Blue Owl Capital Corporation
Q2 2026 Earnings Call
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Presenters
Craig Packer – CEO
Jonathan Lamm – CFO
Mike Mosticchio – Head of BDC Investor Relations
Logan Nicholson – President

Q&A Participants
Arren Cyganovich – Truist Securities
Robert Dodd – Raymond James
Dylan Ritter – Compass Point
Erik Zwick – Lucid Capital Markets
Kenneth Lee – RBC Capital Markets
Chris Muller – Citizens Capital Markets
Christopher Nolan – Ladenburg Thalmann
Paul Johnson – KBW
Patrick Davitt – Autonomous Research

Operator
Good morning, everyone, and welcome to Blue Owl Capital Corporation's Second Quarter 2026 Earnings Call. As a reminder, this call is being recorded. At this time, I'd like to turn the call over to Mike Mosticchio, Head of BDC Investor Relations. Mike, please go ahead.

Mike Mosticchio
Thank you, operator, and welcome to Blue Owl Capital Corporation's Second Quarter 2026 earnings conference call. Joining me today are Craig Packer, Chief Executive Officer, Logan Nicholson, President, and Jonathan Lamm, Chief Financial Officer.

I'd like to remind listeners that remarks made during today's call may contain forward-looking statements, which are not guarantees of future performance or results, and involve a number of risks and uncertainties that are outside of the company's control. Actual results may differ materially from those in forward-looking statements as a result of a number of factors, including those described in OBDC's filings with the SEC. The company assumes no obligation to update any forward-looking statements.

We would also like to remind everyone that we'll refer to non-GAAP measures on the call, which are reconciled to GAAP figures in our earnings presentation, available on the Events and Presentations section of our website.

Certain information discussed on this call and in the company's earnings materials, including information related to portfolio companies, was derived from third-party sources and has not been independently verified. The company makes no such representations or warranties with respect to this information.

Yesterday, OBDC issued its financial results for the second quarter ended June 30th, 2026, reporting adjusted net investment income per share of $0.34 and net asset value per share of $14.26. All materials referenced during today's call, including the earnings press release, earnings presentation, and 10-Q, are available on the News and Events section of OBDC's website. With that, I'll turn the call over to Craig.

Craig Packer
Thanks, Mike, and good morning, everyone. Thanks for joining us. We are very pleased with the quarter and feel good about where things stand for OBDC. We generated quarter-over-quarter NII growth, maintained strong overall credit quality, and increased our financial flexibility during the quarter.

In the second quarter, adjusted NII translated into a 9.6% annualized ROE, up over 100 basis points from last quarter and comfortably covered the dividend. As you'll recall, last quarter we reset the base dividend to better align with the forward earnings power of the portfolio following the impact of lower base rates and tighter spreads. This quarter's results provided a healthy cushion above that level.

We also declared a $0.02 per share supplemental dividend in accordance with our framework, allowing shareholders to benefit from incremental earnings above the base dividend. We generated these results while also strengthening our balance sheet. We ended the quarter with net leverage at 1.11x, our lowest level in over two years, giving us substantial flexibility to deploy as attractive opportunities emerge.

On the financing front, during the quarter, we issued two unsecured bonds and extended the maturity of our revolving credit facility. Together, those actions improved our funding profile and preserved liquidity, allowing us to remain patient as the investment opportunity set develops. Jonathan will cover this in more detail shortly.

Turning to net asset value, our net asset value per share declined modestly quarter-over-quarter, and I want to provide some context on that. The decline was primarily driven by one credit-specific markdown that Logan will address in detail, while the marks across the rest of the portfolio were relatively consistent, as spreads were generally stable.

That is an important distinction compared to Q1, when approximately three-quarters of the NAV decline was driven by broad spread widening across the debt portfolio. Modestly offsetting our NAV decline this quarter, we repurchased $35 million of shares, reflecting our continued focus

on disciplined capital allocation and conviction in the long-term value of OBDC, while balancing the impact to leverage.

