



Oxford Square Capital Corp. (OXSQ)

Updated August 13th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	\$1.51	5 Year Annual Expected Total Return:	7.1%	Market Cap:	\$166 M
Fair Value Price:	\$1.00	5 Year Growth Estimate:	0.0%	Ex-Dividend Date:	08/17/2026
% Fair Value:	151%	5 Year Valuation Multiple Estimate:	-7.9%	Dividend Payment Date:	08/31/2026
Dividend Yield:	27.8%	5 Year Price Target	\$1.00	Years Of Dividend Growth:	0
Dividend Risk Score:	F	Sector:	Financials	Rating:	Sell

Overview & Current Events

Oxford Square Capital Corp. is a BDC (Business Development Company) specializing in financing early- and middle-stage businesses through loans and investments in collateralized loan obligations. At the end of Q2 2026, the total fair value of Oxford Square's investment portfolio was approximately \$252.8 million across 70 individual positions, allocated 58.2% to senior secured debt, 35.7% to CLO equity, and 6.1% to other investments. Senior secured debt consisted of 49.9% first-lien debt and 8.3% second-lien debt. The BDC generated \$40.3 million in total investment income last year. Oxford Square is headquartered in Greenwich, Connecticut.

On July 31st, 2026, Oxford Square Capital reported its Q2 results for the period ending June 30th, 2026. The company generated approximately \$9.4 million in total investment income, slightly below \$9.5 million in Q2 2025, as higher debt-investment income was offset by lower income from securitization vehicles and other sources. The weighted average yield on debt investments increased to 14.9% from 14.7% in Q1, while the weighted average effective yield on CLO equity investments improved to 8.1% from 7.3%. Total expenses rose to approximately \$4.3 million from \$4.0 million in the prior-year period, primarily due to higher interest expense. Net investment income (NII) came in at approximately \$5.1 million, or \$0.05 per share, versus \$5.5 million, or \$0.08 per share, in Q2 2025.

NAV per share slipped to \$1.29 from \$1.32 in Q1. Oxford Square recorded \$4.1 million in net unrealized appreciation and \$5.2 million in net realized losses, resulting in a \$4.0 million increase in net assets from operations. The company also raised \$17.8 million through the issuance of 11.3 million shares and maintained its monthly dividend at \$0.035 per share. We have set our FY2026 NII per share forecast at \$0.20.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
NII	\$0.52	\$0.60	\$0.67	\$0.81	\$0.40	\$0.32	\$0.42	\$0.51	\$0.42	\$0.30	\$0.20	\$0.20
DPS	\$1.15	\$0.80	\$0.79	\$0.80	\$0.61	\$0.42	\$0.42	\$0.54	\$0.42	\$0.42	\$0.42	\$0.14
Shares¹	61.8	58.3	49.7	47.8	49.5	49.6	49.8	53.9	63.5	76.4	99.3	150.0

The company's investment income per share has been declining at a 10-year CAGR of 5.9%, as Oxford Square has been failing when it comes to refinancing its investment at attractive yields, resulting in declining investment spreads. Further, the company has been historically over-distributing dividends to shareholders, decaying its NAV, and hence its future income generation due to fewer assets.

Rising interest rates should help boost the company's results in the medium-term. Still, with the company's investments declining in value and a generally falling NAV creating a downward spiral on reinvested capital, income generation could further decline. Hence, we don't expect any growth in NII per share in the medium-term. As has been the case in the past several times, we expect further dividend cuts over the medium-term due to their barely sustainable levels. We have embedded a -20% distribution decline on an annualized basis in our estimates as a result. Since 2019, the company has switched its distributions' frequency from quarterly to monthly.

¹ Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Oxford Square Capital Corp. (OXSQ)

Updated August 13th, 2026, by Nikolaos Sismanis

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	11.1	11.3	10.6	7.9	7.0	13.8	10.8	5.3	7.1	7.6	7.6	5.0
Avg. Yld.	19.9%	11.2%	12.2%	12.9%	21.0%	9.5%	12.2%	20.2%	14.1%	18.4%	27.8%	13.8%

As per its goal and obligation (as a BDC) to distribute the largest chunk of its net income to shareholders, the stock’s yield has hovered around the mid-teens, averaging over 15% during the past decade. Despite management’s latest distribution slash to a monthly \$0.035 payout, the stock has declined enough to push the current yield to nearly 28%. We believe a valuation multiple of 5.0x reflects the stock’s risk/reward profile, meaning OXSQ is overvalued today. OXSQ is even better valued through its book value, which currently stands at \$1.29, which also suggests an overvalued stock at today’s price levels. It is likely due to investors chasing its massive yield, which, in turn erodes book value over time.

