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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**Form N-2**  
**REGISTRATION STATEMENT**  
*UNDER*  
*THE SECURITIES ACT OF 1933*  
**PRE-EFFECTIVE AMENDMENT NO.**  
**POST-EFFECTIVE AMENDMENT NO.**

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**GLADSTONE INVESTMENT CORPORATION**  
(Exact name of registrant as specified in charter)

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**1521 Westbranch Drive, Suite 100  
McLean, Virginia 22102**

Address of Principal Executive Offices (Number, Street, City, State, Zip Code)

Registrant's Telephone Number, Including Area Code: (703) 287-5800

**David Gladstone  
Chairman and Chief Executive Officer  
Gladstone Investment Corporation  
1521 Westbranch Drive, Suite 100  
McLean, Virginia 22102**

Name and Address (Number, Street, City, State, Zip Code) of Agent For Service

***COPIES TO:***  
**William J. Tuttle**  
**Nicole M. Runyan**  
**Erin M. Lett**  
**Proskauer Rose LLP**  
**1001 Pennsylvania Avenue NW**  
**Suite 600 South**  
**Washington, D.C. 20004**  
**Tel: (202) 416-6800**

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**Approximate date of commencement of proposed public offering:**  
From time to time after the effective date of this registration statement.

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- Check box if the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans.
- Check box if any securities being registered on this Form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan.
- Check box if this Form is a registration statement pursuant to General Instruction A.2 or a post-effective amendment thereto.
- Check box if this Form is a registration statement pursuant to General Instruction B or a post-effective amendment thereto that will become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act.
- Check box if this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction B to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act.

### **It is proposed that this filing will become effective (check appropriate box)**

- when declared effective pursuant to section 8(c).

### **If appropriate, check the following box:**

- This [post-effective] amendment designates a new effective date for a previously filed [post-effective amendment] [registration statement].
- This Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, and the Securities Act registration statement number of the earlier effective registration statement for the same offering is: .
- This Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, and the Securities Act registration statement number of the earlier effective registration statement for the same offering is:
- This Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, and the Securities Act registration statement number of the earlier effective registration statement for the same offering is:

### **Check each box that appropriately characterizes the Registrant:**

- Registered Closed-End Fund (closed-end company that is registered under the Investment Company Act of 1940 ("Investment Company Act").
- Business Development Company (closed-end company that intends or has elected to be regulated as a business development company under the Investment Company Act).
- Interval Fund (Registered Closed-End Fund or a Business Development Company that makes periodic repurchase offers under Rule 23c-3 under the Investment Company Act).
- A.2 Qualified (qualified to register securities pursuant to General Instruction A.2 of this Form).
- Well-Known Seasoned Issuer (as defined by Rule 405 under the Securities Act).
- Emerging Growth Company (as defined by Rule 12b-2 under the Securities Exchange Act of 1934).
- If an Emerging Growth Company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of Securities Act.
- New Registrant (registered or regulated under the Investment Company Act for less than 12 calendar months preceding this filing).

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**CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933**

<b>Title of Securities Being Registered</b>	<b>Proposed Maximum Aggregate Offering Price(1)</b>	<b>Amount of Registration Fee</b>
Common Stock, \$0.001 par value per share(2)		
Preferred Stock, \$0.001 par value per share(2)		
Subscription Rights(2)		
Warrants(2)		
Debt Securities(2)		
<b>Total</b>	<b>\$300,000,000(3)</b>	<b>\$32,730 (3)</b>

- (1) Estimated solely for the purpose of calculating the registration fee. Pursuant to Rule 457(o) of the rules and regulations under the Securities Act of 1933, as amended, which permits the registration fee to be calculated on the basis of the maximum offering price of all the securities listed, the table does not specify by each class information as to the amount to be registered, proposed maximum offering price per unit or proposed maximum aggregate offering price.
- (2) Subject to Note 3 below, there is being registered hereunder an indeterminate amount of common stock, preferred stock, subscription rights, debt securities, or warrants as may be sold, from time to time. If any debt securities are issued at an original issue discount, then the offering price shall be in such greater principal amount as shall result in an aggregate price to investors not to exceed \$300,000,000. If any warrants are issued, they will represent rights to purchase common stock, preferred stock or debt securities.
- (3) In no event will the aggregate offering price of all securities issued from time to time pursuant to this Registration Statement exceed \$300,000,000. A filing fee of \$1,574.01 was paid in connection with \$12,986,863 of unsold securities (the "Unsold Securities") from the Registrant's previous Registration Statement on Form N-2 (File No. 333-232124) (the "Prior Registration Statement") originally filed with the Securities and Exchange Commission on June 14, 2019 and declared effective on July 24, 2019. The offering of the Unsold Securities pursuant to the Prior Registration Statement has terminated and the filing fees associated with such Unsold Securities are being offset against the total registration fee pursuant to Rule 457(p), resulting in payment of \$31,155.99 in connection with the filing of this Registration Statement.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

SUBJECT TO COMPLETION, DATED SEPTEMBER 3, 2021

PRELIMINARY PROSPECTUS



**\$300,000,000**  
**COMMON STOCK**  
**PREFERRED STOCK**  
**DEBT SECURITIES**  
**SUBSCRIPTION RIGHTS**  
**WARRANTS**

We may offer, from time to time, up to \$300,000,000 aggregate primary offering price of our common stock, \$0.001 par value per share, preferred stock, \$0.001 par value per share, debt securities, subscription rights, warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, or concurrent, separate offerings of these securities (collectively, "Securities"), in one or more offerings. The Securities may be offered at prices and on terms to be disclosed in one or more supplements to this prospectus. In the case of our common stock and warrants or rights to acquire such common stock hereunder, the offering price per share of our common stock by us, less any underwriting commissions or discounts, will not be less than the net asset value per share of our common stock at the time of the offering except (i) in connection with a rights offering to our existing stockholders, (ii) with the consent of the holders of the majority of our outstanding voting securities (as defined in the Investment Company Act of 1940, as amended (the "1940 Act")), or (iii) under such other circumstances as the U.S. Securities and Exchange Commission ("SEC") may permit. You should read this prospectus and the applicable prospectus supplement carefully before you invest in our Securities.

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 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"). 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.

Our Securities may be offered directly to one or more purchasers, including existing stockholders in a rights offering, through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to the offering will identify any agents or underwriters involved in the sale of our Securities, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See "*Plan of Distribution*." We may not sell any of our Securities through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of such Securities. Our common stock is traded on The Nasdaq Global Select Market under the symbol "GAIN." As of September 2, 2021, the last reported sales price of our common stock was \$14.93 and the net asset value per share of our common stock on June 30, 2021 (the last date prior to the date of this prospectus as of which we determined our net asset value per share) was \$12.66. Our 5.00% Notes due 2026 and our 4.875% Notes due 2028 trade on The Nasdaq Global Select Market under the symbols "GAINN" and "GAINZ," respectively. As of September 2, 2021, the last reported sales price of our 5.00% Notes due 2026 and our 4.875% Notes due 2028 was \$26.13 and \$25.36, respectively.

**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.**

**An investment in our Securities involves certain risks, including, among other things, the risk of leverage and risks relating to investments in securities of small, private and developing businesses. Common shares of closed-end investment companies frequently trade at a discount to their net asset value per share. If our shares trade at a discount to their net asset value, this will likely increase the risk of loss to purchasers of our Securities. You should review carefully the risks and uncertainties, including the risk of leverage and dilution, described in, or incorporated by reference into, the section titled "*Risk Factors*" beginning on page 7 of this prospectus or included in, or incorporated by reference into, the applicable prospectus supplement and in any free writing prospectuses we have authorized for use in connection with a specific offering, and under similar headings in the other documents that are incorporated by reference into this prospectus before investing in our securities.**

This prospectus contains information you should know before investing in our Securities, including information about risks. Please read it before you invest and keep it for future reference. Additional information about us, including material incorporated by reference in this prospectus, has been filed with the SEC and can be accessed at its website at [www.sec.gov](http://www.sec.gov). This information is also available free of charge or you may make stockholder inquiries by writing to us at Investor Relations, Gladstone Investment Corporation, 1521 Westbranch Drive, Suite 100, McLean, VA 22102, by calling our toll-free investor relations line at 1-866-214-7543 or on our website at <http://www.gladstoneinvestment.com>. See "*Additional Information*." Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus. This prospectus may not be used to consummate sales of securities unless accompanied by a prospectus supplement.

**The SEC has not approved or disapproved these Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense. This prospectus may not be used to consummate sales of securities unless accompanied by a prospectus supplement.**

, 2021

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**We have not authorized any dealer, salesperson or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus or any accompanying supplement to this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus or any accompanying prospectus supplement as if we had authorized it. This prospectus and any prospectus supplement do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained or incorporated by reference in this prospectus and any prospectus supplement is accurate as of the dates on their respective covers only. Our business, financial condition, results of operations and prospects may have changed since such dates. We will update these documents to reflect material changes only as required by law.**

This prospectus is part of a registration statement that we have filed with the SEC using the "shelf" registration process. Under the shelf registration process, we may offer, from time to time, up to \$300,000,000 of our Securities on terms to be determined at the time of the offering. This prospectus provides you with a general description of the

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Securities that we may offer. Each time we use this prospectus to offer Securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained or incorporated by reference in this prospectus. To the extent required by law, we will amend or supplement the information contained or incorporated by reference in this prospectus and any accompanying prospectus supplement to reflect any material changes to such information subsequent to the date of the prospectus and any accompanying prospectus supplement and prior to the completion of any offering pursuant to the prospectus and any accompanying prospectus supplement. Please carefully read this prospectus and any accompanying prospectus supplement together with the additional information described under “*Additional Information*,” “*Incorporation of Certain Documents by Reference*” and “*Risk Factors*” before you make an investment decision.

## PROSPECTUS SUMMARY

*The following summary highlights some of the information in this prospectus. It is not complete and may not contain all the information that you may want to consider. You should read the entire prospectus and any prospectus supplement carefully, including the section entitled "Risk Factors." Except where the context suggests otherwise, the terms "we," "us," "our," the "Company," and "Gladstone Investment" 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; and "Gladstone Securities" refers to Gladstone Securities, LLC.*

### General

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 BDC under the 1940 Act. For U.S. 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 U.S. federal income tax purposes and obtain favorable RIC tax treatment, we must meet certain requirements, including certain minimum distribution requirements.

Shares of our common stock, our 5.00% Notes due 2026 ("2026 Notes") and our 4.875% Notes due 2028 ("2028 Notes") are traded on Nasdaq under the trading symbols "GAIN," "GAINN," and "GAINZ," respectively.

### Investment Adviser and Administrator

We are externally managed by the Adviser, an affiliate of ours, under an investment advisory and management agreement and another of our affiliates, the Administrator, provides administrative services to us pursuant to a contractual agreement. 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. 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, 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: 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. 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 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 business 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

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securities, with individual investments generally totaling up to \$40 million, although investment size may vary depending upon our total assets or available capital at the time of investment. We expect that our investment portfolio over time will consist of approximately 75.0% in debt securities and 25.0% in equity securities, at cost. As of June 30, 2021, our investment portfolio was comprised 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 of \$3 million to \$20 million) in the U.S. that meet certain criteria, including: 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, including management buyouts, 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 an exemptive order (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 BDC 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, 2021, our loan portfolio consisted of 97.7% variable rate loans with floors and 2.3% 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 portfolio company. 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, 2021, 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, 2021, we invested in 54 companies, excluding investments in syndicated loans, for a total of approximately \$1.4 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.



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- *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 in addition to or in lieu of success fees, 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.

Under the 1940 Act, we may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as "qualifying assets" and generally include each of the investment types listed above, unless, at the time the acquisition is made, qualifying assets (other than certain assets related to our operations) represent at least 70.0% of our total assets. See "*— Regulation as a BDC — Qualifying Assets*" in our most recently filed Annual Report on Form 10-K 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 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.

**FEES AND EXPENSES**

The information contained under the caption “Fees and Expenses” in Part II. Item 5 of our most recent Annual Report on Form10-K is incorporated by reference herein.

**FINANCIAL HIGHLIGHTS**

The financial data set forth in the following table as of and for the years ended March 31, 2021, 2020, 2019, 2018 and 2017 are derived from our consolidated financial statements, which have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, whose report thereon is incorporated by reference in this prospectus. The financial data set forth in the following table as of and for the years ended March 31, 2016, 2015, 2014, 2013 and 2012 are derived from our consolidated financial statements which are not incorporated by reference herein. The financial data set forth in the following table as of and for the three months ended June 30, 2021 is derived from our unaudited financial statements, but in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results of such interim period. Interim results as of and for the three months ended June 30, 2021 are not necessarily indicative of the results that may be expected for the year ending March 31, 2022. You should read these financial highlights in conjunction with our consolidated financial statements and notes thereto and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” incorporated by reference into this prospectus.

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	As of and for the Three Months Ended June 30,			As of and for the Year Ended March 31,							
	2021	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Per Common Share Data:</b>											
Net asset value at beginning of period / year (A)	\$ 11.52	\$ 11.17	\$ 12.40	\$ 10.85	\$ 9.95	\$ 9.22	\$ 9.18	\$ 8.34	\$ 9.10	\$ 9.38	\$ 9.00
<i>Income from investment operations(B)</i>											
Net investment (loss) income	(0.07)	0.54	1.11	0.23	0.68	0.74	0.68	0.75	0.73	0.68	0.62
Net realized gain (loss) on investments and other	0.06	0.32	1.36	2.04	0.04	0.51	(0.15)	—	0.31	0.03	0.23
Taxes on deemed distributions of long-term capital gains	—	—	(0.31)	(0.41)	—	—	—	—	—	—	—
Net unrealized appreciation (depreciation) of investments and other	1.43	0.42	(2.38)	0.63	1.16	0.23	0.29	1.13	(1.09)	—	0.14
Total from investment operations	1.42	1.28	(0.22)	2.49	1.88	1.48	0.82	1.88	(0.05)	0.71	0.99
<i>Effect of equity capital activity(B)</i>											
Cash distributions to common stockholders from net investment income(C)	(0.20)	(0.83)	(0.75)	(0.69)	(0.84)	(0.75)	(0.64)	(0.77)	(0.71)	(0.60)	(0.61)
Cash distributions to common stockholders from realized gains(C)	(0.07)	(0.10)	(0.28)	(0.24)	(0.05)	—	(0.11)	—	—	—	—
Discounts, commissions, and offering costs	—	—	—	—	(0.03)	—	(0.01)	(0.03)	—	(0.08)	—
Net accretive (dilutive) effect of equity offering(D)	—	—	0.01	—	(0.04)	—	(0.03)	(0.22)	—	(0.31)	—
Total from equity capital activity	(0.27)	(0.93)	(1.02)	(0.93)	(0.96)	(0.75)	(0.79)	(1.02)	(0.71)	(0.99)	(0.61)
Other, net(B)(E)	(0.01)	—	0.01	(0.01)	(0.02)	—	0.01	(0.02)	—	—	—
Net asset value at end of period / year(A)	\$ 12.66	\$ 11.52	\$ 11.17	\$ 12.40	\$ 10.85	\$ 9.95	\$ 9.22	\$ 9.18	\$ 8.34	\$ 9.10	\$ 9.38
<b>Per common share market value at beginning of period / year</b>											
	\$ 12.23	\$ 7.85	\$ 11.6	\$ 10.10	\$ 9.07	\$ 7.02	\$ 7.4	\$ 8.27	\$ 7.31	\$ 7.57	\$ 7.79

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Per common share market value at end of period / year	14.41	12.23	7.85	11.6	10.1	9.07	7.02	7.4	8.27	7.31	7.57
Total investment return(F)	20.08%	70.65%	(26.23)%	24.95%	21.82%	41.58%	4.82%	11.96%	24.26%	4.73%	5.58%
Common stock outstanding at end of period / year(A)	33,205,023	33,205,023	33,049,463	32,822,459	32,653,635	30,270,958	30,270,958	29,775,958	26,475,958	26,475,958	22,080,133

### Statement of Assets and

#### Liabilities Data:

Net assets at end of period / year	\$ 420,538	\$ 382,364	\$ 369,031	\$ 407,110	\$ 354,200	\$ 301,082	\$ 279,022	\$ 273,429	\$ 220,837	\$ 240,963	\$ 207,216
Average net assets(G)	394,470	365,568	404,336	391,786	328,533	294,030	276,293	229,350	231,356	216,751	204,595

#### Senior Securities Data:

Total borrowings, at cost	\$ 174,934	\$ 155,434	\$ 54,296	\$ 58,096	\$ 112,096	\$ 74,796	\$ 100,096	\$ 123,896	\$ 66,250	\$ 94,016	\$ 76,005
Mandatorily redeemable preferred stock(H)	94,371	94,371	132,250	132,250	139,150	139,150	121,650	81,400	40,000	40,000	40,000

#### Ratios/Supplemental

##### Data:(K)

Ratio of net expenses to average net assets(I)	20.62%	10.58%	6.32%	13.3%	11.08%	10.02%	10.94%	9.48%	7.33%	6.48%	3.67%
Ratio of net investment income to average net assets(J)	(2.34)	4.91	8.99	1.92	6.68	7.63	7.5	8.68	8.35	7.61	6.72

- (A) Based on actual shares of common stock outstanding at the beginning or end of the corresponding period / year, as appropriate.
- (B) Based on weighted-average basic common share data for the corresponding period / year.
- (C) The tax character of distributions is determined based on taxable income calculated in accordance with income tax regulations, which may differ from amounts determined under GAAP. For further information on the estimated character of our distributions to common stockholders, including changes in estimates, as applicable, refer to Note 9 — *Distributions to Common Stockholders* in the Notes to Consolidated Financial Statements incorporated by reference in this prospectus.
- (D) During the year ended March 31, 2020, the accretive effect is the result of issuing common shares at a price above the then current NAV per share. During the years ended March 31, 2018, 2016, 2015, and 2013, the net dilutive effect is the result of issuing common shares at a price below the then current NAV per share.
- (E) Represents the impact of the different share amounts (weighted-average basic common shares outstanding for the corresponding period / year and actual common shares outstanding at the end of the period / year) in the Per Common Share Data calculations and rounding impacts.
- (F) Total return equals the change in the market value of our common stock from the beginning of the period / year, taking into account dividends reinvested in accordance with the terms of our dividend reinvestment plan. Total return does not take into account distributions that may be characterized as a return of capital. For further information on the estimated character of our distributions to common stockholders, including changes in estimates, as applicable, refer to Note 9 — *Distributions to Common Stockholders* in the Notes to Consolidated Financial Statements incorporated by reference in this prospectus.
- (G) Calculated using the average balance of net assets at the end of each month of the reporting period / year.
- (H) Represents the aggregate liquidation preference of our mandatorily redeemable preferred stock.
- (I) Ratio of net expenses to average net assets is computed using total expenses, net of any non-contractual, unconditional, and irrevocable credits of fees from the Adviser. Had we not received any non-contractual, unconditional, and irrevocable credits of fees from the Adviser, the ratio of expenses to average net assets - annualized would have been 23.78% for the three months ended June 30, 2021. Had we not received any non-contractual, unconditional, and irrevocable credits of fees from the Adviser, the ratio of expenses to average net assets would have been 13.33%, 9.12%, 16.45%, 14.11%, 13.46%, 14.50%, 12.90%, 10.20%, 8.81%, and 5.71% for the fiscal years ended March 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, and 2012, respectively. Had we included Virginia state taxes incurred on the deemed distributions of retained capital gains for the fiscal year ended March 31, 2020 and 2019, the ratio of net expenses to average net assets would have been 6.89% and 14.07%, respectively.
- (J) Had we not received any non-contractual, unconditional, and irrevocable credits of fees from the Adviser, the ratio of net investment (loss) income to average net assets—annualized would have been (5.50)% for the three months ended June 30, 2021. Had we not received any non-contractual, unconditional, and irrevocable credits of fees from the Adviser, the ratio of net investment income (loss) to average net assets would have been 2.16%, 6.20%, (1.22)%, 3.66%, 4.19%, 3.94%, 5.26%, 5.48%, 5.28%, and 4.25% for the fiscal years ended March 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, respectively.
- (K) Annualized for the three months ended June 30, 2021.

## RISK FACTORS

*An investment in any Securities offered pursuant to this prospectus involves substantial risks. You should carefully consider the risk factors incorporated by reference herein from our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q and the other information contained in this prospectus, as updated, amended or superseded by our subsequent filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the risk factors and other information contained in any accompanying prospectus supplement before acquiring any of such Securities. The occurrence of any of these risks could materially and adversely affect our business, prospects, financial condition, results of operations and cash flow and might cause you to lose all or part of your investment in the offered Securities. Much of the business information, as well as the financial and operational data contained in our risk factors, is updated in our periodic reports filed with the SEC pursuant to the Exchange Act, which are also incorporated by reference into this prospectus. Although we believe the risk factors described in such documents are the principal risk factors associated with an investment in our Securities as well as those factors generally associated with an investment company with investment objectives, investment policies, capital structure or trading markets similar to ours, please be aware that these are not the only risks we face and there may be additional risks that we do not presently know of or that we currently consider not likely to have a significant impact. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our business or our financial performance. Please also refer to "Special Note Regarding Forward-Looking Statements".*

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained or incorporated by reference in this prospectus or any accompanying prospectus supplement, 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 the Adviser 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,” “would,” “if,” “seek,” “possible,” “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:

- 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;
- changes in governmental regulations, tax rates and similar matters;
- our ability to exit investments in a timely manner;
- our ability to maintain our qualification as a RIC and as a BDC;
- the impact of COVID-19 generally and on the economy, the capital markets and our portfolio companies, including the measures taken by governmental authorities to address it; and
- those factors described or incorporated by reference in the “*Risk Factors*” section of this prospectus and any accompanying prospectus supplement.

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. 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. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports we have filed, or in the future may file, with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The forward-looking statements contained or incorporated by reference in this prospectus or any accompanying prospectus supplement 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”).

## USE OF PROCEEDS

Unless otherwise specified in any prospectus supplement accompanying this prospectus, we intend to use the net proceeds from the sale of the Securities first to pay down outstanding debt (which may include borrowings under our revolving credit facility with KeyBank National Association, as administrative agent (as amended, the “Credit Facility”)), if any, then to make investments in accordance with our investment objectives and strategy, with any remaining proceeds to be used for other general corporate purposes. The Credit Facility matures on February 28, 2026 and advances under the Credit Facility generally bear interest at 30-day LIBOR, subject to a floor of 0.5%, plus 2.85% per annum until February 29, 2024, with the margin then increasing to 3.10% for the period from February 29, 2024 to February 28, 2025, and increasing further to 3.35% thereafter. We intend to re-borrow under our Credit Facility to make investments in portfolio companies in accordance with our investment objectives and strategy depending on the availability of appropriate investment opportunities and market conditions. We anticipate that substantially all of the net proceeds of any offering of Securities 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 any offering of Securities 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. These temporary investments may have lower yields than our other investments and, accordingly, may result in lower distributions, if any, during such period. Our ability to achieve our investment objective may be limited to the extent that the net proceeds from an offering, pending full investment, are held in lower yielding interest-bearing deposits or other short-term instruments.