Turning to the market environment, the second quarter was much more stable than the first. Earlier this year, credit spreads were volatile and sentiment was more cautious across the market. As the second quarter progressed, we began to see a more normalized backdrop with spreads stabilizing, the rate outlook improving, and sentiment becoming more balanced. Against that backdrop, credit performance across our portfolio remained consistently strong. Borrower fundamentals held up well, and the key credit metrics we track continued to perform in line with our expectations.

Transaction activity was modest, as sponsors and borrowers continue to be cautious given the macro uncertainty we saw earlier this year. Refinancing activity has also been more limited, as wider spreads have made refinancing less attractive for many borrowers. At the same time, we continue to have constructive dialogue on the transaction front and are seeing activity within our existing portfolio, including add-ons and other opportunities to support borrowers we know well.

In this environment, our pipeline remains active, but underwriting discipline continues to take precedence over deployment volume. Financing markets remain open for high-quality borrowers, and our lower leverage and liquidity profile gives us additional flexibility to deploy capital into opportunities that meet our return and credit standards.

Now, I'll turn the call over to Logan to provide more details on our investment activity and portfolio performance.

Logan Nicholson
Thanks, Craig. Starting with investment activity, and to build off Craig's comments, our transaction activity remained muted in the second quarter. OBDC had fundings of $429 million against $747 million of repayments, resulting in ending net leverage of 1.11x. Repayments did moderate from recent peaks but remained healthy, which gives us additional flexibility for deployment going forward.

It is also worth noting that several of our originations this quarter were the last of the carryovers from commitments made before the recent widening in spreads. As we look ahead, we are being patient and remain focused on opportunities where we believe the risk-adjusted returns reflect the current market environment.

Additionally, we had several compelling realizations during the quarter that highlight the strategic value of our existing portfolio. The most notable was the repayment of our investment in Mavis Tire, which is a strong case study of how we approach structured PIK and junior capital investments to create long-term shareholder value.

As we've discussed on prior calls, the vast majority of our PIK exposure was structured that way at inception of the investment, where we saw an opportunity to enhance returns for shareholders. Since our initial preferred equity investment, Mavis has roughly quadrupled in size and become one of the largest tire service companies in the country.

This quarter, the company fully repaid our preferred equity investment, and we collected approximately $274 million in cash – including $66 million in accrued PIK interest. This was Blue Owl's largest PIK investment realization to date and generated a 1.5x MOIC.

Following this repayment, our PIK as a percentage of total investment income declined to 10.7% in the second quarter, down from peak levels of over 13% two years ago. This is particularly notable because lower base rates have reduced the cash interest income generated by our floating rate investments, meaning PIK declined meaningfully even as the cash pay denominator was shrinking.

We also saw a strong realization within LSI, our Life Sciences focused specialty finance vehicle, which generated additional dividend income that contributed to NII this quarter. As mentioned previously, LSI has generated returns of more than 15% to OBDC since inception, underscoring the value of financing innovative life sciences assets through secured loans and royalty streams that complement our core direct lending strategy.

Turning to the portfolio, borrower fundamentals remained stable during the quarter. Revenue and EBITDA continued to grow in the mid- to high-single digits year-over-year, while liquidity and risk indicators were stable. OBDC remains highly diversified across 30 industries, with an emphasis on large defensive businesses and an average position size of approximately 40 basis points.

OBDC's software exposure currently sits at approximately 18% of the portfolio, relatively stable compared to prior quarters. While we are watching software developments carefully, it remains one of our best performing segments with the strongest revenue and EBITDA growth of any sector. As a reminder, our software investments are primarily first lien senior secured loans to mission-critical enterprise software providers with conservative attachment points.

