S + CSA + 5.50%)	10/20/2028	4,912,500	4,876,527	3,889,079	0.8%
Ryan, LLC (7)	Professional Services	9.86% (S + 4.50%)	11/8/2030	4,885,714	4,789,346	4,911,040	1.1%
Shearer's Foods, LLC (6)	Food Products	8.97% (S + CSA + 3.50%)	9/23/2027	1,656,972	1,650,032	1,661,396	0.4%
Simon & Schuster, Inc. (6)	Media	9.39% (S + 4.00%)	10/30/2030	2,000,000	1,980,410	2,008,750	0.4%
Sophia, L.P. (6)	Software	9.61% (S + 4.25%)	10/7/2027	6,157,383	6,137,486	6,168,929	1.3%
Sovos Compliance, LLC (7)	Software	9.97% (S + CSA + 4.50%)	7/28/2028	3,922,945	3,918,460	3,883,716	0.8%
Specialty Building Products Holdings, LLC (6)(7)	Building Products	9.21% (S + CSA + 3.75%)	10/5/2028		9,825,000	9,813,016	9,825,000
Summer BC Holdco B LLC (4)(7)	Media	10.11% (S + CSA + 4.50%)	12/4/2026	4,887,500	4,890,408	4,850,086	1.0%
Talen Energy Supply, LLC (4)(6)	Independent Power and Renewable Electricity Producers	9.87% (S + 4.50%)	5/17/2030		2,198,476	2,136,074	2,214,052
Talen Energy Supply, LLC (4)(6)	Independent Power and Renewable Electricity Producers	9.87% (S + 4.50%)	5/17/2030		1,790,476	1,739,503	1,803,162
Tank Holding Corp. (11)	Containers and Packaging	11.46% (S + CSA + 6.00%)	3/31/2028		302,243	285,571	268,521
Tank Holding Corp.	Containers and Packaging	11.21% (S + CSA + 5.75%)	3/31/2028		2,487,374	2,439,747	2,387,879
Tank Holding Corp.	Containers and Packaging	11.46% (S + CSA + 6.00%)	3/31/2028		2,084,250	2,044,729	2,006,091
Tecta America Corp. (6)(7)	Construction and Engineering	9.47% (S + CSA + 4.00%)	4/6/2028		8,497,933	8,484,923	8,532,477
The Edelman Financial Center, LLC (6)	Diversified Financial Services	8.97% (S + CSA + 3.50%)	4/7/2028		7,780,122	7,715,379	7,800,817

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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/Par</b>	<b>Amortized Cost<sup>(1)(5)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Thryv, Inc. (4)(6)	Professional Services	13.97% (S + CSA + 8.50%)	2/18/2026	4,935,721	4,941,411	4,941,915	1.1%
Titan US Finco, LLC (4)(7)	Media	9.61% (S + CSA + 4.00%)	10/6/2028	5,895,000	5,885,073	5,811,468	1.3%
Tosca Services, LLC (6)	Containers and Packaging	9.14% (S + CSA + 3.50%)	8/18/2027		6,829,192	6,786,034	5,746,287
Transnetwork, LLC (7)	Diversified Financial Services	10.85% (S + 5.50%)	11/20/2030		5,200,000	5,096,000	5,187,000
U.S. Renal Care, Inc. (6)(7)	Healthcare Providers and Services	10.47% (S + CSA + 5.00%)	6/20/2028		7,836,947	7,749,489	5,975,672
UKG Inc. (6)	Software	9.99% (S + CSA + 4.50%)	5/4/2026	4,975,000	4,869,333	5,002,586	1.1%
US Radiology Specialists, Inc. (6)	Healthcare Providers and Services	10.75% (S + CSA + 5.25%)	12/10/2027		8,790,600	8,715,244	8,731,967
Veracode (6)	Software	9.98% (S + CSA + 4.50%)	4/20/2029	8,690,000	8,653,769	8,247,375	1.8%
VeriFone Systems, Inc. (6)	Commercial Services and Supplies	9.64% (S + 4.00%)	8/20/2025		2,915,601	2,896,373	2,829,955
Verscend Holding Corp. (6)	Healthcare Technology	9.47% (S + CSA + 4.00%)	8/27/2025	6,002,422	5,994,020	6,029,913	1.3%
Vision Solutions, Inc. (6)	IT Services	9.64% (S + CSA + 4.00%)	4/24/2028	9,775,000	9,753,558	9,716,350	2.1%
Vocus Group DD T/L (4)(6)	Diversified Telecommunication Services	9.14% (S + CSA + 3.50%)	5/26/2028			1,975,000	1,958,023
WarHorse Gaming, LLC	Hotels, Restaurants and Leisure	14.74% (S + CSA + 9.25%)	6/28/2028	5,000,000	4,806,421	5,125,000	1.1%
WaterBridge Midstream Operating, LLC (6)	Energy Equipment and Services	11.39% (S + CSA + 5.75%)	6/22/2026		8,140,282	8,058,105	8,162,708
Watlow Electric Manufacturing Company (6)	Electrical Equipment	9.40% (S + CSA + 3.75%)	3/2/2028		3,193,863	3,176,511	3,199,852
White Cap Buyer LLC (6)	Building Products	9.11% (S + 3.75%)	10/8/2027	2,910,656	2,893,120	2,920,363	0.6%
Wilsonart LLC (6)	Building Products	8.70% (S + CSA + 3.25%)	12/18/2026	5,354,560	5,314,657	5,374,211	1.2%
<b>Total First Lien Senior Secured</b>				<b>995,596,712</b>	<b>\$ 984,089,538</b>	<b>\$ 952,100,626</b>	<b>206.1 %</b>

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<b>Second Lien Senior Secured<sup>(2)</sup></b>							
American Rock Salt Company LLC	Metals and Mining	12.72% (S + CSA + 7.25%)	6/4/2029	2,750,000	2,770,553	2,406,250	0.6%
ARC Falcon I Inc. (6)	Chemicals	12.46% (S + CSA + 7.00%)	9/24/2029	2,000,000	1,984,833	1,815,000	0.4%
Artera Services, LLC (6)	Construction and Engineering	12.70% (S + CSA + 7.25%)	3/6/2026		9,060,000	8,515,560	6,235,862
Aruba Investments, Inc. (6)	Chemicals	13.21% (S + CSA + 7.75%)	10/27/2028	2,350,000	2,322,955	2,217,813	0.5%
Asurion, LLC (6)	Insurance	10.72% (S + CSA + 5.25%)	1/19/2029	6,000,000	5,970,805	5,677,020	1.2%
Barracuda Networks, Inc.	Software	12.38% (S + 7.00%)	8/15/2030	3,000,000	2,919,701	2,681,880	0.6%
DCert Buyer, Inc. (6)	IT Services	12.36% (S + 7.00%)	2/19/2029	1,500,000	1,498,435	1,372,500	0.3%
Delta Topco, Inc.	IT Services	12.62% (S + 7.25%)	10/6/2028	3,435,617	3,465,588	3,447,213	0.7%
Energy Acquisition LP	Electrical Equipment	13.96% (S + CSA + 8.50%)	6/25/2026	2,812,400	2,747,137	2,474,912	0.5%
Gainwell Acquisition Corp.	Healthcare Providers and Services	13.52% (S + CSA + 8.00%)	10/2/2028		3,000,000	2,959,549	2,925,000
Help/Systems Holdings, Inc.	Software	12.35% (S + CSA + 6.75%)	11/19/2027	3,656,217	3,659,888	3,004,386	0.7%
Idera, Inc.	IT Services	12.28% (S + CSA + 6.75%)	2/5/2029	5,000,000	5,023,383	4,896,875	1.1%
Infinite Bidco, LLC (6)	Electronic Equipment, Instruments and Components	12.64% (S + CSA + 7.00%)	2/24/2029		2,729,999	2,726,270	2,334,149
Ivanti Software, Inc.	Software	12.91% (S + CSA + 7.25%)	12/1/2028	3,000,000	3,009,723	2,434,995	0.5%
Magenta Buyer LLC	Software	13.89% (S + CSA + 8.25%)	7/27/2029	5,000,000	4,991,100	1,900,000	0.4%
Paradigm Outcomes	Healthcare Providers and Services	13.04% (S + CSA + 7.50%)	10/26/2026		1,500,000	1,484,212	1,398,750

**Palmer Square Capital BDC Inc.**  
**Consolidated Schedule of Investments**  
**As of December 31, 2023**

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/Par</b>	<b>Amortized Cost<sup>(1)(5)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Peraton Corp.	Aerospace and Defense	13.22% (S + CSA + 7.75%)	2/26/2029	2,898,876	2,949,038	2,891,180	0.6 %
Premium PKG Holdings, Inc. (6)	Containers and Packaging	12.21% (S + CSA + 6.75%)	9/30/2029	2,000,000	1,984,274	840,000	0.2 %
Quest Software US Holdings Inc.	Software	13.03% (S + CSA + 7.50%)	2/1/2030	3,000,000	2,962,166	1,811,775	0.4 %
Vision Solutions, Inc.	IT Services	12.89% (S + CSA + 7.25%)	4/23/2029	3,500,000	3,504,600	3,223,658	0.7 %
<b>Total Second Lien Senior Secured</b>				<b>68,193,109</b>	<b>67,449,770</b>	<b>55,989,218</b>	<b>12.1 %</b>
<b>Corporate Bonds</b>							
Altice Financing S.A. (4)	Diversified Telecommunication Services	5.00%	1/15/2028				
KOBE US Midco 2 Inc	Chemicals	10.00% PIK	11/1/2026	3,000,000 1,995,000 <b>4,995,000</b>	2,607,052 1,888,052 <b>4,495,104</b>	2,733,750 1,506,225 <b>4,239,975</b>	0.6 % 0.3 % <b>0.9 %</b>
<b>Total Corporate Bonds</b>				<b>\$ 1,068,784,821</b>	<b>\$ 1,056,034,412</b>	<b>\$ 1,012,329,819</b>	<b>219.1 %</b>
<b>Total Debt Investments</b>							
<b>CLO Mezzanine<sup>(2)</sup></b>							
522 Funding CLO 2020-6, Ltd. (4)	Structured Note	13.71% (S + CSA + 8.04%)	10/23/2034	2,800,000	2,730,416	2,500,181	0.5 %
Carlyle US CLO 2020-2, Ltd (4)	Structured Note	14.17% (S + CSA + 8.53%)	1/25/2035	4,000,000	3,898,845	3,612,187	0.8 %
Elmwood CLO III Ltd. (4)	Structured Note	13.42% (S + CSA + 7.74%)	10/20/2034	2,000,000	1,933,361	1,822,391	0.4 %

**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/ Par</b>	<b>Amortized Cost<sup>(1)(5)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
GoldenTree Loan Management US 2020-7A (4)	Structured Note	13.43% (S + CSA + 7.75%)	4/20/2034	2,000,000	1,904,602	1,768,848	0.4%
GoldenTree Loan Management US 2021-10A (4)	Structured Note	13.47% (S + CSA + 7.79%)	7/20/2034	1,250,000	1,219,485	1,079,204	0.2%
GoldenTree Loan Management US 2021-9A (4)	Structured Note	12.43% (S + CSA + 6.75%)	1/20/2033	2,000,000	1,907,039	1,795,407	0.4%
Thayer Park CLO, Ltd. (4)	Structured Note	14.55% (S + CSA + 8.87%)	4/20/2034	1,300,000	1,265,819	1,186,402	0.3%
<b>Total CLO Mezzanine</b>				<b>15,350,000</b>	<b>14,859,567</b>	<b>13,764,620</b>	<b>3.0%</b>
<b>CLO Equity</b>							
Ares CLO Ltd 2021-62A (4)	Structured Subordinated Note	NA	1/25/2034	5,000,000	3,924,864	3,170,040	0.6%
Babson CLO 2018-4A, Ltd. (4)	Structured Subordinated Note	NA	10/15/2030	4,000,000	1,693,196	1,303,519	0.3%
Dryden 86 CLO, Ltd. (4)	Structured Subordinated Note	NA	7/17/2030	6,000,000	4,132,788	3,077,510	0.7%
HPS Loan Management 12-2018, Ltd. (4)	Structured Subordinated Note	NA	7/18/2031	7,500,000	3,893,560	3,360,577	0.7%
Long Point Park CLO, Ltd. (4)	Structured Subordinated Note	NA	1/17/2030	6,358,000	3,126,918	1,710,370	0.4%
Regatta XII Funding Ltd. (4)	Structured Subordinated Note	NA	10/15/2032	6,000,000	4,117,741	3,310,569	0.7%
Signal Peak CLO, LLC (4)	Structured Subordinated Note	NA	10/26/2034	5,000,000	2,250,892	1,695,404	0.4%
Stratus CLO Series 2021-1A (4)	Structured Subordinated Note	NA	12/29/2029	2,000,000	1,338,479	1,325,320	0.3%
<b>Total CLO Equity</b>				<b>41,858,000</b>	<b>24,478,438</b>	<b>18,953,309</b>	<b>4.1%</b>
<b>Total Equity and Other Investments</b>				<b>\$ 57,208,000</b>	<b>\$ 39,338,005</b>	<b>\$ 32,717,929</b>	<b>7.1%</b>

**Palmer Square Capital BDC Inc.**  
**Consolidated Schedule of Investments**  
**As of December 31, 2023**

	<b>Number of Shares</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
<b>Short-Term Investments</b>				
Fidelity Investments Money Market Government Portfolio - Institutional Class, 5.29% (8)	63,763,005	63,763,005	63,763,005	13.8%
<b>Total Short-Term Investments</b>	<b>63,763,005</b>	<b>\$ 63,763,005</b>	<b>\$ 63,763,005</b>	<b>13.8%</b>
<b>Total Investments</b>		<b>\$ 1,159,135,422</b>	<b>\$ 1,108,810,753</b>	<b>240.0 %</b>
Liabilities in Excess of Other Assets			(646,855,360)	(140.0)%
<b>Net Assets</b>			<b>\$ 461,955,393</b>	<b>100.0 %</b>

(1) The amortized cost represents the original cost adjusted for the amortization of discounts and premiums, as applicable, on debt investments using the effective interest method.

(2) Loan contains a variable rate structure, subject to an interest rate floor. Variable rate loans bear interest at a rate that may be determined by reference to either the London Interbank Offered Rate ("LIBOR" or "L") (which can include one-, two-, three- or six-month LIBOR), the Secured Overnight Financing Rate ("SOFR" or "S"), SOFR + Credit Spread Adjustment (S+CSA), where the Credit Spread Adjustment is a defined additional spread amount based on the tenor of SOFR the borrower selects, the Euro Interbank Offered Rate ("Euribor" or "E"), the U.S. Prime Rate ("P"), or an alternate base rate (which can include the Federal Funds Effective Rate), at the borrower's option, and which reset periodically based on the terms of the loan agreement. For the holdings as of December 31, 2023 that have S+CSA as the base rate, the credit spread adjustment ranges from 10bps to 42.8bps.

(3) As of December 31, 2023, all investments are non-controlled, non-affiliated investments. Non-controlled, non-affiliated investments are defined as investments in which the Company owns less than 5% of the portfolio company's outstanding voting securities and does not have the power to exercise control over the management or policies of such portfolio company.

(4) Non-qualifying investment as defined by Section 55(a) of the Investment Company Act of 1940. The Company may not acquire any non-qualifying asset unless, at the time of acquisition, qualifying assets represent at least 70% of the Company's total assets. As of December 31, 2023, 13.2% of the Company's total assets were in non-qualifying investments.

(5) As of December 31, 2023, the tax cost of the Company's investments approximates their amortized cost.

(6) Security or portion thereof held within Palmer Square BDC Funding I, LLC ("PS BDC Funding") and is pledged as collateral supporting the amounts outstanding under a revolving credit facility with Bank of America, N.A. ("BofA N.A.") (see Note 6 to the consolidated financial statements).

(7) Security or portion thereof held within Palmer Square BDC Funding II, LLC ("PS BDC Funding II") and is pledged as collateral supporting the amounts outstanding under a revolving credit facility with Wells Fargo Bank, National Association ("WFB") (see Note 6 to the consolidated financial statements).

(8) 7-day effective yield as of December 31, 2023.

(9) Of the \$2,625,000 commitment to Accession Risk Management Group, Inc., \$2,457,857.14 was unfunded as of December 31, 2023.

(10) Of the \$5,000,000 commitment to Patriot Growth Insurance Services, LLC, \$4,650,000 was unfunded as of December 31, 2023.

(11) Of the \$899,242.50 commitment to Tank Holding Corp., \$597,000 was unfunded as of December 31, 2023.

The accompanying notes are an integral part of these consolidated financial statements.

Palmer Square Capital BDC Inc.  
Consolidated Schedule of Investments  
As of December 31, 2022

	<b>Number of Shares</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
<b>Short-Term Investments</b>				
Fidelity Investments Money Market Government Portfolio - Institutional Class, 4.10% (9)	50,347,215	50,347,215	50,347,215	13.9%
<b>Total Short-Term Investments</b>	<b>50,347,215</b>	<b>\$ 50,347,215</b>	<b>\$ 50,347,215</b>	<b>13.9 %</b>
<b>Total Investments</b>		<b>\$ 1,120,099,935</b>	<b>\$ 1,017,211,732</b>	<b>280.0 %</b>
Liabilities in Excess of Other Assets			(653,768,250)	(180.0)%
<b>Net Assets</b>			<b>\$ 363,443,482</b>	<b>100.0 %</b>

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/ Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
<b>Debt Investments</b>							
<b>First Lien Senior Secured<sup>(2)</sup></b>							
AAdvantage Loyalty IP Ltd. (4)(7)	Insurance	8.99% (L + 4.75%)	4/20/2028	\$ 3,750,000	\$ 3,716,805	\$ 3,740,039	0.9%
AccentCare, Inc. (7)	Healthcare Providers and Services	8.73% (L + 4.00%)	6/22/2026		5,970,140	5,971,668	4,059,695
Acrisure, LLC (7)	Insurance	7.88% (L + 3.50%)	2/12/2027	5,842,349	5,829,939	5,496,511	1.5%
Acrisure, LLC (7)	Insurance	8.63% (L + 4.25%)	2/15/2027	4,999,500	4,968,962	4,851,590	1.3%
AI Aqua Merger Sub, Inc., (7)(8)	Food Products	7.97% (S + 3.75%)	6/16/2028	7,661,500	7,664,792	7,235,329	2.0%
Aimbridge Acquisition Co., Inc. (7)	Hotels, Restaurants and Leisure	8.13% (L + 3.75%)	2/2/2026		4,936,225	4,848,346	4,508,945
Alliant Holdings Intermediate LLC (7)	Insurance	7.85% (L + 3.50%)	11/5/2027	5,925,000	5,919,495	5,799,094	1.6%
Allied Universal Holdco LLC (7)	Professional Services	8.17% (S + CSA + 3.75%)	4/7/2028	6,912,500	6,907,152	6,580,735	1.8%
Amentum Government Services Holdings LLC (7)	Aerospace and Defense	8.76% (S + 4.00%)	2/15/2029		5,970,000	5,944,146	5,831,944
American Rock Salt Company LLC (7)	Metals and Mining	8.38% (L + 4.00%)	6/9/2028	5,914,950	5,906,545	5,582,234	1.5%
Amynta Agency Borrower, Inc. (7)	Insurance	8.88% (L + 4.50%)	2/28/2025	8,837,032	8,726,822	8,395,181	2.3%
AP Gaming I, LLC (4)(5)(7)	Hotels, Restaurants and Leisure	8.73% (S + CSA + 4.00%)	2/15/2029		8,689,362	8,574,269	8,254,894
Aptean Inc (7)(8)	Software	8.98% (L + 4.25%)	4/23/2026	7,804,752	7,806,146	7,492,562	2.1%
AQA Acquisition Holding, Inc. (5)(7)	Software	8.98% (L + 4.25%)	11/19/2027	8,431,026	8,314,473	8,107,865	2.2%
ARC Falcon I Inc. (7)	Chemicals	8.13% (L + 3.75%)	8/31/2028	4,319,427	4,298,413	3,740,771	1.0%
Aruba Investments Holdings, LLC (7)	Chemicals	8.14% (L + 4.00%)	10/28/2027	2,463,819	2,437,480	2,400,178	0.7%
Ascend Learning, LLC (7)	Professional Services	7.88% (L + 3.50%)	11/18/2028	7,425,000	7,392,488	7,038,789	1.9%
AssuredPartners, Inc. (7)	Insurance	7.88% (L + 3.50%)	2/12/2027	4,416,472	4,421,141	4,288,394	1.2%
AssuredPartners, Inc. (7)	Insurance	7.82% (S + 3.50%)	2/12/2027	1,985,000	1,973,934	1,932,398	0.5%
Athletico Management, LLC (7)	Healthcare Providers and Services	8.98% (S + CSA + 4.25%)	2/2/2029		7,188,875	7,157,111	5,890,384
Autokinon US Holdings, Inc. (7)(8)	Auto Components	8.79% (L + 4.50%)	3/27/2028	8,134,273	8,142,050	7,895,370	2.2%
Aveanna Healthcare LLC (4)(5)(7)	Healthcare Providers and Services	8.14% (L + 3.75%)	6/30/2028		5,149,341	5,111,181	3,988,165
Barracuda Networks, Inc. (7)	Software	8.59% (S + 4.50%)	4/13/2029	7,500,000	7,285,329	7,245,825	2.0%
BBB Industries (8)	Auto Components	9.67% (S + CSA + 5.25%)	6/29/2029	4,000,000	3,616,539	3,650,000	1.0%
BCP Renaissance Parent LLC (7)	Oil, Gas and Consumable Fuels	7.82% (S + 3.50%)	10/30/2026		7,569,511	7,554,173	7,511,377
Belfor Holdings, Inc. (5)(7)	Commercial Services and Supplies	8.38% (L + 3.75%)	3/31/2026		1,994,832	1,989,845	1,984,858
Castle US Holding Corporation (7)(8)	Professional Services	8.38% (L + 4.00%)	1/29/2027	6,037,233	5,981,767	3,758,177	1.0%
Castle US Holding Corporation (8)	Professional Services	8.13% (L + 3.75%)	1/29/2027	1,974,737	1,966,699	1,230,508	0.3%
CCI Buyer, Inc. (7)(8)	Wireless Telecommunication Services	8.58% (S + 4.00%)	12/17/2027		6,795,280	6,789,067	6,509,879

**Palmer Square Capital BDC Inc.**  
**Consolidated Schedule of Investments**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/ Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>	
CCS-CMGC Holdings, Inc. (7)	Healthcare Providers and Services	9.91% (L + 5.50%)	10/1/2025	5,355,711	5,303,965	4,263,360	1.2%	
CDK Global (7)	Software	9.08% (S + 4.50%)	7/6/2029	4,000,000	3,883,280	3,970,680	1.1%	
Congruex Group LLC (8)	Construction and Engineering	9.99% (S + CSA + 5.75%)	4/28/2029	6,218,750	6,073,258	6,063,281	1.7%	
Connectwise LLC (7)	IT Services	7.88% (L + 3.50%)	9/29/2028	7,920,000	7,908,488	7,543,800	2.1%	
Consolidated Communications, Inc. (4)(7)	Diversified Telecommunication Services	7.88% (L + 3.50%)	10/2/2027		1,428,009	1,412,497	0.3%	
ConvergeOne Holdings Corp. (7)(8)	IT Services	9.38% (L + 5.00%)	1/4/2026	9,839,102	9,682,304	5,765,959	1.6%	
Corelogic, Inc. (7)	Internet Software and Services	7.94% (L + 3.50%)	4/14/2028	7,900,000	7,893,718	6,618,739	1.8%	
CP Atlas Buyer, Inc (7)	Building Products	7.88% (L + 3.50%)	11/23/2027	6,894,514	6,800,708	6,064,484	1.7%	
Creation Technologies, Inc. (4)(8)	Electronic Equipment, Instruments and Components	9.25% (L + 5.50%)	9/14/2028		4,975,000	4,911,130	4,004,875	1.1%
Curia Global, Inc. (7)	Healthcare Providers and Services	8.16% (L + 3.75%)	8/30/2026	4,850,056	4,836,404	4,017,980	1.1%	
Dave & Buster's, Inc. (4)(5)(7)	Hotels, Restaurants and Leisure	9.44% (S + CSA + 5.00%)	6/22/2029	5,000,000	4,981,250	4,982,825	1.4%	
DCert Buyer, Inc. (7)	IT Services	8.70% (S + 4.00%)	10/16/2026	7,835,452	7,835,021	7,586,402	2.1%	
Deerfield Dakota Holding, LLC (7)	Diversified Financial Services	8.07% (S + 3.75%)	2/25/2027	4,875,000	4,824,100	4,564,999	1.3%	
Delta Topco, Inc. (7)	IT Services	8.15% (S + 3.75%)	10/29/2027	6,902,406	6,897,810	6,398,530	1.8%	
Digi International Inc. (4)(8)	Technology Hardware, Storage and Peripherals	9.38% (L + 5.00%)	12/22/2028		4,386,161	4,308,443	4,353,265	1.2%
DIRECTV Financing, LLC (7)	Media	9.38% (L + 5.00%)	8/2/2027	5,325,000	5,287,772	5,195,762	1.4%	
Dotdash Meredith, Inc. (7)	Media	8.22% (S + CSA + 4.00%)	11/23/2028	9,900,000	9,856,743	8,563,500	2.4%	
EAB Global, Inc. (7)	Professional Services	7.88% (L + 3.50%)	6/28/2028	1,791,912	1,784,394	1,728,237	0.5%	
ECI Software Solutions, Inc. (7)	Software	8.48% (L + 3.75%)	9/30/2027	6,864,925	6,841,429	6,607,490	1.8%	
ECL Entertainment, LLC (8)	Hotels, Restaurants and Leisure	11.88% (L + 7.50%)	3/31/2028	1,970,000	2,006,853	1,968,365	0.5%	
EFS Cogen Holdings I, LLC (7)(8)	Independent Power and Renewable Electricity Producers	8.23% (L + 3.50%)	10/29/2027		7,680,240	7,686,971	7,404,558	2.0%
Endurance International Group, Inc., The (7)	Professional Services	7.72% (L + 3.50%)	2/10/2028	4,686,175	4,620,144	4,229,273	1.2%	
Ensemble RCM, LLC (7)	Healthcare Technology	7.94% (S + CSA + 3.75%)	7/24/2026	5,689,474	5,618,296	5,636,135	1.6%	
Fertitta Entertainment, LLC (7)	Hotels, Restaurants and Leisure	8.32% (S + 4.00%)	1/29/2029	7,443,750	7,415,307	7,092,070	2.0%	
Filtration Group Corporation (7)	Industrial Conglomerates	7.88% (L + 3.50%)	10/20/2028	3,950,000	3,941,824	3,887,452	1.1%	
Flexera Software LLC (7)(8)	Software	8.14% (L + 3.75%)	1/26/2028	8,837,266	8,817,772	8,503,129	2.3%	

**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>	
Garda World Security Corporation (4) (5)(7)	Diversified Consumer Services	8.53% (S + 4.25%)	2/12/2029	7,000,000	6,772,500	6,755,000	1.9%	
Getty Images, Inc. (5)(7)(8)	Media	8.94% (L + 4.50%)	2/13/2026	8,356,730	8,358,691	8,351,507	2.3%	
GIP III Stetson I, LP (7)	Energy Equipment and Services	8.63% (L + 4.25%)	7/19/2025		1,855,663	1,804,227	0.5%	
Global Medical Response, Inc. (7)	Healthcare Providers and Services	8.42% (L + 4.25%)	9/24/2025		9,095,838	9,053,579	1.8%	
Grab Holdings Inc (4)(7)	IT Services	8.89% (L + 4.50%)	2/27/2026	4,903,031	4,942,597	4,854,001	1.3%	
Great Outdoors Group, LLC (7)	Specialty Retail	8.13% (L + 3.75%)	3/6/2028	7,007,670	6,979,386	6,749,262	1.9%	
Grinding Media Inc. (8)	Metals and Mining	7.93% (L + 4.00%)	9/21/2028	4,937,500	4,916,856	4,616,563	1.3%	
HAH Group Holding Company LLC (5) (7)	Healthcare Providers and Services	9.43% (S + CSA + 5.00%)	10/22/2027		710,949	693,320	0.2%	
HAH Group Holding Company LLC (5) (7)	Healthcare Providers and Services	9.43% (S + CSA + 5.00%)	10/20/2027		5,618,604	5,479,223	1.5%	
Hamilton Projects Acquiror, LLC (7)(8)	Independent Power and Renewable Electricity Producers	8.17% (L + 4.50%)	6/11/2027			8,721,780	8,681,952	2.4%
Help/Systems Holdings, Inc. (7)	Software	8.19% (S + CSA + 4.00%)	11/19/2026	6,849,306	6,812,195	6,193,485	1.7%	
Hyland Software, Inc. (7)	Software	7.88% (L + 3.50%)	7/1/2024	4,905,349	4,904,261	4,849,551	1.3%	
Idera, Inc. (7)	IT Services	7.5% (L + 3.75%)	3/2/2028	9,799,449	9,760,546	9,266,604	2.5%	
IMA Financial Group, Inc. (8)	Insurance	7.88% (L + 3.50%)	10/16/2028	4,950,000	4,928,624	4,801,525	1.3%	
Ineos US Finance LLC (4)(5)(7)	Chemicals	8.17% (S + CSA + 3.75%)	11/8/2027	4,077,252	3,934,548	4,021,189	1.1%	
Infinite Bidco LLC (7)	Electronic Equipment, Instruments and Components	7.98% (L + 3.25%)	3/2/2028			6,409,925	6,364,641	1.7%
Inmar, Inc. (7)(8)	Professional Services	8.47% (L + 4.00%)	5/1/2024	7,842,418	7,822,586	7,158,167	2.0%	
Ivanti Software, Inc. (7)	Software	8.73% (L + 4.00%)	12/1/2027	982,500	980,602	778,022	0.2%	
Ivanti Software, Inc. (7)	Software	9.01% (L + 4.25%)	12/1/2027	6,922,688	6,877,857	5,512,917	1.5%	
Jack Ohio Finance LLC (8)	Hotels, Restaurants and Leisure	9.13% (L + 4.75%)	10/31/2028		4,948,645	4,950,641	4,862,044	1.3%
Kestrel Acquisition, LLC (7)	Independent Power and Renewable Electricity Producers	8.64% (L + 4.25%)	5/2/2025			6,832,098	6,333,128	1.8%
Kleopatra Finco S.a.r.l (4)(7)	Containers and Packaging	8.26% (S + CSA + 4.75%)	2/4/2026		1,965,000	1,959,187	1,753,763	0.5%
LBM Acquisition LLC (7)(8)	Building Products	7.12% (L + 3.75%)	12/31/2027	7,391,911	7,318,369	6,441,385	1.8%	
Life Time, Inc. (4)(7)	Hotels, Restaurants and Leisure	9.48% (L + 4.75%)	12/10/2024		7,582,556	7,575,249	7,555,335	2.1%
Lifescan Global Corporation (7)	Healthcare Equipment and Supplies	9.74% (L + 6.00%)	10/1/2024		6,146,918	6,121,209	4,471,883	1.2%