## PRICE RANGE OF COMMON STOCK

The information contained under the caption “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” in Part II. Item 5 of our most recent Annual Report on Form 10-K is incorporated by reference herein.

## MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained under the captions “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II. Item 7 of our most recent Annual Report on Form 10-K and in Part I. Item 2 of our most recent Quarterly Report on Form 10-Q are incorporated by reference herein.

## SENIOR SECURITIES

The information contained under the caption “Senior Securities” in Part II. Item 5 of our most recent Annual Report on Form 10-K is incorporated by reference herein.

## BUSINESS

The information contained under the caption “Business” in Part I. Item 1 of our most recent Annual Report on Form 10-K is incorporated by reference herein.

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**PORTFOLIO COMPANIES**

The following table sets forth certain information as of June 30, 2021, regarding each portfolio company in which we had a debt or equity security as of such date. All such investments have been made in accordance with our investment objectives and strategies and our investment policies and procedures described in this prospectus. Under the 1940 Act, we may not acquire any non-qualifying assets unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. As of June 30, 2021, our investment in Funko Acquisition Holdings, LLC was considered a non-qualifying asset under Section 55 of the 1940 Act and represented less than 0.1% of total investments, at fair value.

Company	Industry	Investment	Percentage of Class Held on a Fully Diluted Basis	Cost	Fair Value
				(Dollar amounts in thousands) (unaudited)	
<b>NON-CONTROL/NON-AFFILIATE INVESTMENTS:</b>					
Bassett Creek Restoration, Inc. 8056 186th St Tinley Park, IL 60487					
	Diversified/Conglomerate Services	Secured First Lien Term Debt		37,500	37,500
		Preferred Stock	98.0%	4,900	2,169
				42,400	39,669
Brunswick Bowling Products, Inc. 525 West Laketon Ave. Muskegon, MI 49441					
	Home and Office Furnishings, Housewares, and Durable Consumer Products	Secured First Lien Term Debt		17,700	17,700
		Secured First Lien Term Debt		6,850	6,850
		Preferred Stock	85.5%	6,653	2,186
				31,203	26,736
Counsel Press, Inc. 10 East 40th St, 5th Floor New York, NY 10016					
	Diversified/Conglomerate Services	Secured First Lien Term Debt		21,100	21,100
		Secured First Lien Term Debt		6,400	6,400
		Preferred Stock	87.8%	6,995	23,489
				34,495	50,989
Country Club Enterprises, LLC 2D Express Drive W. Wareham, MA 02571					
	Automobile	Secured Second Lien Term Debt Guaranty		4,000	3,950
				—	—
				4,000	3,950
Diligent Delivery Systems 333 N. Sam Houston Parkway E., Suite 100 Houston, TX 77060					
	Cargo Transport	Secured Second Lien Term Debt		12,974	12,967
		Common Stock Warrants	8.0%	500	1,579
				13,474	14,546
Educators Resource, Inc. 2575 Schillinger Road North Semmes, AL 36575					
	Healthcare, Education, and Childcare	Secured First Lien Term Debt		20,000	20,000
		Preferred Stock	61.2%	8,560	16,398
				28,560	36,398



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Funko Acquisition Holdings, LLC 1202 Shuksan Way Everett, WA 98203	Personal and Non-Durable Consumer Products (Manufacturing Only)	Common Stock	0.001%	<u>31</u>	<u>91</u>
				31	91
Ginsey Home Solutions, Inc. 2078 Center Square Rd Swedesboro, NJ 08085	Home and Office Furnishings, Housewares, and Durable Consumer Products	Secured Second Lien Term Debt Preferred Stock Common Stock		13,300 94.9% 9,583 78.5% 8	13,300 8,148 —
				<u>22,891</u>	<u>21,448</u>
Horizon Facilities Services, LLC 5235 Oakview Dr. Allentown, PA 18104	Diversified/Conglomerate Service	Secured First Lien Term Debt Preferred Stock		27,700 63.8% 10,080	27,700 7,097
				<u>37,780</u>	<u>34,797</u>
Mason West, LLC 1601 E. Miraloma Ave Placentia, CA 92870	Diversified/Conglomerate Service	Secured First Lien Term Debt Preferred Stock		25,250 48.4% 11,206	25,250 8,883
				<u>36,456</u>	<u>34,133</u>
Nocturne Villa Rentals, Inc. 209 E. Colorado Ave. Suite A Telluride, CO 81435	Hotels, Motels, Inns and Gaming	Secured First Lien Line of Credit Secured First Lien Term Debt Preferred Stock		800 2,850 87.4% 6,600	800 2,850 6,600
				<u>10,250</u>	<u>10,250</u>
Phoenix Door Systems, Inc. 6350 Castle Dr. Mason, OH 45040	Diversified/Conglomerate Manufacturing	Secured First Lien Line of Credit Secured First Lien Term Debt Common Stock		1,150 3,200 25.2% 1,452	1,136 3,160 —
				<u>5,802</u>	<u>4,296</u>
SBS Industries Holdings, Inc. 4433 South Dr. Houston, TX 77053	Machinery (Non-agriculture, Non-construction, Nonelectronic)	Secured Second Lien Term Debt Preferred Stock Common Stock		11,736 94.9% 2,771 70.5% 222	11,736 2,574 —
				<u>14,729</u>	<u>14,310</u>

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Schylling, Inc. 21 High Street, Suite 400 North Andover, MA 01845	Leisure, Amusement, Motion Pictures, and Entertainment	Secured First Lien Term Debt	13,081	13,081
		Secured First Lien Term Debt	8,500	8,500
		Preferred Stock	72.7% 4,000	12,181
			25,581	33,762
<b>Total Non-Control/Non-Affiliate Investments (represents 47.9% of total investments at fair value)</b>			<b>\$307,652</b>	<b>\$325,375</b>
<b>AFFILIATE INVESTMENTS:</b>				
B+T Group Acquisition, Inc. 1717 Boulder Ave #300 Tulsa, OK 74119	Telecommunications	Secured First Lien Line of Credit	2,800	2,800
		Secured First Lien Term Debt	14,000	14,000
		Preferred Stock	69.9% 4,722	9,637
		Common Stock Warrants	3.5% —	442
			21,522	26,879
D.P.M.S., Inc. 950 George St. Santa Clara, CA 95054	Diversified/Conglomerate Manufacturing	Secured First Lien Line of Credit	1,500	1,500
		Secured First Lien Term Debt	10,796	5,841
		Common Stock	40.2% 1	—
			12,297	7,341
Edge Adhesives Holdings, Inc. 5117 Northeast Pkwy Fort Worth, TX 76106	Diversified/Conglomerate Manufacturing	Secured First Lien Term Debt	8,310	8,290
		Preferred Stock	47.2% 8,199	—
			16,509	8,290
ImageWorks Display and Marketing Group, Inc. 415 Wachovia Street Winston-Salem, NC 27101	Diversified/Conglomerate Services	Secured First Lien Term Debt	22,000	22,000
		Preferred Stock	99.9% 6,749	12,183
			28,749	34,183
J.R. Hobbs Co.—Atlanta, LLC 2021 Cedars Rd., Suite 100 Lawrenceville, GA 30043	Diversified/Conglomerate Services	Secured First Lien Term Debt	36,000	36,000
		Secured First Lien Term Debt	16,500	16,500
		Preferred Stock	96.2% 10,920	—
			63,420	52,500
The Maids International, LLC. 9394 West Dodge Rd, Suite 140 Omaha, NE 68114	Diversified/Conglomerate Services	Secured First Lien Term Debt	28,560	28,560
		Preferred Stock	78.7% 6,640	2,741
			35,200	31,301

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The Mountain Corporation					
59 Optical Ave.		Personal and Non-Durable Consumer			
Keene, NH 03431		Products (Manufacturing Only)			
		Secured First Lien Line of Credit		3,400	3,400
		Secured First Lien Line of Credit		400	400
		Secured Second Lien Term Debt		11,700	1,853
		Secured Second Lien Delayed Draw Term Debt		1,500	238
		Preferred Stock	67.2%	6,899	—
		Common Stock	77.2%	1	—
				23,900	5,891
Nth Degree Investment Group, LLC					
3237 Satellite Blvd, Building 300, Suite 600		Diversified/Conglomerate Service	Common Stock	11.9%	1,219
Duluth, GA 30096					—
				1,219	—
Old World Christmas, Inc.		Home and Office Furnishings,			
PO Box 8000		Housewares, and Durable Consumer			
Spokane, WA 99203		Products	Secured First Lien Term Debt		27,000
			Preferred Stock	85.3%	—
				27,000	55,898
Pioneer Square Brands, Inc.					
321 3rd Ave, Suite 40		Personal and Non-Durable Consumer	Secured First Lien Term Debt		23,100
Seattle, WA 98104		Products (Manufacturing Only)	Preferred Stock	60.0%	5,500
				28,600	30,708
					53,808
PSI Molded Plastic, Inc.					
5 Wickers Drive		Chemicals, Plastics, and Rubber	Secured First Lien Term Debt		26,618
Wolfeboro, NH 03894			Preferred Stock	99.8%	19,730
				46,348	26,618
SOG Specialty Knives & Tools, LLC					
6521 212th St. SW		Leisure, Amusement, Motion Pictures, and	Secured First Lien Term Debt		538
Lynnwood, WA 98036		Entertainment	Secured First Lien Term Debt		8,399
			Preferred Stock	78.9%	14,949
				23,886	21,476
<b>Total Affiliate Investments (represents 47.8% of total investments at fair value)</b>				<b>\$328,650</b>	<b>\$324,185</b>

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### **CONTROL INVESTMENTS:**

Galaxy Tool Holding Corporation  
1111 Industrial Rd.  
Winfield, KS 67156

Aerospace and Defense

Secured Second Lien Line of Credit		\$ 5,000	\$ 5,000
Secured Second Lien Term Debt		8,000	8,000
Preferred Stock	86.1%	11,464	16,034
Common Stock	56.9%	48	—
		24,512	29,034

**Total Control Investments (represents 4.3% of total investments at fair value)**

**\$ 24,512 \$ 29,034**

**TOTAL INVESTMENTS**

**\$ 660,814 \$ 678,594**

### **Certain Portfolio Companies**

Set forth below is a brief description of each portfolio company in which we have made an investment whose fair value represented greater than 5% of our total assets as of June 30, 2021. Because of the relative size of our investments in these companies, we are exposed to a greater degree to the risks associated with these companies.

#### **Bassett Creek Services, Inc. (“Bassett Creek”)**

Our investments in Bassett Creek had an aggregate fair value of \$39.7 million as of June 30, 2021 and included \$4.9 million of preferred stock, at cost, and a secured first lien term loan with a principal amount outstanding of \$37.5 million, which matures on April 4, 2023.

Bassett Creek is a platform for acquiring and integrating restoration and renovation services companies across the United States. To date, Bassett Creek has acquired four companies in the industry and built a corporate office to integrate and grow these businesses. Bassett Creek services residential and commercial properties on behalf of property owners, property managers, and insurance companies.

Our Adviser has entered into a services agreement with Bassett Creek, pursuant to which our Adviser has agreed to advise and provide certain management and consulting services as mutually agreed upon by Bassett Creek and our Adviser.

Because of the relative size of this investment, we are exposed to the risks associated with Bassett Creek’s business. Bassett Creek’s business is dependent on both everyday and catastrophic weather conditions than lead to demand for Bassett Creek’s services, and periods of mild weather can cause a decline in restoration spending which would have a negative impact on Bassett Creek’s ability to win new business. Additionally, the death, disability or departure by one or more of Bassett Creek’s senior managers could have a negative impact on its business and operations.

One of our Adviser’s managing directors, Peter Roushdy, serves as a director of Bassett Creek’s board. Bassett Creek’s principal executive office is located at 2654 Corporate Boulevard, Algonquin, Illinois 60102.

#### **Counsel Press Inc. (“Counsel Press”)**

Our investments in Counsel Press had an aggregate fair value of \$51.0 million as of June 30, 2021 and included \$7.0 million of preferred stock, at cost, and two secured first lien term loans with an aggregate principal amount outstanding of \$27.5 million, which mature on March 31, 2023.

Counsel Press, headquartered in New York, New York, supports appellate attorneys and their clients pursuing appeals in courts across the U.S. The company provides document preparation, procedural and technical advice, and a full range of traditional printing and electronic filing services. Once engaged by a customer, Counsel Press organizes, prepares, and files appellate briefs, records and appendices.

Our Adviser has entered into a services agreement with Counsel Press, pursuant to which our Adviser has agreed to advise and provide certain management and consulting services as mutually agreed upon by Counsel Press and our Adviser.

Because of the relative size of this investment, we are exposed to the risks associated with Counsel Press’ business. Counsel Press’ business is dependent on the continued volume of appeals filed in the U.S. and the complexity of the rules for making such filings. Additionally, the death, disability or departure by one or more of Counsel Press’ senior managers could have a negative impact on its business and operations.

One of our Adviser’s managing directors, Erika Highland, serves as a director of Counsel Press’ board. Counsel Press’ principal executive office is located at 10 East 40th St., 5th Floor, New York, New York 10016.

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### **Educators Resource, Inc. (“Educators Resource”)**

Our investments in Educators Resource had an aggregate fair value of \$36.4 million as of June 30, 2021 and included \$8.6 million of preferred stock, at cost, and a secured first lien term loan with a principal amount outstanding of \$20.0 million, which matures on November 30, 2023.

Educators Resource is a leading wholesale distributor of school supplies and K-12 supplemental teaching materials to market leading e-retailers and brick-and-mortar stores nationwide. By supplying more than 20,000 educational SKUs, Educators Resource is a one-stop shop for school supplies for school districts, teachers, and parents nationwide.

Our Adviser has entered into a services agreement with Educators Resource, pursuant to which our Adviser has agreed to advise and provide certain management and consulting services as mutually agreed upon by Educators Resource and our Adviser.

Because of the relative size of this investment, we are exposed to the risks associated with Educators Resource’s business. Educators Resource’s business is dependent on ample supply of educational products from its vendors and labor availability for fulfilling orders in the warehouse. Additionally, the death, disability or departure by one or more of Educators Resource’s senior managers could have a negative impact on its business and operations.

One of the Adviser’s managing directors, Peter Roushdy, serves as a director of Educators Resource’s board. Educators Resource’s principal executive office is located at 2575 Schillinger Rd N, Semmes, Alabama 36575.

### **J.R. Hobbs Co. – Atlanta, LLC (“J.R. Hobbs”)**

Our investments in J.R. Hobbs had an aggregate fair value of \$52.5 million as of June 30, 2021 and included \$10.9 million of preferred stock, at cost, and two secured first lien term loans with an aggregate principal amount outstanding of \$52.5 million, which mature on October 1, 2024.

Founded in 1971, J.R. Hobbs is an HVAC installation subcontractor focused on the multifamily and light commercial construction market in the Southeast U.S. Based in Lawrenceville, Georgia, it provides general contractors, building owners, and developers with engineered HVAC solutions for their properties. Through its technical salesforce, rigorous pre-construction procedures, experienced team of senior field personnel, and decades of experience in the multi-family sector, J.R. Hobbs is a full-service HVAC subcontractor to its customers across the Southeast.

Our Adviser has entered into a services agreement with J.R. Hobbs, pursuant to which our Adviser has agreed to advise and provide certain management and consulting services as mutually agreed upon by J.R. Hobbs and our Adviser.

Because of the relative size of this investment, we are exposed to the risks associated with J.R. Hobbs’s business. J.R. Hobbs’ business is dependent on construction of multi-family buildings in the Southeast, and a decline in construction spending would have a negative impact on J.R. Hobbs’ ability to win new business. Additionally, the death, disability or departure by one or more of J.R. Hobbs’s senior managers could have a negative impact on its business and operations.

One of our Adviser’s managing directors, Peter Roushdy, serves as a director of J.R. Hobbs’s board. J.R. Hobbs’s principal executive office is located at 2021 Cedars Rd., Lawrenceville, Georgia 30043.

### **Old World Christmas, Inc. (“Old World”)**

Our investments in Old World had an aggregate fair value of \$55.9 million as of June 30, 2021 and included \$0.0 million of preferred stock, at cost, and a secured first lien term loan with a principal amount outstanding of \$27.0 million, which matures on December 17, 2025.

Old World, headquartered in Spokane, Washington, is a designer, manufacturer, and marketer of premium figural glass Christmas ornaments.

Our Adviser has entered into a services agreement with Old World, pursuant to which our Adviser has agreed to advise and provide certain management and consulting services as mutually agreed upon by Old World and our Adviser.

Because of the relative size of this investment, we are exposed to the risks associated with Old World’s business. Old World’s business is largely dependent on sales in physical retail stores within the United States, and the continued decline of physical retail could have a negative impact on Old World’s financial performance. Additionally, the death, disability or departure by one or more of Old World’s senior managers could have a negative impact on its business and operations.

One of our Adviser’s managing directors, Kyle Largent, and one of the Adviser’s principals, Travis Steele, serve as a directors of Old World’s board. Old World’s principal executive office is located at 4007 East Main Ave., Spokane, Washington 99202.

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**Pioneer Square Brands, Inc. (“Pioneer”)**

Our investments in Pioneer had an aggregate fair value of \$53.8 million as of June 30, 2021 and included \$5.5 million of preferred stock, at cost, and a secured first lien term loan with a principal amount outstanding of \$23.1 million, which matures on August 25, 2022.

Pioneer, headquartered in Seattle, Washington, is a designer, manufacturer, and marketer of premium mobile technology bags and cases serving a diverse customer base, primarily in the K-12 education sector.

Our Adviser has entered into a services agreement with Pioneer, pursuant to which our Adviser has agreed to advise and provide certain management and consulting services as mutually agreed upon by Pioneer and our Adviser.

Because of the relative size of this investment, we are exposed to the risks associated with Pioneer’s business. Pioneer’s business is dependent on the continued adoption of electronic devices in K-12 curricula in the U.S., and a decline in the use of such devices would have a negative impact on Pioneer’s financial performance. Additionally, the death, disability or departure by one or more of Pioneer’s senior managers could have a negative impact on its business and operations.

One of our Adviser’s managing directors, Kyle Largent, serves as a director of Pioneer’s board. Pioneer’s principal executive office is located at 321 3rd Ave., Seattle, Washington 98104.

## MANAGEMENT

The information contained under the captions “Proposal 1—Election of Directors,” “Information Regarding the Board of Directors and Corporate Governance,” “Executive Compensation,” “Director Compensation For Fiscal Year 2021” and “Certain Transactions” in our most recent Definitive Proxy Statement for our Annual Meeting of Stockholders and “Business” in Part I. Item 1 of our most recent Annual Report on Form 10-K is incorporated by reference herein.

## PORTFOLIO MANAGEMENT

We are externally managed by our Adviser, an affiliate of ours, under the Advisory Agreement and another of our affiliates, the Administrator, provides administrative services to us pursuant to 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, and serve as executive officers of the Adviser and the Administrator. Our Adviser directly employs personnel that manage our portfolio investments and directly pays our payroll, benefits and general expenses regarding such personnel. 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 of the Administrator) and their respective staffs. In addition to the fees payable under the Advisory Agreement and the Administration Agreement (as described below), we pay our direct expenses, including directors’ fees, legal and accounting fees and stockholder related expenses. 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 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 principal executive office of the Adviser and Administrator is 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102.

### *Management Services Provided to Us by our Adviser*

Our Adviser is a Delaware corporation registered as an investment adviser under the Advisers Act. Subject to the overall supervision of our Board of Directors, our Adviser provides investment advisory and management services to us. Under the terms of our Advisory Agreement, our Adviser has investment discretion with respect to our capital and, in that regard:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio, and the manner of implementing such changes;
- identifies, evaluates, and negotiates the structure of the investments we make (including performing due diligence on our prospective portfolio companies);
- closes and monitors the investments we make; and
- makes available on our behalf, and provides if requested, managerial assistance to our portfolio companies.

Our Adviser’s services under the Advisory Agreement are not exclusive, and it is free to furnish similar services to other entities, provided that its services to us are not impaired.

### *Portfolio Management*

Our Adviser takes a team approach to portfolio management; however, the following persons are primarily responsible for the day-to-day management of our portfolio and comprise our Adviser’s investment committee: David Gladstone, Terry Lee Brubaker and David Dullum, whom we refer to collectively as the Portfolio Managers. Our investment decisions are made on our behalf by the investment committee of our Adviser by unanimous decision.

Mr. Gladstone has served as the chairman and the chief executive officer of the Adviser, since he founded the Adviser in 2002 and on the board of managers of the Administrator since it was founded in 2005. Mr. Brubaker has served as the vice chairman and chief operating officer of the Adviser since 2002 and on the board of managers of the Administrator since 2005. Mr. Dullum has served as an executive managing director of the Adviser since 2008. For more complete biographical information of Messrs. Gladstone, Brubaker and Dullum, see “Proposal 1—Election of Directors” in our most recent Definitive Proxy Statement for our Annual Meeting of Stockholders which is incorporated by reference herein.

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As discussed above, the Portfolio Managers are all officers or directors, or both, of our Adviser, and Messrs. Gladstone and Brubaker are managers of the Administrator. Mr. Gladstone is also the controlling stockholder of the parent company of the Adviser and the Administrator. Although we believe that the terms of the Advisory Agreement and the Administration Agreement are no less favorable to us than those that could be obtained from unaffiliated third parties in arms' length transactions, our Adviser and Administrator and their officers and its directors have a material interest in the terms of these agreement.

Our Adviser and Administrator provide investment advisory and administration services, respectively, to the other Affiliated Public Funds. As such, certain of our Portfolio Managers also are primarily responsible for the day-to-day management of the portfolios of other pooled investment vehicles in the Affiliated Public Funds that are managed by the Adviser. As of the date hereof, Messrs. Gladstone, Brubaker and Robert Marcotte (the president of Gladstone Capital and an executive managing director of the Adviser) are primarily responsible for the day-to-day management of the portfolio of Gladstone Capital, another publicly-traded BDC; Messrs. Gladstone, Brubaker and Robert Cutlip (the president of Gladstone Commercial and an executive managing director of the Adviser) are primarily responsible for the day-to-day management of Gladstone Commercial, a publicly-traded real estate investment trust; and Messrs. Gladstone and Brubaker are primarily responsible for the day-to-day management of Gladstone Land, a publicly traded real estate investment trust. As of June 30, 2021, the Adviser had an aggregate of approximately \$3.5 billion in total assets under management in the Company and the Affiliated Public Funds, all of which is subject to performance-based advisory fees and for which Messrs. Gladstone and Brubaker are primarily responsible for the day-to-day management.

