

GLADSTONE INVESTMENT CORPORATION\DE

Form 497

August 14, 2018

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The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting offers to buy these securities in any state where such offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 14, 2018

PRELIMINARY PROSPECTUS SUPPLEMENT

(to Prospectus dated July 13, 2018)

Shares

% Series E Cumulative Term Preferred Stock due 2025

(Liquidation Preference \$25.00 per Share)

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended (the "1940 Act"). For federal income tax purposes, we have elected to be treated as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). Our investment objectives are to: (i) achieve and grow current income by investing in debt securities of established businesses that we believe will provide stable earnings and cash flow to pay expenses, make principal and interest payments on our outstanding indebtedness and make distributions to stockholders that grow over time; and (ii) provide our stockholders with long-term capital appreciation in the value of our assets by investing in equity securities, generally in combination with the aforementioned debt securities, of established businesses that we believe can grow over time to permit us to sell our equity investments for capital gains.

We are offering _____ shares of our _____ % Series E Term Cumulative Preferred Stock due 2025 (the "Series E Term Preferred Stock"). We will pay monthly dividends on the Series E Term Preferred Stock at an annual rate of _____ % of the \$25.00 liquidation preference per share, or \$ _____ per share of Series E Term Preferred Stock per year, on or about the last business day of each month, as declared by our Board of Directors, commencing on September 28, 2018.

We are required to redeem all of the outstanding Series E Term Preferred Stock on _____, 2025 at a redemption price equal to \$25.00 per share, plus an amount equal to accumulated but unpaid dividends, if any, to, but excluding, the date of redemption. We will also be required to redeem Series E Term Preferred Stock at a redemption price equal to \$25.00 per share, plus an amount equal to accumulated but unpaid dividends, if any, to, but excluding, the date of redemption in the event of certain events that constitute a change of control of the Company. If we fail to maintain an asset coverage as required by Sections 18 and 61 of the 1940 Act (which is currently 200% and will be 150% effective April 10, 2019, unless earlier approved by the Company's stockholders), we will redeem a sufficient number of shares of our then-outstanding shares of preferred stock (currently outstanding and any future issuances of preferred stock, collectively, the Preferred Stock) in an amount at least equal to the lesser of (1) the minimum number of shares of Preferred Stock necessary to cause us to meet our required asset coverage and (2) the maximum number of Preferred Stock that we can redeem out of cash legally available for such redemption. At any time on or after _____, 2020, at our sole option, we may redeem the Series E Term Preferred Stock at a redemption price of \$25.00 per share of Series E Term Preferred Stock, plus any accumulated but unpaid dividends, if any, on the Series E Term Preferred Stock up to, but excluding, the date of redemption. We cannot effect any amendment, alteration or repeal of our obligation to redeem all of the Series E Term Preferred Stock on _____, 2025 without the prior unanimous consent of the holders of Series E Term Preferred Stock.

Each holder of our Series E Term Preferred Stock (and any other then-outstanding Preferred Stock we have issued or may issue in the future) will be entitled to one vote for each share held by such holder on any matter submitted to a vote of our stockholders, and the holders of all of our outstanding Preferred Stock and common stock will generally vote together as a single class. The holders of the our Preferred Stock, voting separately as a single class, will elect two of our directors and, upon our failure to pay dividends for at least two years, will elect a majority of our directors. The Series E Term Preferred Stock will rank equally in right of payment with all other shares of Preferred Stock and will rank senior in right of payment to our outstanding common stock.

We have applied to have the Series E Term Preferred Stock listed on Nasdaq under the symbol GAINL. Our common stock is traded on Nasdaq under the symbol GAIN. On August 13, 2018, the last sale price of our common stock, Series B Term Preferred Stock, Series C Term Preferred Stock and Series D Term Preferred Stock as reported on Nasdaq was \$11.97 per share, \$25.33 per share, \$25.31 per share and \$25.28 per share, respectively. The Series E Term Preferred Stock has no trading history and will not be convertible into our common stock or any other security of our company.

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in the Series E Term Preferred Stock, including information about risks. Please read it before you invest and retain it for future reference. Additional information about us, including our annual, quarterly and current reports, has been filed with the Securities and Exchange Commission (the SEC), and can be accessed at its website at www.sec.gov. This information is also available free of charge by calling us collect at (866) 366-5745 or on the investor relations section of our corporate website located at www.GladstoneInvestment.com. You may also call us collect at this number to request other information or to make a shareholder inquiry. The information contained in, or that can be accessed through, our website is not part of this prospectus supplement or the accompanying prospectus. See *Where You Can Find More Information* on page S-65 of this prospectus supplement.

The securities in which we invest generally would be rated below investment grade if they were rated by rating agencies. Below investment grade securities, which are often referred to as junk, have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and are illiquid.

Investing in the Series E Term Preferred Stock involves a high degree of risk, including, among other things, the risk of leverage and risks relating to investments in securities of small, private and developing businesses.

You could lose some or all of your investment. You should carefully consider each of the factors described under Risk Factors beginning on page S-11 of this prospectus supplement and beginning on page 13 of the accompanying prospectus before you invest in the Series E Term Preferred Stock.

The SEC, has not approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	PER SHARE	TOTAL ⁽²⁾
Public offering price	\$	\$
Underwriting discounts and commissions (sales load)	\$	\$
Proceeds, before expenses, to us ⁽¹⁾	\$	\$

⁽¹⁾ Total expenses of the offering payable by us, excluding underwriting discounts and commissions, are estimated to be \$.

⁽²⁾ We have granted the underwriters a 30-day option to purchase up to an additional \$ of Series E Term Preferred Stock from us on the same terms and conditions set forth above solely to cover over-allotments, if any. If such option is exercised in full, the total public offering price will be \$, the total underwriting discounts and commissions will be \$ and total proceeds, before expenses, to us would be \$. See *Underwriting* on page S-59 of this prospectus supplement for additional information with respect to arrangements with the underwriters, including stabilizing transactions and other transactions that affect the price of the Series E Term Preferred Stock.

The underwriters expect to deliver the Series E Term Preferred Stock on or about , 2018.

Joint Book-Running Managers

BMO Capital Markets

Janney Montgomery Scott
Lead Manager

Ladenburg Thalmann

B. Riley FBR

Co-Managers

J.J.B. Hilliard, W.L. Lyons, LLC

Wedbush Securities
Prospectus Supplement dated

William Blair
, 2018

National Securities Corporation

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement, together with the accompanying prospectus, sets forth the information that you should know before investing. You should read the prospectus supplement and accompanying prospectus, which contain important information, before deciding whether to invest in the Series E Term Preferred Stock.

This prospectus supplement, which describes the specific terms of this offering, also adds to and updates information contained in the accompanying prospectus. The accompanying prospectus gives more general information, some of which may not apply to this offering. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement. However, if any statement in one of these documents is inconsistent with a statement in another document having a later date, the statement in the document having the later date modifies or supersedes the earlier statement.

The Series E Term Preferred Stock does not represent a deposit or obligation of, and is not guaranteed or endorsed by, any bank or other insured depository institution, and is not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus in making an investment decision. Neither we nor the underwriters have authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. The information appearing in this prospectus supplement, the accompanying prospectus is accurate only as of the respective dates of such information regardless of the time of delivery or any sale of the Series E Term Preferred Stock. Our business, financial condition, results of operations and prospects may have changed since those dates.

We are not, and the underwriters are not, making an offer to sell the Series E Term Preferred Stock in any jurisdiction where such an offer or sale is not permitted.

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This summary highlights some of the information included in this prospectus supplement and in the accompanying prospectus. You should review the more detailed information contained elsewhere in this prospectus supplement and in the accompanying prospectus, including the Company's Certificate of Designation of % Series E Cumulative Term Preferred Stock of Gladstone Investment Corporation, or the Certificate of Designation, the form of which is attached as Appendix A to this prospectus supplement, and especially the information set forth under the headings Risk Factors prior to making an investment in the Series E Term Preferred Stock. In this prospectus supplement and the accompanying prospectus, except where the context suggests otherwise, the terms we, us, our and the Company, refer to Gladstone Investment Corporation; Adviser refers to Gladstone Management Corporation; Administrator refers to Gladstone Administration, LLC; Gladstone Commercial refers to Gladstone Commercial Corporation; Gladstone Capital refers to Gladstone Capital Corporation; Gladstone Land refers to Gladstone Land Corporation; Gladstone Securities refers to Gladstone Securities, LLC; and Gladstone Companies refers to our Adviser and its affiliated companies. Capitalized terms used but not defined in this prospectus supplement or accompanying prospectus have the meanings given to such terms in the Certificate of Designation. Unless otherwise stated, the information in this prospectus supplement and the accompanying prospectus does not take into account the possible exercise by the underwriters of their over-allotment option.

Gladstone Investment Corporation

We were incorporated under the General Corporation Law of the State of Delaware on February 18, 2005. We operate as an externally managed closed-end, non-diversified management investment company and have elected to be treated as a business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). For federal income tax purposes, we have elected to be treated as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code). To continue to qualify as a RIC for federal income tax purposes and obtain favorable RIC tax treatment, we must meet certain requirements, including certain minimum distribution requirements. From our initial public offering in 2005 through June 30, 2018, we have made 156 consecutive monthly distributions to common stockholders.

As of August 13, 2018, we had 32,822,459 shares of Common Stock outstanding, 1,656,000 shares of Series B Term Preferred Stock outstanding, 1,610,000 shares of Series C Term Preferred Stock outstanding and 2,300,000 shares of Series D Term Preferred Stock outstanding. We are required to redeem all shares of our Series B Term Preferred Stock on December 31, 2021, all shares of our Series C Term Preferred Stock on May 31, 2022 and all shares of our outstanding Series D Term Preferred Stock on September 30, 2023.

Our principal executive offices are located at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102, and our telephone number is (703) 287-5800. Our corporate website is located at www.GladstoneInvestment.com. Information on, or accessible through, our website is not incorporated into or a part of this prospectus supplement or the accompanying prospectus.

Investment Adviser and Administrator

We are externally managed by the Adviser, an affiliate of ours, under an investment advisory and management agreement (the Advisory Agreement) and another of our affiliates, the Administrator provides administrative services to us pursuant to a contractual agreement (the Administration Agreement). Each of the Adviser and Administrator are privately-held companies that are indirectly owned and controlled by David Gladstone, our chairman and chief executive officer. Mr. Gladstone and Terry Lee Brubaker, our vice chairman and chief operating officer, also serve on the board of directors of the Adviser, the board of managers of the Administrator,

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and as executive officers of the Adviser and the Administrator. The Administrator employs, among others, our chief financial officer and treasurer, chief valuation officer, chief compliance officer, general counsel and secretary (who also serves as the president, general counsel and secretary of the Administrator) and their respective staffs. The Adviser and Administrator have extensive experience in our lines of business and also provide investment advisory and administrative services, respectively, to our affiliates, including, but not limited to: Gladstone Commercial, a publicly-traded real estate investment trust; Gladstone Capital, a publicly-traded BDC and RIC; and Gladstone Land, a publicly-traded real estate investment trust (collectively the **Affiliated Public Funds**). In the future, the Adviser and Administrator may provide investment advisory and administrative services, respectively, to other funds and companies, both public and private.

The Adviser was organized as a corporation under the laws of the State of Delaware on July 2, 2002, and is a registered investment adviser under the Investment Advisers Act of 1940, as amended. The Administrator was organized as a limited liability company under the laws of the State of Delaware on March 18, 2005. The Adviser and Administrator are headquartered in McLean, Virginia, a suburb of Washington, D.C. The Adviser also has offices in several other states.

Investment Objectives and Strategy

We were established for the purpose of investing in debt and equity securities of established private businesses operating in the U.S. Our investment objectives are to: (i) achieve and grow current income by investing in debt securities of established businesses that we believe will provide stable earnings and cash flow to pay expenses, make principal and interest payments on our outstanding indebtedness and make distributions to stockholders that grow over time; and (ii) provide our stockholders with long-term capital appreciation in the value of our assets by investing in equity securities, generally in combination with the aforementioned debt securities, of established businesses that we believe can grow over time to permit us to sell our equity investments for capital gains. To achieve our objectives, our investment strategy is to invest in several categories of debt and equity securities, with individual investments generally totaling up to \$30 million, although investment size may vary, depending upon our total assets or available capital at the time of investment. We intend that our investment portfolio over time will consist of approximately 75% in debt securities and 25% in equity securities, at cost. As of June 30, 2018, our investment portfolio was made up of 74.2% in debt securities and 25.8% in equity securities, at cost.

We focus on investing in lower middle market private businesses (which we generally define as companies with annual earnings before interest, taxes, depreciation and amortization (**EBITDA**) of \$3 million to \$20 million) (**Lower Middle Market**) in the U.S. that meet certain criteria, including, but not limited to, the following: the sustainability of the business free cash flow and its ability to grow it over time, adequate assets for loan collateral, experienced management teams with a significant ownership interest in the portfolio company, reasonable capitalization of the portfolio company, including an ample equity contribution or cushion based on prevailing enterprise valuation multiples, and the potential to realize appreciation and gain liquidity in our equity position, if any. We anticipate that liquidity in our equity position will be achieved through a merger or acquisition of the portfolio company, a public offering of the portfolio company's stock, or, to a lesser extent, by exercising our right to require the portfolio company to repurchase our warrants though there can be no assurance that we will always have these rights. We invest in portfolio companies that need funds for growth capital, to finance acquisitions, recapitalize or, to a lesser extent, refinance their existing debt facilities. We seek to avoid investing in high-risk, early-stage enterprises.

We invest by ourselves or jointly with other funds and/or management of the portfolio company, depending on the opportunity. In July 2012, the U.S. Securities and Exchange Commission (**SEC**) granted us an exemptive order (the **Co-Investment Order**) that expanded our ability to co-invest, under certain circumstances, with

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certain of our affiliates, including Gladstone Capital and any future business development company or closed-end management investment company that is advised (or sub-advised if it controls the fund) by the Adviser, or any combination of the foregoing, subject to the conditions in the Co-Investment Order. Since 2012, we have opportunistically made several co-investments with Gladstone Capital pursuant to the Co-Investment Order. We believe the Co-Investment Order has enhanced and will continue to enhance our ability to further our investment objectives and strategies. If we are participating in an investment with one or more co-investors, whether or not an affiliate of ours, our investment is likely to be smaller than if we were investing alone.

In general, our investments in debt securities have a term of five years, accrue interest at variable rates (based on the one-month London Interbank Offered Rate (LIBOR)) and, to a lesser extent, at fixed rates. As of June 30, 2018, our loan portfolio consisted of 97.2% variable rate loans with floors and 2.8% fixed rate loans based on the total principal balance of all outstanding debt investments. We seek debt instruments that pay interest monthly or, at a minimum, quarterly, and which may include a yield enhancement such as a success fee or, to a lesser extent, deferred interest provision and are primarily interest only, with all principal and any accrued but unpaid interest due at maturity. Generally, success fees accrue at a set rate and are contractually due upon a change of control of the business. Some debt securities may have deferred interest whereby some portion of the interest payment is added to the principal balance so that the interest is paid, together with the principal, at maturity. This form of deferred interest is often called paid-in-kind (PIK) interest. As of June 30, 2018, we did not have any securities with a PIK feature.

Typically, our investments in equity securities take the form of common stock, preferred stock, limited liability company interests, or warrants or options to purchase any of the foregoing. Often, these equity investments occur in connection with our original investment, buyouts and recapitalizations of a business, or refinancing existing debt. From our initial public offering in June 2005 through June 30, 2018, we have made investments in 48 companies, excluding investments in syndicated loans, for a total of approximately \$1 billion, before giving effect to principal repayments and divestitures.

We expect that our investment portfolio will continue to primarily include the following three categories of investments in private companies in the U.S.:

First Lien Secured Debt Securities: We seek to invest a portion of our assets in first lien secured debt securities also known as senior loans, senior term loans, lines of credit and senior notes. Using its assets as collateral, the borrower typically uses first lien secured debt to cover a substantial portion of the funding needs of the business. These debt securities usually take the form of first priority liens on all, or substantially all, of the assets of the business.

Second Lien Secured Debt Securities: We seek to invest a portion of our assets in second lien secured debt securities, which may also be referred to as subordinated loans, subordinated notes and mezzanine loans. These second lien secured debt securities rank junior to the borrower's first lien secured debt securities and may be secured by second priority liens on all or a portion of the assets of the business. Additionally, we may receive other yield enhancements, such as warrants to buy common and preferred stock or limited liability interests, in connection with these second lien secured debt securities.

Preferred and Common Equity/Equivalents: We seek to invest a portion of our assets in equity securities, which consist of preferred and common equity, limited liability company interests, warrants or options to

acquire such securities, and are generally in combination with our debt investment in a business. Additionally, we may receive equity investments derived from restructurings on some of our existing debt investments. In many cases, we will own a significant portion of the equity of the businesses in which we invest.

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Pursuant to the 1940 Act, we must maintain at least 70% of our total assets in qualifying assets, which generally include each of the investment types listed above. Therefore, the 1940 Act permits us to invest up to 30% of our assets in other non-qualifying assets. See *Regulation as a Business Development Company Qualifying Assets* in the accompanying prospectus for a discussion of the types of qualifying assets in which we are permitted to invest pursuant to Section 55(a) of the 1940 Act.

Because the majority of the loans in our portfolio consist of term debt in private companies that typically cannot or will not expend the resources to have their debt securities rated by a credit rating agency, we expect that most, if not all, of the debt securities we acquire will be unrated. Investors should assume that these loans would be rated below what is today considered investment grade quality. Investments rated below investment grade are often referred to as high yield securities or junk bonds and may be considered higher risk as compared to investment grade debt instruments. With the exception of our policy to conduct our business as a BDC, these investment policies are not fundamental and may be changed without stockholder approval.

Recent Developments

Renewal of our Advisory Agreement

On July 10, 2018, our Board of Directors, including a majority of the directors who are not parties to the agreement or interested persons of any such party, approved the annual renewal of the Advisory Agreement with the Adviser through August 31, 2019. Mr. Gladstone, our chairman and chief executive officer, controls the Adviser. In reaching a decision to approve the Advisory Agreement, our Board of Directors reviewed a significant amount of information and considered, among other things:

the nature, quality and extent of the advisory and other services to be provided to us by the Adviser;

our investment performance and that of the Adviser;

the costs of the services to be provided and profits to be realized by the Adviser from the relationship with us;

the fee structures of comparable externally managed business development companies that engage in similar investing activities; and

various other matters.

Based on the information reviewed and the considerations detailed above, our Board of Directors, including all of the directors who are not interested persons as that term is defined in the 1940 Act, concluded that the investment advisory fee rates and terms are fair and reasonable in relation to the services provided and approved the Advisory Agreement, as being in the best interests of our stockholders.

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In July 2018, our Board of Directors declared the following monthly distributions to common stockholders and monthly dividends to holders of our Series B Term Preferred Stock, Series C Term Preferred Stock and Series D Term Preferred Stock:

Record Date	Payment Date	Distribution per Common Share	Dividend per Share of Series B Term Preferred Stock	Dividend per Share of Series C Term Preferred Stock	Dividend per Share of Series D Term Preferred Stock
July 20, 2018	July 31, 2018	\$ 0.067	\$ 0.140625	\$ 0.135417	\$ 0.13020833
August 21, 2018	August 31, 2018	0.067	0.140625	0.135417	0.13020833
September 19, 2018	September 28, 2018	0.067	0.140625	0.135417	0.13020833
Total for the Quarter:		\$ 0.201	\$ 0.421875	\$ 0.406251	\$ 0.39062499

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THE OFFERING

The following is a brief summary of some of the terms of this offering. For a more complete description of the rights, preferences and other terms of the Series E Term Preferred Stock, see *Description of the Series E Term Preferred Stock* in this prospectus supplement and the Certificate of Designation.

Issuer	Gladstone Investment Corporation
Securities Offered	_____ shares of Series E Term Preferred Stock, or _____ shares if the underwriters exercise their over-allotment option in full.
Listing	We have applied to list the Series E Term Preferred Stock on Nasdaq under the symbol GAINL. Trading on the Series E Term Preferred Stock is expected to begin within 30 days after the date of this prospectus supplement, though there is no assurance that trading of the Series E Term Preferred Stock will commence within this timeframe, or at all. Prior to the expected commencement of trading on Nasdaq, the underwriters may make a market in the Series E Term Preferred Stock, but they are not obligated to do so and may discontinue any market-making at any time without notice.
Liquidation Preference	\$25.00 per share, plus accumulated but unpaid dividends, if any. In the event of any liquidation, dissolution or winding up of our affairs, holders of the Series E Term Preferred Stock will be entitled to receive a liquidation distribution equal to \$25.00 per share (which we refer to in this prospectus supplement as the Liquidation Preference), plus an amount equal to all accumulated but unpaid dividends and distributions, if any, up to, but excluding, the date fixed for distribution or payment, whether or not earned or declared by us, but excluding interest on any such distribution or payment. See <i>Description of the Series E Term Preferred Stock Liquidation Rights</i> .
Dividends	<p>The Series E Term Preferred Stock will pay a monthly dividend at a fixed annual rate of _____ % of the Liquidation Preference, or \$ _____ per share per year, which we refer to as the Fixed Dividend Rate. The Fixed Dividend Rate is subject to adjustment under certain circumstances, but will not in any case be lower than \$ _____ per share per year.</p> <p>Cumulative cash dividends or distributions on each Series E Term Preferred Share will be payable monthly, when, as and if declared by our Board of Directors or a duly authorized committee of our Board of</p>

Directors out of funds legally available for such payment. The first dividend period for the Series E Term Preferred Stock will commence on the initial issuance date of such shares upon the closing of this offering , which we refer to as the Date of Original Issue, and will end on September 30, 2018.

Ranking

The shares of Series E Term Preferred Stock are senior securities that constitute capital stock of the Company.

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The Series E Term Preferred Stock ranks:

senior to the Common Stock in priority of payment of dividends and as to the distribution of assets upon dissolution, liquidation or the winding-up of our affairs;

equal in priority with all other series of Preferred Stock we have issued or may issue in the future as to priority of payment of dividends and as to distributions of assets upon dissolution, liquidation or the winding-up of our affairs; and

effectively subordinated to our existing and future indebtedness, including borrowings under the Credit Facility as defined below.

We may issue additional shares of Preferred Stock, but we may not issue additional classes of capital stock that rank senior to the Series B Term Preferred Stock, Series C Term Preferred Stock, Series D Term Preferred Stock or Series E Term Preferred Stock as to priority of payment of dividends and as to distribution of assets upon dissolution, liquidation or winding-up of our affairs. We may, however, borrow funds from banks and other lenders so long as the ratio of (1) the value of total assets less the total borrowed amounts to (2) the sum of all senior securities representing indebtedness and the number of shares of outstanding Series B Term Preferred Stock, Series C Term Preferred Stock, Series D Term Preferred Stock and Series E Term Preferred Stock multiplied by \$25.00 per share is not less than the minimum amount required by applicable law then in effect.

Mandatory Term Redemption

We are required to redeem all outstanding Series E Term Preferred Stock on _____, 2025 (the Mandatory Term Redemption Date), at a redemption price equal to the Liquidation Preference, plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) to, but excluding, the redemption date. If we fail to redeem the Series E Term Preferred Stock pursuant to the mandatory redemption required on _____, 2025, or in any other circumstance in which we are required to redeem the Series E Term Preferred Stock, then the Fixed Dividend Rate will increase by three percent (3.00%) for so long as such failure continues. See *Description of the Series E Term Preferred Stock Redemption* and *Voting Rights*.

Mandatory Redemption for Asset Coverage

If we fail to maintain Asset Coverage (as defined below) of at least the minimum amount required by applicable law in effect as of the time of declaration of dividends on the Series E Term Preferred Stock as required by Sections 18 and 61 of the 1940 Act (which is currently 200% and will become 150% effective April 10, 2019, unless earlier approved by the Company's stockholders and subject to certain disclosure requirements), after deducting the amount of such dividend or as of the time of purchase of the Company's common stock, and such failure is not cured by the close of business on the date that is 30 calendar days following the filing date of our Form 10-Q or Form 10-K, as applicable, for that respective calendar quarter, which

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is the three-month period ending March 31, June 30, September 30 and December 31 of each year (referred to in this prospectus supplement as an Asset Coverage Cure Date), then we are required to redeem, within 90 calendar days of the Asset Coverage Cure Date, shares of Preferred Stock equal to the lesser of (1) the minimum number of shares of Preferred Stock that will result in our having Asset Coverage as required by Sections 18 and 61 of the 1940 Act (which, as of the date hereof, is 200% and shall be 150% effective April 10, 2019 unless earlier approved by the Company's stockholders), and (2) the maximum number of shares of Preferred Stock that can be redeemed out of funds legally available for such redemption, provided further, that in connection with any such redemption for failure to maintain such Asset Coverage, we may redeem such additional number of shares of Preferred Stock that will result in our having Asset Coverage of up to and including a percentage that is 50% higher than the asset coverage as required by Sections 18 and 61 of the 1940 Act (which, as of the date hereof, is 200% and shall be 150% effective April 10, 2019 unless earlier approved by the Company's stockholders). The Preferred Stock to be redeemed may include, at our sole option, any number or proportion of the Series B Term Preferred Stock, Series C Term Preferred Stock, Series D Term Preferred Stock, Series E Term Preferred Stock and other series of Preferred Stock. If shares of Series E Term Preferred Stock are to be redeemed in such an event, they will be redeemed at a redemption price equal to the Liquidation Preference, plus accumulated but unpaid dividends, if any, on such shares (whether or not declared, but excluding interest on accumulated but unpaid dividends, if any) to, but excluding, the date fixed for such redemption.