**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Lightstone Holdco LLC (7)	Independent Power and Renewable Electricity Producers	10.07% (S + 5.75%)	2/1/2027	4,795,064	4,322,409	4,411,459	1.2%
Lightstone Holdco LLC (7)	Independent Power and Renewable Electricity Producers	10.07% (S + 5.75%)	2/1/2027	271,204	244,463	249,508	0.1%
LogMeIn, Inc. (7)	IT Services	9.14% (L + 4.75%)	8/31/2027	9,844,496	9,742,894	6,379,233	1.8%
LSF9 Atlantis Holdings, LLC (7)	Specialty Retail	11.83% (S + 7.25%)	3/29/2029	6,912,500	6,654,959	6,734,503	1.9%
Magenta Buyer LLC (7)	Software	9.17% (L + 4.75%)	7/27/2028	5,445,000	5,401,766	4,687,818	1.3%
Mariner Wealth Advisors, LLC (5)(8)	Diversified Financial Services	9.04% (S + CSA + 4.25%)	8/18/2028	3,000,000	2,865,000	2,891,250	0.8%
Maxar Technologies, Inc. (4)(5)(7)	Aerospace and Defense	8.67% (S + CSA + 4.25%)	6/14/2029	3,888,979	3,888,979	3,890,709	1.1%
Medical Solutions L.L.C. (8)	Healthcare Providers and Services	7.88% (L + 3.50%)	10/6/2028	4,966,304	4,945,113	4,665,744	1.3%
Michael Baker International, LLC (8)	Construction and Engineering	9.38% (L + 5.00%)	11/2/2028	6,187,500	6,132,616	6,001,875	1.7%
Micro Holding Corp. (7)	IT Services	8.13% (L + 3.75%)	9/13/2024	9,861,126	9,824,488	9,604,046	2.6%
Midwest Veterinary Partners, LLC (7)	Healthcare Providers and Services	8.38% (L + 4.00%)	4/27/2028	8,882,538	8,806,026	8,038,697	2.2%
Milano Acquisition Corporation (5)(7)	Healthcare Providers and Services	8.73% (L + 4.00%)	10/1/2027	8,878,393	8,719,701	8,356,788	2.3%
Minotaur Acquisition, Inc. (7)(8)	Diversified Financial Services	9.17% (S + CSA + 5.00%)	3/27/2026	11,944,106	12,017,475	11,356,411	3.1%
Mitchell International, Inc. (7)	Professional Services	8.41% (L + 3.75%)	10/16/2028	9,925,000	9,862,344	9,175,514	2.5%
MLN US HoldCo LLC (7)	Diversified Telecommunication Services	8.25% (L + 4.50%)	12/31/2025	4,056,188	3,997,358	1,429,806	0.4%
Moneygram International, Inc. (4)(7)	Diversified Consumer Services	8.88% (L + 4.50%)	7/21/2026	9,895,833	9,876,860	9,891,182	2.7%
NAPA Management Services Corporation (7)	Healthcare Providers and Services	9.67% (S + CSA + 5.25%)	2/23/2029	7,940,000	7,874,026	6,538,114	1.8%
National Mentor Holdings, Inc. (7)	Healthcare Providers and Services	8.33% (L + 3.75%)	2/18/2028	9,134,164	9,111,508	6,434,516	1.8%
National Mentor Holdings, Inc. (7)	Healthcare Providers and Services	8.48% (L + 3.75%)	2/18/2028	291,993	291,242	205,693	0.1%
Navicure, Inc. (7)	Healthcare Technology	8.38% (L + 4.00%)	10/22/2026	4,625,815	4,627,579	4,556,428	1.3%
NorthStar Group Services, Inc. (7)(8)	Commercial Services and Supplies	9.94% (S + CSA + 5.50%)	11/9/2026	8,649,114	8,620,554	8,526,599	2.3%
NSM Top Holdings Corp. (7)	Healthcare Equipment and Supplies	9.67% (S + CSA + 5.25%)	11/12/2026	4,936,387	4,916,697	4,450,967	1.2%
OneDigital Borrower LLC (7)	Insurance	8.49% (S + CSA + 4.25%)	11/16/2027	9,871,228	9,770,988	9,352,989	2.6%
Orchid Merger Sub II, LLC (4)(7)	Software	9.58% (S + CSA + 4.75%)	5/12/2027	4,331,250	4,127,214	3,789,844	1.0%
Padagis, LLC (7)	Pharmaceuticals	8.49% (L + 4.75%)	7/31/2028	6,588,235	6,553,975	5,874,532	1.6%
PECF USS Intermediate Holding III Corporation (8)	Professional Services	8.63% (L + 4.25%)	11/6/2028	4,950,000	4,940,828	4,145,972	1.1%
Peraton Corp. (7)(8)	Aerospace and Defense	8.13% (L + 3.75%)	2/1/2028	10,644,693	10,616,273	10,414,075	2.9%
PetVet Care Centers, LLC (7)	Healthcare Providers and Services	7.88% (L + 3.50%)	2/14/2025	6,867,196	6,857,497	6,475,079	1.8%
PMHC II Inc. (7)	Chemicals	8.49% (S + CSA + 4.25%)	2/2/2029	6,588,488	6,532,502	5,601,927	1.5%

**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
PQ Performance Chemicals (7)	Chemicals	7.39% (L + 3.25%)	4/28/2028	4,950,000	4,947,652	4,830,383	1.3%
Prairie ECI Acquiror LP (7)	Oil, Gas and Consumable Fuels	9.13% (L + 4.75%)	3/11/2026	7,182,326	7,013,472	7,000,757	1.9%
Premium PKG Holdings, Inc. (7)(8)	Containers and Packaging	8.73% (L + 4.00%)	9/22/2028	5,940,000	5,892,087	4,764,741	1.3%
Project Alpha Intermediate Holding, Inc. (5)(7)	Software	8.39% (L + 4.00%)	4/26/2024	8,350,738	8,289,560	8,167,022	2.2%
Project Boost Purchaser, LLC (7)	Professional Services	7.88% (L + 3.50%)	6/1/2026	5,910,000	5,899,689	5,714,261	1.6%
Proofpoint, Inc. (5)(7)	IT Services	7.98% (L + 3.25%)	6/9/2028	2,421,385	2,414,428	2,334,276	0.6%
PS Holdco, LLC (8)	Road and Rail	8.63% (L + 4.25%)	10/31/2028	5,433,731	5,411,542	5,060,162	1.4%
PT Intermediate Holdings III LLC (8)	Machinery	10.23% (L + 5.50%)	11/1/2028	2,296,800	2,287,978	2,227,896	0.6%
PT Intermediate Holdings III LLC (8)	Machinery	10.23% (L + 5.50%)	11/1/2028	496,250	491,647	481,363	0.1%
PT Intermediate Holdings III LLC (8)	Machinery	10.23% (L + 5.50%)	11/1/2028	1,520,750	1,507,724	1,475,128	0.4%
PT Intermediate Spider DD T/L (Parts Town) (8)	Machinery	10.23% (L + 5.50%)	11/1/2028		2,118,600	2,118,600	0.6%
Quest Software US Holdings Inc. (7)	Software	8.49% (S + CSA + 4.25%)	2/1/2029	9,476,250	9,385,131	7,353,001	2.0%
Radiology Partners, Inc. (7)	Healthcare Providers and Services	8.64% (L + 4.25%)	7/9/2025		6,000,000	5,993,919	5,064,390
RC Buyer, Inc. (7)	Auto Components	8.23% (L + 3.50%)	7/28/2028	2,073,750	2,069,336	1,946,090	0.5%
RealPage, Inc. (7)	Real Estate Management and Development	7.38% (L + 3.00%)	2/18/2028		6,912,500	6,903,165	6,587,613
Red Planet Borrower, LLC (7)	Internet Software and Services	8.13% (L + 3.75%)	10/2/2028		7,900,000	7,866,755	4,984,900
Redstone Holdco 2 LP (7)(8)	IT Services	9.11% (L + 4.75%)	4/14/2028	7,900,000	7,852,104	5,507,406	1.5%
Refresco (4)(7)	Food Products	8.52% (S + 4.25%)	12/13/2024	5,000,000	4,958,869	4,850,000	1.3%
Renaissance Holdings Corp. (7)	Software	8.72% (S + 4.50%)	4/1/2027	4,975,000	4,836,940	4,795,900	1.3%
Rocket Software, Inc. (5)(7)	Software	8.63% (L + 4.25%)	11/28/2025	3,490,933	3,377,477	3,364,823	0.9%
Rocket Software, Inc. (7)	Software	8.63% (L + 4.25%)	11/28/2025	4,932,406	4,912,516	4,762,855	1.3%
Rodan & Fields, LLC (7)	Textiles, Apparel and Luxury Goods	8.32% (L + 4.00%)	6/16/2025		1,714,103	1,561,291	640,063
Rohm Holding GMBH (4)(7)(8)	Chemicals	8.37% (L + 4.75%)	7/31/2026	8,845,183	8,830,408	7,418,897	2.0%
RSC Acquisition, Inc. (8)	Insurance	10.23% (S + CSA + 5.50%)	9/30/2026	6,193,331	6,147,556	6,023,015	1.7%
Runner Buyer Inc. (8)	Household Durables	10.23% (L + 5.50%)	10/20/2028	4,962,500	4,919,797	3,523,375	1.0%
Sabert Corporation (8)	Containers and Packaging	8.94% (L + 4.50%)	11/26/2026		2,101,808	2,109,801	2,091,299
Shearer's Foods, LLC (7)	Food Products	7.88% (L + 3.50%)	9/23/2027	1,674,054	1,665,320	1,600,814	0.4%
Sophia, L.P. (7)	Software	8.57% (S + 4.00%)	10/7/2027	1,990,000	1,971,843	1,941,912	0.5%
Sovos Compliance, LLC (8)	Software	8.57% (L + 4.50%)	7/28/2028	3,962,945	3,955,834	3,660,771	1.0%

**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>	
Specialty Building Products Holdings, LLC (7)(8)	Building Products	7.64% (L + 3.25%)	10/5/2028	9,925,000	9,909,395	8,969,768	2.5%	
Summer BC Holdco B LLC (4)(8)	Media	8.17% (L + 4.50%)	12/4/2026	4,937,500	4,942,258	4,595,998	1.3%	
Surgery Center Holdings, Inc. (4)(7)	Healthcare Providers and Services	8.05% (L + 3.75%)	9/3/2026		4,217,676	4,201,753	1.1%	
Tecta America Corp. (7)(8)	Construction and Engineering	8.69% (S + CSA + 4.25%)	4/6/2028		8,585,091	8,568,674	2.3%	
The Edelman Financial Center, LLC (7)	Diversified Financial Services	7.88% (L + 3.50%)	4/7/2028		7,859,918	7,783,213	2.0%	
Thryv, Inc. (4)(7)	Professional Services	12.88% (L + 8.50%)	2/18/2026	4,850,226	4,861,233	4,791,636	1.3%	
Tidal Power Holdings, LLC (4)(7)	Independent Power and Renewable Electricity Producers	8.48% (L + 3.75%)	4/1/2027		848,961	847,980	0.2%	
Titan US Finco, LLC (4)(8)	Media	7.67% (L + 4.00%)	10/6/2028	5,955,000	5,942,128	5,711,857	1.6%	
Tosca Services, LLC (7)	Containers and Packaging	7.94% (S + CSA + 3.50%)	8/18/2027		6,899,596	6,847,551	1.6%	
Traverse Midstream Partners LLC (7)	Oil, Gas and Consumable Fuels	8.95% (S + CSA + 4.25%)	9/27/2024		3,162,774	3,153,165	0.9%	
Truck Hero, Inc. (7)	Auto Components	8.13% (L + 3.50%)	1/20/2028	6,980,675	6,973,011	6,016,469	1.7%	
U.S. Renal Care, Inc. (7)(8)	Healthcare Providers and Services	9.44% (L + 5.00%)	6/26/2026		8,820,648	8,697,196	1.4%	
U.S. Renal Care, Inc. (7)	Healthcare Providers and Services	9.94% (L + 5.50%)	6/26/2026		493,750	488,355	0.1%	
U.S. Silica Company (4)(7)	Metals and Mining	8.44% (L + 4.00%)	4/25/2025	7,856,622	7,724,787	7,797,697	2.1%	
UKG Inc. (7)	Software	8.13% (L + 3.75%)	4/8/2026	4,365,880	4,352,517	4,217,746	1.2%	
United Airlines, Inc. (4)(7)	Airlines	8.11% (L + 3.75%)	4/21/2028	7,887,124	7,944,048	7,809,909	2.1%	
US Radiology Specialists, Inc. (7)	Healthcare Providers and Services	8.94% (L + 5.25%)	12/10/2027		8,880,300	8,788,150	2.2%	
Veracode (7)	Software	8.94% (S + CSA + 4.75%)	4/20/2029	8,778,000	8,735,737	8,245,878	2.3%	
VeriFone Systems, Inc. (7)	Commercial Services and Supplies	8.36% (L + 4.00%)	8/20/2025		2,946,292	2,916,464	0.7%	
Verscend Holding Corp. (7)	Healthcare Technology	8.38% (L + 4.00%)	8/27/2025		6,063,985	6,052,127	1.7%	
Vision Solutions, Inc. (7)	IT Services	8.36% (L + 4.00%)	4/24/2028	9,875,000	9,848,442	8,203,656	2.3%	
WaterBridge Midstream Operating, LLC (7)	Energy Equipment and Services	9.13% (L + 5.75%)	6/22/2026		3,959,079	3,866,350	1.1%	
Watlow Electric Manufacturing Company (7)	Electrical Equipment	8.15% (S + CSA + 3.75%)	3/2/2028		3,281,909	3,260,223	0.9%	
Wencor Group (7)	Aerospace and Defense	8.42% (S + CSA + 4.25%)	6/19/2026		2,976,923	2,913,743	0.8%	
White Cap Buyer LLC (7)(8)	Building Products	8.07% (S + 3.75%)	10/8/2027	6,890,281	6,880,543	6,674,960	1.8%	
Wilsonart LLC (7)(8)	Building Products	7.98% (L + 3.25%)	12/18/2026	9,849,375	9,807,312	9,397,535	2.6%	
Zelis Cost Management Buyer, Inc. (7)	Healthcare Technology	7.88% (L + 3.50%)	9/30/2026		4,744,302	4,738,488	4,701,319	1.3%
<b>Total First Lien Senior Secured</b>				<b>959,720,843</b>	<b>\$ 951,753,250</b>	<b>\$ 870,880,344</b>	<b>239.6 %</b>	

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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
<b>Second Lien Senior Secured<sup>(2)</sup></b>							
American Rock Salt Company LLC	Metals and Mining	11.63% (L + 7.25%)	6/4/2029	2,750,000	2,774,395	2,640,000	0.7%
ARC Falcon I Inc. (7)	Chemicals	11.38% (L + 7.00%)	9/24/2029	2,000,000	1,982,524	1,745,000	0.5%
Artera Services, LLC (7)	Construction and Engineering	11.98% (L + 7.25%)	3/6/2026	7,810,000	7,499,293	4,867,309	1.3%
Aruba Investments, Inc. (7)	Chemicals	12.14% (L + 7.75%)	10/27/2028	2,350,000	2,318,902	2,150,250	0.6%
Asurion, LLC (7)	Insurance	9.63% (L + 5.25%)	1/19/2029	6,000,000	5,965,262	4,699,290	1.3%
Barracuda Networks, Inc.	Software	11.09% (S + 7.00%)	5/17/2030	3,000,000	2,912,610	2,741,250	0.8%
DCert Buyer, Inc. (7)	IT Services	11.7% (L + 7.00%)	2/19/2029	1,500,000	1,497,620	1,375,500	0.4%
Delta Topco, Inc.	IT Services	11.65% (S + 7.25%)	10/6/2028	3,435,617	3,470,139	2,735,610	0.8%
Energy Acquisition LP	Electrical Equipment	12.88% (L + 8.50%)	6/25/2026	2,812,400	2,726,657	2,271,013	0.6%
Epicor Software Corporation (7)	Software	12.13% (L + 7.75%)	7/31/2028	3,000,000	3,044,723	2,968,500	0.8%
Help/Systems Holdings, Inc.	Software	10.94% (S + CSA + 6.75%)	11/19/2027	3,656,217	3,663,047	2,911,263	0.8%
Idera, Inc.	IT Services	10.5% (L + 6.75%)	2/5/2029	5,000,000	5,027,564	4,150,000	1.1%
Infinite Bidco LLC (7)	Electronic Equipment, Instruments and Components	11.73% (L + 7.00%)	2/24/2029				
Inmar, Inc. (7)	Professional Services	12.38% (L + 8.00%)	5/1/2025	5,000,000	5,004,820	4,675,000	0.7%
Ivanti Software, Inc.	Software	12.01% (L + 7.25%)	12/1/2028	3,000,000	3,011,509	1,755,000	0.5%
Magenta Buyer LLC	Software	12.67% (L + 8.25%)	7/27/2029	5,000,000	4,990,886	3,975,000	1.1%
Paradigm Outcomes	Healthcare Providers and Services	12.05% (S + CSA + 7.50%)	10/26/2026	1,500,000	1,479,565	1,440,000	0.4%
Peraton Corp.	Aerospace and Defense	12.09% (L + 7.75%)	2/26/2029	2,912,425	2,970,059	2,783,551	0.8%
Premium PKG Holdings, Inc. (7)	Containers and Packaging	11.54% (L + 6.75%)	9/30/2029	2,000,000	1,982,769	1,247,510	0.3%
Quest Software US Holdings Inc.	Software	11.59% (S + 7.50%)	2/1/2030	3,000,000	2,958,821	1,851,255	0.5%
Vision Solutions, Inc.	IT Services	11.61% (L + 7.25%)	4/23/2029	3,500,000	3,506,759	2,610,790	0.7%
<b>Total Second Lien Senior Secured</b>				<b>71,956,658</b>	<b>71,513,263</b>	<b>58,118,340</b>	<b>16.0 %</b>
<b>Corporate Bonds</b>							
KOBE US Midco 2 Inc	Chemicals	9.25%	11/1/2026	1,900,000	1,884,529	1,332,888	0.4%
<b>Total Corporate Bonds</b>				<b>1,900,000</b>	<b>1,884,529</b>	<b>1,332,888</b>	<b>0.4 %</b>
<b>Total Debt Investments</b>				<b>1,033,577,501</b>	<b>\$ 1,025,151,042</b>	<b>\$ 930,331,572</b>	<b>256.0 %</b>

**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal/ Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
<b>CLO Mezzanine<sup>(2)</sup></b>							
522 Funding CLO 2020-6, Ltd. (4)	Structured Note	12.36% (L + 8.04%)	10/23/2034	2,800,000	2,723,983	2,188,332	0.7%
Barings CLO 2013-IA Class FR (4)	Structured Note	10.99% (L + 6.75%)	1/20/2028	2,000,000	1,935,102	1,788,731	0.5%
Carlyle US CLO 2020-2, Ltd (4)	Structured Note	12.89% (L + 8.53%)	1/25/2035	4,000,000	3,889,711	3,213,525	0.9%
Elmwood CLO III Ltd. (4)	Structured Note	11.98% (L + 7.74%)	10/20/2034	2,000,000	1,927,196	1,600,079	0.4%
GoldenTree Loan Management US 2020-7A (4)	Structured Note	11.99% (L + 7.75%)	4/20/2034		2,000,000	1,895,346	1,532,172
GoldenTree Loan Management US 2021-10A (4)	Structured Note	12.03% (L + 7.79%)	7/20/2034		1,250,000	1,216,595	983,411
GoldenTree Loan Management US 2021-9A (4)	Structured Note	10.99% (L + 6.75%)	1/20/2033		2,000,000	1,896,778	1,558,971
Magnetite CLO, Ltd. 2015-16A (4)	Structured Note	10.69% (L + 6.50%)	1/18/2028	1,000,000	842,116	854,968	0.2%
Thayer Park CLO, Ltd. (4)	Structured Note	13.11% (L + 8.87%)	4/20/2034	1,300,000	1,262,503	1,012,532	0.3%
<b>Total CLO Mezzanine</b>				<b>18,350,000</b>	<b>17,589,330</b>	<b>14,732,721</b>	<b>4.1%</b>
<b>CLO Equity</b>							
Ares CLO Ltd 2021-62A (4)	Structured Subordinated Note	NA	1/25/2034		5,000,000	4,225,172	3,679,447
Babson CLO 2018-4A, Ltd. (4)	Structured Subordinated Note	NA	10/15/2030		4,000,000	1,856,928	1,637,600
Dryden 86 CLO, Ltd. (4)	Structured Subordinated Note	NA	7/17/2030		6,000,000	4,395,442	3,732,464
HPS Loan Management 12-2018, Ltd. (4)	Structured Subordinated Note	NA	7/18/2031		7,500,000	4,290,326	3,006,631
Long Point Park CLO, Ltd. (4)	Structured Subordinated Note	NA	1/17/2030		6,358,000	3,836,615	2,550,735
Regatta XII Funding Ltd. (4)	Structured Subordinated Note	NA	10/15/2032		6,000,000	4,430,480	3,845,111
Signal Peak CLO, LLC (4)	Structured Subordinated Note	NA	10/26/2034		5,000,000	2,437,836	2,253,444
Stratus CLO Series 2021-1A (4)	Structured Subordinated Note	NA	12/29/2029		2,000,000	1,539,549	1,094,792
<b>Total CLO Equity</b>				<b>41,858,000</b>	<b>27,012,348</b>	<b>21,800,224</b>	<b>6.0%</b>
<b>Total Other Investments</b>				<b>60,208,000</b>	<b>\$44,601,678</b>	<b>\$36,532,945</b>	<b>10.1%</b>

**Palmer Square Capital BDC Inc.**  
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	<b>Number of Shares</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
<b>Short-Term Investments</b>				
Fidelity Investments Money Market Government Portfolio - Institutional Class, 4.10% (9)	50,347,215	50,347,215	50,347,215	13.9%
<b>Total Short-Term Investments</b>	<b>50,347,215</b>	<b>\$ 50,347,215</b>	<b>\$ 50,347,215</b>	<b>13.9%</b>
<b>Total Investments</b>			<b>\$ 1,120,099,935</b>	<b>280.0%</b>
Liabilities in Excess of Other Assets			(653,768,250)	(180.0)%
<b>Net Assets</b>			<b>\$ 363,443,482</b>	<b>100.0%</b>

(1) (1) The amortized cost represents the original cost adjusted for the amortization of discounts and premiums, as applicable, on debt investments using the effective interest method.

(2) (2) Loan contains a variable rate structure, subject to an interest rate floor. Variable rate loans bear interest at a rate that may be determined by reference to either the London Interbank Offered Rate ("LIBOR" or "L") (which can include one-, two-, three- or six-month LIBOR), SOFR + Credit Spread Adjustment (S+CSA), where the Credit Spread Adjustment is a defined additional spread amount based on the tenor of SOFR the borrower selects, or an alternate base rate (which can include the Federal Funds Effective Rate or the Prime Rate), at the borrower's option, and which reset periodically based on the terms of the loan agreement. For the holdings as of December 31, 2022 that have S+CSA as the base rate, the CSA is 10bp for 1M SOFR, 15bp for 3M SOFR, and 25bp for 6M SOFR. For the avoidance of doubt, loan floors apply to S+CSA, not S.

(3) (3) As of December 31, 2022, all investments are non-controlled, non-affiliated investments. Non-controlled, non-affiliated investments are defined as investments in which the Company owns less than 5% of the portfolio company's outstanding voting securities and does not have the power to exercise control over the management or policies of such portfolio company.

(4) (4) Non-qualifying investment as defined by Section 55(a) of the Investment Company Act of 1940. The Company may not acquire any non-qualifying asset unless, at the time of acquisition, qualifying assets represent at least 70% of the Company's total assets. As of December 31, 2022, 14.9% of the Company's total assets were in non-qualifying investments.

(5) (5) Investments or a portion of investments are unsettled as of December 31, 2022.

(6) (6) As of December 31, 2022, the tax cost of the Company's investments approximates their amortized cost.

(7) (7) Security or portion thereof held within Palmer Square BDC Funding I, LLC ("PS BDC Funding") and is pledged as collateral supporting the amounts outstanding under a revolving credit facility with Bank of America, N.A. ("BofA N.A.") (see Note 6 to the consolidated financial statements).

(8) (8) Security or portion thereof held within Palmer Square BDC Funding II, LLC ("PS BDC Funding II") and is pledged as collateral supporting the amounts outstanding under a revolving credit facility with Wells Fargo Bank, National Association ("WFB") (see Note 6 to the consolidated financial statements).

(9) (9) 7-day effective yield as of December 31, 2022.

The accompanying notes are an integral part of these consolidated financial statements.