### *Conflicts of Interest*

As discussed above, the Portfolio Managers who are our executive officers and directors, and the officers and directors of the Adviser, serve or may serve as officers, directors, or principals of entities that operate in the same or a related line of business as we do or of investment funds managed by our affiliates. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our stockholders. For example, Mr. Gladstone, our chairman and chief executive officer, is chairman of the board and chief executive officer of the Adviser, the Administrator and the Affiliated Public Funds. In addition, Mr. Brubaker, our vice chairman and chief operating officer, is vice chairman and chief operating officer of the Adviser, the Administrator and the Affiliated Public Funds. Mr. Dullum, our president, is an executive managing director of the Adviser. Moreover, the Adviser may establish or sponsor other investment vehicles which from time to time may have potentially overlapping investment objectives with ours and accordingly may invest in, whether principally or secondarily, asset classes we target. While the Adviser generally has broad authority to make investments on behalf of the investment vehicles that it advises, the Adviser has adopted investment allocation procedures to address these potential conflicts and intends to direct investment opportunities to the Company or the Affiliated Public Fund with the investment strategy that most closely fits the investment opportunity. Nevertheless, the management of the Adviser may face conflicts in the allocation of investment opportunities to other entities managed by the Adviser. As a result, it is possible that we may not be given the opportunity to participate in certain investments made by other funds managed by the Adviser.

In certain circumstances, we may make investments in a portfolio company in which one of our affiliates has or will have an investment, subject to satisfaction of any regulatory restrictions and, where required, the prior approval of our Board of Directors. As of June 30, 2021, our Board of Directors has approved the following types of transactions:

- Our affiliate, Gladstone Commercial, may, under certain circumstances, lease property to portfolio companies that we do not control. We may pursue such transactions only if (i) the portfolio company is not controlled by us or any of our affiliates, (ii) the portfolio company satisfies the tenant underwriting criteria of Gladstone Commercial, and (iii) the transaction is approved by a majority of our independent directors and a majority of the independent directors of Gladstone Commercial. We expect that any such negotiations between Gladstone Commercial and our portfolio companies would result in lease terms consistent with the terms that the portfolio companies would be likely to receive were they not portfolio companies of ours.
- We may invest simultaneously with our affiliate Gladstone Capital in senior loans in the broadly syndicated market whereby neither we nor any affiliate has the ability to dictate the terms of the loans.
- Pursuant to the Co-Investment Order, under certain circumstances, we may co-invest with Gladstone Capital and any future BDC or closed-end management investment company that is advised by the Adviser (or sub-advised by the Adviser if it controls the fund) or any combination of the foregoing subject to the conditions included therein.

Certain of our officers, who are also officers of the Adviser, may from time to time serve as directors of certain of our portfolio companies. If an officer serves in such capacity with one of our portfolio companies, such officer will owe fiduciary duties to stockholders of the portfolio company, which duties may from time to time conflict with the interests of our stockholders.



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In the course of our investing activities, we will pay management and incentive fees to the Adviser and will reimburse the Administrator for certain expenses it incurs. As a result, investors in our common stock will invest on a “gross” basis and receive distributions on a “net” basis after expenses, resulting in a lower rate of return than one might achieve through our investors themselves making direct investments. As a result of this arrangement, there may be times when the management team of the Adviser has interests that differ from those of our stockholders, giving rise to a conflict. In addition, as a BDC, we make available significant managerial assistance to our portfolio companies and provide other services to such portfolio companies. While neither we nor the Adviser currently receive fees in connection with managerial assistance, the Adviser and Gladstone Securities have, at various times, provided other services to certain of our portfolio companies and received fees for services other than managerial assistance as discussed in “*Business— Ongoing Management of Investments and Portfolio Company Relationships — Managerial Assistance and Services*” in Part I, Item 1 of our most recent Annual Report on Form 10-K.

### *Portfolio Manager Compensation*

The Portfolio Managers receive compensation from our Adviser in the form of a base salary plus a bonus. Each Portfolio Manager’s base salary is determined by a review of salary surveys for persons with comparable experience who are serving in comparable capacities in the industry. Each Portfolio Manager’s base salary is set and reviewed yearly. Like all employees of the Adviser, a Portfolio Manager’s bonus is tied to the post-tax performance of the Adviser and the entities that it advises. A Portfolio Manager’s bonus increases or decreases when the Adviser’s income increases or decreases. The Adviser’s income, in turn, is directly tied to the management and incentive fees earned in managing its investment funds, including Gladstone Investment. Pursuant to the Advisory Agreement, the Adviser receives a base management fee and an incentive fee based on net investment income in excess of the hurdle rates and capital gains as set out in the Advisory Agreement. During the fiscal years ended March 31, 2021, 2020 and 2019, we incurred net fees of approximately \$17.9 million, \$5.3 million and \$22.3 million, respectively, to our Adviser under the Advisory Agreement. See “*Business – Transactions with Related Parties – Investment Advisory and Management Agreement*” in Part I, Item 1 of our most recent Annual Report on Form 10-K for a full discussion of how such fees are computed and paid. A discussion regarding the basis for the Board of Directors approving the Advisory Agreement is available in our Annual Report on Form 10-K for the fiscal year ended March 31, 2021.

### *Portfolio Manager Beneficial Ownership*

The following table sets forth, as of March 31, 2021, the dollar range of equity securities that are beneficially owned by each of our Portfolio Managers.

<u>Name</u>	<u>Dollar Range of Equity Securities of the Company Owned by Directors (1)(2)</u>
David Gladstone	Over \$1,000,000
Terry Lee Brubaker	Over \$1,000,000
David A.R. Dullum	Over \$1,000,000

(1) Ownership is calculated in accordance with Rule 16-1(a)(2) of the Exchange Act.

(2) The dollar range of equity securities beneficially owned is calculated by multiplying the closing price of the respective class as reported on Nasdaq as of March 31, 2021, times the number of shares of the respective class so beneficially owned and aggregated accordingly.

## **CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS**

The information contained under the captions “Security Ownership of Certain Beneficial Owners and Management” in our most recent Definitive Proxy Statement for our Annual Meeting of Stockholders is incorporated by reference herein.

## DIVIDEND REINVESTMENT PLAN

Our transfer agency and services agreement with our transfer agent, Computershare, Inc. (“Computershare”), authorizes Computershare to provide a dividend reinvestment plan that allows for reinvestment of our distributions on behalf of our common stockholders upon their election as provided below. As a result, if our Board of Directors authorizes, and we declare, a cash dividend, then our common stockholders who have “opted in” to the dividend reinvestment plan will not receive cash dividends but, instead, such cash dividends will automatically be reinvested in additional shares of our common stock.

Pursuant to the dividend reinvestment plan, if your shares of our common stock are registered in your own name you can have all distributions reinvested in additional shares of our common stock by Computershare, as the plan agent, if you enroll in the dividend reinvestment plan by delivering an enrollment form to the plan agent prior to the corresponding dividend record date, available at [www.computershare.com/investor](http://www.computershare.com/investor). The plan agent will effect purchases of our common stock under the dividend reinvestment plan in the open market.

If you do not elect to participate in the dividend reinvestment plan, you will receive all distributions in cash paid by check mailed directly to you (or if you hold your shares in street or other nominee name, then to your nominee) as of the relevant record date, by the plan agent, as our distribution disbursing agent. If your shares are held in the name of a broker or nominee, you can transfer the shares into your own name and then enroll in the dividend reinvestment plan or contact your broker or nominee to determine if they offer a dividend reinvestment plan.

The plan agent serves as agent for the holders of our common stock in administering the dividend reinvestment plan. After we declare a dividend, the plan agent will, as agent for the participants, receive the cash payment and use it to buy common stock on Nasdaq or elsewhere for the participants’ accounts. The price of the shares will be the weighted average price of all shares purchased by the plan agent on such trade date or dates.

Stockholders can obtain additional information about, and participants in the dividend reinvestment plan may withdraw from, the dividend reinvestment plan at any time by contacting Computershare online at [www.computershare.com/investor](http://www.computershare.com/investor), via telephone at (781) 575-2000 or by mailing a request to 150 Royall Street, Canton, Massachusetts 02021 or by selling or transferring all applicable shares. If the plan agent receives a request to withdraw near a dividend record date, the plan agent, in its sole discretion, may either distribute such dividends in cash or reinvest the shares on behalf of the withdrawing participant. If such dividends are reinvested, the plan agent will process the withdrawal as soon as practicable, but in no event later than five business days after the reinvestment is completed.

The plan agent will maintain each participant’s account in the dividend reinvestment plan and will furnish periodic written confirmations of all transactions in such account, including information needed by the stockholder for personal and tax records. Common stock in the account of each dividend reinvestment plan participant will be held by the plan agent in non-certificated form in the name of such participant; however participants may request that such shares be certificated in their name. The plan agent will provide proxy materials relating to our stockholders’ meetings that will include those shares purchased through the plan agent, as well as shares held pursuant to the dividend reinvestment plan.

We pay the plan agent’s fees for the handling or reinvestment of dividends and other distributions. If a participant elects by written notice to the plan agent prior to termination of his or her account to have the plan agent sell part or all of the shares held by the plan agent in the participant’s account and remit the proceeds to the participant, the plan agent is authorized to deduct a transaction fee of \$15.00 for each batch order sale and \$25.00 for each market order, day limit order and good-till-canceled limit order sale, plus brokerage commissions of \$0.10 per share, from the proceeds. The participants in the dividend reinvestment plan will also bear a transaction fee of up to \$5.00, plus per share brokerage commissions of \$0.10, incurred with respect to open market purchases.

Distributions are taxable whether paid in cash or reinvested in additional shares, and the reinvestment of distributions pursuant to the dividend reinvestment plan will not relieve participants of any U.S. federal income tax or state income tax that may be payable or required to be withheld on such distributions. For more information regarding taxes that our stockholders may be required to pay, see “*Material U.S. Federal Income Tax Considerations*.”

## MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of certain material U.S. federal income tax considerations applicable to us, to our qualification and taxation as a RIC for U.S. federal income tax purposes under Subchapter M of the Code and to an investment in our common stock. This discussion applies only to beneficial owners that acquired our shares in an initial offering.

This summary does not purport to be a complete description of all the income tax considerations applicable to an investment in our common stock. In particular, this discussion does not address certain considerations that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, a trader in securities that elects to use a mark-to-market method of accounting for its securities holdings, pension plans and trusts, financial institutions, real estate investment trusts, RICs, banks and other financial institutions, stockholders that are treated as partnerships for U.S. federal income tax purposes, U.S. persons whose functional currency is not the U.S. dollar, non-U.S. stockholders (as defined below) engaged in a trade or business in the United States or entitled to claim the benefits of an applicable income tax treaty, persons who have ceased to be U.S. citizens or to be taxed as residents of the United States, “controlled foreign corporations,” “passive foreign investment companies” and persons that will hold our common 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 a stockholder. If we issue preferred stock that may be convertible into or exercisable or exchangeable for securities or other property or preferred stock with other terms that may have different U.S. federal income tax consequences than those described in this summary, the U.S. federal income tax consequences of that preferred stock will be described in the relevant prospectus supplement. This summary assumes that investors hold our common stock as capital assets (within the meaning of the Code). The discussion is based upon the Code, its legislative history, existing and proposed U.S. Treasury regulations and published rulings and court decisions 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. We have not sought, and do not expect to seek, any ruling from the Internal Revenue Service (“IRS”) regarding any matter discussed herein, and this discussion is not binding on the IRS. Accordingly, there can be no assurance that the IRS will not assert, and a court will not sustain, a position contrary to any of the tax consequences discussed herein. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invest in tax-exempt securities or certain other investment assets. For purposes of this discussion, a “U.S. stockholder” is a beneficial owner of our common stock who is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- 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 United States or any state thereof or the District of Columbia;
- a trust, if a court within the United States has primary supervision over its administration and one or more U.S. persons (as defined in the Code) have the authority to control all of its substantial decisions, or if the trust has a valid election in effect under applicable U.S. Treasury regulations 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.

For purposes of this discussion, a “non-U.S. stockholder” is a beneficial owner of our common stock that is not a U.S. stockholder.

Tax matters are complicated, and the tax consequences of an investment in our common stock will depend on the facts of a stockholder’s particular situation. Holders of our common stock are strongly encouraged to consult their own tax advisor regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of our common stock, as well as the effect of state, local and foreign tax laws, and the effect of any possible changes in tax laws.

### Election to be Taxed as a RIC

We have elected to be treated, and intend to operate in a manner so as to continuously qualify annually thereafter, as a RIC under Subchapter M of the Code. As a RIC, we generally do not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we timely distribute (or are deemed to timely distribute) to our stockholders as dividends. Instead, dividends we distribute (or are deemed to timely distribute) generally are taxable to the holders of our common stock, and any net operating losses, foreign tax credits and most other tax attributes generally will not pass through to the holders of our common stock. We will be subject to U.S. federal corporate-level income tax on any undistributed income and gains. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, we must distribute to our stockholders, for each taxable year, at least 90% of our investment company taxable income (which generally is our net ordinary

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taxable income and realized net short-term capital gains in excess of realized net long-term capital losses, determined without regard to the dividends-paid deduction) (the “Annual Distribution Requirement”) for any taxable year. The following discussion assumes that we continue to qualify as a RIC.

### **Taxation as a Regulated Investment Company**

If we (1) qualify as a RIC and (2) satisfy the Annual Distribution Requirement, then we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (realized net long-term capital gain in excess of realized net short term capital loss) that we timely distribute (or are deemed to timely distribute) to our stockholders. We will be subject to U.S. federal income tax at regular corporate rates on any income or capital gains not distributed (or deemed distributed) to our stockholders.

If we fail to distribute in a timely manner an amount at least equal to the sum of (1) 98% of our ordinary income for the calendar year, (2) 98.2% of our capital gain net income (both long-term and short-term) for the one-year period ending October 31 in that calendar year and (3) any income realized, but not distributed, in the preceding years (to the extent that income tax was not imposed on those amounts) less certain over-distributions in prior years (together, the “Excise Tax Distribution Requirements”), we will be subject to a 4% nondeductible federal excise tax on the portion of the undistributed amounts of that income that are less than the amounts required to be distributed based on the Excise Tax Distribution Requirements. For this purpose, however, any ordinary income or capital gain net income retained by us that is subject to corporate income tax for the taxable year ending in that calendar year will be considered to have been distributed by year-end (or earlier if estimated taxes are paid). We currently intend to make sufficient distributions each taxable year to satisfy the Excise Tax Distribution Requirements.

In order to qualify as a RIC for U.S. federal income tax purposes under Subchapter M of the Code, we must, among other things:

- continue to qualify and have in effect an election to be treated as a business development company under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from (a) dividends, interest, payments with respect to certain securities loans, gains from the sale of stock, securities, foreign currencies, or other income (including certain deemed inclusions) derived with respect to our business of investing in such stock, securities, foreign currencies or other income, or (b) net income derived from an interest in a “qualified publicly traded partnership” (“QPTP”) (collectively, the “90% Gross Income Test”); and
- diversify our holdings so that at the end of each quarter of the taxable year:
  - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs and other securities, if those other securities, with respect to any one issuer, do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and
  - no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of (i) one issuer, (ii) two or more issuers that are controlled, as determined under the Code, by us and that are engaged in the same or similar or related trades or businesses, or (iii) one or more QPTPs (collectively, the “Diversification Tests”).

We have an “opt-in” dividend reinvestment plan (“DRIP”). The tax consequences of participating in the DRIP are discussed below.

We may have investments that require income to be included in investment company taxable income in a year prior to the year in which we actually receive a corresponding amount of cash in respect of that income. For example, if we hold corporate stock with respect to which Section 305 of the Code requires inclusion in income of amounts of deemed dividends even if no cash distribution is made, we must include in our taxable income in each year the full amount of our applicable share of our allocable share of these deemed dividends. Additionally, if we hold debt obligations that are treated under applicable U.S. federal income tax rules as having original issue discount (“OID”) (such as debt instruments with PIK interest or, in certain cases, that have increasing interest rates or are issued with warrants), we must include in our taxable income in each year a portion of the OID that accrues over the life of the obligation, regardless of whether we receive cash representing that income in the same taxable year. We may also have to include in our taxable income other amounts that we have not yet received in cash, such as accruals on a contingent payment debt instrument or deferred loan origination fees that are paid after origination of the loan or are paid in non-cash compensation such as warrants or stock.

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A RIC is limited in its ability to deduct expenses in excess of its investment company taxable income. If our deductible expenses in a given year exceed our investment company taxable income, we will have a net operating loss for that year. A RIC is not able to offset its investment company taxable income with net operating losses on either a carryforward or carryback basis, and net operating losses generally will not pass through to holders of our common stock. In addition, expenses can be used only to offset investment company taxable income, and may not be used to offset net capital gain. A RIC may not use any net capital losses (i.e., realized capital losses in excess of realized capital gains) to offset the RIC's investment company taxable income, but may carry forward those losses, and use them to offset future capital gains, indefinitely. Further, a RIC's deduction of net business interest expense is limited to 30% of its "adjusted taxable income" plus "floor plan financing interest expense." It is not expected that any portion of any underwriting or similar fee will be deductible for U.S. federal income tax purposes to us or the holders of our common stock. Due to these limits on the deductibility of expenses, net capital losses and business interest expenses, we may, for U.S. federal income tax purposes, have aggregate taxable income for several years that we are required to distribute and that is taxable to stockholders even if this income is greater than the aggregate net income we actually earned during those years.

In order to enable us to make distributions to the holders of our common stock that will be sufficient to enable us to satisfy the Annual Distribution Requirement or the Excise Tax Distribution Requirements in the event that the circumstances described in the preceding two paragraphs apply, we may need to liquidate or sell some of our assets at times or at prices that we would not consider advantageous, we may need to raise additional equity or debt capital, we may need to take out loans, or we may need to forego new investment opportunities or otherwise take actions that are disadvantageous to our business (or be unable to take actions that are advantageous to our business). Even if we are authorized to borrow and to sell assets in order to satisfy the Annual Distribution Requirement or the Excise Tax Distribution Requirements, under the 1940 Act, we generally are not permitted to make distributions to our stockholders while our debt obligations and senior securities are outstanding unless certain "asset coverage" tests or other financial covenants are met. If we are unable to obtain cash from other sources to enable us to satisfy the Annual Distribution Requirement, we may fail to qualify for the U.S. federal income tax benefits allowable to RICs and, thus, become subject to a corporate-level U.S. federal income tax (and any applicable state and local taxes). If we are unable to obtain cash from other sources to enable us to satisfy the Excise Tax Distribution Requirements, we may be subject to an additional tax. However, no assurances can be given that we will not be subject to the excise tax, and we may choose in certain circumstances to pay the excise tax as opposed to making an additional distribution.

For the purpose of determining whether we satisfy the 90% Gross Income Test and the Diversification Tests, the character of our distributive share of items of income, gain, losses, deductions and credits derived through any investments in companies that are treated as partnerships for U.S. federal income tax purposes (other than certain publicly traded partnerships), or are otherwise treated as disregarded from us for U.S. federal income tax purposes, generally will be determined as if we realized these tax items directly. Further, for purposes of calculating the value of our investment in the securities of an issuer for purposes of determining the 25% requirement of the Diversification Tests, our proper proportion of any investment in the securities of that issuer that are held by a member of our "controlled group" must be aggregated with our investment in that issuer. A controlled group is one or more chains of corporations connected through stock ownership with us if (a) at least 20% of the total combined voting power of all classes of voting stock of each of the corporations is owned directly by one or more of the other corporations, and (b) we directly own at least 20% or more of the combined voting stock of at least one of the other corporations.

### **Failure to Qualify as a RIC**

If we, otherwise qualifying as a RIC, fail to satisfy the 90% Gross Income Test for any taxable year or the Diversification Tests for any quarter of a taxable year, we might nevertheless continue to qualify as a RIC for that year if certain relief provisions of the Code apply (which might, among other things, require us to pay certain corporate-level U.S. federal taxes or to dispose of certain assets). If we fail to qualify as a RIC for more than two consecutive taxable years and then seek to re-qualify as a RIC, we generally would be required to recognize gain to the extent of any unrealized appreciation in our assets unless we elect to pay U.S. corporate income tax on any unrealized appreciation during the succeeding 5-year period.

If we fail to qualify for treatment as a RIC in any taxable year and are not eligible for the relief provisions, we would be subject to U.S. federal income tax on all of our taxable income at the regular corporate U.S. federal income tax rate and would be subject to any applicable state and local taxes, regardless of whether we make any distributions to the holders of our common stock. Additionally, we would not be able to deduct distributions to our stockholders, nor would distributions to the holders of our common stock be required to be made for U.S. federal income tax purposes. Any distributions we make generally would be taxable to the holders of our common stock as ordinary dividend income and, subject to certain limitations under the Code, would be eligible for the current maximum rate applicable to qualifying dividend income of individuals and other non-corporate U.S. stockholders, to the extent of our current or accumulated earnings and profits. Subject to certain limitations under the Code, U.S. stockholders of our common stock that are corporations for U.S. federal income tax purposes would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the holder's adjusted tax basis in its shares of our common stock, and any remaining distributions would be treated as capital gain.

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Although we expect to operate in a manner so as to qualify continuously as a RIC, we may decide in the future to be taxed as a “C” corporation, even if we would otherwise qualify as a RIC, if we determine that treatment as a C corporation for a particular year would be in our best interests. The remainder of this discussion assumes that we will continuously qualify as a RIC for each taxable year.

### **Our Investments—General**

Certain of our investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things, (1) treat dividends that would otherwise constitute qualified dividend income as non-qualified dividend income, (2) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (3) convert lower-taxed long-term capital gain into higher-taxed short-term capital gain or ordinary income, (4) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (5) cause us to recognize income or gain without receipt of a corresponding cash payment, (6) adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur, (7) adversely alter the characterization of certain complex financial transactions and (8) produce income that will not be qualifying income for purposes of the 90% Gross Income Test. We intend to monitor our transactions and may make certain tax elections in order to mitigate the effects of these provisions; however, no assurances can be given that we will be eligible for any of those tax elections or that any elections we make will fully mitigate the effects of these provisions.

Gain or loss recognized by us from securities and other financial assets acquired by us, as well as any loss attributable to the lapse of options, warrants, or other financial assets taxed as options, generally will be treated as capital gain or loss. The gain or loss generally will be long-term or short-term depending on how long we held a particular security or other financial asset. However, gain on the lapse of an option issued by us will be treated as short-term capital gain.