More broadly, we remain focused on watching other areas of risk across the market, including commodity price volatility, geopolitical uncertainty, and consumer demand trends. Based on what we're seeing today, these dynamics have had little impact across the portfolio overall, and we will continue to stay close to our portfolio companies and sponsors where those exposures are more relevant. This environment is yet another good reminder of why we selected defensive industries for our portfolio and proactively avoid sectors such as energy, transportation, building products, and consumer discretionary end markets.

Importantly, we have not seen broad-based deterioration in fundamentals of our borrowers. The overall portfolio continues to perform in line with our expectations, and the credit metrics we

track remain stable. At the end of the quarter, non-accruals were 0.8% at fair value, slightly down from last quarter and below industry averages, with one name removed and one new addition, which was Loparex.

The company had been pursuing a transformative M&A transaction which would have recapitalized the business with fresh equity, improving the balance sheet and liquidity. However, the transaction fell apart in the end, which led to the markdown of our position during the quarter.

Broadly, the portfolio continues to perform well. Our 3- to 5-rated names improved slightly as a percentage at fair value, with no meaningful migrations of any high focus names to lower ratings. Interest coverage ratios remained healthy at approximately 2x. Revolver draws are at conservative levels, and amendment activity is stable.

Portfolio company net leverage averaged 5.8x, which has modestly declined over the past two years and is at a level we feel comfortable, given the fundamental strength of our borrowers. LTVs also remained stable this quarter at 47%, providing ample cushion below our loans in the capital structure.

To close, credit trends remain consistent with the disciplined underwriting standards that have characterized the portfolio over time. Credit metrics are healthy, and the issues we are managing remain isolated. With portfolio leverage at its lowest level in over two years, and the continued sourcing advantages of the Blue Owl platform, we have flexibility to lean in as the opportunity set improves.

Now, I'll turn it over to Jonathan to review the financial results.

Jonathan Lamm
Thank you, Logan. In the second quarter, OBDC earned adjusted NII of $0.34 per share, up from $0.31 last quarter. The increase was driven primarily by elevated non-recurring income from the realization of Mavis, as well as higher dividend income from LSI. As a result, base dividend coverage for the quarter was 110%.

More broadly, the rate environment has stabilized, and the lagged impact of last year's rate cuts is now fully reflected in our portfolio yields. At the same time, funding costs have continued to trend modestly higher as lower coupon legacy unsecured notes mature and are refinanced at current market rates. That said, this dynamic is consistent with our expectations, and we continue to feel good about the portfolio's earnings potential going forward.

Last quarter we reset the dividend to $0.31 per share, in line with expectations on the earnings power of the portfolio, and we remain confident in its sustainability. The Board declared a third quarter base dividend of $0.31 per share, which will be paid on October 15th to shareholders of record as of September 30th.

We also declared a $0.02 per share supplemental dividend in accordance with our framework, and we will continue to do so as incremental earnings above the base dividend allow. The supplemental dividend will be paid on September 15th to shareholders of record as of August 31st. Our dividend is also supported by a healthy level of spillover income at approximately $0.29 per share, which provides a meaningful cushion in support of the base dividend.

Moving to the balance sheet, second quarter NAV per share was $14.26, down from $14.41 last quarter. As Craig and Logan outlined, the decline was driven primarily by a write-down on a specific credit and was partially offset by overearning the dividend and continued share repurchase activity.

In the second quarter, we repurchased $35 million of stock, which was accretive to NAV per share by $0.03. Since Q4 of last year, we have repurchased approximately $220 million in total, reflecting our conviction in OBDC's long-term value, while maintaining capacity to deploy capital as the opportunity set improves.

We ended the quarter with net leverage of 1.11x, within our target range of 0.9x to 1.25x, which was lower quarter-over-quarter. This was driven by repayments exceeding new deployment during the quarter, and our lower leverage positions us well for future opportunities.

Turning to our capital structure, we remained active during the quarter, raising approximately $800 million of unsecured debt against approximately $1 billion of legacy maturities that we successfully addressed in July. We also amended and extended our revolver, maintaining the facility size with $4 billion of capacity and leaving pricing unchanged.