**Palmer Square Capital BDC Inc.**  
**Consolidated Schedule of Investments**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>		<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>		
<b>Debt Investments</b>										
First Lien Senior Secured <sup>(2)</sup>										
AAdvantage Loyalty IP Ltd. (4)(7)	Airlines	5.50% (L + 4.75%)	4/20/2028	\$	3,500,000	\$	3,466,993	\$	3,632,808	0.7 %
AccentCare, Inc. (7)	Healthcare Providers and Services	4.18% (L + 4.00%)	6/22/2026		6,030,750		6,033,232		6,019,443	1.2 %
Acrisure, LLC (7)	Insurance	3.63% (L + 3.50%)	2/12/2027		5,902,424		5,887,108		5,846,351	1.2 %
Acrisure, LLC (7)	Insurance	4.75% (L + 4.25%)	2/15/2027		5,050,000		5,012,608		5,056,313	1.0 %
AHP Health Partners, Inc. (7)	Healthcare Equipment and Supplies	4.00% (L + 3.50%)	8/4/2028		2,992,500		2,978,139		2,997,183	0.6 %
AI Aqua Merger Sub, Inc., (5)(7)(8)	Food Products	4.50% (L + 4.00%)	6/16/2028		6,993,333		6,996,036		7,021,412	1.6 %
Aimbridge Acquisition Co., Inc. (7)	Hotels, Restaurants and Leisure	3.84% (L + 3.75%)	2/2/2026		4,987,245		4,873,305		4,887,500	1.1 %
Air Methods Corporation (7)	Aerospace and Defense	4.50% (L + 3.50%)	4/12/2024		4,973,958		4,912,811		4,737,695	1.0 %
Alliant Holdings Intermediate LLC (7)	Insurance	4.00% (L + 3.50%)	11/5/2027		5,985,000		5,977,585		5,986,077	1.3 %
Allied Universal Holdco LLC (7)	Professional Services	4.25% (L + 3.75%)	4/7/2028		6,982,500		6,976,936		6,968,570	1.5 %
Alterra Mountain Company (7)	Hotels, Restaurants and Leisure	4.00% (L + 3.50%)	8/31/2028		1,992,263		1,979,085		1,992,263	0.4 %
Amentum Government Services Holdings LLC (7)	Aerospace and Defense	3.60% (L + 3.50%)	2/26/2027		4,432,500		4,208,252		4,375,720	1.0 %
Amentum Government Services Holdings LLC (7)	Aerospace and Defense	5.50% (L + 4.75%)	1/29/2027		1,488,750		1,463,719		1,491,541	0.3 %
American Airlines, Inc. (4)(7)	Airlines	2.11% (L + 2.00%)	12/15/2023		1,979,167		1,934,458		1,943,403	0.4 %
American Airlines, Inc. (4)(7)	Airlines	1.85% (L + 1.75%)	6/27/2025		2,000,000		1,900,671		1,901,250	0.4 %
American Rock Salt Company LLC (7)	Metals and Mining	4.75% (L + 4.00%)	6/9/2028		4,975,000		4,963,324		4,968,781	1.1 %
Amynita Agency Borrower, Inc. (7)	Insurance	4.60% (L + 4.50%)	2/28/2025		8,929,545		8,774,227		8,912,847	2.0 %
AP Gaming I, LLC (7)	Hotels, Restaurants and Leisure	4.50% (L + 3.50%)	2/15/2024		6,831,409		6,817,784		6,803,639	1.5 %
Applovin Corporation (4)(7)	Software	3.50% (L + 3.00%)	10/20/2028		2,493,750		2,487,556		2,492,964	0.6 %
Aptean Inc (5)(7)(8)	Software	4.35% (L + 4.25%)	4/23/2026		7,886,443		7,889,119		7,865,505	1.7 %
AQA Acquisition Holding, Inc. (7)	Software	4.75% (L + 4.25%)	11/19/2027		2,985,000		2,971,382		2,988,119	0.7 %
ARC Falcon I Inc. (7)	Chemicals	4.25% (L + 3.75%)	8/31/2028		4,363,057		4,338,582		4,363,232	1.0 %
Arches Buyer Inc. (7)	Leisure Products	3.75% (L + 3.25%)	12/6/2027		4,950,000		4,906,378		4,923,419	1.1 %
Aristocrat International PTY Ltd (4)(5)(7)(8)	Hotels, Restaurants and Leisure	4.75% (L + 3.75%)	10/31/2024		4,949,874		4,923,279		4,979,276	1.1 %
Aruba Investments Holdings, LLC (7)	Chemicals	4.75% (L + 4.00%)	10/28/2027		1,488,769		1,476,015		1,492,491	0.3 %
Ascend Learning, LLC (5)(7)	Professional Services	4.00% (L + 3.50%)	11/18/2028		7,500,000		7,462,500		7,498,463	1.7 %

**Palmer Square Capital BDC Inc.**  
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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
AssuredPartners, Inc. (7)	Insurance	4.00% (L + 3.50%)	2/12/2027	6,461,337	6,451,803	6,460,336	1.4 %
Athenahealth, Inc. (7)	Healthcare Equipment and Supplies	4.40% (L + 4.25%)	2/11/2026	5,272,356	5,244,158	5,279,606	1.2 %
Autokiniton US Holdings, Inc. (7)(8)	Auto Components	5.00% (L + 4.50%)	3/27/2028	8,216,855	8,226,508	8,239,739	1.8 %
Avaya Inc. (4)(7)	Diversified Telecommunication Services	4.11% (L + 4.00%)	12/15/2027	1,600,000	1,600,000	1,601,304	0.4 %
Avaya Inc. (4)(5)(7)	Diversified Telecommunication Services	4.36% (L + 4.25%)	12/15/2027	4,939,059	4,800,270	4,960,174	1.1 %
Aveanna Healthcare LLC (4)(7)	Healthcare Providers and Services	4.25% (L + 3.75%)	6/30/2028	3,237,170	3,232,811	3,225,054	0.7 %
Azalea TopCo, Inc. (7)	Healthcare Technology	3.63% (L + 3.50%)	7/23/2026	3,922,262	3,885,223	3,910,005	0.9 %
Baracuda Networks, Inc. (7)	IT Services	4.50% (L + 3.75%)	1/10/2025	3,979,022	3,978,706	3,996,430	0.9 %
BCP Raptor, LLC (5)(7)	Oil, Gas and Consumable Fuels	5.25% (L + 4.25%)	6/7/2024	5,968,265	5,915,310	5,970,354	1.3 %
BCP Renaissance Parent L.L.C. (5)(7)	Oil, Gas and Consumable Fuels	4.50% (L + 3.50%)	10/31/2024	7,648,566	7,629,890	7,642,600	1.7 %
Belfor Holdings Inc. (7)	Commercial Services and Supplies	3.85% (L + 3.75%)	3/31/2026	2,945,882	2,837,141	2,953,247	0.7 %
Boxer Parent Company, Inc. (7)	Software	3.88% (L + 3.75%)	10/2/2025	2,992,266	2,713,403	2,977,304	0.7 %
Caesars Resort Collection, LLC (4)(7)	Hotels, Restaurants and Leisure	3.60% (L + 3.50%)	7/31/2025	2,962,500	2,895,715	2,968,425	0.7 %
Castle US Holding Corporation (8)	Professional Services	3.88% (L + 3.75%)	1/27/2027	1,991,579	1,981,844	1,976,642	0.4 %
Castle US Holding Corporation (8)	Professional Services	4.75% (L + 4.00%)	1/31/2027	2,981,250	2,926,408	2,978,761	0.7 %
CCI Buyer, Inc. (5)(7)(8)	Wireless Telecommunication Services	4.50% (L + 3.75%)	12/31/2027	6,864,444	6,856,831	6,880,369	1.5 %
CCS-CMGC Holdings, Inc. (7)	Healthcare Providers and Services	5.63% (L + 5.50%)	10/1/2025	5,411,500	5,342,101	5,349,781	1.2 %
CHG Healthcare Services, Inc (7)	Healthcare Providers and Services	4.00% (L + 3.50%)	9/22/2028	7,980,000	7,941,694	7,990,973	1.8 %
Connectwise LLC (7)	IT Services	4.00% (L + 3.50%)	9/29/2028	8,000,000	7,986,895	7,991,440	1.8 %
Consolidated Communications, Inc. (4)(7)	Diversified Telecommunication Services	4.25% (L + 3.50%)	10/2/2027	1,428,009	1,409,815	1,427,788	0.3 %
ConvergeOne Holdings Corp. (7)(8)	IT Services	5.10% (L + 5.00%)	3/31/2026	9,941,326	9,736,805	9,758,058	2.2 %
Corelogic, Inc. (7)	Internet Software and Services	4.00% (L + 3.50%)	4/14/2028	7,980,000	7,973,450	7,983,990	1.8 %
CP Atlas Buyer, Inc (7)	Building Products	4.25% (L + 3.75%)	11/23/2027	4,962,827	4,921,475	4,947,939	1.1 %
Creation Technologies, Inc. (8)	Electronic Equipment, Instruments and Components	6.00% (L + 5.50%)	9/14/2028	5,000,000	4,927,276	4,968,750	1.1 %
Curia Global, Inc. (7)	Healthcare Providers and Services	4.50% (L + 3.75%)	8/30/2026	4,899,295	4,880,965	4,911,543	1.1 %
DCert Buyer, Inc. (7)	IT Services	4.10% (L + 4.00%)	8/7/2026	7,916,022	7,916,047	7,911,075	1.7 %

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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Deerfield Dakota Holding, LLC (7)	Diversified Financial Services	4.75% (L + 3.75%)	2/25/2027	4,925,000	4,862,889	4,936,943	1.1 %
Delek US Holdings, Inc. (4)(7)	Oil, Gas and Consumable Fuels	6.50% (L + 5.50%)	3/31/2025	2,358,000	2,239,637	2,366,253	0.5 %
Delta Topco, Inc. (7)	IT Services	4.50% (L + 3.75%)	10/29/2027	6,972,481	6,966,632	6,988,692	1.5 %
Digi International Inc. (5)(8)	Technology Hardware, Storage and Peripherals	5.50% (L + 5.00%)	12/22/2028	6,250,000	6,125,000	6,199,219	1.4 %
DIRECTV Financing, LLC (7)	Media	5.75% (L + 5.00%)	8/2/2027	5,865,000	5,816,327	5,877,962	1.3 %
Dotdash Meredith, Inc. (7)	Media	4.50% (C + SCA + 4.00%)	11/23/2028	10,000,000	9,991,795	10,018,750	2.2 %
EAB Global, Inc. (7)	Professional Services	4.00% (L + 3.50%)	6/28/2028	5,000,000	4,975,872	4,979,175	1.1 %
ECI Software Solutions, Inc. (7)	Software	4.50% (L + 3.75%)	9/30/2027	6,934,975	6,907,467	6,946,903	1.5 %
ECL Entertainment, LLC (8)	Hotels, Restaurants and Leisure	8.25% (L + 7.50%)	3/31/2028	1,990,000	2,033,092	2,029,800	0.4 %
EFS Cogen Holdings I LLC (5)(7)(8)	Independent Power and Renewable Electricity Producers	4.50% (L + 3.50%)	10/29/2027	7,700,229	7,708,062	7,603,977	1.7 %
Endurance International Group, Inc. (7)	Professional Services	4.25% (L + 3.50%)	2/10/2028	3,233,750	3,219,247	3,211,017	0.7 %
Ensemble RCM, LLC (7)	Healthcare Technology	3.88% (L + 3.75%)	7/24/2026	5,748,280	5,659,044	5,753,654	1.3 %
Enterprise Development Authority (8)	Hotels, Restaurants and Leisure	5.00% (L + 4.25%)	2/18/2028	1,974,359	1,974,359	1,975,188	0.4 %
Epicor Software Corporation (7)	Software	4.00% (L + 3.25%)	6/1/2022	3,950,000	3,930,702	3,952,034	0.9 %
Excelitas Technologies Corp. (7)	Industrial Conglomerates	4.50% (L + 3.50%)	12/2/2024	1,989,637	1,989,637	1,999,585	0.4 %
Filtration Group Corporation (7)	Industrial Conglomerates	4.00% (L + 3.50%)	10/20/2028	3,990,000	3,980,185	3,990,838	0.9 %
Flexera Software LLC (7)(8)	Software	4.50% (L + 3.75%)	1/26/2028	8,959,368	8,935,714	8,976,794	2.0 %
Generation Bridge Acquisition, LLC (5)(8)	Electric Utilities	5.75% (L + 5.00%)	8/6/2028	196,262	196,262	197,243	0.0 %
Generation Bridge Acquisition, LLC (5)(8)	Electric Utilities	5.75% (L + 5.00%)	8/6/2028	2,803,738	2,803,738	2,817,757	0.6 %
Getty Images, Inc. (7)(8)	Media	4.63% (L + 4.50%)	2/13/2026	7,961,137	7,984,386	7,982,711	1.8 %
GFL Environmental Inc. (4)(7)	Commercial Services and Supplies	3.50% (L + 3.00%)	5/30/2025	2,596,036	2,521,808	2,605,771	0.6 %
Global Medical Response, Inc. (7)	Healthcare Providers and Services	5.25% (L + 4.25%)	9/24/2025	8,938,653	8,882,000	8,914,071	2.0 %
Grab Holdings Inc (4)(5)(7)	IT Services	5.50% (L + 4.50%)	2/27/2026	4,962,488	5,027,425	4,989,359	1.1 %
Great Outdoors Group, LLC (7)	Specialty Retail	4.50% (L + 3.75%)	3/6/2028	7,078,634	7,045,910	7,095,587	1.6 %
Grinding Media Inc. (8)	Metals and Mining	4.75% (L + 4.00%)	9/21/2028	4,987,500	4,963,517	4,990,617	1.1 %
HAH Group Holding Company LLC (7)	Healthcare Providers and Services	6.00% (L + 5.00%)	10/20/2027	3,525,086	3,479,561	3,526,549	0.8 %

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HAH Group Holding Company LLC (7)	Healthcare Providers and Services	6.00% (L + 5.00%)	10/22/2027	446,034	440,286	446,220	0.1 %
Hamilton Projects Acquiror LLC (7)(8)	Independent Power and Renewable Electricity Producers	5.50% (L + 4.50%)	6/11/2027	9,794,600	9,741,768	9,807,872	2.2 %
Harbor Freight Tools USA, Inc. (7)	Specialty Retail	3.25% (L + 2.75%)	10/19/2027	3,465,000	3,435,680	3,462,176	0.8 %
Help/Systems Holdings, Inc. (7)	Software	4.75% (L + 4.00%)	11/19/2026	6,919,736	6,874,074	6,909,633	1.5 %
HUB International Limited (7)	Insurance	4.00% (L + 3.25%)	4/25/2025	3,940,125	3,892,565	3,944,834	0.9 %
Hyland Software, Inc. (7)	Software	4.25% (L + 3.50%)	7/1/2024	4,956,580	4,955,729	4,981,363	1.1 %
Hyperion Refinance S.r.l. (4)(7)	Insurance	4.00% (L + 3.25%)	11/12/2027	6,162,429	6,103,569	6,143,171	1.4 %
Idera, Inc. (7)	IT Services	4.50% (L + 3.75%)	6/28/2028	9,899,189	9,852,953	9,903,841	2.2 %
IMA Financial Group, Inc. (8)	Insurance	4.25% (L + 3.75%)	10/16/2028	5,000,000	4,975,043	4,991,650	1.1 %
Infinite Bidco LLC (7)	Electronic Equipment, Instruments and Components	4.25% (L + 3.75%)	3/2/2028	4,975,000	4,956,124	4,967,239	1.1 %
Inmar, Inc. (7)(8)	Professional Services	5.00% (L + 4.00%)	5/1/2024	7,925,407	7,891,920	7,929,568	1.8 %
IRB Holding Corporation (7)	Hotels, Restaurants and Leisure	4.25% (L + 3.25%)	11/19/2027	6,952,443	6,947,309	6,962,212	1.5 %
Ivanti Software, Inc. (7)	Software	4.75% (L + 4.00%)	12/1/2027	992,500	990,203	988,987	0.2 %
Ivanti Software, Inc. (5) (7)	Software	5.00% (L + 4.25%)	12/1/2027	6,975,000	6,921,420	6,994,600	1.5 %
Jack Ohio Finance LLC (8)	Hotels, Restaurants and Leisure	5.50% (L + 4.75%)	10/31/2028	5,000,000	5,002,417	4,996,900	1.1 %
Kestrel Acquisition LLC (7)	Independent Power and Renewable Electricity Producers	5.25% (L + 4.25%)	5/2/2025	6,914,055	6,212,084	6,347,967	1.4 %
Kleopatra Finco S.r.l (4) (7)	Containers and Packaging	5.25% (L + 4.75%)	2/4/2026	1,985,000	1,976,611	1,937,856	0.4 %
Landry's Finance Acquisition Co	Hotels, Restaurants and Leisure	13.00% (L + 12.00%)	10/4/2023	18,875	18,450	20,291	0.0 %
LBM Acquisition LLC (5)(7)(8)	Building Products	4.50% (L + 3.75%)	12/31/2027	5,472,028	5,436,335	5,431,425	1.2 %
Life Time, Inc. (4)(7)	Hotels, Restaurants and Leisure	5.75% (L + 4.75%)	12/10/2024	1,451,838	1,451,195	1,463,337	0.3 %
Lifescan Global Corporation (5)(7)	Healthcare Equipment and Supplies	6.13% (L + 6.00%)	10/1/2024	6,744,535	6,702,882	6,607,857	1.5 %
Lightstone Holdco, LLC	Independent Power and Renewable Electricity Producers	4.75% (L + 3.75%)	1/30/2024	1,609,237	1,379,571	1,367,304	0.3 %
Lightstone Holdco, LLC	Independent Power and Renewable Electricity Producers	4.75% (L + 3.75%)	1/30/2024	90,763	77,809	77,118	0.0 %
Lions Gate Capital Holdings LLC (4)(7)	Media	2.35% (L + 2.25%)	3/19/2025	976,423	951,495	971,136	0.2 %
LogMeln, Inc. (7)	IT Services	4.86% (L + 4.75%)	8/31/2027	6,444,950	6,365,479	6,418,074	1.4 %
Lucid Energy Group II Borrower, LLC (7)	Oil, Gas and Consumable Fuels	5.00% (L + 4.25%)	11/22/2028	7,000,000	6,930,663	6,926,500	1.5 %

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<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Magenta Buyer LLC (7)	Software	5.75% (L + 5.00%)	5/3/2028	5,486,250	5,436,630	5,480,243	1.2 %
McAfee, LLC (4)(7)	Software	3.84% (L + 3.75%)	9/30/2024	3,040,646	3,031,471	3,046,910	0.7 %
Medical Solutions L.L.C. (8)	Healthcare Providers and Services	4.00% (L + 3.50%)	10/6/2028	4,200,000	4,175,369	4,200,900	0.9 %
MetroNet Systems Holdings, LLC (7)(8)	Diversified Telecommunication Services	4.50% (L + 3.75%)	5/26/2028	4,975,031	4,969,084	4,983,738	1.1 %
Michael Baker International, LLC (8)	Construction and Engineering	5.75% (L + 5.00%)	11/2/2028	6,250,000	6,187,892	6,312,500	1.4 %
Micro Holding Corp. (7)	IT Services	4.75% (L + 3.75%)	9/13/2024	9,962,265	9,905,089	9,995,490	2.2 %
Midwest Veterinary Partners, LLC (5)(7)	Healthcare Providers and Services	4.75% (L + 4.00%)	4/27/2028	9,987,500	9,888,421	9,962,531	2.2 %
Milano Acquisition Corporation (7)	Healthcare Providers and Services	4.75% (L + 4.00%)	8/31/2027	4,953,722	4,905,503	4,972,917	1.1 %
Minotaur Acquisition, Inc. (7)(8)	Diversified Financial Services	4.84% (L + 4.75%)	3/27/2026	9,060,468	9,048,923	9,026,491	2.0 %
Mitchell International, Inc. (7)	Professional Services	4.25% (L + 3.75%)	10/16/2028	10,000,000	9,926,431	9,956,250	2.2 %
MLN US HoldCo LLC (7)	Diversified Telecommunication Services	4.60% (L + 4.50%)	12/31/2025	4,069,042	3,993,846	3,942,352	0.9 %
Moneygram International, Inc. (4)(7)	Diversified Consumer Services	5.00% (L + 4.50%)	7/21/2026	7,200,000	7,175,766	7,211,268	1.6 %
National Mentor Holdings, Inc. (7)	Healthcare Providers and Services	4.50% (L + 3.75%)	2/18/2028	9,227,133	9,201,152	9,136,594	2.0 %
National Mentor Holdings, Inc. (7)	Healthcare Providers and Services	4.50% (L + 3.75%)	2/18/2028	291,993	291,126	289,256	0.1 %
Navicure, Inc. (7)	Healthcare Technology	4.10% (L + 4.00%)	10/22/2026	4,673,381	4,675,564	4,675,320	1.0 %
Nexus Buyer LLC (7)	Professional Services	3.85% (L + 3.75%)	10/30/2026	6,996,379	6,924,176	6,973,886	1.5 %
NMSC Holdings, Inc. (7)	Healthcare Providers and Services	6.00% (L + 5.00%)	4/19/2023	8,442,209	8,421,850	8,444,319	1.9 %
NorthStar Group Services, Inc. (5)(7)(8)	Commercial Services and Supplies	6.50% (L + 5.50%)	11/9/2026	8,879,759	8,843,367	8,910,306	2.0 %
NSM Top Holdings Corp. (7)	Healthcare Equipment and Supplies	5.35% (L + 5.25%)	11/12/2026	4,987,277	4,962,950	4,987,277	1.1 %
OneDigital Borrower LLC (7)	Insurance	4.75% (C + SCA + 4.25%)	11/16/2027	9,970,938	9,852,427	9,964,706	2.2 %
Orchid Merger Sub II, LLC (5)(7)	Software	5.25% (L + 4.75%)	5/12/2027	3,500,000	3,290,000	3,360,000	0.7 %
Oregon Clean Energy, LLC (7)	Independent Power and Renewable Electricity Producers	4.75% (L + 3.75%)	3/2/2026	4,887,891	4,779,206	4,503,850	1.0 %
Pactiv Evergreen Group Holdings Inc. (4)(7)	Containers and Packaging	4.00% (L + 3.50%)	9/22/2028	2,992,500	2,978,041	2,992,500	0.7 %
Padagis LLC (7)	Pharmaceuticals	5.25% (L + 4.75%)	7/31/2028	6,588,235	6,550,008	6,567,647	1.5 %
Pathway Vet Alliance LLC (7)	Healthcare Providers and Services	3.85% (L + 3.75%)	3/31/2027	4,941,089	4,876,527	4,931,824	1.1 %
PECF USS Intermediate Holding III Corporation (5)(8)	Professional Services	4.75% (L + 4.25%)	11/6/2028	5,000,000	4,987,500	5,011,625	1.1 %

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Peraton Corp. (7)(8)	IT Services	4.50% (L + 3.75%)	2/1/2028	8,952,437	8,951,088	8,971,595	2.0 %
PetVet Care Centers, LLC (7)	Healthcare Providers and Services	4.25% (L + 3.50%)	2/14/2025	6,938,175	6,923,597	6,945,980	1.5 %
Phoenix Guarantor Inc. (7)	Healthcare Providers and Services	3.60% (L + 3.50%)	3/5/2026	4,950,094	4,910,625	4,936,481	1.1 %
PODS, LLC (7)	Road and Rail	3.75% (L + 3.00%)	3/31/2028	1,985,025	1,975,873	1,980,747	0.4 %
PQ Performance Chemicals (7)	Chemicals	4.25% (L + 3.50%)	4/28/2028	5,000,000	4,997,651	5,012,500	1.1 %
Prairie ECI Acquiror LP (7)	Oil, Gas and Consumable Fuels	4.85% (L + 4.75%)	3/11/2026	7,182,326	6,969,074	6,962,870	1.5 %
Presidio Holdings, Inc. (7)	Professional Services	3.61% (L + 3.50%)	1/31/2027	2,364,000	2,334,043	2,366,222	0.5 %
Premium PKG Holdings, Inc. (8)	Containers and Packaging	4.50% (L + 4.00%)	9/22/2028	5,000,000	4,976,019	4,997,200	1.1 %
Prime Security Services Borrower, LLC (4)(7)	Diversified Consumer Services	3.50% (L + 2.75%)	5/2/2022	1,782,584	1,771,416	1,782,985	0.4 %
Project Alpha Intermediate Holding, Inc. (7)	Software	4.11% (L + 4.00%)	4/26/2024	5,916,866	5,897,864	5,933,522	1.3 %
Project Boost Purchaser, LLC (7)	Professional Services	4.00% (L + 3.50%)	6/1/2026	5,970,000	5,955,902	5,977,463	1.3 %
Proofpoint, Inc. (7)	IT Services	3.75% (L + 3.25%)	6/9/2028	5,000,000	4,976,654	4,987,125	1.1 %
PS Holdco, LLC (8)	Road and Rail	5.00% (L + 4.25%)	10/31/2028	4,987,500	4,963,067	4,996,852	1.1 %
PT Intermediate Holdings III LLC (8)	Machinery	6.25% (L + 5.50%)	10/15/2025	2,320,000	2,296,800	2,308,400	0.5 %
PT Intermediate Holdings III LLC (8)	Machinery	6.25% (L + 5.50%)	11/1/2028	1,536,150	1,520,799	1,528,469	0.3 %
Quest Software US Holdings Inc (7)	Software	4.38% (L + 4.25%)	5/16/2025	6,934,002	6,926,135	6,936,637	1.5 %
Radiate Holdco, LLC (7)	Media	4.00% (L + 3.25%)	9/25/2026	3,000,000	2,992,599	2,993,760	0.7 %
Radiology Partners, Inc. (7)	Healthcare Providers and Services	4.35% (L + 4.25%)	7/9/2025	6,000,000	5,991,169	5,924,190	1.3 %
RC Buyer, Inc. (7)	Auto Components	4.25% (L + 3.50%)	7/28/2028	2,094,750	2,089,576	2,093,450	0.5 %
RealPage, Inc. (5)(7)	Real Estate Management and Development	3.75% (L + 3.25%)	2/18/2028	6,982,500	6,971,036	6,970,525	1.5 %
Red Planet Borrower, LLC (7)	Internet Software and Services	4.25% (L + 3.75%)	10/2/2028	7,980,000	7,940,911	7,948,080	1.8 %
Redstone Holdco 2 LP (7) (8)	IT Services	5.50% (L + 4.75%)	4/14/2028	7,980,000	7,924,198	7,645,838	1.7 %
RegionalCare Hospital Partners Holdings, Inc. (5)(7)	Healthcare Providers and Services	3.85% (L + 3.75%)	11/14/2025	5,028,873	5,019,995	5,031,363	1.1 %
Rocket Software, Inc. (7)	Software	4.75% (L + 4.25%)	11/28/2025	4,982,481	4,956,315	4,983,104	1.1 %
Rodan & Fields, LLC (7)	Textiles, Apparel and Luxury Goods	4.11% (L + 4.00%)	6/16/2025	1,732,051	1,524,775	974,279	0.2 %
Rohm Holding GMBH (4)(7)(8)	Chemicals	4.90% (L + 4.75%)	7/31/2026	8,936,606	8,917,170	8,940,314	2.0 %

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RSC Acquisition, Inc. (8)	Insurance	6.25% (L + 5.50%)	10/30/2026	1,731,928	1,714,630	1,729,763	0.4 %
RSC Acquisition, Inc. (8) (10)	Insurance	6.25% (L + 5.50%)	10/30/2026	527,108	489,464	522,402	0.1 %
RSC Acquisition, Inc. (8)	Insurance	6.25% (L + 5.50%)	9/30/2026	753,012	745,646	752,070	0.2 %
Runner Buyer Inc. (8)	Household Durables	6.25% (L + 5.50%)	10/20/2028	5,000,000	4,950,645	4,950,000	1.1 %
Ryan Specialty Group LLC (4)(7)	Insurance	3.75% (L + 3.00%)	9/1/2027	1,975,000	1,962,730	1,978,209	0.4 %
Sabert Corporation (7)(8)	Containers and Packaging	5.50% (L + 4.50%)	11/26/2026	7,122,923	7,125,462	7,131,862	1.6 %
Severin Acquisition, LLC (7)	Diversified Consumer Services	3.10% (L + 3.00%)	8/31/2025	3,721	3,599	3,708	0.0 %
Shearer's Foods, LLC (7)	Food Products	4.25% (L + 3.50%)	9/23/2027	1,691,137	1,680,722	1,688,312	0.4 %
Sophia, L.P. (7)	Software	4.25% (L + 3.50%)	10/7/2027	4,950,094	4,918,451	4,954,425	1.1 %
Sotera Health Holdings, LLC (7)	Healthcare Equipment and Supplies	3.25% (L + 2.75%)	12/11/2026	4,000,000	4,000,000	3,990,620	0.9 %
Sovos Compliance, LLC (8)	Software	5.00% (L + 4.50%)	7/28/2028	3,410,959	3,402,432	3,426,279	0.8 %
Specialty Building Products Holdings, LLC (5)(7)(8)	Building Products	4.25% (L + 3.75%)	10/5/2028	10,000,000	10,016,507	9,986,537	2.2 %
Springer Nature Deutschland GmbH (4) (7)	Media	3.75% (L + 3.00%)	8/14/2026	2,086,931	2,082,809	2,091,167	0.5 %
Summer BC Holdco B LLC (4)(8)	Media	5.25% (L + 4.50%)	12/4/2026	4,987,500	4,993,734	4,990,617	1.1 %
Surf Holdings, LLC (7)	IT Services	3.69% (L + 3.50%)	1/15/2027	1,970,012	1,881,892	1,957,700	0.4 %
Surgery Center Holdings, Inc. (7)	Healthcare Providers and Services	4.50% (L + 3.75%)	9/3/2026	4,714,375	4,692,584	4,718,807	1.0 %
Talen Energy Supply, LLC (7)	Independent Power and Renewable Electricity Producers	3.85% (L + 3.75%)	6/26/2026	3,866,834	3,675,471	3,450,086	0.8 %
Tecta America Corp. (7) (8)	Construction and Engineering	5.00% (L + 4.25%)	4/6/2028	6,172,249	6,180,294	6,183,822	1.4 %
The Edelman Financial Engines Centre, LLC (7)	Diversified Financial Services	4.25% (L + 3.50%)	4/7/2028	7,939,714	7,850,378	7,945,193	1.8 %
Thryv, Inc. (4)(7)	Professional Services	9.50% (L + 8.50%)	2/18/2026	6,011,096	6,022,690	6,116,290	1.4 %
TIBCO Software Inc (7)	Software	3.85% (L + 3.75%)	6/30/2026	2,955,000	2,948,675	2,936,530	0.6 %
Tidal Power Holdings, LLC (4)(7)	Independent Power and Renewable Electricity Producers	4.75% (L + 3.75%)	4/1/2027	4,252,248	4,229,645	4,300,086	0.9 %
Tiger Acquisition, LLC (7)	Industrial Conglomerates	3.75% (L + 3.25%)	5/19/2028	2,992,500	2,981,347	2,978,076	0.7 %
Titan US Finco, LLC (4) (8)	Media	4.50% (L + 4.00%)	10/6/2028	6,000,000	5,985,062	5,994,990	1.3 %
Torrid, LLC (4)(8)	Specialty Retail	6.25% (L + 5.50%)	5/19/2028	2,000,000	2,022,001	2,017,500	0.4 %
Tory Burch LLC (7)	Specialty Retail	3.50% (L + 3.00%)	4/14/2028	1,990,000	1,971,658	1,990,000	0.4 %