A portfolio company in which we invest may face financial difficulties that require us to work-out, modify or otherwise restructure our investment in the portfolio company. Any such transaction could, depending upon the specific terms of the transaction, cause us to recognize taxable income without a corresponding receipt of cash, which could affect our ability to satisfy the Annual Distribution Requirement or the Excise Tax Distribution Requirements or result in unusable capital losses and future non-cash income. Any such transaction could also result in us receiving assets that give rise to non-qualifying income for purposes of the 90% Gross Income Test.

Our investment in non-U.S. securities may be subject to non-U.S. income, withholding and other taxes. Stockholders generally will not be entitled to claim a U.S. foreign tax credit or deduction with respect to non-U.S. taxes paid by us.

If we purchase shares in a “passive foreign investment company” (a “PFIC”), we may be subject to U.S. federal income tax on a portion of any “excess distribution” received on, or any gain from the disposition of, such shares even if we distribute that income as a taxable dividend to the holders of our common stock. Additional charges in the nature of interest generally will be imposed on us in respect of deferred taxes arising from any such excess distribution or gain. If we invest in a PFIC and elect to treat the PFIC as a “qualified electing fund” under the Code (a “QEF”), in lieu of the foregoing requirements, we will be required to include in income each year our proportionate share of the ordinary earnings and net capital gain of the QEF, even if that income is not distributed by the QEF. Any required inclusions from the QEF election will be considered “good income” for purposes of the 90% Gross Income Test. Alternatively, we may be able to elect to mark-to-market at the end of each taxable year our shares in a PFIC; in this case, we will recognize as ordinary income any increase in the value of those shares, and as ordinary loss any decrease in such value to the extent that any such decrease does not exceed prior increases included in our income. Our ability to make either election will depend on factors beyond our control, and is subject to restrictions which may limit the availability of the benefit of these elections. Under either election, we may be required to recognize in a year income in excess of any distributions we receive from PFICs and any proceeds from dispositions of PFIC stock during that year, and that income will nevertheless be subject to the Annual Distribution Requirement and will be taken into account for purposes of determining whether we satisfy the Excise Tax Distribution Requirements. See “— *Taxation as a Regulated Investment Company*” above.

Our functional currency is the U.S. dollar for U.S. federal income tax purposes. Under Section 988 of the Code, gains or losses attributable to fluctuations in exchange rates between the time we accrue income, expenses or other liabilities denominated in a currency other than the U.S. dollar and the time we actually collect that income or pay that expense or liability are generally treated as ordinary income or loss. Similarly, gains or losses on foreign currency forward contracts, the disposition of debt denominated in a foreign currency, and other financial transactions denominated in a foreign currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, are also treated as ordinary income or loss.

### **Taxation of U.S. Stockholders**

The following discussion applies only to U.S. stockholders. If you are not a U.S. stockholder, this section does not apply to you. Distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gains. Distributions of our investment

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company taxable income, determined without regard to the deduction for dividends paid, will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional common stock. To the extent the distributions we pay to non-corporate U.S. stockholders (including individuals) are attributable to dividends from U.S. corporations and certain qualified foreign corporations, those distributions (“Qualifying Dividends”) generally are taxable to U.S. stockholders at the preferential rates applicable to long-term capital gains. However, it is anticipated that distributions paid by us will generally not be attributable to dividends and, therefore, generally will not qualify for the preferential rates applicable to Qualifying Dividends or the dividends-received deduction available to corporations under the Code. Distributions of our net capital gains (which generally are our realized net long-term capital gains in excess of realized net short-term capital losses) that are properly reported by us as “capital gain dividends” will be taxable to a U.S. stockholder as long-term capital gains that are currently taxable at reduced rates in the case of non-corporate taxpayers, regardless of the U.S. stockholder’s holding period for his, her or its common stock and regardless of whether paid in cash or reinvested in additional common stock. Distributions in excess of our earnings and profits first will reduce a U.S. stockholder’s adjusted tax basis in the U.S. stockholder’s common stock and, after the adjusted tax basis is reduced to zero, will constitute capital gains to the U.S. stockholder.

A portion of our ordinary income dividends paid to corporate U.S. stockholders may, if certain conditions are met, qualify for the 50% dividends-received deduction to the extent we have received dividends from certain corporations during the taxable year, but only to the extent these ordinary income dividends are treated as paid out of our earnings and profits. We expect only a small portion of our dividends to qualify for this deduction. A corporate U.S. stockholders may be required to reduce its basis in its common stock with respect to certain “extraordinary dividends,” as defined in Section 1059 of the Code. Corporate U.S. stockholders should consult their own tax advisors in determining the application of these rules in their particular circumstances.

U.S. stockholders who have elected to participate in our dividend reinvestment plan will have their cash dividends and distributions automatically reinvested in additional shares of our common stock, rather than receiving cash dividends and distributions. Any dividends or distributions reinvested under the plan will nevertheless remain taxable to U.S. stockholders. A U.S. stockholder will have an adjusted basis in the additional common stock purchased through the plan equal to the dollar amount that would have been received if the U.S. stockholder had received the dividend or distribution in cash, unless we were to issue new shares that are trading at or above net asset value, in which case, the U.S. stockholder’s basis in the new shares would generally be equal to their fair market value. The additional shares will have a new holding period commencing on the day following the day on which the shares are credited to the U.S. stockholder’s account.

We expect to be treated as a “publicly offered regulated investment company.” As a “publicly offered regulated investment company,” in addition to our DRIP, we may choose to pay a majority of a required dividend in stock rather than cash. In order for the distribution to qualify for the Annual Distribution Requirement, the dividend must be payable at the election of each shareholder in cash or common stock (or a combination of the two), but may have a “cash cap” that limits the total amount of cash paid to not less than 20% of the entire distribution. If shareholders in the aggregate elect to receive an amount of cash greater than the Fund’s cash cap, then each shareholder who elected to receive cash will receive a pro rata share of the cash and the rest of their distribution in stock of the Fund. The value of the portion of the distribution made in common stock will be equal to the amount of cash for which the common stock is substituted, and U.S. stockholders will be subject to tax on those amount as though they had received cash.

We may elect to retain our net capital gain or a portion thereof for investment and be taxed at corporate-level tax rates on the amount retained, and therefore designate the retained amount as a “deemed dividend.” In this case, we may report the retained amount as undistributed capital gains to our U.S. stockholders, who will be treated as if each U.S. stockholder received a distribution of its pro rata share of this gain, with the result that each U.S. stockholder will (i) be required to report its pro rata share of this gain on its tax return as long-term capital gain, (ii) receive a refundable tax credit for its pro rata share of tax paid by us on the gain and (iii) increase the tax basis for its shares of common stock by an amount equal to the deemed distribution less the tax credit. In order to utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of the relevant taxable year. We cannot treat any of our investment company taxable income as a “deemed distribution.”

For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of capital gains dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by our stockholders on December 31 of the year in which the dividend was declared.

If a U.S. stockholder purchases shares of our common stock shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the U.S. stockholder will be subject to tax on the distribution even though it economically represents a return of investment.



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A U.S. stockholder generally will recognize taxable gain or loss if the U.S. stockholder redeems, sells or otherwise disposes of its shares of our common stock. The amount of gain or loss will be measured by the difference between a U.S. stockholder's adjusted tax basis in the common stock sold, redeemed or otherwise disposed of and the amount of the proceeds received in exchange. Any gain or loss arising from a sale, redemption or other disposition generally will be treated as long-term capital gain or loss if the U.S. stockholder has held the shares for more than one year. Otherwise, the gain or loss will be classified as short-term capital gain or loss. However, any capital loss arising from the sale, redemption or other disposition of shares of our common stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to those shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our common stock may be disallowed if substantially identical stock or securities are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition. In that case, any disallowed loss is generally added to the U.S. stockholder's adjusted tax basis of the acquired stock.

In general, U.S. stockholders that are individuals, trusts or estates are taxed at preferential rates on their net capital gain. Those rates are lower than the maximum rate on ordinary income currently payable by individuals. Corporate U.S. stockholders currently are subject to U.S. federal income tax on net capital gain and ordinary income at the same maximum rate. Non-corporate U.S. stockholders with net capital losses for a year (i.e., capital loss in excess of capital gain) generally may deduct up to \$3,000 of those losses against their ordinary income each year; any net capital losses of a non-corporate U.S. stockholder in excess of \$3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate U.S. stockholders generally may not deduct any net capital losses for a year, but may carry back those losses for three years or carry forward those losses for five years.

We will send to each of our U.S. stockholders, after the end of each calendar year, a notice providing, on a per share and per distribution basis, the amounts includible in the U.S. stockholder's taxable income for the applicable year as ordinary income and as long-term capital gain. In addition, the U.S. federal tax status of each year's distributions generally will be reported to the IRS (including the amount of dividends, if any, eligible for the preferential rates applicable to long-term capital gains).

Dividends paid by us generally will not be eligible for the dividends-received deduction or the preferential tax rate applicable to Qualifying Dividends because our income generally will not consist of dividends. Distributions by us out of current or accumulated earnings and profits also generally will not be eligible for the 20% pass through deduction under Section 199A of the Code, although under recently proposed regulations, qualified real estate investment trust dividends earned by us may qualify for the deduction under Section 199A of the Code. Distributions may also be subject to additional state, local and non-U.S. taxes depending on a U.S. stockholder's particular situation.

### *Tax Shelter Reporting Regulations*

If a U.S. stockholder recognizes a loss with respect to our common stock in excess of \$2 million or more for a non-corporate U.S. stockholder or \$10 million or more for a corporate U.S. stockholder in any single taxable year, the U.S. stockholder must file with the IRS a disclosure statement on Form 8886. Direct investors of portfolio securities in many cases are exempted from this reporting requirement, but under current guidance, equity owners of a RIC are not exempted. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Significant monetary penalties apply to a failure to comply with this reporting requirement. States may also have similar reporting requirements. Shareholders should consult their tax advisor to determine the applicability of these regulations in light of their individual circumstances.

### *Net Investment Income Tax*

An additional 3.8% surtax generally applies to the net investment income of non-corporate U.S. stockholders (other than certain trusts) on the lesser of (i) the U.S. stockholder's "net investment income" for a taxable year and (ii) the excess of the U.S. stockholder's modified adjusted gross income for the taxable year over \$200,000 (\$250,000 in the case of joint filers). For these purposes, "net investment income" generally includes interest and taxable distributions and deemed distributions paid with respect to shares of common stock, and net gain attributable to the disposition of common stock (in each case, unless the shares of common stock are held in connection with certain trades or businesses), but will be reduced by any deductions properly allocable to these distributions or this net gain.

### **Taxation of non-U.S. stockholders**

The following discussion applies only to persons that are non-U.S. stockholders. If you are not a non-U.S. stockholder, this section does not apply to you. Whether an investment in shares of our common stock is appropriate for a non-U.S. stockholder will depend upon that person's particular circumstances. An investment in shares of our common stock by a non-U.S. stockholder may have adverse tax consequences and, accordingly, may not be appropriate for a non-U.S. stockholder. Non-U.S. stockholders should consult their own tax advisors before investing in our common stock.



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### *Distributions on, and Sale or Other Disposition of, Our Common Stock*

Distributions by us to non-U.S. stockholders generally will be subject to U.S. withholding tax (unless lowered or eliminated by an applicable income tax treaty) to the extent payable from our current or accumulated earnings and profits unless an exception applies.

If a non-U.S. stockholder receives distributions and those distributions are effectively connected with a U.S. trade or business of the non-U.S. stockholder and, if an income tax treaty applies, attributable to a permanent establishment in the United States of that non-U.S. stockholder, those distributions generally will be subject to U.S. federal income tax at the rates applicable to U.S. persons. In that case, we will not be required to withhold U.S. federal income tax if the non-U.S. stockholder complies with applicable certification and disclosure requirements.

Actual or deemed distributions of our net capital gain to a non-U.S. stockholder, and gains recognized by a non-U.S. stockholder upon the sale of our common stock, will not be subject to withholding of U.S. federal income tax and generally will not be subject to U.S. federal income tax unless (a) the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the non-U.S. stockholder and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. stockholder in the United States (as discussed above) or (b) the non-U.S. stockholder is an individual, has been present in the United States for 183 days or more during the taxable year, and certain other conditions are satisfied. For a corporate non-U.S. stockholder, distributions (both actual and deemed), and gains recognized upon the sale of our common stock that are effectively connected with a U.S. trade or business may, under certain circumstances, be subject to an additional “branch profits tax” (unless lowered or eliminated by an applicable income tax treaty). Non-U.S. stockholders of our common stock are encouraged to consult their own advisors as to the applicability of an income tax treaty in their individual circumstances.

In general, no U.S. source withholding taxes will be imposed on dividends paid by us to non-U.S. stockholders to the extent the dividends are designated as “interest related dividends” or “short term capital gain dividends.” Under this exemption, interest related dividends and short term capital gain dividends generally represent distributions of interest or short term capital gain that would not have been subject to U.S. withholding tax at the source if they had been received directly by a non-U.S. stockholder, and that satisfy certain other requirements. No assurance can be given that we will distribute any interest related dividends or short term capital gain dividends.

If we distribute our net capital gain in the form of deemed rather than actual distributions (which we may do in the future), a non-U.S. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the non-U.S. stockholder’s allocable share of the tax we pay on the capital gain deemed to have been distributed. In order to obtain the refund, the non-U.S. stockholder must obtain a U.S. taxpayer identification number (“TIN”) (if one has not been previously obtained) and file a U.S. federal income tax return even if the non-U.S. stockholder would not otherwise be required to obtain a U.S. TIN or file a U.S. federal income tax return.

Non-U.S. stockholders who have elected to participate in our dividend reinvestment plan will have their cash dividends and distributions automatically reinvested in additional shares of our common stock, rather than receiving cash dividends and distributions. Any dividends or distributions reinvested under the plan will nevertheless remain taxable to non-U.S. stockholders to the same extent as if those dividends were received in cash. In addition, we have the ability to declare a large portion of a dividend in shares of our common stock, even if a non-U.S. stockholder has not elected to participate in our dividend reinvestment plan, in which case, as long as a portion of the dividend is paid in cash (which portion could be as low as 20%) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, our non-U.S. stockholders will be taxed on 100% of the fair market value of the dividend paid entirely or partially in our common stock on the date the dividend is received in the same manner (and to the extent that non-U.S. stockholder is subject to U.S. federal income taxation) as a cash dividend (including the application of withholding tax rules described above), even if most or all of the dividend is paid in common stock. In such a circumstance, we may be required to withhold all or substantially all of the cash we would otherwise distribute to a non-U.S. stockholder.

## **Certain Additional Tax Considerations**

### *Information Reporting and Backup Withholding*

We may be required to withhold, for U.S. federal income taxes, a portion of all taxable distributions payable to stockholders (a) who fail to provide us with their correct TINs or who otherwise fail to make required certifications or (b) with respect to whom the IRS notifies us that this stockholder is subject to backup withholding. Certain stockholders specified in the Code and the U.S. Treasury regulations promulgated thereunder are exempt from backup withholding, but may be required to provide documentation to establish their exempt status. Backup withholding is not an additional tax. Any amounts withheld will be allowed as a refund or a credit against the stockholder’s U.S. federal income tax liability if the appropriate information is timely provided to the IRS. Failure by a stockholder to furnish a certified TIN to us could subject the stockholder to a penalty imposed by the IRS.

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### *Withholding and Information Reporting on Foreign Financial Accounts*

A non-U.S. stockholder who is otherwise subject to withholding of U.S. federal income tax may be subject to information reporting and backup withholding of U.S. federal income tax on dividends, unless the non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN or W-8BEN-E (or an acceptable substitute form), or otherwise meets the documentary evidence requirements for establishing that it is a non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

Pursuant to Sections 1471 to 1474 of the Code and the U.S. Treasury regulations thereunder, the relevant withholding agent generally will be required to withhold 30% of any dividends paid with respect to common stock to: (i) a foreign financial institution, unless the foreign financial institution agrees to verify, report and disclose its U.S. accountholders, and meets certain other specified requirements or is subject to an applicable “intergovernmental agreement”; or (ii) a non-financial foreign entity beneficial owner, unless the entity certifies that it does not have any substantial U.S. owners or provides the name, address and TIN of each substantial U.S. owner, and meets certain other specified requirements. If payment of this withholding tax is made, non-U.S. stockholders that are otherwise eligible for an exemption from, or reduction of, U.S. federal withholding taxes with respect to these dividends or proceeds will be required to seek a credit or refund from the IRS to obtain the benefit of this exemption or reduction. In certain cases, the relevant foreign financial institution or non-financial foreign entity may qualify for an exemption from, or be deemed to be in compliance with, these rules. Certain jurisdictions have entered into agreements with the United States that may supplement or modify these rules.

**All stockholders should consult their own tax advisers with respect to the U.S. federal income and withholding tax consequences, and state, local and non-U.S. tax consequences, of an investment in our common stock. We will not pay any additional amounts in respect to any amounts withheld.**

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**DESCRIPTION OF OUR SECURITIES**

Our authorized capital stock consists of 100,000,000 shares of common stock, par value \$0.001 per share, and 10,000,000 shares of preferred stock, par value \$0.001 per share.

The following are our outstanding classes, and series thereof, of Securities as of September 1, 2021.

(1) Title of Class	(2) Amount Authorized	(3) Amount Held by us or for Our Account	(4) Amount Outstanding Exclusive of Amounts Shown Under(3)
Common Stock	100,000,000 shares	—	33,205,023 shares
2026 Notes	\$ 127,937,500	—	\$ 127,937,500
2028 Notes	\$ 134,550,000	—	\$ 134,550,000

The following description is a summary based on relevant provisions of our certificate of incorporation and bylaws and the Delaware General Corporation Law. This summary does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of our certificate of incorporation and bylaws, as amended, and applicable provisions of the Delaware General Corporation Law.

**Common Stock**

All shares of our common stock have equal rights as to earnings, assets, dividends and voting and are duly authorized, validly issued, fully paid and nonassessable. Shares of our common stock have no preemptive, exchange, conversion or redemption rights and are freely transferable, except where their transfer is restricted by federal and state securities laws or by contract.

Distributions may be paid to the holders of our common stock if, as and when declared by our Board of Directors out of funds legally available therefor. In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time.

Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. Except as otherwise provided by statute, by the rules of Nasdaq or other applicable stock exchange, by our certificate of incorporation or by our bylaws, in all matters other than the election of directors, the affirmative vote of the majority of shares present or represented by proxy at a meeting of our stockholders and entitled to vote will be the act of the stockholders. Except as otherwise provided by statute, by our certificate of incorporation or by our bylaws, directors shall be elected by a plurality of the votes of the shares present or represented by proxy at a meeting of our stockholders and entitled to vote on the election of directors. Our common stock is listed on Nasdaq under the ticker symbol "GAIN."

**Preferred Stock**

Our certificate of incorporation gives the board of directors the authority, without further action by stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges, qualifications and restrictions granted to or imposed upon such preferred stock, including dividend rights, conversion rights, voting rights, rights and terms of redemption, and liquidation preference, any or all of which may be greater than the rights of the common stock. Thus, the board of directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. The issuance of preferred stock could adversely affect the voting power of holders of common stock and reduce the likelihood that such holders will receive dividend payments and payments upon liquidation, and could also decrease the market price of our common stock.

**Subscription Rights**

**General**

We may issue subscription rights to our stockholders to purchase common stock or preferred stock. Subscription rights may be issued independently or together with any other offered security and may or may not be transferable by the person purchasing or

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receiving the subscription rights. In connection with any subscription rights offering to our stockholders, we may enter into a standby underwriting arrangement with one or more underwriters pursuant to which such underwriters would purchase any offered Securities remaining unsubscribed after such subscription rights offering to the extent permissible under applicable law. In connection with a subscription rights offering to our stockholders, we would distribute certificates evidencing the subscription rights and a prospectus supplement to our stockholders on the record date that we set for receiving subscription rights in such subscription rights offering.

The applicable prospectus supplement would describe the following terms of subscription rights in respect of which this prospectus is being delivered:

- the period of time the offering would remain open (which in no event would be less than fifteen business days);
- the title of such subscription rights;
- the exercise price for such subscription rights;
- the ratio of the offering (which in no event would exceed one new share of common stock for each three rights held);
- the number of such subscription rights issued to each stockholder;
- the extent to which such subscription rights are transferable;
- if applicable, a discussion of the material U.S. federal income tax considerations applicable to the issuance or exercise of such subscription rights;
- the date on which the right to exercise such subscription rights shall commence, and the date on which such rights shall expire (subject to any extension);
- the extent to which such subscription rights include an over-subscription privilege with respect to unsubscribed securities;
- if applicable, the material terms of any standby underwriting or other purchase arrangement that we may enter into in connection with the subscription rights offering; and
- any other terms of such subscription rights, including terms, procedures and limitations relating to the exchange and exercise of such subscription rights.

### ***Exercise of Subscription Rights***

Each subscription right would entitle the holder of the subscription right to purchase for cash such amount of shares of common stock, or preferred stock, at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the prospectus supplement relating to the subscription rights offered thereby. Subscription rights may be exercised at any time up to the close of business on the expiration date for such subscription rights set forth in the prospectus supplement. After the close of business on the expiration date, all unexercised subscription rights would become void.

Subscription rights may be exercised as set forth in the prospectus supplement relating to the subscription rights offered thereby. Upon receipt of payment and the subscription rights certificate properly completed and duly executed at the corporate trust office of the subscription rights agent or any other office indicated in the prospectus supplement we will forward, as soon as practicable, the shares of common stock purchasable upon such exercise. We may determine to offer any unsubscribed offered securities directly to persons other than stockholders, to or through agents, underwriters or dealers or through a combination of such methods, including pursuant to standby underwriting arrangements, as set forth in the applicable prospectus supplement.

### **Warrants**

The following is a general description of the terms of the warrants we may issue from time to time. Particular terms of any warrants we offer will be described in the prospectus supplement relating to such warrants.

We may issue warrants to purchase shares of our common stock, preferred stock or debt securities. Such warrants may be issued independently or together with shares of common or preferred stock or other equity or debt securities and may be attached or separate from such securities. We will issue each series of warrants under a separate warrant agreement to be entered into between us and a warrant agent. The warrant agent will act solely as our agent and will not assume any obligation or relationship of agency for or with holders or beneficial owners of warrants.