Asset Coverage for purposes of our Preferred Stock is calculated in accordance with Sections 18 and 61 of the 1940 Act, as in effect on the date of determination, and is determined on the basis of values calculated as of a time within 48 hours (only including Business Days) preceding each determination. We estimate that, on the Date of Original Issue, our Asset Coverage, based on the composition and value of our portfolio as of June 30, 2018, and after giving effect to (1) the issuance of the Series E Term Preferred Stock offered in this offering, and (2) the payment of underwriting discounts and commissions of \$ million and estimated related offering costs payable by us of approximately \$, would have been % prior to the activity noted in the *Use of Proceeds* section. We estimate that following our expected use of proceeds, which assumes the full redemption of our Series B Term Preferred Stock and Series C Term Preferred Stock within 45 days of the completion of this offering, our Asset Coverage would be %. See *Description of the Series E Term Preferred Stock Asset Coverage*.

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Optional Redemption

At any time on or after _____, 2020, at our sole option, we may redeem the Series E Term Preferred Stock in whole or from time to time, in part, out of funds legally available for such redemption, at the Liquidation Preference, plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) to, but excluding, the date fixed for such redemption. See *Description of the Series E Term Preferred Stock Redemption Optional Redemption*.

Change of Control Redemption

If a Change of Control Triggering Event occurs, unless we have exercised our option to redeem the Series E Term Preferred Stock, we will be required to redeem all of the outstanding Series E Term Preferred Stock at the Liquidation Preference, plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) to, but excluding, the date fixed for such redemption. For the definition of Change of Control Triggering Event and additional information concerning the redemption of the Series E Term Preferred Stock in connection with such events, see *Description of the Series E Term Preferred Stock Redemption Change of Control*.

Voting Rights

Except as otherwise provided in our Amended and Restated Certificate of Incorporation or as otherwise required by law, (1) each holder of Preferred Stock (including the Series E Term Preferred Stock) will be entitled to one vote for each share of Preferred Stock held by such holder on each matter submitted to a vote of our stockholders and (2) the holders of all outstanding Preferred Stock and Common Stock will vote together as a single class; provided, that holders of Preferred Stock, voting separately as a class, will be entitled to elect two of our directors and, if we fail to pay dividends on any outstanding shares of Preferred Stock in an amount equal to two full years of dividends and continuing until such failure is corrected, will be entitled to elect a majority of our directors. Preferred Stock holders will also vote separately as a class on any matter that materially and adversely affects any preference, right or power of holders of Preferred Stock. See *Description of the Series E Term Preferred Stock Voting Rights*.

Conversion Rights

The Series E Term Preferred Stock will have no conversion rights.

Use of Proceeds

We intend to use the net proceeds from this offering of approximately \$ _____ million (after the payment of underwriting discounts and commissions of \$ _____ million and estimated offering expenses payable by us of approximately \$ _____), plus borrowings under our Credit Facility, to redeem all outstanding shares of our Series B Term Preferred

Stock and Series C Term Preferred Stock and for other general corporate purposes. See *Use of Proceeds*.

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U.S. Federal Income Taxes

Prospective investors are urged to consult their own tax advisors regarding the tax considerations relevant to holders of the Series E Term Preferred Stock in light of their personal investment circumstances.

We have elected to be treated, and intend to continue to so qualify each year, as a RIC under Subchapter M of the Code, and we generally do not expect to be subject to corporate-level U.S. federal income tax with respect to our ordinary taxable income.

The dividends on the Series E Term Preferred Stock generally will not qualify for the dividends received deduction or for taxation at reduced rates applicable to qualified dividend income.

Risk Factors

Investing in the Series E Term Preferred Stock involves risks. You should carefully consider the information set forth in the sections entitled *Risk Factors* beginning on page S-11 of this prospectus supplement and page 13 of the accompanying prospectus before deciding whether to invest in our Series E Term Preferred Stock.

Information Rights

During any period in which we are not subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and any shares of Series E Term Preferred Stock are outstanding, we will provide holders of Series E Term Preferred Stock, without cost, copies of annual reports and quarterly reports substantially similar to the reports on Form 10-K and Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject to such provisions or, alternatively, we will voluntarily file reports on Form 10-K and Form 10-Q as if we were subject to Section 13 or 15(d) of the Exchange Act.

Redemption and Paying Agent

We have entered into an amendment to our Transfer Agency and Service Agreement with Computershare, Inc. (Computershare), which we refer to as the Redemption and Paying Agent in this prospectus supplement. Under this amendment, the Redemption and Paying Agent will serve as transfer agent and registrar, dividend disbursing agent and redemption and paying agent with respect to the Series E Term Preferred Stock.

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RISK FACTORS

*You should carefully consider the risks described below, and the risks described in **Risk Factors** beginning on page 13 of the accompanying prospectus, before deciding to invest in the Series E Term Preferred Stock. The risks and uncertainties described below and in the accompanying prospectus are not the only ones we face. Additional risks and uncertainties not presently known to us, or not presently deemed material by us, may also impair our operations and performance and the value of the Series E Term Preferred Stock. If any of the following risks or the risks described in the accompanying prospectus actually occur, our business, financial condition or results of operations could be materially adversely affected, and the value of the Series E Term Preferred Stock may be impaired. If that happens, the trading price of the Series E Term Preferred Stock could decline, and you may lose all or part of your investment.*

Risks of Investing in Preferred Stock

We may be unable to use the net proceeds from this offering to redeem our Series B Term Preferred Stock and Series C Term Preferred Stock within the time period that we anticipate or at all, which could adversely affect our financial condition and results of operations and increase the likelihood of our failing to meet the asset coverage requirements of the 1940 Act.

We intend to use the net proceeds from this offering plus borrowings under our Credit Facility to redeem all outstanding shares of our Series B Term Preferred Stock and Series C Term Preferred Stock and for other general corporate purposes. We anticipate that substantially all of the net proceeds of this offering will be utilized in this manner within three months of the completion of this offering. However, we cannot assure you that we will be able to redeem the Series B Term Preferred Stock and Series C Term Preferred Stock within this time period or at all. Any delay or failure to use the net proceeds from this offering to redeem the Series B Term Preferred Stock and Series C Term Preferred Stock could adversely affect our financial condition and results of operations and increase the likelihood of our failing to meet the asset coverage requirements of the 1940 Act, as described below under *Our amount of senior securities that are stock outstanding will increase as a result of this offering if we are unable to redeem shares of our Series B Term Preferred Stock and Series C Term Preferred Stock within the time period that we anticipate or at all, which could adversely affect our business, financial condition and results of operations, our ability to meet our payment obligations under the Credit Facility and our ability to meet the asset coverage requirements of the 1940 Act.*

An investment in term preferred stock with a fixed interest rate bears interest rate risk.

Term preferred stock, including the Series E Term Preferred Stock, pays dividends at a fixed dividend rate. Prices of fixed income investments vary inversely with changes in market yields. The market yields on securities comparable to the Series E Term Preferred Stock may increase, which would likely result in a decline in the secondary market price of the Series E Term Preferred Stock prior to the Mandatory Term Redemption Date. This risk may be even more significant in light of currently low prevailing market interest rates. For additional information concerning dividends on the Series E Term Preferred Stock, see *Description of the Series E Term Preferred Stock Dividends and Dividend Periods*.

There is no guarantee that the Series E Term Preferred Stock will be approved for listing on Nasdaq, there may be no initial secondary trading market due to delayed listing, and even after listing a liquid secondary trading market may not develop.

We have applied to list the Series E Term Preferred Stock on Nasdaq, and we do not know when the Series E Term Preferred Stock will be approved for listing, if at all. If approved, we expect the Series E Term Preferred Stock to begin trading on Nasdaq within 30 days of the date of this prospectus supplement, though there can be no assurance that the Series E Term Preferred Stock will begin trading within this period, or at all. During the time the Series E Term Preferred Stock is not listed on Nasdaq, the underwriters may make a market in the Series

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E Term Preferred Stock, but they are not obligated to do so and may discontinue any market-making at any time without notice. Consequently, an investment in the Series E Term Preferred Stock during this period may be illiquid, and holders of such shares may not be able to sell them during that period as it is unlikely that an active secondary market for the Series E Term Preferred Stock will develop. If a secondary market does develop during this period, holders of the Series E Term Preferred Stock may be able to sell such shares only at substantial discounts from the Liquidation Preference. We cannot accurately predict the trading patterns of the Series E Term Preferred Stock, including the effective costs of trading the stock.

Even if our Series E Term Preferred Stock begins trading on Nasdaq, there is also a risk that such shares may be thinly traded, and the market for such shares may be relatively illiquid compared to the market for other types of securities, with the spread between the bid and asked prices considerably greater than the spreads of other securities with comparable terms and features. If an active trading market does develop, the Series E Term Preferred Stock may trade at prices lower than the initial offering price. The trading price of the Series E Term Preferred Stock would depend on many factors, including:

prevailing interest rates;

the market for similar securities;

general economic and financial market conditions;

our issuance of debt or preferred equity securities; and

our financial condition, results of operations and prospects.

The Series E Term Preferred Stock will not be rated.

We do not intend to have the Series E Term Preferred Stock rated by any rating agency. Unrated securities usually trade at a discount to similar, rated securities. As a result, there is a risk that the Series E Term Preferred Stock may trade at a price that is lower than it might otherwise trade if rated by a rating agency. It is possible, however, that one or more rating agencies might independently determine to assign a rating to the Series E Term Preferred Stock. In addition, we may elect to issue other securities for which we may seek to obtain a rating. If any ratings are assigned to the Series E Term Preferred Stock in the future or if we issue other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn, could adversely affect the market for or the market value of the Series E Term Preferred Stock.

The Series E Term Preferred Stock will bear a risk of early redemption by us.

We may voluntarily redeem some or all of the Series E Term Preferred Stock on or after _____, 2020, which is five years before the Mandatory Term Redemption Date. We also may be forced to redeem some or all of the Series E Term Preferred Stock to meet regulatory requirements and the Asset Coverage requirements. We are also required to redeem all of the Series E Term Preferred Stock upon a Change of Control Triggering Event. Any such redemptions may occur at a time that is unfavorable to holders of the Series E Term Preferred Stock. We may have an incentive to

redeem the Series E Term Preferred Stock voluntarily before the Mandatory Term Redemption Date if market conditions allow us to issue other Preferred Stock or debt securities at a rate that is lower than the Fixed Dividend Rate on the Series E Term Preferred Stock, or for other reasons. For further information regarding our ability to redeem the Series E Term Preferred Stock, see *Description of the Series E Term Preferred Stock Optional Redemption and Asset Coverage*.

Claims of holders of the Series E Term Preferred Stock will be subject to a risk of subordination relative to holders of our debt instruments.

Rights of holders of the Series E Term Preferred Stock will be subordinated to the rights of holders of our current and any future indebtedness, including the Credit Facility. Even though the Series E Term Preferred Stock will be

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classified as a liability for purposes of accounting principles generally accepted in the U.S. (GAAP) and considered senior securities under the 1940 Act, the Series E Term Preferred Stock are not debt instruments. Therefore, dividends, distributions and other payments to holders of Preferred Stock in liquidation or otherwise may be subject to prior payments due to the holders of our indebtedness. In addition, under some circumstances the 1940 Act may provide debt holders with voting rights that are superior to the voting rights of holders of the Series E Term Preferred Stock.

We are subject to risks related to the general credit crisis and related liquidity risks.

General market uncertainty and extraordinary conditions in the credit markets may impact the liquidity of our investment portfolio. In turn, during extraordinary circumstances, this uncertainty could impact our distributions and/or ability to redeem the Series E Term Preferred Stock in accordance with their terms. Further, there may be market imbalances of sellers and buyers of Series E Term Preferred Stock during periods of extreme illiquidity and volatility in the credit markets. Such market conditions may lead to periods of thin trading in any secondary market for the Series E Term Preferred Stock and may make valuation of the Series E Term Preferred Stock uncertain. As a result, the spread between bid and ask prices is likely to increase significantly such that, if you invest in the Series E Term Preferred Stock, you may have difficulty selling your shares. Less liquid and more volatile trading environments could also result in sudden and significant valuation declines in the Series E Term Preferred Stock.

Holders of the Series E Term Preferred Stock will be subject to inflation risk.

Inflation is the reduction in the purchasing power of money resulting from the increase in the price of goods and services. Inflation risk is the risk that the inflation-adjusted, or real, value of an investment in Preferred Stock or the income from that investment will be worth less in the future. As inflation occurs, the real value of the Series E Term Preferred Stock and dividends payable on such shares declines.

Holders of the Series E Term Preferred Stock will bear reinvestment risk.

Given the seven-year term and potential for early redemption of the Series E Term Preferred Stock, holders of such shares may face an increased reinvestment risk, which is the risk that the return on an investment purchased with proceeds from the sale or redemption of the Series E Term Preferred Stock may be lower than the return previously obtained from the investment in such shares.

Holders of the Series E Term Preferred Stock will bear dividend risk.

We may be unable to pay dividends on the Series E Term Preferred Stock under some circumstances. The terms of our indebtedness, including the Credit Facility, preclude the payment of dividends in respect of equity securities, including the Series E Term Preferred Stock, under certain conditions. See *Liquidity and Capital Resources Revolving Line of Credit*.

We face Asset Coverage risks in our investment activities.

The Asset Coverage that we maintain on our Preferred Stock, including the Series E Term Preferred Stock, is based upon a calculation of the value of our portfolio holdings. Our portfolio investments are, and we expect a large percentage of such investments will continue to be, in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded is generally not readily determinable. Our Board of Directors reviews valuation recommendations that are provided by professionals of the Adviser and Administrator with oversight and direction from the chief valuation officer, employed by the Administrator (the Valuation Team).

There is no single standard for determining fair value (especially for privately-held businesses), as fair value depends upon the specific facts and circumstances of each individual investment. In determining the fair value of our investments, the Valuation Team, led by the chief valuation

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officer, uses an established investment valuation policy, or the Policy, which has been approved by our Board of Directors, and each quarter our Board of Directors reviews the Policy to determine if changes thereto are advisable and also reviews whether the Valuation Team has applied the Policy consistently. We may engage other independent valuation firms to provide earnings multiple ranges, as well as other information, and evaluate such information for incorporation into the total enterprise value (TEV), of certain of our investments. Generally, at least once per year, we engage an independent valuation firm to value or review our valuation of our significant equity investments, which includes providing the information noted above. The Valuation Team evaluates such information for incorporation into our TEV, including review of all inputs provided by the independent valuation firm. The Valuation Team then makes a recommendation to our Board of Directors as to the fair value. Our Board of Directors reviews the recommended fair value and whether it is reasonable in light of the Policy and other relevant facts and circumstances and then votes to accept or reject the Valuation Team's recommended fair value.

A portion of our assets are, and may in the future be, comprised of debt and equity securities that are valued based on internal assessment using valuation methods approved by our Board of Directors, without the input of ICE Data Pricing and Reference Data, LLC (formerly Standard and Poor's Securities Evaluations, Inc.) (ICE), or other third-party evaluators. While we believe that our debt and equity valuation methods reflect those regularly used as standards by other professionals in our industry who value equity securities, the determination of fair value for securities that are not publicly traded necessarily involves an exercise of subjective judgment, whether or not we obtain the recommendations of an independent third-party evaluator.

Our use of these fair value methods is inherently subjective and is based on estimates and assumptions regarding each security. In the event that we are required to sell a security, we may ultimately sell for an amount materially less than the estimated fair value calculated by us or ICE, or determined using TEV, or the discounted cash flow methodology. As a result, a risk exists that the Asset Coverage attributable to the Preferred Stock, including the Series E Term Preferred Stock, may be materially lower than what is calculated based upon the fair valuation of our portfolio securities in accordance with our valuation policies. See *Risk Factors Risks Related to Our Investments Because the loans we make and equity securities we invest in are not publicly traded, there is uncertainty regarding the value of our privately held securities that could adversely affect our determination of our NAV.* on page 15 of the accompanying prospectus.

There is a risk of delay in our redemption of the Series E Term Preferred Stock, and we may fail to redeem such securities as required by their terms.

We generally make investments in private companies whose securities are not traded in any public market. Substantially all of the investments we presently hold and the investments we expect to acquire in the future are, and will be, subject to legal and other restrictions on resale and will otherwise be less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to obtain cash equal to the value at which we record our investments quickly if a need arises. If we are unable to obtain sufficient liquidity prior to the Mandatory Term Redemption Date or a Change of Control Triggering Event, we may be forced to engage in a partial redemption or to delay a required redemption. If such a partial redemption or delay were to occur, the market price of the Series E Term Preferred Stock might be adversely affected.

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We finance our investments with borrowed money and senior securities, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.

The following table illustrates the effect of leverage on returns from an investment in our Common Stock assuming various annual returns on our portfolio, net of expenses. The calculations in the table below are hypothetical, and actual returns may be higher or lower than those appearing in the table below.

	ASSUMED RETURN ON OUR PORTFOLIO (NET OF EXPENSES)					
	(10)%	(5)%	0%	5%	10%	
Corresponding return to common stockholder ⁽¹⁾	%	%	%	%	%	%

(1) The hypothetical return to common stockholders is calculated by multiplying our total assets as of June 30, 2018, by the assumed rates of return and subtracting all interest accrued on our debt and dividends on our Preferred Stock expected to be paid or declared during the twelve months following June 30, 2018, adjusted for the assumed dividends declared on the Series E Term Preferred Stock to be issued in this offering (and assuming proceeds are used as described under Use of Proceeds, including incremental borrowings under our Credit Facility, if any); and then dividing the resulting difference by our total net assets attributable to Common Stock as of June 30, 2018. Based on \$639.0 million in total assets, \$102.5 million in borrowings outstanding on our Credit Facility, at cost, \$5.1 million in a secured borrowing, \$41.4 million in aggregate liquidation preference of Series B Term Preferred Stock, \$40.3 million in aggregate liquidation preference of Series C Term Preferred Stock, \$57.5 million in aggregate liquidation preference of Series D Term Preferred Stock and \$379.8 million in net assets as of June 30, 2018 and assuming the Series E Term Preferred Stock to be issued in this offering is outstanding during the entire period and assuming proceeds are used as described under Use of Proceeds, including incremental borrowings under our Credit Facility, if any.

Based on our outstanding indebtedness of \$107.6 million as of June 30, 2018, and the effective annual interest rate of 5.4% as of that date, aggregate liquidation preference of our Series B Term Preferred Stock of \$41.4 million, aggregate liquidation preference of our Series C Term Preferred stock of \$40.3 million, aggregate liquidation preference of our Series D Term Preferred stock of \$57.5 million, aggregate liquidation preference of the Series E Term Preferred Stock of \$ million to be issued in this offering, incremental borrowings under our Credit Facility of \$, and redemption of our Series B Term Preferred Stock and Series C Term Preferred Stock with an aggregate liquidation preference of \$81.7 million, our investment portfolio at fair value would have been required to experience an annual return of at least % to cover annual interest payments on our outstanding debt and dividends on the Series B, Series C, Series D and Series E Preferred Stock.

Other Risks

In addition to regulatory limitations on our ability to raise capital, the Credit Facility contains various covenants that, if not complied with, could accelerate our repayment obligations under the facility, thereby materially and adversely affecting our liquidity, financial condition, results of operations and ability to pay distributions. In addition, we are obligated to redeem our Series D Term Preferred Stock in September 2023. If we do not have sufficient funds to redeem the Series D Term Preferred Stock, or if we do not have sufficient funds remaining following such redemption, we may experience an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Credit Facility and monthly dividend

obligations with respect to our Preferred Stock.

We will have a continuing need for capital to finance our loans. We are party to a credit facility, which provides us with a revolving credit line facility of \$165.0 million, of which \$102.0 million was drawn as of August 13, 2018 and can be expanded to a total facility amount of \$250.0 million through additional commitments of existing or new lenders. The Credit Facility permits us to fund additional loans and investments as long as we are within the conditions set forth in the credit agreement and is currently scheduled to mature in November 2021.

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As a result of the Credit Facility, we are subject to certain limitations on the type of loan investments we make, including, but not limited to, restrictions on geographic concentrations, sector concentrations, loan size, dividend payout, payment frequency and status, and average life. The Credit Facility also requires us to comply with other financial and operational covenants, which require us to, among other things, maintain certain financial ratios, including asset and interest coverage, and a minimum net worth. As of August 13, 2018, we were in compliance with these covenants; however, our continued compliance with these covenants depends on many factors, some of which are beyond our control. Current market conditions have forced us to write down the value of a portion of our assets as required by the 1940 Act and fair value accounting rules. These are not realized losses, but constitute adjustment in asset values for purposes of financial reporting and for collateral value for the Credit Facility. As assets are marked down in value, the amount we can borrow on the Credit Facility decreases.

In particular, potential depreciation in the valuation of our assets, which valuation is subject to changing market conditions that remain very volatile, may affect our ability to comply with the covenants under the Credit Facility, including the minimum net worth covenant. As of June 30, 2018, our net assets were \$379.8 million, up from \$354.2 million at March 31, 2018. The increase in our net assets was primarily a result of unrealized appreciation over the respective periods. Additionally, the Credit Facility currently contains a performance guaranty that requires the Company to maintain (i) a minimum net worth (defined in the Credit Facility to include our mandatory redeemable term preferred stock) of the greater of \$210.0 million or \$210.0 million plus 50% of all equity and subordinated debt raised minus 50% of any equity or subordinated debt redeemed or retired after November 16, 2016, which equated to \$222.2 million as of June 30, 2018, (ii) asset coverage with respect to senior securities representing indebtedness of at least 200% (or such higher percentage as may be set forth in Section 61 of the 1940 Act), and (iii) our status as a BDC under the 1940 Act and as a RIC under the Code. As of June 30, 2018, and as defined in the performance guaranty of the Credit Facility, we had a net worth of \$514.7 million, an asset coverage ratio on our senior securities representing indebtedness of 566.8%, calculated in compliance with the requirements of Sections 18 and 61 of the 1940 Act, and an active status as a BDC and RIC. As of June 30, 2018, we were in compliance with all covenants under the Credit Facility; however, our continued compliance depends on many factors, some of which are beyond our control. Accordingly, there are no assurances that we will continue to comply with these covenants. Under the Credit Facility, we are also required to maintain our status as a BDC under the 1940 Act and as a RIC under the Code. Our failure to satisfy these covenants could result in foreclosure by our lenders, which would accelerate our repayment obligations under the facility and thereby have a material adverse effect on our business, liquidity, financial condition, results of operations and ability to pay distributions to our stockholders.

In addition, we are required to redeem all outstanding shares of Series D Term Preferred Stock on September 30, 2023, at a redemption price equal to the liquidation preference, plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) up to, but excluding, the redemption date. If we fail to redeem the Series D Term Preferred Stock pursuant to the mandatory redemption required on September 30, 2023, or in any other circumstance in which we are required to redeem the Series D Term Preferred Stock, then the fixed dividend rate of the Series D Term Preferred Stock will increase to an annual rate of 9.25% for so long as such failure continues. If we do not have sufficient funds to redeem the Series D Term Preferred Stock or if we do not have sufficient funds remaining following such redemption, we may experience an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Credit Facility and monthly dividend obligations with respect to our Preferred Stock.

Our amount of senior securities outstanding will increase as a result of this offering if we are unable to redeem shares of our Series B Term Preferred Stock and Series C Term Preferred Stock within the time period that we anticipate or at all, which could adversely affect our business, financial condition and results of operations, our ability to meet our payment obligations under the Credit Facility and our ability to meet the asset coverage requirements of the 1940 Act.

As of June 30, 2018, we had \$41.4 million outstanding of Series B Term Preferred Stock, \$40.3 million outstanding of Series C Term Preferred Stock, \$57.5 million outstanding of Series D Term Preferred Stock,

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\$102.5 million of borrowings outstanding under the Credit Facility, and a \$5.1 million secured borrowing. We intend to use the proceeds from this offering to redeem all outstanding shares of the Series B Term Preferred Stock and Series C Term Preferred Stock and for other general corporate purposes. We intend to redeem the shares of Series B Term Preferred Stock and Series C Term Preferred Stock within 45 days of the completion of this offering; however, we cannot assure you that we will be able to redeem the shares of Series B Term Preferred Stock and Series C Term Preferred Stock within this time period or at all. Until such time as the Series B Term Preferred Stock and Series C Term Preferred Stock are redeemed in full using the proceeds of this offering (and, to the extent that the aggregate amount of shares of Series E Term Preferred Stock issued in this offering exceeds the aggregate amount of Series B Term Preferred Stock and Series C Term Preferred Stock currently outstanding, following such redemption of the Series B Term Preferred Stock and Series C Term Preferred Stock), our amount of senior securities that are stock outstanding will increase as a result of this offering.

The issuance of additional senior securities could have significant consequences on our future operations, including:

making it more difficult for us to meet our payment and other obligations under the Credit Facility;

resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in the Credit Facility, which event of default could result in all amounts outstanding under the Credit Facility becoming immediately due and payable;

reducing the availability of our cash flow to fund investments and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;

limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and

increasing the likelihood of our failing to meet the asset coverage requirements of the 1940 Act, as described below.

We may authorize, establish, create, issue and sell shares of one or more series of a class of our senior securities while shares of Series E Term Preferred Stock are outstanding without the vote or consent of the holders thereof.

While shares of Series E Term Preferred Stock are outstanding, we may, without the vote or consent of the holders thereof, authorize, establish and create and issue and sell shares of one or more series of a class of our senior securities representing stock under Section 18, as modified by Section 61, of the 1940 Act, ranking on parity with the Series E Term Preferred Stock as to payment of dividends and distribution of assets upon dissolution, liquidation or the winding up of our affairs, in addition to then outstanding shares of Series E Term Preferred Stock, including additional series of Preferred Stock, and authorize, issue and sell additional shares of any such series of Preferred Stock then outstanding or so established and created, in each case in accordance with applicable law, provided that we will, immediately after giving effect to the issuance of such additional Preferred Stock and to our receipt and application of the proceeds thereof, including to the redemption of Preferred Stock with such proceeds, have Asset Coverage as required by Sections 18 and 61 of the 1940 Act (which, as of the date hereof, is 200% and shall be 150% effective April 10, 2019, unless earlier approved by the Company's stockholders).

