

SOUTHLAND CAPITAL MANAGEMENT, LLC

Month	BDC Fund II*	S&P 500 TR	Nasdaq Comp	Dow Jones	Russell 2000 (DRI)
Year Ending - 2009	4.37%	5.49%	6.91%	7.37%	3.49%
Year Ending - 2010	73.04%	15.07%	16.91%	11.02%	26.85%
January - 2011	7.05%	2.37%	1.78%	2.72%	-0.26%
February - 2011	8.08%	3.43%	3.04%	2.81%	5.48%
March - 2011	-10.39%	0.04%	-0.04%	0.76%	2.59%
April - 2011	6.18%	2.96%	3.32%	3.98%	2.64%
May - 2011	-3.56%	-1.13%	-1.33%	-1.88%	-1.88%
Year to Date	6.16%	7.82%	6.88%	8.57%	8.71%
Inception to Date	91.72%	31.57%	33.59%	29.41%	43.24%

* Fund's inception was October 1, 2009. Performance shown is net of all fees & expenses including management & performance fees. Past performance is not necessarily indicative of future performance. This material does not constitute an offer to sell (nor the solicitation of an offer to buy) interests in BDC Fund II, LP (the "Fund"). Offering is made by Private Placement Memorandum from a Principal only.

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MAY 2011 RESULTS

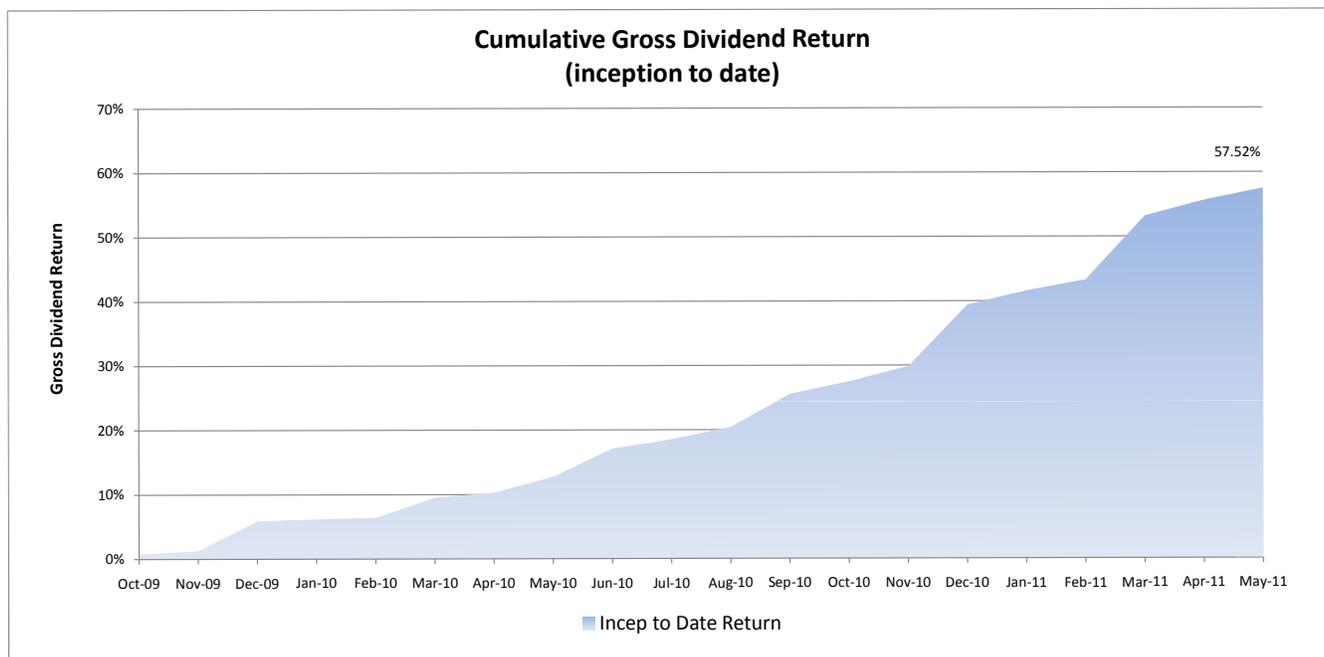
May was a difficult month in the stock market, and for the Fund. The global stock markets were concerned about a slowing economy, which put downward pressure on stock prices throughout the period. *We were down -3.56% on the month, giving back half the gains from April.* Nonetheless, we remain comfortable with the metrics in the economy at large and in the Fund portfolio. We continue to benefit from multiple dividend increases; BDC leverage levels at record lows and ever-declining bad debts.

