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How SBIC Leverage Works: A Structural Guide to Government-Guaranteed Debentures

For institutional allocators evaluating the SBIC structure: what SBA leverage is, how it is drawn and priced, and what happens to it under stress.

SBIC Defined: A Brief History of the Program

The Small Business Investment Company program was created by Congress under the Small Business Investment Act of 1958 to stimulate and supplement the flow of private equity capital and long-term debt financing to American small businesses. Rather than investing directly, SBA licenses professionally managed, privately owned investment funds as SBICs and provides them access to government-guaranteed leverage that matches the private capital they raise. The program is administered by SBA's Office of Investment and Innovation, and fund managers remain solely responsible for investment decisions within the program's eligibility rules.[22]

1958
Established by the Small Business Investment Act

~2,400
Funds licensed since inception, with 200,000+ investments made

$53B
Program portfolio at fiscal year-end 2025

2:1
Maximum leverage to private capital, capped at $250MM per standard debenture licensee under the Investing in All of America Act (2026)

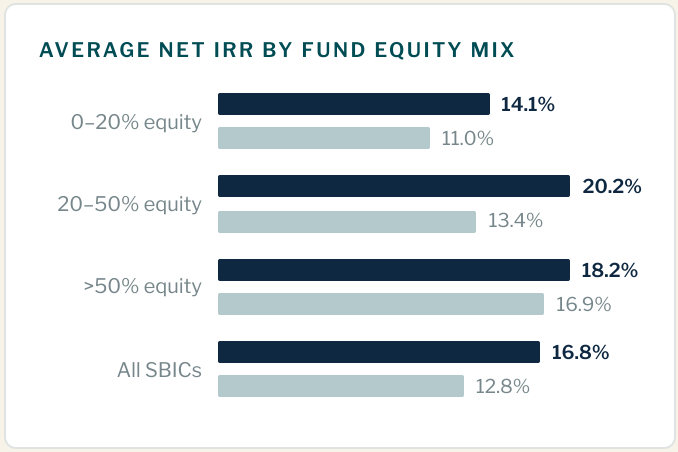
The program's history tracks the development of American private capital itself. Early SBICs of the 1960s and 1970s helped define the emerging venture capital industry, and businesses that received early SBIC financing include Apple, Costco, FedEx, and Intel. The Small Business Equity Enhancement Act of 1992 modernized licensing standards and raised leverage limits, and in August 2023 SBA implemented the most significant reforms in a generation: a new Accrual Debenture designed for equity-oriented strategies, and new Accrual and Reinvestor license types intended to widen the spectrum of managers the program can support.

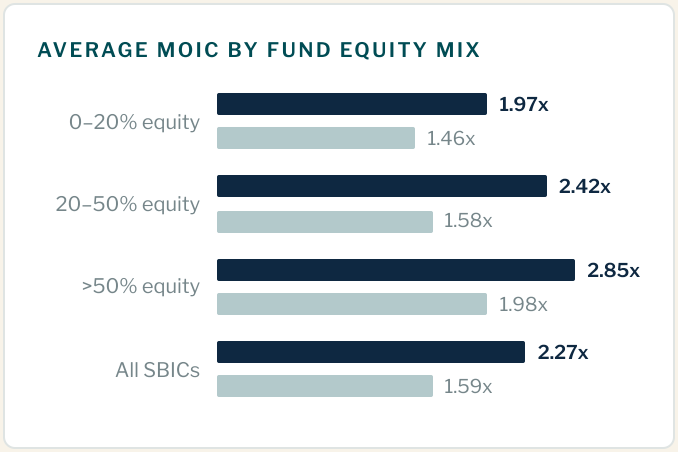
Today roughly 300 licensed funds operate across the program, spanning a range of manager types. Standard Debenture SBICs suit mezzanine, private credit, and other current-pay strategies whose cash flows can service semi-annual interest; Accrual SBICs support longer-term equity investment; Reinvestor SBICs invest in underlying funds; and non-leveraged SBICs hold a license without drawing SBA debt at all. What unites them is the licensing regime itself: every SBIC is examined, regulated, and eligible for the same government-guaranteed leverage described in the balance of this paper.

