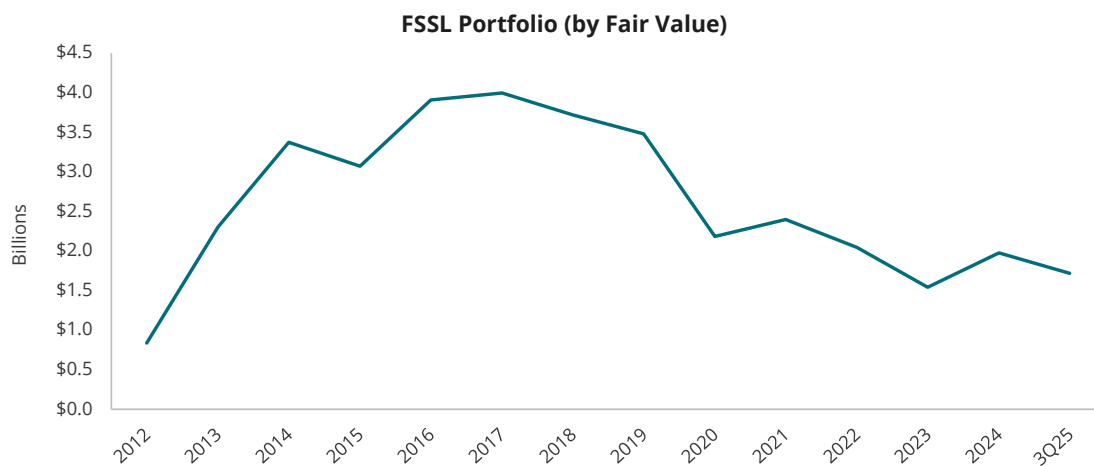


FS Specialty Lending Fund's Conversion and Listing on NYSE

- On April 24, 2025, FS Specialty Lending Fund ("FSSL"), formerly FS Energy and Power Fund, announced its intention to convert from a business development company ("BDC") into a registered closed-end fund and to list its common shares on the New York Stock Exchange ("NYSE").
- On November 13, 2025, FSSL listed its shares and commenced trading at an opening price of \$14.12 per share, reflecting a 26.7% discount to the most recent reported net asset value for FSSL's common stock of \$19.27 per share as of September 30, 2025.
- FSSL was formed in 2010 as FS Energy and Power Fund, a BDC focused on debt securities and income-oriented preferred and common equity interests of privately held U.S. energy companies.

FSSL conducted two public offerings of common stock from May 2011 to November 2016, raising gross proceeds of approximately \$4.36 billion, excluding its DRIP. FSSL suspended its share repurchase program ("SRP") in March 2020, citing "difficult market conditions and in an effort to preserve liquidity," and the program had been suspended since that time. In May 2023, the board approved a change in the fund's name and a transition to a diversified credit strategy investing across private and public credit in a broader set of industries, sectors and subsectors, effective on September 29, 2023. As of September 30, 2025, diversified credit investments represented approximately 94% of the portfolio's fair value, as compared to 17.0% as of September 30, 2023; over the same period, energy holdings declined from 83% to 6%. As of September 30, 2025, FSSL's portfolio totaled \$1.7 billion across 78 portfolio companies, with approximately 82% of investments being in first lien senior secured debt. In the two years since implementing its revised strategy, FSSL delivered an annualized return of 3.4%, inclusive of NAV erosion and "enhanced" cash dividends, which had been paid quarterly since October 2023 at annualized rates ranging from 7.5% and 12.5% based on the NAV per share. The graph below presents the size of FSSL's portfolio over time by fair value:



