



MSC Income Fund, Inc. (MSIF)

Updated May 11th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	\$12.85	5 Year Annual Expected Total Return:	10.3%	Market Cap:	\$591 M
Fair Value Price:	\$14.28	5 Year Growth Estimate:	0.0%	Ex-Dividend Date:	07/02/26
% Fair Value:	90%	5 Year Valuation Multiple Estimate:	2.1%	Dividend Payment Date:	07/09/26
Dividend Yield:	10.3%	5 Year Price Target	\$14.28	Years Of Dividend Growth:	0
Dividend Risk Score:	D	Sector:	Financials	Rating:	Sell

Overview & Current Events

MSC Income Fund is a Main Street Capital–advised BDC that lends mainly to U.S. private-equity-backed companies, with investments typically supporting LBOs, recapitalizations, growth financings, refinancings and acquisitions. As of Q1 2026, the portfolio was concentrated in private loans and lower middle-market investments, including about 60% private loan, 37% lower middle market, 2% middle market, and 1% other by fair value. The private-loan book had 80 portfolio names and is primarily secured debt to sponsor-backed borrowers, while the lower middle-market book had 55 portfolio names and combines debt with equity co-investments alongside Main Street. MSIF pays dividends on a monthly basis and now trades at a market cap of \$591 million.

On May 7th, 2026, MSC Income Fund reported Q1 2026 results for the period ended March 31st, 2026. Total investment income was \$34.1 million, up 3% year-over-year, driven by higher interest income from a larger income-producing debt portfolio and higher fee income, partly offset by lower dividend income from LMM portfolio companies. Interest income rose 7% year-over-year to \$29.4 million, while dividend income fell 31% to \$3.5 million and fee income rose 77% to \$1.2 million.

Net investment income was \$16.2 million, up 3% year-over-year, while net investment income per share was unchanged at \$0.35. Net asset value was \$15.87 per share, slightly above \$15.85 at year-end 2025, helped by below-net-asset-value share repurchases that added about \$0.08 per share. For FY2026, we forecast NII/share of \$1.33.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
NAV	\$16.29	\$16.29	\$15.92	\$15.53	\$14.56	\$15.36	\$15.22	\$15.54	\$15.53	\$15.85	\$15.87	\$15.87
NII	\$1.40	\$1.46	\$1.48	\$1.42	\$1.18	\$1.34	\$1.32	\$1.38	\$1.34	\$1.33	\$1.33	\$1.33
DPS	\$1.40	\$1.40	\$1.40	\$1.40	\$0.70	\$1.06	\$1.29	\$1.40	\$1.45	\$1.40	\$1.32	\$1.32
Shares	34.0	38.9	39.6	39.4	39.6	39.9	40.0	40.1	40.2	46.5	46.1	48.0

MSC Income Fund was originally HMS Income Fund, a non-traded business development company, before Main Street Capital became sole adviser in October 2020 and the fund was renamed MSC Income Fund. The company remained non-listed until late January 2025, when it began trading on the NYSE under ticker MSIF.

Net investment income per share was relatively stable before 2020, supported by recurring private-credit income from a diversified lower-middle-market and private-loan portfolio. In 2020, results stepped down during the HMS-to-MSIF advisory transition and the COVID credit cycle, when portfolio marks weakened and investment activity was disrupted. From 2021 to 2023, net investment income per share recovered as the portfolio stabilized under Main Street’s platform and capital was redeployed into income-producing debt investments.

In 2024, net investment income per share declined mainly because of lower dividend income, higher non-accrual impact, and lower floating-rate benchmark rates. Those 2024 pressures were partly offset by higher average income-producing debt investments, lower incentive fees, and lower interest expense. In 2025, reported net investment income per share was still constrained by capital-gains incentive-fee accruals, income-related taxes, lower benchmark rates, non-accrual pressure, and a larger share count.

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Moving forward, we expect stable NII/share as the benefit from a larger income-producing debt portfolio, lower post-listing management and incentive-fee rates, and lower interest expense could be broadly offset pressure from lower floating-rate benchmarks, non-accrual drag, and potentially harming dilution to fund growth.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/NAV	---	---	---	---	---	---	---	0.7	0.7	1.0	0.8	0.9
Avg. Yld.	---	---	---	---	---	---	---	13.5%	13.3%	9.3%	10.3%	9.3%

MSIF traded below NAV in its early years as a public company, reflecting its non-traded BDC structure, limited liquidity, and valuation based on private transactions. We set our fair price-to-net-asset-value multiple at 0.9 times, above the current 0.8 times, supported by the Main Street platform, lower post-listing fees, and stable net investment income per share. We still apply a discount to net asset value to reflect lower-middle-market credit risk, non-accrual exposure, rate sensitivity, limited public trading history, and tight dividend coverage. The dividend yield should remain quite lofty.