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Tosca Services, LLC (7)	Containers and Packaging	4.25% (L + 3.50%)	8/18/2027	2,970,000	2,957,856	2,968,159	0.7 %
Traverse Midstream Partners LLC (7)	Oil, Gas and Consumable Fuels	5.25% (C + SCA + 4.25%)	9/27/2024	5,673,975	5,385,313	5,659,819	1.2 %
Triton Water Holdings, Inc. (7)	Food Products	4.00% (L + 3.50%)	3/31/2028	4,975,001	4,958,709	4,928,360	1.1 %
Truck Hero, Inc. (7)	Auto Components	4.00% (L + 3.25%)	1/20/2028	7,051,725	7,041,693	7,028,066	1.6 %
U.S. Renal Care, Inc. (7) (8)	Healthcare Providers and Services	5.13% (L + 5.00%)	6/26/2026	8,911,817	8,759,285	8,690,180	1.9 %
U.S. Renal Care, Inc. (7)	Healthcare Providers and Services	6.50% (L + 5.50%)	6/26/2026	498,750	492,009	490,022	0.1 %
U.S. Silica Company (4) (7)	Metals and Mining	5.00% (L + 4.00%)	4/25/2025	7,945,544	7,762,054	7,786,633	1.7 %
Ultimate Software Group, The (7)	Software	3.85% (L + 3.75%)	4/8/2026	4,411,006	4,392,996	4,403,727	1.0 %
United Airlines, Inc. (4) (7)	Airlines	4.50% (L + 3.75%)	4/21/2028	7,967,400	8,034,531	8,014,009	1.8 %
Univision Communications Inc. (7)	Media	4.00% (L + 3.25%)	3/13/2026	4,121,311	4,008,960	4,135,798	0.9 %
US Radiology Specialists, Inc. (5)(7)	Healthcare Providers and Services	6.00% (L + 5.25%)	12/10/2027	8,970,000	8,862,961	8,976,997	2.0 %
VeriFone Systems, Inc. (7)	Commercial Services and Supplies	4.18% (L + 4.00%)	8/20/2025	2,976,982	2,936,772	2,930,095	0.6 %
Verscend Holding Corp. (7)	Healthcare Technology	4.10% (L + 4.00%)	8/27/2025	6,126,073	6,110,295	6,132,199	1.4 %
Vision Solutions, Inc. (7)	IT Services	4.75% (L + 4.00%)	4/24/2028	9,975,000	9,944,077	9,975,000	2.2 %
Watlow Electric Manufacturing Company (5)(7)	Electrical Equipment	4.25% (L + 3.75%)	3/2/2028	5,101,525	5,115,092	5,103,132	1.1 %
Whatabbrands LLC (7)	Hotels, Restaurants and Leisure	3.75% (L + 3.25%)	7/21/2028	2,400,000	2,388,461	2,394,948	0.5 %
White Cap Buyer LLC (5) (7)(8)	Building Products	4.50% (L + 4.00%)	10/8/2027	6,959,924	6,949,443	6,974,923	1.5 %
Wilsonart LLC (7)(8)	Building Products	4.50% (L + 3.50%)	12/18/2026	7,949,623	7,945,181	7,958,765	1.8 %
Zelis Cost Management Buyer, Inc. (7)	Healthcare Technology	3.60% (L + 3.50%)	9/30/2026	4,792,714	4,784,986	4,767,408	1.1 %
<b>Total First Lien Senior Secured</b>				<b>1,012,130,228</b>	<b>\$ 1,003,839,402</b>	<b>\$ 1,007,407,474</b>	<b>222.4 %</b>

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<b>Second Lien Senior Secured<sup>(2)</sup></b>							
Almonde, Inc. (5)	Software	8.25% (L + 7.25%)	4/28/2025	3,000,000	3,003,750	3,000,345	0.7 %
ARC Falcon I Inc. (7)	Chemicals	7.50% (L + 7.00%)	9/24/2029	2,000,000	1,980,393	1,980,000	0.4 %
Artera Services, LLC (7)	Construction and Engineering	8.25% (L + 7.25%)	3/6/2026	7,810,000	7,423,359	7,731,900	1.7 %
Aruba Investments, Inc. (7)	Chemicals	8.50% (L + 7.75%)	10/27/2028	2,350,000	2,316,709	2,373,500	0.5 %
Asurion, LLC (5)(7)	Insurance	5.35% (L + 5.25%)	1/19/2029	6,000,000	5,960,590	5,983,140	1.3 %
Curium BidCo S.a.r.l. (4) (5)	Pharmaceuticals	8.50% (L + 7.75%)	10/27/2028	3,000,000	3,052,500	3,033,750	0.7 %
DCert Buyer, Inc. (7)	IT Services	7.10% (L + 7.00%)	2/19/2029	1,500,000	1,496,858	1,506,248	0.3 %
Energy Acquisition LP (5)	Electrical Equipment	8.50% (L + 8.50%)	6/25/2026	2,812,400	2,720,196	2,624,320	0.6 %
Epicor Software Corporation (5)(7)	Software	8.75% (L + 7.75%)	7/31/2028	3,000,000	3,041,862	3,077,505	0.7 %
Help/Systems Holdings, Inc.	Software	7.50% (L + 6.75%)	11/19/2027	3,656,217	3,665,199	3,657,752	0.8 %
Idera, Inc.	IT Services	7.50% (L + 6.75%)	2/5/2029	3,000,000	3,029,512	3,007,500	0.7 %
Infinite Bidco LLC (5)(7)	Electronic Equipment, Instruments and Components	7.50% (L + 7.00%)	2/24/2029	2,743,333	2,738,086	2,760,479	0.6 %
Inmar, Inc. (7)	Professional Services	9.00% (L + 8.00%)	5/1/2025	5,000,000	5,007,347	5,012,500	1.1 %
Ivanti Software, Inc. (5)	Software	7.75% (L + 7.25%)	12/1/2028	2,000,000	2,000,000	2,005,010	0.4 %
Magenta Buyer LLC	Software	9.00% (L + 8.25%)	5/3/2029	3,000,000	2,985,021	2,987,820	0.7 %
Peraton Corp.	IT Services	8.50% (L + 7.75%)	2/26/2029	3,000,000	3,066,820	3,048,750	0.7 %
Pretium PKG Holdings, Inc. (7)	Containers and Packaging	7.25% (L + 6.75%)	9/21/2029	2,000,000	1,980,887	1,998,750	0.4 %
Quest Software US Holdings Inc (7)	Software	8.38% (L + 8.25%)	5/18/2026	3,347,000	3,331,490	3,351,535	0.7 %
TIBCO Software Inc (5)	Software	7.35% (L + 7.25%)	2/28/2028	2,500,000	2,509,375	2,513,013	0.6 %
Vision Solutions, Inc.	IT Services	8.00% (L + 7.25%)	4/23/2029	3,000,000	3,007,499	3,004,695	0.7 %
<b>Total Second Lien Senior Secured</b>				<b>64,718,950</b>	<b>64,317,453</b>	<b>64,658,512</b>	<b>14.3 %</b>
<b>Corporate Bonds</b>							
Diebold Inc (4)	Diversified Consumer Services	8.50%	4/15/2024	1,000,000	1,002,202	1,000,071	0.3 %
KOBE US Midco 2 Inc	Chemicals	9.25%	11/1/2026	1,900,000	1,881,394	1,947,500	0.4 %
<b>Total Corporate Bonds</b>				<b>2,900,000</b>	<b>2,883,596</b>	<b>2,947,571</b>	<b>0.7 %</b>

**Palmer Square Capital BDC Inc.**  
**Consolidated Schedule of Investments**  
**As of December 31, 2021**

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Principal / Par</b>	<b>Amortized Cost<sup>(1)(6)</sup></b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
<b>Convertible Bonds</b>							
Dish Network Corp (4)	Media	3.38%	8/15/2026	1,000,000	1,021,974	942,069	0.2 %
<b>Total Convertible Bonds</b>				<b>1,000,000</b>	<b>1,021,974</b>	<b>942,069</b>	<b>0.2 %</b>
<b>Total Debt Investments</b>				<b>1,080,749,178</b>	<b>\$ 1,072,062,425</b>	<b>\$ 1,075,955,626</b>	<b>237.6 %</b>
<b>CLO Mezzanine<sup>(2)</sup></b>							
522 Funding CLO 2020-6, Ltd. (4)	Structured Note	8.17% (L + 8.04%)	10/23/2034	2,800,000	2,717,549	2,738,208	0.6 %
Barings CLO Ltd (4)	Structured Note	6.88% (L + 6.75%)	1/20/2028	2,000,000	1,922,263	1,892,175	0.4 %
Carlyle US CLO 2020-2, Ltd (4)	Structured Note	8.66% (L + 8.53%)	1/25/2035	4,000,000	3,880,576	3,911,604	0.9 %
Elmwood CLO III Ltd. (4)	Structured Note	7.86% (L + 7.74%)	10/20/2034	2,000,000	1,921,030	1,905,811	0.4 %
GoldenTree Loan Management US 2020-7A (4)	Structured Note	7.88% (L + 7.50%)	4/20/2034	2,000,000	1,886,090	1,900,494	0.4 %
GoldenTree Loan Management US 2021-10A (4)	Structured Note	7.92% (L + 7.79%)	7/20/2034	1,250,000	1,213,704	1,187,520	0.3 %
GoldenTree Loan Management US 2021-9A (4)	Structured Note	6.88% (L + 6.75%)	1/20/2033	2,000,000	1,886,518	1,877,447	0.4 %
HPS Loan Management Series 15A-19 (4)	Structured Note	6.73% (L + 6.60%)	7/22/2032	1,500,000	1,409,524	1,485,842	0.3 %
Magnetite CLO Ltd 2015-16A (4)	Structured Note	6.62% (L + 6.50%)	1/18/2028	1,000,000	810,847	946,886	0.2 %
Thayer Park CLO, Ltd. (4)	Structured Note	9.00% (L + 8.87%)	4/20/2034	1,300,000	1,259,186	1,259,407	0.3 %
<b>Total CLO Mezzanine</b>				<b>19,850,000</b>	<b>18,907,287</b>	<b>19,105,394</b>	<b>4.2 %</b>
<b>CLO Equity</b>							
Ares CLO LTD 2021-62A (4)	Structured Subordinated Note	NA	1/25/2034	5,000,000	4,620,000	4,619,794	1.0 %
Dryden 86 CLO, Ltd. (4)	Structured Subordinated Note	NA	7/17/2030	6,000,000	4,695,000	4,734,172	1.0 %
Long Point Park CLO, Ltd. (4)	Structured Subordinated Note	NA	1/17/2030	6,358,000	4,332,977	4,430,826	1.0 %
Regatta XII Funding Ltd. (4)	Structured Subordinated Note	NA	10/15/2032	6,000,000	4,710,000	4,714,852	1.0 %
Stratus CLO Series 2021-1A (4)	Structured Subordinated Note	NA	12/29/2029	2,000,000	1,743,200	1,754,156	0.5 %
<b>Total CLO Equity</b>				<b>25,358,000</b>	<b>20,101,177</b>	<b>20,253,800</b>	<b>4.5 %</b>

**Palmer Square Capital BDC Inc.**  
**Consolidated Schedule of Investments**  
**As of December 31, 2021**

<b>Portfolio Company<sup>(3)</sup></b>	<b>Industry</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Number of</b>		<b>Fair Value</b>	<b>Percentage of Net Assets</b>
				<b>Shares</b>	<b>Cost</b>		
Custom Truck One Source Inc (4)	Commercial Services and Supplies	NA	NA	100,000	500,000	800,000	0.2 %
<b>Total Equity Investments</b>				<b>100,000</b>	<b>500,000</b>	<b>800,000</b>	<b>0.2 %</b>
<b>Total Equity and Other Investments</b>				<b>45,308,000</b>	<b>39,508,464</b>	<b>40,159,194</b>	<b>8.9 %</b>
<b>Short-Term Investments</b>				<b>Number of Shares</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Percentage of Net Assets</b>
Fidelity Investments Money Market Government Portfolio - Institutional Class, 0.01% (9)				78,142,764	78,142,764	78,142,764	17.3 %
<b>Total Short-Term Investments</b>				<b>78,142,764</b>	<b>\$ 78,142,764</b>	<b>\$ 78,142,764</b>	<b>17.3 %</b>
<b>Total Investments</b>					<b>\$ 1,189,713,653</b>	<b>\$ 1,194,257,584</b>	<b>263.8 %</b>
Liabilities in Excess of Other Assets						(741,459,996)	(163.8) %
<b>Net Assets</b>						<b>\$ 452,797,588</b>	<b>100.0 %</b>

- (1) The amortized cost represents the original cost adjusted for the amortization of discounts and premiums, as applicable, on debt investments using the effective interest method.
- (2) Loan contains a variable rate structure, subject to an interest rate floor. Variable rate loans bear interest at a rate that may be determined by reference to either the London Interbank Offered Rate ("LIBOR" or "L") (which can include one-, two-, three- or six-month LIBOR), SOFR + Credit Spread Adjustment (S+CSA), where the Credit Spread Adjustment is a defined additional spread amount based on the tenor of SOFR the borrower selects, or an alternate base rate (which can include the Federal Funds Effective Rate or the Prime Rate), at the borrower's option, and which reset periodically based on the terms of the loan agreement. For the holdings as of 12/31/21 that have S+CSA as the base rate, the CSA is 10bp for 1M SOFR, 15bp for 3M SOFR, and 25bp for 6M SOFR. For the avoidance of doubt, loan floors apply to S+CSA, not S.
- (3) As of December 31, 2021, all investments are non-controlled, non-affiliated investments. Non-controlled, non-affiliated investments are defined as investments in which the Company owns less than 5% of the portfolio company's outstanding voting securities and does not have the power to exercise control over the management or policies of such portfolio company.
- (4) Non-qualifying investment as defined by Section 55(a) of the Investment Company Act of 1940. The Company may not acquire any non-qualifying asset unless, at the time of acquisition, qualifying assets represent at least 70% of the Company's total assets. As of December 31, 2021, 13.3% of the Company's total assets were in non-qualifying investments.
- (5) Investments or a portion of investments are unsettled as of December 31, 2021.
- (6) As of December 31, 2021, the tax cost of the Company's investments approximates their amortized cost.
- (7) Security or portion thereof held within Palmer Square BDC Funding I, LLC ("PS BDC Funding") and is pledged as collateral supporting the amounts outstanding under a revolving credit facility with Bank of America, N.A. ("BofA N.A.") (see Note 6 to the consolidated financial statements).
- (8) Security or portion thereof held within Palmer Square BDC Funding II, LLC ("PS BDC Funding II") and is pledged as collateral supporting the amounts outstanding under a revolving credit facility with Wells Fargo Bank, National Association ("WFB") (see Note 6 to the consolidated financial statements).
- (9) 7-day effective yield as of December 31, 2021.
- (10) Of the \$3,765,060 commitment to RSC Acquisition, Inc., \$3,237,952 was unfunded as of December 31, 2021.

**The accompanying notes are an integral part of these consolidated financial statements.**

**Note 1. Organization**

*Organization*

Palmer Square Capital BDC Inc. (the “Company”) is a financial services company that primarily lends to and invests in corporate debt securities of companies, including small to large private U.S. companies. The Company was organized as a Maryland corporation on August 26, 2019 and is structured as an externally managed, non-diversified closed-end management investment company. The Company has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). Beginning with its taxable year ending December 31, 2020, the Company has elected to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”) and expects to qualify as a RIC each year thereafter. The Company commenced operations on January 23, 2020. Palmer Square BDC Funding I, LLC (“PS BDC Funding”) was formed on January 21, 2020 and entered into a senior, secured revolving credit facility with Bank of America, N.A. (“BofA N.A.”) Palmer Square BDC Funding II LLC (“PS BDC Funding II”) was formed on September 8, 2020 and entered into a senior, secured credit facility with Wells Fargo, National Association (“WFB”).

The Company’s investment objective is to maximize total return, comprised of current income and capital appreciation. The Company’s current investment focus is guided by two strategies that facilitate its investment opportunities and core competencies: (1) investing in corporate debt securities and, to a lesser extent, (2) investing in collateralized loan obligation (“CLO”) structured credit funds that typically own corporate debt securities, including the equity and junior debt tranches of CLOs. To a limited extent, the Company may enter into derivatives transactions, which may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of the Company’s portfolio positions from changes in currency exchange rates and market interest rates or to earn income and enhance the Company’s total returns. The Company may receive or purchase warrants or rights to acquire equity or other securities in connection with making a debt investment in a company. During the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, the Company did not invest in any derivative contracts.

The Company is externally managed by Palmer Square BDC Advisor LLC (the “Investment Advisor”), an investment adviser that is registered with the Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, pursuant to an investment advisory agreement between the Company and the Investment Advisor (the “Advisory Agreement”). The Investment Advisor, in its capacity as administrator (the “Administrator”), provides the administrative services necessary for the Company to operate pursuant to an administration agreement between the Company and the Administrator (the “Administration Agreement”). The Company’s fiscal year ends on December 31.

The Company has two wholly-owned subsidiaries: PS BDC Funding, a special purpose wholly-owned subsidiary established for utilizing the Company’s revolving credit facility with BofA N.A., and PS BDC Funding II, a special purpose wholly-owned subsidiary established for utilizing the Company’s credit facility with WFB. These subsidiaries are consolidated in the financial statements of the Company.

On January 22, 2024, the Company completed its initial public offering (“IPO”), issuing 5,450,000 shares of common stock, par value \$0.001, at a public offering price of \$16.45 per share. The Company’s common stock began trading on the New York Stock Exchange under the symbol “PSBD” on January 18, 2024. See Note 13 “Subsequent Events.”

**Note 2. Significant Accounting Policies**

The Company is an investment company and applies specific accounting and financial reporting requirements under Financial Accounting Standards Board (“FASB”) Accounting Standards Topic 946, *Financial Services-Investment Companies*. The Company’s functional currency is U.S. dollars (“USD”) and these consolidated financial statements have been prepared in that currency. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to Regulation S-X.

#### *Use of Estimates*

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from those estimates.

#### *Indemnifications*

In the normal course of business, the Company enters into contracts that contain a variety of representations which provide general indemnifications. The Company's maximum exposure under these arrangements cannot be known; however, the Company expects any risk of loss to be remote.

#### *Cash and Cash Equivalents*

Cash is comprised of cash on deposit with major financial institutions. Cash equivalents consist of highly liquid investments with original maturities of three months or less. The Company places its cash with high credit quality institutions to minimize credit risk exposure.

#### *Debt Issuance Costs*

The Company records origination and other expenses related to its debt obligations as deferred financing costs. These expenses are deferred and amortized over the life of the related debt instrument. Debt issuance costs are presented on the consolidated statement of assets and liabilities as a direct deduction from the debt liability. In circumstances in which there is not an associated debt liability amount recorded in the consolidated financial statements when the debt issuance costs are incurred, such debt issuance costs will be reported on the consolidated statement of assets and liabilities as an asset until the debt liability is recorded. As of **December 31, 2021** December 31, 2023, the balance of debt issuance costs was **\$2.1 million**, **\$1.6 million**, representing deferred financing costs of **\$3.4 million** **\$3.2 million** less accrued interest of **\$1.3 million** **\$4.8 million**, included in BoA Credit Facility and WF Credit Facility (each as defined below), net of **\$649.9 million** **\$641.8 million** on the consolidated statement of assets and liabilities. As of December 31, 2022, the balance of debt issuance costs was **\$(0.1) million**, representing deferred financing costs of **\$2.4 million** less accrued interest of **\$2.5 million**, included in BoA Credit Facility and WF Credit Facility (each as defined below), net of **\$641.3 million** on the consolidated statement of assets and liabilities.

#### *Income Taxes*

The Company has elected to be treated as a RIC under Subchapter M of the Code. So long as the Company maintains its status as a RIC, it generally will not pay corporate-level U.S. federal income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends.

To qualify as a RIC, the Company must, among other things, meet certain source-of-income and asset diversification requirements. In addition, to qualify for RIC tax treatment, the Company must distribute to its stockholders, for each taxable year, at least 90% of its "investment company taxable income" for that year, which is generally its ordinary income plus the excess of its realized net short-term capital gains over its realized net long-term capital losses. In order for the Company not to be subject to U.S. federal excise taxes, it must distribute annually an amount at least equal to the sum of (i) 98% of its net ordinary income (taking into account certain deferrals and elections) for the calendar year, (ii) 98.2% of its capital gains in excess of capital losses for the one year period ending October 31 in such calendar year and (iii) any net ordinary income and capital gains in excess of capital losses for preceding years that were not distributed during such years. The Company, at its discretion, may carry forward taxable income in excess of calendar year dividends and pay a 4% nondeductible U.S. federal excise tax on this income.

The Company evaluates tax positions taken or expected to be taken in the course of preparing its consolidated financial statements to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are reserved and recorded as a tax benefit or expense in the current year. All penalties and interest associated with income taxes are included in income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, on-going analyses of tax laws, regulations and interpretations thereof.

#### *Basis of Consolidation*

As provided under ASC 946, the Company will generally not consolidate its investment in a company other than a substantially wholly owned investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Accordingly, the Company consolidated the results of the Company's wholly owned investment company subsidiaries (PS BDC Funding and PS BDC Funding II) in its consolidated financial statements.

#### *Interest and Dividend Income Recognition*

Interest income is recorded on the accrual basis and includes amortization of premiums or accretion of discounts. Discounts and premiums to par value on securities purchased are accreted and amortized, respectively, into interest income over the contractual life of the respective security using the effective interest method. The amortized cost of investments represents the original cost adjusted for the amortization of premiums or accretion of discounts, if any. Upon prepayment of a loan or debt security, any prepayment premiums, unamortized upfront loan origination fees, paydown gains/losses and unamortized discounts are recorded as interest income in the current period.

Dividend income on preferred equity securities is recorded on the accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities and money market funds is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly-traded portfolio companies.

#### *Non-Accrual Status*

Loans are generally placed on non-accrual status when there is reasonable doubt that principal or interest will be collected in full. Accrued interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid current and, in management's judgment, are likely to remain current. Management may make exceptions to this treatment and determine not to place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection.

Management reviews all loans that have principal or interest that is 90 days past due, or when there is reasonable doubt as to the collection of principal or interest to determine if a loan will be placed on non-accrual status. When a loan is placed on non-accrual status, the accrued interest and unpaid interest is generally reversed, and any discount (market or original) is no longer accreted to interest income. Interest payments received while a loan is on non-accrual status may be applied to principal or recognized as income, as determined by management's judgement regarding collectability.

A loan may be taken off non-accrual status if past due payments are made, and if management determines the issuer is likely to remain current on future payments. Management may make exceptions to this policy if the loan has sufficient collateral value or is in the process of collection. Management may also leave a loan on accrual status while actively seeking recovery of past due payment. As of December 31, 2022, December 31, 2023 and 2022 the Company had no portfolio investments on non-accrual status.

#### *Other Income*

From time to time, the Company may receive fees for services provided to portfolio companies. These fees are generally only available to the Company as a result of closing investments, are normally paid at the closing of the investments, are generally non-recurring and are recognized as revenue when earned upon closing of the investment. The services that the Investment Advisor provides vary by investment, but can include closing, work, diligence or other similar fees and fees for providing managerial assistance to the Company's portfolio companies. In addition, the Company may generate revenue in the form of consent, waiver, amendment, unused, and prepayment fees associated with the Company's investment activities and commitment, origination, organization, structuring or diligence fees, monitoring fees and possibly consulting and performance- based fees.

#### *Offering Costs*

Offering costs in connection with the offering of common stock of the Company are capitalized as a deferred charge and amortized to expense on a straight-line basis over 12 months from the commencement of operations, January 23, 2020. These expenses consist primarily of legal fees and other costs incurred with the Company's share offerings, the preparation of the Company's registration statement, and registration fees.

#### *Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation*

The Company measures realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized upfront fees and prepayment penalties. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

#### *New Accounting Pronouncements*

In March 2020, the FASB issued Accounting Standards Update 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting (“ASU 2020-04”). The guidance provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. ASU 2020-04 was effective for all entities as of March 12, 2020 through December 31, 2022. In December 2022 the FASB issued Accounting Standards Update 2022-06, Reference Rate Reform (Topic 848) – Deferral of the Sunset Date of Topic 848 which extended the effective period through December 31, 2024.

On July 26, 2023, the SEC adopted amendments intended to enhance and standardize disclosures related to cybersecurity. The amendments require timely disclosure of material cybersecurity incidents and annual disclosures related to cybersecurity risk management, strategy, and governance. The disclosures are effective beginning with annual reports for fiscal years ending on or after December 15, 2023. The Company has evaluated the impact of adoption on its consolidated financial statements and is effective for the current filing.

#### **Note 3. Agreements and Related Party Transactions**

##### *Administration Agreement*

The Company has entered into the Administration Agreement with the Administrator. Pursuant to the Administration Agreement, the Administrator furnishes office facilities and equipment and provides clerical, bookkeeping, compliance, recordkeeping and other administrative services at such facilities. Under the Administration Agreement, the Administrator performs, or oversees the performance of, required administrative services, which include being responsible for the financial and other records that the Company is required to maintain and preparing reports to stockholders and reports and other materials filed with the SEC. In addition, the Administrator assists the Company in determining and publishing the Company's net asset value, overseeing the preparation and filing of tax returns and the printing and dissemination of reports and other materials to stockholders, and generally overseeing the payment of expenses and the performance of administrative and professional services rendered to the Company by others. Under the Administration Agreement, the Administrator also provides managerial assistance on the Company's behalf to those portfolio companies that have accepted the offer to provide such assistance.

Under the Administration Agreement, the Company reimburses the Administrator based upon its allocable portion of the Administrator's overhead (including rent) in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions and the Company's allocable portion of the cost of its officers (including the Company's Chief Financial Officer and Chief Compliance Officer), and any of their respective staff who provide services to the Company, operations staff who provide services to the Company, and internal audit staff, if any, to the extent internal audit performs a role in the Company's Sarbanes-Oxley internal control assessment. In addition, if requested to provide managerial assistance to portfolio companies, the Administrator is reimbursed based on the services provided. The Administration Agreement has an initial term of two years and may be renewed with the approval of the Company's board of directors (the “Board”). The agreement was renewed during the year for an additional one year period. The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other party. To the extent that the Administrator outsources any of its functions, the Company pays the fees associated with such functions on a direct basis without any incremental profit to the Administrator.

In addition, the Administrator has, pursuant to a sub-administration agreement, engaged U.S. Bancorp Fund Services, LLC to act on behalf of the Company's Administrator in the performance of certain other administrative services. The Company has also engaged U.S. Bank, National Association Equiniti Trust Company, LLC or its affiliates (“US Bank” Equiniti”) directly to serve as **custodian, transfer agent, registrar and dividend disbursing agent** and engaged U.S. Bank or its affiliates directly to serve as **custodian**. Prior to the Company's engagement of Equiniti upon the closing of the IPO, U.S. Bank served as the Company's transfer agent, distribution paying agent and registrar.

##### *Investment Advisory Agreement*

The Investment Advisor serves as the investment adviser of the Company and is registered as an investment adviser with the SEC. The Investment Advisor's primary business is to provide a variety of investment management services, including an investment program for the Company. The Investment Advisor is responsible for all business activities and oversight of the investment decisions made for the Company.

In

Subsequent to the IPO, in return for providing management services to the Company, the Company pays the Investment Advisor a base management fee, calculated and paid quarterly in arrears at an annual rate of ~~2.00%~~ 1.75% of the average value of the weighted average (based on the number of shares outstanding each day in the quarter) of the Company's total net assets at the end of the two most recently completed calendar quarters. The base management fee for any partial quarter will be pro-rated based on the number of days actually elapsed in that quarter relative to the total number of days in such quarter.

Prior to the IPO, the base management fee was 2.00% of the average value of the weighted average (based on the number of shares outstanding each day in the quarter) of the Company's total net assets at the end of the two most recently completed calendar quarters. The Investment Advisor, however, has during any period prior to the IPO, agreed to waive its right to receive management fees in excess of an annual rate of 1.75% of the average value of the weighted average total net assets during any period prior to at the listing end of the Company's common stock on a national securities exchange (a "Listing"). If a Listing does not occur, such fee waiver will remain in place through liquidation each of the Company, our two most recently completed calendar quarters. The Investment Advisor will not be permitted to recoup any base management fees waived amounts at for any period of time and the waiver may only be modified or terminated prior to a Listing with the approval of the Board, IPO.

Additionally, pursuant to the Advisory Agreement, the Investment Advisor is not entitled to an incentive fee prior to the IPO because the Advisory Agreement provides that no incentive fee is payable prior to the listing of the Company's common stock on a Listing. Following a Listing, national securities exchange. Effective upon completion of the IPO, the Investment Advisor will be entitled to an incentive fee (the "Income Incentive Fee") based on the Company's pre-incentive fee net investment income for the then most recently completed calendar quarter, as adjusted downward (but not upward) if over the most recently completed and three preceding calendar quarters since the IPO (or if shorter, the number of calendar quarters since the IPO) (each such period is referred to herein as the "Trailing Twelve Quarters") aggregate net realized losses on the Company's investments exceed the Company's aggregate net investment income over the same period, excluding the most recently completed quarter, as described in more detail below. In this regard, if the Company's net realized losses over the most recently completed and three preceding Trailing Twelve Quarters since the IPO (or if shorter, the number of calendar quarters since the IPO) are greater than the Company's net investment income over the same period, excluding the most recently completed quarter, then the pre-incentive fee net income used in the calculation of the Income Incentive Fee would be subject to a downward adjustment. The amount of the adjustment would be equal to the amount by which such net realized losses exceed such net investment income. On the other hand, if the Company's net investment income over the most recently completed and three preceding Trailing Twelve Quarters since the IPO (or if shorter, the number of calendar quarters since the IPO) is equal to or greater than the Company's net realized losses over the same period, excluding the most recently completed quarter, then no adjustment to pre-incentive fee net investment income would be made. The Income Incentive Fee will be calculated and payable quarterly in arrears commencing with the first calendar quarter following a Listing. The Company will pay the Investment Advisor an Income Incentive Fee with respect to its "adjusted net investment income" in each calendar quarter as follows:

- no Income Incentive Fee in any calendar quarter in which the Company's "adjusted net investment income" does not exceed an amount equal to a "hurdle rate" of 1.5% per quarter (6% annualized) of the Company's total net assets at the end of that quarter (the "Hurdle Amount");
- 100% of the Company's "adjusted net investment income" with respect to that portion of such "adjusted net investment income," if any, that exceeds the Hurdle Amount but is less than or equal to an amount (the "Catch-Up Amount") determined on a quarterly basis by multiplying 1.6875% by the Company's total net asset value for the immediately preceding calendar quarter. The Catch-Up Amount is intended to provide the Investment Advisor with an incentive fee of 12.5% on all of the Company's "adjusted net investment income" when the Company's "adjusted net investment income" reaches the Catch-Up Amount in any calendar quarter; and
- for any calendar quarter in which the Company's "adjusted net investment income" exceeds the Catch-Up Amount, the Income Incentive Fee shall equal 12.5% of the amount of the Company's "adjusted net investment income" for the calendar quarter.