Safety, Quality, Competitive Advantage, & Recession Resiliency

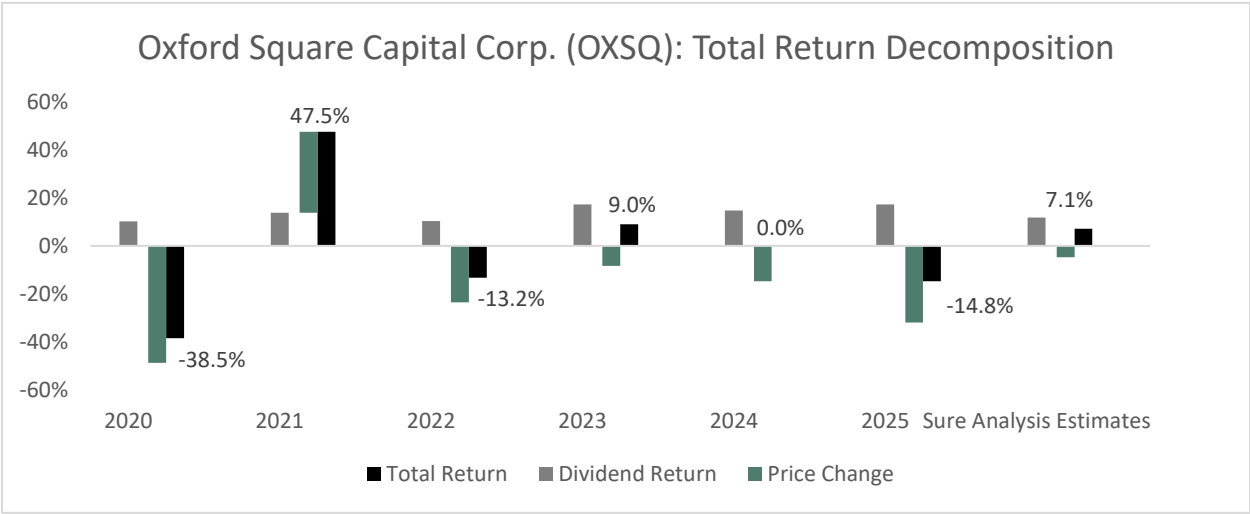
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	221%	133%	118%	99%	153%	131%	100%	106%	100%	140%	210%	69%

OXSQ’s payout ratio has often been above 100% over the years, as management has historically paid investors more than what the company earned. While the stock’s distribution yield has been seemingly attractive over the years, the company has been wiping an equal, and sometimes higher, amount from its NAV. Such a strategy could be sustained only via a gradually increased interest income. However, with total investment income declining over time amid a shrinking investment portfolio, we can hardly see any reversal from the current predicament. The ongoing shareholder value deterioration trend does not seem to be nearing an end-, at least not anytime soon. Overall, we believe that the company’s future investment income generation carries substantial risks, while a potential recession and an adverse economic environment could severely damage its interest income.

Final Thoughts & Recommendation

Oxford Square Capital benefits from above-average yields, but it is likely to continue deteriorating shareholders’ equity value over the medium-term. Thus, another distribution reduction should not surprise investors. We see an annualized total return potential of 7.1% in the medium-term. This is because our weakening distribution estimates and a potential multiple contraction could offset the current yield. In any case, we rate the stock a sell due to the lack of dividend growth prospects. We highlight that income investors should not rely on Oxford Square’s distributions.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Oxford Square Capital Corp. (OXSQ)

Updated August 13th, 2026, by Nikolaos Sismanis

Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	(56)	124	53	(5)	(29)	6	44	(81)	23	24
SG&A Expense	8	10	5	3	3	3	3	3	3	-
Net Income	(66)	110	44	(9)	(33)	2	40	(86)	17	(19)
Net Margin	118.1%	88.8%	83.0%	(169%)	(114%)	30.9%	90.2%	(105%)	75.8%	(79.2%)
Free Cash Flow	244	183	218	(34)	48	95	(107)	20	66	18

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	718	612	454	467	385	358	434	328	278	307
Cash & Equivalents	23	8	30	14	14	59	9	9	6	52
Total Liabilities	357	226	66	152	137	132	189	189	126	161
Accounts Payable	2	2	0	0	1	0	1	1	1	-
Long-Term Debt	348	220	62	148	134	107	185	186	123	152
Total Equity	361	386	388	315	248	225	245	139	151	145
LTD/E Ratio	0.96	0.57	0.16	0.47	0.54	0.47	0.76	1.34	0.81	1.08

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-7.5%	16.6%	8.2%	-2.0%	-7.7%	0.5%	10.0%	-22.5%	5.7%	-6.4%
Return on Equity	-15.0%	29.6%	11.3%	-2.6%	-11.7%	0.7%	16.8%	-44.6%	11.9%	-12.2%
ROIC	-7.6%	16.8%	8.3%	-2.0%	-7.8%	0.5%	10.4%	-22.7%	5.8%	-6.4%
Shares Out.	59.8	51.9	51.5	49.7	47.8	49.4	49.6	49.8	53.9	76.4
Revenue/Share	(0.80)	2.01	1.02	(0.11)	(0.60)	0.11	0.88	(1.64)	0.42	0.31
FCF/Share	3.49	2.96	4.23	(0.68)	1.00	1.92	(2.16)	0.41	1.22	0.24

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

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.