Why the Space Is Worth Understanding: Historical Outperformance

SBICs remain a relatively small segment of private credit: a roughly $53 billion program portfolio within a multi-trillion-dollar private credit market.[22] That is precisely why many allocators have never examined the structure closely. Recent independent research suggests the segment has rewarded the effort of those who have.

A 2024 academic study by researchers at the Institute for Private Capital (UNC Kenan-Flagler), Duke Fuqua, and MSCI, the first rigorous benchmarking of SBIC returns, found that SBIC funds outperformed comparable non-SBIC peers by an average of roughly 4 percentage points of IRR (median 2.6 points) and about 0.7x on invested capital. A second, selection-bias-free sample drawn from MSCI-Burgiss cash flow data confirmed the direction of the result, with average outperformance of 2.7 percentage points of IRR and 0.43x of MOIC, and public market equivalents above 1.0 across equity, junior debt, senior debt, and generalist strategies. Notably for the lower middle market, junior debt SBICs showed the largest outperformance relative to their peer group, and funds levered between 1.00x and 1.75x produced the highest excess IRR.[21]





SBIC funds Non-SBIC benchmark (MSCI-Burgiss)

Source: Brown, Hu, Robinson & Volckmann, *Financial Analysts Journal* (2026)[21]

The Question Being Asked

From a distance, SBIC leverage looks like ordinary fund-level debt. It isn't: its mechanics, cost, and default consequences are set by federal regulation, not a negotiated credit agreement. Where does it come from? Who is on the hook if a portfolio company defaults? Does a bad year create a call on the fund's investors? The balance of this paper covers how the instrument works, what it costs, what it demands in return, and what happens when a portfolio deteriorates.

A note on scope: while specific provisions of the regulations apply to particular license types, the majority of SBICs are Standard Debenture SBICs (Avante operates as one), and this paper focuses on that segment of the program.

What an SBIC Is, and What SBA Leverage Is

The SBA evaluates a prospective manager on the strength of its track record, the cohesion and relevant experience of the management team, the fund's investment strategy and its fit with the program's small-business mandate, and the credibility of its private fundraising. The process runs from an initial Management Assessment Questionnaire through a Green Light letter inviting a full license application, and typically takes a year or more end to end, with the fund raising its private capital in parallel. Only a management team that clears that underwriting, and the capital it raises, gains access to the leverage described below.

Once licensed, an SBIC can apply to SBA for Leverage, which is government-guaranteed debt issued in the form of a Debenture, a ten-year obligation that SBA guarantees as to both principal and interest.[1] The fund itself is the issuer of the Debenture; SBA's role is to guarantee it, which allows the instrument to be sold to institutional investors at favorable government-backed pricing, and the fund is responsible for repaying the face amount.[2]

How the Leverage Works

THE CAPITAL BASE

For every dollar of private capital raised, SBA can commit up to two dollars of guaranteed leverage, capped at $250MM per standard debenture licensee.

THE DRAW PROCESS AND WHERE THE FEES ATTACH

01 · Leverage Approval

Leverage ceiling conditionally approved at licensing; finalized one year after licensure. A ceiling, not a disbursement.

No fee

02 · Commitment

A specific commitment is requested against the ceiling and approved; the commitment letter is countersigned.

1% commitment fee

03 · Draw

Draw application approved; the Debenture is issued and funded.

2% draw fee + 0.44% placement fees, withheld from proceeds

THE INSTRUMENT

Fund issues a 10-year Debenture in its own name → SBA guarantees 100% of principal & interest → Debentures pooled quarterly in March, June, September & December → Pool sold to institutional investors at a spread to the 10-year Treasury

In plain terms: the fund borrows for ten years at government-backed pricing, pays about 3 points of fees on the way in, and owes interest twice a year until it repays at par.

What the Leverage Gives, and What It Asks

The Debenture offers low-cost, long-dated capital on flexible terms. In exchange, the fund operates under SBA regulation for the life of the license.

FLEXIBILITY IT PROVIDES

Ten-year, interest-only money

No amortization, no annual renewal, no refinancing risk inside the fund's life. The Debenture cannot be pulled.