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Credit Facility and monthly dividend obligations or redemption obligations with respect to our Preferred Stock.

Our ability to meet our payment and other obligations under the Credit Facility and monthly dividend obligations with respect to our Preferred Stock depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from

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operations, or that future borrowings will be available to us under the Credit Facility or otherwise, in an amount sufficient to enable us to meet these obligations and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Credit Facility or monthly dividend obligations with respect to our Preferred Stock.

In addition, we may issue debt securities, other evidences of indebtedness (including borrowings under the Credit Facility), senior securities representing indebtedness and senior securities that are stock up to the maximum amount permitted by the 1940 Act. The 1940 Act currently permits us, as a BDC, to issue senior securities representing indebtedness and senior securities that are stock (such as our Preferred Stock), in amounts such that our asset coverage, in accordance with Sections 18 and 61 of the 1940 Act, is at least 200% (currently) or 150% (effective April 10, 2019, unless earlier approved by the Company's stockholders). The issuance of additional senior securities in this offering may increase the likelihood of our failing to meet the asset coverage requirements of the 1940 Act, especially while our Series B Term Preferred Stock, Series C Term Preferred Stock and Series D Term Preferred Stock remain outstanding. Our ability to pay distributions, issue senior securities or repurchase shares of our Common Stock would be restricted if the asset coverage on each of our senior securities is not at least the minimum amount required by applicable law in effect. If the aggregate value of our assets declines, we might be unable to satisfy that minimum asset coverage requirement. To satisfy the minimum asset coverage requirement in the event that we are seeking to pay a distribution, we might either have to (i) liquidate a portion of our loan portfolio to repay a portion of our indebtedness or (ii) issue Common Stock. This may occur at a time when a sale of a portfolio asset may be disadvantageous, or when we have limited access to capital markets on agreeable terms. In addition, any amounts that we use to service our indebtedness or for offering expenses will not be available for distributions to stockholders. Furthermore, if we have to issue Common Stock at a price below net asset value (NAV) per common share, as we have in the past upon obtaining the requisite stockholder and board approvals, any non-participating common stockholders will be subject to dilution.

We may not be permitted to declare a dividend or make any distribution to stockholders or repurchase shares until such time as we satisfy the asset coverage tests under the provisions of the 1940 Act that apply to BDCs. As a BDC, we have the ability to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% (currently) (or 150%, effective April 10, 2019, unless earlier approved by the Company's stockholders) after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our debt at a time when such sales and/or repayments may be disadvantageous.

Regulations governing our operation as a BDC and RIC will affect our ability to raise, and the way in which we raise, additional capital or borrow for investment purposes, which may have a negative effect on our growth. As a result of the annual distribution requirement to qualify as a RIC, we may need to periodically access the capital markets to raise cash to fund new investments. We may issue senior securities representing indebtedness, including borrowing money from banks or other financial institutions, or senior securities that are stock, such as our Series B Term Preferred Stock, our Series C Term Preferred Stock, and our Series D Term Preferred Stock, only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% (currently) or 150% (effective April 10, 2019, unless earlier approved by the Company's stockholders) after each such incurrence or issuance. See *Management's Discussion and Analysis of Financial Condition and Results of Operations Overview Recent Developments Small Business Credit Availability Act*. Further, we may not be permitted to declare a dividend or make any distribution to our outstanding stockholders or repurchase shares until such time as we satisfy this test. Our ability to issue different types of securities is also limited. Compliance with these requirements may unfavorably limit our investment opportunities and

reduce our ability in comparison to other companies to profit from favorable spreads between the rates at which we can borrow and the rates at which we can lend. As a BDC, therefore, we intend to continuously issue equity at a rate more frequent than our privately owned competitors, which may lead to greater stockholder dilution. We have incurred leverage to generate capital to make additional investments. If the value of our assets declines, we may be unable to satisfy the asset coverage test under the

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1940 Act, which could prohibit us from paying distributions and could prevent us from qualifying as a RIC. If we cannot satisfy the asset coverage test, we may be required to sell a portion of our investments and, depending on the nature of our debt financing, repay a portion of our indebtedness at a time when such sales and repayments may be disadvantageous.

Recently-enacted legislation allows us to incur additional leverage under the 1940 Act, distinct from certain of our obligations under our Credit Facility and our three series of mandatorily redeemable preferred stock.

Historically, as a BDC, under the 1940 Act, we are generally required to maintain asset coverage of 200% for senior securities representing indebtedness (i.e., debt) or stock (i.e., preferred stock). On March 23, 2018, President Trump signed into legislation the Consolidated Appropriations Act of 2018, also known as the omnibus spending package. Included in Title VIII therein is the Small Business Credit Availability Act that includes certain regulations under the federal securities laws impacting BDCs. Among other items, the Small Business Credit Availability Act allows a BDC to increase the amount of debt it may incur by modifying the asset coverage percentage from 200% to 150% (subject to specific approval and disclosure requirements).

On April 10, 2018, our Board of Directors, including a required majority (as such term is defined in Section 57(o) of the 1940 Act) thereof, approved the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the Small Business Credit Availability Act. As a result, the Company's asset coverage requirements for senior securities will be changed from 200% to 150%, effective one year after the date of the Board of Director's approval; or on April 10, 2019, unless earlier approved by the Company's stockholders. Under the current 200% asset coverage standard, we may borrow debt or issue senior securities in the amount of \$1.00 for every \$1.00 of equity in the Company. Starting from April 10, 2019, unless earlier approved by the Company's stockholders, under the 150% asset coverage standard, we may borrow debt or issue senior securities in the amount of \$2.00 for every \$1.00 of equity in the Company. This reduction in the asset coverage ratio will allow us to double the amount of debt that we may incur and, therefore, your risk of an investment in us may increase. In addition, our management fee is based on our average gross assets, which include investments made with proceeds of borrowings, and, as a result, if we were to incur additional leverage, management fees paid to the Advisor would increase.

Notwithstanding the modified asset coverage leverage ratio under the 1940 Act described above, we currently remain subject to a minimum asset coverage requirement of 200% with respect to certain provisions of our Credit Facility and our three series of mandatorily redeemable preferred stock. If we drop below the 200% minimum asset coverage requirement, we may under certain circumstances be required to repay all outstanding indebtedness under our Credit Facility and redeem our then-outstanding term preferred stock. In addition, in the event we fall below the 200% minimum asset coverage requirement, we may need to renegotiate our Credit Facility and issue additional series of term preferred stock with a lower asset coverage requirement. Such events, if they were to occur, could have a significant adverse effect on our business, financial condition, results of operations and cash flows.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this prospectus supplement or the accompanying prospectus, other than historical facts, may constitute forward-looking statements. These statements may relate to, among other things, future events or our future operating results, our business prospects and the prospects of our portfolio companies, actual and potential conflicts of interest with Gladstone Management Corporation and its affiliates, the use of borrowed money to finance our investments, the adequacy of our financing sources and working capital, and our ability to co-invest, among other factors. In some cases, you can identify forward-looking statements by terminology such as estimate, may, might, believe, will, provided, anticipate, future, could, growth, plan, project, intend, expect, should, potential, likely or the negative or other variations of such terms or comparable terminology. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include but are not limited to:

the recurrence of adverse changes in the economy and the capital markets;

risks associated with negotiation and consummation of pending and future transactions;

the loss of one or more of our executive officers, in particular David Gladstone, David Dullum or Terry Lee Brubaker;

changes in our investment objectives and strategy;

availability, terms (including the possibility of interest rate volatility) and deployment of capital;

changes in our industry, interest rates, exchange rates, regulation or the general economy;

our business prospects and the prospects of our portfolio companies;

the degree and nature of our competition;

our ability to maintain our qualification as a RIC and as a BDC; and

those factors described in the *Risk Factors* section of this prospectus supplement and the accompanying prospectus.

We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Actual results could differ materially from those anticipated in our forward-looking statements and future results could differ materially from our historical performance. We have based forward-looking statements on information available to us on the date of this prospectus supplement. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this prospectus supplement or the accompanying prospectus, except as otherwise required by applicable law. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus are excluded from the safe harbor protection provided by the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933, as amended (the Securities Act).

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USE OF PROCEEDS

We estimate that the net proceeds of this offering will be approximately \$ million, after the payment of underwriting discounts and commissions of \$ and estimated offering expenses of \$ payable by us. We intend to use the net proceeds from this offering along with a draw on our Credit Facility, if necessary, to redeem all outstanding shares of our Series B Term Preferred Stock and our Series C Term Preferred Stock, within 45 days of the completion of this offering. As of the date of this prospectus supplement, the aggregate redemption price of all outstanding shares of our Series B Term Preferred Stock is \$41.4 million and the cost of redeeming all outstanding shares of our Series C Term Preferred Stock is \$40.3 million. After such utilization, we intend to use any remaining net proceeds of the offering for other general corporate purposes. Shares of our Series B Term Preferred Stock accrue cumulative dividends at an annual rate of 6.75% and must be redeemed in full by December 31, 2021. Shares of our Series C Term Preferred Stock accrue cumulative dividends at an annual rate of 6.50% and must be redeemed in full by May 31, 2022.

We have granted the underwriters the right to purchase up to additional shares of Series E Term Preferred Stock at the public offering price, less underwriting discounts and commissions, within 30 days of the date of this prospectus supplement solely to cover over-allotments, if any. If the underwriters exercise such option in full, the estimated net proceeds to us, after the payment of underwriting discounts and commissions of \$ million and estimated offering expenses of \$ payable by us, will be \$ million. We anticipate that substantially all of the net proceeds of this offering will be utilized in the manner described above within three months of the completion of such offering. Pending such utilization, we intend to invest the net proceeds of the offering primarily in cash, cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less from the date of investment, consistent with the requirements for continued qualification as a RIC for federal income tax purposes.

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	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE YEARS ENDED MARCH 31, (Dollars in thousands)				
		2018	2017	2016	2015	2014
Net investment income	\$ 58	\$ 21,960	\$ 22,422	\$ 20,716	\$ 19,897	\$ 19,307
Add: fixed charges and dividends on Preferred Stock	4,363	14,517	14,109	14,036	8,799	5,959
Earnings	\$ 4,421	\$ 36,477	\$ 36,531	\$ 34,752	\$ 28,696	\$ 25,266
Fixed charges and dividends on Preferred Stock:						
Interest expense on borrowings	\$ 1,742	\$ 4,034	\$ 3,540	\$ 4,154	\$ 3,539	\$ 2,075
Amortization of deferred financing costs and discounts	367	1,468	1,875	1,908	1,329	1,024
Dividends on Preferred Stock	2,251	9,005	8,683	7,963	3,921	2,850
Estimated interest component of rent	3	10	11	11	10	10
Total fixed charges and dividends on Preferred Stock	\$ 4,363	\$ 14,517	\$ 14,109	\$ 14,036	\$ 8,799	\$ 5,959
Ratio of earnings to combined fixed charges and dividends on Preferred Stock	1.0x	2.5x	2.6x	2.5x	3.3x	4.2x

Computation of Pro Forma Ratio of Earnings to Combined Fixed Charges and Dividends on Preferred Stock After Adjustment for Issuance of the Series E Term Preferred Stock

	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE YEAR ENDED MARCH 31, 2018
	(Dollars in thousands)	
Net investment income, as above	\$ 58	\$ 21,960
Add: fixed charges and dividends on Preferred Stock, as above	4,363	14,517
Adjustments:		
Pro forma increase of amortization of deferred financing costs ^(A)		
Pro forma decrease in dividends on Preferred Stock ^(B)		
Pro forma increase in interest expense on borrowings ^(C)		
Pro forma fixed charges and dividends on Preferred Stock		

Pro forma earnings \$ \$

Pro forma ratio of earnings to combined fixed charges and dividends on Preferred Stock

- (A) Pro forma increase in amortization of deferred financing costs related to this offering. Pro forma numbers do not take into account adjustments of deferred financing cost amortization related to the redemption of our Series B Term Preferred Stock and Series C Term Preferred Stock.
- (B) Pro forma decrease in dividends on Preferred Stock paid related to this offering and the redemption of our Series B Term Preferred Stock and Series C Term Preferred Stock.
- (C) Pro forma increase in interest expense on borrowings related to incremental borrowings under the Credit Facility for the shortfall between net proceeds of this offering and the liquidation preference of the redemption of our Series B Term Preferred Stock and Series C Term Preferred Stock.

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The following table sets forth our capitalization as of June 30, 2018:

on an actual basis;

on an as adjusted basis to give effect to the completion of this offering and the application of the estimated net proceeds of this offering (as described under *Use of Proceeds*), after deducting underwriters' discounts and commissions and estimated offering expenses payable by us (and assuming the underwriters' over-allotment option is not exercised).

	AS OF JUNE 30, 2018	
	AS	AS
	ACTUAL	ADJUSTED
	(Unaudited)	
	(Dollars in thousands)	
Borrowings		
Borrowings under line of credit, at cost ⁽¹⁾	\$ 102,500	\$
Secured borrowings	5,096	
Total borrowings	107,596	
Preferred Stock, at liquidation preference		
Series B Term Preferred Stock, \$.001 par value per share; \$25.00 liquidation preference per share; 1,656,000 shares authorized, issued and outstanding, actual and as adjusted	\$ 41,400	\$
Series C Term Preferred Stock, \$.001 par value per share; \$25.00 liquidation preference per share; 1,700,000 shares authorized, 1,610,000 issued and outstanding, actual and as adjusted	40,250	
Series D Term Preferred Stock, \$.001 par value per share; \$25.00 liquidation preference per share; 3,000,000 shares authorized, 1,610,000 issued and outstanding, actual and as adjusted	57,500	
Series E Term Preferred Stock, \$.001 par value per share; \$25.00 liquidation preference per share; 0 shares authorized, issued and outstanding, actual; _____ shares authorized, _____ shares issued and outstanding, as adjusted ⁽²⁾		
Net Assets Applicable to Common Stockholders		
Common stock, \$.001 par value per share, 100,000,000 shares authorized, actual and as adjusted; 32,822,459 shares issued and outstanding, actual and as adjusted ⁽³⁾	\$ 33	\$
Capital in excess of par value	332,301	
Cumulative net unrealized appreciation of investments	32,369	
Cumulative net unrealized appreciation of other	(407)	
Overdistributed net investment income	(2,509)	
Accumulated net realized gain in excess of distributions	18,021	

Total Net Assets Available to Common Stockholders	\$ 379,808	\$
Total Capitalization	\$ 626,554	\$

- (1) The Company intends to use funds available under the Credit Facility for any shortfall between net proceeds from this offering and the total redemption amount of the Series B Term Preferred Stock and Series C Term Preferred Stock, if any.
- (2) Exclusive of assumed aggregate underwriting discounts and commissions of \$ million and \$ million of estimated offering costs payable by us in connection with this offering.
- (3) None of these outstanding shares are held by us or for our account.

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The following are our outstanding classes of securities as of June 30, 2018.

TITLE OF CLASS	AMOUNT AUTHORIZED	AMOUNT HELD BY US OR FOR OUR ACCOUNT	AMOUNT OUTSTANDING (EXCLUSIVE OF AMOUNTS HELD BY US OR FOR OUR ACCOUNT)
Common Stock	100,000,000		32,822,459
Series B Term Preferred Stock	1,656,000		1,656,000
Series C Term Preferred Stock	1,700,000		1,610,000
Series D Term Preferred Stock	3,000,000		2,300,000

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Table of Contents**CONSOLIDATED SELECTED FINANCIAL DATA**

The following consolidated selected financial data for the fiscal years ended March 31, 2018, 2017, 2016, 2015 and 2014 are derived from our consolidated financial statements that have been audited by PricewaterhouseCoopers, LLP, an independent registered public accounting firm. The consolidated selected financial data for the three months ended June 30, 2018 and 2017 are derived from our unaudited consolidated financial statements included in this prospectus supplement. The other unaudited data included at the bottom of the table is also unaudited. The data should be read in conjunction with our consolidated financial statements and notes thereto and *Management's Discussion and Analysis of Financial Condition and Results of Operations* included elsewhere in this prospectus supplement and the accompanying prospectus.

	Three Months Ended June 30,			Year Ended March 31,		
	2018	2017	2018	2017	2016	2015
(dollar amounts in thousands, except per share data)						
Operations Data:						
Revenue	\$ 15,504	\$ 13,620	\$ 58,355	\$ 51,875	\$ 50,955	\$ 49,875
Net credits from Adviser	15,446	8,185	36,395	29,453	30,239	29,453
Net income	58	5,435	21,960	22,422	20,716	19,422
Realized gain (loss)	32,269	2,706	38,727	22,341	4,138	1,138
Change in net assets resulting from operations	\$ 32,327	\$ 8,141	\$ 60,687	\$ 44,763	\$ 24,854	\$ 20,560
Per Share Data:						
Change in net assets resulting from operations per common share (A)	\$ 0.99	\$ 0.26	\$ 1.88	\$ 1.48	\$ 0.82	\$ 0.75
Change before net gain (loss) per common share - basic and diluted		0.17	0.68	0.74	0.68	0.68
Change after net gain (loss) per common share (B)	0.26	0.25	0.89	0.75	0.75	0.75
Assets and Liabilities Data:						
Assets	\$ 639,038	\$ 500,348	\$ 610,899	\$ 515,195	\$ 506,260	\$ 496,348
Liabilities	379,808	321,235	354,200	301,082	279,022	279,022
Net assets	11.57	9.88	10.85	9.95	9.22	9.22
Assets per common share	32,822,459	32,526,223	32,653,635	30,270,958	30,270,958	29,700,000
Liabilities per common share	32,762,848	31,474,284	32,268,776	30,270,958	30,268,253	26,600,000
Equity Data:						
Net assets (C)	\$ 107,596	\$ 39,096	\$ 112,096	\$ 74,796	\$ 100,096	\$ 112,096
Net assets per common share (D)	139,150	139,150	139,150	139,150	121,650	121,650

(A) Per share data is based on the weighted average common stock outstanding for both basic and diluted.

(B) The tax character of distributions is determined on an annual basis. For further information on the estimated character of our distributions to common stockholders, please refer to Note 9 *Distributions to Common Stockholders* in the accompanying *Notes to Consolidated Financial Statements* included elsewhere in this prospectus supplement.

prospectus supplement and the accompanying prospectus.

- (C) Includes borrowings under our Credit Facility and other secured borrowings, as applicable.
- (D) Represents the total liquidation preference of our Preferred Stock.

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	Three Months Ended June 30,			Year Ended March 31,			2014
	2018	2017	2018	2017	2016	2015	
(dollar amounts in thousands, except per share data)							
Other Unaudited Data:							
Number of portfolio companies	33	33	33	35	36	34	29
Average size of portfolio company investment at cost	\$ 18,089	\$ 15,419	\$ 17,723	\$ 15,005	\$ 14,392	\$ 14,861	\$ 13,225
Principal amount of new investments	29,202		59,424	54,370	69,380	108,197	132,291
Proceeds from loan repayments and investments sold	32,062	19,457	39,859	68,825	44,582	11,260	83,415
Weighted average yield on investments, excluding loans on non-accrual status ^(A)	13.02%	12.62%	13.06%	12.65%	12.62%	12.60%	12.61%
Weighted average yield on investments, including loans on non-accrual status ^(B)	11.84	11.75	12.35	12.44	12.33	12.12	11.65
Total return ^(C)	19.19	6.44	21.82	41.58	4.82	11.96	24.26

- (A) Weighted average yield on investments, excluding loans on non-accrual status, equals interest income earned on investments divided by the weighted average interest-bearing principal balance throughout the fiscal year.
- (B) Weighted average yield on investments, including loans on non-accrual status, equals interest income earned on investments divided by the weighted average total principal balance throughout the fiscal year.
- (C) Total return equals the change in the ending market value of our common stock from the beginning of the fiscal year, taking into account common dividends reinvested in accordance with the terms of the dividend reinvestment plan. Total return does not take into account common distributions that may be characterized as a return of capital. For further information on the estimated character of our distributions to common stockholders, refer to Note 9 *Distributions to Common Stockholders* in the accompanying *Notes to Consolidated Financial Statements* included elsewhere in this prospectus supplement and the accompanying prospectus.

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The following tables set forth certain quarterly financial data for each of the eight quarters in the two years ended March 31, 2018 and the first quarter of the fiscal year ending March 31, 2019. The data was derived from our unaudited consolidated financial statements. Results for any quarter are not necessarily indicative of results for the past fiscal year or for any future quarter.

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

Year ending March 31, 2019	Quarter Ended			
	June 30, 2018			
Total investment income	\$ 15,504			
Net investment income	58			
Net increase in net assets resulting from operations	32,327			
Net increase in net assets resulting from operations per weighted average common share basic & diluted	\$ 0.99			

Year ended March 31, 2018	Quarter Ended			
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Total investment income	\$ 13,620	\$ 13,132	\$ 16,184	\$ 15,419
Net investment income	5,435	5,750	7,531	3,244
Net increase in net assets resulting from operations	8,141	13,556	17,144	21,846
Net increase in net assets resulting from operations per weighted average common share basic & diluted	\$ 0.26	\$ 0.42	\$ 0.53	\$ 0.67

Year ended March 31, 2017	Quarter Ended			
	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017
Total investment income	\$ 14,393	\$ 11,744	\$ 13,374	\$ 12,364
Net investment income	6,812	5,112	5,204	5,294
Net increase (decrease) in net assets resulting from operations	24,534	(102)	10,955	9,376
Net increase (decrease) in net assets resulting from operations per weighted average common share basic & diluted	\$ 0.81	\$	\$ 0.36	\$ 0.31

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following analysis of our financial conditions and results of operations in conjunction with our interim consolidated financial statements and the related notes contained elsewhere in this prospectus supplement and the consolidated financial statements in the accompanying prospectus. Historical financial condition and results of operations and percentage relationship among any amounts in the financial statements are not necessarily indicative of financial condition, results of operations or percentage relationship for any future periods. Except per share amounts, dollar amounts in the tables included herein are in thousands unless otherwise indicated.

OVERVIEW

General

We were incorporated under the General Corporation Laws of the State of Delaware on February 18, 2005. On June 22, 2005, we completed our initial public offering and commenced operations. We operate as an externally managed, closed-end, non-diversified management investment company and have elected to be treated as a BDC under the 1940 Act. For federal income tax purposes, we have elected to be treated as a RIC under Subchapter M of the Code. To continue to qualify as a RIC for federal income tax purposes and obtain favorable RIC tax treatment, we must meet certain requirements, including certain minimum distribution requirements. From our initial public offering in 2005 through June 30, 2018, we have made 156 consecutive monthly distributions to common stockholders.

We are externally managed by Gladstone Management Corporation, an affiliate of ours and an SEC registered investment adviser, pursuant to the Advisory Agreement. We have also entered into the Administration Agreement with the Administrator, an affiliate of ours and the Adviser. Each of the Adviser and the Administrator are privately-held companies that are indirectly owned and controlled by David Gladstone, our chairman and chief executive officer.

Additionally, Gladstone Securities, a privately-held broker-dealer registered with the Financial Industry Regulatory Authority and insured by the Securities Investor Protection Corporation, which is indirectly owned and controlled by Mr. Gladstone, our chairman and chief executive officer, has provided other services, such as investment banking and due diligence services, to certain of our portfolio companies, for which Gladstone Securities receives a fee. Any such fees paid by portfolio companies to Gladstone Securities do not impact the fees we pay to the Adviser or the non-contractual, unconditional, and irrevocable credits against the base management fee. For additional information refer to Note 4 *Related Party Transactions* in the accompanying *Notes to Consolidated Financial Statements*.

We were established for the purpose of investing in debt and equity securities of established private businesses operating in the United States (U.S.). Our investment objectives are to: (i) achieve and grow current income by investing in debt securities of established businesses that we believe will provide stable earnings and cash flow to pay expenses, make principal and interest payments on our outstanding indebtedness, and make distributions to our stockholders that grow over time; and (ii) provide our stockholders with long-term capital appreciation in the value of our assets by investing in equity securities, generally in combination with the aforementioned debt securities, of established businesses that we believe can grow over time to permit us to sell our equity investments for capital gains. To achieve our objectives, our investment strategy is to invest in several categories of debt and equity securities, with individual investments generally totaling up to \$30 million, although investment size may vary depending upon our total assets or available capital at the time of investment. We intend that our investment portfolio over time will consist of approximately 75% in debt securities and 25% in equity securities, at cost. As of June 30, 2018, our

investment portfolio was made up of 74.2% in debt securities and 25.8% in equity securities, at cost.

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We focus on investing in Lower Middle Market private businesses (which we generally define as companies with annual EBITDA of \$3 million to \$20 million) in the U.S. that meet certain criteria, including, but not limited to, the following: the sustainability of the business free cash flow and its ability to grow it over time, adequate assets for loan collateral, experienced management teams with a significant ownership interest in the portfolio company, reasonable capitalization of the portfolio company, including an ample equity contribution or cushion based on prevailing enterprise valuation multiples, and the potential to realize appreciation and gain liquidity in our equity position, if any. We anticipate that liquidity in our equity position will be achieved through a merger or acquisition of the portfolio company, a public offering of the portfolio company's stock, or, to a lesser extent, by exercising our right to require the portfolio company to repurchase our warrants, though there can be no assurance that we will always have these rights. We invest in portfolio companies that need funds for growth capital or to finance acquisitions or recapitalize or, to a lesser extent, refinance their existing debt facilities. We seek to avoid investing in high-risk, early-stage enterprises.