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A prospectus supplement will describe the particular terms of any series of warrants we may issue, including the following:

- the title of such warrants;
- the aggregate number of such warrants;
- the price or prices at which such warrants will be issued;
- the currency or currencies, including composite currencies, in which the price of such warrants may be payable;
- if applicable, the designation and terms of the securities with which the warrants are issued and the number of warrants issued with each such security or each principal amount of such security;
- In the case of warrants to purchase debt securities, the principal amount of debt securities purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which such principal amount may be purchased upon such exercise;
- In the case of warrants to purchase common stock or preferred stock, the number of shares of common or preferred stock purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which these shares may be purchased upon such exercise;
- the date on which the right to exercise such warrants shall commence and the date on which such right will expire;;
- whether such warrants will be issued in registered form or bearer form;
- if applicable, the minimum or maximum amount of such warrants which may be exercised at any one time;
- if applicable, the date on and after which such warrants and the related securities will be separately transferable;
- information with respect to book-entry procedures, if any;
- the terms of the securities issuable upon exercise of the warrants;
- if applicable, a discussion of certain U.S. federal income tax considerations; and
- any other terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants.

We and the warrant agent may amend or supplement the warrant agreement for a series of warrants without the consent of the holders of the warrants issued thereunder to effect changes that are not inconsistent with the provisions of the warrants and that do not materially and adversely affect the interests of the holders of the warrants.

Prior to exercising their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon such exercise, including the right to receive distributions or dividends, if any, or payments upon our liquidation, dissolution or winding up or to exercise any voting rights.

Under the 1940 Act, we may generally only offer warrants (except for warrants expiring not later than 120 days after issuance and issued exclusively and ratably to a class of our security holders) on the condition that (1) the warrants expire by their terms within ten years; (2) the exercise or conversion price is not less than the current market value of the securities underlying the warrants at the date of issuance; (3) our stockholders authorize the proposal to issue such warrants (our stockholders approved such a proposal to issue long-term rights, including warrants, in connection with our 2008 annual meeting of stockholders) and a “required majority” of our Board of Directors approves such issuance on the basis that the issuance is in the best interests of Gladstone Investment and our stockholders; and (4) if the warrants are accompanied by other securities, the warrants are not separately transferable unless no class of such warrants and the securities accompanying them has been publicly distributed. A “required majority” of our Board of Directors is a vote of both a majority of our directors who have no financial interest in the transaction and a majority of the directors who are not interested persons of the company. The 1940 Act also provides that the amount of our voting securities that would result from the exercise of all outstanding warrants, options and subscription rights at the time of issuance may not exceed 25% of our outstanding voting securities.

### **Debt Securities**

Any debt securities that we issue may be senior or subordinated in priority of payment. If we offer debt securities under this prospectus, we will provide a prospectus supplement that describes the ranking, whether senior or subordinated, the specific designation, the aggregate principal amount, the purchase price, the maturity, the redemption terms, the interest rate or manner of calculating the interest rate, the time of payment of interest, if any, the terms for any conversion or exchange, including the terms relating to the adjustment of any conversion or exchange mechanism, the listing, if any, on a securities exchange, the name and address of the trustee and any other specific terms of the debt securities.

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### *5.00% Notes due 2026*

The 2026 Notes were issued under a base indenture, dated as of May 22, 2020, and a second supplemental indenture thereto, dated as of March 2, 2021, each entered into between us and UMB Bank, National Association, as trustee (collectively, the “2026 Indenture”). The 2026 Notes will mature on May 1, 2026. The principal payable at maturity will be 100% of the aggregate principal amount. The interest rate of the 2026 Notes is 5.00% per year. Interest on the 2026 Notes is paid every February 1, May 1, August 1 and November 1 and the regular record dates for interest payments are every January 15, April 15, July 15 and October 15, as the case may be, next preceding the applicable interest payment date. The 2026 Notes are listed on Nasdaq under the symbol “GAINN.”

The 2026 Notes were issued in denominations of \$25 and integral multiples of \$25 in excess thereof. The 2026 Notes are not subject to any sinking fund, and holders of the 2026 Notes do not have the option to have the 2026 Notes repaid prior to the stated maturity date.

The following is a summary description of the material terms of the 2026 Notes and the 2026 Indenture. The following summary is qualified in its entirety by reference to the 2026 Indenture.

### Covenants

In addition to standard covenants relating to payment of principal and interest, maintaining an office where payments may be made or securities can be surrendered for payment and related matters, the following covenants apply to the 2026 Notes:

- We agree that for the period of time during which 2026 Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to us by the SEC.
- We agree that for the period of time during which 2026 Notes are outstanding, we will not declare any dividend (except a dividend payable in stock of the Company), or declare any other distribution, upon a class of our capital stock, or purchase any such capital stock, unless, in every such case, at the time of the declaration of any such dividend or distribution, or at the time of any such purchase, we have an asset coverage (as defined in the 1940 Act) of at least the threshold specified under Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions thereto of the 1940 Act, after deducting the amount of such dividend, distribution or purchase price, as the case may be, and giving effect, in each case, to any no-action relief granted by the SEC to another BDC and upon which we may reasonably rely (or to us if we determine to seek such similar no-action or other relief) permitting the BDC to declare any cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act, to maintain such BDC’s status as a RIC under Subchapter M of the Code.
- If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders of the 2026 Notes and the trustee, for the period of time during which the 2026 Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable GAAP.

### Optional Redemption

The 2026 Notes may be redeemed in whole or in part at any time or from time to time at our option on or after March 1, 2023, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount of the 2026 Notes to be redeemed plus accrued and unpaid interest payments otherwise payable thereon for the then-current quarterly interest period accrued to, but excluding, the date fixed for redemption.

### Conversion and Exchange

The 2026 Notes are not convertible into or exchangeable for other securities.

### Events of Default

The term “Event of Default” in respect of the 2026 Notes means any of the following:

- We do not pay the principal of any 2026 Note when due and payable at maturity;

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- We do not pay interest on any Note when due and payable, and such default is not cured within 30 days of its due date;
- We remain in breach of any other covenant in respect of the 2026 Notes for 60 days after we receive a written notice of default stating we are in breach (the notice must be sent by either the trustee or holders of at least 25% of the principal amount of the outstanding 2026 Notes);
- We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and remain undischarged or unstayed for a period of 60 days; or
- On the last business day of each of twenty-four consecutive calendar months, the 2026 Notes have an asset coverage (as such term is defined in the 1940 Act) of less than 100%.

An Event of Default for the 2026 Notes may, but does not necessarily, constitute an Event of Default for any other series of debt securities issued under the same or any other indenture. The trustee may withhold notice to the holders of the 2026 Notes of any default, except in the payment of principal or interest, if it in good faith considers the withholding of notice to be in the best interests of the holders.

### Remedies if an Event of Default Occurs

If an Event of Default has occurred and is continuing, the trustee or the holders of not less than 25% in principal amount of the 2026 Notes may declare the entire principal amount of all the 2026 Notes to be due and immediately payable, but this does not entitle any holder of 2026 Notes to any redemption payout or redemption premium. This is called a declaration of acceleration of maturity. Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the 2026 Indenture at the request of any holders unless the holders offer the trustee protection from expenses and liability reasonably satisfactory to it (called an “indemnity”).

### Defeasance and Covenant Defeasance

The 2026 Notes are subject to defeasance by us. “Defeasance” means that, by depositing with a trustee an amount of cash and/or government securities sufficient to pay all principal and interest, if any, on the 2026 Notes when due and satisfying any additional conditions required under the 2026 Indenture, we will be deemed to have been discharged from our obligations under the 2026 Notes.

The 2026 Notes are subject to covenant defeasance by us. In the event of a “covenant defeasance,” upon depositing such funds and satisfying conditions similar to those for defeasance we would be released from certain covenants under the 2026 Indenture. The consequences to the holders of the 2026 Notes would be that, while they would no longer benefit from certain covenants under the 2026 Indenture, and while the 2026 Notes could not be accelerated for any reason, the holders of the 2026 Notes nonetheless could look to the Company for repayment of the 2026 Notes if there were a shortfall in the funds deposited with the trustee or the trustee is prevented from making a payment.

### Ranking

The 2026 Notes are our direct unsecured obligations and rank:

- pari passu with our existing and future unsecured, unsubordinated indebtedness, including our 2028 Notes;
- senior to our Series E Term Preferred Stock and any other series of preferred stock that we may issue in the future;
- senior to any of our future indebtedness that expressly provides it is subordinated to the 2026 Notes;
- effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness; and
- structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries and any other future subsidiaries of the Company, including, without limitation, borrowings under the Credit Facility.

### ***4.875% Notes due 2028***

The 2028 Notes were issued under a base indenture, dated as of May 22, 2020, and a third supplemental indenture thereto, dated as of August 18, 2021, each entered into between us and UMB Bank, National Association, as trustee (collectively, the “2028 Indenture”). The 2028 Notes will mature on November 1, 2028. The principal payable at maturity will be 100% of the aggregate principal amount. The interest rate of the 2028 Notes is 4.875% per year. Interest on the 2028 Notes will be paid every February 1, May 1, August 1 and November 1, commencing November 1, 2021, and the regular record dates for interest payments will be every January 15, April 15, July 15 and October 15, commencing April 15, 2021, as the case may be, next preceding the applicable interest payment date. The 2028 Notes are listed on Nasdaq under the symbol “GAINZ.”

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The 2028 Notes were issued in denominations of \$25 and integral multiples of \$25 in excess thereof. The 2028 Notes are not be subject to any sinking fund and holders of the 2028 Notes do not have the option to have the 2028 Notes repaid prior to the stated maturity date.

The following is a summary description of the material terms of the 2028 Notes and the 2028 Indenture. The following summary is qualified in its entirety by reference to the 2028 Indenture.

## Covenants

In addition to standard covenants relating to payment of principal and interest, maintaining an office where payments may be made or securities can be surrendered for payment and related matters, the following covenants apply to the 2028 Notes:

- We agree that for the period of time during which 2028 Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to us by the SEC.
- We agree that for the period of time during which 2028 Notes are outstanding, we will not declare any dividend (except a dividend payable in stock of the Company), or declare any other distribution, upon a class of our capital stock, or purchase any such capital stock, unless, in every such case, at the time of the declaration of any such dividend or distribution, or at the time of any such purchase, we have an asset coverage (as defined in the 1940 Act) of at least the threshold specified under Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions thereto of the 1940 Act, after deducting the amount of such dividend, distribution or purchase price, as the case may be, and giving effect, in each case, to any no-action relief granted by the SEC to another BDC and upon which we may reasonably rely (or to us if we determine to seek such similar no-action or other relief) permitting the BDC to declare any cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act, to maintain such BDC's status as a RIC under Subchapter M of the Code.
- If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders of the 2028 Notes and the trustee, for the period of time during which the 2028 Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable GAAP.

## Optional Redemption

The 2028 Notes may be redeemed in whole or in part at any time or from time to time at our option on or after November 1, 2023, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount of the 2028 Notes to be redeemed plus accrued and unpaid interest payments otherwise payable thereon for the then-current quarterly interest period accrued to, but excluding, the date fixed for redemption.

## Conversion and Exchange

The 2028 Notes are not convertible into or exchangeable for other securities.

## Events of Default

The term "Event of Default" in respect of the 2028 Notes means any of the following:

- We do not pay the principal of any 2026 Note when due and payable at maturity;
- We do not pay interest on any Note when due and payable, and such default is not cured within 30 days of its due date;
- We remain in breach of any other covenant in respect of the 2028 Notes for 60 days after we receive a written notice of default stating we are in breach (the notice must be sent by either the trustee or holders of at least 25% of the principal amount of the outstanding 2028 Notes);



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- We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and remain undischarged or unstayed for a period of 60 days; or
- On the last business day of each of twenty-four consecutive calendar months, the 2028 Notes have an asset coverage (as such term is defined in the 1940 Act) of less than 100%.

An Event of Default for the 2028 Notes may, but does not necessarily, constitute an Event of Default for any other series of debt securities issued under the same or any other indenture. The trustee may withhold notice to the holders of the 2028 Notes of any default, except in the payment of principal or interest, if it in good faith considers the withholding of notice to be in the best interests of the holders.

### Remedies if an Event of Default Occurs

If an Event of Default has occurred and is continuing, the trustee or the holders of not less than 25% in principal amount of the 2028 Notes may declare the entire principal amount of all the 2028 Notes to be due and immediately payable, but this does not entitle any holder of 2028 Notes to any redemption payout or redemption premium. This is called a declaration of acceleration of maturity. Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the 2028 Indenture at the request of any holders unless the holders offer the trustee protection from expenses and liability reasonably satisfactory to it (called an “indemnity”).

### Defeasance and Covenant Defeasance

The 2028 Notes are subject to defeasance by us. “Defeasance” means that, by depositing with a trustee an amount of cash and/or government securities sufficient to pay all principal and interest, if any, on the 2028 Notes when due and satisfying any additional conditions required under the 2028 Indenture, we will be deemed to have been discharged from our obligations under the 2028 Notes.

The 2028 Notes are subject to covenant defeasance by us. In the event of a “covenant defeasance,” upon depositing such funds and satisfying conditions similar to those for defeasance we would be released from certain covenants under the 2028 Indenture. The consequences to the holders of the 2028 Notes would be that, while they would no longer benefit from certain covenants under the 2028 Indenture, and while the 2028 Notes could not be accelerated for any reason, the holders of the 2028 Notes nonetheless could look to the Company for repayment of the 2028 Notes if there were a shortfall in the funds deposited with the trustee or the trustee is prevented from making a payment.

### Ranking

The 2028 Notes are our direct unsecured obligations and rank:

- pari passu with our existing and future unsecured, unsubordinated indebtedness, including our 2026 Notes;
- senior to any series of preferred stock that we may issue in the future;
- senior to any of our future indebtedness that expressly provides it is subordinated to the 2028 Notes;
- effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness; and
- structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries and any other future subsidiaries of the Company, including, without limitation, borrowings under the Credit Facility.

**CERTAIN PROVISIONS OF DELAWARE LAW AND OF OUR  
CERTIFICATE OF INCORPORATION AND BYLAWS**

*The following description of certain provisions of Delaware law and of our amended and restated certificate of incorporation (our “certificate of incorporation”) and our amended and restated bylaws, as amended (our “bylaws”), is only a summary. For a complete description, we refer you to the Delaware General Corporation Law, our certificate of incorporation and our bylaws. We have filed our certificate of incorporation and bylaws, as amended, as exhibits to the registration statement of which this prospectus is a part.*

**Classified Board of Directors**

Pursuant to our certificate of incorporation, our Board of Directors is divided into three classes of directors. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. The holders of outstanding shares of common stock elect our directors. Any director elected to fill a vacancy shall serve for the remainder of the full term of the class in which the vacancy occurred and until a successor is elected and qualified. Holders of shares of our stock have no right to cumulative voting in the election of directors. Consequently, at each annual meeting of our stockholders, the holders of a plurality of the shares of our common stock are able to elect all of the successors to the class of directors whose term expires at such meeting.

Our classified board could have the effect of making the replacement of incumbent directors more time consuming and difficult. Because our directors may only be removed for cause, at least two annual meetings of stockholders, instead of one, will generally be required to effect a change in a majority of our Board of Directors. Thus, our classified board could increase the likelihood that incumbent directors will retain their positions. The staggered terms of directors may delay, defer or prevent a tender offer or an attempt to change control of us or another transaction that might involve a premium price for our common stock that might be in the best interest of our stockholders.

**Removal of Directors**

Any director may be removed only for cause by the stockholders upon the affirmative vote of at least two-thirds of all the votes entitled to be cast at a meeting called for the purpose of the proposed removal. The notice of the meeting shall indicate that the purpose, or one of the purposes, of the meeting is to determine if the director shall be removed.

**Business Combinations**

Section 203 of the Delaware General Corporation Law generally prohibits “business combinations” between us and an “interested stockholder” for three years after the date of the transaction in which the person became an interested stockholder. In general, Delaware law defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling, or controlled by, the entity or person. These business combinations include:

- Any merger or consolidation involving the corporation and the interested stockholder;
- Any sale, transfer, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- Subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; or
- The receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

Section 203 permits certain exemptions from its provisions for transactions in which:

- Prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- The interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (a) shares owned by persons who are directors and also officers, and (b) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

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- On or subsequent to the date of the transaction, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

### **Merger; Amendment of Certificate of Incorporation**

Under Delaware law, we will not be able to amend our certificate of incorporation or merge with another entity unless approved by the affirmative vote of stockholders holding at least a majority of the shares entitled to vote on the matter.

### **Term and Termination**

Our certificate of incorporation provides for us to have a perpetual existence. Pursuant to our certificate of incorporation, and subject to the provisions of any of our classes or series of stock then outstanding and the approval by a majority of the entire Board of Directors, our stockholders, at any meeting thereof, by the affirmative vote of a majority of all of the votes entitled to be cast on the matter, may approve a plan of liquidation and dissolution.

### **Advance Notice of Director Nominations and New Business**

Our bylaws provide that, with respect to an annual meeting of stockholders, nominations of persons for election to our Board of Directors and the proposal of business to be considered by stockholders at the annual meeting may be made only:

- pursuant to our notice of the meeting;
- by our Board of Directors; or
- by a stockholder who was a stockholder of record both at the time of the provision of notice and at the time of the meeting who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our bylaws.

With respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting of stockholders and nominations of persons for election to our Board of Directors may be made only:

- pursuant to our notice of the meeting;
- by our Board of Directors; or
- provided that our Board of Directors has determined that directors shall be elected at such meeting, by a stockholder who was a stockholder of record both at the time of the provision of notice and at the time of the meeting who is entitled to vote at the meeting and has complied with the advance notice provisions set forth in our bylaws.

### **Preferred Stock**

Our certificate of incorporation gives our Board of Directors the authority, without further action by stockholders, to issue shares of preferred stock in one or more series and to fix the rights, preferences, privileges, qualifications and restrictions granted to or imposed upon such preferred stock, including dividend rights, conversion rights, voting rights, rights and terms of redemption, and liquidation preference, any or all of which may be greater than the rights of the common stock. Thus, our Board of Directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. The issuance of preferred stock could adversely affect the voting power of holders of common stock and reduce the likelihood that such holders will receive dividend payments and payments upon liquidation, and could also decrease the market price of our common stock.

### **Possible Anti-Takeover Effect of Certain Provisions of Delaware Law and of Our Certificate of Incorporation and Bylaws**

The business combination provisions of Delaware law, the provisions of our bylaws regarding the classification of our Board of Directors and the Board of Directors' ability to issue preferred stock with terms and conditions that could have a priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock, and the advance notice provisions of our bylaws could have the effect of delaying, deferring or preventing a transaction or a change in the control that might involve a premium price for holders of common stock or otherwise be in their best interest.

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### **Limitation on Liability of Directors and Officers; Indemnification and Advance of Expenses**

Our certificate of incorporation eliminates the liability of directors to the maximum extent permitted by Delaware law. In addition, our bylaws require us to indemnify our directors and executive officers, and allow us to indemnify other employees and agents, to the fullest extent permitted by law, subject to the requirements of the 1940 Act. Our bylaws obligate us to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her status as a present or former director or officer and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. The certificate of incorporation and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of us in any of the capacities described above and any of our employees or agents or any employees or agents of our predecessor. In accordance with the 1940 Act, we will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

Delaware law requires a corporation to indemnify a present or former director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. Delaware law permits a corporation to indemnify its present and former directors and officers, or any other person who is or was an employee or agent, or is or was serving at the request of a corporation as a director, officer, employee or agent of another entity, against liability for expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred if such person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation. In the case of a criminal proceeding, Delaware law further requires that the person to be indemnified have no reasonable cause to believe his or her conduct was unlawful. In the case of an action or suit by or in the right of a corporation to procure a judgment in its favor by reason of such person's service to the corporation, Delaware law provides that no indemnification shall be made with respect to any claim, issue or matter as to which such person has been adjudged liable to the corporation, unless and only to the extent that the court in which such an action or suit is brought determines, in view of all the circumstances of the case, that the person is fairly and reasonably entitled to indemnity. Insofar as certain members of our senior management team may from time to time serve, at the request of our Board of Directors, as directors of one or more of our portfolio companies, we may have indemnification obligations under our bylaws with respect to acts taken by our portfolio companies.

Any payment to an officer or director as indemnification under our governing documents or applicable law or pursuant to any agreement to hold such person harmless is recoverable only out of our assets and not from our stockholders. Indemnification could reduce the legal remedies available to us and our stockholders against the indemnified individuals. This provision for indemnification of our directors and officers does not reduce the exposure of our directors and officers to liability under federal or state securities laws, nor does it limit a stockholder's ability to obtain injunctive relief or other equitable remedies for a violation of a director's or an officer's duties to us or to our stockholders, although these equitable remedies may not be effective in some circumstances.

In addition to any indemnification to which our directors and officers are entitled pursuant to our certificate of incorporation and bylaws and the Delaware General Corporation Law, our certificate of incorporation and bylaws provide that we may indemnify other employees and agents to the fullest extent permitted under Delaware law, whether they are serving us or, at our request, any other entity, including our Adviser and our Administrator.

The general effect to investors of any arrangement under which any person who controls us or any of our directors, officers or agents is insured or indemnified against liability is a potential reduction in distributions to our stockholders resulting from our payment of premiums associated with liability insurance. In addition, indemnification could reduce the legal remedies available to us and to our stockholders against our officers, directors and agents. The SEC takes the position that indemnification against liabilities arising under the Securities Act is against public policy and unenforceable. As a result, indemnification of our directors and officers and of our Adviser or its affiliates may not be allowed for liabilities arising from or out of a violation of state or federal securities laws. Indemnification will be allowed for settlements and related expenses of lawsuits alleging securities laws violations and for expenses incurred in successfully defending any lawsuit, provided that a court either:

- approves the settlement and finds that indemnification of the settlement and related costs should be made; or
- dismisses with prejudice or makes a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and a court approves the indemnification.

### **Conflict with 1940 Act**

Our bylaws provide that, if and to the extent that any provision of the Delaware General Corporation Law or any provision of our certificate of incorporation or bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.

## SHARE REPURCHASES

Shares of closed-end investment companies, including BDCs, frequently trade at discounts to NAV. We cannot predict whether our shares will trade above, at or below NAV. The market price of our common stock is determined by, among other things, the supply and demand for our shares, our investment performance and investor perception of our overall attractiveness as an investment as compared with alternative investments. Our Board of Directors may authorize our officers, in their discretion and subject to compliance with the 1940 Act and other applicable law, to purchase on the open market or in privately negotiated transactions, outstanding shares of our common stock in the event that our shares trade at a discount to NAV. We cannot assure you that we will ever conduct any open market purchases and if we do conduct open market purchases, we may terminate them at any time.