Draw-as-needed

Leverage is taken down just-in-time as investments close; undrawn amounts cost only the commitment fee.

Prepayable at par

Any payment date, no make-whole. The fund can deleverage the moment realizations arrive.

No borrowing base, no mark-to-market

Capacity keys off committed private capital, not asset values, so markdowns do not shrink availability or trigger margin calls.

A fixed rate against floating assets

For a current-pay credit strategy, the fund locks its liability cost for a decade while its loans float.

WHAT IT ASKS IN RETURN

Regulatory overhead

Licensing takes time, and SBA examinations, reporting, and valuation requirements continue for the life of the license.

Portfolio constraints

Small-business size tests, overline concentration limits, and conflict-of-interest rules shape what the fund can own.

Current-pay interest

Semi-annual coupons are owed on schedule regardless of portfolio cash flow, and a missed payment escalates quickly.

Formulaic remedies and a scale cap

Default provisions are fixed at issuance, with no relationship lender to negotiate a waiver, and leverage tops out at 2:1, capped at $250MM.

In plain terms: the trade is cheap, patient, hands-off capital in exchange for operating inside a rulebook.

Defined Terms an Allocator Needs Before Going Further

Leverageable Capital / Private Capital. The capital actually committed by the fund's own investors, not the SBA-guaranteed portion. The ratio between the two determines how much guaranteed debt a fund can access.[3]

Capital Impairment Percentage (CIP). A regulatory metric SBA uses to measure the credit risk a licensee poses to the agency, calculated under a specific procedure and compared against a maximum permitted threshold.[4] This is the mechanism, discussed below, that governs what happens when portfolio losses accumulate.

Leverage Coverage Ratio (LCR). A separate solvency-style metric equal to (Total Assets minus Liabilities excluding SBA Leverage minus Other Assets, plus Unfunded Private Commitments) divided by Outstanding Leverage. An LCR falling below 1.25 is one of the conditions that can place a licensee on SBA's Watchlist.[5]

What SBA Leverage Costs

The all-in cost of SBA Leverage has three components, and only one of them varies with the fund's own credit profile.

The leverage fee. Total leverage fee is 3 percent of the face amount of the Debenture issued, comprised of the 1 percent commitment fee described above and the 2 percent draw fee.[6] If a commitment expires without being fully drawn, the licensee must expense the leverage fees associated with the unused portion.[7]

The interest rate. For pooled Standard Debentures, the rate is fixed at the pooling date (quarterly since June 2026) based on a spread over the ten-year Treasury.[8] For interim and non-pooled Debentures, the interim lender sets the rate.[9]

The Annual Charge. A separate, SBA-determined annual fee layered on top of interest, currently 0.25 percent for standard Debentures. For Leverage issued under commitments approved on or after October 1, 2026, this charge is established and published annually and will not be less than 0.30 percent per annum; for commitments approved on or after October 1, 2027, not less than 0.35 percent; and for commitments approved on or after October 1, 2028, not less than 0.40 percent.[10]

In plain terms: the all-in cost is a formula, not a negotiated rate: roughly the ten-year Treasury plus a spread, plus 3 points of upfront fees and a small annual charge.

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Historical Debenture Pricing: Cheap, Fixed, and Long-Dated

Because the pooled rate is set as a spread over the ten-year Treasury, an SBIC borrows at pricing that reflects the guarantee rather than the fund's own credit profile. A useful rule of thumb is the ten-year Treasury plus roughly 50 basis points. Recent poolings priced at +50 (September 2025) and +40 (March 2026), against a median spread of roughly 65 basis points since 2001; the June 2026 pooling, the first under SBA's new quarterly schedule, priced at 4.748 percent. Spreads widened only in genuine dislocations, and even then the all-in coupon stayed in the mid-5 percent range. No lower-middle-market fund could source ten-year, fixed-rate money at anything close to these levels on its own credit.[23]

POOLED DEBENTURE COUPON VS. 10-YEAR TREASURY, POOLINGS 2001–2026 [23]

4.748%
June 2026 pooling, the most recent priced

Par prepay
Prepayable in whole at any payment date, with no penalty or make-whole