We invest by ourselves or jointly with other funds and/or management of the portfolio company, depending on the opportunity. In July 2012, the SEC granted us the Co-Investment Order that expanded our ability to co-invest, under certain circumstances, with certain of our affiliates, including Gladstone Capital and any future business development company or closed-end management investment company that is advised (or sub-advised if it controls the fund) by the Adviser, or any combination of the foregoing, subject to the conditions in the Co-Investment Order. Since 2012, we have opportunistically made several co-investments with Gladstone Capital pursuant to the Co-Investment Order. We believe the Co-Investment Order has enhanced and will continue to enhance our ability to further our investment objectives and strategies. If we are participating in an investment with one or more co-investors, whether or not an affiliate of ours, our investment is likely to be smaller than if we were investing alone.

Our shares of Common Stock, Series B Term Preferred Stock, Series C Term Preferred Stock and Series D Term Preferred Stock are traded on Nasdaq under the trading symbols GAIN, GAINO, GAINN, and GAINM, respectively.

Business***Portfolio Activity***

While the business environment remains competitive, we continue to see new investment opportunities consistent with our investment strategy of providing a combination of debt and equity in support of management and independent sponsor-led buyouts of Lower Middle Market companies in the U.S. During the three months ended June 30, 2018, we exited one portfolio company with a fair value prior to its sale of \$28.1 million and invested \$29.2 million in one new portfolio company, resulting in no net change in the number of companies in our portfolio, which was comprised of 33 companies as of June 30, 2018. From our initial public offering in June 2005 through June 30, 2018, we have made investments in 48 companies, excluding investments in syndicated loans, for a total of approximately \$1 billion, before giving effect to principal repayments and divestitures.

The majority of the debt securities in our portfolio have a success fee component, which enhances the yield on our debt investments. Unlike PIK income, we generally do not recognize success fees as income until payment has been received. Due to the contingent nature of success fees, there are no guarantees that we will be able to collect any or all of these success fees or know the timing of any such collections. As a result, as of June 30, 2018, we had unrecognized, contractual success fees of \$29.3 million, or \$0.89 per common share. Consistent with GAAP, we generally have not recognized success fee receivables and related income in our *Consolidated Financial Statements* until earned.

From inception through June 30, 2018, we have completed 13 sales of portfolio companies that we acquired under our buyout strategy (which excludes investments in syndicated loans). In the aggregate, these sales have generated

\$99.8 million in net realized gains and \$22.1 million in other income upon exit, for a total increase to

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our net assets of \$121.9 million. We believe each of these transactions was an equity-oriented investment success and exemplifies our investment strategy of striving to achieve returns through current income on the debt portion of our investments and capital gains from the equity portion. The 13 liquidity events have offset any realized losses since inception, which were primarily incurred during the recession in connection with the sale of performing syndicated loans at a realized loss to pay off a former lender. These successful exits, in part, enabled us to increase the monthly distribution by 67.5% from March 2011 through June 30, 2018, and allowed us to declare and pay a \$0.03 per common share supplemental distribution in fiscal year 2012, a \$0.05 per common share supplemental distribution in November 2013, a \$0.05 per common share supplemental distribution in December 2014, and a \$0.06 per common share supplemental distribution in each of June 2017, December 2017, and June 2018.

Capital Raising Efforts

We have been able to meet our capital needs through extensions of and increases to the Fifth Amended and Restated Credit Agreement dated April 30, 2013, as amended (the Credit Facility), and by accessing the capital markets in the form of public offerings of common and preferred stock. We have successfully extended the Credit Facility's revolving period multiple times, most recently to November 2019, and currently have a total commitment amount of \$165.0 million (with a potential total commitment of \$250.0 million through additional commitments of new or existing lenders). During the three months ended June 30, 2018, we sold 168,824 shares of our common stock under our at-the-market program for gross proceeds of approximately \$1.9 million. During the year ended March 31, 2018, we sold 127,412 shares of our common stock under our at-the-market program for gross proceeds of approximately \$1.3 million. Additionally, we issued approximately 2.3 million shares of common stock for gross proceeds of \$21.2 million in May 2017, inclusive of the June 2017 over-allotment. Refer to *Liquidity and Capital Resources Revolving Line of Credit* for further discussion of the Credit Facility, *Liquidity and Capital Resources Equity Common Stock* and *Liquidity and Capital Resources Equity Term Preferred Stock* for further discussion of our common stock and mandatorily redeemable preferred stock.

Although we have been able to access the capital markets historically, market conditions may continue to affect the trading price of our common stock and thus our ability to finance new investments through the issuance of common equity. On July 31, 2018, the closing market price of our common stock was \$11.30 per share, representing a 2.3% discount to our NAV of \$11.57 per share as of June 30, 2018. When our common stock trades below NAV, our ability to issue additional equity is constrained by provisions of the 1940 Act, which generally prohibits the issuance and sale of our common stock at an issuance price below the then-current NAV per share without stockholder approval, other than through sales to our then-existing stockholders pursuant to a rights offering.

At our 2017 Annual Meeting of Stockholders held on August 24, 2017, our stockholders approved a proposal authorizing us to issue and sell shares of our common stock at a price below our then-current NAV per share, subject to certain limitations, including that the number of common shares issued and sold pursuant to such authority does not exceed 25.0% of our then-outstanding common stock immediately prior to each such sale, provided that our board of directors (Board of Directors) makes certain determinations prior to any such sale. This August 2017 stockholder authorization is in effect for one year from the date of stockholder approval. At our 2018 Annual Meeting of Stockholders, scheduled to take place on August 2, 2018, our stockholders will vote on a similar proposal, which would be in effect for another year. We sought and obtained stockholder approval concerning similar proposals at each Annual Meeting of Stockholders since 2008, and with our Board of Directors' subsequent approval, we issued shares of our common stock in three offerings at a price below the then-current NAV per share, once in May 2017, once in March 2015, and once in October 2012. Certain sales under the at-the-market program in March and April 2018 were also below the then-current estimated NAV per share. The resulting proceeds, in part, have allowed us to (i) grow our portfolio by making new investments, (ii) generate additional income through these new investments, (iii) ensure continued compliance with regulatory tests and (iv) increase our debt capital while still complying with

our applicable debt-to-equity ratios. Refer to *Liquidity and Capital Resources* *Equity* *Common Stock* for further discussion of our common stock.

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Regulatory Compliance

Our ability to seek external debt financing, to the extent that it is available under current market conditions, is further subject to the asset coverage limitations of the 1940 Act, which require us to have asset coverage (as defined in Sections 18 and 61 of the 1940 Act, as amended), of at least 200% (currently) or 150% (effective April 10, 2019, unless earlier approved by the Company's stockholders) on each of our senior securities representing indebtedness and our senior securities that are stock (such as our three series of term preferred stock).

On April 10, 2018, our Board of Directors, including a required majority (as such term is defined in Section 57(o) of the 1940 Act) thereof, approved the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the Small Business Credit Availability Act. As a result, the Company's asset coverage requirements for senior securities will be changed from 200% to 150%, effective one year after the date of the Board of Directors' approval; or April 10, 2019, unless earlier approved by the Company's stockholders. Under the current 200% asset coverage standard, we may borrow debt or issue senior securities in the amount of \$1.00 for every \$1.00 of equity in the Company. Starting from April 10, 2019, under the 150% asset coverage standard, we may borrow debt or issue senior securities in the amount of \$2.00 for every \$1.00 of equity in the Company. Notwithstanding the modified asset coverage requirement under the 1940 Act described above, we are separately subject to a minimum asset coverage requirement of 200% with respect to certain provisions of our Credit Facility and our three series of mandatorily redeemable preferred stock.

As of June 30, 2018, our asset coverage ratio on our senior securities representing indebtedness was 566.8% and our asset coverage on our senior securities that are stock was 250.2%.

Investment Highlights

During the three months ended June 30, 2018, and inclusive of non-cash transactions, we invested \$29.2 million in one new portfolio company, received \$32.1 million in proceeds from repayments and sales, and extended \$0.9 million of follow-on investments to existing portfolio companies through revolver draws and term loans.

Investment Activity

During the three months ended June 30, 2018, the following significant transactions occurred:

In April 2018, we invested \$29.2 million in Bassett Creek Restoration, Inc. (d/b/a J.R. Johnson, LLC) (Bassett Creek) through a combination of secured first lien debt and preferred equity. Bassett Creek, headquartered in Portland, Oregon, is a leading provider of commercial restoration and renovation services to the Oregon and Southwest Washington region.

In June 2018, we sold our investment in Drew Foam Companies, Inc. (Drew Foam), which resulted in dividend and success fee income of \$0.2 million and a realized gain of \$13.8 million. In connection with the sale, we received net cash proceeds of \$27.3 million, including the repayment of our debt investment of \$9.9 million at par.

The following significant investment activity occurred subsequent to June 30, 2018. Also refer to Note 13 *Subsequent Events* in the accompanying *Notes to Consolidated Financial Statements* included elsewhere in this prospectus supplement.

In July 2018, we exited our investment in NDLI, Inc. and recorded a realized loss of \$3.6 million.

Recent Developments

Registration Statement

On June 5, 2018, we filed a registration statement on Form N-2 (File No. 333-225447), which the SEC declared effective on July 13, 2018. The registration statement permits us to issue, through one or more transactions, up to

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an aggregate of \$300.0 million in securities, consisting of common stock, preferred stock, subscription rights, debt securities, and warrants to purchase common stock, preferred stock, or debt securities, including through concurrent, separate offerings of such securities. As of July 31, 2018, we had the ability to issue up to \$300.0 million in securities under the registration statement.

At-the-Market Program

In February 2018, we entered into equity distribution agreements (commonly referred to as at-the-market (ATM) programs) with Cantor Fitzgerald & Co. (Cantor), Ladenburg Thalmann & Co. Inc., and Wedbush Securities, Inc. (each a Sales Agent), under which we have the ability to issue and sell shares of our common stock, from time to time, through the Sales Agents, up to an aggregate offering price of \$35.0 million. Pursuant to our prior registration statement on Form N-2 (File No. 333-204996), during the three months ended June 30, 2018, we sold 168,824 shares of our common stock under the ATM program with Cantor at a weighted-average gross price of \$11.09 per share and raised approximately \$1.9 million of gross proceeds. The weighted-average net price per share, after deducting commissions and offering costs borne by us, was \$10.87 and resulted in total net proceeds of approximately \$1.8 million. Certain of these sales were below our then-current estimated NAV per share during the sales period, with a discount of \$0.002 per share, when comparing the sales price per share, after deducting commissions, to the then-current estimated NAV per share; however, the net dilutive effect (after commissions and offering costs borne by us) of these sales was \$0.00 per common share as a result of the small number of shares sold at a slight discount to NAV per share and resulting rounding. In aggregate, the sales during the three months ended June 30, 2018 were above our then-current estimated NAV per share. As of June 30, 2018, we had remaining capacity to sell up to \$31.8 million of common stock under the ATM program.

Distributions and Dividends

In July 2018, our Board of Directors declared the following monthly distributions to common stockholders and monthly dividends to holders of our Series B Term Preferred Stock, Series C Term Preferred Stock and Series D Term Preferred Stock:

Record Date	Payment Date	Distribution per Common Share	Dividend per Share of Series B Term Preferred Stock	Dividend per Share of Series C Term Preferred Stock	Dividend per Share of Series D Term Preferred Stock
July 20, 2018	July 31, 2018	\$ 0.067	\$ 0.140625	\$ 0.135417	\$ 0.13020833
August 21, 2018	August 31, 2018	0.067	0.140625	0.135417	0.13020833
September 19, 2018	September 28, 2018	0.067	0.140625	0.135417	0.13020833
Total for the Quarter:		\$ 0.201	\$ 0.421875	\$ 0.406251	\$ 0.39062499

Table of Contents**RESULTS OF OPERATIONS***Comparison of the Three Months Ended June 30, 2018 to the Three Months Ended June 30, 2017*

	For the Three Months Ended June 30,			
	\$			
	2018	2017	Change	% Change
INVESTMENT INCOME				
Interest income	\$ 13,314	\$ 10,746	\$ 2,568	23.9%
Dividend, success fee, and other income	2,190	2,874	(684)	(23.8)
Total investment income	15,504	13,620	1,884	13.8
EXPENSES				
Base management fee	3,111	2,516	595	23.6
Loan servicing fee	1,740	1,564	176	11.3
Incentive fee	7,586	1,172	6,414	547.3
Administration fee	285	307	(22)	(7.2)
Interest and dividend expense	3,993	2,980	1,013	34.0
Amortization of deferred financing costs and discounts	367	367		
Other	1,064	1,391	(327)	(23.5)
Expenses before credits from Adviser	18,146	10,297	7,849	76.2
Credits to fees from Adviser	(2,700)	(2,112)	(588)	27.8
Total expenses, net of credits to fees	15,446	8,185	7,261	88.7
NET INVESTMENT INCOME	58	5,435	(5,377)	(98.9)
REALIZED AND UNREALIZED GAIN (LOSS)				
Net realized gain on investments	14,108	1,165	12,943	1,111.0
Net unrealized appreciation of investments	18,068	1,541	16,527	1,072.5
Net unrealized depreciation of other	93		93	NM
Net realized and unrealized gain	32,269	2,706	29,563	1,092.5
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 32,327	\$ 8,141	\$ 24,186	297.1
BASIC AND DILUTED PER COMMON SHARE:				
Net investment income	\$	\$ 0.17	\$ (0.17)	(100.0)%
Net increase in net assets resulting from operations	\$ 0.99	\$ 0.26	\$ 0.73	280.8

NM = Not Meaningful

Investment Income

Total investment income increased by 13.8% for the three months ended June 30, 2018, as compared to the prior year period. This increase was primarily due to an increase in interest income, partially offset by a decline in dividend, success fee, and other income, for the three months ended June 30, 2018, as compared to the prior year period.

Interest income from our investments in debt securities increased 23.9% for the three months ended June 30, 2018, as compared to the prior year period. Generally, the level of interest income from investments is directly related to the principal balance of our interest-bearing investment portfolio outstanding during the period multiplied by the weighted-average yield. The weighted-average principal balance of our interest-bearing investment portfolio during the three months ended June 30, 2018 was \$409.9 million, compared to \$340.5 million for the prior year period. This increase was primarily due to \$71.4 million in new debt investments and \$59.4 million in follow-on debt investments to existing portfolio companies originated after

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June 30, 2017 and \$25.2 million of loans placed back on accrual status, partially offset by the pay-off or restructure of \$57.7 million of debt investments and \$55.1 million of loans placed on non-accrual status, and their respective impact on the weighted-average principal balance when considering timing of new investments, pay-offs, restructures, and non-accruals, as applicable. The weighted-average yield on our interest-bearing investments, excluding cash and cash equivalents and receipts recorded as dividend, success fee, and other income, was 13.0% for the three months ended June 30, 2018, compared to 12.6% for the prior year period. The weighted-average yield may vary from period to period, based on the current stated interest rate on interest-bearing investments.

At June 30, 2018, certain of our loans to three portfolio companies, B-Dry, LLC, The Mountain Corporation, and PSI Molded Plastics, Inc., were on non-accrual status, with an aggregate debt cost basis of \$55.1 million. At June 30, 2017, certain of our loans to three portfolio companies, Alloy Die Casting Co., Precision Southeast, Inc., and Tread Corporation, were on non-accrual status, with an aggregate debt cost basis of \$25.2 million.

Dividend, success fee, and other income for the three months ended June 30, 2018 decreased 23.8% from the prior year period. During the three months ended June 30, 2018, dividend, success fee, and other income primarily consisted of \$2.1 million of success fee income and \$0.1 million of dividend income. During the three months ended June 30, 2017, dividend, success fee, and other income primarily consisted of \$2.0 million of success fee income and \$0.9 million of dividend income.

The following table lists the investment income for our five largest portfolio company investments, at fair value, during the respective periods:

Portfolio Company	As of June 30, 2018		Three months ended June 30, 2018	
	Fair Value	% of Portfolio	Investment Income	% of Total Investment Income
Cambridge Sound Management, Inc.	\$ 54,732	8.7%	\$ 526	3.4%
Nth Degree, Inc.	44,306	7.0	451	2.9
Brunswick Bowling Products, Inc.	38,250	6.1	537	3.5
J.R. Hobbs Co. Atlanta, LLC	36,031	5.7	713	4.6
ImageWorks Display and Marketing Group, Inc.	31,410	5.0	723	4.6
Subtotal five largest investments	204,729	32.5	2,950	19.0
Other portfolio companies	424,589	67.5	12,544	81.0
Total investment portfolio	\$ 629,318	100.0%	\$ 15,494	100.0%

Portfolio Company	As of June 30, 2017		Three months ended June 30, 2017	
	Fair Value	% of Portfolio	Investment Income	% of Total Investment Income
Cambridge Sound Management, Inc.	\$ 33,233	6.8%	\$ 526	3.9%
J.R. Hobbs Co. Atlanta, LLC	31,305	6.4	787	5.8

Nth Degree, Inc.	29,560	6.1	421	3.1
Counsel Press, Inc.	28,434	5.8	778	5.7
Old World Christmas, Inc.	26,830	5.5	528	3.9
Subtotal five largest investments	149,362	30.6	3,040	22.4
Other portfolio companies	337,408	69.4	10,578	77.6
Total investment portfolio	\$ 486,770	100.0%	\$ 13,618	100.0%

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Table of Contents**Expenses**

Total expenses, net of any non-contractual, unconditional, and irrevocable credits from the Adviser, increased 88.7% during the three months ended June 30, 2018, as compared to the prior year period, primarily as a result of an increase in the capital gains-based incentive fee, interest expense, and the base management fee, partially offset by an increase in non-contractual, unconditional, and irrevocable credits from the Adviser.

In accordance with GAAP, we recorded a capital gains-based incentive fee of \$6.5 million during the three months ended June 30, 2018, which is not yet contractually due. There was no capital gains-based incentive fee during the prior year period.

The base management fee increased for the three months ended June 30, 2018, as compared to the prior year period, as average total assets increased over the respective periods as a result of an increase in investments.

The base management fee, loan servicing fee, incentive fee, and their related non-contractual, unconditional, and irrevocable credits are computed quarterly, as described under *Transactions with the Adviser* in Note 4 *Related Party Transactions* in the accompanying *Notes to Consolidated Financial Statements* and are summarized in the following table:

	Three Months Ended June 30,	
	2018	2017
Average total assets subject to base management fee ^(A)	\$ 622,200	\$ 503,200
Multiplied by prorated annual base management fee of 2.0%	0.5%	0.5%
Base management fee^(B)	3,111	2,516
Credits to fees from Adviser other ^(B)	(960)	(548)
Net base management fee	\$ 2,151	\$ 1,968
Loan servicing fee^(B)	\$ 1,740	\$ 1,564
Credits to base management fee loan servicing fee ^(B)	(1,740)	(1,564)
Net loan servicing fee	\$	\$
Incentive fee income-based	\$ 1,078	\$ 1,172
Incentive fee capital gains-based^(C)	6,508	
Total incentive fee^(B)	7,586	1,172
Credits to fees from Adviser other ^(B)		
Net total incentive fee	\$ 7,586	\$ 1,172

(A) Average total assets subject to the base management fee is defined in the Advisory Agreement as total assets, including investments made with proceeds of borrowings, less any uninvested cash or cash equivalents resulting

from borrowings, valued at the end of the applicable quarters within the respective periods and adjusted appropriately for any share issuances or repurchases during the periods.

(B) Reflected as a line item on our accompanying *Consolidated Statement of Operations*.

(C) The capital gains-based incentive fee is not yet contractually due under the terms of the Advisory Agreement.

Interest and dividend expense increased 34.0% during the three months ended June 30, 2018, as compared to the prior year period, due to a higher weighted-average balance outstanding on the Credit Facility, partially offset by a lower effective interest rate. The weighted-average balance outstanding on the Credit Facility during the three months ended June 30, 2018 was \$123.3 million, as compared to \$42.1 million in the prior year period. The effective interest rate on the Credit Facility, excluding the impact of deferred financing costs, during the three months ended June 30, 2018 was 5.4%, as compared to 6.1% in the prior year period.

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Table of Contents**Realized and Unrealized Gain (Loss)***Net Realized Gain on Investments*

During the three months ended June 30, 2018, we recorded net realized gains on investments of \$14.1 million, primarily related to a \$13.8 million realized gain from the exit of Drew Foam, as compared to net realized gains on investments of \$1.2 million during the prior year period, primarily related to a \$1.0 million realized gain from the exit of Mitchell Rubber Products, Inc.

Net Unrealized Appreciation (Depreciation) of Investments

During the three months ended June 30, 2018, we recorded net unrealized appreciation of investments of \$18.1 million. The realized gains (losses) and unrealized appreciation (depreciation) across our investments for the three months ended June 30, 2018, were as follows:

Portfolio Company	Three Months Ended June 30, 2018			
	Realized Gain (Loss)	Unrealized Appreciation (Depreciation)	Reversal of Unrealized (Appreciation) Depreciation	Net Gain (Loss)
Cambridge Sound Management, Inc.	\$	\$ 12,554	\$	\$ 12,554
Nth Degree, Inc.		4,592		4,592
Brunswick Bowling Products, Inc.		3,935		3,935
Galaxy Tool Holding Corporation		3,238		3,238
Edge Adhesives Holdings, Inc.		2,327		2,327
Schylling, Inc.		2,080		2,080
Alloy Die Casting Co.		1,995		1,995
Pioneer Square Brands, Inc.		1,809		1,809
Star Seed, Inc.		1,650		1,650
Counsel Press, Inc.		1,396		1,396
Tread Corporation		1,215		1,215
Jackrabbit, Inc.		886		886
D.P.M.S., Inc.		816		816
Logo Sportswear, Inc.		697		697
Old World Christmas, Inc.		565		565
J.R. Hobbs Co. Atlanta, LLC		551		551
Funko Acquisition Holdings, LLC		518		518
Behrens Manufacturing, LLC	322			322
Ginsey Home Solutions, Inc.		289		289
Country Club Enterprises, LLC		(223)		(223)
Diligent Delivery Systems		(437)		(437)
B-Dry, LLC		(837)		(837)
Drew Foam Companies, Inc.	13,786		(14,755)	(969)
Meridian Rack & Pinion, Inc.		(1,092)		(1,092)
The Mountain Corporation		(2,559)		(2,559)
PSI Molded Plastics, Inc.		(3,016)		(3,016)

Other, net (<\$250 Net)			(126)		(126)
Total	\$ 14,108	\$	32,823	\$	(14,755)
					\$ 32,176

The primary drivers of net unrealized appreciation of \$18.1 million for the three months ended June 30, 2018, were increased performance of certain of our portfolio companies and an increase in comparable multiples used to estimate the fair value of certain of our portfolio companies, which were partially offset by the reversal of previously recorded unrealized appreciation upon the exit of our investment in Drew Foam and a decline in performance of certain of our other portfolio companies.

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During the three months ended June 30, 2017, we recorded net unrealized appreciation of investments of \$1.5 million. The realized gains (losses) and unrealized appreciation (depreciation) across our investments for the three months ended June 30, 2017, were as follows:

Portfolio Company	Three Months Ended June 30, 2017			
	Realized Gain (Loss)	Unrealized Appreciation (Depreciation)	Reversal of Unrealized Appreciation (Depreciation)	Net Gain (Loss)
Cambridge Sound Management, Inc.	\$	\$ 6,187	\$	\$ 6,187
Old World Christmas, Inc.		3,926		3,926
Nth Degree, Inc.		3,799		3,799
B+T Group Acquisition, Inc.		3,205		3,205
Mathey Investments, Inc.			2,658	2,658
Precision Southeast, Inc.		1,627		1,627
SBS Industries, LLC		1,466		1,466
Tread Corporation		1,199		1,199
Logo Sportswear, Inc.		867		867
Star Seed, Inc.		764		764
Frontier Packaging, Inc.		738		738
J.R. Hobbs Co. Atlanta, LLC		435		435
Drew Foam Company, Inc.		370		370
Diligent Delivery Systems		314		314
Ginsey Home Solutions, Inc.		(185)		(185)
Schylling, Inc.		(262)		(262)
D.P.M.S., Inc.		(304)		(304)
B-Dry, LLC		(434)		(434)
SOG Specialty Knives & Tools, LLC		(711)		(711)
Counsel Press, Inc.		(1,183)		(1,183)
Jackrabbit, Inc.		(1,258)		(1,258)
Head Country, Inc.		(1,498)		(1,498)
Alloy Die Casting Co.		(1,540)		(1,540)
Mitchell Rubber Products, Inc.	957		(2,783)	(1,826)
GI Plastek, Inc.		(1,851)		(1,851)
Meridian Rack & Pinion, Inc.		(1,902)		(1,902)
Edge Adhesives Holdings, Inc.		(2,207)		(2,207)
Galaxy Tool Holding Corporation		(2,625)		(2,625)
Country Club Enterprises, LLC		(3,219)		(3,219)
Brunswick Bowling Products, Inc.		(3,747)		(3,747)
Other, net (<\$250 Net)	208	(284)	(21)	(97)
Total	\$ 1,165	\$ 1,687	\$ (146)	\$ 2,706

The primary drivers of net unrealized appreciation of \$1.5 million for the three months ended June 30, 2017, were increased performance of certain of our portfolio companies and an increase in comparable multiples used to estimate the fair value of certain of our portfolio companies, which were partially offset by a decline in performance of certain

of our other portfolio companies.

Across our entire investment portfolio, we recorded \$0.5 million of net unrealized depreciation on our debt positions and \$18.6 million of net unrealized appreciation on our equity positions for the three months ended June 30, 2018. At June 30, 2018, the fair value of our investment portfolio was greater than our cost basis by \$32.4 million, as compared to \$14.3 million at March 31, 2018, representing net unrealized appreciation of \$18.1 million for the three months ended June 30, 2018. Our entire portfolio had a fair value of 105.4% of cost as of June 30, 2018.