Notably, every bank in the facility extended as part of the transaction, which we view as a strong endorsement of our credit profile by our banking partners. In addition, we eliminated two higher-cost secured facilities as part of our ongoing efforts to reduce costs and optimize our capital structure.

Taking into account the July bond maturity, total liquidity, including cash and undrawn capacity on our credit facilities, remains robust at approximately $3.5 billion, comfortably exceeding our unfunded commitments. Our diversified funding mix and staggered maturity schedule provide capacity to fund existing commitments and address upcoming maturities.

Overall, we are pleased with our results and continued progress to optimize our capital structure with the support from our banking partners, positioning us well to deploy selectively as opportunities arise.

Now, I will turn it over to Craig for some closing remarks.

Craig Packer

Thanks, Jonathan. I want to close with a few thoughts on where we stand and how we are thinking about the environment ahead.

First, we believe OBDC continues to be in a strong position. Leverage is low, the balance sheet is strong, and the portfolio remains focused on lending to large high-quality borrowers on a senior-secured basis.

Second, the credit picture remains healthy. As Logan highlighted, operating trends remain stable, risk migration has been limited, and we are actively managing the small number of individual situations that require attention.

Third, we are increasingly optimistic about the opportunity set ahead. While the deal environment this year has been muted, I would encourage a longer-term view. We have lots of investing opportunities across new deals sourced from our platform and also in support of our existing portfolio companies.

The investment backdrop has improved meaningfully from where we started the year. The forward rate curve is now roughly 100 basis points higher, spreads remain wider, and financing terms have become more attractive, all of which create a more constructive environment for a scaled direct lender with available capital.

We are seeing the same consistency across Blue Owl's broader direct lending platform. Credit performance remained strong. Non-accruals across the platform are low at 1% at cost. Realized losses remain limited, and borrower fundamentals continue to track in line with our expectations.

Since inception, our platform loss rate has been just 12 basis points, underscoring the durability of our underwriting approach across cycles. That consistency matters. Investors are increasingly focused on manager selection, and we believe credit performance, portfolio quality, and disciplined capital allocation are the characteristics that will separate managers over time.

In closing, we believe OBDC combines resilient credit performance, ample financial flexibility, and the discipline to selectively capitalize on improving market opportunities. Those attributes have defined our platform over time, and we believe they position us to continue creating long-term value for shareholders.

Thank you for your time today. We will now open the line for questions.

Operator
Our first question today is coming from Arren Cyganovich from Truist Securities. Your line is now live.

Arren Cyganovich

Thanks. I apologize if this was said in prepared remarks. I hopped on a tad late. The fee income was quite elevated this quarter, and I was wondering, obviously, originations were particularly somewhat low. Can we infer that it was basically driven by amendments in the portfolio? What were those fees related to?

Jonathan Lamm
Sure. Yeah. We mentioned we had effectively a repayment on one of our larger positions, Mavis, that Logan referred to in the scripted remarks, which resulted in higher-than-normal fee income versus prior quarters, where we were probably lower than our average run rate over the course of the last couple of years. So, it was Mavis driven.

Craig Packer
I appreciate, Arren, that you hopped on. You should take a listen. We had a really terrific outcome on a very large PIK preferred that got refinanced that generated $0.03 a share of fee income. But it was a large PIK. It's the single largest PIK repayment we've gotten in our history. So, it was both notable from a credit standpoint but also from an earnings standpoint.

Arren Cyganovich
Okay. And is that typical? Where that would end up in the fee line versus the interest income line?

Jonathan Lamm
It was effectively going back to the company, so it didn't go into the interest line. It goes into the fee line because of the way it ultimately came out. It was a preferred instrument as well, so not typical relative to some of the other prepayments that you'll see on a debt instrument.