10-yr fixed
Non-amortizing, interest-only, prepayable at par

The comparison to a traditional facility is where the advantage shows. A bank or fund-level line floats over SOFR, reprices continuously, amortizes or comes up for renewal at the lender's discretion, and is governed by a negotiated covenant package with borrowing-base tests and the potential for margin calls. Even subscription lines, the cheapest of the category and secured by LP commitments, ran to all-in costs in the 6 to 6.5 percent range in 2025.[23] The Debenture is none of those things: ten-year, fixed-rate, interest-only capital, drawn as needed against a standing commitment, with stress governed by the regulatory formula described later in this paper rather than by lender discretion. For a lower-middle-market strategy with long hold periods, that combination of price and structure has no private-market equivalent.

Distributions and the Waterfall: When LPs Get Paid

The leverage sits ahead of the fund's investors in the flow of cash, and that priority shapes distribution timing for the life of the fund. SBA must be kept current on Debenture interest and the Annual Charge, and payments SBA receives are applied first to accrued and unpaid charges and interest across all outstanding Debentures.[11] Distributions to the fund's own investors come after those obligations are serviced, and returns of capital that would reduce Regulatory Capital require SBA's consent while leverage is outstanding.[12]

ORDER OF APPLICATION WHILE LEVERAGE IS OUTSTANDING

01 **Debenture interest and Annual Charge** — semi-annual, current-pay, owed regardless of portfolio cash flow[11]

02 **Distributions of profits to investors** — permitted alongside SBA service, subject to the distribution rules and any applicable holdbacks[11]

03 **Return of capital** — reductions of Regulatory Capital require SBA approval; in practice, meaningful return of capital follows repayment or paydown of the leverage[12]

04 **Residual profits** — carry and remaining upside distribute through the fund's own waterfall once SBA's position is retired

The practical consequence deserves plain statement: an SBIC returns capital to its investors more slowly than an unlevered fund of the same vintage. Early distributions are typically profit distributions funded by current income after Debenture service, while the capital itself stays in the structure supporting the outstanding leverage. SBA's distribution rules, and the holdbacks they produce, mean LPs should expect a longer runway to full return of capital than a traditional fund provides, with the leverage's cost advantage and the fund's income generation compensating for that patience. Under stress the sharing rules described in the next section tighten this further, shifting a portion of cumulative distributions to SBA based on the fund's CIP and Highest Leverage Ratio.[13]

In plain terms: SBA gets serviced first, capital comes back last, and LPs should underwrite a longer path to return of capital than in an unlevered fund.

What Happens Under Stress

Portfolio stress runs through a defined sequence: first the Watchlist, then the impairment formula, and only then default.

THE FIRST SIGNAL: THE WATCHLIST

SBA maintains a Watchlist and will notify a licensee when it is added and when it is removed.[14] A licensee can land on the Watchlist for several reasons tied to the metrics defined earlier, including a Leverage Coverage Ratio falling below 1.25, or a Capital Impairment Percentage approaching the licensee's maximum permitted threshold.[5] A licensee is also flagged if it defaults on an interest payment and fails to cure.[5] Watchlist status is a supervisory signal, not itself a default; it is SBA's early-warning mechanism.

THE CORE STRESS METRIC: CAPITAL IMPAIRMENT PERCENTAGE

SBA's primary tool for measuring the credit risk a licensee poses to the agency is the Capital Impairment Percentage, or CIP.[15] SBA first applies a preliminary impairment test; if the licensee passes it, the CIP is deemed zero and no further calculation is required.[16] If the licensee does not pass the preliminary test, SBA proceeds through a fuller computation set out in the regulation to arrive at an actual CIP, which is then compared to the maximum CIP permitted for that licensee.[16] The maximum permitted CIP varies by licensee: the regulation allows higher thresholds for funds with lower leverage ratios and more equity-oriented portfolios.

Portfolio losses matter here directly: unrealized depreciation and realized losses on portfolio investments are the inputs that drive CIP upward, and a licensee can reduce a rising CIP either by raising additional Regulatory Capital or by generating realized gains that offset negative unrealized depreciation.[17]

In plain terms: losses do not trigger a capital call; they feed a formula, and the formula decides when SBA can act.