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Table of Contents*Net Unrealized Depreciation on Other*

During the three months ended June 30, 2018, we recorded net unrealized depreciation of other of \$0.1 million related to the Credit Facility recorded at fair value. There was no unrealized appreciation or depreciation on other during the three months ended June 30, 2017.

LIQUIDITY AND CAPITAL RESOURCES**Operating Activities**

Net cash provided by operating activities for the three months ended June 30, 2018 was \$10.7 million, as compared to \$26.3 million for the three months ended June 30, 2017. This change was primarily due to an increase in the purchase of investments, partially offset by higher repayments and net proceeds from the sale of investments period over period.

Purchases of investments were \$30.1 million during the three months ended June 30, 2018, compared to \$2.1 million during the three months ended June 30, 2017. Repayments and net proceeds from the sale of investments totaled \$32.1 million during the three months ended June 30, 2018, compared to \$19.5 million during the three months ended June 30, 2017.

As of June 30, 2018, we had equity investments in or loans to 33 portfolio companies with an aggregate cost basis of \$596.9 million. As of June 30, 2017, we had equity investments in or loans to 33 portfolio companies with an aggregate cost basis of \$508.8 million. The following table summarizes our total portfolio investment activity during the three months ended June 30, 2018 and 2017:

	Three Months Ended June 30,	
	2018	2017
Beginning investment portfolio, at fair value	\$ 599,147	\$ 501,579
New investments	29,202	
Disbursements to existing portfolio companies	850	2,148
Unscheduled principal repayments	(14,514)	(13,660)
Net proceeds from sales of investments	(17,226)	(5,797)
Net realized gain on investments	13,786	957
Net unrealized appreciation of investments	32,823	1,687
Reversal of net unrealized appreciation of investments	(14,755)	(146)
Amortization of premiums, discounts, and acquisition costs, net	5	2
Ending investment portfolio, at fair value	\$ 629,318	\$ 486,770

The following table summarizes the contractual principal repayment and maturity of our investment portfolio by fiscal year, assuming no voluntary prepayments, as of June 30, 2018:

Amount

For the remaining nine months ending March 31:	2019	\$ 63,881
For the fiscal years ending March 31:	2020	102,913
	2021	60,410
	2022	80,696
	2023	86,990
	Thereafter	47,618
	Total contractual repayments	\$ 442,508
	Adjustments to cost basis of debt investments	(80)
	Investments in equity securities	154,521
	Total cost basis of investments held as of June 30, 2018:	\$ 596,949

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Table of Contents**Financing Activities**

Net cash used in financing activities for the three months ended June 30, 2018 was \$11.3 million, which consisted primarily of \$4.5 million of net repayments on the Credit Facility and \$8.6 million in distributions to common stockholders, partially offset by \$1.8 million of net proceeds from the issuance of common stock under the ATM program.

Net cash used in financing activities for the three months ended June 30, 2017 was \$23.7 million, which consisted primarily of \$35.7 million of net repayments on the Credit Facility and \$8.0 million in distributions to common stockholders, partially offset by \$20.1 million of net proceeds from the issuance of common stock in May 2017, including the partial exercise of the underwriters' over-allotment option in June 2017.

Distributions and Dividends to Stockholders***Common Stock Distributions***

To qualify to be taxed as a RIC and thus avoid corporate level federal income tax on the income we distribute to our stockholders, we are required to distribute to our stockholders on an annual basis at least 90% of our taxable ordinary income plus the excess of our net short-term capital gains over net long-term capital losses (Investment Company Taxable Income). Additionally, the Credit Facility generally restricts the amount of distributions to stockholders that we can pay out to be no greater than the sum of certain amounts, including, but not limited to, our net investment income, plus net capital gains, plus amounts elected by the Company to be considered as having been paid during the prior fiscal year in accordance with Section 855(a) of the Code. In accordance with these requirements, our Board of Directors declared, and we paid, monthly cash distributions of \$0.067 per common share for each of the three months from April through June 2018 and a supplemental distribution of \$0.06 per common share for June 2018.

The federal income tax characteristics of distributions paid to our common stockholders is generally reported to stockholders on Internal Revenue Service Form 1099 after the end of the calendar year based on tax information for the full fiscal year. Any characterization made on an interim, quarterly basis may not be representative of the actual tax characterization for the full year.

For the year ended March 31, 2018, distributions to common stockholders totaled \$28.9 million and were less than our taxable income for the same year, after also taking into account spillover amounts under Section 855(a) of the Code with respect to the prior year. At March 31, 2018, we elected to treat \$8.4 million of the first distributions paid after fiscal year-end as having been paid in the prior fiscal year, in accordance with Section 855(a) of the Code. In addition, for the year ended March 31, 2018, we recorded \$1.6 million of net estimated adjustments for permanent book-tax differences to reflect tax character, which decreased Capital in excess of par value and Accumulated net realized gain in excess of distributions and increased Net investment income in excess of distributions on our accompanying *Consolidated Statements of Assets and Liabilities*. For the three months ended June 30, 2018, we recorded \$0.7 million of net estimated adjustments for permanent book-tax differences to reflect tax character, which decreased Capital in excess of par value and Accumulated net realized gain in excess of distributions and increased Overdistributed net investment income on our accompanying *Consolidated Statements of Assets and Liabilities*.

Preferred Stock Dividends

Our Board of Directors declared and we paid monthly cash dividends of (i) \$0.140625 per share to holders of our Series B Term Preferred Stock, (ii) \$0.135417 per share to holders of our Series C Term Preferred Stock, and (iii) \$0.13020833 per share to holders of our Series D Term Preferred Stock for each of the three months from April

through June 2018. In accordance with GAAP, we treat these monthly dividends as an operating expense. The federal income tax characteristics of dividends paid to our preferred stockholders generally constitute ordinary income or capital gains to the extent of our current and accumulated earnings and profits and is reported after the end of the calendar year based on tax information for the full fiscal year. Such a characterization made on an interim, quarterly basis may not be representative of the actual tax characterization for the full year.

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Our common stockholders who hold their shares through our transfer agent, Computershare, Inc. (Computershare), have the option to participate in a dividend reinvestment plan offered by Computershare, as the plan agent. This is an opt in dividend reinvestment plan, meaning that common stockholders may elect to have their cash distributions automatically reinvested in additional shares of our common stock. Common stockholders who do not make such election will receive their distributions in cash. Common stockholders who receive distributions in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash. The common stockholder will have an adjusted basis in the additional common shares purchased through the plan equal to the amount of the reinvested distribution. The additional shares will have a new holding period commencing on the day following the date on which the shares are credited to the common stockholder's account. Computershare purchases shares in the open market in connection with the obligations under the plan. The Computershare dividend reinvestment plan is not open to holders of our preferred stock.

Equity***Registration Statement***

On June 5, 2018, we filed a registration statement on Form N-2 (File No. 333-225447), which the SEC declared effective on July 13, 2018. The registration statement permits us to issue, through one or more transactions, up to an aggregate of \$300.0 million in securities, consisting of common stock, preferred stock, subscription rights, debt securities, and warrants to purchase common stock, preferred stock, or debt securities, including through concurrent, separate offerings of such securities. As of July 31, 2018, we had the ability to issue up to \$300.0 million in securities under the registration statement.

Common Stock

In February 2018, we entered into equity distribution agreements with Sales Agents, under which we have the ability to issue and sell shares of our common stock, from time to time, through the Sales Agents, up to an aggregate offering price of \$35.0 million. Pursuant to our prior registration statement on Form N-2 (File No. 333-204996), during the three months ended June 30, 2018, we sold 168,824 shares of our common stock under the ATM program with Cantor at a weighted-average gross price of \$11.09 per share and raised approximately \$1.9 million of gross proceeds. The weighted-average net price per share, after deducting commissions and offering costs borne by us, was \$10.87 and resulted in total net proceeds of approximately \$1.8 million. Certain of these sales were below our then-current estimated NAV per share during the sales period, with a discount of \$0.002 per share, when comparing the sales price per share, after deducting commissions, to the then-current estimated NAV per share; however, the net dilutive effect (after commissions and offering costs borne by us) of these sales was \$0.00 per common share as a result of the small number of shares sold at a slight discount to NAV per share and resulting rounding. In aggregate, the sales during the three months ended June 30, 2018 were above our then-current estimated NAV per share. As of July 31, 2018, we had remaining capacity to sell up to \$31.8 million of common stock under the ATM program.

Pursuant to our prior registration statement on Form N-2 (File No. 333-204996), in March 2018, we sold 127,412 shares of our common stock under the ATM program with Cantor at a weighted-average gross price of \$10.45 per share and raised approximately \$1.3 million of gross proceeds. The weighted-average net price per share, after deducting commissions and offering costs borne by us, was \$10.24 and resulted in total net proceeds of approximately \$1.3 million. These sales were below our then-current estimated NAV per share during the sales period, with such discounts ranging from \$0.01 per share to \$0.07 per share, when comparing the sales price per share, after deducting commissions, to the then-current estimated NAV per share; however, the net dilutive effect (after commissions and

offering costs borne by us) of these sales was \$0.00 per common share as a result of the small number of shares sold at a slight discount to NAV per share and resulting rounding.

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Also pursuant to our prior registration statement on Form N-2 (File No. 333-204996), in May 2017, we completed a public offering of 2.1 million shares of our common stock at a public offering price of \$9.38 per share, which was below our then-current NAV of \$9.95 per share. Gross proceeds totaled \$19.7 million and net proceeds, after deducting underwriting discounts and commissions and offering costs borne by us, were \$18.7 million, which were used to repay borrowings under the Credit Facility and for other general corporate purposes. In June 2017, the underwriters partially exercised their over-allotment option and purchased an additional 155,265 shares at the public offering price of \$9.38 per share and on the same terms and conditions solely to cover over-allotments, which resulted in gross proceeds of \$1.5 million and net proceeds, after deducting underwriting discounts and commissions and offering costs borne by us, of \$1.4 million.

We anticipate issuing equity securities to obtain additional capital in the future. However, we cannot determine the timing or terms of any future equity issuances or whether we will be able to issue equity on terms favorable to us, or at all. When our common stock is trading at a price below NAV per share, the 1940 Act places regulatory constraints on our ability to obtain additional capital by issuing common stock. Generally, the 1940 Act provides that we may not issue and sell our common stock at a price below our NAV per common share, other than to our then-existing common stockholders pursuant to a rights offering, without first obtaining approval from our stockholders and our independent directors and meeting other stated requirements. On July 31, 2018, the closing market price of our common stock was \$11.30 per share, representing a 2.3% discount to our NAV per share of \$11.57 as of June 30, 2018. At our 2017 Annual Meeting of Stockholders held on August 24, 2017, our stockholders approved a proposal authorizing us to issue and sell shares of our common stock at a price below our then-current NAV per common share for a period of one year from the date of such approval, provided that our Board of Directors makes certain determinations prior to any such sale. At our 2018 Annual Meeting of Stockholders, scheduled to take place on August 2, 2018, our stockholders will vote on a similar proposal, which would be in effect for another year.

Term Preferred Stock

Pursuant to an earlier registration statement on Form N-2 (Registration No. 333-181879), in November 2014, we completed a public offering of 1,656,000 shares of our Series B Term Preferred Stock at a public offering price of \$25.00 per share. Gross proceeds totaled \$41.4 million and net proceeds, after deducting underwriting discounts and offering costs borne by us, were \$39.7 million. Total underwriting discounts and offering costs related to this offering were \$1.7 million, which have been recorded as discounts to the liquidation value on our accompanying *Consolidated Statements of Assets and Liabilities* and are being amortized over the period ending December 31, 2021, the mandatory redemption date.

Our Series B Term Preferred Stock is not convertible into our common stock or any other security. Our Series B Term Preferred Stock provides for a fixed dividend equal to 6.75% per year, payable monthly (which equates to \$2.8 million per year). We are required to redeem all shares of our outstanding Series B Term Preferred Stock on December 31, 2021, for cash at a redemption price equal to \$25.00 per share, plus an amount equal to accumulated but unpaid dividends, if any, to, but excluding, the date of redemption. In addition, two other potential mandatory redemption triggers are as follows: (1) upon the occurrence of certain events that would constitute a change in control of us, we would be required to redeem all of our outstanding Series B Term Preferred Stock, and (2) if we fail to maintain asset coverage of at least 200%, we are required to redeem a portion of our outstanding Series B Term Preferred Stock or otherwise cure the asset coverage redemption trigger (and we may also redeem additional securities to cause the asset coverage to be 215%). We may also voluntarily redeem all or a portion of our Series B Term Preferred Stock at our sole option at the redemption price at any time.

Also, pursuant to an earlier registration statement on Form N-2 (Registration No. 333-181879), in May 2015, we completed a public offering of 1,610,000 shares of our Series C Term Preferred Stock at a public offering price of

\$25.00 per share. Gross proceeds totaled \$40.3 million and net proceeds, after deducting underwriting discounts and offering costs borne by us, were \$38.6 million. Total underwriting discounts and offering costs

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related to this offering were \$1.6 million, which have been recorded as discounts to the liquidation value on our accompanying *Consolidated Statements of Assets and Liabilities* and are being amortized over the period ending May 31, 2022, the mandatory redemption date.

Our Series C Term Preferred Stock is not convertible into our common stock or any other security. Our Series C Term Preferred Stock provides for a fixed dividend equal to 6.50% per year, payable monthly (which equates to \$2.6 million per year). We are required to redeem all shares of our outstanding Series C Term Preferred Stock on May 31, 2022, for cash at a redemption price equal to \$25.00 per share, plus an amount equal to accumulated but unpaid dividends, if any, to, but excluding, the date of redemption. In addition, two other potential mandatory redemption triggers are as follows: (1) upon the occurrence of certain events that would constitute a change in control of us, we would be required to redeem all of our outstanding Series C Term Preferred Stock, and (2) if we fail to maintain asset coverage of at least 200%, we are required to redeem a portion of our outstanding Series C Term Preferred Stock or otherwise cure the asset coverage redemption trigger (and we may also redeem additional securities to cause the asset coverage to be 215%). We may also voluntarily redeem all or a portion of our Series C Term Preferred Stock at our sole option at the redemption price at any time.

Pursuant to our prior registration statement on Form N-2 (Registration No. 333-204996), in September 2016, we completed a public offering of 2,300,000 shares of our Series D Term Preferred Stock at a public offering price of \$25.00 per share. Gross proceeds totaled \$57.5 million and net proceeds, after deducting underwriting discounts and offering costs borne by us, were \$55.4 million. Total underwriting discounts and offering costs related to this offering were \$2.1 million, which have been recorded as discounts to the liquidation value on our accompanying *Consolidated Statements of Assets and Liabilities* and are being amortized over the period ending September 30, 2023, the mandatory redemption date.

Our Series D Term Preferred Stock is not convertible into our common stock or any other security. Our Series D Term Preferred Stock provides for a fixed dividend equal to 6.25% per year, payable monthly (which equates to \$3.6 million per year). We are required to redeem all shares of our outstanding Series D Term Preferred Stock on September 30, 2023, for cash at a redemption price equal to \$25.00 per share, plus an amount equal to accumulated but unpaid dividends, if any, to, but excluding, the date of redemption. In addition, two other potential mandatory redemption triggers are as follows: (1) upon the occurrence of certain events that would constitute a change in control of us, we would be required to redeem all of our outstanding Series D Term Preferred Stock, and (2) if we fail to maintain asset coverage of at least 200% and are unable to correct such failure within a specific amount of time, we are required to redeem a portion of our outstanding Series D Term Preferred Stock or otherwise cure the asset coverage redemption trigger (and we may also redeem additional securities to cause the asset coverage to be 240%). We may also voluntarily redeem all or a portion of our Series D Term Preferred Stock at our sole option at the redemption price at any time on or after September 30, 2018.

Each series of our mandatorily redeemable preferred stock has a preference over our common stock with respect to dividends, whereby no distributions are payable on our common stock unless the stated dividends, including any accrued and unpaid dividends, on the mandatorily redeemable preferred stock have been paid in full. The Series B Term Preferred Stock, Series C Term Preferred Stock, and Series D Term Preferred Stock are considered liabilities in accordance with GAAP and, as such, affect our asset coverage, exposing us to additional leverage risks. The asset coverage on our senior securities that are stock (our Series B Term Preferred Stock, Series C Term Preferred Stock, and Series D Term Preferred Stock) as of June 30, 2018 was 250.2%, calculated pursuant to Sections 18 and 61 of the 1940 Act.

Revolving Line of Credit

On November 16, 2016, we, through our wholly-owned subsidiary, Business Investment, entered into Amendment No. 2 to the Fifth Amended and Restated Credit Agreement, originally entered into on April 30, 2013 and as previously amended on June 26, 2014, with KeyBank National Association (KeyBank), as administrative agent, lead arranger, managing agent and lender, the Adviser, as servicer, and certain other lenders

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party thereto. The revolving period was extended to November 15, 2019, and if not renewed or extended by such date, all principal and interest will be due and payable on or before November 15, 2021 (two years after the revolving period end date). The amended Credit Facility provides a one-year extension option that may be exercised on or before the second anniversary of the November 16, 2016 amendment date, subject to approval by all lenders. Additionally, the Credit Facility commitment amount was changed from \$185.0 million to \$165.0 million and, subject to certain terms and conditions, can be expanded to a total facility amount of \$250.0 million through additional commitments of existing or new lenders. Advances under the Credit Facility generally bear interest at 30-day LIBOR plus 3.15% per annum until November 15, 2019, with the margin then increasing to 3.40% for the period from November 15, 2019 to November 15, 2020, and increasing further to 3.65% thereafter. The Credit Facility has an unused commitment fee of 0.50% per annum on the portion of the total unused commitment amount that is less than or equal to 45.0% of the total commitment amount and 0.80% per annum on the total unused commitment amount that is greater than 45.0%. We incurred fees of approximately \$1.4 million in connection with this amendment.

On January 20, 2017, we entered into Amendment No. 3 to the Credit Facility, which clarified a definition in the Company's performance guaranty under the Credit Facility.

Interest is payable monthly during the term of the Credit Facility. Available borrowings are subject to various constraints and applicable advance rates, which are generally based on the size, characteristics, and quality of the collateral pledged by Business Investment. The Credit Facility also requires that any interest and principal payments on pledged loans be remitted directly by the borrower into a lockbox account with KeyBank. KeyBank is also the trustee of the account and generally remits the collected funds to us once a month.

Among other things, the Credit Facility contains covenants that require Business Investment to maintain its status as a separate legal entity, prohibit certain significant corporate transactions (such as mergers, consolidations, liquidations or dissolutions) and restrict certain material changes to our credit and collection policies without the lenders' consent. The Credit Facility also generally seeks to restrict distributions to stockholders to the sum of (i) our net investment income, (ii) net capital gains, and (iii) amounts deemed by the Company to be considered as having been paid during the prior fiscal year in accordance with Section 855(a) of the Code. Loans eligible to be pledged as collateral are subject to certain limitations, including, among other things, restrictions on geographic concentrations, industry concentrations, loan size, payment frequency and status, average life, portfolio company leverage, and lien property. The Credit Facility also requires Business Investment to comply with other financial and operational covenants, which obligate Business Investment to, among other things, maintain certain financial ratios, including asset and interest coverage and a minimum number of obligors required in the borrowing base. Additionally, the Credit Facility contains a performance guaranty that requires the Company to maintain (i) a minimum net worth (defined in the Credit Facility to include our mandatory redeemable term preferred stock) of the greater of \$210.0 million or \$210.0 million plus 50% of all equity and subordinated debt raised minus 50% of any equity or subordinated debt redeemed or retired after November 16, 2016, which equated to \$222.2 million as of June 30, 2018, (ii) asset coverage with respect to senior securities representing indebtedness of at least 200% (or such higher percentage as may be set forth in Section 61 of the 1940 Act), and (iii) our status as a BDC under the 1940 Act and as a RIC under the Code. As of June 30, 2018, and as defined in the performance guaranty of the Credit Facility, we had a net worth of \$514.7 million, asset coverage on our senior securities representing indebtedness of 566.8%, calculated in compliance with the requirements of Sections 18 and 61 of the 1940 Act, and an active status as a BDC and RIC. As of June 30, 2018, we had availability, after adjustments for various constraints based on collateral quality, of \$59.5 million under the Credit Facility and were in compliance with all covenants under the Credit Facility. As of July 31, 2018, we had availability, before adjustments for various constraints based on collateral quality, of \$62.0 million under the Credit Facility.

OFF-BALANCE SHEET ARRANGEMENTS

Unlike PIK income, we generally do not recognize success fees as income until payment has been received. Due to the contingent nature of success fees, there are no guarantees that we will be able to collect any or all of these

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success fees or know the timing of any such collections. As a result, as of June 30, 2018 and March 31, 2018, we had unrecognized, contractual off-balance sheet success fee receivables of \$29.3 million and \$28.3 million (or approximately \$0.89 and \$0.87 per common share), respectively, on our debt investments. Consistent with GAAP, we generally have not recognized success fee receivables and related income in our *Consolidated Financial Statements* until earned.

CONTRACTUAL OBLIGATIONS

We have line of credit and delayed draw term loan commitments to certain of our portfolio companies that have not been fully drawn. Since these line of credit and delayed draw term loan commitments have expiration dates and we expect many will never be fully drawn, the total line of credit and delayed draw term loan commitment amounts do not necessarily represent future cash requirements. We estimate the fair value of the combined unused line of credit and delayed draw term loan commitments as of June 30, 2018 to be immaterial.

We have also extended a guaranty on behalf of one of our portfolio companies, whereby we have guaranteed \$2.0 million of obligations of Country Club Enterprises, LLC. The guaranty expires in February 2019, unless renewed. As of June 30, 2018, we have not been required to make payments on this or any previous guaranties, and we consider the credit risks to be remote and the fair value of this guaranty to be immaterial.

The following table shows our contractual obligations as of June 30, 2018, at cost:

Contractual Obligations^(A)	Total	Payments Due by Period			
		Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Credit Facility ^(B)	\$ 102,500	\$	\$	\$ 102,500	\$
Mandatorily redeemable preferred stock	139,150			81,650	57,500
Secured borrowing	5,096		5,096		
Interest payments on obligations ^(C)	59,287	15,129	30,098	13,162	898
Total	\$ 306,033	\$ 15,129	\$ 35,194	\$ 197,312	\$ 58,398

(A) Excludes unused line of credit and delayed draw term loan commitments and guaranties to our portfolio companies in the aggregate principal amount of \$6.2 million.

(B) Principal balance of borrowings outstanding under the Credit Facility, based on the maturity date following the current contractual revolving period end date.

(C) Includes interest payments due on the Credit Facility and secured borrowing and dividend obligations on each series of our mandatorily redeemable preferred stock. The amount of interest expense calculated for purposes of this table was based upon rates and outstanding balances as of June 30, 2018. Dividend obligations on our mandatorily redeemable preferred stock assume quarterly declarations and monthly dividend payments through the respective mandatory redemption dates of each series.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported consolidated amounts of assets and liabilities, including

disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. Actual results could differ materially from those estimates under different assumptions or conditions. We have identified our investment valuation policy (which has been approved by our Board of Directors) as our most critical accounting policy, which is described in Note 2 *Summary of Significant Accounting Policies* in the accompanying *Notes to Consolidated Financial Statements* included elsewhere in this prospectus supplement. Additionally, refer to Note 3 *Investments* in the accompanying *Notes*

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to Consolidated Financial Statements included elsewhere in this prospectus supplement for additional information regarding fair value measurements and our application of Financial Accounting Standards Board Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*. We have also identified our revenue recognition policy as a critical accounting policy, which is described in Note 2 *Summary of Significant Accounting Policies* in the accompanying Notes to Consolidated Financial Statements included elsewhere in this prospectus supplement.

Investment Valuation**Credit Monitoring and Risk Rating**

The Adviser monitors a wide variety of key credit statistics that provide information regarding our portfolio companies to help us assess credit quality and portfolio performance and, in some instances, are used as inputs in our valuation techniques. Generally, we, through the Adviser, participate in periodic board meetings of our portfolio companies in which we hold board seats and also require them to provide annual audited and monthly unaudited financial statements. Using these statements or comparable information and board discussions, the Adviser calculates and evaluates certain credit statistics.

The Adviser risk rates all of our investments in debt securities. The Adviser does not risk rate equity securities. For loans that have been rated by an SEC-registered Nationally Recognized Statistical Rating Organization (NRSRO), the Adviser generally uses the average of two corporate level NRSRO s risk ratings for such security. For all other debt securities, the Adviser uses a proprietary risk rating system. While the Adviser seeks to mirror the NRSRO systems, we cannot provide any assurance that the Adviser s risk rating system will provide the same risk rating as an NRSRO for these securities. The Adviser s risk rating system is used to estimate the probability of default on debt securities and the expected loss, if there is a default. The Adviser s risk rating system uses a scale of 0 to >10, with >10 being the lowest probability of default. It is the Adviser s understanding that most debt securities of Lower Middle Market companies do not exceed the grade of BBB on an NRSRO scale, so there would be no debt securities in the Lower Middle Market that would meet the definition of AAA, AA or A. Therefore, the Adviser s scale begins with the designation >10 as the best risk rating which may be equivalent to a BBB from an NRSRO; however, no assurance can be given that a >10 on the Adviser s scale is equal to a BBB or Baa2 on an NRSRO scale. The Adviser s risk rating system covers both qualitative and quantitative aspects of the business and the securities we hold.

The following table reflects risk ratings for all loans in our portfolio as of June 30, 2018 and March 31, 2018:

Rating	June 30, 2018	March 31, 2018
Highest	9.0	10.0
Average	6.9	6.4
Weighted-Average	7.2	6.5
Lowest	3.0	4.0

Tax Status

We intend to continue to maintain our qualification as a RIC under Subchapter M of the Code for federal income tax purposes. As a RIC, we generally are not subject to corporate-level federal income tax on the portion of our taxable income and gains distributed to our stockholders. To maintain our qualification as a RIC, we must maintain our status as a BDC and meet certain source-of-income and asset diversification requirements. In addition, in order to qualify to be taxed as a RIC, we must distribute to stockholders at least 90% of our Investment Company Taxable Income. Our

policy generally is to make distributions to our stockholders in an amount up to 100% of our Investment Company Taxable Income. We may retain some or all of our net long-term capital gains, if any, retain and designate them as deemed distributions, or distribute such gains to stockholders in cash.