In addition, if our shares publicly trade for a substantial period of time at a substantial discount to our then current NAV per share, our Board of Directors may consider authorizing periodic repurchases of our shares or other actions designed to eliminate the discount. Our Board of Directors could consider any relevant factors in determining whether to take any such actions, including the effect of such actions on our status as a RIC under the Code and the availability of cash to finance these repurchases in view of the restrictions on our ability to borrow. We cannot assure you that any share repurchases will be made or that if made, they will reduce or eliminate market discount. Should we make any such repurchases in the future, we expect that we would make them at prices at or below the then current NAV per share. Any such repurchase would cause our total assets to decrease, which may have the effect of increasing our expense ratio. We may borrow money to finance the repurchase of shares subject to the limitations described in this prospectus. Any interest on such borrowing for this purpose would reduce our net income.

## PROXY VOTING POLICIES AND PROCEDURES

We have delegated our proxy voting responsibility to the Adviser. The proxy voting policies and procedures of the Adviser are set out below. The guidelines are reviewed periodically by the Adviser and our directors who are not “interested persons,” and, accordingly, are subject to change.

### Introduction

As an investment adviser registered under the Advisers Act, the Adviser has a fiduciary duty to act solely in our best interests. As part of this duty, the Adviser recognizes that it must vote our securities in a timely manner free of conflicts of interest and in our best interests.

The Adviser’s policies and procedures for voting proxies for its investment advisory clients are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

### Proxy Policies

The Adviser votes proxies relating to our portfolio securities in what it perceives to be the best interest of our stockholders. The Adviser reviews on a case-by-case basis each proposal submitted to a stockholder vote to determine its effect on the portfolio securities we hold. In most cases the Adviser will vote in favor of proposals that the Adviser believes are likely to increase the value of the portfolio securities we hold.

Although the Adviser will generally vote against proposals that may have a negative effect on our portfolio securities, the Adviser may vote for such a proposal if there exist compelling long-term reasons to do so.

Our proxy voting decisions are made by our Adviser’s portfolio managers. To ensure that the Adviser’s vote is not the product of a conflict of interest, the Adviser requires that (1) anyone involved in the decision-making process disclose to our Adviser’s investment committee any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (2) employees involved in the decision-making process or vote administration are prohibited from revealing how the Adviser intends to vote on a proposal in order to reduce any attempted influence from interested parties. Where conflicts of interest may be present, the Adviser will disclose such conflicts to us, including our independent directors and may request guidance from us on how to vote such proxies.

### Proxy Voting Records

You may obtain information without charge about how the Adviser voted proxies by calling (toll-free) 1 (866)214-7543 or by making a written request for proxy voting information to:

Michael LiCalsi, General Counsel and Secretary  
c/o Gladstone Investment Corporation  
1521 Westbranch Drive  
Suite 100  
McLean, VA 22102

## PLAN OF DISTRIBUTION

We may offer the Securities through underwriters or dealers, directly to one or more purchasers, including existing stockholders in a rights offering, or through agents or through a combination of any such methods of sale. In the case of a rights offering, the applicable prospectus supplement will set forth the number of shares of our common stock issuable upon the exercise of each right and the other terms of such rights offering. Any underwriter or agent involved in the offer and sale of Securities will be named in the applicable prospectus supplement. Any prospectus supplement or supplements will also describe the terms of the offering of Securities, including: the amount and purchase price of Securities and the proceeds we will receive from the sale; any over-allotment options under which underwriters may purchase additional Securities from us; any agency fees or underwriting discounts and other items constituting agents' or underwriters' compensation; the public offering price; any discounts or concessions allowed or re-allowed or paid to dealers; and any securities exchange or market on which the Securities may be listed.

The distribution of the Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, in "at the market offerings" within the meaning of Rule 415(a)(4) of the Securities Act, at prevailing market prices at the time of sale, at prices related to such prevailing market prices, or at negotiated prices. The price at which Securities may be distributed may represent a discount from prevailing market prices, provided, however, that in the case of our common stock, the offering price per share less any underwriting commissions or discounts must equal or exceed the NAV per share of our common stock except (i) in connection with a rights offering to our existing stockholders, (ii) with the consent of the majority of our outstanding voting securities (as defined in the 1940 Act), or (iii) under such other circumstances as the SEC may permit.

In connection with the sale of the Securities, underwriters or agents may receive compensation from us or from purchasers of the Securities, for whom they may act as agents, in the form of discounts, concessions or commissions. Our common stockholders will indirectly bear such fees and expenses as well as any other fees and expenses incurred by us in connection with any sale of Securities. Underwriters may sell the Securities to or through dealers and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of the Securities may be deemed to be underwriters under the Securities Act, and any discounts and commissions they receive from us and any profit realized by them on the resale of the Securities may be deemed to be underwriting discounts and commissions under the Securities Act. Any such underwriter or agent will be identified and any such compensation received from us will be described in the applicable prospectus supplement. The maximum commission or discount to be received by any FINRA member or independent broker-dealer will not exceed 10%.

Any underwriter may engage in over-allotment, stabilizing transactions, short-covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over-allotment involves sales in excess of the offering size, which create a short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum price. Syndicate-covering or other short-covering transactions involve purchases of the Securities, either through exercise of the over-allotment option or in the open market after the distribution is completed, to cover short positions. Penalty bids permit the underwriters to reclaim a selling concession from a dealer when the Securities originally sold by the dealer are purchased in a stabilizing or covering transaction to cover short positions. Those activities may cause the price of the Securities to be higher than it would otherwise be. If commenced, the underwriters may discontinue any of the activities at any time.

Any underwriters that are qualified market makers on Nasdaq may engage in passive market making transactions in our common stock on Nasdaq in accordance with Regulation M under the Exchange Act, during the business day prior to the pricing of the offering, before the commencement of offers or sales of our common stock. Passive market makers must comply with applicable volume and price limitations and must be identified as passive market makers. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for such security; if all independent bids are lowered below the passive market maker's bid, however, the passive market maker's bid must then be lowered when certain purchase limits are exceeded. Passive market making may stabilize the market price of the Securities at a level above that which might otherwise prevail in the open market and, if commenced, may be discontinued at any time.

We may sell the Securities directly or through agents we designate from time to time. We will name any agent involved in the offering and sale of the Securities and we will describe any commissions we will pay the agent in the prospectus supplement. Unless the prospectus supplement states otherwise, our agent will act on a best-efforts basis for the period of its appointment.

Unless otherwise specified in the applicable prospectus supplement, each class or series of Securities will be a new issue with no trading market, other than our common stock and our outstanding preferred stock, which are traded on Nasdaq. We may elect to list any other class or series of Securities on any exchanges, but we are not obligated to do so. We cannot guarantee the liquidity of the trading markets for any Securities.

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We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell Securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third parties in such sale transactions will be underwriters and, if not identified in this prospectus, will be identified in the applicable prospectus supplement (or a post-effective amendment).

Any of our common stock sold pursuant to a prospectus supplement will be listed on Nasdaq, or another exchange on which our common stock is traded.

Under agreements into which we may enter, underwriters, dealers and agents who participate in the distribution of the Securities may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act. Underwriters, dealers and agents may engage in transactions with, or perform services for, us in the ordinary course of business.

If so indicated in the applicable prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by certain institutions to purchase the Securities from us pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by us. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of the Securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts. Such contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth the commission payable for solicitation of such contracts.

In order to comply with the securities laws of certain states, if applicable, the Securities offered hereby will be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states, the Securities may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

### **BROKERAGE ALLOCATION AND OTHER PRACTICES**

Since we generally acquire and dispose of our investments in privately negotiated transactions, we will infrequently use securities brokers or dealers in the normal course of our business. Subject to policies established by our Board of Directors, our Adviser will be primarily responsible for ensuring the execution of transactions involving publicly traded securities and the review of brokerage commissions in respect thereof, if any. In the event that our Adviser ensures the execution of such transactions, we do not expect our Adviser to execute transactions through any particular broker or dealer, but we would expect our Adviser to seek to obtain the best net results for us, taking into account such factors as price (including any applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the broker dealer and the broker dealer's risk and skill in positioning blocks of securities. While we expect that our Adviser generally will seek reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, our Adviser may select a broker dealer based partly upon brokerage or market research services provided to us, our Adviser and any of its other clients, if any. In return for such services, we may pay a higher commission than other broker dealers would charge if our Adviser determines in good faith that such commission is reasonable in relation to the value of the brokerage and research services provided by such broker dealer viewed in terms either of the particular transaction or our Adviser's overall responsibilities with respect to all of our Adviser's clients.

We have not paid any brokerage commissions during the three most recent fiscal years to any affiliated person of us or our Adviser.



## **CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR**

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 935, 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 2322 French Settlement Road, Suite 100, Dallas, Texas 75212. Computershare acts as our transfer and dividend paying agent and registrar. The principal business address of Computershare is 150 Royall Street, Canton, Massachusetts 02021, telephone number (781) 575-2000. Computershare also maintains an internet website at [www.computershare.com](http://www.computershare.com) and one specifically for shareholders at [www.computershare.com/investor](http://www.computershare.com/investor).

## **LEGAL MATTERS**

The legality of Securities offered hereby will be passed upon for us by Proskauer Rose LLP, Washington, D.C. Certain legal matters will be passed upon for the underwriters, if any, by the counsel named in the accompanying prospectus supplement.

## **EXPERTS**

The financial statements incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended March 31, 2021 have been so incorporated 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 1000 Wilson Boulevard, Suite 2400, Arlington, Virginia 22209.

## **AVAILABLE INFORMATION**

We have filed with the SEC a registration statement on Form N-2 under the Securities Act with respect to the Securities offered by this prospectus. This prospectus, which is a part of the registration statement, does not contain all of the information set forth in the registration statement or exhibits and schedules thereto. For further information with respect to our business and our Securities, reference is made to the registration statement, including the amendments, exhibits and schedules thereto.

We are a public company and file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are also available to the public at the SEC's website at [www.sec.gov](http://www.sec.gov). We also make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as well as our definitive proxy statement and Section 16 reports on Forms 3, 4 and 5. Our website address is [www.gladstoneinvestment.com](http://www.gladstoneinvestment.com). However, the information located on, or accessible from, our website is not, and shall not be deemed to be, except as described below, a part of this prospectus or any accompanying prospectus supplement or incorporated into any other filings that we make with the SEC.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

This prospectus is part of a registration statement that we have filed with the SEC. The SEC allows us to “incorporate by reference” the information that we file with it which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to comprise a part of this prospectus from the date we file that document. Any reports filed by us with the SEC after the date of this prospectus and before the date that the offering of the securities by means of this prospectus is terminated will automatically update and, where applicable, supersede any information contained in this prospectus or incorporated by reference in this prospectus.

We previously filed the following documents with the SEC, and such filings are incorporated by reference into this prospectus.

- Our Annual Report on [Form 10-K](#) for the fiscal year ended March 31, 2021, filed with the SEC on May 11, 2021 (including portions of our [Definitive Proxy Statement](#) for the 2021 Annual Meeting of Stockholders incorporated therein by reference);
- Our Quarterly Report on [Form 10-Q](#) for the quarter ended June 30, 2021, filed with the SEC on August 2, 2021;
- Our Current Reports on Form 8-K, filed with the SEC on [August 5, 2021](#), [August 12, 2021](#), [August 18, 2021](#) and [August 20, 2021](#); and
- The description of our common stock contained in our Amendment No. 1 to our Registration Statement on [Form 8-A](#) (File No. 814-00704), filed with the SEC on June 21, 2005, including any amendment or report filed for the purpose of updating such description.

We also incorporate by reference into this prospectus additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, from the filing of this prospectus until all of the securities offered by this prospectus have been sold or we otherwise terminate the offering of these securities, including all filings made after the date of the initial filing of the registration statement of which this prospectus is a part and prior to the effectiveness of the registration statement; provided, however, that information “furnished” under Item 2.02 or Item 7.01 of Form 8-K or other information “furnished” to the SEC which is not deemed filed is not incorporated by reference in this prospectus and any accompanying prospectus supplement. Information that we subsequently file with the SEC will automatically update and may supersede information in this prospectus, any accompanying prospectus supplement and information previously filed with the SEC.

These filings may also be accessed on the investors section of our website at [www.gladstoneinvestment.com](http://www.gladstoneinvestment.com). Information contained on our website is not incorporated by reference into this prospectus. You may also request a copy of these filings (other than exhibits, unless the exhibits are specifically incorporated by reference into these documents) at no cost by writing, emailing or calling Investor Relations at the following address and telephone number:

Investor Relations  
Gladstone Investment Corporation  
1521 Westbranch Drive, Suite 100  
McLean, Virginia 22102  
(703) 287-5893  
[investment@gladstonecompanies.com](mailto:investment@gladstonecompanies.com)

**Part C — OTHER INFORMATION**

**Item 25. *Financial Statements and Exhibits***

**1. Financial Statements**

The following statements of Gladstone Investment Corporation are incorporated by reference in Part A of this Registration Statement:

[Management's Annual Report on Internal Controls Over Financial Reporting](#)  
[Report of Independent Registered Public Accounting Firm](#)  
[Consolidated Statements of Assets and Liabilities as of March 31, 2021 and March 31, 2020](#)  
[Consolidated Statements of Operations for the years ended March 31, 2021, 2020 and 2019](#)  
[Consolidated Statements of Changes in Net Assets for the years ended March 31, 2021, 2020 and 2019](#)  
[Consolidated Statements of Cash Flows for the years ended March 31, 2021, 2020 and 2019](#)  
[Consolidated Schedules of Investments as of March 31, 2021 and March 31, 2020](#)  
[Notes to Consolidated Financial Statements](#)

[Consolidated Statements of Assets and Liabilities as of June 30, 2021 and March 31, 2021](#)  
[Consolidated Statements of Operations for the three months ended June 30, 2021 and 2020](#)  
[Consolidated Statements of Changes in Net Assets for the three months ended June 30, 2021 and 2020](#)  
[Consolidated Statements of Cash Flows for the three months ended June 30, 2021 and 2020](#)  
[Consolidated Schedules of Investments as of June 30, 2021 and March 31, 2021](#)  
[Notes to Consolidated Financial Statements](#)

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### 2. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
2.a.1	<a href="#"><u>Amended and Restated Certificate of Incorporation, incorporated by reference to Exhibit a.2 to Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 (File No. 333-123699), filed May 13, 2005.</u></a>
2.b.1	<a href="#"><u>Second Amended and Restated Bylaws, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 814-00704), filed May 15, 2020.</u></a>
2.c	Not applicable.
2.d.1	<a href="#"><u>Specimen Stock Certificate, incorporated by reference to Exhibit 99.d to Pre-Effective Amendment No. 3 to the Registration Statement on Form N-2 (File No. 333-123699), filed June 21, 2005.</u></a>
2.d.2	<a href="#"><u>Indenture, dated as of May 22, 2020, between Gladstone Investment Corporation and UMB Bank, National Association, as trustee incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 814-00704), filed May 22, 2020.</u></a>
2.d.3	<a href="#"><u>Second Supplemental Indenture between Gladstone Investment Corporation and UMB Bank, National Association, dated as of March 2, 2021, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 814-00704), filed March 2, 2021.</u></a>
2.d.4	<a href="#"><u>Third Supplemental Indenture between Gladstone Investment Corporation and UMB Bank, National Association, dated as of August 18, 2021, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 814-00704), filed August 18, 2021.</u></a>
2.d.5	<a href="#"><u>Form of Global Note with respect to the 5.00% Notes due 2026, incorporated by reference to Exhibit 2.d.3 hereto.</u></a>
2.d.6	<a href="#"><u>Form of Global Note with respect to the 4.875% Notes due 2028, incorporated by reference to Exhibit 2.d.4 hereto.</u></a>
2.d.7	<a href="#"><u>Form of Common Stock Subscription Form and Subscription Certificate, incorporated by reference to Exhibit 2.d.5 to Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 (File No. 333-181879), filed July 17, 2012.</u></a>
2.d.8	<a href="#"><u>Form of Preferred Stock Subscription Form and Subscription Certificate, incorporated by reference to Exhibit 2.d.6 to Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 (File No. 333-181879), filed July 17, 2012.</u></a>
2.d.9	<a href="#"><u>Form of Common Stock Warrant Agreement and Warrant Certificate, incorporated by reference to Exhibit 2.d.7 to Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 (File No. 333-181879), filed July 17, 2012.</u></a>
2.d.10	<a href="#"><u>Form of Preferred Stock Warrant Agreement and Warrant Certificate, incorporated by reference to Exhibit 2.d.8 to Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 (File No. 333-181879), filed July 17, 2012.</u></a>
2.d.11*	<a href="#"><u>Form T-1 Statement of Eligibility of UMB Bank, National Association, as Trustee</u></a>
2.f	Not applicable.
2.g	<a href="#"><u>Investment Advisory and Management Agreement between the Registrant and Gladstone Management Corporation, dated June 22, 2005, incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K (File No. 814-00704), filed June 14, 2006.</u></a>
2.h.1**	Form of Underwriting Agreement.
2.i	Not applicable.
2.j.1	<a href="#"><u>Custody Agreement between the Registrant and The Bank of New York, incorporated by reference to Exhibit j to Pre-Effective Amendment No. 3 to the Registration Statement on Form N-2 (File No. 333-123699), filed June 21, 2005.</u></a>

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- 2.j.2 [Custodial Agreement by and among Gladstone Business Investment, LLC, the Registrant, Gladstone Management Corporation, The Bank of New York Trust Company, N.A. and Deutsche Bank AG, New York Branch, dated October 19, 2006, incorporated by reference to Exhibit 2.j.2 to Post-Effective Amendment No. 2 to the Registration Statement on Form N-2 \(File No. 333-181879\), filed June 7, 2013.](#)
- 2.j.3 [Amendment No. 1 to Custodial Agreement by and among Gladstone Business Investment, LLC, the Registrant, Gladstone Management Corporation, The Bank of New York Trust Company, N.A. and Deutsche Bank AG, New York Branch, dated April 14, 2009, incorporated by reference to Exhibit 2.j.3 to Post-Effective Amendment No. 2 to the Registration Statement on Form N-2 \(File No. 333-181879\), filed June 7, 2013.](#)
- 2.k.1 [Administration Agreement between the Registrant and Gladstone Administration, LLC, dated June 22, 2005, incorporated by reference to Exhibit 10.2 to the Annual Report on Form 10-K \(File No. 814-00704\), filed June 14, 2006 \(renewed July 11, 2017\).](#)
- 2.k.2 [Stock Transfer Agency Agreement between the Registrant and The Bank of New York, incorporated by reference to Exhibit k.1 to Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 \(File No. 333-123699\), filed May 13, 2005.](#)
- 2.k.3 [Fifth Amended and Restated Credit Agreement, dated as of April 30, 2013, by and among Gladstone Business Investment, LLC, Gladstone Management Corporation, the Financial Institutions as party thereto, and Key Equipment Finance, Inc., incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(File No. 814-00704\), filed May 2, 2013.](#)
- 2.k.4 [Joinder Agreement, dated as of June 12, 2013, by and among Gladstone Business Investment, LLC, Gladstone Management Corporation, Key Equipment Finance Inc. and Everbank Commercial Finance, Inc., incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(File No. 814-00704\), filed June 17, 2013.](#)
- 2.k.5 [Joinder Agreement, dated as of June 12, 2013, by and among Gladstone Business Investment, LLC, Gladstone Management Corporation, Key Equipment Finance Inc. and AloStar Bank of Commerce, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K \(File No. 814-00704\), filed June 17, 2013.](#)
- 2.k.6 [Amendment No. 1 to Fifth Amended and Restated Credit Agreement, dated as of June 26, 2014, by and among Gladstone Business Investment, LLC, Gladstone Management Corporation, the Financial Institutions as party thereto, and Key Equipment Finance, a division of KeyBank National Association, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(File No. 814-00704\), filed June 30, 2014.](#)
- 2.k.7 [Joinder Agreement, dated as of September 19, 2014, by and among Gladstone Business Investment, LLC, Gladstone Management Corporation, Key Equipment Finance, a division of KeyBank National Association, and East West Bank, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(File No. 814-00704\), filed September 22, 2014.](#)
- 2.k.8 [Joinder Agreement, dated as of September 19, 2014, by and among Gladstone Business Investment, LLC, Gladstone Management Corporation, Key Equipment Finance, a division of KeyBank National Association, and Manufacturers and Traders Trust, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K \(File No. 814-00704\), filed September 22, 2014.](#)
- 2.k.9 [Joinder Agreement, dated as of September 19, 2014, by and among Gladstone Business Investment, LLC, Gladstone Management Corporation, Key Equipment Finance, a division of KeyBank National Association, and Customers Bank, incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K \(File No. 814-00704\), filed September 22, 2014.](#)
- 2.k.10 [Joinder Agreement, dated as of September 19, 2014, by and among Gladstone Business Investment, LLC, Gladstone Management Corporation, Key Equipment Finance, a division of KeyBank National Association, and Talmer Bank and Trust, incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K \(File No. 814-00704\), filed September 22, 2014.](#)
- 2.k.11 [Amendment No. 2 to Fifth Amended and Restated Credit Agreement, dated November 16, 2016, by and among Gladstone Business Investment, LLC, Gladstone Management Corporation, Keybank National Association, AloStar Bank of Commerce, Manufacturers and Traders Trust, East West Bank, Chemical Bank \(as successor in interest to Talmer Bank and Trust\) and Customers Bank, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(File No. 811-23191\), filed November 17, 2016.](#)

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- 2.k.12 [Amendment No. 3 to Fifth Amended and Restated Credit Agreement, dated January 20, 2017, by and among Gladstone Business Investment, LLC, Gladstone Management Corporation, Keybank National Association, AloStar Bank of Commerce, Manufacturers and Traders Trust, East West Bank, Chemical Bank \(as successor in interest to Talmer Bank and Trust\) and Customers Bank, incorporated by reference to Exhibit 2.k.12 to Post-Effective Amendment No. 3 to the Registration Statement on Form N-2 \(File No. 333-204996\), filed May 11, 2017.](#)
- 2.k.13 [Amendment No. 4 to Fifth Amended and Restated Credit Agreement, dated as of August 22, 2018 by and among Gladstone Business Investment, LLC, as Borrower, Gladstone Management Corporation, as Servicer, Keybank National Association, as administrative agent, swingline lender, managing agent and lead arranger and certain other lenders party thereto, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(File No. 814-00704\), filed August 23, 2018.](#)
- 2.k.14 [Amendment No. 6 to Fifth Amended and Restated Credit Agreement, dated as of March 8, 2021 by and among Gladstone Business Investment, LLC, as Borrower, Gladstone Management Corporation, as Servicer, KeyBank National Association, as administrative agent, swingline lender, managing agent and lead arranger and certain other lenders party thereto, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(File No. 814-00704\), filed March 8, 2021.](#)
- 2.l\* [Opinion of Proskauer Rose LLP](#)
- 2.m Not applicable.
- 2.n.1 [Consent of Proskauer Rose LLP \(included in Exhibit 2.l\).](#)
- 2.n.2\* [Consent of PricewaterhouseCoopers LLP.](#)
- 2.o Not applicable.
- 2.p [Founder Stock Purchase Agreement between the Registrant and David Gladstone, incorporated by reference to Exhibit p to the Registration Statement on Form N-2 \(File No. 333-123699\), filed March 31, 2005.](#)
- 2.q Not applicable.
- 2.r\* [Code of Ethics and Business Conduct.](#)
- 2.s.1 [Power of Attorney \(included in the signature page hereto\).](#)
- 2.s.2 [Form of Prospectus Supplement for Common Stock Offerings, incorporated by reference to Exhibit 2.s.9 to Registration Statement on Form N-2 \(File No. 333-228720\), filed on June 5, 2018.](#)
- 2.s.3 [Form of Prospectus Supplement for Preferred Stock Offering, incorporated by reference to Exhibit 2.s.10 to Registration Statement on Form N-2 \(File No. 333-228720\), filed on June 5, 2018.](#)
- 2.s.4 [Form of Prospectus Supplement for Rights Offering of Common Stock, incorporated by reference to Exhibit 2.s.11 to Registration Statement on Form N-2 \(File No. 333-228720\), filed on June 5, 2018.](#)
- 2.s.5 [Form of Prospectus Supplement for Rights Offering of Preferred Stock, incorporated by reference to Exhibit 2.s.12 to Registration Statement on Form N-2 \(File No. 333-228720\), filed on June 5, 2018.](#)
- 2.s.6 [Form of Prospectus Supplement for Notes, incorporated by reference to Exhibit 2.s.13 to Registration Statement on Form N-2 \(File No. 333-228720\), filed on June 5, 2018.](#)
- 2.s.7 [Form of Prospectus Supplement for Senior Notes, incorporated by reference to Exhibit 2.s.14 to Registration Statement on Form N-2 \(File No. 333-228720\), filed on June 5, 2018.](#)
- 2.s.8 [Form of Prospectus Supplement for Warrants for Common Stock, incorporated by reference to Exhibit 2.s.15 to Registration Statement on Form N-2 \(File No. 333-228720\), filed on June 5, 2018.](#)
- 2.s.9 [Form of Prospectus Supplement for Warrants for Preferred Stock, incorporated by reference to Exhibit 2.s.16 to Registration Statement on Form N-2 \(File No. 333-228720\), filed on June 5, 2018.](#)

\* Filed herewith

\*\* To be filed by post-effective amendment.