Safety, Quality, Competitive Advantage, & Recession Resiliency

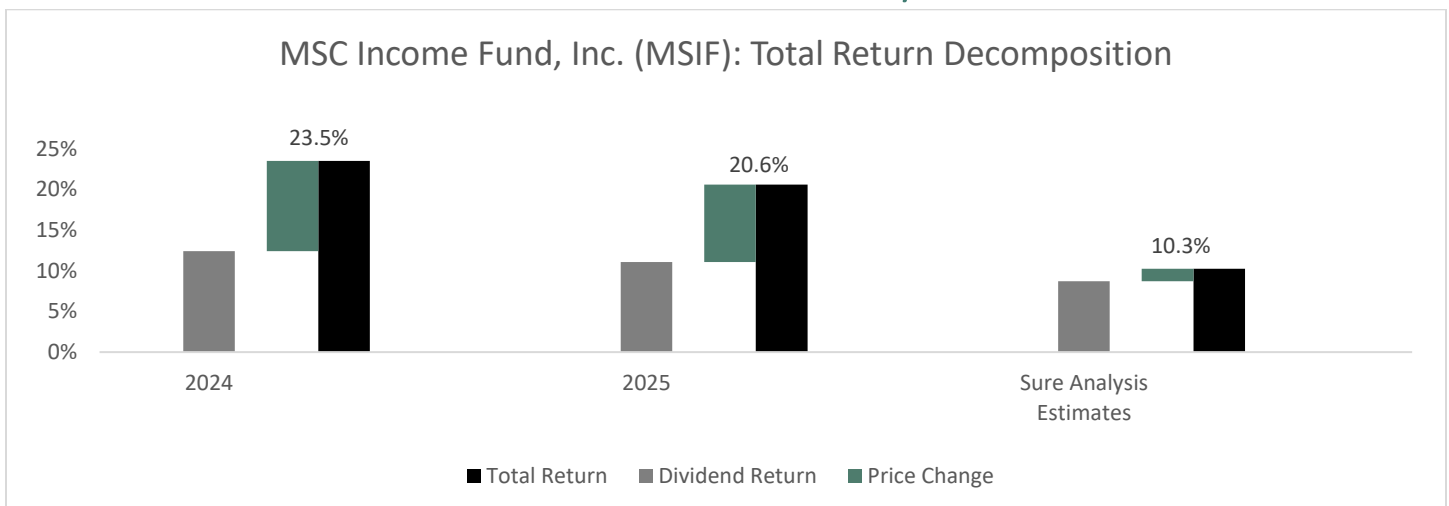
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	100%	96%	95%	99%	59%	79%	98%	101%	108%	105%	99%	99%

MSIF has historically paid out most of its net investment income as dividends, so the payout ratio is likely to remain close to fully utilized rather than leaving much retained earnings cushion. That supports a high current yield, but it also means dividend flexibility is limited if net investment income per share weakens. A dividend cut is possible if lower base rates, rising non-accruals, credit losses, or higher funding costs push recurring earnings below the regular distribution for several quarters. In a recession, the company's exposure to lower-middle-market and sponsor-backed private borrowers could face pressure from weaker EBITDA, tighter refinancing markets, and higher default risk. The portfolio's secured-debt orientation and Main Street's underwriting platform provide some downside protection, but they do not eliminate credit-cycle risk. MSIF also has limited structural differentiation versus other BDCs, as private-credit origination, sponsor relationships, and senior secured lending are competitive areas with many scaled players.

Final Thoughts & Recommendation

MSIF is a high-yield, Main Street-advised BDC with improving liquidity, but tight dividend coverage and private-credit risk warrant a discount to NAV. We see annualized returns of 10.3% through 2031, supported by the starting yield and the possibility of a valuation tailwind. We rate MSIF as a sell, however, due to the lack of progressive dividend growth.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	67	99	93	93	34	90	100	97	151	130
D&A Exp.	1	2	0	0	0	0	0	0	-	-
Net Profit	67	53	40	40	(10)	74	46	66	57	89
Net Margin	100.1%	53.0%	43.2%	42.4%	-28.7%	82.2%	45.7%	68.0%	37.6%	68.4%
Free Cash Flow	44	39	50	45	39	25	46	48	38	42
Income Tax	0	1	1	1	1	2	2	4	1	4

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,034	1,119	1,147	1,066	888	1,144	1,107	1,140	1,234	1,388
Cash & Equivalents	24	46	22	22	49	26	21	31	28	21
Total Liabilities	436	471	522	457	308	531	497	518	609	649
Long-Term Debt	413	430	509	445	302	503	471	485	565	603
Shareholder's Equity	299	324	313	305	290	307	305	311	625	739
LTD/E Ratio	0.69	0.66	0.81	0.73	0.52	0.82	0.77	0.78	0.90	0.82

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.9%	4.9%	3.6%	3.6%	-1.0%	7.2%	4.1%	5.9%	4.8%	6.8%
Return on Equity	12.2%	8.4%	6.3%	6.4%	-1.6%	12.3%	7.5%	10.7%	9.1%	13.0%
ROIC	7.1%	5.0%	3.6%	3.6%	-1.0%	7.4%	4.2%	6.1%	4.9%	7.0%
Shares Out.	34.0	38.9	39.6	39.4	39.6	39.9	40.0	40.1	40.2	46.5
Revenue/Share	1.96	2.56	2.35	2.37	0.86	2.24	2.50	2.43	3.75	2.79
FCF/Share	1.29	1.00	1.27	1.14	0.98	0.64	1.16	1.20	0.95	0.90

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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