In an effort to limit federal excise taxes imposed on RICs, a RIC has to distribute to stockholders, during each calendar year, an amount close to the sum of: (1) 98% of our ordinary income for the calendar year, (2) 98.2% of

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our capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year, and (3) any ordinary income and capital gains in excess of capital losses from preceding years that were not distributed during such years. Under the RIC Modernization Act, we are permitted to carryforward any capital losses that we may incur for an unlimited period, and such capital loss carryforwards will retain their character as either short-term or long-term capital losses. Our capital loss carryforward balance was \$0 as of both June 30, 2018 and March 31, 2018.

Recent Accounting Pronouncements

Refer to Note 2 *Summary of Significant Accounting Policies* in the accompanying *Notes to Consolidated Financial Statements* included elsewhere in this prospectus supplement for a description of recent accounting pronouncements.

Legal Proceedings

From time to time, we may become involved in various investigations, claims and legal proceedings that arise in the ordinary course of our business. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. While we do not expect that the resolution of these matters, if they arise, would materially affect our business, financial condition, results of operations or cash flows, resolution will be subject to various uncertainties and could result in the expenditure of significant financial and managerial resources. Further, we are not named as a party to any proceeding that involves a claim for damages that exceeds 10% of our consolidated current assets. See also Note 10 *Commitments and Contingencies* in the accompanying *Notes to Consolidated Financial Statements* included elsewhere in this prospectus supplement.

Table of Contents**DESCRIPTION OF THE SERIES E TERM PREFERRED STOCK**

The following is a brief description of the terms of our % Series E Term Preferred Stock. This is not a complete description and is subject to, and entirely qualified by reference to, our Amended and Restated Certificate of Incorporation and the Certificate of Designation. The form of the Certificate of Designation is attached to this prospectus supplement, and the final form of the Certificate of Designation will be filed with the SEC as an exhibit to our registration statement of which this prospectus supplement and the accompanying prospectus are a part. You may obtain copies of these documents as described under Where You Can Find More Information. Capitalized terms, used, but not defined herein, have the meanings attributed to them in the Certificate of Designation.

General

Under our Amended and Restated Certificate of Incorporation, we are authorized to issue 110,000,000 shares of stock, of which 100,000,000 are Common Stock and 10,000,000 are Preferred Stock. Of the 10,000,000 shares of our capital stock designated as preferred stock, 1,656,000 of such shares are designated as Series B Term Preferred Stock, 1,700,000 of such shares are designated as Series C Term Preferred Stock and 3,000,000 are designated as Series D Term Preferred Stock. As of August 13, 2018, we had 1,656,000 shares of Series B Term Preferred Stock outstanding, 1,610,000 shares of Series C Term Preferred Stock outstanding and 2,300,000 shares of Series D Term Preferred Stock outstanding. On August 13, 2018 our Board of Directors approved the designation of up to 3,644,000 shares of Preferred Stock as Series E Term Preferred Stock. Terms of the Series E Term Preferred Stock are set forth in the Certificate of Designation.

At the time of issuance, the Series E Term Preferred Stock will be fully paid and non-assessable and will have no preemptive, conversion, or exchange rights or rights to cumulative voting. The Series E Term Preferred Stock will rank equally with shares of all our other Preferred Stock currently outstanding and that we may issue in the future as to payment of dividends and the distribution of our assets upon dissolution, liquidation or winding up of our affairs. The Series E Term Preferred Stock is, and all other Preferred Stock that is currently outstanding and that we may issue in the future will be, senior as to dividends and distributions to the Common Stock. We may issue additional series of Preferred Stock in the future without stockholder action.

Except in certain limited circumstances, holders of shares of the Series E Term Preferred Stock will not receive certificates representing their ownership interest in such shares, and the shares of Series E Term Preferred Stock will be represented by a global certificate to be held by The Depository Trust Company, or the Securities Depository, for the Series E Term Preferred Stock.

Dividends and Dividend Periods*General*

The holders of shares of the Series E Term Preferred Stock will be entitled to receive cumulative cash dividends and distributions on such shares, when, as and if declared by our Board of Directors, or a duly authorized committee of our Board of Directors out of funds legally available for payment, in parity with dividends and distributions to holders of the Series B Term Preferred Stock, Series C Term Preferred Stock, Series D Term Preferred Stock and in preference to dividends and distributions on our Common Stock, calculated separately for each monthly dividend period, each a Dividend Period, for the Series E Term Preferred Stock at the Fixed Dividend Rate in effect during such Dividend Period, on an amount equal to the Liquidation Preference for the Series E Term Preferred Stock. The Fixed Dividend Rate is computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends so declared and payable will be paid to the extent permitted under state law, our Amended and Restated Certificate of Incorporation

and the Certificate of Designation and in preference to and priority over any dividend declared and payable on Common Stock.

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The Fixed Dividend Rate is an annual rate of % for the Series E Term Preferred Stock. The Fixed Dividend Rate for the Series E Term Preferred Stock may be adjusted in certain circumstances, including upon the occurrence of certain events resulting in a Default Period (as defined below).

Payment of Dividends and Dividend Periods

The first Dividend Period for the Series E Term Preferred Stock will commence on the Date of Original Issue and end on September 30, 2018, and each subsequent Dividend Period will be a calendar month (or the portion thereof occurring prior to the redemption of such Series E Term Preferred Stock). Dividends will be payable monthly in arrears on the last Business Day of the Dividend Period, referred to herein as the Dividend Payment Date, and upon redemption of the Series E Term Preferred Stock. Except for the first Dividend Period, dividends with respect to any monthly Dividend Period will be declared and paid to holders of record of Series E Term Preferred Stock as their names shall appear on our registration books at the close of business on the applicable record date, which shall be such date designated by our Board of Directors that is not more than 20, nor less than seven, calendar days prior to such Dividend Payment Date. We expect that dividends with respect to the first Dividend Period of the Series E Term Preferred Stock will be declared in September 2018 and paid on September 28, 2018 to holders of record of such Series E Term Preferred Stock as their names appear on our registration books at the close of business on September 19, 2018.

Only holders of shares of Series E Term Preferred Stock on the record date for a Dividend Period will be entitled to receive dividends and distributions payable with respect to such Dividend Period, and holders of shares of Series E Term Preferred Stock who sell shares before such a record date and purchasers of Series E Term Preferred Stock who purchase shares after such a record date should take the effect of the foregoing provisions into account in evaluating the price to be received or paid for such Series E Term Preferred Stock.

Although dividends will accrue and be paid monthly, the record date for holders of shares of Series E Term Preferred Stock entitled to receive dividend payments may vary from month-to-month. We will notify holders of shares of Series E Term Preferred Stock of each record date by issuance of a quarterly press release. If our investments do not generate sufficient income, we may need to liquidate a portion of our portfolio to fund these distributions, and therefore these payments may represent a reduction of your principal investment. In such case, these payments may constitute a return of capital for income tax purposes. A distribution that constitutes a return of capital represents a return of a stockholder's investment in our stock and should not be confused with a distribution of our earnings and profits. Although return of capital distributions may not be taxable, such distributions may increase an investor's tax liability upon the sale of our stock by reducing the investor's tax basis in such stock.

Mechanics of Payment of Dividends

Not later than 12:00 noon, New York City time, on a Dividend Payment Date, we are required to deposit with the Redemption and Paying Agent sufficient funds for the payment of dividends in the form of Deposit Securities. Deposit Securities will generally consist of: (1) cash or cash equivalents; (2) direct obligations of the United States or its agencies or instrumentalities that are entitled to the full faith and credit of the United States, which we refer to as the U.S. Government Obligations; (3) short-term money market instruments; (4) investments in money market funds registered under the 1940 Act that qualify under Rule 2a-7 under the 1940 Act and certain similar investment vehicles that invest in short-term money market instruments or U.S. Government Obligations or any combination thereof; or (5) any letter of credit from a bank or other financial institution that has a credit rating from at least one national recognized statistical rating agency that is the highest applicable rating generally ascribed by such rating agency to

bank deposits or short-term debt of similar banks or other financial institutions, in each case either that is a demand obligation payable to the holder on any Business Day or that has a maturity

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date, mandatory redemption date or mandatory payment date preceding the relevant date of redemption, or the Redemption Date, Dividend Payment Date or other payment date. We do not intend to establish any reserves for the payment of dividends.

All Deposit Securities paid to the Redemption and Payment Agent for the payment of dividends will be held in trust for the payment of such dividends to the holders of shares of Series E Term Preferred Stock. Dividends will be paid by the Redemption and Paying Agent to the holders of shares of Series E Term Preferred Stock as their names appear on our registration books. Dividends that are in arrears for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date. Such payments are made to holders of shares of Series E Term Preferred Stock as their names appear on our registration books on such date, not exceeding 20 nor less than seven calendar days preceding the payment date thereof, as may be fixed by our Board of Directors. Any payment of dividends in arrears will first be credited against the earliest accumulated but unpaid dividends. No interest or sum of money in lieu of interest will be payable in respect of any dividend payment or payments on any Series E Term Preferred Stock which may be in arrears. See *Adjustment to Fixed Dividend Rate Default Period*.

Upon failure to pay dividends for at least two full years, the holders of shares of Series E Term Preferred Stock will acquire certain additional voting rights. See *Voting Rights* below. Such rights shall be the exclusive remedy of the holders of shares of Series E Term Preferred Stock upon any failure to pay dividends on Preferred Stock; provided that the foregoing does not affect our obligation to accumulate and, if permitted by applicable law and the Certificate of Designation, pay dividends at the Default Rate (as defined below).

Adjustment to Fixed Dividend Rate Default Period

Subject to the cure provisions below, a Default Period with respect to the Series E Term Preferred Stock will commence on a date we fail to deposit the Deposit Securities to redeem the Series E Term Preferred Stock in any circumstance in which redemption is required or we fail to pay a dividend on the Series E Term Preferred Stock as required as described above (either such failure, a Default). A Default Period shall end on the Business Day on which, by 12:00 noon, New York City time, an amount equal to all unpaid dividends and any unpaid redemption price shall have been deposited irrevocably in trust in same-day funds with the Redemption and Paying Agent. In the case of a Default, the applicable dividend rate for each day during the Default Period will be equal to the Default Rate. The Default Rate for any calendar day will be equal to the applicable Fixed Dividend Rate in effect on such day plus three percent (3.00%) per annum.

No Default Period with respect to a Default will be deemed to commence if the amount of any dividend or any redemption price due (if such Default is not solely due to our willful failure) is deposited irrevocably in trust, in same-day funds with the Redemption and Paying Agent by 12:00 noon, New York City time, on a Business Day that is not later than five Business Days after the applicable Dividend Payment Date or Redemption Date, together with an amount equal to the Default Rate applied to the amount and period of such non-payment based on the actual number of calendar days comprising such period divided by 360.

Restrictions on Dividend, Redemption, Other Payments and Issuance of Debt

No full dividends and distributions will be declared or paid on Series E Term Preferred Stock for any Dividend Period, or a part of a Dividend Period, unless the full cumulative dividends and distributions due through the most recent dividend payment dates for all outstanding shares of Preferred Stock have been, or contemporaneously are, declared and paid through the most recent dividend payment dates for each share of Preferred Stock. If full cumulative dividends and distributions due have not been declared and paid on all outstanding shares of Preferred Stock of any series, any dividends and distributions being declared and paid on the Series E Term Preferred Stock will be declared

and paid as nearly pro rata as possible in proportion to the respective amounts of dividends and distributions accumulated but unpaid on the shares of each such series of Preferred Stock on the relevant dividend payment date. No holders of shares of Series E Term Preferred Stock

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will be entitled to any dividends and distributions in excess of full cumulative dividends and distributions as provided in the Certificate of Designation.

For so long as any shares of Preferred Stock are outstanding, we will not: (x) declare any dividend or other distribution (other than a dividend or distribution paid in shares of Common Stock) in respect of the Common Stock; (y) call for redemption, redeem, purchase or otherwise acquire for consideration any such Common Stock; or (z) pay any proceeds of our liquidation in respect of such Common Stock, unless, in each case, (A) immediately thereafter, we will be in compliance with the Asset Coverage limitations set forth under the 1940 Act (which is currently 200% and will be 150% effective April 10, 2019, unless earlier approved by the Company's stockholders) after deducting the amount of such dividend or distribution or redemption or purchase price or liquidation proceeds, (B) all cumulative dividends and distributions on all shares of Series E Term Preferred Stock and all other series of Preferred Stock, if any, ranking on parity with the Series E Term Preferred Stock due on or prior to the date of the applicable dividend, distribution, redemption, purchase or acquisition shall have been declared and paid (or shall have been declared and sufficient funds or Deposit Securities as permitted by the terms of such Preferred Stock for the payment thereof shall have been deposited irrevocably with the applicable paying agent) and (C) we have deposited Deposit Securities with the Redemption and Paying Agent in accordance with the requirements described herein with respect to outstanding shares of Series E Term Preferred Stock to be redeemed pursuant to a Term Redemption (as defined below), mandatory redemption resulting from the failure to comply with the Asset Coverage or due to a Change of Control Triggering Event as described below for which a Notice of Redemption shall have been given or shall have been required to be given in accordance with the terms described herein on or prior to the date of the applicable dividend, distribution, redemption, purchase or acquisition.

Except as required by law, we will not redeem any shares of Series E Term Preferred Stock unless all accumulated and unpaid dividends and distributions (whether or not earned or declared by us) on all outstanding shares of Series E Term Preferred Stock and other current or future series of Preferred Stock ranking on parity with the Series E Term Preferred Stock with respect to dividends and distributions for all applicable past dividend periods including the Series B Term Preferred Stock, Series C Term Preferred Stock and Series D Term Preferred Stock (x) will have been or are contemporaneously paid or (y) will have been or are contemporaneously declared and Deposit Securities or sufficient funds (in accordance with the terms of such Preferred Stock) for the payment of such dividends and distributions will have been or are contemporaneously deposited with the Redemption and Paying Agent or other applicable paying agent; provided, however, that the foregoing will not prevent the purchase or acquisition of outstanding shares of Series E Term Preferred Stock pursuant to an otherwise lawful purchase or exchange offer made on the same terms to holders of all outstanding shares of Series E Term Preferred Stock and any other series of Preferred Stock, such as the Series B Term Preferred Stock, Series C Term Preferred Stock and Series D Term Preferred Stock, for which all accumulated and unpaid dividends and distributions have not been paid.

We may issue debt in one or more classes or series. Under the 1940 Act, we may not (1) declare any dividend with respect to any Preferred Stock if, at the time of such declaration (and after giving effect thereto), the Asset Coverage with respect to any of our borrowings that are senior securities representing indebtedness (as defined in the 1940 Act), would be less than 200%, currently, or, effective April 10, 2019, unless earlier approved by the Company's stockholders), 150% (or such other percentage as may in the future be specified in or under the 1940 Act as the minimum Asset Coverage for senior securities representing indebtedness of a business development company as a condition of declaring dividends on its Preferred Stock) or (2) declare any other distribution on the Preferred Stock or purchase or redeem Preferred Stock if at the time of the declaration or redemption (and after giving effect thereto), the Asset Coverage with respect to such borrowings that are senior securities representing indebtedness would be less than 200%, currently, or, effective April 10, 2019, unless earlier approved by the Company's stockholders), 150% (or such other percentage as may in the future be specified in or under the 1940 Act as the minimum Asset Coverage for senior securities representing indebtedness of a business development company as a condition of declaring

distributions, purchases or redemptions of its shares). Senior securities representing indebtedness generally means any bond, debenture, note or similar obligation or instrument

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constituting a security (other than shares of capital stock) and evidencing indebtedness and could include our obligations under any borrowings. For purposes of determining the Asset Coverage for senior securities representing indebtedness in connection with the payment of dividends or other distributions on or purchases or redemptions of stock, the term senior security does not include any promissory note or other evidence of indebtedness issued in consideration of any loan, extension or renewal thereof, made by a bank or other person and privately arranged, and not intended to be publicly distributed. The term senior security also does not include any such promissory note or other evidence of indebtedness in any case where such a loan is for temporary purposes only and in an amount not exceeding 5% of the value of our total assets at the time when the loan is made; a loan is presumed under the 1940 Act to be for temporary purposes if it is repaid within 60 calendar days and is not extended or renewed; otherwise, such loan is presumed not to be for temporary purposes. For purposes of determining whether the statutory Asset Coverage requirements described above apply in connection with dividends or distributions on or purchases or redemptions of Preferred Stock, such Asset Coverage may be calculated on the basis of values calculated as of a time within 48 hours (only including Business Days) next preceding the time of the applicable determination.

Asset Coverage

If we fail to maintain Asset Coverage of at least the minimum amount required by applicable law of any date as required by Sections 18 and 61 of the 1940 Act (which, as of the date hereof, is 200% and shall be 150% effective April 10, 2019, unless earlier approved by the Company's stockholders), the Series E Term Preferred Stock may become subject to mandatory redemption as provided below. Asset Coverage means asset coverage of a class of senior security which is a stock, as defined for purposes of Sections 18(h) and 61 of the 1940 Act as in effect on the date of the Certificate of Designation, determined on the basis of values calculated as of a time within two Business Days next preceding the time of such determination. For purposes of this determination, no shares of Series E Term Preferred Stock or other Preferred Stock we have issued will be deemed to be outstanding for purposes of the computation of Asset Coverage if, prior to or concurrently with such determination, either sufficient Deposit Securities or other sufficient funds (in accordance with the terms of such Preferred Stock) to pay the full redemption price for such Preferred Stock (or the portion thereof to be redeemed) will have been deposited in trust with the Redemption and Paying Agent for such Preferred Stock and the requisite notice of redemption for such Preferred Stock (or the portion thereof to be redeemed) will have been given or sufficient Deposit Securities or other sufficient funds (in accordance with the terms of such Preferred Stock) to pay the full redemption price for such Preferred Stock (or the portion thereof to be redeemed) will have been segregated by us and our custodian, or the Custodian, from our assets, by means of appropriate identification on the Custodian's books and records or otherwise in accordance with the Custodian's normal procedures. In such event, the Deposit Securities or other sufficient funds so deposited or segregated will not be included as our assets for purposes of the computation of Asset Coverage.

Redemption*Mandatory Term Redemption*

We are required to provide for the mandatory redemption, or the Term Redemption, of all of the shares of Series E Term Preferred Stock on the Mandatory Term Redemption Date, at a redemption price equal to the Liquidation Preference, plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared but excluding interest thereon) up to, but excluding, the Mandatory Term Redemption Date, which we refer to as the Term Redemption Price.

Mandatory Redemption for Asset Coverage

If we fail to have Asset Coverage as required by Sections 18 and 61 of the 1940 Act (which is currently 200% and will be 150% effective April 10, 2019, unless earlier approved by the Company's stockholders) as of the time of declaration of dividends other distributions on the Company's common stock (other than dividends payable in shares of common stock), after deducting the amount of such dividend or other distribution, as of the time of purchase of the Company's common stock or issuance of any senior security as defined in the 1940 Act,

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and such failure is not cured as of the close of business on the Asset Coverage Cure Date, we will, to the extent permitted by law, fix a redemption date and proceed to redeem the number of shares of Preferred Stock as described below at a price per share equal to the liquidation price per share of the applicable Preferred Stock, which in the case of the Series E Term Preferred Stock we refer to as the Mandatory Redemption Price and is equal to the Liquidation Preference, plus accumulated but unpaid dividends and distributions thereon (whether or not earned or declared but excluding interest thereon) up to, but excluding, the date fixed for redemption by our Board of Directors. We will redeem out of funds legally available the number of shares of Preferred Stock (which may include at our sole option any number or proportion of Preferred Stock) as shall be equal to the lesser of (i) the minimum number of shares of Preferred Stock, the redemption of which, if deemed to have occurred immediately prior to the opening of business on the Asset Coverage Cure Date, would result in us having Asset Coverage of as required by Sections 18 and 61 of the 1940 Act (which, as of the date hereof, is 200% and shall be 150% effective April 10, 2019, unless earlier approved by the Company's stockholders), and (ii) the maximum number of shares of Preferred Stock that can be redeemed out of funds expected to be legally available in accordance with our Amended and Restated Certificate of Incorporation and applicable law, provided further, that in connection with any such redemption for failure to maintain such Asset Coverage, we may redeem such additional number of shares of Preferred Stock that will result in our having an Asset Coverage of up to and including a percentage that is 50% higher than the minimum Asset Coverage amount required by applicable law in effect. We will effect a redemption on the date fixed by us, which date will not be later than 90 calendar days after the Asset Coverage Cure Date, except that if we do not have funds legally available for the redemption of all of the required number of shares of Series E Term Preferred Stock and other shares of Preferred Stock which have been designated to be redeemed or we otherwise are unable to effect such redemption on or prior to 90 calendar days after the Asset Coverage Cure Date, we will redeem those shares of Series E Term Preferred Stock and other shares of Preferred Stock which we were unable to redeem on the earliest practicable date on which we are able to effect such redemption.

Optional Redemption

On or after _____, 2020 (any such date, an Optional Redemption Date), at our sole option, we may redeem, from time to time, in whole or in part, outstanding shares of Series E Term Preferred Stock, at a redemption price equal to the Liquidation Preference, plus an amount equal to all unpaid dividends and distributions accumulated up to, but excluding, the Optional Redemption Date (whether or not earned or declared by us, but excluding interest thereon), which we refer to as the Optional Redemption Price.

Subject to the provisions of the Certificate of Designation and applicable law, our Board of Directors will have the full power and authority to prescribe the terms and conditions upon which shares of Series E Term Preferred Stock will be redeemed from time to time.

We may not on any date deliver a notice of redemption to redeem any shares of Series E Term Preferred Stock pursuant to the optional redemption provisions described above unless on such date we have available Deposit Securities for the Optional Redemption Date contemplated by such notice of redemption having a market value not less than the amount due to holders of shares of Series E Term Preferred Stock by reason of the redemption of such shares of Series E Term Preferred Stock on such Optional Redemption Date.

Change of Control

If a Change of Control Triggering Event (as defined below) occurs with respect to the Series E Term Preferred Stock, unless we have exercised our option to redeem such Series E Term Preferred Stock as described above, we will be required to redeem, which redemption we refer to as a Change of Control Redemption, all of the outstanding Series E Term Preferred Stock at a price equal to the Liquidation Preference, plus an amount equal to any accumulated and

unpaid dividends up to, but excluding, the date of redemption, but without interest, which we refer to as the Change of Control Redemption Price, no later than three Business Days after the occurrence of any Change in Control Triggering Event. We will be obligated to do the same with respect to the Series B Term Preferred Stock, Series C Term Preferred Stock and Series D Term Preferred Stock if a Change of Control Triggering Event occurs.

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For purposes of the foregoing discussion of the Change of Control Redemption, the following definitions are applicable:

Change of Control Triggering Event means the occurrence of any of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to any Person, other than us or one of our subsidiaries; (2) the consummation of any transaction (including any merger or consolidation) the result of which is that any Person becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our outstanding Voting Stock or other Voting Stock into which our Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (3) we consolidate with, or merge with or into, any Person, or any Person consolidates with, or merges with or into, us, in any such event pursuant to a transaction in which any of our outstanding Voting Stock or the Voting Stock of such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of our Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person or any direct or indirect parent company of the surviving Person immediately after giving effect to such transaction; or (4) the adoption of a plan relating to our liquidation or dissolution. Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control Triggering Event under clause (2) above if (i) we become a direct or indirect wholly-owned subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (B) immediately following that transaction no Person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

Person means and includes an individual, a partnership, a trust, a corporation, a limited liability company, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof.

Voting Stock means, with respect to any specified Person that is a corporation as of any date, the capital stock of such Person that is at the time entitled to vote generally in the election of the directors of such Person.

Redemption Procedures

We will file a notice of our intention to redeem with the SEC so as to provide the 30 calendar day notice period contemplated by Rule 23c-2 under the 1940 Act, or such shorter notice period as may be permitted by the SEC or its staff.

If we shall determine or be required to redeem, in whole or in part, shares of Series E Term Preferred Stock, we will deliver a notice of redemption, or a Notice of Redemption, by overnight delivery, by first class mail, postage prepaid or by electronic means to the holders of record of such shares of Series E Term Preferred Stock to be redeemed, or request the Redemption and Paying Agent, on our behalf, to promptly do so by overnight delivery, by first class mail, postage prepaid or by electronic means. A Notice of Redemption will be provided not more than 45 calendar days prior to the Redemption Date; provided, however, that, in the event of a Change of Control Redemption, the Notice of Redemption will, if mailed prior to the date of consummation of the Change of Control Triggering Event, state that the Change of Control Redemption is conditioned on the Change of Control Triggering Event occurring and, provided further, that if, by the date that is three Business Days prior to the date fixed for redemption in such Notice of Redemption, the Change of Control Triggering Event shall not have occurred, the Redemption Date shall be extended until a date that is no more than three Business Days after the date on which the Change of Control Triggering Event

occurs. If fewer than all of the outstanding shares of Series E Term Preferred Stock are to be redeemed pursuant to either the Asset Coverage mandatory redemption

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provisions or the optional redemption provisions, the shares of Series E Term Preferred Stock to be redeemed will be selected either (1) pro rata among Series E Term Preferred Stock, (2) by lot or (3) in such other manner as our Board of Directors may determine to be fair and equitable. If fewer than all shares of Series E Term Preferred Stock held by any holder are to be redeemed, the Notice of Redemption delivered to such holder shall also specify the number of shares of Series E Term Preferred Stock to be redeemed from such holder or the method of determining such number. We may provide in any Notice of Redemption relating to a redemption contemplated to be effected pursuant to the Certificate of Designation that such redemption is subject to one or more conditions precedent and that we will not be required to effect such redemption unless each such condition has been satisfied. No defect in any Notice of Redemption or delivery thereof will affect the validity of redemption proceedings except as required by applicable law.