Arren Cyganovich
Okay. And then I did hear you mention LSI providing some higher income for the quarter, and it looked like there were a handful of other… your “specialty finance” type of investments that also increased dividends for the quarter. Anything in particular driving that? Is this something that's somewhat repeatable, or would we expect the dividend income level to also kind of pull back a little?

Logan Nicholson
Yeah, sure. It's Logan. The broader base dividend increases at the rest of the JVs and specialty equity investments away from LSI was just continued maturation of those JVs and optimization, so I would view those as more normal run rating.

At LSI in particular, we had a nice realization, a repayment of a business called ITM Radiopharma, which was a refinancing. It came with call protection, was over a 20% IRR for us on that specific investment at LSI, so a great result on a $140 million position within that vehicle. It was also notably a repayment and a good outcome in LSI that drove that one-time boost at LSI.

Craig Packer
But the equity investments and joint ventures that we have that generate dividends, those dividends are a function of very diversified underlying portfolios that kick off significant interest income and other forms of dividends that are being paid out. So, they're recurring.

We continue to invest into these entities. They've generated strong ROI for OBDC. We continue to add to them. As we add to them, directionally the dividends that come out of those underlying portfolios will grow over time because there's very large pools of diversified investments in each of these that's generating income.

That's very different than the Mavis. Mavis was a single investment that got repaid. But of course, anybody who's followed us knows every quarter we get investments that repay, and it's very much the nature of our business that every quarter we will get $0.02, $0.03 of repayment or fee income from those activities. Mavis was a notably large one, but every quarter we get some.

Arren Cyganovich
Great. Appreciate all the color. Thank you.

Craig Packer
Thank you.

Operator
Thank you. The next question today is coming from Robert Dodd from Raymond James. Your line is now live.

Robert Dodd
Hi, guys, and congratulations on the quarter. I want to sort of ask about Mavis, but not really Mavis. Obviously, a great outcome on that thing. I would say, I mean, I don't think that would constitute necessarily a “HALO” asset, like heavy asset, low obsolescence, but it seems it's a lot closer to that than it is a tech asset, right? So, with such a good outcome there, should we expect more of those kind of assets in the portfolio going forward?

Yes, it's got PIK, but PIK isn't all bad. But it seems like the kind of industry that's much more defensible versus the AI worries out there. Are you seeing more of those kind of things in the pipeline and your increasing optimism for the second half, or it was just a one-off, and it was a great one-off?

Craig Packer
Sure, Robert. Let me try to hit that in two different ways. Mavis, as an investment, as we highlighted in the script, has been a really terrific one. It's a large tire retailer. We've been backing it for a number of years. It's grown considerably. And they repaid our preferred, and we got a terrific return for our investors.

We thought it was important to highlight Mavis beyond the income that it generated, but also it was a PIK investment. And we know that PIK investments have attracted higher levels of scrutiny in the last year or so, given concerns about credit quality. And we've said a number of times, and others in the industry have highlighted, that the vast majority of our PIK investing was done intentionally and for reasons that generated good returns.

And so, when we get repaid on a sizable investment, we hope folks will look back and acknowledge that that's consistent with what we've been describing as why we do PIK and how we do PIK. And here it gets repaid, and we collect all the PIK dividends that have been accruing in cash this quarter.

In terms of the AI/software part of your question, OBDC has about 18% software. Frankly, there are others that have higher percentages of their portfolio in software. We're going to continue to be cautious around software, as we've talked about on previous calls. I think the picture has improved this quarter versus last quarter. But it's an area that's moving quickly, and we're going to continue to be cautious about deployment in software.

So, the other 82% of the portfolio is not software. And Mavis fits nicely in there and is very consistent with our theme that we've been doing since inception, which is large businesses that have very predictable recurring revenue and cash flow in most economic environments. And tire retailing fits that. It's a business that does well in almost any economic environment. And that's our bread and butter of what we try to do.

Robert Dodd
Got it.