"Adjusted net investment income" means the Company's "pre-incentive fee net investment income" during the then most recently completed calendar quarter minus the difference, if positive, between (i) the Company's "net realized losses" over the then most recently completed and three preceding calendar quarters Trailing Twelve Quarters (or if shorter, the number of calendar quarters that have occurred since the Listing) IPO and (ii) the Company's "net investment income" over the three preceding Trailing Twelve Quarters (excluding the then most recently completed calendar quarters (or if shorter, the number of calendar quarters that have occurred since the Listing) quarter). No adjustment (downward or upward) will be made to "pre-incentive fee net investment income" if the difference between clause (i) minus clause (ii) is zero or negative.

"Pre-incentive fee net investment income" means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including the base management fee, any expenses payable under the Administration Agreement, and any interest expense and dividends paid on any outstanding preferred stock, but excluding the Income Incentive Fee). "Pre-incentive fee net investment income" includes, in the case of investments with a deferred interest feature such as market discount, original issue discount ("OID"), debt instruments with payment-in-kind ("PIK") interest, preferred stock with PIK dividends and zero-coupon securities, accrued income that the Company has not yet received in cash.

"Net realized losses" in respect of a particular period means the difference, if positive, between (i) the aggregate realized capital losses on the Company's investments in such period and (ii) the aggregate realized capital gains on the Company's investments in such period. As noted above, "net realized losses" will not by itself cause an upward adjustment to adjusted net investment income. "Net investment income" in respect of the particular period means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies but excluding fees for providing managerial assistance) accrued during the particular period, minus operating expenses for the particular period (including the base management fee, the Income Incentive Fee, any expenses payable under the Administration Agreement, and any interest expense and dividends paid on any outstanding preferred stock). "Net investment income" includes, in the case of investments with a deferred interest feature such as market discount, OID, debt instruments with PIK interest, preferred stock with PIK dividends and zero-coupon securities, accrued income that the Company has not yet received in cash.

The Income Incentive Fee amount, or the calculations pertaining thereto, as appropriate, will be pro-rated for any period less than a full calendar quarter.

Effective upon completion of the IPO, the Investment Advisor has also agreed to use the most recently completed and three preceding calendar quarters (each such period is referred to herein as the "Trailing Four Quarters") in addition to the Trailing Twelve Quarters to compute the incentive fee payable to it by the Company. In conjunction therewith, the Investment Advisor has agreed to calculate the incentive fee based on the Trailing Twelve Quarters and the Trailing Four Quarters and in the event that any Trailing Four Quarter period calculation produces a lower incentive fee as compared to the applicable Trailing Twelve Quarter period calculation for any quarterly period, then the Trailing Four Quarter Period will be used in connection with the calculation of the incentive fee payable to the Investment Advisor by the Company for such quarter.

The Investment Advisor has agreed to pay all offering costs in connection with the IPO. These expenses consist primarily of legal fees and other costs incurred with the Company's share offerings, the preparation of the Company's registration statement, and registration fees. The Company is not obligated to repay any such offering costs paid by our Investment Advisor. As the December 31, 2023, the balance of Due from Advisor was \$1.4 million, representing the offering costs incurred on the statement of assets and liabilities.

#### Note 4. Investments

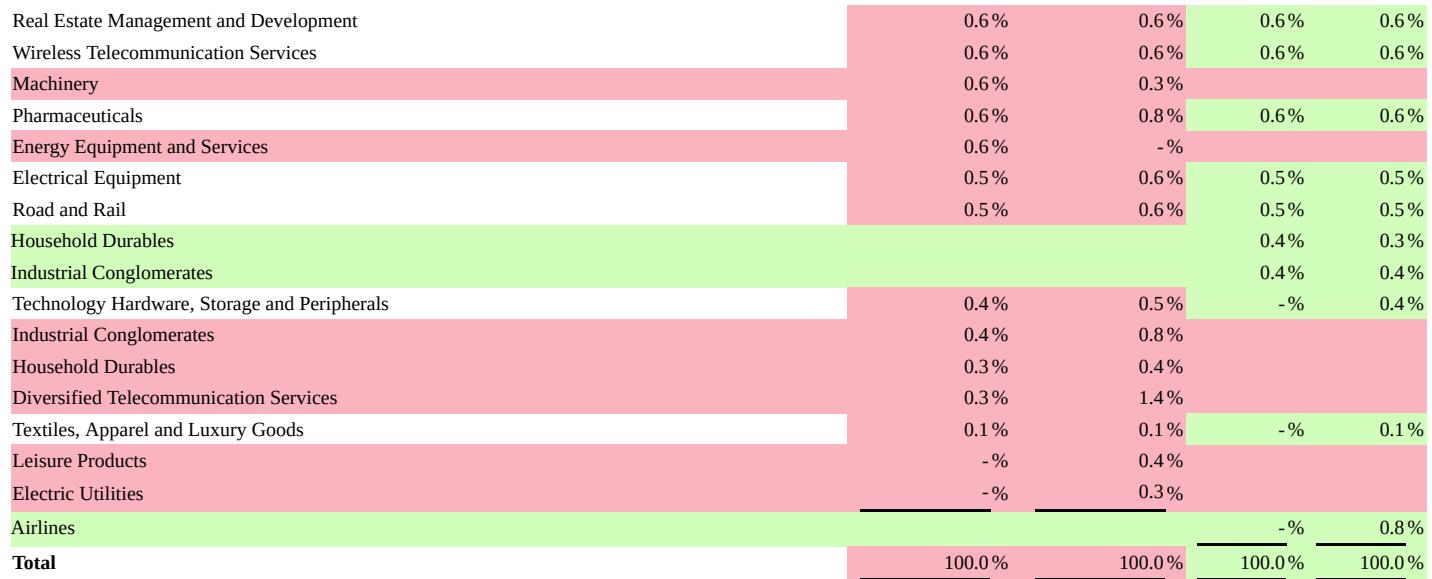
The following table presents the composition of the Company's investment portfolio at amortized cost and fair value as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022:

	December 31, 2022		December 31, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
First-lien senior secured debt	\$ 951,753,250	\$ 870,880,344	\$ 1,003,839,402	\$ 1,007,407,474
Second-lien senior secured debt	71,513,263	58,118,340	64,317,453	64,658,512
Corporate Bonds	1,884,529	1,332,888	2,883,596	2,947,571
Convertible Bond	-	-	1,021,974	942,069
CLO Mezzanine	17,589,330	14,732,721	18,907,287	19,105,394
CLO Equity	27,012,348	21,800,224	20,101,177	20,253,800
Equity	-	-	500,000	800,000
Short-term investments	50,347,215	50,347,215	78,142,764	78,142,764
<b>Total Investments</b>	<b>\$ 1,120,099,935</b>	<b>\$ 1,017,211,732</b>	<b>\$ 1,189,713,653</b>	<b>\$ 1,194,257,584</b>
December 31, 2023				
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
First-lien senior secured debt	\$ 984,089,538	\$ 952,100,626	\$ 951,753,250	\$ 870,880,344
Second-lien senior secured debt	67,449,770	55,989,218	71,513,263	58,118,340
Corporate Bonds	4,495,104	4,239,975	1,884,529	1,332,888
CLO Mezzanine	14,859,567	13,764,620	17,589,330	14,732,721
CLO Equity	24,478,438	18,953,309	27,012,348	21,800,224
Short-term investments	63,763,005	63,763,005	50,347,215	50,347,215
<b>Total Investments</b>	<b>\$ 1,159,135,422</b>	<b>\$ 1,108,810,753</b>	<b>\$ 1,120,099,935</b>	<b>\$ 1,017,211,732</b>

As of December 31, 2023, approximately 14.2% of the long-term investment portfolio at amortized cost and 14.1% of the long-term investment portfolio measured at fair value, respectively, were invested in non-qualifying assets. As of December 31, 2022, approximately 16.0% of the long-term investment portfolio at amortized cost and 16.3% of the long-term investment portfolio measured at fair value, respectively, were invested in non-qualifying assets. As of December 31, 2021 approximately 14.4% of the long-term investment portfolio at amortized cost and 14.5% of the long-term investment portfolio measured at fair value, respectively, were invested in non-qualifying assets. With respect to the Company's total assets, 14.9% 13.2% and 13.3% 14.9% of the Company's total assets were in non-qualifying assets as defined by Section 55(a) of the 1940 Act as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, respectively.

The industry composition of investments based on fair value, as a percentage of total investments at fair value, as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022 was as follows:

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Software	12.9%	10.2%	14.0%	12.9%
Healthcare Providers and Services	9.9%	10.8%	9.3%	9.9%
Professional Services			7.2%	5.9%
IT Services	8.4%	9.4%	6.7%	8.4%
Professional Services	5.9%	6.4%		
Insurance	5.8%	5.7%	5.9%	5.8%
Cash and Cash Equivalents	4.9%	6.5%		
Short Term Investments			5.8%	4.9%
Diversified Financial Services			4.2%	2.6%
Hotels, Restaurants and Leisure	3.9%	3.5%	4.2%	3.9%
Building Products	3.7%	3.0%		
Chemicals	3.3%	2.2%		
Media	3.2%	3.9%	3.7%	3.2%
Independent Power and Renewable Electricity Producers	2.8%	3.1%	3.4%	2.8%
Diversified Financial Services	2.6%	1.8%		
Aerospace and Defense	2.5%	0.9%		
Chemicals			2.9%	3.3%
Building Products			2.9%	3.7%
Construction and Engineering	2.5%	1.7%	2.6%	2.5%
Food Products			2.0%	1.3%
Auto Components			1.7%	1.9%
Structured Subordinated Note	2.1%	1.7%	1.7%	2.1%
Healthcare Technology	2.1%	2.1%		
Metals and Mining	2.0%	1.5%		
Auto Components	1.9%	1.5%		
Oil, Gas and Consumable Fuels	1.7%	3.0%		
Containers and Packaging			1.7%	1.5%
Machinery			1.6%	0.6%
Diversified Consumer Services	1.6%	0.8%	1.6%	1.6%
Containers and Packaging	1.5%	1.8%		
Structured Note	1.4%	1.6%		
Food Products	1.3%	1.1%		
Specialty Retail	1.3%	1.2%		
Commercial Services and Supplies	1.3%	1.5%		
Electronic Equipment, Instruments and Components	1.2%	1.1%	1.5%	1.2%
Internet Software and Services	1.1%	1.3%	1.4%	1.1%
Energy Equipment and Services			1.4%	0.6%
Commercial Services and Supplies			1.3%	1.3%
Structured Note			1.2%	1.4%
Aerospace and Defense			1.2%	2.5%
Metals and Mining			1.2%	2.0%
Healthcare Technology			1.0%	2.1%
Oil, Gas and Consumable Fuels			0.9%	1.7%
Diversified Telecommunication Services			0.8%	0.3%
Healthcare Equipment and Supplies	0.9%	2.0%	0.8%	0.9%
Airlines	0.8%	1.3%		
Specialty Retail			0.6%	1.3%



**Note 5. Fair Value of Investments**

Fair value is defined as the price that the Company would receive upon selling an investment or paying to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous market for the investment. Accounting guidance emphasizes that valuation techniques maximize the use of observable market inputs and minimize the use of unobservable inputs.

Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances. The valuation hierarchical levels are based upon the transparency of the inputs to the valuation of the investment as of the measurement date. The three levels are defined as follows:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 — Valuations based on inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable at the measurement date. This category includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets including actionable bids from third parties for privately held assets or liabilities, and observable inputs other than quoted prices such as yield curves and forward currency rates that are entered directly into valuation models to determine the value of derivatives or other assets or liabilities.

Level 3 — Valuations based on inputs that are unobservable and where there is little, if any, market activity at the measurement date.

Investments in private investment companies measured based upon net asset value as a practical expedient to determine fair value are not required to be categorized in the fair value hierarchy. As of December 31, 2022 December 31, 2023 and as of December 31, 2021 December 31, 2022, there were no investments accounted for using the practical expedient.

The inputs for the determination of fair value may require significant management judgment or estimation and are based upon management's assessment of the assumptions that market participants would use in pricing the assets or liabilities. These investments include debt and equity investments in private companies or assets valued using the market or income approach and may involve pricing models whose inputs require significant judgment or estimation because of the absence of any meaningful current market data for identical or similar investments. The inputs in these valuations may include, but are not limited to, capitalization and discount rates, beta and earnings before interest, taxes, depreciation, and amortization ("EBITDA") multiples. The information may also include pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimer would result in classification as Level 3 information, assuming no additional corroborating evidence.

Pricing inputs and weightings applied to determine fair value require subjective determination. Accordingly, valuations do not necessarily represent the amounts that may eventually be realized from sales or other dispositions of investments.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table presents the fair value hierarchy of investments as of December 31, 2023:

Investments:	Fair Value Hierarchy as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
First-lien senior secured debt	\$ -	\$ 952,100,626	-	\$ 952,100,626
Second-lien senior secured debt	-	55,989,218	-	55,989,218
Corporate Bonds	-	4,239,975	-	4,239,975
Convertible Bond	-	-	-	-
CLO Mezzanine	-	13,764,620	-	13,764,620
CLO Equity	-	18,953,309	-	18,953,309
Equity	-	-	-	-
Short Term Investments	63,763,005	-	-	63,763,005
<b>Total Investments</b>	<b>\$ 63,763,005</b>	<b>\$ 1,045,047,748</b>	<b>\$ -</b>	<b>\$ 1,108,810,753</b>

The following table presents the fair value hierarchy of investments as of December 31, 2022:

Investments:	Fair Value Hierarchy as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
First-lien senior secured debt	\$ -	\$ 870,880,344	\$ -	\$ 870,880,344
Second-lien senior secured debt	-	58,118,340	-	58,118,340
Corporate Bonds	-	1,332,888	-	1,332,888
CLO Mezzanine	-	14,732,721	-	14,732,721
CLO Equity	-	21,800,224	-	21,800,224
Short Term Investments	50,347,215	-	-	50,347,215
<b>Total Investments</b>	<b>\$ 50,347,215</b>	<b>\$ 966,864,517</b>	<b>\$ -</b>	<b>\$ 1,017,211,732</b>

Investments:	Fair Value Hierarchy as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
First-lien senior secured debt	\$ -	\$ 870,880,344	\$ -	\$ 870,880,344
Second-lien senior secured debt	-	58,118,340	-	58,118,340
Corporate Bonds	-	1,332,888	-	1,332,888
CLO Mezzanine	-	14,732,721	-	14,732,721
CLO Equity	-	21,800,224	-	21,800,224
Short Term Investments	50,347,215	-	-	50,347,215
<b>Total Investments</b>	<b>\$ 50,347,215</b>	<b>\$ 966,864,517</b>	<b>\$ -</b>	<b>\$ 1,017,211,732</b>

The following table presents the fair value hierarchy of investments as of December 31, 2021:

	Fair Value Hierarchy as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>Investments:</b>				
First-lien senior secured debt	\$ -	\$ 1,007,407,474	\$ -	\$ 1,007,407,474
Second-lien senior secured debt	-	64,658,512	-	64,658,512
Corporate Bonds	-	2,947,571	-	2,947,571
Convertible Bond	-	942,069	-	942,069
CLO Mezzanine	-	19,105,394	-	19,105,394
CLO Equity	-	20,253,800	-	20,253,800
Equity	800,000	-	-	800,000
Short Term Investments	78,142,764	-	-	78,142,764
<b>Total Investments</b>	<b>\$ 78,942,764</b>	<b>\$ 1,115,314,820</b>	<b>\$ -</b>	<b>\$ 1,194,257,584</b>

For the years ended December 31, 2022 and December 31, 2021, the Company did not recognize any transfers to or from Level 3.

*Debt Not Carried at Fair Value*

The fair value of the BoA Credit Facility and the WF Credit Facility, which would be categorized as Level 3 within the fair value hierarchy as of December 31, 2022 December 31, 2023, approximates their respective carrying values because the BoA Credit Facility and WF Credit Facility each have variable interest based on selected short term rates.

**Note 6. Borrowings**

In accordance with the 1940 Act, with certain limitations, BDCs are permitted to borrow amounts such that their asset coverage ratios, as defined in the 1940 Act, are at least 150% after such borrowing. As of December 31, 2022 December 31, 2023, the Company's asset coverage ratio was 157% 172%.

*Bank of America Credit Facility*

On February 18, 2020, the Company, through a special purpose wholly-owned subsidiary, PS BDC Funding (together with the Company, the "Borrowers") entered into a Credit Agreement (the "Credit Agreement") with certain financial institutions as lenders ("Lenders"), BofA N.A. as the Administrative Agent and BofA Securities, Inc. ("BofA Securities"), as Lead Arranger and Sole Book Manager, pursuant to which the Lenders agreed to provide the Company with a revolving line of credit (the "BoA Credit Facility").

Under the BoA Credit Facility, which matures on February 18, 2025, the Lenders have agreed to extend credit to PS BDC Funding in an aggregate amount up to the Commitment (as defined in the Credit Agreement) amount. The Commitment amount for the BoA Credit Facility was \$200.0 million as of the closing date of the Credit Agreement, increased to \$400.0 million on the one-month anniversary of the closing date, further increased to \$475.0 million on October 12, 2020, and further increased to is currently \$725 million on September 29, 2021. The Borrowers' ability to draw under the BoA Credit Facility is scheduled to terminate on February 11, 2025. All amounts outstanding under the BoA Credit Facility are required to be repaid by February 18, 2025. As the Company raises additional capital, we may enter into additional credit agreements to expand our borrowing capacity.

Debt obligations under the BoA Credit Facility consisted of the following as of December 31, 2022 December 31, 2023:

	December 31, 2023			
	Aggregate Principal Committed	Outstanding Principal	Amount Available <sup>(1)</sup>	Net Carrying Value <sup>(2)</sup>
BoA Credit Facility	\$ 725,000,000	\$ 504,000,000	\$ 221,000,000	\$ 505,417,357
<b>Total debt</b>	<b>\$ 725,000,000</b>	<b>\$ 504,000,000</b>	<b>\$ 221,000,000</b>	<b>\$ 505,417,357</b>

	December 31, 2022			
	Aggregate Principal Committed	Outstanding Principal	Amount Available <sup>(1)</sup>	Net Carrying Value <sup>(2)</sup>
BoA Credit Facility	\$ 725,000,000	\$ 514,500,000	\$ 210,500,000	\$ 513,726,164
<b>Total debt</b>	<b>\$ 725,000,000</b>	<b>\$ 514,500,000</b>	<b>\$ 210,500,000</b>	<b>\$ 513,726,164</b>

(1) The amount available reflects any limitations related to the BoA Credit Facility's borrowing base.

(2) The carrying value of the BoA Credit Facility is presented net of deferred financing costs of \$739 thousand and accrued interest of \$2.156 million.

Debt obligations under the BoA Credit Facility consisted of the following as of December 31, 2022:

	December 31, 2022		
	Aggregate Principal Committed	Outstanding Principal	Amount Available <sup>(1)</sup>
			Net Carrying Value <sup>(2)</sup>
BoA Credit Facility	\$ 725,000,000	\$ 514,500,000	\$ 210,500,000
<b>Total debt</b>	<b>\$ 725,000,000</b>	<b>\$ 514,500,000</b>	<b>\$ 210,500,000</b>

(1) The amount available reflects any limitations related to the BoA Credit Facility's borrowing base.

(2) The carrying value of the BoA Credit Facility is presented net of deferred financing costs of \$1.358 million and accrued interest of \$584 thousand.

Debt obligations under the BoA Credit Facility consisted of the following as of December 31, 2021:

	December 31, 2021		
	Aggregate Principal Committed	Outstanding Principal	Amount Available <sup>(1)</sup>
			Net Carrying Value <sup>(2)</sup>
BoA Credit Facility	\$ 725,000,000	\$ 552,000,000	\$ 173,000,000
<b>Total debt</b>	<b>\$ 725,000,000</b>	<b>\$ 552,000,000</b>	<b>\$ 173,000,000</b>

(1) The amount available reflects any limitations related to the BoA Credit Facility's borrowing base.

(2) The carrying value of the BoA Credit Facility is presented net of deferred financing costs of \$1.993 million and accrued interest of \$255 thousand.

Average debt outstanding under the BoA Credit Facility during the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021 2021 was \$498.3 million, was \$544.0 million and \$433.1 million, respectively.

Prior to February 3, 2023, the loans under the BOA Credit Facility may have been base rate loans or euro currency loans. The base rate loans bore interest at the base rate plus 1.30%, and the eurocurrency rate loans bore interest at 1-month or 3-month LIBOR plus 1.30%. The "base rate" was equal to the highest of (a) the federal funds rate plus 0.50%, (b) the prime rate, and (c) 1-month or 3-month LIBOR. On February 3, 2023, the Company entered into an omnibus amendment to the BoA Credit Facility that, among other things: (i) removed LIBOR transition language and (ii) replaced eurocurrency rate loans with SOFR loans.

As of February 3, 2023, the loans under the BoA Credit Facility may be base rate loans or eurocurrency rate Secured Overnight Financing Rate ("SOFR") loans. The base rate loans will bear interest at the base rate plus 1.30% 1.40%, and the eurocurrency rate SOFR loans will bear interest at 1-month SOFR plus 1.40% or 3-month LIBOR SOFR plus 1.30% 1.45%. The "base rate" will be equal to the highest of (a) the federal funds rate plus 0.5% 0.50%, (b) the prime rate, and (c) 1-month or 3-month LIBOR SOFR plus 0.10%. The Credit Agreement includes fallback language in the event that LIBOR SOFR becomes unavailable. Interest pursuant to base rate loans is payable quarterly in arrears, and interest pursuant to eurocurrency SOFR loans is payable either quarterly or monthly, as specified by the Borrowers in a loan notice pertaining thereto. The Credit Agreement requires the payment of a commitment fee of 0.50% for unused Commitments until the four-month anniversary of the Second Amendment to the Credit Agreement. Thereafter, the commitment fee is 0.50% on unused Commitments up to 30% of the BoA Credit Facility, and 1.30% on unused Commitments in excess of 30% of the BoA Credit Facility. Such fee is payable quarterly in arrears. The advance rate for PS BDC Funding's Eligible Collateral Assets ranges from 40% for Second Lien Bank Loans to 70% for First Lien Bank Loans that are B Assets to 100% for Cash (excluding Excluded Amounts) (as each such term is defined in the Credit Agreement).

For the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, the components of interest expense with respect to the BoA Credit Facility were as follows:

	For the Year Ended December 31		
			2023
	2022	2021	
Interest expense	\$ 17,356,543	\$ 6,711,315	\$ 33,703,442
Amortization of debt issuance costs	635,331	550,610	646,738
<b>Total interest expense</b>	<b>\$ 17,991,874</b>	<b>\$ 7,261,925</b>	<b>\$ 34,350,180</b>
Average interest rate	2.97 %	1.40 %	6.42 %

PS BDC Funding has pledged all of its assets to BofA N.A., in its capacity as Administrative Agent, to secure its obligations under the BoA Credit Facility. Both the Company and PS BDC Funding have made customary representations and warranties and are required to comply with various covenants, reporting requirements and other customary requirements for similar credit facilities. Borrowing under the BoA Credit Facility is subject to the leverage restrictions contained in the 1940 Act and PS BDC Funding complies with 1940 Act provisions relating to affiliated transactions and custody (Section 17, as modified by Section 57, of the 1940 Act). The custodian of the assets pledged to BofA N.A. pursuant to the BoA Credit Facility is U.S. Bank National Administration ("U.S. Bank"). The obligations under the Credit Agreement may be accelerated upon the occurrence of an event of default under the Credit Agreement, including in the event of a change of control of PS BDC Funding or if the Investment Advisor ceases to serve as investment adviser to the Company.

#### Wells Fargo Credit Facility

On December 18, 2020, the Company, through a special purpose wholly-owned subsidiary, Palmer Square BDC Funding II LLC ("PS BDC Funding II" and together with the Company, the "WF Borrowers") entered into a Loan and Security Agreement (the "Loan Agreement") with certain financial institutions as lenders ("WF Lenders"), WFB as the administrative agent and U.S. Bank, as Collateral Agent and Custodian, pursuant to which the WF Lenders agreed to provide the Company with a line of credit (the "WF Credit Facility").

Under On December 18, 2023, the Company entered into an amendment to the WF Credit Facility which matures on December 18, 2025, the WF Lenders have agreed to extend credit to PS BDC Funding II in an aggregate amount up to the (the "WF Credit Facility Amount (as defined in the Loan Agreement). The Facility Amount for Fourth Amendment") that amends the WF Credit Facility was \$150.0 million as of to, among other things: (i) increase the closing date of the Loan Agreement. The WF Borrowers' ability to draw amount available for borrowing under the WF Credit Facility is scheduled from \$150,000,000 to terminate on \$175,000,000, (ii) extend the facility maturity date from December 18, 2025 to December 18, 2028 and (iii) extend the reinvestment period from December 18, 2023. All amounts outstanding under to December 18, 2026 (subject to other provisions of the WF Credit Facility are required to be repaid by December 18, 2025 Facility).

Debt obligations under the WF Credit Facility consisted of the following as of December 31, 2022 December 31, 2023:

	December 31, 2023			
	Aggregate Principal Committed	Outstanding Principal	Amount Available <sup>(1)</sup>	Net Carrying Value <sup>(2)</sup>
WF Credit Facility	\$ 175,000,000	\$ 136,250,000	\$ 38,750,000	\$ 136,411,448
<b>Total debt</b>	<b>\$ 175,000,000</b>	<b>\$ 136,250,000</b>	<b>\$ 38,750,000</b>	<b>\$ 136,411,448</b>

	December 31, 2022			
	Aggregate Principal Committed	Outstanding Principal	Amount Available <sup>(1)</sup>	Net Carrying Value <sup>(2)</sup>
WF Credit Facility	\$ 150,000,000	\$ 126,750,000	\$ 23,250,000	\$ 127,583,253
<b>Total debt</b>	<b>\$ 150,000,000</b>	<b>\$ 126,750,000</b>	<b>\$ 23,250,000</b>	<b>\$ 127,583,253</b>

(1) The amount available reflects any limitations related to the WF Credit Facility's borrowing base.

(2) The carrying value of the WF Credit Facility is presented net of deferred financing costs of \$2.472 million and accrued interest of \$2.634 million.

Debt obligations under the WF Credit Facility consisted of the following as of December 31, 2022:

	December 31, 2022			
	Aggregate Principal Committed	Outstanding Principal	Amount Available <sup>(1)</sup>	Net Carrying Value <sup>(2)</sup>
WF Credit Facility	\$ 150,000,000	\$ 126,750,000	\$ 23,250,000	\$ 127,583,253
<b>Total debt</b>	<b>\$ 150,000,000</b>	<b>\$ 126,750,000</b>	<b>\$ 23,250,000</b>	<b>\$ 127,583,253</b>

(1) The amount available reflects any limitations related to the WF Credit Facility's borrowing base.

(2) The carrying value of the WF Credit Facility is presented net of deferred financing costs of \$1.047 million and accrued interest of \$1.880 million.

Debt obligations under the WF Credit Facility consisted of the following as of December 31, 2021:

	December 31, 2021			
	Aggregate Principal Committed	Outstanding Principal	Amount Available <sup>(1)</sup>	Net Carrying Value <sup>(2)</sup>
WF Credit Facility	\$ 150,000,000	\$ 100,000,000	\$ 50,000,000	\$ 99,648,200
<b>Total debt</b>	<b>\$ 150,000,000</b>	<b>\$ 100,000,000</b>	<b>\$ 50,000,000</b>	<b>\$ 99,648,200</b>

(1) The amount available reflects any limitations related to the WF Credit Facility's borrowing base.

(2) The carrying value of the WF Credit Facility is presented net of deferred financing costs of \$1.4 million and accrued interest of \$1.048 million.

Average debt outstanding under the WF Credit Facility during the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, was \$131.4 million and \$123.4 million and \$13.9 million, respectively.

Prior to April 10, 2023 the loans under the WF Credit Facility may have been Broadly Syndicated Loans or Middle Market loans and were eurocurrency rate loans unless such rate was unavailable, in which case the loans were base rate loans until such rate was available. Broadly Syndicated Loans bore interest at the LIBOR or base rate, as applicable, plus 1.85%, and Middle Market Loans bore interest at LIBOR or base rate, as applicable, plus 2.35%. The “base rate” was equal to the highest of (a) the federal funds rate plus 0.50% and (b) the prime rate. On April 10, 2023, the Company entered into an amendment to the WF Credit Facility that, among other things: (i) transferred and assigned U.S. Bank National Association’s rights and obligations as collateral agent and as a secured party to U.S. Bank Trust Company, National Association, (ii) referenced SOFR instead of LIBOR and (iii) removed LIBOR transition language.