The conversion from a BDC to a closed-end fund was announced on April 24, 2025, shareholder approval was obtained on October 14, 2025, the conversion to a closed-end fund occurred on October 28, 2025, and shares began trading on the NYSE on November 13, 2025 at \$14.12 per share. In connection with the conversion and listing: (i) the base management fee was reduced from an annual rate of 1.75% to 1.50% of gross assets; (ii) the adviser will no longer be entitled to a capital gains incentive fee; (iii) the adviser waived a portion of the income incentive fee, reducing it from 20% to 10%; and (iv) Franklin Square Holdings, L.P. ("FS") acquired EIG Asset Management, LLC's interest in FSSL's adviser; as a result, the adviser became an indirect wholly-owned subsidiary of FS, and the adviser changed its name to FS Specialty Lending Advisor, LLC. Additionally, a new distribution reinvestment plan went into effect upon listing, pursuant to which, shareholders who have not elected to "opt out" will have their distributions automatically reinvested in additional common shares of the fund.

FSSL expects to pay a quarterly distribution in December 2025, targeting an annualized rate between 9.0% and 9.5% based on the NAV per share; commencing in January 2026, distributions will be declared and paid monthly. The following table presents a summary of estimated hypothetical returns for investors in FSSL in connection with the listing, based on the following scenarios, assuming an exit on the listing date of November 13, 2025, at: (i) the opening price of \$14.12 per share; (ii) 20% below the opening price; and (iii) 20% above the opening price:

	Investment Date	Hold Period (Years)	"Break-Even" Price	Total Return	Annualized Return	XIRR
Hypothetical Exit at 20% Below Open on Listing Date (\$11.30)						
Initial Investor						
DRIP Participant	07/18/11	14.3	\$21.86	-39.78%	-2.78%	-3.55%
Non-DRIP	07/18/11	14.3	\$19.56	-13.91%	-0.97%	-1.91%
Final Investor						
DRIP Participant	11/17/16	9.0	\$29.23	-52.86%	-5.88%	-8.27%
Non-DRIP	11/17/16	9.0	\$31.82	-40.98%	-4.56%	-8.17%
Hypothetical Exit at Open on Listing Date (\$14.12)						
Initial Investor						
DRIP Participant	07/18/11	14.3	\$21.86	-29.15%	-2.04%	-2.42%
Non-DRIP	07/18/11	14.3	\$19.56	-9.16%	-0.64%	-1.19%
Final Investor						
DRIP Participant	11/17/16	9.0	\$29.23	-44.54%	-4.95%	-6.51%
Non-DRIP	11/17/16	9.0	\$31.82	-35.34%	-3.93%	-6.61%
Hypothetical Exit at 20% Above Open on Listing Date (\$16.94)						
Initial Investor						
DRIP Participant	07/18/11	14.3	\$21.86	-18.51%	-1.29%	-1.44%
Non-DRIP	07/18/11	14.3	\$19.56	-4.41%	-0.31%	-0.54%
Final Investor						
DRIP Participant	11/17/16	9.0	\$29.23	-36.21%	-4.03%	-4.99%
Non-DRIP	11/17/16	9.0	\$31.82	-29.70%	-3.30%	-5.26%

NOTE: "Break-Even" Price is equal to the theoretical share price on the listing date that would have been required for an investor to recoup their initial investment.

FSSL's existing shareholders faced no lock-up requirements after the company's listing. This is the first time shareholders had access to liquidity since the suspension of the SRP in March 2020; additionally, the SRP had been oversubscribed in the nine tender offers prior to its suspension. The last repurchase offer that had been 100% fulfilled by FSSL expired on September 27, 2017. Year-to-date through the end of November, publicly traded BDCs—based on the S&P BDC Index—have declined 4.01%, and CEF Advisors notes that they are currently trading at an average 13.4% discount to NAV as of November 28, 2025. Shares were trading at a high of \$15.00 on the listing date and the stock reached a low of \$13.05 on the following day; in the subsequent three weeks, the stock has traded within a range of \$13.15 and \$13.94 per share. The closing price of FSSL's shares was \$13.62 on December 1, 2025.

Sources:

- SEC Company Filings for [FS Specialty Lending Fund](#)
- [Yahoo! Finance](#), FSSL Historical Quote Data
- [S&P Global](#), S&P BDC Index
- [CEF Advisors](#), Business Development Company (BDC) Universe

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