Craig Packer
Now, to the part of your question about the outlook, it's a pretty modest deal environment. I think you're seeing this from other managers that have reported. PE activity has been very modest, and I think a disappointment to the lenders and to the PE firms for the first half of this year. There's been a lot of geopolitical issues and the like that have just slowed down activity.

And I know others have commented on this, I think we continue to see a pretty modest pipeline. I hope at some point it will pick up. I think you need some more stabilization in the broader environment. PE valuations, I think, need to come in line with where folks hope to exit for that to really kick into gear. But we continue to see a steady beat of activity that will allow us to continue to invest at a regular pace. We hope at some point it really expands to something more robust.

Robert Dodd
Got it. Thank you. And that answered my follow-up as well, so appreciate it.

Craig Packer

All right, Robert. Thanks a lot.

Operator
Thank you. Our next question is coming from Jason Stewart from Compass Point. Your line is now live.

Dylan Ritter
Hey, good morning, and thank you for taking my question. Dylan Ritter filling in for Jason Stewart here. Our question is how are you thinking about the balance between buybacks versus leverage and new originations? And then as a follow-up, with the stock trading between, say, 75% and 80% of book in the quarter, is there a discount threshold where you'd perhaps be more aggressive on repurchases, or is $35 million the number that you're targeting? Thanks.

Jonathan Lamm
It's Jonathan. So, look, we approach every dollar of capital as an allocation of our capital into what is the very best investment. You've seen, over the course of the last couple of quarters, we've been buying stock back pretty consistently, alongside bringing leverage down a tick, and you should expect us to really continue to do the same.

Thinking about really the best use of capital, we've been able to and continue to be repurchasing stock. We see it as value. We're certainly making the decision based on where the stock is trading, and the stock has been attractive for us to be in the market. And so, I think you should expect us to sort of continue to be following along those lines and making sure that we're monitoring our liquidity, our leverage, as well as sort of the best incremental investment.

Dylan Ritter
Got it. Thank you.

Operator
Thank you. The next question is coming from Erik Zwick from Lucid Capital Markets. Your line is now live.

Erik Zwick
Thank you. Good morning, guys. You may have touched on this a little bit earlier, but wanted to ask for a little bit more detail or clarification just with regards to the commitment in fundings in Q2; those were relatively low compared to what you've been able to generate in past quarters. And curious if you could kind of characterize, in terms of the lower activity, was it more a reflection of market activity? Is it the quality of deals that you reviewed not meeting your standards? Maybe some other factors? And I guess we're a little more than a month into 3Q here, just how things are kind of shaping up this quarter from that kind of a production standpoint?

Logan Nicholson

Sure. Erik, thanks for the question. If you look at the quarter, it was really a slowdown in two things really related to what we're seeing in asset prices, and with asset price volatility and spread widening, you clearly get a slowdown in the refinancing environment.

In prior quarters last year, you heard us talk about how as much as 50% or even 75% in any given quarter came from refinancing or extension activity from the existing portfolio companies. In a spread widening environment like this, you see that activity grind to a halt and so, the refinancing and opportunistic type transactions slow down dramatically, first.

Second, with a lot of the geopolitical volatility and actions in the Middle East with what's happening to commodity prices and gas prices, we've seen M&A pull back as well. And again, not a dissimilar comment. In a volatile market and spread widening environment, you often see M&A on the sidelines, so new deal flow is also slow.

So, it's a combination of those two things. A month and a half, two months into the quarter, we're not seeing a dramatic uptick in M&A activity. And spreads are still a touch wider than they were six or nine months ago, so the refinancing activity is not picking up dramatically either. So, the activity is still muted. We're optimistic and hope that it picks up. There's quite a few people that would like to transact, but right now the activity remains slow, as Craig mentioned.

Erik Zwick
Thank you for the commentary. That's all for me today.

Operator
Thank you. The next question is coming from Kenneth Lee from RBC Capital Markets. Your line is now live.