The

As of April 10, 2023, the loans under the WF Credit Facility may be Broadly Syndicated Loans or Middle Market Loans and shall be eurocurrency rate loans unless such rate is unavailable, in which case the loans shall be base rate loans until such rate is available. Broadly Syndicated Loans will bear interest at the LIBOR Daily Simple SOFR, or base rate as applicable, (to the extent Daily Simple SOFR is unavailable), plus 1.85% 2.50%, and Middle Market Loans will bear with an interest at LIBOR or base rate as applicable, plus 2.35% floor of 0.0%. The “base rate” will be equal to the highest of (a) the federal funds rate plus 0.50% and (b) the prime rate. The Loan Agreement includes fallback language in the event that LIBOR Daily Simple SOFR becomes unavailable. Interest is payable quarterly, as determined by the WFB as the administrative agent. Following the Second Amendment of an amendment to the WF Credit Facility on October 13, 2021, the Loan Agreement requires the payment of a non-usage fee of (x) during the first thirteen months following the closing of the WF Credit Facility, 0.50% multiplied by daily unused Facility Amounts, (y) between thirteen and sixteen months following the closing of the WF Credit Facility, 0.50% multiplied by the lesser of (1) daily unused Facility Amounts and (2) 50% of the Facility Amount plus 2.00% multiplied by the greater of (i) the difference between the daily unused Facility Amount and 50% of the Facility Amount and (ii) zero and, (z) thereafter, 0.50% multiplied by the lesser of (1) daily unused Facility Amounts and (2) 20% of the Facility Amount plus 2.00% multiplied by the greater of (i) the difference between the daily unused Facility Amount and 20% of the Facility Amount and (ii) zero. Such fee is payable quarterly in arrears. The WF Credit Facility includes the option to downsize the facility by paying a Commitment Reduction Fee. The Fee is equal to 2.00% of the facility reduction amount prior to the one year one-year anniversary of the closing of the WF Credit Facility Fourth Amendment, and 1.00% thereafter. The applicable percentage for the advance rate on PS BDC Funding II's Eligible Loans ranges from 67.5% for Middle Market Loans to 70% for Broadly Syndicated Loans (as each such term is defined in the Loan Agreement).

For the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, the components of interest expense with respect to the WF Credit Facility were as follows:

	For the Year Ended December 31,		
	2023	2022	2021
Interest expense	\$ 9,773,911	\$ 5,107,383	\$ 996,077
Amortization of debt issuance costs	359,061	352,912	358,659
<b>Total interest expense</b>	<b>\$ 10,132,972</b>	<b>\$ 5,460,295</b>	<b>\$ 1,354,736</b>
Average interest rate	7.20 %	4.03 %	2.18 %

	For the Year Ended December 31,	
	2022	2021
Interest expense	\$ 5,107,383	\$ 996,077
Amortization of debt issuance costs	352,912	358,659
<b>Total interest expense</b>	<b>\$ 5,460,295</b>	<b>\$ 1,354,736</b>
Average interest rate	4.03 %	2.18 %

PS BDC Funding II has pledged all of its assets to U.S. Bank, in its capacity as Collateral Agent, to secure its obligations under the WF Credit Facility and U.S. Bank acts as the custodian of such assets. Both the Company and PS BDC Funding II have made customary representations and warranties and are required to comply with various covenants, reporting requirements, and other customary requirements for similar credit facilities. Borrowing under the WF Credit Facility is subject to the leverage restrictions contained in the 1940 Act and PS BDC Funding II complies with 1940 Act provisions relating to affiliated transactions and custody (Section 17, as modified by Section 57, of the 1940 Act). The obligations under the Loan Agreement may be accelerated upon the occurrence of an event of default under the Loan Agreement, including in the event of a change of control of PS BDC Funding II, if the Investment Advisor ceases to serve as investment adviser to the Company, or if Palmer Square PSCM or its affiliates cease to directly or indirectly own a majority of the membership interests of the Investment Advisor.

#### Senior Securities

Information about the Company's senior securities is shown in the following table for the fiscal years ended December 31, 2023, 2022, 2021, and 2020 (in thousands).

Class and Period Ended	Total Amount Outstanding Exclusive of Treasury Securities <sup>(1)</sup> (\$ in Millions)	Asset Coverage per Unit <sup>(2)</sup>	Involuntary Liquidating Preference per Unit <sup>(3)</sup>	Average Market Value per Unit <sup>(4)</sup>
<b>BoA Credit Facility</b>				
December 31, 2023	504.0	1,721.5	—	—
December 31, 2022	514.5	1,566.8	—	—
December 31, 2021	552.0	1,694.5	—	—
December 31, 2020	395.0	1,640.9	—	—
<b>WF Credit Facility</b>				
December 31, 2023	136.3	1,721.5	—	—
December 31, 2022	126.8	1,566.8	—	—
December 31, 2021	100.0	1,694.5	—	—
December 31, 2020	0.0	1,640.9	—	—

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

(2) Asset coverage per unit is the ratio of the carrying value of our total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per \$1,000 of indebtedness.

(3) The amount to which such class of senior security would be entitled upon the voluntary liquidation of the issuer in preference to any security junior to it. The “—” in this column indicates that the SEC expressly does not require this information to be disclosed for certain types of senior securities.

(4) Not applicable because such senior securities are not registered for public trading.

## Note 7. Share Transactions

### Offering Proceeds

During the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, the Company issued and sold 2,816,166 shares at an aggregate purchase price of \$46.7 million, 1,716,297 shares at an aggregate purchase price of \$29.2 million, and 10,007,526 shares at an aggregate purchase price of \$206.6 million, respectively. These amounts include shares issued in reinvestment.

### Distribution Reinvestment Plan

The Company has adopted a dividend reinvestment plan that will provide for reinvestment of its dividends and other distributions on behalf of the Company's stockholders, unless a stockholder elects to receive cash. As a result, if the Company's Board authorizes, and the Company declares, a cash dividend or other distribution, then stockholders who do not "opt out" of the Company's dividend reinvestment plan will have their cash dividends and distributions automatically reinvested in additional shares of the Company's common stock, rather than receiving cash dividends and distributions.

Prior to a Listing, the IPO, the Board will use primarily used newly-issued shares of the Company's common stock to implement the dividend reinvestment plan. The number of shares of common stock to be issued to a participant prior to a Listing the IPO would be equal to the quotient determined by dividing the cash value of the dividend payable to such stockholder by the net asset value per share as of the date such dividend was declared.

After a Listing, the IPO, the Board intends to primarily use newly-issued shares to implement the dividend reinvestment plan, whether or not the shares are trading at a price per share at, below or above net asset value. However, the Board reserves the right to purchase shares in the open market in connection with the implementation of the dividend reinvestment plan. The Board will examine the full facts and circumstances of each such dividend to determine the approach (i.e., to use newly issued shares or effectuate open market purchases to implement the dividend reinvestment plan) that is in the best interests of stockholders taking into account the Board's fiduciary duties to stockholders, including by weighing the potential dilution in connection with such issuance to be incurred by the Company's stockholders against the Company's need and usage of reinvested funds. funds ,and, if the Company's uses newly issued shares to implement the dividend reinvestment plan at a time when the shares are trading at a price below NAV, the stockholders' receipt of fewer shares than they would have if the Company had effectuated open market purchases. The number of newly issued shares to be issued to a participant would be determined by dividing the total dollar amount of the dividend payable to such stockholder by the market price per share of the Company's common stock at the close of regular trading on a national securities exchange on the dividend payment date. Shares purchased in open market transactions by US Bank, Equiniti, the plan administrator and the Company's transfer agent, registrar and dividend disbursing agent, will be allocated to a participant based upon the average purchase price, excluding any brokerage charges or other charges, of all shares of the Company's common stock purchased with respect to the dividend.

A registered stockholder may elect to receive an entire distribution in cash by notifying US Bank Equiniti in writing so that such notice is received by the plan administrator no later than the record date for distributions to stockholders. The plan administrator will set up an account for shares acquired through the plan for each stockholder who has not elected to receive dividends or other distributions in cash and hold such shares in noncertificated form.

There will be no brokerage charges or other charges to stockholders who participate in the plan. The plan administrator's fees will be paid by the Company.

Stockholders who receive dividends and other distributions in the form of stock are generally subject to the same U.S. federal, state and local tax consequences as are stockholders who elect to receive their distributions in cash. However, since a participating stockholder's cash dividends will be reinvested, such stockholder will not receive cash with which to pay any applicable taxes on reinvested dividends. A stockholder's basis for determining gain or loss upon the sale of stock received in a dividend or other distribution from the Company will generally be equal to the total dollar amount of the distribution payable to the stockholder. Any stock received in a dividend or other distribution will have a new holding period for tax purposes commencing on the day following the day on which the shares are credited to the U.S. stockholder's account.

Participants may terminate their accounts under the plan by so notifying the plan administrator by submitting a letter of instruction terminating the participant's account under the plan to US Bank. Equiniti. The plan may be terminated by the Company upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend by the Company.

If participants withdraw from the plan or the plan is terminated, the plan administrator will cause the shares held for the participant under the plan to be delivered to the participant. If an investor holds common stock with a brokerage firm that does not participate in the plan, such investor will not be able to participate in the plan and any dividend reinvestment may be affected on different terms than those described above.

#### *Open Market Share Repurchase Plan*

The Board authorized the Company to repurchase shares of its common stock through an open-market share repurchase program for up to \$20 million in the aggregate of shares of the Company's common stock through 12 months from the date of the IPO. Pursuant to such authorization and concurrently with the closing of the IPO, the Company entered into a share repurchase plan (the "Company Rule 10b5-1 Stock Repurchase Plan") to acquire up to \$15 million in the aggregate of shares of its common stock, in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Exchange Act.

The Company Rule 10b5-1 Stock Repurchase Plan is intended to allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws. The Company Rule 10b5-1 Stock Repurchase Plan will require the Company's agent to repurchase shares of the Company's common stock on the Company's behalf when the market price per share of the Company's common stock is below the most recently reported NAV per share of common stock (including any updates, corrections or adjustments publicly announced by the Company to any previously announced NAV per share). Under the Company Rule 10b5-1 Stock Repurchase Plan, the agent will increase the volume of purchases made as the price of the Company's common stock declines, subject to volume restrictions.

The repurchase of shares pursuant to the Company Rule 10b5-1 Stock Repurchase Plan is intended to satisfy the conditions of Rule 10b5-1 and Rule 10b-18 under the Exchange Act and will otherwise be subject to applicable law, including Regulation M, which may prohibit purchases under certain circumstances.

The Company Rule 10b5-1 Stock Repurchase Plan will commence beginning 60 calendar days following the end of the “restricted period” under Regulation M and terminate upon the earliest to occur of (i) 12 months from the date of the Company Rule 10b5-1 Stock Repurchase Plan, (ii) the end of the trading day on which the aggregate purchase price for all shares purchased under the Company Rule 10b5-1 Stock Repurchase Plan equals \$15 million and (iii) the occurrence of certain other events described in the Company Rule 10b5-1 Stock Repurchase Plan. The “restricted period” under Regulation M will end upon the closing of the IPO and, therefore, the common stock repurchases/purchases described above shall not begin prior to 60 days after the closing of the IPO.

**PSCM Rule 10b5-1 Stock Purchase Plan**

In addition, PSCM will purchase up to \$5 million in the aggregate of shares of the Company’s common stock in the open market within one year of the date of the IPO if the shares of the Company’s common stock trade below a specific level of NAV per share following the completion of the IPO. In order to facilitate PSCM’s purchase commitment, concurrently with the closing of the IPO, PSCM entered into a share purchase plan (the “PSCM Rule 10b5-1 Stock Purchase Plan”) to permit the purchase of up to \$2.5 million of shares of the Company’s common stock. The purchases of shares pursuant to the PSCM Rule 10b5-1 Stock Purchase Plan will be implemented in accordance with Rule 10b5-1 and Rule 10b-18 under the Exchange Act.

The PSCM Rule 10b5-1 Stock Purchase Plan is intended to allow PSCM to purchase shares of the Company’s common stock at times when it otherwise might be prevented from doing so under insider trading laws. The PSCM Rule 10b5-1 Stock Purchase Plan will require PSCM’s agent to purchase shares of common stock on PSCM’s behalf when the market price per share of the Company’s common stock is trading below the most recently reported NAV per share of common stock (including any updates, corrections or adjustments publicly announced by the Company to any previously announced NAV per share). Under the PSCM Rule 10b-1 Stock Purchase Plan, the agent will increase the volume of purchases made as the price of the Company’s common stock declines, subject to volume restrictions.

The purchase of shares pursuant to the PSCM Rule 10b5-1 Stock Purchase Plan is intended to satisfy the conditions of Rule 10b5-1 and Rule 10b-18 under the Exchange Act, and will otherwise be subject to applicable law, including Regulation M, which may prohibit purchases under certain circumstances.

The PSCM Rule 10b5-1 Stock Purchase Plan will commence beginning 60 calendar days following the end of the “restricted period” under Regulation M and terminate upon the earliest to occur of (i) 12 months from the date of the PSCM Rule 10b5-1 Stock Purchase Plan, (ii) the end of the trading day on which the aggregate purchase price for all shares purchased under the PSCM Rule 10b5-1 Stock Purchase Plan equals \$2.5 million and (iii) the occurrence of certain other events described in the PSCM Rule 10b5-1 Stock Purchase Plan. The “restricted period” under Regulation M will end upon the closing of the IPO and, therefore, the common stock repurchases/purchases described above shall not begin prior to 60 days after the closing of the IPO.

**Note 8. Commitments and Contingencies**

As of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, the Company had an aggregate of \$2.6 million \$20.1 million and \$11.3 million \$2.6 million, respectively, of unfunded commitments to provide debt financing to its portfolio companies. As of each of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, there were no capital calls or draw requests made by the portfolio companies to fund these commitments. Such commitments are generally up to the Company’s discretion to approve or are subject to the satisfaction of certain financial and nonfinancial covenants and involve, to varying degrees, elements of credit risk in excess of the amount recognized in the Company’s consolidated statements of assets and liabilities and are not reflected in the Company’s consolidated statement of assets and liabilities.

A summary of the composition of the unfunded commitments as of December 31, 2022 December 31, 2023 is shown in the table below:

	Expiration Date <sup>(1)</sup>	As of December 31, 2022
ARC Falcon I Inc.	3/30/2023	\$ 636,943
Vocus Group	6/18/2023	2,000,000
Total unfunded commitments		\$ 2,636,943

	Expiration Date <sup>(1)</sup>	As of December 31, 2023
Accession Risk Management Group, Inc.	2/14/2025	2,457,847
Aptean Inc.	1/30/2031	436,880
Aptean Inc.	1/30/2026	851,480
Aramsco, Inc.	10/10/2025	712,871
B'Laster Holdings, LLC	10/25/2025	466,666
Enverus Holdings, Inc.	12/22/2025	310,811
Enverus Holdings, Inc.	12/24/2029	472,973
ImageFirst Holdings, LLC	4/28/2025	833,333
MRI Software LLC	2/10/2027	6,363,630
MRI Software LLC	2/10/2027	636,370
OMNIA Partners, LLC	1/25/2024	223,269
Patriot Growth Insurance Services, LLC	11/17/2025	4,650,000
PT Intermediate Holdings III, LLC	9/1/2024	579,942
Ryan, LLC	11/14/2024	514,286
Tank Holding Corp.	5/22/2024	597,000
Total unfunded commitments		\$ 20,107,358

(1) Commitments are generally subject to borrowers meeting certain criteria such as compliance with covenants and certain operational metrics. These amounts may remain outstanding until the commitment period of an applicable loan expires, which may be shorter than its maturity.

A summary of the composition of the unfunded commitments as of **December 31, 2021** **December 31, 2022** is shown in the table below:

	<b>Expiration Date <sup>(1)</sup></b>	<b>As of December 31, 2021</b>
ARC Falcon I Inc.	3/30/2023	\$ 636,943
Aveanna Healthcare LLC	7/15/2023	754,717
Culligan Water	1/30/2023	706,667
Medical Solutions L.L.C.	11/2/2023	800,000
National Mentor Holdings, Inc.	3/2/2022	430,398
PT Intermediate Holdings III LLC	4/7/2022	2,140,000
RSC Acquisition, Inc.	11/12/2023	3,237,952
Sovos Compliance, LLC	8/12/2023	589,041
Vocus Group	6/18/2023	2,000,000
Total unfunded commitments		<u><u>\$ 11,295,718</u></u>

	<b>Expiration Date <sup>(1)</sup></b>	<b>As of December 31, 2022</b>
ARC Falcon I Inc.	3/30/2023	\$ 636,943
Vocus Group	6/18/2023	2,000,000
Total unfunded commitments		<u><u>\$ 2,636,943</u></u>

(1) Commitments are generally subject to borrowers meeting certain criteria such as compliance with covenants and certain operational metrics. These amounts may remain outstanding until the commitment period of an applicable loan expires, which may be shorter than its maturity.

From time to time, the Company may become a party to certain legal proceedings incidental to the normal course of its business. As of December 31, 2022 December 31, 2023, management is not aware of any pending or threatened litigation.

**Note 9. Earnings Per Share**

In accordance with the provisions of ASC Topic 260, *Earnings per Share* ("ASC 260"), basic earnings per share is computed by dividing earnings available to common stockholders by the weighted average number of shares outstanding during the period. Other potentially dilutive common shares, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis. As of each of December 31, 2022 December 31, 2023, 2022, and as of December 31, 2021, 2021, there were no dilutive shares.

The following table sets forth the computation of basic and diluted earnings per share of common stock for the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021: 2021:

	For the Year Ended December 31,		For the Year Ended December 31,		
	2022		2021		2023
	2022	2021	2023	2022	2021
Net increase (decrease) in net assets resulting from operations	\$ (74,482,335)	\$ 19,059,718	\$ 107,835,651	\$ (74,482,335)	\$ 19,059,718
Weighted average shares of common stock outstanding - basic and diluted	23,130,666	15,494,614	25,700,603	23,130,666	15,494,614
Earnings (loss) per share of common stock - basic and diluted	\$ (3.22)	\$ 1.23	\$ 4.20	\$ (3.22)	\$ 1.23

**Note 10. Income Taxes**

The Company intends to elect to be treated as a RIC under the Internal Revenue Code ("Code") for its taxable year end December 31, 2022 December 31, 2023. As a RIC, the Company is not subject to federal income tax on the portion of its taxable income and gains distributed currently to its stockholders as a dividend. The Company anticipates distributing substantially all of its taxable income and gains, within the Subchapter M rules, and thus the Company anticipates that it will not incur any federal or state income tax at the RIC level. As a RIC, the Company is also subject to a federal excise tax based on distributive requirements of its taxable income on a calendar year basis (e.g., calendar year 2022 2023). Depending on the level of taxable income earned in a tax year, the Company may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income, to the extent required.

The permanent differences for tax purposes from distributable earnings to additional paid in capital were reclassified for tax purposes for the tax years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021. These reclassifications have no impact on net assets.

	Year Ended December 31,		
	2023 2022 2021		
	2023	2022	2021
Increase (decrease) in distributable earnings	\$ -	\$ -	\$ -
Increase (decrease) in capital in excess of par value	\$ -	\$ -	\$ -
Year Ended December 31,			
2022 2021			
Increase (decrease) in distributable earnings	\$ -	\$ -	\$ -
Increase (decrease) in capital in excess of par value	\$ -	\$ -	\$ -

The following reconciles net increase in net assets resulting from operations to taxable income for the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021; 2021:

	Year Ended December 31,		Year Ended December 31,		
	2022	2021	2023	2022	2021
Net increase (decrease) in net assets resulting from operations	\$ (74,482,335)	\$ 19,059,718	\$ 107,835,651	\$ (74,482,335)	\$ 19,059,718
Net change in unrealized appreciation (depreciation) from investments	107,432,980	8,527,786	(52,563,544)	107,432,980	8,527,786
Other book tax differences	8,109,784	(897,245)	1,677,010	8,109,784	(897,245)
Taxable income before deductions for distributions	\$ 41,060,429	\$ 26,690,259	\$ 56,949,117	\$ 41,060,429	\$ 26,690,259
Distributions paid from:					
Ordinary income	Year Ended December 31,		Year Ended December 31,		
	2022	2021	2023	2022	2021
Capital gains	\$ 43,482,016	\$ 22,163,852	\$ 56,068,285	\$ 43,482,016	\$ 22,163,852
Return of Capital	573,101	3,788,641	-	573,101	3,788,641
Total	\$ 44,055,117	\$ 25,952,493	\$ 56,068,285	\$ 44,055,117	\$ 25,952,493

For the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, the components of accumulated earnings on a tax basis were as follows:

	Year Ended December 31, 2022		Year Ended December 31, 2021
	2022	2021	2021
Undistributed net investment income (loss)	\$ -	\$ -	\$ 1,834,053
Undistributed capital gains	-	-	513,796
Other accumulated gain (loss)	(7,575,518)	(101,573)	
Net unrealized appreciation (depreciation)	(102,926,664)	5,788,994	
Total	\$ (110,502,182)	\$ 8,035,270	
	Year Ended December 31, 2023		Year Ended December 31, 2021
	2023	2022	2021
Undistributed net investment income (loss)	\$ 148,613	\$ -	\$ 1,834,053
Undistributed capital gains	-	-	513,796
Capital loss carryforward	(9,042,947)	-	-
Other accumulated gain (loss)	(85,947)	(7,575,518)	(101,573)
Net unrealized appreciation (depreciation)	(49,754,535)	(102,926,664)	5,788,994
Total	\$ (58,734,816)	\$ (110,502,182)	\$ 8,035,270

Capital losses can be carried forward indefinitely to offset future capital gains. As of December 31, 2023, the Company had \$9,042,947 in capital loss carryforwards. As of December 31, 2022, and December 31, 2021, 2021, the Company had no capital loss carryforwards.

As of December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, the Company's aggregate unrealized appreciation and depreciation on investments based on cost for U.S. federal income tax purposes was as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
	2023	2022	2021
Tax cost	\$ 1,158,548,300	\$ 1,120,121,398	\$ 1,188,452,438
Gross unrealized appreciation	9,383,672	1,008,264	9,331,858
Gross unrealized depreciation	(59,138,207)	(103,934,928)	(3,542,964)
Net unrealized appreciation/(depreciation) on investments	\$ (49,754,535)	\$ (102,926,664)	\$ 5,788,994

	December 31, 2022	December 31, 2021
	2022	2021
Tax cost	1,120,121,398	1,188,452,438
Gross unrealized appreciation	1,008,264	9,331,858
Gross unrealized depreciation	(103,934,928)	(3,542,964)
Net unrealized appreciation/(depreciation) on investments	\$ (102,926,664)	\$ 5,788,994

The Company adopted FASB ASC Topic 740, *Accounting for Uncertainty in Income Taxes* ("ASC 740") as of January 23, 2020, commencement of operations. ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the consolidated financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. The Company recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. As of December 31, 2022 December 31, 2023, management has analyzed the Company's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken in the Company's current year tax return. The Company identifies its major tax jurisdiction as U.S. Federal. The 2020-2022 2020-2023 tax years remain subject to examination by U.S. federal, state and local authorities. Management's

determinations regarding ASC 740 may be subject to review and adjustment at a later date based upon factors including, but not limited to, an ongoing analysis of tax laws, regulations and interpretations thereof.

**Note 11. Financial Highlights**

The following per share of common stock data has been derived from information provided in the consolidated financial statements. The following is a schedule of financial highlights for the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, and for the period January 23, 2020 (Commencement of Operations) through December 31, 2020:

	For the Period January 23, 2020 (Commencement of Operations) through December 31,				For the Period January 23, 2020 (Commencement of Operations) through December 31,				For the Period January 23, 2020 (Commencement of Operations) through
	For the Year Ended December 31,			For the Year Ended December 31,			December 31,		
	2022	2021	2020	2023	2022	2021	2020		
<b>Per Common Share Operating Performance</b>									
Net Asset Value, Beginning of Period	\$ 20.06	\$ 20.15	\$ 20.00	\$ 14.96	\$ 20.06	\$ 20.15	\$ 20.00		
Results of Operations:									
Net Investment Income <sup>(1)</sup>	1.78	1.47	1.32	2.26	1.78	1.47	1.32		
Net Realized and Unrealized Gain (Loss) on Investments <sup>(1)(4)</sup>	(5.00)	(0.18)	(0.19)						
Net Realized and Unrealized Gain (Loss) on Investments <sup>(4)</sup>				1.98	(5.00)	(0.18)	(0.19)		
Net Increase (Decrease) in Net Assets Resulting from Operations	(3.22)	1.29	1.13	4.24	(3.22)	1.29	1.13		
Distributions to Common Stockholders									
Distributions from Net Investment Income	(1.85)	(1.01)	(0.98)	(2.16)	(1.85)	(1.01)	(0.98)		
Distributions from Realized Gains	(0.03)	(0.37)	-	-	(0.03)	(0.37)	-		
Net Decrease in Net Assets Resulting from Distributions	(1.88)	(1.38)	(0.98)	(2.16)	(1.88)	(1.38)	(0.98)		
Net Asset Value, End of Period	\$ 14.96	\$ 20.06	\$ 20.15	\$ 17.04	\$ 14.96	\$ 20.06	\$ 20.15		

Shares Outstanding, End of Period	24,286,628	22,570,331	12,562,805	27,102,794	24,286,628	22,570,331	12,562,805
<b><u>Ratio/Supplemental Data</u></b>							
Net assets, end of period	\$ 363,443,482	\$ 452,797,588	\$ 253,144,971	\$ 461,955,393	\$ 363,443,482	\$ 452,797,588	253,144,971
Weighted-average shares outstanding	23,130,666	15,494,614	11,156,932	25,700,603	23,130,666	15,494,614	11,156,932
Total Return <sup>(3)</sup>	(16.51)%	8.10 %	4.29 %	29.21 %	(16.51 %)	8.10 %	4.29 %
Portfolio turnover	27 %	53 %	63 %	25 %	27 %	53 %	63 %
Ratio of operating expenses to average net assets without waiver <sup>(2)</sup>	8.28 %	5.54 %	5.69 %	13.15 %	8.28 %	5.54 %	5.69 %
Ratio of operating expenses to average net assets with waiver <sup>(2)</sup>	8.03 %	5.29 %	5.44 %	12.90 %	8.03 %	5.29 %	5.44 %
Ratio of net investment income (loss) to average net assets without waiver <sup>(2)</sup>	9.61 %	6.92 %	7.18 %	13.54 %	9.61 %	6.92 %	7.18 %
Ratio of net investment income (loss) to average net assets with waiver <sup>(2)</sup>	9.86 %	7.17 %	7.43 %	13.79 %	9.86 %	7.17 %	7.43 %

(1) The per common share data was derived by using weighted average shares outstanding.

(2) The ratios reflect an annualized amount.

(3) Total return is calculated as the change in net asset value ("NAV") per share during the period, plus distributions per share (if any), divided by the beginning NAV per share. Total return is not annualized. Assumes reinvestment of distributions.

(4) Realized and unrealized gains and losses per share in this caption are balancing amounts necessary to reconcile the change in net asset value per share for the period, and may not reconcile with the aggregate gains and losses in the Consolidated Statements of Operations due to share transactions during the period.

**Note 12. Selected Quarterly Financial Data (Unaudited)**

The following are the quarterly results of operations for the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021. The following information reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period.

	For the Three Months Ended				For the Three Months Ended				
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	
Investment income	\$ 14,254,960	\$ 16,497,241	\$ 19,973,554	\$ 23,774,145	\$ 26,185,502	\$ 27,441,864	\$ 28,773,690	\$ 29,822,551	
Net expenses	5,584,387	6,947,708	9,521,115	11,365,858	12,592,823	13,241,745	13,969,777	14,431,742	
Net investment income (loss)	8,670,573	9,549,533	10,452,439	12,408,287	13,592,679	14,200,119	14,803,913	15,390,809	
Net realized gain (loss) on investments, and foreign currency transactions	(369,870)	(486,754)	(496,697)	(6,776,866)	(317,446)	(2,570)	(2,103,618)	(291,779)	
Net unrealized gain (loss) on investments, foreign currency translations, and foreign currency contracts	(11,731,503)	(74,394,896)	(16,711,415)	(4,595,166)					
Net change in unrealized gain (loss) on investments, foreign currency translations, and foreign currency contracts					14,813,089	9,743,113	21,152,793	6,854,549	
Increase (decrease) in net assets resulting from operations	\$ (3,430,800)	\$ (65,332,117)	\$ (6,755,673)	\$ 1,036,255	\$ 28,088,322	\$ 23,940,662	\$ 33,853,088	\$ 21,953,579	
Net asset value per share as of the end of the quarter	\$ 19.91	\$ 16.71	\$ 16.00	\$ 14.96	\$ 16.12	\$ 16.55	\$ 16.76	\$ 17.04	
For the Three Months Ended				For the Three Months Ended					
March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022		
Investment income	\$ 9,674,876	\$ 7,869,228	\$ 8,875,949	\$ 13,265,600	\$ 14,254,960	\$ 16,497,241	\$ 19,973,554	\$ 23,774,145	
Net expenses	3,637,128	3,673,024	3,966,032	5,575,228	5,584,387	6,947,708	9,521,115	11,365,858	
Net investment income (loss)	6,037,748	4,196,204	4,909,917	7,690,372	8,670,573	9,549,533	10,452,439	12,408,287	
Net realized gain (loss) on investments, and foreign currency transactions	1,132,657	2,712,837	489,555	418,214	(369,870)	(486,754)	(496,697)	(6,776,866)	
Net unrealized gain (loss) on investments, foreign currency translations, and foreign currency contracts	(1,826,413)	(1,871,880)	(673,345)	(4,156,148)					
Net change in unrealized gain (loss) on investments, foreign currency translations, and foreign currency contracts					(11,731,503)	(74,394,896)	(16,711,415)	(4,595,166)	
Increase (decrease) in net assets resulting from operations	\$ 5,343,992	\$ 5,037,161	\$ 4,726,127	\$ 3,952,438	\$ (3,430,800)	\$ (65,332,117)	\$ (6,755,673)	\$ 1,036,255	
Net asset value per share as of the end of the quarter	\$ 20.57	\$ 20.65	\$ 20.70	\$ 20.06	\$ 19.91	\$ 16.71	\$ 16.00	\$ 14.96	
For the Three Months Ended									
March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022		
Investment income	\$ 9,674,876	\$ 7,869,228	\$ 8,875,949	\$ 13,265,600	\$ 14,254,960	\$ 16,497,241	\$ 19,973,554	\$ 23,774,145	
Net expenses	3,637,128	3,673,024	3,966,032	5,575,228	5,584,387	6,947,708	9,521,115	11,365,858	
Net investment income (loss)	6,037,748	4,196,204	4,909,917	7,690,372	8,670,573	9,549,533	10,452,439	12,408,287	

Net realized gain (loss) on investments, and foreign currency transactions	1,132,657	2,712,837	489,555	418,214
Net change in unrealized gain (loss) on investments, foreign currency translations, and foreign currency contracts	(1,826,413)	(1,871,880)	(673,345)	(4,156,148)
Increase (decrease) in net assets resulting from operations	\$ 5,343,992	\$ 5,037,161	\$ 4,726,127	\$ 3,952,438
Net asset value per share as of the end of the quarter	\$ 20.57	\$ 20.65	\$ 20.70	\$ 20.06

#### Note 13. Subsequent Events

The Company's management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. There have been no subsequent events that require recognition or disclosure in these consolidated financial statements except for the following:

##### *Issuance of Common Stock*

##### *Initial Public Offering*

On January 1, 2023 January 22, 2024, the Company issued and sold 86,898 shares of completed its common stock at an aggregate purchase price of \$1.3 million. The issuance of the IPO, issuing 5,450,000 shares of common stock, was exempt from the registration requirements par value \$0.001, at a public offering price of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) and Rule 506(b) of Regulation D thereof.