WHAT CIP ACTUALLY TRIGGERS

This is the answer to whether losses create a capital call in the way a margin call does. CIP itself does not automatically compel the fund's private investors to contribute additional capital. What the regulations establish is different: CIP is the metric SBA uses to determine the amount of leverage a licensee may incur before triggering an event of default under the leverage.[15] In other words, exceeding the maximum permitted CIP is what constitutes, or leads to, a default event under the licensee's leverage documents, rather than a direct demand for new capital from the fund's limited partners.

Separately, certain licensees must promptly notify SBA in writing if the CIP reaches at least 50 percent, even where their own maximum permitted CIP is set higher.[18] Following that notification, SBA proceeds with a further review process.

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DISTRIBUTION RESTRICTIONS TIED TO LEVERAGE RATIO

Losses and elevated leverage do change what a fund can distribute to its own investors before SBA is paid. The regulation defines a licensee's Highest Leverage Ratio as the highest ratio of outstanding Leverage to Leverageable Capital the licensee has ever reached, and requires that deferred-interest Debentures issued at a discount be counted at face value for this computation, not at their discounted carrying value.[13] This ratio, together with the licensee's CIP, determines SBA's percentage share of cumulative distributions. If a licensee's CIP is below 50 percent as of a distribution date, or if its Highest Leverage Ratio is 0.5 or less, a different distribution-sharing outcome applies than if those conditions are not met.[13]

In plain terms: as stress rises, distributions are restricted and SBA moves up in priority.

DEFAULT AND REMEDIES

Events of default and the remedies attached to them are fixed in the regulations as of the date each Debenture is issued.[19] The architecture matters more than the enumeration: CIP is the primary quantitative gate SBA uses to determine how much leverage a licensee may carry before a default is triggered,[15] and Watchlist status, distribution restrictions, and mandatory notifications operate as escalating steps before that gate is reached.

WHO BEARS THE LOSS

A distinction worth stating plainly: SBA's 100 percent guarantee runs to the holders of the Debenture, meaning the institutional purchasers of the pooled security are protected by the federal guarantee.[20] That guarantee does not erase the licensee's own obligation to repay the face amount of the Debenture, and it does not convert portfolio losses at the small business level into a claim against SBA. Portfolio company impairment and default are absorbed first by the fund's own capital structure, meaning by Private Capital and Regulatory Capital, before the CIP and leverage-ratio mechanics described above translate that impairment into consequences for the leverage itself.

In plain terms: the guarantee protects the bondholders, not the fund: portfolio losses land on the fund's investors first.

Examinations, Compliance, and Losing the License

The license that grants access to the leverage also subjects the manager to continuous federal oversight, and an allocator should understand both halves of that arrangement.

ONGOING EXAMINATIONS AND REPORTING

Every SBIC is examined by SBA's Office of SBIC Examinations, with leveraged licensees examined regularly throughout the life of the license. Between examinations, the fund files audited annual financial statements on SBA's Form 468 along with periodic filings, maintains portfolio valuations under a valuation policy SBA has approved, and reports specified regulatory events as they occur. Examination findings must be addressed and resolved with the agency; most findings in practice are procedural, but unresolved violations escalate.

HOW A MANAGER CAN LOSE THE LICENSE

The escalation path is defined rather than discretionary. Persistent regulatory violations, a Capital Impairment Percentage above the permitted maximum, failure to pay amounts owed on the leverage, or failure to resolve examination findings can each move a licensee from ordinary supervision into SBA's remedies: the agency can decline to approve new commitments or draws, restrict distributions and new investments, and ultimately transfer the fund to its Office of Liquidation. In the most serious cases SBA can seek removal of management or the appointment of a receiver to run off the portfolio. A license can also be surrendered voluntarily, which requires SBA's consent and repayment or assumption of outstanding leverage.