Kenneth Lee
Hey, good morning, and thanks for taking my question. I guess just following up on a previous question in terms of the leverage there. I saw that you de-levered a bit. Should we expect OBDC to continue de-levering, and have you changed your stance from… I think previously you articulated a more cautious stance on leverage there? Thanks.

Jonathan Lamm
No. Look, I think we are always comfortable operating really inside of our target leverage range, which is, again, the 0.9x to 1.25x. We have, just given opportunities in the context of purchasing stock and the deal environment, brought leverage down a tick, but we're certainly happy operating anywhere in between. But you should expect to see us right in and around this as sort of a good home base so I wouldn't expect any drastic movements from here.

Kenneth Lee
Got you. That's very helpful there. And just one follow-up, if I may, just in terms of the deal activity that you're seeing there. Is it mainly still focused on within the upper end of the segment

there? Have you considered diversifying or looking across various other segments? Just want to get your thoughts on that. Thanks.

Logan Nicholson
Yeah, still focused on the upper-middle-market, larger-scale companies. We continue to see larger and larger companies each year come to direct lending. We mentioned some of those stats around year-end around average deal size going up dramatically, so it's still upper end of the middle market focus for us.

We see a lot of the flow. People do show us smaller deals, but we continue to find what we think are the best credits at the upper end of the market. So, no change there, and I don't see a dramatic difference in activity levels from what we can observe at either end of the spectrum.

Craig Packer
Just to add, we have a very broad funnel, and we cover hundreds of financial sponsors as well as privately-held companies in all sectors. But we find the best risk-adjusted return continues to be in the upper middle market. But you'll see us occasionally finance more traditional middle-market companies if they're attractive and attractively priced. But our credit bar is very high, and the returns we think are better in the upper-middle market, and that remains the case.

Kenneth Lee
Got it. Very helpful there. Thanks again.

Craig Packer
Thanks, Kenneth.

Operator
Thank you. Our next question is coming from Chris Muller from Citizens Capital Markets. Your line is now live.

Chris Muller
Hey, guys. Thanks for taking the questions, and nice to be on with you this morning. So, I wanted to touch on the risk ratings a little bit. So, it looks like 5-rated loans jumped in the quarter, but 4-rated loans decreased by about 2x that. So, is the right way to think about that the 4-rated loan drop was split into negative and positive migration there?

Logan Nicholson
I think that's correct. And I believe it's just the migration of Loparex, our non-accrual, as it moved down the spectrum and fair value decreased as we marked it lower. So, it's really just that one name. We didn't see a lot of other migrations within our portfolio away from that one non-accrual.

Chris Muller

Got it. My follow-up sounds like maybe along those same lines. But the cost basis of non-accruals jumped or increased a little bit in the quarter, but the fair value basis declined. Was that that same one credit that drove that divergence there?

Logan Nicholson
Yes, exactly right. So, about a 90 basis point position at cost, obviously you have very little value at the current mark in the portfolio at fair value. So, really just that one position driving those two numbers.

Chris Muller
Got it. Appreciate you guys taking the questions, and congrats on a solid quarter.

Logan Nicholson
Thank you.

Craig Packer
Thank you.

Operator
Thank you. The next question is coming from Christopher Nolan from Ladenburg Thalmann. Your line is now live.

Christopher Nolan
Hi. Thanks for taking my questions. Any consideration on a management fee waiver? Your base management fee is 150 basis points. And given all the activity in terms of lowering the dividend and so forth, just want to see whether or not a waiver was in consideration.

Craig Packer
Christopher, thanks for the question. Our fees have been exactly the same in our entire existence as a BDC. And no, that's not something that we've discussed, nor do we think warrants a discussion.

Christopher Nolan
Okay. And then I saw that there were no repurchases in July. Do repurchases tend to be back-ended or just opportunistic?