If we give a Notice of Redemption, then at any time from and after the giving of such Notice of Redemption and prior to 12:00 noon, New York City time, on the Redemption Date (so long as any conditions precedent to such redemption have been met or waived by us), we will (i) deposit with the Redemption and Paying Agent Deposit Securities having an aggregate market value at the time of deposit no less than the redemption price of the shares of Series E Term Preferred Stock to be redeemed on the Redemption Date and (ii) give the Redemption and Paying Agent irrevocable instructions and authority to pay the applicable redemption price to the holders of shares of Series E Term Preferred Stock called for redemption on the Redemption Date.

Upon the date of the deposit of Deposit Securities by us for purposes of redemption of shares of Series E Term Preferred Stock, all rights of the holders of shares of Series E Term Preferred Stock so called for redemption shall cease and terminate except the right of the holders thereof to receive the Term Redemption Price, the Mandatory Redemption Price, the Optional Redemption Price or the Change of Control Redemption Price thereof, as applicable (any of the foregoing referred to in this prospectus supplement as the Redemption Price), and such shares of Series E Term Preferred Stock will no longer be deemed outstanding for any purpose whatsoever (other than the transfer thereof prior to the applicable Redemption Date and other than the accumulation of dividends on such stock in accordance with the terms of the Series E Term Preferred Stock up to, but excluding, the applicable Redemption Date). We will be entitled to receive, promptly after the Redemption Date, any Deposit Securities in excess of the aggregate Redemption Price of shares of Series E Term Preferred Stock called for redemption on the Redemption Date. Any Deposit Securities so deposited that are unclaimed at the end of 90 calendar days from the Redemption Date will, to the extent permitted by law, be repaid to us, after which the holders of shares of Series E Term Preferred Stock so called for redemption shall look only to us for payment of the Redemption Price. We will be entitled to receive, from time to time after the Redemption Date, any interest on the Deposit Securities so deposited.

If any redemption for which a Notice of Redemption has been provided is not made by reason of the absence of our legally available funds in accordance with the Certificate of Incorporation and applicable law, such redemption shall be made as soon as practicable to the extent such funds become available. No Redemption Default will be deemed to have occurred if we have failed to deposit in trust with the Redemption and Paying Agent the applicable Redemption Price with respect to any shares where (1) the Notice of Redemption relating to such redemption provided that such redemption was subject to one or more conditions precedent and (2) any such condition precedent has not been satisfied at the time or times and in the manner specified in such Notice of Redemption. Notwithstanding the fact that a Notice of Redemption has been provided with respect to any shares of Series E Term Preferred Stock, dividends may be declared and paid on such shares of Series E Term Preferred Stock in accordance with their terms if Deposit Securities for the payment of the Redemption Price of such shares of Series E Term Preferred Stock shall not have been deposited in trust with the Redemption and Paying Agent for that purpose. If the Redemption Date of either a Mandatory Term Redemption, Mandatory Asset Coverage Redemption, Optional Redemption or a Change of Control Redemption occurs after the applicable record date for a dividend but on or prior to the related Dividend Payment Date, the dividend payable on such Dividend Payment Date in respect of such Series D Term Preferred Stock will be

payable on such Dividend Payment Date to the holders of record of such shares of Series D Term Preferred Stock

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at the close of business on the applicable record date, and will not be payable as part of the Redemption Price for such shares of Series D Term Preferred Stock.

We may, in our sole discretion and without a stockholder vote, modify the redemption procedures with respect to notification of redemption for the Series E Term Preferred Stock, provided that such modification does not materially and adversely affect the holders of shares of Series E Term Preferred Stock or cause us to violate any applicable law, rule or regulation.

Liquidation Rights

In the event of any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, the holders of the Preferred Stock will be entitled to receive out of our assets available for distribution to stockholders, after satisfying claims of creditors but before any distribution or payment will be made in respect of the Common Stock, a liquidation distribution equal to the Liquidation Preference, plus an amount equal to all unpaid dividends and distributions accumulated up to, but excluding, the date fixed for such distribution or payment (whether or not earned or declared by us, but excluding interest thereon), and such holders will be entitled to no further participation in any distribution or payment in connection with any such liquidation, dissolution or winding up.

If, upon any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, our assets available for distribution among the holders of all outstanding shares of Series E Term Preferred Stock, and any other outstanding shares of Preferred Stock, if any, will be insufficient to permit the payment in full to such holders of shares of Series E Term Preferred Stock of the Liquidation Preference, plus accumulated and unpaid dividends and distributions and the amounts due upon liquidation with respect to such other shares of Preferred Stock, then the available assets will be distributed among the holders of such shares of Series E Term Preferred Stock and such other series of Preferred Stock ratably in proportion to the respective preferential liquidation amounts to which they are entitled. In connection with any liquidation, dissolution or winding up of our affairs whether voluntary or involuntary, unless and until the Liquidation Preference on each outstanding share of Series E Term Preferred Stock plus accumulated and unpaid dividends and distributions has been paid in full to the holders of Series E Term Preferred Stock, no dividends, distributions or other payments will be made on, and no redemption, repurchase or other acquisition by us will be made by us in respect of, the Common Stock.

Neither the sale of all or substantially all of our property or business, nor the merger, consolidation or our reorganization into or with any other business or corporation, statutory trust or other entity, nor the merger, consolidation or reorganization of any other business or corporation, statutory trust or other entity into or with us will be a dissolution, liquidation or winding up, whether voluntary or involuntary, for purposes of the provisions relating to liquidation set forth in the Certificate of Designation.

Voting Rights

Except as otherwise provided in our Amended and Restated Certificate of Incorporation, the Certificate of Designation, or as otherwise required by applicable law, each holder of a share of Series E Term Preferred Stock will be entitled to one vote for each share of Series E Term Preferred Stock held by such holder on each matter submitted to a vote of our stockholders and the holders of outstanding shares of any Preferred Stock, including the Series E Term Preferred Stock, will vote together with holders of Common Stock as a single class. Under applicable rules of Nasdaq and Delaware law, we are currently required to hold annual meetings of stockholders.

In addition, the holders of outstanding shares of any Preferred Stock, including the Series E Term Preferred Stock, will be entitled, as a class, to the exclusion of the holders of all other securities and the Common Stock, to elect two of

our directors at all times (regardless of the total number of directors serving on the Board of Directors). We refer to these directors as the Preferred Directors. The holders of outstanding shares of Common Stock and Preferred Stock, including Series E Term Preferred Stock, voting together as a single class, will elect

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the balance of our directors. Under our bylaws, our directors are divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. At each annual meeting of our stockholders, the successors to the class of directors whose term expires at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

In the event we owe accumulated dividends (whether or not earned or declared) on our Preferred Stock equal to at least two full years of dividends (and sufficient cash or securities have not been deposited with a paying agent for the payment of the accumulated dividends), the number of directors constituting the board will be increased by the smallest number of directors, which we refer to as the New Preferred Directors, that when added to the Preferred Directors will constitute a majority of the Board of Directors. We will then call a special meeting of holders of the Preferred Stock to permit the election of the New Preferred Directors. The term of the New Preferred Directors will last for so long as we are in arrears on our dividends as described above. The ability of the holders of Preferred Stock to elect the New Preferred Directors will also terminate, subject to reinstatement, once we have a Dividend Payment Date on which we are no longer in arrears on our dividends to the extent described above.

Notwithstanding the foregoing, if: (1) at the close of business on any dividend payment date for dividends on any outstanding share of any Preferred Stock, including any outstanding shares of Series E Term Preferred Stock, accumulated dividends (whether or not earned or declared) on the shares of Preferred Stock, including the Series E Term Preferred Stock, equal to at least two full years' dividends shall be due and unpaid and sufficient cash or specified securities shall not have been deposited with the Redemption and Paying Agent or other applicable paying agent for the payment of such accumulated dividends; or (2) at any time holders of any shares of Preferred Stock are entitled under the 1940 Act to elect a majority of our directors (a period when either of the foregoing conditions exists, a Voting Period), then the number of members constituting our Board of Directors will automatically be increased by the smallest number that, when added to the two directors elected exclusively by the holders of shares of any Preferred Stock, including the Series E Term Preferred Stock, as described above, would constitute a majority of our Board of Directors as so increased by such smallest number; and the holders of the shares of Preferred Stock, including the Series E Term Preferred Stock, will be entitled as a class on a one-vote-per-share basis, to elect such additional directors. The terms of office of the persons who are directors at the time of that election will not be affected by the election of the additional directors. If we thereafter shall pay, or declare and set apart for payment, in full all dividends payable on all outstanding shares of Preferred Stock, including Series E Term Preferred Stock, for all past dividend periods, or the Voting Period is otherwise terminated, (1) the voting rights stated above shall cease, subject always, however, to the reversion of such voting rights in the holders of shares of Preferred Stock upon the further occurrence of any of the events described herein, and (2) the terms of office of all of the additional directors so elected will terminate automatically. Any Preferred Stock, including Series E Term Preferred Stock, issued after the date hereof will vote with Series E Term Preferred Stock as a single class on the matters described above, and the issuance of any other Preferred Stock, including Series E Term Preferred Stock, by us may reduce the voting power of the holders of Series E Term Preferred Stock.

As soon as practicable after the accrual of any right of the holders of shares of Preferred Stock to elect additional directors as described above, we will call a special meeting of such holders and notify the Redemption and Paying Agent and/or such other person as is specified in the terms of such Preferred Stock to receive notice, (i) by mailing or delivery by electronic means or (ii) in such other manner and by such other means as are specified in the terms of such Preferred Stock, a notice of such special meeting to such holders, such meeting to be held not less than 10 nor more than 30 calendar days after the date of the delivery by electronic means or mailing of such notice. If we fail to call such a special meeting, it may be called at our expense by any such holder on like notice. The record date for determining the holders of shares of Preferred Stock entitled to notice of and to vote at such special meeting shall be the close of business on the fifth Business Day preceding the calendar day on which such notice is mailed. At any

such special meeting and at each meeting of holders of

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shares of Preferred Stock held during a Voting Period at which directors are to be elected, such holders, voting together as a class (to the exclusion of the holders of all our other securities and classes of capital stock), will be entitled to elect the number of additional directors prescribed above on a one-vote-per-share basis.

Except as otherwise permitted by the terms of the Certificate of Designation, (a) so long as any shares of Series E Term Preferred Stock are outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of shares of Series E Term Preferred Stock, voting as a separate class, amend, alter or repeal the provisions of the Amended and Restated Certificate of Incorporation or the Certificate of Designation, whether by merger, consolidation or otherwise, so as to materially and adversely affect any preference, right or power of the Series E Term Preferred Stock or the holders thereof and (b) so long as any shares of Preferred Stock of a particular series are outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of such series of Preferred Stock, voting as a separate class, amend, alter or repeal the provisions of the Amended and Restated Certificate of Incorporation, including the certificate of designation for that series, whether by merger, consolidation or otherwise, so as to materially and adversely affect any preference, right or power of the such series of Preferred Stock or the holders thereof; provided, however, that (i) a change in our capitalization as described under the heading Issuance of Additional Preferred Stock will not be considered to materially and adversely affect the rights and preferences of Series E Term Preferred Stock, and (ii) a division of a share of Series E Term Preferred Stock will be deemed to affect such preferences, rights or powers only if the terms of such division materially and adversely affect the holders of shares of Series E Term Preferred Stock. For purposes of the foregoing, no matter shall be deemed to adversely affect any preference, right or power of a share of Series E Term Preferred Stock or the holder thereof unless such matter (i) alters or abolishes any preferential right of such share of Series E Term Preferred Stock, or (ii) creates, alters or abolishes any right in respect of redemption of such Series E Term Preferred Stock (other than as a result of a division of such Series E Term Preferred Stock).

So long as any shares of Series E Term Preferred Stock are outstanding, we will not, without the affirmative vote or consent of the holders of at least 66²/₃% of the shares of Series E Term Preferred Stock outstanding at the time, voting as a separate class, file a voluntary application for relief under federal bankruptcy law or any similar application under state law for so long as we are solvent and does not foresee becoming insolvent. No amendment, alteration or repeal of our obligation to redeem the Series E Term Preferred Stock or to accumulate dividends at the Dividend Rate will be effected without, in each case, the prior unanimous vote or consent of the holders of shares of Series E Term Preferred Stock.

The affirmative vote of the holders of at least a majority of the outstanding shares of Preferred Stock, including the shares of Series E Term Preferred Stock outstanding at the time, voting as a separate class, will be required (i) to approve us ceasing to be, or to withdraw our election as, a business development company, or (ii) to approve any plan of reorganization (as such term is defined in Section 2(a)(33) of the 1940 Act) adversely affecting such shares of Preferred Stock. For purposes of the foregoing, the vote of a majority of the outstanding shares of Preferred Stock means the vote at an annual or special meeting duly called of (a) 67% or more of such shares present at a meeting, if the holders of more than 50% of such outstanding shares are present or represented by proxy at such meeting, or (b) more than 50% of such outstanding shares, whichever is less.

For purposes of determining any rights of the holders of shares of Series E Term Preferred Stock to vote on any matter, whether such right is created by the Certificate of Designation, by the provisions of the Amended and Restated Certificate of Incorporation, by statute or otherwise, no holder of Series E Term Preferred Stock will be entitled to vote any shares of Series E Term Preferred Stock and no share of Series E Term Preferred Stock will be deemed to be outstanding for the purpose of voting or determining the number of shares required to constitute a quorum if, prior to or concurrently with the time of determination of shares entitled to vote or the time of the actual vote on the matter, as the case may be, the requisite Notice of Redemption with respect to such shares of Series E Term Preferred Stock will

have been given in accordance with the Certificate of Designation, and the Redemption Price for the redemption of such shares of Series E Term Preferred Stock will have been irrevocably deposited with the Redemption and Paying Agent for that purpose. No shares of Series E Term

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Preferred Stock held by us will have any voting rights or be deemed to be outstanding for voting or for calculating the voting percentage required on any other matter or other purposes.

Unless otherwise required by law or our Amended and Restated Certificate of Incorporation, holders of shares of Series E Term Preferred Stock will not have any relative rights or preferences or other special rights with respect to voting other than those specifically set forth in the *Voting Rights* section of the Certificate of Designation. The holders of shares of Series E Term Preferred Stock will have no rights to cumulative voting. In the event that we fail to declare or pay any dividends on Series E Term Preferred Stock, the exclusive remedy of the holders will be the right to vote for additional directors as discussed above; provided that the foregoing does not affect our obligation to accumulate and, if permitted by applicable law and the Certificate of Designation, pay dividends at the Default Rate as discussed above.

Issuance of Additional Preferred Stock

So long as any shares of Series E Term Preferred Stock are outstanding, we may, without the vote or consent of the holders thereof, authorize, establish and create and issue and sell shares of one or more series of a class of our senior securities representing stock under Sections 18 and 61 of the 1940 Act, ranking on parity with the Series E Term Preferred Stock as to the payment of dividends and distribution of assets upon dissolution, liquidation or the winding up of our affairs, in addition to then outstanding shares of Series E Term Preferred Stock, including additional series of Preferred Stock, and authorize, issue and sell additional shares of any such series of Preferred Stock then outstanding or so established and created, including additional shares of the Series E Term Preferred Stock, in each case in accordance with applicable law, provided that we will, immediately after giving effect to the issuance of such additional Preferred Stock and to our receipt and application of the proceeds thereof, including to the redemption of Preferred Stock with such proceeds, have Asset Coverage as required by Sections 18 and 61 of the 1940 Act (which, as of the date hereof, is 200% and shall be 150% effective April 10, 2019, unless earlier approved by the Company's stockholders).

Actions on Other than Business Days

Unless otherwise provided in the Certificate of Designation, if the date for making any payment, performing any act or exercising any right is not a Business Day, such payment will be made, act performed or right exercised on the next succeeding Business Day, with the same force and effect as if made or done on the nominal date provided therefor, and, with respect to any payment so made, no dividends, interest or other amount will accrue for the period between such nominal date and the date of payment.

Modification

The Board of Directors, without the vote of the holders of shares of Series E Term Preferred Stock, may interpret, supplement or amend the provisions of the Certificate of Designation or any appendix thereto to supply any omission, resolve any inconsistency or ambiguity or to cure, correct or supplement any defective or inconsistent provision, including any provision that becomes defective after the date hereof because of impossibility of performance or any provision that is inconsistent with any provision of any other Preferred Stock or the Common Stock.

Information Rights

During any period in which we are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and any shares of Series E Term Preferred Stock are outstanding, we will provide holders of shares of Series E Term Preferred Stock, without cost, copies of annual reports and quarterly reports substantially similar to the reports

on Form 10-K and Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject to such provisions or, alternatively, we will voluntarily file reports on Form 10-K and Form 10-Q as if we were subject to Section 13 or 15(d) of the Exchange Act.

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BMO Capital Markets Corp., Janney Montgomery Scott LLC, Ladenburg Thalmann & Co. Inc., B. Riley FBR, Inc., J.J.B. Hilliard, W.L. Lyons, LLC, Wedbush Securities Inc., William Blair & Company, L.L.C. and National Securities Corporation are the underwriters of this offering. BMO Capital Markets Corp., Janney Montgomery Scott LLC and Ladenburg Thalmann & Co. Inc. are acting as joint book-running managers of this offering. Subject to the terms and conditions of the underwriting agreement dated _____, 2018, the underwriters have agreed to purchase severally, and we have agreed to sell to the underwriters, the number of shares of Series E Term Preferred Stock set forth opposite their respective names below at the public offering price less the underwriting discounts and commissions on the cover page of this prospectus supplement.

Underwriters	Number of Shares
BMO Capital Markets Corp.	
Janney Montgomery Scott LLC	
Ladenburg Thalmann & Co. Inc.	
B. Riley FBR, Inc..	
J.J.B. Hilliard, W.L. Lyons, LLC	
Wedbush Securities Inc.	
William Blair & Company, L.L.C.	
National Securities Corporation	
Total	

BMO Capital Markets Corp. and Janney Montgomery Scott LLC are the representatives of the underwriters named above. The underwriting agreement provides that obligations of the underwriters to purchase the Series E Term Preferred Stock that is being offered are subject to the approval of certain legal matters by counsel to the underwriters and to certain other conditions. Each underwriter is obligated to purchase all of the shares of Series E Term Preferred Stock set forth opposite its name in the table above if it purchases any of the Series E Term Preferred Stock.

The underwriters propose to offer some of the shares of the Series E Term Preferred Stock to the public initially at the offering price per share shown on the cover page of this prospectus supplement and may offer shares to certain dealers at such price less a concession not in excess of \$ _____ per share. The underwriters may allow, and such dealers may re-allow, a concession not in excess of \$ _____ per share to certain other dealers. Investors must pay for the shares purchased in this offering on or before _____, 2018. After the public offering of the Series E Term Preferred Stock, the public offering price and concessions described above may be changed by the underwriters.

We have granted to the underwriters an option, exercisable for up to 30 days after the date of this prospectus supplement, to purchase up to _____ additional shares of Series E Term Preferred Stock at the same price per share as the public offering price, less the underwriting discounts shown on the cover page of this prospectus supplement. The underwriters may exercise such option only to cover over-allotments in the sale of the Series E Term Preferred Stock offered by this prospectus supplement. To the extent that the underwriters exercise this option, each of the underwriters has a firm commitment, subject to certain conditions set forth in the underwriting agreement, to purchase the number of shares of the Series E Term Preferred Stock that is proportionate to such underwriter's initial commitment indicated in the table above.

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The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. The amounts as shown assume (1) no exercise and (2) exercise in full of the underwriters over-allotment option:

	Per share		Total	
	Without Over- allotment	With Over- allotment	Without Over- allotment	With Over- allotment
Public offering price	\$			
Underwriting discounts and commissions paid by us (% of the public offering price)	\$			
Proceeds to us, before expenses	\$			

We estimate that expenses payable by us in connection with this offering (including reimbursement of underwriters counsel fees of up to \$7,500 in connection with the review of this offering by the Financial Industry Regulatory Authority, Inc.), other than underwriting discounts and commissions referred to above, will be approximately \$.

In connection with this offering and in compliance with applicable securities laws, including Regulation M under the Exchange Act, the underwriters may over-allot (i.e., sell more shares of Series E Term Preferred Stock than the amount shown on the cover page of this prospectus supplement) and may effect transactions that stabilize, maintain or otherwise affect the market price of such shares at levels above those which might otherwise prevail in the open market. Such transactions may include making short sales and placing bids for the Series E Term Preferred Stock or effecting purchases of such shares for the purpose of pegging, fixing or maintaining the market price of such shares or for the purpose of reducing a short position created in connection with this offering. The underwriters may cover a short position by exercising the over-allotment option described above in place of, or in addition to, open market purchases.

Additionally, the underwriters may engage in syndicate covering transactions which involve purchases of Series E Term Preferred Stock in the open market after they have completed the distribution of such shares in order to cover syndicate short positions. In determining the appropriate source of shares to close out a covered short sale, the underwriters may consider, among other things, the market price of such shares compared to the purchase price of shares available under the over-allotment option.

The underwriters may also sell the Series E Term Preferred Stock in excess of the over-allotment option, thereby creating a naked short position. The underwriters must close out any such naked short position by purchasing shares in the open market. The underwriters are more likely to create a naked short position if they are concerned that there may be downward pressure on the price of shares of the Series E Term Preferred Stock in the open market after pricing, which could adversely affect investors who purchase in this offering.

The underwriters may also impose a penalty bid in connection with this offering. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the Series E Term Preferred Stock originally sold by such syndicate member are purchased in a stabilizing transaction or syndicate covering transaction to cover syndicate short positions. The imposition of a penalty bid may affect the open market price of the Series E Term Preferred Stock to the extent that it discourages resales of such shares.

We and the underwriters make no representation or prediction as to the direction or magnitude of any effect that these transactions may have on the market price of the Series E Term Preferred Stock. In addition, we and the underwriters make no representation that the underwriters will engage in such transactions or that such transactions, if and when commenced, will not be discontinued without notice. Each underwriter does not intend to confirm sales of the Series E Term Preferred Stock to any accounts over which it exercises discretionary authority.

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The underwriting agreement provides that we will not, directly or indirectly, sell or otherwise dispose of any shares of the Series E Term Preferred Stock for a period of 45 days after the date of this prospectus supplement without the prior written consent of BMO Capital Markets Corp. and Janney Montgomery Scott LLC, on behalf of the underwriters. The underwriting agreement also provides that our directors and executive officers will agree not to, directly or indirectly, sell or otherwise dispose of any of the Series E Term Preferred Stock or shares of our common stock for a period of 45 days after the date of this prospectus supplement without the prior written consent of BMO Capital Markets Corp. and Janney Montgomery Scott LLC, on behalf of the underwriters.

The terms of the lock-up agreement do not prevent a stockholder party to such agreement from (a) transferring the Series E Term Preferred Stock or shares of our common stock acquired in open market transactions after the completion of this offering, (b) transferring any or all of the Series E Term Preferred Stock or shares of our common stock or other Company securities if the transfer is by (i) gift, will or intestacy, or (ii) distribution to partners, members or stockholders of the undersigned, (c) transferring Series E Term Preferred Stock or shares of our common stock pursuant to any 10b5-1 trading plan in effect prior to the date of this prospectus and (d) entering into any new 10b5-1 plan, provided that no sales of Series E Term Preferred Stock or shares of our common stock or other Company securities shall be made pursuant to such 10b5-1 plan until after the expiration of the lock-up period; provided, however, that in the case of a transfer pursuant to clause (b) above, it shall be a condition to the transfer that the transferee execute an agreement stating that the transferee is receiving and holding the securities subject to the provisions of the lock-up agreement.

We have agreed to indemnify the underwriters against certain liabilities that they may incur in connection with this offering, including liabilities under the Securities Act.

We have applied to list the Series E Term Preferred Stock on Nasdaq, under the symbol GAINL. We expect the Series E Term Preferred Stock to begin trading on Nasdaq within 30 days of the date of this prospectus supplement though there can be no assurance the Series E Term Preferred Stock will be trading on Nasdaq during this period, or at all. Our common stock is traded on Nasdaq under the symbol GAIN. Our 6.75% Series B Cumulative Term Preferred Stock, our 6.50% Series C Cumulative Term Preferred Stock and our 6.25% Series D Cumulative Term Preferred Stock trade on Nasdaq under the symbols GAINO, GAINN, and GAINM, respectively.

This prospectus supplement and the accompanying prospectus may be made available in electronic format on websites maintained by one or more of the underwriters or selling group members, if any, participating in this offering, and one or more of the underwriters participating in this offering may distribute this prospectus supplement and the accompanying prospectus electronically. BMO Capital Markets Corp. and Janney Montgomery Scott LLC, as representatives of the underwriters, may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations. Other than the prospectus supplement and the accompanying prospectus that are distributed in electronic format, the information on any of these underwriters or selling group members websites, and any other information contained on a website maintained by an underwriter or selling group member, is not part of this prospectus supplement or the accompanying prospectus.

The distribution of this prospectus supplement and the accompanying prospectus and this offering of Series E Term Preferred Stock in certain jurisdictions may be restricted by law. Persons who come into possession of this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions.

Conflicts of Interest and Other Relationships

The underwriters and/or certain of their affiliates may hold shares of the Series B Cumulative Term Preferred Stock or the Series C Cumulative Term Preferred Stock at the time we intend to redeem the shares of the Series B Cumulative Term Preferred Stock and the Series C Cumulative Term Preferred Stock, respectively. Accordingly, such underwriters and/or their affiliates may receive a portion of the net proceeds from this offering that are used to redeem the Series B Cumulative Term Preferred Stock and the Series C Cumulative Term Preferred Stock.