WHAT THIS MEANS FOR INVESTORS

For the fund's investors, the oversight cuts both ways. In the ordinary course it functions as an independent examination regime layered on top of the fund's own auditors, and it enforces valuation and distribution discipline that a private fund would not otherwise carry. In a deteriorating scenario, the same regime means a third party with priority claims and defined remedies sits inside the structure: distributions stop earlier than they would in an unlevered fund, the manager's discretion narrows as remedies escalate, and in a liquidation the portfolio is run off under SBA's supervision with the guaranteed leverage repaid before private capital recovers. The diligence question for an allocator is not whether these mechanics exist, they exist for every leveraged SBIC, but whether the manager's compliance record and impairment history show any of them ever coming into play.

In plain terms: the license is a standing federal audit. Kept in good order it costs LPs nothing; broken, it hands control of the fund to SBA.

How This Differs From a Bank Facility or Fund-Level Leverage

Readers who already understand a subscription line or a traditional fund-level credit facility have a useful reference point, provided the differences are kept precise.

FEATURE	SBA LEVERAGE (DEBENTURE)	TYPICAL BANK / FUND-LEVEL FACILITY
Who guarantees repayment to the ultimate holder	SBA guarantees 100 percent of principal and interest to Debenture holders[20]	*Not governed by SBA regulatory material; varies by facility, typically no third-party guarantee*
Pricing mechanism	Fixed rate set at pooling based on a spread to the 10-year Treasury, plus a 3 percent leverage fee and an Annual Charge[6,8,10]	*Typically a floating spread over SOFR or similar benchmark, negotiated bilaterally*
Primary stress metric	Capital Impairment Percentage compared to a licensee-specific maximum[15]	*Typically a borrowing-base or covenant test defined in the credit agreement*
What triggers default	Exceeding maximum permitted CIP, among other events fixed as of Debenture issuance[15,19]	*Typically covenant breach, borrowing-base shortfall, or payment default as defined in the facility agreement*
Term structure	Fixed 10-year term per Debenture[1]	*Typically shorter, revolving or term, subject to renewal at lender discretion*
Distribution restrictions during stress	SBA's share of distributions varies with CIP and Highest Leverage Ratio[13]	*Typically governed by facility covenants restricting distributions upon default or covenant breach*

The comparison points shown in italics are matters of private contract rather than federal regulation and reflect typical market terms.

The substance of the comparison: SBA Leverage substitutes a regulatory, formula-driven stress test, CIP, for the negotiated covenant package that governs a bank facility, and it substitutes a federal guarantee to the debt holder for the credit support a bank facility might otherwise require from the fund's investors directly.

What This Means for an Allocator

SBA Leverage is a regulatory instrument with a fixed cost structure, a defined draw process, and a specific quantitative mechanism, Capital Impairment Percentage, that governs when portfolio stress becomes a default event. It is not a discretionary bank line subject to relationship-based renewal or covenant renegotiation, and it is not an instrument where portfolio losses automatically convert into a capital call on the fund's own investors. The protections that exist, the distribution-sharing rules tied to CIP and Highest Leverage Ratio, and the fixed default provisions attached at each Debenture's issue date, operate through formula rather than negotiation.

Key takeaways

- SBICs are a small corner of private credit with an outsized record: independent research finds SBIC funds outperformed comparable non-SBIC peers on both IRR and multiple, with junior debt strategies showing the widest gap.[21]
- The leverage itself is a ten-year, fixed-rate, interest-only Debenture priced at roughly the ten-year Treasury plus 50 basis points, drawn as needed, prepayable at par, with no borrowing base, mark-to-market, or renewal risk — pricing that reflects the guarantee, not the fund's credit.
- The trade for that capital is a rulebook: 3 points of upfront fees plus an Annual Charge, SBA serviced ahead of investors in the waterfall, and a longer path to return of capital than an unlevered fund of the same vintage.
- Portfolio losses do not trigger a capital call on the fund's investors. They feed the Capital Impairment Percentage, a regulatory formula that escalates from Watchlist status through distribution restrictions to default, by defined thresholds rather than lender discretion.
- The license is a standing federal oversight regime: regular examinations and audited reporting in the ordinary course, and defined remedies, up to receivership, if compliance or capital impairment breaks down. A manager's exam and impairment history is the diligence question that matters.