On February 1, 2023, the Company issued and sold 34,639 shares of its \$16.45 per share. Total net proceeds were \$89,652,500. The Company's common stock at an aggregate purchase price of \$554.2 thousand. The issuance of the shares of common stock was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) and Rule 506(b) of Regulation D thereof.

As of March 1, 2023, the Company sold approximately \$9.25 million of shares of its common stock (with the final number of shares of common stock to be determined based began trading on the to-be-determined net asset value per share) New York Stock Exchange under the symbol "PSBD" on January 18, 2024. The offer Proceeds from this offering were primarily used to make investments in accordance with the Company's investment objectives and sale of the shares of common stock was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) and Rule 506(b) of Regulation D thereof. strategies.

##### *Unfunded Capital Commitments*

As of February 21, 2023 January 24, 2024, Vocus Group OMNIA Partners, LLC was fully funded for \$2.0 million. \$223,269.

*Change in Interest Rate on* As of January 31, 2024, \$33,214 of the BoA Credit Facility outstanding commitment to Accession Risk Management Group Inc. was funded. The balance of the remaining unfunded commitment is \$2,424,643.

On February 3, 2023 As of February 8, 2024, \$41,439 of the Company entered into an omnibus amendment outstanding commitment to Aptean Inc. was funded. The balance of the BoA Credit Facility that, among other things: (i) removes LIBOR transition language, (ii) replaces eurocurrency rate loans with SOFR loans for which the spread over the base rate increased from 1.30% to (a) with respect to any SOFR Loan with a term of one month, 1.40%, and (b) with a term of three months, 1.45%, and (iv) with respect to any base rate loan, such base rate became 1.40%.

##### *Distributions*

On December 30, 2022, the Company declared a distribution of \$0.64 per share, or \$15,183,248, of which a cash distribution of \$6,941,066 was paid on January 13, 2023 and the remainder was paid in common stock through the Company's dividend reinvestment plan. remaining unfunded commitment is \$810,041.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not Applicable.

**ITEM 9A. CONTROLS AND PROCEDURES****Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

**Internal Control Over Financial Reporting**

Our management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management (with the participation of our Chief Executive Officer and Chief Financial Officer) conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2022 December 31, 2023.

**Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting during our fiscal quarter ended December 31, 2022 December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

None.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

None.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Certain information with respect to the directors of the Company is set forth below, including their names, ages, a brief description of their recent business experience, including present occupations and employment, certain directorships that each person holds, and the year in which each person became a director. **Management**

For purposes of this presentation, our directors have been divided into two groups – independent directors and interested directors. Interested directors are five members, three of whom are not “interested persons” as defined in Section 2(a)(19) of the 1940 Act. Christopher D. Long, Our Board elects our officers, who serve at the discretion of our Board until the next election of officers or until his or her successor is duly elected and Jeffrey D. Fox are interested directors qualifies, or until his or her death, resignation, retirement, disqualification or removal. The responsibilities of our Board include the quarterly valuation of our assets and the oversight of our investment activity, corporate governance activities and financing arrangements. Oversight of our investment activities extends to oversight of the Company because they risk management processes employed by our Investment Advisor as part of its day-to-day management of our investment activities. Our Board reviews risk management processes at both regular and special board meetings throughout the year, consulting with appropriate representatives of our Investment Advisor as necessary and periodically requesting the production of risk management reports or presentations. The goal of our Board's risk oversight function is to ensure that the risks associated with our investment activities are officers accurately identified, thoroughly investigated and responsibly addressed. However, our Board's oversight function cannot eliminate all risks or ensure that particular events do not adversely affect the value of the Company and/or the Investment Advisor's investments.

**Directors** Our Board has also established an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee, and may establish additional committees in the future.

#### Board of Directors and Officers

Our Board is presently composed of five directors. Under our charter and bylaws, our directors are divided into three classes. At each annual meeting, directors are elected for a term expiring at the third succeeding annual meeting, with the term of office of only one of these three classes of directors expiring each year. Each director will hold office for the term to which he or she is elected and until his or her successor is duly elected and qualifies, or until his or her death, resignation, retirement, disqualification or removal.

## Directors

Name, Address and Age <sup>(1)</sup>	Position(s) held with Company	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Other Public Directorships Held During the Past 5 years <sup>(2)</sup>
<b>Independent Director</b>				
Christopher C. Nelson – 48 49	Director	Class II Director since November 2019; Term Expires 2023 2026	Wealth Advisor at SeaCrest Wealth Management, a financial advisory firm, since May 2018. Vice President at Enterprise Trust Company, an investment management firm, from February 2013 to February 2018.	None
Megan L. Webber – 48 49	Director	Class I Director since November 2019; Term Expires 2025	Financial Director of Investment Reporting Manager at The Anschutz Corporation, a private holding company.	Member of the Board of Trustees of Palmer Square Opportunistic Income Fund since August 2014. Member of the Board of Trustees of Montage Managers Trust, a registered investment company (ceased operations in 2017).
James W. Neville Jr. – 58 59	Director	Class III Director since November 2019; Term Expires 2024	Proprietary trader and investor. Portfolio Manager at Great Plains Principal Trading, an asset management firm, from January 2012 through June 2019.	Member of the Board of Trustees of Palmer Square Opportunistic Income Fund since August 2014. Member of the Board of Trustees of Montage Managers Trust, a registered investment company (ceased operations in 2017).
<b>Interested Director</b>				
Christopher D. Long – 47 48	Chief Executive Officer and Chairman	Class I Director since November 2019; Term Expires 2025	Chief Executive Officer of Palmer Square Capital Management LLC.	Member of the Board of Trustees of Palmer Square Opportunistic Income Fund from August 2014 to October 2018.
Jeffrey D. Fox – 47 48	Chief Financial Officer and Director	Class III Director since November 2019; Term Expires 2024	President of Palmer Square Capital Management LLC since March 2020. Managing Director of Palmer Square Capital Management LLC from April 2013 to March 2020.	None

(1) The business address of each of our directors is c/o Palmer Square Capital BDC Inc., 1900 Shawnee Mission Parkway, Suite 315, Mission Woods, Kansas 66205.

(2) No director otherwise serves as a director of an investment company subject to the 1940 Act.

#### Executive Officers Who Are Not Directors

Information regarding our executive officers who do not serve on the Board is as follows:

Name, Address and Age <sup>(1)</sup>	Positions held with Company	Principal Occupation(s) During the Past 5 Years
Angie K. Long – 48 49	Chief Investment Officer	Ms. Long was appointed as our Chief Investment Officer in 2019. Ms. Long also serves as Chief Investment Officer of PSCM and has key responsibilities for all investment-related activities at PSCM. Prior to joining PSCM in 2011, Ms. Long worked for JPMorgan Chase & Co. in New York for 13 years. Ms. Long held many senior roles including Deputy Head of North American Credit Trading, Head of High Yield Trading, and Head of Credit Derivatives Trading. Ms. Long has been a trader of many products including high yield bonds, high yield credit derivatives, distressed debt, capital structure arbitrage, and structured credit. In addition, she worked with the Global Head of Credit Trading to help oversee risk management for the High Yield and High Grade credit trading books. Ms. Long is married to Christopher D. Long, our Chairman and Chief Executive Officer. Ms. Long received an AB degree in Economics from Princeton University and is also a CFA® charterholder.
Matthew L. Bloomfield – 42 43	President	Mr. Bloomfield was appointed as our President in 2022. Mr. Bloomfield is the Portfolio Manager for PSCM's US CLO management platform and has key responsibilities for all of PSCM's leveraged loan product offerings and risk management. He is a member of both the US and European CLO investment committees, as well as a member of the Company's Investment Committee. Prior to joining PSCM in 2015, Mr. Bloomfield worked at Golub Capital in Chicago, most recently as an Associate Portfolio Manager within the Broadly Syndicated Loan Group where he focused on investing in leveraged loans via CLOs and separately managed accounts. Prior to joining Golub Capital, Mr. Bloomfield worked at Giuliani Capital Advisors in Chicago as an Analyst and subsequently Associate in the Investment Banking Group where he focused on special situations and restructuring mandates. Mr. Bloomfield earned an MBA in Finance from Northwestern University's Kellogg School of Management, as well as a BS and BGS in Business Administration and Economics, respectively, from the University of Kansas.
Scott A. Betz – 45 46	Chief Compliance Officer	Mr. Betz was appointed as our Chief Compliance Officer in 2019. Mr. Betz also serves as Chief Operating Officer of PSCM and previously served as Chief Compliance Officer of PSCM from March 2018 to March 2021. Prior to joining in 2019, March 2018, Mr. Betz worked for over 14 years at Scout Investments, most recently as Chief Operating Officer, Chief Compliance Officer and Treasurer. Prior to joining Scout Investments, Mr. Betz worked for over six years at UMB Bank as a Performance Measurement Specialist and subsequently as Investment Technology Officer. Mr. Betz received an MBA degree and a BA degree in Political Science from the University of Missouri-Kansas City.

(1) The business address of each of our officers is c/o Palmer Square Capital BDC Inc., 1900 Shawnee Mission Parkway, Suite 315, Mission Woods, Kansas 66205.

#### Information About Each Director's Experience, Qualifications, Attributes or Skills

The Board believes that, collectively, the directors have balanced and diverse experience, qualifications, attributes and skills, which allow the Board to operate effectively in governing the Company and protecting the interests of its stockholders. Below is a description of the various experiences, qualifications, attributes and/or skills with respect to each director considered by the Board.

**Interested Directors****Christopher D. Long**

Mr. Long was appointed as our Chairman and Chief Executive Officer in 2019 and has served on our Board since November 2019. Mr. Long has also served as Chief Executive Officer of our Investment Advisor since 2019 and Chief Executive Officer of PSCM since 2009 and is responsible for managing our Investment Advisor's and PSCM's overall business. Mr. Long also served as our President from November 2019 to March 2022 and as President of PSCM from 2009 to March 2020. Since PSCM's inception, Mr. Long has been successful in not only building a highly-experienced investment team, but also an integrated credit investment platform that manages mutual fund offerings, private funds and separately managed accounts. PSCM has a client list that spans not only institutions and family offices, but also registered investment advisers, banks/trusts, and broker-dealers. Mr. Long's previous work experience includes key investment roles at Prairie Capital and Sandell Asset Management as well as working at Morgan Stanley in the Credit Derivatives and Distressed Securities Group focused on the firm's proprietary investments. Before Morgan Stanley, he worked at TH Lee Putnam Ventures, a private equity fund sponsored by Thomas H Lee Partners and Putnam Investments. In that role, he also served on the Board of Directors of Avero, Inc. and was a Board Observer for Parago, Inc. He started his career at JPMorgan & Co. in Leveraged Finance and Mergers & Acquisitions (FIG Group) advising corporations and private equity firms on investment banking and capital markets. Mr. Long previously served on the board of trustees of Palmer Square Opportunistic Income Fund (Nasdaq) from August 2014 to October 2018. Mr. Long is married to Angie K. Long, our Chief Investment Officer. He received an MBA degree from the Harvard Business School and an AB degree in Economics cum laude from Princeton University. The Board believes that Mr. Long's strong investment and operating leadership experience qualifies him to serve on the Board.

**Jeffrey D. Fox**

Mr. Fox was appointed as our Chief Financial Officer in 2019 and has served on our **board** **Board** since November 2019. Mr. Fox has also served as Chief Financial Officer of our Investment Advisor since 2019 and as President of PSCM since March 2020. Mr. Fox previously served as our Treasurer from November 2019 to March 2022 and as Managing Director of PSCM from April 2013 to March 2020. Prior to joining **Palmer Square PSCM** in April 2013, Mr. Fox worked for Sandler O'Neill and Partners from September 2011 to March 2013 where he was a Managing Director within Fixed Income where he was involved in the structuring and sales of many products including Collateralized Loan Obligations. Before Sandler O'Neill, Mr. Fox worked for Société Générale as a Director within Global Markets Advisory where he was instrumental in the US CDO/CLO and RMBS Credit Advisory effort. His work included the restructuring of various structured credit legacy positions for European institutions as well as the modeling behind the corporate rating and pricing for various structured products. Prior to Société Générale, Mr. Fox was employed by JPMorgan Chase & Co/Bear Stearns, where he was an Associate Director in the FAST organization focusing on the structuring of Trust Preferred CDOs and CLOs. Also while at Bear Stearns, Mr. Fox managed the global CDO analytics desk which included intensive credit modeling of various asset classes. Mr. Fox received a MS degree in Computer Information Systems from Arizona State University and a BS degree in **Geology with a minor in Mathematics and Geology** from Northern Arizona University. **Mr. Fox holds the Series 7 and 63 licenses.** The Board believes that Mr. Fox's strong operational and financial experience qualifies him to serve on the Board.

**Independent Directors**

**Megan L. Webber**

Ms. Webber has served on our Board since November 2019. Ms. Webber is a **Financial Director of Investment Reporting Manager** at The Anschutz Corporation, where she has worked for over **19** **23** years. Prior to Anschutz Corporation, she was a Supervising Audit Senior at KPMG, LLP from 1997 to 2000. Ms. Webber has served on the board of trustees of Palmer Square Opportunistic Income Fund (Nasdaq) since 2014, and previously served on the board of trustees of Montage Managers Trust from July 2015 to March 2017. Ms. Webber received a BS in Accounting from Indiana University and received her CPA license in 1997. The Board believes that Ms. Webber's strong financial and audit experience qualifies her to serve on the Board.

**James W. Neville Jr.**

Mr. Neville has served on our Board since November 2019. Mr. Neville is an active proprietary trader and investor. He was a Portfolio Manager at Great Plains Principal Trading from January 2012 through June 2019. Prior to Great Plains Principal Trading, Mr. Neville served as a proprietary trader for over 23 years, focusing on agriculture futures and options as well as stock index futures and energy. Mr. Neville has served on the board of directors of Palmer Square Opportunistic Income Fund (Nasdaq) since 2014. The Board believes that Mr. Neville's strong investment management and trading experience qualifies him to serve on the Board.

*Christopher C. Nelson*

Mr. Nelson has served on our Board since November 2019. Mr. Nelson is a Wealth Advisor at SeaCrest Wealth Management, where he has worked since May 2018. Prior to SeaCrest Wealth Management, Mr. Nelson was a Vice President at Enterprise Trust Company from February 2013 to February 2018, where he led the Kansas City team. Prior to that, Mr. Nelson held investment management roles at The Private Bank, Kornitzer Capital Management, and The Bank of New York. Mr. Nelson received a Bachelor of Arts in English from Gettysburg College in Gettysburg, Pennsylvania. The Board believes that Mr. Nelson's strong investment management experience qualifies him to serve on the Board.

**Section 16(a) Beneficial Ownership Reporting Compliance Committees of the Board of Directors**

Section 16(a) of the Exchange Act requires the Company's officers, An Audit Committee, a Nominating and **directors**, Corporate Governance Committee and persons who own more than 10% of a Compensation Committee have been established by our Common Stock, to file reports of securities ownership and changes in such ownership with the SEC. Officers, directors, and greater than 10% stockholders also are required by SEC rules to furnish the Company with copies of all Section 16(a) forms they file. **Board**. Based solely on the Company's review of Forms 3, 4 and 5 filed by such persons and information provided by the Company's directors and officers, the Company believes that during the year ended December 31, 2022, all Section 16(a) filing requirements applicable to such persons were met in a timely manner, with the following inadvertent exception. Mr. Matthew L. Bloomfield, one of our executive officers, filed late one Form 3 with respect to one transaction in shares of Common Stock during the reporting period. **Audit Committee**

#### **Code of Conduct, Code of Ethics and Insider Trading Policy**

We expect each of our officers and directors, as well as any person affiliated with our operations, to act in accordance with the highest standards of personal and professional integrity at all times and to comply with the Company's policies and procedures and all laws, rules and regulations of any applicable international, federal, provincial, state or local government. To this effect, the Board has adopted a Code of Ethics. The Code of Ethics applies to all of the Company's directors and officers.

As required by the 1940 Act and the Advisers Act, we and our Investment Advisor have each adopted a Code of Ethics that establishes procedures that apply to our directors, executive officers, officers, their respective staffs and the employees of our Investment Advisor with respect to their personal investments and investment transactions. Our Code of Ethics generally does not permit investments by our directors, officers or any other covered person in securities that may be purchased or held by us.

#### **Nomination of Directors**

There have been no material changes to the procedures by which stockholders may recommend nominees to our Board since the filing of our Proxy Statement for our 2022 Annual Meeting of Stockholders.

#### **Audit Committee**

The members of our Audit Committee are Megan L. Webber, James W. Neville Jr. and Christopher C. Nelson, each of whom meets the independence standards established by the SEC for audit committees and is independent for purposes of the 1940 Act. Ms. Webber serves as Chair of our Audit Committee. Our Board has determined that Ms. Webber is an "audit committee financial expert" under SEC rules. Our Audit Committee's responsibilities include selecting our independent registered public accounting firm; reviewing with such independent registered public accounting firm the planning, scope and results of their audit of our financial statements; pre-approving the fees for services performed; reviewing, in consultation with the independent registered public accounting firm, the adequacy of internal control systems; reviewing our annual financial statements; overseeing internal audit staff, if any, and periodic filings; and receiving our audit reports and financial statements.

#### **Nominating and Corporate Governance Committee**

The members of the Nominating and Corporate Governance Committee are Megan L. Webber, James W. Neville and Christopher C. Nelson, each of whom is an independent director. Mr. Nelson serves as Chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee operates pursuant to a charter approved by our Board. The Nominating and Corporate Governance Committee is responsible for selecting, researching and nominating qualified nominees to be elected to the Board by our stockholders at the annual stockholder meeting, selecting qualified nominees to fill any vacancies on our Board or a committee of our Board (consistent with criteria approved by our board of directors), developing and recommending to our Board a set of corporate governance principles applicable to us and overseeing the evaluation of our Board and our management.

#### **Compensation Committee**

The members of our Compensation Committee are Megan L. Webber, James W. Neville and Christopher C. Nelson, each of whom is an independent director. Mr. Neville serves as Chairman of the Compensation Committee. The Compensation Committee is responsible for determining, or recommending to the Board for determination, the compensation, if any, of our chief executive officer and all other executive officers. The Compensation Committee also assists the Board with matters related to compensation generally, except with respect to compensation of the directors. It is the responsibility of the independent directors to review their own compensation and recommend to all of the directors the appropriate level of compensation. As none of our executive officers currently is compensated by us, the Compensation Committee does not produce and/or review a report on executive compensation practices.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who own more than 10% of our Common Stock, to file reports of securities ownership and changes in such ownership with the SEC. Officers, directors, and greater than 10% stockholders also are required by SEC rules to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on the Company's review of Forms 3, 4 and 5 filed by such persons and information provided by the Company's directors and officers, the Company believes that during the year ended December 31, 2023, all Section 16(a) filing requirements applicable to such persons were met in a timely manner.

**Code of Conduct, Code of Ethics and Insider Trading Policy**

We expect each of our officers and directors, as well as any person affiliated with our operations, to act in accordance with the highest standards of personal and professional integrity at all times and to comply with the Company's policies and procedures and all laws, rules and regulations of any applicable international, federal, provincial, state or local government. To this effect, the Board has adopted a Code of Ethics. The Code of Ethics applies to all of the Company's directors and officers.

As required by the 1940 Act and the Advisers Act, we and our Investment Advisor have each adopted a Code of Ethics that establishes procedures that apply to our directors, executive officers, officers, their respective staffs and the employees of our Investment Advisor with respect to their personal investments and investment transactions. Our Code of Ethics generally does not permit investments by our directors, officers or any other covered person in securities that may be purchased or held by us.

**Nomination of Directors**

There have been no material changes to the procedures by which stockholders may recommend nominees to our Board since the filing of our Proxy Statement for our 2022 Annual Meeting of Stockholders.

**ITEM 11. EXECUTIVE COMPENSATION**

None of our officers receives direct compensation from us. However, Messrs. Betz, Long, Fox and Bloomfield and Ms. Long, through their indirect financial interests in our Investment Advisor, have an indirect pecuniary interest in the investment advisory fees paid by us under the Advisory Agreement. In addition, the Company is responsible for expenses incurred by the Administrator in connection with administering the Company's business, including making payments to the Administrator based upon the Company's allocable portion of the Administrator's overhead and other expenses associated with performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions and the allocable portion of the costs of compensation and related expenses of the Company's Chief Compliance Officer and Chief Financial Officer and their respective administrative support staffs.

#### Compensation of Directors

The Independent Directors receive an annual fee of \$25,000. They also receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each regular Board meeting, each special meeting and each committee meeting attended. We have obtained directors' and officers' liability insurance on behalf of our directors and officers. No compensation is paid to directors who are "interested persons." The Board reviews and determines the compensation of Independent Directors.

The following table shows information regarding the compensation earned by our directors for the year ended December 31, 2022 December 31, 2023. No compensation is paid by us to any interested director or executive officer of the Company.

Name	Aggregate Compensation from Palmer Square Capital BDC Inc. <sup>(1)</sup>	Pension or Retirement Benefits Accrued as Part of Our Expenses <sup>(2)</sup>	Total Compensation from Palmer Square Capital BDC Inc. Paid to Director <sup>(1)</sup>
<b>Independent Directors</b>			
Megan L. Webber	\$ 25,000	—	\$ 25,000
James W. Neville Jr.	\$ 25,000	—	\$ 25,000
Christopher C. Nelson	\$ 25,000	—	\$ 25,000
<b>Interested Directors</b>			
Christopher D. Long	\$ —	—	\$ —
Jeffrey D. Fox	\$ —	—	\$ —

(1) For a description of the Independent Directors' compensation, see above.

(2) We do not have a profit-sharing or retirement plan, and directors do not receive any pension or retirement benefits.

#### Compensation Committee

The Company does not have a compensation committee because its executive officers do not receive compensation from us. The Board, as a whole, is responsible for reviewing the reimbursement by the Company to the Administrator of the allocable portion of the cost of the Company's Chief Financial Officer and Chief Compliance Officer and their respective staffs on an annual basis and also participates in the consideration of director compensation. Decisions on director compensation are based on a review of data of comparable BDCs.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table shows information as of the February 28, 2023 February 28, 2024, unless otherwise indicated, regarding the beneficial ownership of our Common Stock by: (i) each person known to the Company to beneficially own more than 5% of the outstanding shares of Common Stock; (ii) each director of the Company; (iii) each executive officer of the Company; and (iv) all directors and executive officers as a group. With respect to persons known to the Company to beneficially own more than 5% of the outstanding shares of Common Stock, the Company bases such knowledge on beneficial ownership filings made by the holders with the SEC and other information known to the Company.

The percentage ownership is based on **24,408,165** **32,552,794** shares of our Common Stock issued and outstanding as of **February 28, 2023** **February 28, 2024**. Unless otherwise indicated, all persons named as beneficial owners of our Common Stock have sole voting power and sole investment power with respect to the shares indicated as beneficially owned. None of the shares of Common Stock beneficially owned by our officers or directors has been pledged as security for an obligation. In addition, unless otherwise indicated, the address for each person named below is c/o Palmer Square Capital BDC Inc., Attention: Secretary, 1900 Shawnee Mission Parkway, Suite 315, Mission Woods, Kansas 66205.

Name and Address	Shares Owned <sup>(1)</sup>	Percentage of Common Stock Outstanding <sup>(2)</sup>
Christopher D. Long	32,806 <sup>(3)</sup>	*
Jeffrey D. Fox	9,690	*
Megan L. Webber	—	—
James W. Neville Jr.	—	—
Christopher C. Nelson	—	—
Angie K. Long	32,806 <sup>(3)</sup>	*
Scott A. Betz	4,932	*
Matthew L. Bloomfield	22,195	*
<b>All directors and executive officers as a group (8 persons)</b>	<b>69,623</b>	<b>*</b>
Excelsior Holdings D2 LLC <sup>(4)</sup>	3,288,139	13.47 %
Alaris Master Fund, LP <sup>(5)</sup>	3,268,139	13.39 %
Caravel Holdings LLC <sup>(6)</sup>	3,983,290	16.32 %
Martin C. Bicknell <sup>(7)</sup>	2,346,812	9.61 %
Chinquapin Trust Company <sup>(8)</sup>	1,407,445	5.77 %

Name and Address	Shares Owned <sup>(1)</sup>	Percentage of Common Stock Outstanding <sup>(2)</sup>
Christopher D. Long	98,005 <sup>(3)</sup>	*
Jeffrey D. Fox	10,992	*
Megan L. Webber	—	—
James W. Neville Jr.	—	—
Christopher C. Nelson	—	—
Angie K. Long	98,005 <sup>(3)</sup>	*
Scott A. Betz	5,595	*
Matthew L. Bloomfield	85,968	*
<b>All directors and executive officers as a group (8 persons)</b>	<b>200,561</b>	<b>*</b>
Excelsior Holdings D2 LLC <sup>(4)</sup>	3,730,065	11.46 %
Alaris Master Fund, LP <sup>(5)</sup>	3,707,377	11.39 %
Caravel Holdings LLC <sup>(6)</sup>	3,983,290	12.24 %
Martin C. Bicknell <sup>(7)</sup>	2,954,714	9.08 %
First Trust Capital Management L.P. <sup>(8)</sup>	2,122,165	6.52 %

\* Represents less than 1.0% of the issued and outstanding shares of our Common Stock as of the Record Date.

(1) Beneficial ownership has been determined in accordance with Rule 13d-3 under the Exchange Act.

(2) Based on a total of 24,408,165 32,552,794 shares of Common Stock issued and outstanding as of February 28, 2023 February 28, 2024.

(3) Includes 32,806 98,005 shares of Common Stock indirectly held by the Angie K. Long Irrevocable Trust, for which Mr. Long and Ms. Long disclaim beneficial ownership except to the extent of his or her pecuniary interests therein.

(4) As of February 28, 2023 February 28, 2024, Excelsior Holdings D2 LLC ("Excelsior") owned 3,288,139 3,730,065 shares of our Common Stock. Excelsior Holdings D LLC, a Delaware limited liability company ("Holdings LLC") is the managing member of Excelsior. As managing member of Excelsior, Holdings LLC exercises dispositive and voting power over the shares beneficially owned by Excelsior. The principal business address of each of Excelsior and Holdings LLC is 6000 France Ave. S., Suite 550, Minneapolis, Minnesota, 55435.

(5) As of February 28, 2023 February 28, 2024, Alaris Master Fund LP owned 3,268,139 3,707,377 shares of our Common Stock. Alaris Capital, LLC is the general partner of Alaris Master Fund LP and may be deemed to be an indirect beneficial owner of the shares. The principal business address of each of Alaris Master Fund LP and Alaris Capital, LLC is 4900 Main Street, Suite 600, Kansas City, Missouri 64112.

(6) Based on information provided in a Schedule 13G/A filed on October 18, 2021 and a Form 4 filed on October 18, 2021, Caravel Holdings LLC reported shared voting and dispositive power with respect to 3,983,290 shares of our Common Stock. The shares are owned directly by Caravel Holdings LLC, which is a wholly owned subsidiary of Seaboard Foods LLC, which is a wholly owned subsidiary of Seaboard Corporation. Seaboard Foods LLC and Seaboard Corporation may each be deemed to be an indirect beneficial owner of the shares. The principal business address of each of Caravel Holdings LLC, Seaboard Foods LLC and Seaboard Corporation is 9000 West 67th Street, Merriam, Kansas 66202.

(7) As of February 28, 2023 February 28, 2024, Martin Christopher Bicknell beneficially owned 2,346,812 2,954,714 shares of our Common Stock. 1,562,896 shares are owned directly by 1248 Holdings, LLC and 783,915 1,391,817 shares are owned directly by BFFV19, LLC. Mr. Bicknell is the Elected Manager of each of the entities that collectively own all of the outstanding membership interests of BFFV19, LLC, and has sole voting and dispositive power over the shares owned by 1248 Holdings, LLC, and thus, Mr. Bicknell may be deemed to be an indirect beneficial owner of the shares owned by each of BFFV19, LLC and 1248 Holdings, LLC. The principal business address of each of BFFV19, LLC, 1248 Holdings, LLC and Mr. Bicknell is 5700 W 112th Street, Suite 500, Overland Park, Kansas 66211.