### **Item 26. Marketing Arrangements**

The information contained under the heading “*Plan of Distribution*” in the prospectus is incorporated herein by reference, and any information concerning any underwriters for a particular offering will be contained in the prospectus supplement related to such offering.

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### **Item 27. Other Expenses of Issuance and Distribution**

Commission registration fee	\$ 32,730
FINRA fee	43,550
Accounting fees and expenses	50,000*
Legal fees and expenses	130,000*
Printing and engraving	50,000*
Miscellaneous fees and expenses	15,000*
<b>Total</b>	<b>\$321,280*</b>

\* These amounts are estimates.

All of the expenses set forth above shall be borne by the Registrant.

### **Item 28. Persons Controlled by or Under Common Control**

The following list sets forth each of the companies considered to be “controlled” by the Registrant as defined by the Investment Company Act of 1940, as of June 30, 2021:

- Gladstone Business Investment, LLC, a Delaware limited liability company, controlled by the Registrant, through 100% of the voting securities.<sup>(1)</sup>

(1) Subsidiary is included in the Registrant’s consolidated financial statements.

We may also be deemed to be under “common control” with the following entities: Gladstone Capital Corporation, a Maryland corporation; Gladstone Commercial Corporation, a Maryland corporation; and Gladstone Land Corporation, a Maryland corporation; by virtue of the fact that they are advised by our Adviser, Gladstone Management Corporation, as well as Gladstone Lending Corporation, a Maryland corporation, and Gladstone Participation Fund, LLC, a Delaware limited liability company, because 100% of the voting securities of each are owned by our Adviser.

### **Item 29. Number of Holders of Securities**

The following table sets forth the approximate number of record holders of each class of our securities as of September 1, 2021.

<u>Title of Class</u>	<u>Number of Record Holders</u>
Common Stock, par value \$0.001 per share	17
5.00% Notes due 2026	1
4.875% Notes due 2028	1

### **Item 30. Indemnification**

The information contained under the heading “Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws — Limitation on Liability of Directors and Officers; Indemnification and Advance or Expenses” in the prospectus is incorporated herein by reference.

Subject to the Investment Company Act of 1940, as amended (the “1940 Act”), or any valid rule, regulation or order of the Securities and Exchange Commission (the “SEC”) thereunder, our amended and restated certificate of incorporation and bylaws provide that we will indemnify any person who was or is a party or is threatened to be made a party to any threatened action, suit or proceeding whether civil, criminal, administrative or investigative, by reason of the fact that he is or was our director or officer, or is or was serving at our request as a director, officer, partner or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise to the maximum extent permitted by Section 145 of the Delaware General Corporation Law. The 1940 Act provides that a company may not indemnify any director or officer against liability to it or its security holders to which he or she might otherwise be subject by reason of his or her willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office unless a determination is made by final decision of a court, by vote of a majority of a quorum of directors who are disinterested, non-party directors or by independent legal counsel that the

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liability for which indemnification is sought did not arise out of the foregoing conduct. In addition to any indemnification to which our directors and officers are entitled pursuant to our certificate of incorporation and bylaws and the Delaware General Corporation Law, our certificate of incorporation and bylaws permit us to indemnify our other employees and agents to the fullest extent permitted by the Delaware General Corporation Law, whether such employees or agents are serving us or, at our request, any other entity.

In addition, the Advisory Agreement between us and our Adviser, as well as the administration agreement between us and our Administrator, each provide that, absent willful misfeasance, bad faith, or gross negligence in the performance of their respective duties or by reason of the reckless disregard of their respective duties and obligations, our Adviser and our Administrator, as applicable, and their respective officers, managers, partners, agents, employees, controlling persons, members, and any other person or entity affiliated with them are entitled to indemnification from us for any damages, liabilities, costs, and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of our Adviser's services under the Advisory Agreement or otherwise as our investment adviser, or the rendering of our Administrator's services under the administration agreement, or otherwise as an administrator for us, as applicable.

Any underwriting agreement, entered into from time to time by the Registrant, may require the Registrant to indemnify the underwriters named therein and their directors, officers, employees or agents against any actions, claims, damages or other liabilities that may arise in connection with the certain offering of securities pursuant thereto, including liabilities under the Securities Act.

Insofar as indemnification for liability arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

### **Item 31. *Business and Other Connections of Investment Adviser***

A description of any other business, profession, vocation or employment of a substantial nature in which our Adviser, and each director or executive officer of our Adviser, is or has been during the past two fiscal years, engaged in for his or her own account or in the capacity of director, officer, employee, partner or trustee, is set forth in Part A of this Registration Statement in the section entitled "*Management.*" Additional information regarding our Adviser and its officers and directors is set forth in its Form ADV, as filed with the SEC (SEC File No. 801-61440), and is incorporated herein by reference.

### **Item 32. *Location of Accounts and Records***

All accounts, books or other documents required to be maintained by Section 31(a) of the 1940 Act and the rules thereunder are maintained at the offices of:

- (1) the Registrant, Gladstone Investment Corporation, 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102;
- (2) the Transfer Agent, Computershare, 150 Royall Street, Canton, Massachusetts 02021;
- (3) the Adviser, Gladstone Management Corporation, 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102;
- (4) the Custodian, The Bank of New York Mellon Corp., 500 Ross Street, Suite 935, Pittsburgh, Pennsylvania 15262; and
- (5) the Collateral Custodian, The Bank of New York Mellon Corp., 2322 French Settlement Road, Suite 100, Dallas, Texas 75212.

### **Item 33. *Management Services***

Not applicable.

### **Item 34. *Undertakings***

The Registrant hereby undertakes:

1. Not applicable.



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2. Not applicable.
3. (a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
  - (i) to include any prospectus required by Section 10(a)(3) of the Securities Act;
  - (ii) to reflect in the prospectus any facts or events after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b), or other applicable SEC rule under the Securities Act, if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
  - (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(i), (a)(ii), and (a)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference into the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b), or other applicable SEC rule under the Securities Act, that is part of the registration statement.

- (b) that, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of those securities at that time shall be deemed to be the initial *bona fide* offering thereof;
- (c) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;
- (d) That, for the purpose of determining liability under the Securities Act to any purchaser:
  - (i) if the Registrant is relying on Rule 430B:
    - (A) Each prospectus filed by the Registrant pursuant to Rule 424(b)(3), or other applicable rule under the Securities Act, shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and
    - (B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (x), or (xi) for the purpose of providing the information required by Section 10(a) of the Securities Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or
  - (ii) if the Registrant is subject to Rule 430C: Each prospectus filed pursuant to Rule 424(b) or Rule 497(b), (c), (d) or (e) under the Securities Act, as applicable, as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other loan prospectuses filed in reliance on Rule 430A under the Securities Act, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use; and

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- (e) That, for the purpose of determining liability of the Registrant under the Securities Act to any purchaser in the initial distribution of securities, the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to the purchaser:
  - (i) any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424 under the Securities Act, as applicable;
  - (ii) free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned Registrant;
  - (iii) the portion of any other free writing prospectus or advertisement pursuant to Rule 482 under the Securities Act relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and
  - (iv) any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.
- 4. Not applicable.
- 5. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference into the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- 6. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.
- 7. Not applicable.

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**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement on FormN-2 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of McLean and the Commonwealth of Virginia, on the 3rd day of September, 2021.

GLADSTONE INVESTMENT CORPORATION

By:                                 /s/ DAVID GLADSTONE                                  
                                David Gladstone  
                                *Chairman of the Board and Chief Executive Officer*

KNOW ALL MEN BY THESE PRESENT, each person whose signature appears below hereby constitutes and appoints David Gladstone and Julia Ryan and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place, and stead, in any and all capacities, to sign any and all amendments to this Registration Statement and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement on FormN-2 has been signed below by the following persons in the capacities and on the date indicated:

	<u>Signature</u>	<u>Date</u>
By:	<u>                                /s/ DAVID GLADSTONE                                </u> David Gladstone <i>Chief Executive Officer and Chairman of the Board of Directors (principal executive officer)</i>	September 3, 2021
By:	<u>                                /s/ JULIA RYAN                                </u> Julia Ryan <i>Chief Financial Officer and Treasurer (principal financial and accounting officer)</i>	September 3, 2021
By:	<u>                                /s/ TERRY L. BRUBAKER                                </u> Terry L. Brubaker <i>Vice Chairman, Chief Operating Officer, and Director</i>	September 3, 2021
By:	<u>                                /s/ ANTHONY W. PARKER                                </u> Anthony W. Parker <i>Director</i>	September 3, 2021
By:	<u>                                /s/ MICHELA A. ENGLISH                                </u> Michela A. English <i>Director</i>	September 3, 2021
By:	<u>                                /s/ PAUL W. ADELGREN                                </u> Paul W. Adelgren <i>Director</i>	September 3, 2021



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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM T-1**

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**STATEMENT OF ELIGIBILITY UNDER  
THE TRUST INDENTURE ACT OF 1939 OF A  
CORPORATION DESIGNATED TO ACT AS TRUSTEE**

**CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(B)(2)**

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**UMB BANK, NATIONAL ASSOCIATION**

(Exact name of Trustee as specified in its charter)

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**44-0194180**

I.R.S. Employer Identification No.

**928 Grand Boulevard, 12th Fl.**  
**Kansas City, Missouri**  
(Address of principal executive offices)

**64106**  
(Zip Code)

**Lara Stevens**  
**UMB BANK, NATIONAL ASSOCIATION**  
**1010 Grand Blvd.**  
**Kansas City, MO 64106**  
**(816) 860-3017**

(Name, address and telephone number of the agent for service)

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**Gladstone Investment Corporation**  
(Issuer with respect to the Securities)

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**Delaware**  
(State or other jurisdiction of incorporation or organization)

**83-0423116**  
(I.R.S. Employer Identification No.)

**1521 Westbranch Drive, Suite 100**  
**McLean, Virginia**  
(Address of Principal Executive Offices)

**22102**  
(Zip Code)

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**Senior Debt Securities**  
(Title of the Indenture Securities)

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**FORM T-1**

**Item 1. GENERAL INFORMATION. Furnish the following information as to the Trustee.**

a) *Name and address of each examining or supervising authority to which it is subject.*

The Comptroller of the Currency  
Mid-Western District  
2345 Grand Avenue, Suite 700  
Kansas City, Missouri 64108

Federal Reserve Bank of Kansas City  
Federal Reserve P.O. Station  
Kansas City, Missouri 64198

Supervising Examiner  
Federal Deposit Insurance Corporation  
720 Olive Street, Suite 2909  
St. Louis, Missouri 63101

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

**Item 2. AFFILIATIONS WITH OBLIGOR. If the obligor is an affiliate of the Trustee, describe each such affiliation.**

None

**Items 3-15 Not Applicable**

**Item 16. LIST OF EXHIBITS: List below all exhibits filed as a part of this statement of eligibility and qualification.**

1. A copy of the Articles of Association of the Trustee (Exhibit 1 to FormT-1 filed with Registration Statement No. 333-74008).
2. Certificate of Authority from the Comptroller of the Currency evidencing a change of the corporate title of the Association (Exhibit 2 to FormT-1 filed with Registration Statement No. 333-74008).
3. Certificate from the Comptroller of the Currency evidencing authority to exercise corporate trust powers and a letter evidencing a change of the corporate title of the Association (Exhibit 3 to Form T-1 filed with Registration Statement No. 333-74008).
4. Bylaws, as amended of the Trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-74008).

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5. A copy of each Indenture referred to in Item 4. Not applicable.
  6. Consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Registration Statement No. 333-74008).
  7. Report of Condition of the Trustee as of June 30, 2021 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

**SIGNATURE**

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, UMB BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the city of Kansas City, State of Missouri on the 26<sup>th</sup> day of August 2021.

By: /s/ Douglas G. Hare  
Douglas G. Hare  
Senior Vice President

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**Exhibit 7**

(See Attached)



## Consolidated Report of Condition for Insured Banks and Savings Associations for June 30, 2021

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

## Schedule RC—Balance Sheet

	Dollar Amounts in Thousands		RCFD	Amount			
<b>Assets</b>							
1. Cash and balances due from depository institutions (from Schedule RC-A):							
a. Noninterest-bearing balances and currency and coin (1)			0081	469,274	1.a.		
b. Interest-bearing balances (2)			0071	5,029,089	1.b.		
2. Securities:							
a. Held-to-maturity securities (from Schedule RC-B, column A) (3)			JJ34	1,081,173	2.a.		
b. Available-for-sale debt securities (from Schedule RC-B, column D)			1773	10,347,472	2.b.		
c. Equity securities with readily determinable fair values not held for trading (4)			JA22	36,245	2.c.		
3. Federal funds sold and securities purchased under agreements to resell:							
a. Federal funds sold			RCON	B987	0	3.a.	
b. Securities purchased under agreements to resell (5,6)			RCFD	B989	1,146,521	3.b.	
4. Loans and lease financing receivables (from Schedule RC-C):							
a. Loans and leases held for sale				5369	5,303	4.a.	
b. Loans and leases held for investment	B528	16,910,758			4.b.		
c. LESS: Allowance for loan and lease losses (7)	3123	200,563			4.c.		
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c)				B529	16,710,195	4.d.	
5. Trading assets (from Schedule RC-D)				3545	33,611	5.	
6. Premises and fixed assets (including capitalized leases)				2145	219,235	6.	
7. Other real estate owned (from Schedule RC-M)				2150	1,860	7.	
8. Investments in unconsolidated subsidiaries and associated companies				2130	0	8.	
9. Direct and indirect investments in real estate ventures				3656	0	9.	
10. Intangible assets (from Schedule RC-M)				2143	150,044	10.	
11. Other assets (from Schedule RC-F) (6)				2160	1,146,296	11.	
12. Total assets (sum of items 1 through 11)				2170	36,376,318	12.	
<b>Liabilities</b>							
13. Deposits:							
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, Part I)				RCON			
(1) Noninterest-bearing (8)				2200	30,275,926	13.a.	
(2) Interest-bearing	RCON	6631	12,740,486			13.a.1.	
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs							
(from Schedule RC-E, Part II)				RCFN			
(1) Noninterest-bearing				2200	0	13.b.	
(2) Interest-bearing	RCFN	6631	0			13.b.1.	
(2) Interest-bearing	RCFN	6636	0			13.b.2.	
14. Federal funds purchased and securities sold under agreements to repurchase:							
a. Federal funds purchased in domestic offices (9)				RCON	B993	157,748	14.a.
b. Securities sold under agreements to repurchase (10)				RCFD	B995	2,625,641	14.b.
15. Trading liabilities (from Schedule RC-D)				RCFD	3548	0	15.
16. Other borrowed money (includes mortgage indebtedness) (from Schedule RC-M)				RCFD	3190	0	16.

1 Includes cash items in process of collection and unposted debits.

2 Includes time certificates of deposit not held for trading.

3 Institutions that have adopted ASU 2016-13 should report in item 2.a amounts net of any applicable allowance for credit losses, and item 2.a should equal Schedule RC-B, item 8, column A, less Schedule RI-B, Part II, item 7, column B.

4 Item 2.c is to be completed by all institutions. See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

5 Includes all securities resale agreements, regardless of maturity.

6 Institutions that have adopted ASU 2016-13 should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.

7 Institutions that have adopted ASU 2016-13 should report in item 4.c the allowance for credit losses on loans and leases.

8 Includes noninterest-bearing, demand, time, and savings deposits.

9 Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."

10 Includes all securities repurchase agreements, regardless of maturity.

## Schedule RC—Continued

	<u>Dollar Amounts in Thousands</u>	<u>RCFD</u>	<u>Amount</u>	
<b>Liabilities - continued</b>				
17. and 18. Not applicable				
19. Subordinated notes and debentures (1)		3200	0	19.
20. Other liabilities (from Schedule RC-G)		2930	380,269	20.
21. Total liabilities (sum of items 13 through 20)		2948	33,439,584	21.
22. Not applicable				
<b>Equity Capital</b>				
<b>Bank Equity Capital</b>				
23. Perpetual preferred stock and related surplus		3838	0	23.
24. Common stock		3230	21,250	24.
25. Surplus (excludes all surplus related to preferred stock)		3839	849,822	25.
26. a. Retained earnings		3632	1,836,319	26.a.
b. Accumulated other comprehensive income (2)		B530	229,343	26.b.
c. Other equity capital components (3)		A130	0	26.c.
27. a. Total bank equity capital (sum of items 23 through 26.c)		3210	2,936,734	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries		3000	0	27.b.
28. Total equity capital (sum of items 27.a and 27.b)		G105	2,936,734	28.
29. Total liabilities and equity capital (sum of items 21 and 28)		3300	36,376,318	29.

## Memoranda

## To be reported with the March Report of Condition.

	<u>RCFD</u>	<u>Number</u>	
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2020	6724	NR	M.1.
1a = An integrated audit of the reporting institution's financial statements and its internal control over financial reporting conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) or the Public Company Accounting Oversight Board (PCAOB) by an independent public accountant that submits a report on the institution			
1b = An audit of the reporting institution's financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the institution			
2a = An integrated audit of the reporting institution's parent holding company's consolidated financial statements and its internal control over financial reporting conducted in accordance with the standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)			
2b = An audit of the reporting institution's parent holding company's consolidated financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)			
3 = This number is not to be used			
4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state-chartering authority)			
5 = Directors' examination of the bank performed by other external auditors (may be required by state-chartering authority)			
6 = Review of the bank's financial statements by external auditors			
7 = Compilation of the bank's financial statements by external auditors			
8 = Other audit procedures (excluding tax preparation work)			
9 = No external audit work			

## To be reported with the March Report of Condition.

	<u>RCON</u>	<u>Date</u>	
2. Bank's fiscal year-end date (report the date in MMDD format)	8678	NR	M.2.
1 Includes limited-life preferred stock and related surplus.			
2 Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.			
3 Includes treasury stock and unearned Employee Stock Ownership Plan shares.			

Reporting Period: June 30, 2021

July 30, 2021 12:11 PM



Proskauer Rose LLP 1001 Pennsylvania Avenue, NW Suite 600 South Washington, DC 20004-2533

September 3, 2021

Gladstone Investment Corporation  
1521 Westbranch Drive, Suite 100  
McLean, VA 22102

Re: *Registration Statement of Gladstone Investment Corporation on Form N-2*

Dear Ladies and Gentlemen:

We have acted as special counsel for Gladstone Investment Corporation, a Delaware corporation (the "Company"), in connection with the preparation of a registration statement on Form N-2 (as amended, the "Registration Statement") initially filed with the Securities and Exchange Commission (the "Commission") on September 3, 2021, relating to the offering from time to time, pursuant to Rule 415 of the General Rules and Regulations of the Commission promulgated under the Securities Act of 1933, as amended (the "Securities Act"), by the Company of the following securities (the "Securities") of the Company with an aggregate offering price of up to \$300,000,000: (i) common stock, par value \$0.001 per share (the "Common Stock"), (ii) preferred stock, par value \$0.001 per share (the "Preferred Stock"), (iii) debt securities (the "Debt Securities"), (iv) warrants representing rights to purchase Common Stock, Preferred Stock or Debt Securities (the "Warrants") and (v) subscription rights to purchase Common Stock or Preferred Stock (the "Rights"). The offering of the Securities will be as set forth in the prospectus contained in the Registration Statement (the "Prospectus"), as supplemented by one or more supplements to the Prospectus.

The Debt Securities will be issued in one or more series pursuant to an Indenture, dated May 22, 2020 (the "Existing Indenture") between the Company and UMB Bank, National Association, as trustee (the "Existing Trustee"), and any supplemental indenture, as may be agreed from time to time between the Company and the Trustee, or pursuant to an indenture (together with the Existing Indenture, in each case as may be amended and supplemented from time to time, the "Indenture") between the Company and a trustee (together with the Existing Trustee, the "Trustee").

This opinion is being furnished in accordance with the requirements of subparagraph (l) of Item 25.2 of Part C of Form N-2.