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The underwriters and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters and certain of their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and certain of their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the account of their customers, and such investment and securities activities may involve our securities and/or instruments. The underwriters and certain of their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Offer Restrictions Outside the United States

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the Series E Term Preferred Stock in any jurisdiction where action for that purpose is required. The securities offered by this prospectus supplement and the accompanying prospectus may not be offered or sold, directly or indirectly, nor may this prospectus supplement and the accompanying prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus supplement and accompanying prospectus come are advised to inform themselves about and to observe any restriction relating to the offering and the distribution of this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or solicitation is unlawful.

Alternative Settlement Cycle

We expect that delivery of the Series E Term Preferred Stock will be made against payment therefor on or about , 2018, which will be the fifth business day following the trade date for the issuance of the Series E Term Preferred Stock (such settlement being herein referred to as T+5). Under Rule 15c6-1 promulgated under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Series E Term Preferred Stock prior to the date of delivery hereunder will be required, by virtue of the fact that the Series E Term Preferred Stock initially will settle in T+5 business days, to specify an alternative settlement arrangement at the time of any such trade to prevent a failed settlement.

The principal business address of BMO Capital Markets Corp. is 3 Times Square, New York, NY 10036. The principal business address of Janney Montgomery Scott LLC is 1717 Arch Street, Philadelphia, PA 19103. The principal business address of Ladenburg Thalmann & Co. Inc. is 570 Lexington Avenue, 12th Floor, New York, NY 10022. The principal business address of B. Riley FBR, Inc. is 299 Park Avenue, 7th Floor, New York, NY 10171. The principal business address of J.J.B. Hilliard, W.L. Lyons, LLC is 500 W. Jefferson Street, Louisville, KY 40202. The principal business address of Wedbush Securities Inc. is 1000 Wilshire Boulevard, Los Angeles, CA 90017. The principal business address of William Blair & Company, L.L.C. is 150 North Riverside Plaza, Chicago, IL 60606. The principal business address of National Securities Corporation is 200 Vesey Street, 25th Floor, New York, NY 10281.

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This discussion serves as a supplement to the discussion in the accompanying prospectus under the heading "Material U.S. Federal Income Tax Considerations – Taxation of Our U.S. Stockholders." That discussion, as supplemented by the following, is a general summary of the material U.S. federal income tax considerations applicable to the Company, to the Company's qualification and taxation as a RIC for U.S. federal income tax purposes under Subchapter M of the Code, and to the acquisition, holding and disposition of shares of Series E Term Preferred Stock by U.S. stockholders (as defined herein). This discussion is based upon the Code, its legislative history, existing and proposed Treasury regulations promulgated thereunder and judicial and administrative ruling authorities, all as currently in effect, all of which are subject to change or differing interpretations, possibly retroactively, which could affect the continuing validity of this discussion. This summary applies only to beneficial owners that acquire their shares of Series E Term Preferred Stock from the Company and that hold such shares as capital assets. This discussion does not apply to any person that is not a U.S. stockholder or to any U.S. stockholder that acquires Series E Term Preferred Stock in connection with a sale, redemption or other disposition by such stockholder of its Series B Term Preferred Stock or its Series C Term Preferred Stock. This summary does not purport to be a complete description of all the income tax considerations applicable to an investment in Series E Term Preferred Stock. This summary does not address the U.S. federal income tax consequences that may be relevant to a particular stockholder or to stockholders that may be subject to special treatment under U.S. federal income tax laws, except where specifically noted. For example, it generally does not describe the tax consequences that may be relevant to certain types of stockholders subject to special treatment under U.S. federal income tax laws, including tax-exempt organizations, entities that are treated as pass-through entities for U.S. federal income tax purposes (including S-corporations), insurance companies, dealers in securities, a trader in securities that elects to use a mark-to-market method of accounting for its securities holdings, tax-exempt stockholders, financial institutions, real estate investment trusts (REITs), RICs, U.S. persons with a functional currency other than the U.S. dollar, persons who have ceased to be U.S. citizens or to be taxed as residents of the U.S., controlled foreign corporations, passive foreign investment companies, and persons that will hold Series E Term Preferred Stock as a position in a straddle, hedge, or as part of a constructive sale for U.S. federal income tax purposes or to the owners or partners of any stockholder. No ruling has been or will be obtained from the Internal Revenue Service (the IRS) regarding any matter relating to the Company or the Series E Term Preferred Stock and no assurance can be given that the IRS would not assert a position contrary to any of the tax aspects described herein. This discussion does not constitute tax advice. Stockholders must consult their own tax advisors as to the U.S. federal income tax consequences of the acquisition, holding and disposition of Series E Term Preferred Stock, as well as the effects of state, local and non-U.S. tax laws.

For purposes of the discussion below, a U.S. stockholder generally is a beneficial owner of Series E Term Preferred Stock that is for U.S. federal income tax purposes: an individual who is a citizen or resident of the U.S.; a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S. or any state thereof, including, for this purpose, the District of Columbia; a trust if (i) a U.S. court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons (as defined in the Code) have the authority to control all of the substantial decisions of the trust, or (ii) the trust has in effect a valid election to be treated as a domestic trust for U.S. federal income tax purposes; or an estate, the income of which is subject to U.S. federal income taxation regardless of its source. This discussion does not apply to persons other than U.S. stockholders. Such stockholders should consult their own tax advisors as to the tax consequences of the acquisition, holding and disposition of shares of Series E Term Preferred Stock.

Redemption of our Series E Term Preferred Stock. Gain or loss, if any, recognized by a U.S. stockholder in connection with our redemption of Series E Term Preferred Stock generally will be taxed as gain or loss from a sale or exchange of Series E Term Preferred Stock if the redemption (a) is not essentially equivalent to a dividend with respect to the U.S. stockholder, (b) results in a complete termination of U.S. stockholder's ownership of our stock or (c) is

substantially disproportionate with respect to the U.S. stockholder, in each case, within the meaning of Section 302(b) of the Code the federal income tax laws.

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In determining whether any of these alternative tests has been met, stock considered to be owned by the U.S. stockholder by reason of certain constructive ownership rules in the federal income tax laws, as well as stock actually owned by the U.S. stockholder, generally must be taken into account. The determination as to whether any of the alternative tests described above will be satisfied with respect to the U.S. stockholder depends upon the facts and circumstances at the time that the determination must be made. Stockholders are advised to consult their tax advisors to determine their own tax treatment in the event of a redemption of Series E Term Preferred Stock.

Even if a redemption of our Series E Term Preferred Stock is treated as a sale or exchange, a portion of the amount received by a U.S. stockholder on the redemption may be characterized as dividend income to the extent it is attributable to declared but unpaid dividends.

If a redemption of Series E Term Preferred Stock from a U.S. stockholder is not treated as a sale or exchange for federal income tax purposes, the proceeds of such distribution will be treated for federal income tax purposes as a distribution, the consequences of which are described in the accompanying prospectus under the caption *Material U.S. Federal Income Tax Considerations Taxation of Our U.S. Stockholders Distributions* in the accompanying prospectus.

CUSTODIAN, TRANSFER AGENT, DIVIDEND DISBURSING AGENT AND REDEMPTION AND PAYING AGENT

The securities we hold in our portfolio companies are held under a custodian agreement with The Bank of New York Mellon Corp. The address of the custodian is: 500 Ross Street, Suite 625, Pittsburgh, Pennsylvania 15262. Our assets are held under bank custodianship in compliance with the 1940 Act. Securities held through our wholly-owned subsidiary, Business Investment, are held under a custodian agreement with The Bank of New York Mellon Corp., which acts as collateral custodian pursuant to the Credit Facility. The address of the collateral custodian is 500 Ross Street, Suite 625, Pittsburgh, Pennsylvania 15262. Computershare acts as our transfer and dividend paying agent and registrar. The principal business address of Computershare is 250 Royall Street, Canton, Massachusetts 02021, telephone number (781) 575-2000. Computershare also maintains an internet website at www.computershare.com and one specifically for shareholders at www.computershare.com/investor.

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MISCELLANEOUS

To the extent that a holder of Series E Term Preferred Stock is directly or indirectly a beneficial owner of more than 10% of any class of our outstanding shares (meaning, for purposes of holders of Series E Term Preferred Stock, more than 10% of our outstanding Series E Term Preferred Stock), such 10% beneficial owner would be subject to the short-swing profit rules that are imposed pursuant to Section 16 of the Exchange Act (and related reporting requirements). These rules generally provide that such a 10% beneficial owner may have to disgorge any profits made on purchases and sales, or sales and purchases, of our equity securities (including the Series E Term Preferred Stock and Common Stock) within any six-month time period. Investors should consult with their own counsel to determine the applicability of these rules.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act and are required to file reports, proxy statements and other information with the SEC. These documents may be inspected and copied for a fee at the SEC's public reference room, 100 F Street, N.E., Washington, D.C. 20549.

This prospectus supplement and the accompanying prospectus do not contain all of the information in our registration statement, including amendments, exhibits and schedules. Statements in this prospectus supplement and in the accompanying prospectus about the contents of any contract or other document are not necessarily complete and, in each instance, reference is made to the copy of the contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by this reference.

Additional information about the Company and the Preferred Stock may be found in our registration statement on Form N-2 (including the related amendments, exhibits and schedules) filed with the SEC. The SEC maintains a web site (<http://www.sec.gov>) that contains our registration statement, other documents incorporated by reference in the registration statement and other information that we have filed electronically with the SEC, including proxy statements and reports filed under the Exchange Act.

LEGAL MATTERS

The legality of securities offered hereby will be passed upon for us by Bass, Berry & Sims PLC, Nashville, Tennessee. Certain legal matters will be passed upon for the underwriters by Proskauer Rose LLP, Washington, D.C.

EXPERTS

The financial statements as of March 31, 2018 and March 31, 2017 and for each of the three years in the period ended March 31, 2018 and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Annual Report on Internal Control over Financial Reporting) as of March 31, 2018 included in this prospectus supplement have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting. The address of PricewaterhouseCoopers LLP is 1800 Tysons Boulevard, McLean, Virginia 22102.

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GLADSTONE INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	June 30, 2018	March 31, 2018
ASSETS		
Investments at fair value		
Non-Control/Non-Affiliate investments (Cost of \$234,640 and \$220,087, respectively)	\$ 258,109	\$ 247,297
Affiliate investments (Cost of \$340,797 and \$343,247, respectively)	355,514	339,393
Control investments (Cost of \$21,512 and \$21,512 respectively)	15,695	12,457
Cash and cash equivalents	2,080	3,639
Restricted cash and cash equivalents	1,234	328
Interest receivable	3,134	3,532
Due from administrative agent	1,740	2,324
Deferred financing costs, net	879	976
Other assets, net	653	953
TOTAL ASSETS	\$ 639,038	\$ 610,899
LIABILITIES		
Borrowings:		
Line of credit at fair value (Cost of \$102,500 and \$107,000, respectively)	\$ 102,907	\$ 107,500
Secured borrowing	5,096	5,096
Total borrowings	108,003	112,596
Mandatorily redeemable preferred stock, \$0.001 par value, \$25 liquidation preference; 6,356,000 shares authorized; 5,566,000 shares issued and outstanding, net	135,811	135,615
Accounts payable and accrued expenses	832	916
Fees due to Adviser ^(A)	12,786	6,671
Fee due to Administrator ^(A)	285	317
Other liabilities	1,513	584
TOTAL LIABILITIES	\$ 259,230	\$ 256,699
Commitments and contingencies ^(B)		
NET ASSETS	\$ 379,808	\$ 354,200
ANALYSIS OF NET ASSETS		
Common stock, \$0.001 par value per share, 100,000,000 shares authorized, 32,822,459 and 32,653,635 shares issued and outstanding, respectively	\$ 33	\$ 33
Capital in excess of par value	332,301	330,661

Cumulative net unrealized appreciation of investments	32,369	14,301
Cumulative net unrealized appreciation of other	(407)	(500)
(Overdistributed) underdistributed net investment income	(2,509)	3,660
Accumulated net realized gain in excess of distributions	18,021	6,045
TOTAL NET ASSETS	\$ 379,808	\$ 354,200
NET ASSET VALUE PER SHARE AT END OF PERIOD	\$ 11.57	\$ 10.85

(A) Refer to Note 4 *Related Party Transactions* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

(B) Refer to Note 10 *Commitments and Contingencies* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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GLADSTONE INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

(UNAUDITED)

	Three Months Ended June 30,	
	2018	2017
INVESTMENT INCOME		
Interest income		
Non-Control/Non-Affiliate investments	\$ 6,266	\$ 4,466
Affiliate investments	6,829	6,072
Control investments	209	206
Cash and cash equivalents	10	2
Total interest income	13,314	10,746
Dividend income		
Non-Control/Non-Affiliate investments	66	
Affiliate investments		865
Total dividend income	66	865
Success fee income		
Non-Control/Non-Affiliate investments	124	2,009
Control investments	2,000	
Total success fee income	2,124	2,009
Total investment income	15,504	13,620
EXPENSES		
Base management fee ^(A)	3,111	2,516
Loan servicing fee ^(A)	1,740	1,564
Incentive fee ^(A)	7,586	1,172
Administration fee ^(A)	285	307
Interest expense on borrowings	1,742	729
Dividends on mandatorily redeemable preferred stock	2,251	2,251
Amortization of deferred financing costs and discounts	367	367
Professional fees	411	319
Other general and administrative expenses	653	1,072
Expenses before credits from Adviser	18,146	10,297
Credits to base management fee loan servicing fee ^(A)	(1,740)	(1,564)

Credits to fees from Adviser other ^(A)	(960)	(548)
Total expenses, net of credits to fees	15,446	8,185
NET INVESTMENT INCOME	\$ 58	\$ 5,435
REALIZED AND UNREALIZED GAIN (LOSS)		
Net realized gain (loss):		
Non-Control/Non-Affiliate investments	13,786	941
Affiliate investments	322	224
Total net realized gain	14,108	1,165
Net unrealized appreciation (depreciation):		
Non-Control/Non-Affiliate investments	(3,741)	1,831
Affiliate investments	18,571	2,335
Control investments	3,238	(2,625)
Other	93	
Total net unrealized appreciation	18,161	1,541
Net realized and unrealized gain	32,269	2,706
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 32,327	\$ 8,141

^(A) Refer to Note 4 *Related Party Transactions* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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GLADSTONE INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS (Continued)
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	Three Months Ended June 30,	
	2018	2017
BASIC AND DILUTED PER COMMON SHARE:		
Net investment income	\$	\$ 0.17
Net increase in net assets resulting from operations	\$ 0.99	\$ 0.26
Distributions	\$ 0.26	\$ 0.25
WEIGHTED-AVERAGE SHARES OF COMMON STOCK OUTSTANDING:		
Basic and diluted	32,762,848	31,474,284

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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GLADSTONE INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(IN THOUSANDS)

(UNAUDITED)

	Three Months Ended June 30,	
	2018	2017
OPERATIONS		
Net investment income	\$ 58	\$ 5,435
Net realized gain on investments	14,108	1,165
Net unrealized appreciation of investments	18,068	1,541
Net unrealized depreciation of other	93	
Net increase in net assets from operations	32,327	8,141
DISTRIBUTIONS		
Distributions to common stockholders from net investment income	(6,914)	(6,091)
Distributions to common stockholders from realized gains	(1,641)	(1,951)
Net decrease in net assets from distributions	(8,555)	(8,042)
CAPITAL ACTIVITY		
Issuance of common stock	1,873	21,154
Discounts, commissions, and offering costs for issuance of common stock	(37)	(1,100)
Net increase in net assets from capital activity	1,836	20,054
TOTAL INCREASE IN NET ASSETS	25,608	20,153
NET ASSETS, BEGINNING OF PERIOD	354,200	301,082
NET ASSETS, END OF PERIOD	\$ 379,808	\$ 321,235

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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GLADSTONE INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

(UNAUDITED)

	Three Months Ended June 30,	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net increase in net assets resulting from operations	\$	32,327	\$ 8,141
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:			
Purchase of investments		(30,052)	(2,148)
Principal repayments of investments		14,514	13,660
Net proceeds from the sale of investments		17,548	5,797
Net realized gain on investments		(14,108)	(1,176)
Net unrealized appreciation of investments		(18,068)	(1,541)
Net unrealized depreciation of other		(93)	
Amortization of premiums, discounts, and acquisition costs, net		(5)	(2)
Amortization of deferred financing costs and discounts		367	367
Bad debt expense, net of recoveries		251	539
Changes in assets and liabilities:			
Decrease in interest receivable		367	235
Decrease (increase) in due from administrative agent		584	(435)
Decrease in other assets, net		166	2,292
(Decrease) increase in accounts payable and accrued expenses		(127)	498
Increase in fees due to Adviser ^(A)		6,115	291
(Decrease) increase in fee due to Administrator ^(A)		(32)	11
Increase (decrease) in other liabilities		929	(185)
Net cash provided by operating activities		10,683	26,344
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of common stock		1,873	21,154
Discounts, commissions, and offering costs for issuance of common stock		(28)	(1,084)
Proceeds from line of credit		37,900	9,400
Repayments on line of credit		(42,400)	(45,100)
Deferred financing and offering costs		(126)	(75)
Distributions paid to common stockholders		(8,555)	(8,042)
Net cash used in financing activities		(11,336)	(23,747)
		(653)	2,597

**NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS,
RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS**

CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,967	4,099
CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS AT END OF PERIOD	\$ 3,314	\$ 6,696
CASH PAID FOR INTEREST	\$ 1,743	\$ 626
NON-CASH ACTIVITIES^(B)	\$	\$ 9,379

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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GLADSTONE INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

- (A) Refer to Note 4 *Related Party Transactions* in the accompanying *Notes to Consolidated Financial Statements* for additional information.
- (B) 2017: Significant non-cash operating activities consisted principally of the following transaction:

In June 2017, one of our portfolio companies, Mathey Investments, Inc. (Mathey) merged with and into another one of our portfolio companies, SBS Industries, LLC (SBS). As a result of this transaction, our debt investments in Mathey, which totaled \$8.6 million at principal and cost, were assumed by SBS and combined with our existing debt investment in SBS, which totaled \$11.4 million at principal and cost, into a new secured first lien term loan totaling \$20.0 million. Our common equity investment in Mathey, with a cost basis of \$0.8 million, was converted into a preferred equity investment in SBS with the same cost basis.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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GLADSTONE INVESTMENT CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

JUNE 30, 2018

(DOLLAR AMOUNTS IN THOUSANDS)

(UNAUDITED)

Company and Investment ^{(A)(B)(D)(E)}	Principal/Shares/ Units ^{(F)(J)}	Cost	Fair Value
NON-CONTROL/NON-AFFILIATE INVESTMENTS^(N) 68.0%			
Secured First Lien Debt 36.7%			
Containers, Packaging, and Glass 2.5%			
Frontier Packaging, Inc. Term Debt (L+10.0%, 12.1% Cash, Due 12/2019 ^(b))	9,500	\$ 9,500	\$ 9,500
Diversified/Conglomerate Services 15.8%			
Bassett Creek Restoration, Inc. Term Debt (L+10.0%, 12.1% Cash, Due 4/2023) ^(T)	23,000	23,000	23,000
Counsel Press, Inc. Term Debt (L+11.8%, 13.8% Cash, Due 3/2020 ^(b))	18,000	18,000	18,000
Counsel Press, Inc. Term Debt (L+13.0%, 15.1% Cash, Due 3/2020 ^(b))	5,500	5,500	5,500
Nth Degree, Inc. Term Debt (L+11.5%, 13.6% Cash, Due 3/2023 ^(b))	13,290	13,290	13,290
		59,790	59,790
Farming and Agriculture 4.2%			
Jackrabbit, Inc. Term Debt (L+10.0%, 13.5% Cash, Due 10/2018 ^(b))	11,000	11,000	11,000
Star Seed, Inc. Term Debt (L+10.0%, 12.5% Cash, Due 5/2020 ^(b))	5,000	5,000	5,000
		16,000	16,000
Leisure, Amusement, Motion Pictures, and Entertainment 7.3%			
Schylling, Inc. Term Debt (L+11.0%, 13.1%, Due 11/2018 ^(b))	13,081	13,081	13,081
Schylling, Inc. Term Debt (L+11.0%, 13.1%, Due 11/2018 ^(b))	8,500	8,500	8,500
Schylling, Inc. Term Debt (L+11.0%, 13.1%, Due 11/2018 ^(b))	6,000	6,000	6,000
		27,581	27,581
Machinery (Non-Agriculture, Non-Construction, and Non-Electronic) 5.3%			
SBS Industries, LLC Term Debt (L+12.0%, 14.1% Cash, Due 6/2020 ^(b))	19,957	19,957	19,957
Oil and Gas 0.8%			
Tread Corporation Line of Credit, \$634 available (L+10.0%, 12.5% Cash, Due 3/2021) ^(L)	3,216	3,216	3,216
Personal, Food, and Miscellaneous Services 0.8%			
B-Dry, LLC Line of Credit, \$100 available (L+0.3%, 2.3% Cash (0.8% Unused Fee), Due 12/2018) ^{(G)(L)}	4,550	4,550	3,045
B-Dry, LLC Term Debt (L+0.3%, 2.3% Cash, Due 12/2019 ^{(F)(L)})	6,443	6,443	
B-Dry, LLC Term Debt (L+0.3%, 2.3% Cash, Due 12/2019 ^{(F)(L)})	840	840	

		11,833		3,045
Total Secured First Lien Debt		\$ 147,877		\$ 139,089
Secured Second Lien Debt 8.0%				
Automobile 1.1%				
Country Club Enterprises, LLC Term Debt (L+11.0%, 18.7% Cash, Due 5/2019) ^(L)	\$ 4,000	\$ 4,000		\$ 4,000
Cargo Transport 3.4%				
Diligent Delivery Systems Term Debt (L+9.0%, 11.1% Cash, Due 11/2022) ^(Q)	13,000	12,920		13,000
Home and Office Furnishings, Housewares, and Durable Consumer Products 3.5%				
Ginsey Home Solutions, Inc. Term Debt (L+10.0%, 13.5% Cash, Due 1/2021) ^{(H)(L)}	13,300	13,300		13,300
Total Secured Second Lien Debt		\$ 30,220		\$ 30,300
Preferred Equity 19.2%				
Automobile 0.2%				
Country Club Enterprises, LLC Preferred Stock ^{(C)(L)}	7,304,792	\$ 7,725		\$ 786
Country Club Enterprises, LLC Guaranty (\$2,000) ^(J)				

7,725 786

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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GLADSTONE INVESTMENT CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

JUNE 30, 2018

(DOLLAR AMOUNTS IN THOUSANDS)

(UNAUDITED)

Company and Investment ^{(A)(B)(D)(E)}	Principal/Shares/ Units ^{(F)(J)}	Cost	Fair Value
Containers, Packaging, and Glass 0.4%			
Frontier Packaging, Inc. Preferred Stock ^{(C)(L)}	1,373	\$ 1,373	\$ 1,456
Diversified/Conglomerate Services 11.5%			
Bassett Creek Restoration, Inc. Preferred Stock ^{(C)(T)}	4,900	4,900	4,900
Counsel Press, Inc. Preferred Stock ^{(C)(L)}	6,995	6,995	7,699
Nth Degree, Inc. Preferred Stock ^{(C)(L)}	5,660	5,660	31,016
		17,555	43,615
Farming and Agriculture 1.5%			
Jackrabbit, Inc. Preferred Stock ^{(C)(L)}	3,556	3,556	3,404
Star Seed, Inc. Preferred Stock ^{(C)(L)}	1,499	1,499	2,431
		5,055	5,835
Home and Office Furnishings, Housewares, and Durable Consumer Products 3.4%			
Ginsey Home Solutions, Inc. Preferred Stock ^{(C)(L)}	19,280	9,583	12,845
Leisure, Amusement, Motion Pictures, and Entertainment 0.5%			
Schylling, Inc. Preferred Stock ^{(C)(L)}	4,000	4,000	2,080
Machinery (Non-Agriculture, Non-Construction, and Non-Electronic) 0.5%			
SBS Industries, LLC Preferred Stock ^{(C)(L)}	27,705	2,771	1,838
Oil and Gas 1.2%			
Tread Corporation Preferred Stock ^{(C)(L)}	12,998,639	3,768	4,550
Personal, Food, and Miscellaneous Services 0.0%			
B-Dry, LLC Preferred Stock ^{(C)(L)}	2,500	2,516	
Total Preferred Equity		\$ 54,346	\$ 73,005
Common Equity 4.1%			
Cargo Transport 0.6%			
Diligent Delivery Systems Common Stock Warrant ^{(C)(Q)}	8%	\$ 500	\$ 2,384
Containers, Packaging, and Glass 2.7%			
Frontier Packaging, Inc. Common Stock ^{(C)(L)}	152	152	10,435
Farming and Agriculture 0.6%			

Jackrabbit, Inc.	Common Stock ^{(C)(L)}	548	94	
Star Seed, Inc.	Common Stock ^{(C)(L)}	600	1	2,184
			95	2,184
Home and Office Furnishings, Housewares, and Durable Consumer Products				
0.0%				
Ginsey Home Solutions, Inc.	Common Stock ^{(C)(L)}	63,747	8	
Machinery (Non-Agriculture, Non-Construction, and Non-Electronic) 0.0%				
SBS Industries, LLC	Common Stock ^{(C)(L)}	221,500	222	
Oil and Gas 0.0%				
Tread Corporation	Common Stock ^{(C)(L)}	10,089,048	753	
Personal and Non-Durable Consumer Products (Manufacturing Only) 0.2%				
Funko Acquisition Holdings, LLC ^(M)	Common Units ^{(C)(S)}	67,873	167	712