Endnotes

References are numbered in order of first appearance in the text. Regulatory citations refer to Title 13 of the Code of Federal Regulations, Part 107 (Small Business Investment Companies), and SBA Standard Operating Procedure 10 10 01 as in effect on the date of this paper.

1. 13 CFR 107.1810; SBA SOP 10 10 01, Ch. 3, Investment Portfolio Management and Monitoring (Funding, Distributions, and Interest).
2. SBA SOP 10 10 01, Ch. 3 (Pooling).
3. 13 CFR 107.50 (definitions of Regulatory Capital, Leverageable Capital, and Private Capital); 13 CFR 107.1150 (Maximum amount of Leverage).
4. 13 CFR 107.1840, Computation of Licensee's Capital Impairment Percentage.
5. 13 CFR 107.1850 (Watchlist).
6. 13 CFR 107.1130 (Leverage fees); SBA SOP 10 10 01, Ch. 3.
7. SBA SOP 10 10 01, Ch. 3; SBA Appendix 14, Accounting Standards & Financial Reporting Requirements for SBICs.
8. SBA SOP 10 10 01, Ch. 3 (Pooling).
9. SBA SOP 10 10 01, Ch. 3 (Funding; interim and non-pooled Debentures).
10. 13 CFR 107.1130(d) (Annual Charge).
11. SBA SOP 10 10 01, Ch. 3 (Funding, Distributions, and Interest; application of payments).
12. 13 CFR 107.585, Distributions and reductions in Regulatory Capital; SBA SOP 10 10 01, Ch. 3.
13. 13 CFR 107.585(c) (Accrual SBICs and Reinvestor SBICs); SBA SOP 10 10 01, Ch. 3.
14. 13 CFR 107.1850; SBA SOP 10 10 01, Ch. 3 (Watchlist notification).
15. 13 CFR 107.1840; SBA SOP 10 10 01, Ch. 3 (Capital Impairment).
16. 13 CFR 107.1840 (preliminary impairment test and full computation).
17. SBA SOP 10 10 01, Ch. 3 (Capital Impairment; cure through additional Regulatory Capital or realized gains).
18. SBA SOP 10 10 01, Ch. 3 (Capital Impairment notification at 50 percent).
19. 13 CFR 107.1810 (events of default and SBA's remedies; provisions fixed as of each Debenture's issuance).
20. Small Business Investment Act of 1958, § 303; 13 CFR 107.1810; SBA SOP 10 10 01, Ch. 3 (guarantee runs to Debenture holders).
21. Brown, G. W., Hu, W., Robinson, D. T., and Volckmann, W. M., "The Performance of Small Business Investment Companies," *Financial Analysts Journal* (January 2026); working paper, Institute for Private Capital, June 2024. SBIA survey data benchmarked against MSCI-Burgiss peer funds, vintages 2000–2020. Past performance is not indicative of future results.
22. U.S. Small Business Administration, Office of Investment and Innovation, SBIC program data as of fiscal year-end 2025; Congressional Research Service, "SBA Small Business Investment Company Program" (R41456); Investing in All of America Act (2026).
23. SBA, "Trust Certificate Rates: SBIC Debenture Pools"; June 2026 pooling per Small Business Investor Alliance, July 2026 (Debenture poolings quarterly as of June 2026); 10-year Treasury yields at pricing per U.S. Department of the Treasury. Coupon rates shown exclude the SBA Annual Charge and leverage, underwriting, and trustee fees. Subscription facility pricing per published fund-finance market commentary, 2025.

SOURCES AND REFERENCES

Numbered references [1]–[23] throughout this paper are itemized on the Endnotes page. Regulatory citations derive from Title 13 of the Code of Federal Regulations, Part 107 (Small Business Investment Companies), and SBA Standard Operating Procedure 10 10 01. Program history and statistics are per the U.S. Small Business Administration and the Congressional Research Service as of fiscal year 2025; leverage limits reflect the Investing in All of America Act (2026). Debenture coupon rates shown exclude the SBA Annual Charge and leverage, underwriting, and trustee fees. Performance figures reflect Brown, Hu, Robinson & Volckmann, "The Performance of Small Business Investment Companies," Financial Analysts Journal (2026), not the performance of any Avante fund.

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