(8) As of February 28, 2023 Based on information provided in a Schedule 13G filed on January 25, 2024, Chinquapin First Trust Company owned 1,407,445 Capital Management L.P. ("FTCM"), First Trust Capital Solutions L.P. ("FTCS") and FTCS Sub GP LLC ("Sub GP") reported sole dispositive and voting power with respect to 2,122,165 shares of our Common Stock. The shares are held of record by Limit & Co., which serves as nominee for Chinquapin Trust Company. Chinquapin Trust Company has sole voting FTCS and dispositive power over the shares Sub GP may be deemed to control FTCM and is therefore may be deemed to be the beneficial owner owners of the shares. Common Stock reported in the Schedule 13G. The principal business address for Chinquapin Trust Company of FTCM, FTCS and Sub GP is 2480 Pershing Rd, Suite 600, Kansas City, Missouri 64108. 225 W. Wacker Drive, 21st Floor, Chicago, IL 60606.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

### Transactions with Related Persons

#### *Investment Advisory Agreement*

We have entered into the Advisory Agreement with our Investment Advisor pursuant to which we pay the Investment Advisor a base management fee and incentive fee (which incentive fee is only payable following a listing the completion of the Company's Common Stock on a national securities exchange) IPO in exchange for the Investment Advisor's services sourcing, reviewing and structuring investment opportunities for us, underwriting and performing diligence on our investments and monitoring our investment portfolio on an ongoing basis. Our Board initially approved the Advisory Agreement at an in-person meeting in November 2019, and the Company entered into the Advisory Agreement in January 2020. Unless terminated earlier as described below, the Advisory Agreement will remain in effect from year to year if approved annually by our Board or by the affirmative vote of the holders of a majority of our outstanding voting securities, and, in either case, if also approved by a majority of our Independent Directors. At a meeting held on March 10, 2022, our Board approved an amended and restated Advisory Agreement, to be effective upon completion of the IPO. Our Board most recently determined to re-approve the Advisory Agreement for an additional one-year term ending January 13, 2025 at a meeting held in November 2022, on November 9, 2023. Messrs. Long, Fox, Bloomfield and Bloomfield Betz and Ms. Long, through their indirect financial interests in our Investment Advisor, have an indirect pecuniary interest in the investment advisory fees paid by us under the Advisory Agreement. Under the incentive fee structure, our adjusted net investment income for purposes thereof will be computed and paid on income that may include interest income that has been accrued but not yet received in cash. This fee structure may give rise to a conflict of interest for our Investment Advisor to the extent that it encourages the Investment Advisor to favor debt financings that provide for deferred interest, rather than current cash payments of interest. Additionally, in the Investment Advisor's capacity as our valuation designee pursuant to Rule 2a-5 under the 1940 Act, we rely on investment professionals from the Investment Advisor in connection with the valuation of our portfolio investments. While the valuation for each portfolio investment that constitutes a material portion of our portfolio and that does not have a readily available market quotation will be reviewed by an independent valuation firm at least once annually, the ultimate determination of fair value will be made by our Investment Advisor (subject to the Board's oversight) and not by such third-party valuation firm. The participation of the Investment Advisor's investment professionals in our valuation process could result in a conflict of interest as the Investment Advisor's management fee is based, in part, on the value of our total net assets. For the year ended December 31, 2022 December 31, 2023, the Investment Advisor earned a base management fee of \$8.3 million \$8.4 million, offset by \$1.0 million \$1.1 million in management fee waiver from the Investment Advisor, and did not earn an incentive fee, as our Common Stock was not listed on a national securities exchange.

#### *Administration Agreement*

We have entered into the Administration Agreement with the Administrator pursuant to which the Administrator furnishes us with office facilities and equipment and provides us with clerical, bookkeeping, recordkeeping and other administrative services. Our Board approved the Administration Agreement in November 2019, and the Company entered into the Administration Agreement in January 2020. Our Board most recently determined to re-approve the Administration Agreement for an additional one-year term ending January 13, 2025 at a meeting held in November 2022, on November 9, 2023. Under the Administration Agreement, the Administrator performs, or oversees the performance of, our required administrative services, which include, among other things, being responsible for the financial records which we are required to maintain and preparing reports to our stockholders and reports filed with the SEC.

#### *Resource Sharing Agreement*

The Investment Advisor is an affiliate of PSCM, with whom it has entered into a resource sharing agreement (the "Resource Sharing Agreement"). Under this agreement, PSCM provides the Investment Advisor experienced investment professionals and access to the senior investment personnel and other resources of PSCM and its affiliates. The Resource Sharing Agreement provides the Investment Advisor with access to deal flow generated by the professionals of PSCM and its affiliates and commits the members of the Investment Advisor's investment committee to serve in that capacity. The Investment Advisor seeks to capitalize on what we believe to be the significant deal origination, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of PSCM's investment professionals. The Resource Sharing Agreement may be terminated by either party on 60 days' notice.

#### *License Agreement*

We have also entered into a license agreement (the "License Agreement") with Palmer Square PSCM under which Palmer Square PSCM has granted us a non-exclusive, royalty-free license to use the name "Palmer Square" for specified purposes in our business. Under the License Agreement, we have a right to use the "Palmer Square" name, subject to certain conditions, for so long as our Investment Advisor or one of its affiliates remains our investment adviser. Other than with respect to this limited license, we will have no legal right to the "Palmer Square" name.

#### **Policies and Procedures for Managing Conflicts; Co-investment Opportunities**

We have procedures in place for the review, approval and monitoring of transactions involving the Company and certain persons related to the Company. As a BDC, the 1940 Act restricts us from participating in certain transactions with certain persons affiliated with the Company, including our officers, directors, and employees and any person controlling or under common control with us. In addition, each of our directors and executive officers is required to complete questionnaire on an annual basis designed to elicit information about any potential related-party transactions. In order to ensure that we do not engage in any prohibited transactions with any persons affiliated with the Company, our officers screen each of our transactions for any possible affiliations, close or remote, between the proposed portfolio investment, the Company, companies controlled by us and our employees and directors. We will not enter into any transactions unless and until we are satisfied that the transaction is not prohibited by the 1940 Act or, if such prohibitions exist, we have taken appropriate actions to seek Board review and approval or exemptive relief from the SEC for such transaction.

The Investment Advisor, **Palmer Square, PSCM**, and their affiliates, partners and employees (collectively, "PSCM Affiliates") may engage in any other business and furnish investment management and advisory services and other types of services to others which may include, without limitation, serving as investment manager or sponsor of other collective investment vehicles or managed accounts that acquire interests in, provide financing to or otherwise deal in securities or other investments that would be suitable investments for us. PSCM Affiliates furnish investment management or advisory services to other persons with investment policies similar or different to those of us. Such persons may own securities or other instruments of the same class or type or which may be senior to those held by us, and they have incentives, financial or otherwise, to favor certain accounts or vehicles over others. There is no assurance that accounts with similar strategies or investment objectives will hold the same investments or perform in a similar manner. This and other future activities of PSCM Affiliates may give rise to additional conflicts of interest.

Subject to certain 1940 Act restrictions on co-investments with affiliates or in accordance with the conditions of the co-investment exemptive relief provided by the SEC (as discussed below), the Investment Advisor offers us the right to participate in all investment opportunities that it determines are appropriate for us in view of our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other relevant factors. Such offers are subject to the exception that, in accordance with the Investment Advisor's code of ethics and allocation policies, we might not participate in each individual opportunity but, on an overall basis, the Investment Advisor will seek to allocate investments across applicable client accounts in a manner that is fair and equitable on an overall basis.

We, the Investment Advisor and **Palmer Square PSCM** have been granted exemptive relief from the SEC to permit greater flexibility to negotiate the terms of co-investments if our Board determines that it would be advantageous for us to co-invest with investment funds, accounts and investment vehicles managed by **Palmer Square PSCM** in a manner consistent with our investment objectives, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. We believe that co-investment by us and investment funds, accounts and investment vehicles managed by the Investment Advisor and its affiliates, including **Palmer Square, PSCM**, may afford us additional investment opportunities and an ability to achieve greater diversification. Accordingly, our exemptive order permits us to invest with these investment funds, accounts and investment vehicles managed in the same portfolio companies under circumstances in which such investments would otherwise not be permitted by the 1940 Act. Our exemptive relief permitting co-investments applies only if our independent directors review and approve each co-investment. The exemptive relief imposes other constraints on co-investments that limit the number of instances when the Company may rely on its protections.

The Investment Advisor and its affiliates have both subjective and objective policies and procedures in place that are designed to manage the potential conflicts of interest between the Investment Advisor's fiduciary obligations to us and its similar fiduciary obligations to other clients. To the extent that we compete with entities sponsored or managed by the Investment Advisor or its affiliates for a particular investment opportunity, the Investment Advisor will allocate investment opportunities across the entities for which such opportunities are appropriate, consistent with (1) its internal conflict of interest and allocation policies, (2) the requirements of the Advisers Act, and (3) certain restrictions under the 1940 Act regarding co-investments with affiliates. The Investment Advisor's allocation policies are intended to ensure that, over time, we may generally share equitably with other accounts sponsored or managed by the Investment Advisor or its affiliates in investment opportunities, particularly those involving a security with limited supply or involving differing classes of securities of the same issuer which may be suitable for us and such other accounts. There can be no assurance that the Investment Advisor's or its affiliates' efforts to allocate any particular investment opportunity fairly among all clients for whom such opportunity is appropriate will result in an allocation of all or part of such opportunity to us. Not all conflicts of interest can be expected to be resolved in our favor.

#### **Director Independence**

The 1940 Act requires that at least a majority of the Company's directors not be "interested persons" (as defined in the 1940 Act) of the Company. On an annual basis, each member of our Board is required to complete an independence questionnaire designed to provide information to assist the Board in determining whether the director is independent under the 1940 Act and our corporate governance guidelines. Our Board has determined that each of our directors, other than Mr. Christopher D. Long and Mr. Jeffrey D. Fox, is independent under the 1940 Act. Our governance guidelines require any director who has previously been determined to be independent to inform the Chairman of the Board and our Secretary of any change in circumstance that may cause his or her status as an Independent Director to change. The Board limits membership on the Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee to Independent Directors.

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following aggregate fees by PricewaterhouseCoopers LLP ("PwC"), the Company's independent registered accounting firm for the fiscal years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021, were billed to the Company for work attributable to audit, tax and other services provided to the Company for such fiscal year.

			Fiscal	Fiscal	Fiscal
			Year	Year	Year
	Fiscal	Fiscal	Year	Year	Year
	Year Ended December 31, 2022	Year Ended December 31, 2021	December	December	December
Audit Fees	\$ 343,010	\$ 301,970	\$ 364,574	\$ 343,010	\$ 301,970
Audit-Related Fees	45,000	40,000	45,000	45,000	40,000
Tax Fees	42,000	40,000	44,000	42,000	40,000
All Other Fees	900	900	2,000	900	900
Total	\$ 430,910	\$ 382,870	\$ 455,574	\$ 430,910	\$ 382,870

##### Audit Fees

Audit fees consist of fees billed for professional services rendered for the audit of our year-end financial statements and services that were provided by PwC for the fiscal years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021, 2021 in connection with statutory and regulatory filings.

##### Audit-Related Fees

Audit-related services consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees." These services include attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

##### Tax Fees

Tax fees consist of fees billed for professional services for tax compliance and filings. These services include assistance regarding federal, state, and local tax compliance and filings.

##### All Other Fees

Other fees would include fees billed for products and services other than the services reported above.

The Audit Committee has established a pre-approval policy that describes the permitted audit, audit-related, tax and other services to be provided by PwC, the Company's independent auditor. The policy requires that the Audit Committee pre-approve the audit and permissible non-audit services performed by the independent auditor in order to assure that the provision of such service does not impair the auditor's independence.

Any requests for audit, audit-related, tax and other services that have not received general pre-approval must be submitted to the Audit Committee for specific pre-approval, and cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings of the Audit Committee. However, the Audit Committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated must report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent auditor to management.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### (a) DOCUMENTS FILED AS PART OF THIS REPORT

The following is a list of our consolidated financial statements included in this Annual Report on Form 10-K under Item 8 of Part II hereof:

#### 1. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

##### Index to Consolidated Financial Statements

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<a href="#">Report of Independent Registered Public Accounting Firm</a>	F-2
<a href="#">Consolidated Statement of Assets and Liabilities as of December 31, 2022 December 31, 2023 and December 31, 2021</a>	F-3
<a href="#">Consolidated Statement of Operations for the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021</a>	F-4
<a href="#">Consolidated Statement of Changes in Net Assets for the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021</a>	F-5
<a href="#">Consolidated Statement of Cash Flows for the years ended December 31, 2022 December 31, 2023, 2022, and December 31, 2021</a>	F-6
<a href="#">Consolidated Schedule of Investments as of December 31, 2022 December 31, 2023 and December 31, 2021</a>	F-7 – F-26 F-28
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#### (b) EXHIBITS

3.1	<a href="#">Form of Articles of Amendment and Restatement, dated January 17, 2020 (Incorporated by reference to Exhibit 3.1 to Registrant's Amendment No. 1 to the Registration Statement on Form 10 (File No. 000-56126) filed on January 16, 2020).</a>
3.2	<a href="#">Articles of Amendment to the Articles of Amendment and Restatement, dated December 27, 2023 (Incorporated by reference to Exhibit (a)(2) to Registrant's Amendment No. 2 to the Registration Statement on Form N-2 (File No. 333-274967) filed on January 8, 2024).</a>
3.3	<a href="#">Bylaws (Incorporated by reference to Exhibit 3.2 to Registrant's Registration Statement on Form 10 (File No. 000-56126) filed on November 27, 2019)</a>
4.1	<a href="#">Description of securities (Incorporated by reference to Exhibit 4.1 to Registrant's Annual Report on Form 10-K (File No. 000-56126) filed on March 12, 2021)</a>
10.1	<a href="#">Investment Advisory Agreement, dated as of January 14, 2020, by and between the Registrant and Palmer Square BDC Advisor LLC (Incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q (File No. 000-56126) filed on May 15, 2020)</a>
10.2	<a href="#">Amended and Restated Investment Advisory Agreement by and between the Registrant and Palmer Square BDC Advisor LLC (Incorporated by reference to Exhibit (g)(2) to Registrant's Registration Statement on Form N-2 (File No. 333-274967) filed on October 13, 2023)</a>
10.3	<a href="#">Form of Administration Agreement (Incorporated by reference to Exhibit 10.2 to Registrant's Registration Statement on Form 10 (File No. 000-56126) filed on November 27, 2019)</a>
10.3 10.4	<a href="#">Form of Advisory Agreement Waiver Letter (Incorporated by reference to Exhibit 10.3 to Registrant's Registration Statement on Form 10 (File No. 000-56126) filed on November 27, 2019)</a>
10.4 10.5	<a href="#">Custody Agreement, dated as of December 17, 2019, by and between the Registrant and U.S. Bank National Association (Incorporated by reference to Exhibit 10.4 to Registrant's Amendment No. 1 to Registration Statement on Form 10 (File No. 000-56126) filed on January 16, 2020)</a>
10.5 10.6	<a href="#">Form of Indemnification Agreement for Directors and Officers (Incorporated by reference to Exhibit 10.5 to Registrant's Registration Statement on Form 10 (File No. 000-56126) filed on November 27, 2019)</a>
10.6 10.7	<a href="#">Form of Trademark Licensing Agreement (Incorporated by reference to Exhibit 10.6 to Registrant's Amendment No. 1 to Registration Statement on Form 10 (File No. 000-56126) filed on January 16, 2020)</a>

10.7	10.8	<a href="#">Form of Subscription Agreement (Incorporated by reference to Exhibit 10.7 to Registrant's Amendment No. 1 to Registration Statement on Form 10 (File No. 000-56126) filed on January 16, 2020)</a>
10.8	10.9	<a href="#">Dividend Reinvestment Plan (Incorporated by reference to Exhibit 10.8 to Registrant's Amendment No. 1 to Registration Statement on Form 10 (File No. 000-56126) filed on January 16, 2020)</a>
10.9	10.10	<a href="#">Credit Agreement, dated February 18, 2020, by and among Palmer Square BDC Funding I LLC, as the borrower, Bank of America, N.A., as administrative agent and as lender, and BofA Securities, Inc., as sole lead arranger and sole book manager (Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K (File No. 814-01334) filed on February 20, 2020)</a>
10.10	10.11	<a href="#">Sale and Contribution Agreement, dated February 18, 2020, by and between the Registrant, as the seller, and Palmer Square BDC Funding I LLC, as the purchaser (Incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K (File No. 814-01334) filed on February 20, 2020)</a>
10.11	10.12	<a href="#">Loan and Security Agreement, dated December 18, 2020, by and among the Registrant, as the collateral manager, Palmer Square BDC Funding II LLC, as the borrower, Wells Fargo Bank, National Association, as the administrative agent, U.S. Bank National Association, as the collateral agent and custodian, and the lenders party thereto (Incorporated by reference to Exhibit 10.11 to Registrant's Annual Report on Form 10-K (File No. 000-56126) filed on March 12, 2021)</a>
10.12	10.13	<a href="#">Loan Sale Agreement, dated December 18, 2020, by and between the Registrant, as the seller, and Palmer Square BDC Funding II LLC, as the purchaser (Incorporated by reference to Exhibit 10.12 to Registrant's Annual Report on Form 10-K (File No. 000-56126) filed on March 12, 2021)</a>
10.13	10.14	<a href="#">First Amendment to Credit Agreement, dated October 12, 2020, by and among Palmer Square BDC Funding I LLC, as the borrower, and Bank of America, N.A., as administrative agent and as lender (Incorporated by reference to Exhibit 10.13 to Registrant's Annual Report on Form 10-K (File No. 000-56126) filed on March 11, 2022)</a>
10.14	10.15	<a href="#">Second Amendment to Credit Agreement, dated September 29, 2021, by and among Palmer Square BDC Funding I LLC, as the borrower, and Bank of America, N.A., as administrative agent and as lender (Incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q (File No. 814-01334) filed on November 15, 2021)</a>
10.15	10.16	<a href="#">Omnibus Amendment to Loan Documents, dated February 3, 2023, by and among Palmer Square BDC Funding I LLC, as the borrower, Bank of America, N.A., as administrative agent and as lender, U.S. Bank Trust Company, National Association, as the collateral administrator, and U.S. Bank National Association, as the intermediary (Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K (File No. 814-01334) filed on February 9, 2023)</a>
10.17		<a href="#">Amendment No. 3 to Loan and Security Agreement, dated April 10, 2023, by and among Palmer Square BDC Funding II LLC, as the borrower, Palmer Square Capital BDC Inc., as the collateral manager and equityholder, and Wells Fargo Bank, National Association, as administrative agent and as lender. (Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K (File No. 814-01334) filed on April 13, 2023).</a>
10.18		<a href="#">Amendment No. 4 to Loan and Security Agreement, dated December 18, 2023, by and among Palmer Square BDC Funding II LLC, as the borrower, Palmer Square Capital BDC Inc., as the collateral manager and equityholder, Wells Fargo Bank, National Association, as administrative agent and as lender, U.S. Bank Trust Company, National Association, as collateral agent, and U.S. Bank National Association, as custodian (Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K (File No. 814-01334) filed on December 20, 2023).</a>
10.19		<a href="#">Transfer Agency and Registrar Services Agreement by and between the Registrant and Equiniti Trust Company, LLC (Incorporated by reference to Exhibit (k) (1) to Registrant's Amendment No. 1 to the Registration Statement on Form N-2 (File No. 333-274967) filed on November 20, 2023)</a>
21.1*		<a href="#">Subsidiaries of Registrant</a>
31.1*		<a href="#">Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*		<a href="#">Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1*		<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2*		<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
97		<a href="#">Palmer Square Capital BDC Inc. Clawback Policy*</a>
101.INS		Inline XBRL Instance Document.*
101.SCH		Inline XBRL Taxonomy Extension Schema Document.*
101.CAL		Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF		Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB		Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE		Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104		Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith

#### ITEM 16. FORM 10-K SUMMARY

The Registrant has elected not to provide summary information.

## SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### Palmer Square Capital BDC Inc.

Dated: **March 10, 2023** February 28, 2024

By: /s/ Christopher D. Long

Christopher D. Long  
Chief Executive Officer  
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Christopher D. Long</u>	Chief Executive Officer and Chairman of the Board of Directors	<b>March 10, 2023</b> February 28, 2024
<b>Christopher D. Long</b>	(Principal Executive Officer)	
<u>/s/ Jeffrey D. Fox</u>	Chief Financial Officer and Director	<b>March 10, 2023</b> February 28, 2024
<b>Jeffrey D. Fox</b>	(Principal Financial and Accounting Officer)	
<u>/s/ Megan L. Webber</u>	Director	<b>March 10, 2023</b> February 28, 2024
<b>Megan L. Webber</b>		
<u>/s/ James W. Neville Jr.</u>	Director	<b>March 10, 2023</b> February 28, 2024
<b>James W. Neville Jr.</b>		
<u>/s/ Christopher C. Nelson</u>	Director	<b>March 10, 2023</b> February 28, 2024
<b>Christopher C. Nelson</b>		

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Exhibit 21.1

Name	List of Subsidiaries	Jurisdiction
Palmer Square BDC Funding I LLC		Delaware
Palmer Square BDC Funding II LLC		Delaware

Exhibit 31.1

### Certification of Chief Executive Officer

I, Christopher D. Long, Chief Executive Officer of Palmer Square Capital BDC Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Palmer Square Capital BDC Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 10 28<sup>th</sup> day of March 2023, February 2024.

By: /s/ Christopher D. Long  
 Christopher D. Long  
 Chief Executive Officer

Exhibit 31.2

#### Certification of Chief Financial Officer

I, Jeffrey D. Fox, Chief Financial Officer of Palmer Square Capital BDC Inc., certify that:

- 1. I have reviewed this Annual Report on Form 10-K of Palmer Square Capital BDC Inc.;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 10<sup>th</sup> day of March 2023, February, 2024.

By: /s/ Jeffrey D. Fox  
Jeffrey D. Fox  
Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer  
Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "Report") of Palmer Square Capital BDC Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Christopher D. Long, the Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Christopher D. Long  
Name: Christopher D. Long  
Date: March 10, 2023 February 28, 2024

Exhibit 32.2

Certification of Chief Financial Officer  
Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "Report") of Palmer Square Capital BDC Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Jeffrey D. Fox, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Jeffrey D. Fox  
Name: Jeffrey D. Fox  
Date: March 10, 2023 February 28, 2024

Exhibit 97

PALMER SQUARE CAPITAL BDC INC.  
CLAWBACK POLICY

**Applicability: Palmer Square BDC Advisor LLC**

This policy is applicable to Palmer Square Capital BDC Inc.

**A. General Policy**

Pursuant to the requirements of Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rule 10D-1 promulgated under the Exchange Act ("Rule 10D-1") and Section 303A.14 of the New York Stock Exchange Listed Company Manual (the "Listing Standards"), the Board of Directors (the "Board") of Palmer Square Capital BDC Inc., a Maryland corporation (the "Company"), has adopted this Clawback Policy, including the provisions set forth in Appendix A hereto (this "Policy"), to provide for the recovery of Incentive-Based Compensation received by Covered Executives, if any, in the event of an Accounting Restatement (as such terms are defined below). The Company, as an externally-managed business development company under the Investment Company Act of 1940, as amended, currently neither pays nor has any plans to pay or otherwise award Incentive-Based Compensation to Covered Executives, but nevertheless has designed and implemented this Policy to comply with Section 10D of the Exchange Act, Rule 10D-1 and the Listing Standards. Rule 10D-1 and the Listing Standards require the Company to adopt this Policy regardless of whether Incentive-Based Compensation is paid or otherwise awarded by the Company to Covered Executives. This Policy shall be interpreted in a manner consistent with Rule 10D-1 and the Listing Standards.

**1. Definitions**

As used in this Policy, the following definitions shall apply:

- a. **"Accounting Restatement"** means an accounting restatement of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws of the United States of America, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

- b. **“Applicable Period”** means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year). The **“date on which the Company is required to prepare an Accounting Restatement”** is the earlier to occur of (a) the date the Board, a committee thereof, or the officer or officers of the Company authorized to take such action if action by the Board or a committee thereof is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement or (b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement, in each case regardless of if or when the restated financial statements are filed.
- c. **“Covered Executives”** means any current or former executive officer of the Company, including the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer of the Company who performs a policy-making function, or any other person who performs similar policy-making functions for the Company, and any officer within the meaning of 17 C.F.R. 229.401(b). An executive officer of the Company’s parent or subsidiary is deemed a “Covered Executive” if the executive officer performs such policy making functions for the Company. “Policy making function” is not intended to include policy making functions that are not significant to the Company. The definition of “Covered Executives” shall be interpreted in accordance with the definition of “Executive Officer” set forth in Rule 10D-1 and the Listing Standards. For the avoidance of doubt, “Covered Executives” does not include the Company’s investment adviser (the “Investment Adviser”) or any of the Investment Adviser’s directors, partners, officers or employees.
- d. **“Erroneously Awarded Compensation”** has the meaning set forth in Section 2 of [Appendix A](#) hereto.
- e. **“Financial Reporting Measure”** means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measure. For the avoidance of doubt, Financial Reporting Measures include but are not limited to the following (and any measure derived from the following): the Company’s stock price; total stockholder return (“TSR”); net asset value; net investment income; net investment gains; profitability; financial ratios; earnings before interest, taxes depreciation and amortization; funds from operations and adjusted funds from operations; liquidity measures; return measures (e.g., return on investment capital; return on assets); earnings measures (e.g., earnings per share); and any of such financial reporting measures relative to a peer group. A Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the Securities and Exchange Commission.
- f. **“Incentive-Based Compensation”** means any compensation that is granted by the Company or earned and/or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For purposes of this Policy, Incentive-Based Compensation is deemed “received” in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

## 2. Scope; Covered Executives; Incentive-Based Compensation

The Company currently neither pays nor has any plans to pay or otherwise award Incentive-Based Compensation to Covered Executives.<sup>1</sup>

**3. Board of Director’s Review** This Policy will be presented to the Board for review and approval at such times as the Board in its discretion determines is necessary and appropriate. The Board may amend, modify, supplement, rescind or replace all or any portion of this Policy at any time and from time to time in its discretion, and shall amend this Policy as it deems necessary to comply with applicable law or any rules or standards adopted by a national securities exchange on which the Company’s securities are listed.

<sup>1</sup>This Policy applies to all Incentive-Based Compensation received by a person (a) after beginning services as a Covered Executive; (b) if that person served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation; and (c) while the Company had a class of its securities listed on a national securities exchange or a national securities association.

## 4. Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

## 5. Exhibit Filing Requirement

A copy of this Policy, including any amendments thereto, shall be filed as an exhibit to the Company’s annual report on Form 10-K to the extent required by applicable law.

Adopted: October 13, 2023

## APPENDIX A

In the event the Company is required to prepare an Accounting Restatement, the Company will recover reasonably promptly the amount of any Erroneously Awarded Compensation received by any Covered Executive, as calculated pursuant to Section 2 below, during the Applicable Period.

### 1. Erroneously Awarded Compensation: Amount Subject to Recovery

The amount of “Erroneously Awarded Compensation” subject to recovery under this Policy, as determined by the Company, is the amount of Incentive-Based Compensation received by the Covered Executive that exceeds the amount of Incentive-Based Compensation that otherwise would have been received by the Covered Executive had it been determined based on the applicable restated Financial Reporting Measure.

Erroneously Awarded Compensation will be computed without regard to any taxes paid by the Covered Executive with respect to the Erroneously Awarded Compensation.

For Incentive-Based Compensation based on the Company’s stock price or TSR: (a) the Company will determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received; and (b) the Company will maintain documentation of the determination of that reasonable estimate and provide such documentation to the New York Stock Exchange (the “NYSE”).

### 2. Method of Recovery

The Company will determine, in its sole discretion, the timing and method for promptly recovering Erroneously Awarded Compensation hereunder, which may include without limitation:

- Seeking reimbursement of all or part of any cash or equity-based award,
- Cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid,
- Cancelling or offsetting against any planned future cash or equity-based awards,
- Forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder, and,

- Any other method authorized by applicable law or contract. Subject to compliance with applicable law, the Company may effect recovery under this Policy from any amount otherwise payable to the Covered Executive, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses, other compensation, and/or compensation previously deferred by the Covered Executive.

The Company will seek to reasonably promptly recover Erroneously Awarded Compensation unless the Board (including a majority of independent directors) or applicable committee thereof has determined that such recovery would be impracticable for one of the following reasons, and subject to the following procedural requirements:

- Reason:* The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered.

*Procedural Requirement:* Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make, or cause to be made, a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover and provide that documentation to the NYSE.

- Reason:* Recovery would violate home country law where that law was adopted prior to November 28, 2022.

*Procedural Requirement:* Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the NYSE, that recovery would result in such a violation and provide such opinion to the NYSE.

- Reason:* Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to executive officers and/or employees, if any, of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

*Procedural Requirement:* Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation, the Company must make a reasonable determination as to whether the recovery would cause such tax-qualified retirement plan to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

### 3. No indemnification of Covered Executives

The Company is prohibited from indemnifying any Covered Executive against losses caused by the recovery of any Erroneously Awarded Compensation. Further, the Company cannot pay or reimburse premiums on an insurance policy to protect any Covered Executive from such recovery.

### 4. Administrator Indemnification

Any directors and officers of the Company, and any other personnel who assist in the administration of this Policy, including, but not limited to those of Palmer Square BDC Advisor LLC employees, will not be personally liable for any action, determination or interpretation made with respect to this Policy and will be fully indemnified by the Company with respect to any such action, determination, or interpretation.

### 5. Other Recovery Rights; Company Claims

Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company. Nothing contained in this Policy limits any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Executive arising out of resulting from any actions or omissions by the Covered Executive.

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