Jonathan Lamm
Our repurchase program is one where we are effectively repurchasing in open windows. We don't have a 10b5-1 program, so you're going to see us effectively repurchasing during the windows when we're not in a blackout period. July is obviously a period of time where you're finalizing the Q2 NAV, so that's a period of time where the window closes.

Christopher Nolan

Okay, great, Jon. Finally, on Mavis, is it fee income because it was PIK, if I understand correctly?

Jonathan Lamm
No, it was just the structure of how it was bought back, or purchased back, by the company.

Christopher Nolan
Great. Okay. Thank you.

Operator
Thank you. The next question today is coming from Paul Johnson from KBW. Your line is now live.

Paul Johnson
Hey, good morning. Thanks for taking my questions. I only have one, but it seems like institutional demand is still fairly strong for private credit. I'm just curious, in terms of asset sales for OBDC or any of the BDCs, is that still something that's in consideration at this point? Do you find interest there at all?

Craig Packer
Look, as you know, we generally hold our investments to maturity. We don't actively look to sell our portfolio. We like our portfolio and generally hold it until we get repaid. So, we do the occasional sale if we have some tactical reason to do it, but it's not an active part of our strategy. We like our assets and wouldn't have any particular reason to sell them to institutions.

We did a very sizable sale across the portfolio earlier this year, which we sold at 99.7, and so that was a great sale. I mean, I don't rule anything out, but it's not a regular part of our process. Occasionally, we will go to clients if we have a position, if we want to modestly address a diversification issue; we'll sell a little bit to some institutional clients if we get a price that we think is attractive.

I agree with the premise of your question. I think there's a lot of appetite for private credit. Despite some of the headlines, institutional investors have significant appetite because the asset class has performed really well. And these assets, particularly with the increasing rate environment, the floating rate nature of these assets: they're attractive. And we like holding them, and lots of people, I think, like buying them.

Paul Johnson
Understood. Thank you very much. That's all for me.

Operator
Thank you. Next question is coming from Patrick Davitt from Autonomous Research. Your line is now live.

Patrick Davitt

Hey, good morning, everyone. Thanks for letting me join. I just have one. One of your biggest competitors is seemingly suggesting a much better, I guess, “shadow pipeline” in the upper-middle market than it seems you are. What do you think might be driving that disconnect in tone? And in that vein, do you have any concern that you guys are missing out on new deployment looks that others are seeing for some reason? Thanks.

Craig Packer
I have no concern whatsoever that we're missing out. We, in our 10-year history, have been one of the most prolific originators of private credit and have deep, deep relationships with the financial sponsors.

We have a very significant pool of available capital sitting here today of $10+ billion that we would like to deploy. We have a number of our funds that have capacity and are looking for opportunities, including our non-traded funds, as well as our BDCs. Some are below their target leverage; some are in the middle, but they all have lots of capital.

And we are engaged with the private equity firms, as you might expect, on a daily basis, and would like to think we see everything that's out there. Our credit bar certainly remains high. I think most in the industry are acknowledging that this is a generally slow deal environment. And I think that's consistent with what we're seeing. I hope it picks up, but I don't have any concerns whatsoever that we're missing anything.

I do think the syndicated market is quite strong, and so I think all the direct lenders are seeing certain deals that might have gone to the direct market go to the syndicated market. That tends to be a bit cyclical: one quarter one direction, one quarter another direction. But I think in this environment, you are seeing a few large deals going syndicated that we might have otherwise liked as private investments.

Patrick Davitt
Okay, thanks.

Operator
Thank you. We have reached the end of our question-and-answer session. I'd like to turn the floor back over for any further or closing comments.

Craig Packer
Thank you all for joining. We were really pleased with the quarter. Hopefully, everyone will have a chance to take a look at our results. If you have any questions, we're always available for follow-up questions and eager to engage with our shareholders. So, with that, hope everyone has a terrific day.

Operator

Thank you. That does conclude today's teleconference and webcast. You may disconnect your line at this time, and have a wonderful day. We thank you for your participation today.