All the indices we compare ourselves against were down in May, with the best performer being the S&P 500 (with dividends reinvested) which was down -1.13%. BDC II was at the back of the pack because of our use of leverage, which amplifies both upside and downside.

With five months of 2011 in our rear view mirror, we are still in positive territory with a 6.16% year-to-date return. That's higher than most hedge

funds, but still behind the four indices we compare ourselves against. We're marginally behind the NASDAQ Composite, up 6.88% on the year. The best YTD performer is the Russell 2000 at 8.71%.

As always we end with our performance since inception in October 2009, just 20 months ago. *Here we remain far and away ahead of the other indices with a return of 91.72%, versus 43.24% for the Russell 2000, which is in second place.* Compared to the other three indices, we are three times higher in percentage gains over the period, a reminder of the benefits of taking advantage of the generational opportunity to borrow at record low rates. We expect that BDCs will continue to generate high, stable dividends for the foreseeable future and that borrowing rates will continue at their low levels. This sets the stage for maintaining the Fund's outstanding results, regardless of short-term volatility in the stock market.



CASH ON CASH RETURN

A chart is worth a thousand words, so please check out the attached *Cumulative Gross Dividend Return, which tops out after twenty months at 57.52%, up two percentage points over April.* For those who are new to the Newsletter or who don't remember last month's snippet on this subject, that's a calculation prepared by our independent administrator that shows the dividends received by an investor since the inception of the Fund, net of margin interest and operating expenses but before a deduction for management fees. This net interest is expressed as a percentage of an original investment made in October 2009, when the Fund launched. Last month, this so called Cash on Cash Return was at 55.65%.

WELCOME TO OUR NEW INVESTORS

We want to use the opportunity of this month's Newsletter to welcome all our new investors who invested in BDC II this month and last. (You know who you are!). The Fund continues to grow from month to month, and we have high hopes that we'll continue to increase both the ranks of our investors and total assets under management during the summer. Remember that Bill and Nicholas remain available by e-mail and phone to answer your questions or address your concerns.

TIGER 21 PRESENTATION

Apologies for inserting a brief plug for the Managers: *Nick and Bill have been invited to make a presentation at the prestigious Tiger 21 in September in New York City.* The organization is billed as the "nation's premier peer-to-peer learning group for high-net-worth investors. Members have a minimum of \$10mn of assets to invest and include some of the wealthiest and savviest investors around. On a monthly basis, a small group of Tiger 21 members meet for the day to discuss their investments and to provide mutual support and advice. The meetings include a presentation by an outside expert on a subject of interest to the organization. Prior presenters have included such luminaries as Leon Black, Chairman of Apollo Management, Steve Forbes of Forbes Magazine and Larry Ludlow of CNBC fame.

Apparently several members have been reading our BDC analysis on Seeking Alpha and the BDC Reporter and requested that we make a presentation about the opportunities in the BDC sector. We will be telling Tiger 21 what you already know as readers of our Newsletter: that the BDC industry is generating the highest dividend yields of any industry sector, while simultaneously having record low leverage levels and booking the highest quality loans in years. Add to the mix record low borrowing rates and the Managers stock picking expertise (not all that shines is gold even in the BDC industry) and you have a recipe for superior returns. For more about Tiger 21, check out the website at www.tiger21.com. You will find Nicholas Marshi's name listed in the Presenter section.