In rendering the opinions set forth herein, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of:

- (i) the Registration Statement,
- (ii) the Amended and Restated Certificate of Incorporation of the Company,
- (iii) the Second Amended and Restated Bylaws of the Company,
- (iv) the specimen stock certificate evidencing the Common Stock,
- (v) the Existing Indenture,
- (vi) the forms of subscription agreement and subscription certificate for Common stock and Preferred Stock (collectively, the "Subscription Agreement"),
- (vii) the forms of warrant agreement for Common Stock and Preferred Stock (collectively, the "Warrant Agreement") and

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- (viii) such corporate records of the Company, certificates of public officials, officers of the Company and other persons, and such other documents, agreements and instruments as we have deemed necessary as a basis for the opinions hereinafter expressed.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as facsimile, electronic, certified or photostatic copies and the authenticity of the originals of such copies. In making our examination of executed documents, we have assumed (a) that the parties thereto (i) are duly organized and existing in good standing in their respective jurisdictions of incorporation or formation, (ii) have complied with all aspects of the laws of their respective jurisdictions of incorporation or formation in connection with the issuance of the Securities and the related transactions and (iii) had the power, corporate or other, to enter into and perform all obligations thereunder, (b) the due authorization by all requisite action, corporate or other, and the execution and delivery by the parties thereto of such documents and the validity and binding effect thereof on such parties, (c) upon issuance of any shares of Common Stock or Preferred Stock, the total number of shares of Common Stock and Preferred Stock issued and outstanding shall not exceed the total number of shares of Common Stock and Preferred Stock that the Company is then authorized to issue under its Certificate of Incorporation and (d) upon issuance of any Securities exercisable for, exchangeable for or convertible into shares of Common Stock or Preferred Stock, the appropriate number of such shares shall have been duly reserved for issuance and such authorizations and actions have not been rescinded. To the extent our opinions set forth below relate to the enforceability of the choice of New York law and choice of New York forum provisions of the Indenture, the Debt Securities and the Warrant Agreement, our opinion is rendered in reliance upon N.Y. Gen. Oblig. Law §§ 5-1401, 5-1402 (McKinney 2001) and N.Y. C.P.L.R. 327(b) (McKinney 2001) and is subject to the qualification that such enforceability may be limited by public policy considerations of any jurisdiction, other than the courts of the State of New York, in which enforcement of such provisions, or of a judgment upon an agreement containing such provisions, is sought. We have also assumed that the Company has complied with all aspects of applicable laws of jurisdictions other than the State of New York in connection with the transactions contemplated by the Indenture, the Warrant Agreement and/or other similar agreement. As to facts material to the opinions expressed herein, we have relied upon statements and representations of officers and other representatives of the Company, public officials and others.

Our opinions set forth herein are limited to the General Corporation Law of the State of Delaware (including all reported judicial decisions interpreting these laws) and the laws of the State of New York that, in our experience, are applicable to securities of the type covered by the Registration Statement and, to the extent that judicial or regulatory orders or decrees or consents, approvals, licenses, authorizations, validations, filings, recordings or registrations with governmental authorities are relevant, to those required under such laws (all of the foregoing being referred to as "Covered Law"). We do not express any opinion with respect to the law of any jurisdiction other than the Covered Law or as to the effect of any such non-covered law on the opinions herein stated.

Based upon and subject to the foregoing and the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that:

- (1) When (a) issued pursuant to, and as described in, the Prospectus and applicable prospectus supplement (including upon conversion or exchange of Debt Securities or Preferred Stock), and (b) delivered to the purchaser or purchasers thereof against receipt by the Company of such lawful consideration therefor as the Board of Directors (or a duly authorized committee thereof) may lawfully determine and at a price per share not less than the per share par value of the Common Stock, the Common Stock will be validly issued, fully paid and nonassessable.
- (2) When (a) duly issued pursuant to, and as described in, the Prospectus and applicable prospectus supplement (including upon conversion or exchange of Debt Securities), and (b) delivered to the purchaser or purchasers thereof against receipt by the Company of such lawful consideration therefor as the Board of Directors (or a duly authorized committee thereof) may lawfully determine and at a price per share not less than the per share par value of the Preferred Stock, the Preferred Stock will be validly issued, fully paid and nonassessable.
- (3) When issued pursuant to, and as described in, the Prospectus and applicable prospectus supplement, the Rights will be validly issued.

- (4) When the Indenture has been duly authorized, executed and delivered by each of the Company and the Trustee, the Indenture will constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with the terms thereof.
- (5) When (a) the Indenture has been duly authorized, executed and delivered by each of the Company and the Trustee, (b) the final terms of the Debt Securities have been duly established and approved by all necessary corporate action on the part of the Company and issued pursuant to, and as described in, the Prospectus and applicable prospectus supplement, (c) the terms of the Debt Securities as established comply with the requirements of the Investment Company Act of 1940, as amended, and (d) the Debt Securities have been duly executed by the Company and authenticated by the Trustee in accordance with the Indenture and delivered to and paid for by the purchasers thereof, the Debt Securities will constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with the terms thereof and will be entitled to the benefits of the Indenture.
- (6) When (a) issued pursuant to, and as described in, the Prospectus and applicable prospectus supplement and (b) any applicable Warrant Agreement or other similar agreement has been duly authorized, executed and delivered by each of the Company and the warrant agent, the Warrants will constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with the terms thereof.

The opinions set forth in paragraphs (4), (5) and (6) above are subject, as to enforcement, to (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally (including, without limitation, all laws relating to fraudulent transfers), (ii) general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) and (iii) provisions of law that require that a judgment for money damages rendered by a court in the United States be expressed only in U.S. dollars.

In rendering the opinions set forth above, we have assumed that the execution and delivery by the Company of the Debt Securities, the Indenture and the Warrant Agreement and the performance by the Company of its obligations thereunder do not and will not violate, conflict with or constitute a default under any agreement or instrument to which the Company or its properties is subject.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement. We also hereby consent to the reference to our firm under the caption "Legal Matters" in the Registration Statement. In giving this consent, we do not thereby admit that we are included in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder. This opinion is expressed as of the date hereof unless otherwise expressly stated, and we disclaim any undertaking to advise you of any subsequent changes in the facts stated or assumed herein or of any subsequent changes in applicable law.

Very truly yours,

/s/ Proskauer Rose LLP

Washington, DC

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form N-2 of Gladstone Investment Corporation of our report dated May 11, 2021 relating to the financial statements, financial statement schedule, and senior securities table which appear in Gladstone Investment Corporation's Annual Report on Form 10-K for the year ended March 31, 2021. We also consent to the references to us under the headings "Experts" and "Financial Highlights" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP  
Arlington, Virginia  
September 3, 2021

**Code of Ethics and Business Conduct  
For  
Gladstone Capital Corporation  
Gladstone Commercial Corporation  
Gladstone Investment Corporation  
Gladstone Land Corporation  
Gladstone Management Corporation  
Gladstone Administration LLC  
Gladstone Securities, LLC  
and their subsidiaries**

**(UPDATED MARCH 17, 2020)**

**I. Core Values:**

This Code of Ethics and Business Conduct (hereafter referred to as the “Code”) reflects our commitment to our Core Values, our Valued Relationships and to the Standards of Ethics and Business Conduct that support these values and relationships. We expect every employee, officer and director to read and understand this Code and its application to the performance of his or her business responsibilities.

We are committed to the highest standards of ethical and professional conduct in all of our business operations, as well as in our interactions with customers, business partners and employees. The following are the values we hold in highest esteem...the values that we propose to use as our guide in our quest for excellence and success. To assist and encourage you to apply our Core Values in your day-to-day activities, each Core Value includes amplifying and implementing guidance.

**A. Golden Rule and Respect**

- a. Following the Golden Rule means we will strive to always do the right thing. the thing we would want others to do to us.
- b. Treating others the way we would like to be treated is our foundational value and the golden rule is a good summary of our other core values.
- c. Respect means we respect the rights, opinions and beliefs of others so long as they are consistent with our other core values.

Amplifying and implementing guidance:

- Be a good listener, encourage diverse opinions and be willing to accept them.
- Recognize the achievement of others.
- Don't prejudge another person's qualities or intentions.

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- Respect confidences.
  - Recognize each individual's human dignity and value.

## **B. Honesty and Openness**

- a. Honesty means we refuse to lie, cheat, steal or deceive in any way.
- b. We will never deliberately mislead, or misrepresent the truth.
- c. We will always do the legal and fair thing, fulfilling the intent of our commitments and the law.
- d. Openness means we will be free, forthright and sincere in our discussions, as candid as possible, and will openly share appropriate information in each relationship.

Amplifying and implementing guidance:

- Be forthright and never use information as a source of power.
- Strive for clarity: avoid "slippery" words.
- Focus on issues, not personalities.
- Carry no hidden agendas.
- Be willing to admit your own mistakes and be tolerant of other's mistakes.

## **C. Integrity**

- a. Integrity means we will refuse to be corrupted or unfaithful to our values.
- b. We will do what we say we will do, and we will conduct ourselves in accordance with our values and our code of ethics.
- c. We will always try to do the right thing.
- d. We will operate within both the letter and the spirit of the law.

Amplifying and implementing guidance:

- Act and speak ethically.
- What you do when no one is looking should agree with your professed ethics.

## **D. Teamwork and Innovation**

- a. Teamwork means working together to achieve our goals and values as a group and not working at cross purposes.
- b. Innovation means encouraging each other to seek new ways of doing our business to improve our quality and efficiency.

Amplifying and implementing guidance:

- Acknowledge all co-workers as valuable team members.
- Show confidence in the character and truthfulness of others.
- Practice solidarity by respecting and supporting team decisions.
- Encourage initiative and participation.
- Be accountable to the team.
- Lead by example.
- Recognize that taking and accepting reasonable risks is necessary business conduct.

## **E. Responsibility**

- a. Responsibility means we are morally and legally accountable for our actions.



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b. We are determined to do the right thing, and to be good stewards of the things that have been entrusted into our care.

Amplifying and implementing guidance:

- Accept responsibility for your own mistakes, and give credit to others for their accomplishments.
- Keep commitments.

#### F. Loyalty and Hard work

a. We will be loyal to our Company and protect its assets and trade secrets. We will be faithful in carrying out our duties.

b. We will always work hard and do our best.

Amplifying and implementing guidance:

- Demand excellence from yourself, and seek and encourage it from others.
- Demonstrate a sense of urgency in all that you do.
- Our success is directly related to our loyalty to each other and to our company.

Always remember that at our companies, **your ethical behavior is the ultimate “bottom line”**. We are committed to do what is right even when it does not seem to be profitable, expedient or conventional. We are committed to following the above core values in everything we do... that means we will be truthful, ethical, law-abiding, and respectful in all of our dealings with others.

## II. Our Valued Relationships

We will deal fairly and honestly in all of our relationships, treating all our business associates as long-term valued partners. We will operate our business based on the practical application of the Golden Rule, our other values, and all other provisions of our Code of Ethics and Business Conduct, for the mutual benefit of all our valued relationships. We will strive to be dependable and respectable in all our dealings with our business associates and our employees, value each shareholder and lender to our company, and we will be faithful stewards of their funds. We are committed to providing a work environment where there is no conflict between work and moral or ethical values, or family responsibilities, and where everyone is treated justly and with respect.

We have certain relationships that we hold dear and they are:

- Customers and clients are the reason we are in business. We seek to help our customers and clients to achieve their goals. We know that if we help them reach their goals, they will help us reach our goals too.
- Employees are the full extent of our company. We are no greater than our employees. Each employee is an integral part of our team. We seek to have the best employees and the best organization to support the growth of each employee.

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- Shareholders have entrusted us with their assets. We seek to increase the value of those assets. As trustees we will do our best to protect and grow the assets that have been entrusted to us.
  - Suppliers provide us with the things we need to achieve our goals. They have the goods and services we need to grow our business. We will treat each supplier as a valued partner in the growth of our business.
  - Our government is part of our operations. We seek to fulfill the regulatory aspects of our business operations in a timely and accurate manner.
  - Our relationship with God is one that is valued highest. We will do our best to perform in a way that will be pleasing to God.

### **III. Code of Ethics Implementing Guidance and Procedures**

As with any written guidance, this Code of Ethics may not clearly address every situation you may encounter. If concerns or questions that you have about a course of action are not addressed specifically by this Code, you should ask yourself the following six questions to begin your evaluation process:

#### **Ethics “Quick Test”**

1. Is it legal?
2. Would doing it make me feel bad or ashamed in any way?
3. Is it consistent with our Core Values?
4. Would I want my family or friends to read about it in the newspaper?
5. Would failing to act make the situation worse or allow a “wrong” to continue?
6. Does it follow the Golden Rule set out above?

If you still have questions or concerns, do not act until your questions and concerns have been raised and resolved. Our employee handbook, your supervisor, our Chief Compliance Officer (“CCO”) and staff (the “Compliance Officers”) or the Ethics Committee are all available to help you. Additionally, if you are not comfortable addressing potential violations of this Code with any of these persons directly, you may also raise your concerns by anonymously contacting Global Compliance Services (See Part V, Section 15 of this Code for contact and other information regarding the compliance resources available to you).

If you are aware of a suspected or actual violation of Code standards by others, you have a responsibility to report it. You are expected to promptly notify a Compliance Officer or contact another compliance reporting resource to provide a specific description of the violation that you believe has occurred, including any information you have about the persons involved and the time of the violation. Whether you choose to speak with your supervisor or one of the Compliance Officers, you should do so without fear of any form of retaliation. We will take prompt disciplinary action against any employee who retaliates against you.

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Supervisors must promptly report any complaints or observations of Code violations to the CCO. If you believe your supervisor has not taken appropriate action, you should contact one of our Compliance Officers directly. The Compliance Officers will investigate all reported possible Code violations promptly and with the highest degree of confidentiality that is possible under the specific circumstances. Neither you nor your supervisor may conduct any preliminary investigation, unless authorized to do so by the CCO. Your cooperation in the investigation will be expected. As needed, the CCO will consult with the Ethics Committee and the Audit Committee of the Board of Directors. It is our policy to employ a fair process by which to determine violations of this Code.

With respect to any complaints or observations of Code violations that may involve accounting, internal accounting controls and auditing concerns, the CCO shall promptly inform the chair of the Ethics Committee, who will then turn over such information to the Audit Committee or such other persons as the Audit Committee of the Board of Directors determines to be appropriate under the circumstances shall be responsible for supervising and overseeing the inquiry and any investigation that is undertaken.

If any investigation indicates that a potential violation of this Code has occurred, we will take such action as we believe to be appropriate under the circumstances. Violations of this Code will not be tolerated. Any employee who violates this Code may be subject to disciplinary action, which, depending on the nature of the violation and the history of the employee, may range from a warning or reprimand to and including termination of employment and, in appropriate cases, civil legal action or referral for regulatory enforcement action. Appropriate action may also be taken to deter any future Code violations.

#### **IV. Code of Ethics**

References in this Code to employees are intended to cover all employees including officers and, as applicable, directors. References to “our companies” mean all the affiliated companies in the Gladstone group of companies, including Gladstone Capital Corporation (“Gladstone Capital”), Gladstone Commercial Corporation (“Gladstone Commercial”), Gladstone Investment Corporation (“Gladstone Investment”), Gladstone Land Corporation (“Gladstone Land”), Gladstone Management Corporation (the “Adviser”), Gladstone Administration LLC (the “Administrator”), Gladstone Securities, LLC (“Gladstone Securities”) and their subsidiaries. References to Gladstone Capital, Gladstone Commercial, Gladstone Investment, Gladstone Land, the Adviser, and the Administrator shall include all subsidiaries of those companies. References to the Board of Directors mean the Boards of Directors of all of the affiliated companies in the Gladstone group of companies, as applicable. References to the Ethics Committee mean the Ethics, Nominating and Corporate Governance Committees of Gladstone Capital, Gladstone Commercial, Gladstone Land or Gladstone Investment, as applicable.

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Officers, managers and other supervisors are expected to develop in employees a sense of commitment not only to the letter, but to the spirit of this Code. Supervisors are also expected to ensure that all agents and contractors conform to this Code's standards when working for or on behalf of our companies. The environment regarding compliance with this Code within each supervisor's assigned area of responsibility will be a significant factor in evaluating the quality of that individual's performance. In addition, any employee who makes an exemplary effort to implement and uphold our Core Values, Valued Relationships and Standards of Business Conduct and Ethics will be recognized for that effort in his or her performance review. Nothing in this Code alters the at-will employment policy of our companies.

The Code addresses conduct that is particularly important to proper dealings with the people and entities with which we interact, but may not address every aspect of our commitment to honest and ethical conduct. From time to time we may adopt additional policies and procedures with which our employees, officers and directors are expected to comply, if applicable to them. However, it is the responsibility of each employee to apply common sense, together with his or her own highest personal ethical standards, in making business decisions where there is no stated guideline in this Code.

Action by members of your immediate family or other persons who live in your household also may potentially result in ethical issues to the extent that they involve our companies' business. For example, acceptance of inappropriate gifts by a family member from one of our suppliers or portfolio companies could create a conflict of interest and result in a Code violation attributable to you. Consequently, in complying with this Code, you should consider not only your own conduct, but also that of your immediate family members and other persons who live in your household.

**PLEASE NOTE THAT YOU WILL BE ASKED TO CERTIFY COMPLIANCE WITH THIS CODE ON AN ANNUAL BASIS. THUS, YOU SHOULD NOT HESITATE TO ASK QUESTIONS, VOICE CONCERNS OR CLARIFY GRAY AREAS ABOUT WHETHER ANY CONDUCT MAY VIOLATE THIS CODE. THE APPENDICES CONTAIN RESOURCES AVAILABLE TO YOU TO DETERMINE COMPLIANCE WITH THIS CODE. IN ADDITION, YOU ARE RESPONSIBLE FOR REPORTING SUSPECTED OR ACTUAL VIOLATIONS OF THIS CODE BY OTHERS. YOU SHOULD BE ALERT TO POSSIBLE VIOLATIONS OF THIS CODE BY OTHERS, AND MUST REPORT SUSPECTED VIOLATIONS, WITHOUT FEAR OF ANY FORM OF RETALIATION, AS FURTHER DESCRIBED IN PART V, SECTION 15 OF THIS CODE.**

## **V. Standards of Ethics and Business Conduct**

Underlying our Core Values, described in Part I above, is our commitment to maintain the highest standards of ethics and business conduct.

### **1. Honest and Ethical Conduct**

It is the policy of our companies to promote high standards of integrity by conducting our affairs in an honest and ethical manner. The integrity and reputation of our companies depends on the honesty, fairness and integrity brought to the job by each person associated with us. Unyielding personal integrity is the foundation of corporate integrity.

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## 2. Legal Compliance

Obeying the law, both in letter and in spirit, is the foundation of this Code. Our success depends upon each employee's operating within legal guidelines and cooperating with local, national and international authorities. We expect employees to understand the legal and regulatory requirements applicable to their business units and areas of responsibility. We hold periodic training sessions to ensure that all employees comply with this Code, the compliance policies and procedures of our companies, and other relevant laws, rules and regulations associated with their employment. While we do not expect you to know every detail of these laws, rules and regulations, we expect you to be familiar with this Code and our compliance policies and procedures, so that you are able to determine when to seek advice from others. If you do have a question in the area of legal compliance, it is important that you not hesitate to seek answers from your supervisor or one of the Compliance Officers (see Section 15 of this Part IV below for more information about the Compliance Officers).

Disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules and regulations may subject an individual, as well as our companies, to civil or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone's best interest to know and comply with our legal obligations.

## 3. Insider Trading

Employees who have access to confidential (or "inside") information are not permitted to use or share that information for stock trading purposes or for any other purpose except to conduct our business. All non-public information about our companies or about companies with which we do business is considered confidential information. To use material non-public information in connection with buying or selling securities, including "tipping" others who might make an investment decision on the basis of this information, is not only unethical, it is illegal. You must exercise the utmost care when handling material inside information.

The Company's Insider Trading Policy (the "Trading Policy"), which is attached to this Code as Appendix A and is incorporated by reference into this Code, has been instituted to help you avoid prohibited insider trading, and to ensure that our companies comply with the separate requirements of Rules 17j-1 of the Investment Company Act of 1940 and 204A of the Investment Advisers' Act of 1940. All employees are expected to understand and comply with all Trading Policy provisions applicable to them.

The Trading Policy addresses detailed legal provisions of the Act and imposes requirements, and in some cases, restrictions, on certain securities trades that you may wish to make. The Trading Policy contains provisions that require you to obtain pre-clearance for all investments in any initial public offering, and for securities trades for which you may have insider information, especially the Gladstone Funds. To request pre-clearance of a securities transaction,

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you should complete Schedule A (for limited offering transactions) or schedule B (for transactions involving Gladstone Funds) of the attached Appendix A and forward it to our CCO. The Trading Policy also requires all employees to provide certain reports of their holdings or transactions in certain securities. The particular reports you will be required to provide are described more fully in the Trading Policy.

If you have questions regarding the requirements or compliance procedures under the Trading Policy, or if you don't know whether your situation requires pre-clearance or reporting, you should contact one of our Compliance Officers.

#### **4. International Business Laws**

You are expected to comply with the applicable laws in all countries to which you travel, in which we operate and where we otherwise do business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. The fact that, in some countries, certain laws are not enforced or that violation of those laws is not subject to public criticism will not be accepted as an excuse for noncompliance. In addition, we expect you to comply with U.S. laws, rules and regulations governing the conduct of business by its citizens and corporations outside the U.S. If you have a question as to whether an activity is restricted or prohibited, seek assistance before taking any action, including giving any verbal assurances that might be regulated by international laws.

#### **5. Environmental Compliance**

It is our policy to conduct our business in an environmentally responsible way that minimizes environmental impacts. We are committed to minimizing and, if practicable, eliminating the use of any substance or material that may cause environmental damage, reducing waste generation and disposing of all waste through safe and responsible methods, minimizing environmental risks by employing safe technologies and operating procedures, and being prepared to respond appropriately to accidents and emergencies.

#### **6. Conflicts of Interest**

We respect the rights of our employees to manage their personal affairs and investments and do not wish to impinge on their personal lives. At the same time, you should avoid conflicts of interest that occur when your personal interests may interfere in any way with the performance of your duties or the best interests of our companies. A conflicting personal interest could result from an expectation of personal gain now or in the future or from a need to satisfy a prior or concurrent personal obligation. We expect you to be free from influences that conflict with the best interests of our companies, or might deprive our companies of your undivided loyalty in business dealings. Even the appearance of a conflict of interest where none actually exists can be damaging and should be avoided. Whether or not a conflict of interest exists or will exist can be unclear.

If you have any questions about a potential conflict or if you become aware of an actual or potential conflict, and you are not an officer or director of one of our companies, you should

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discuss the matter with your supervisor or with one of our Compliance Officers. Supervisors may not authorize conflict of interest matters or make determinations as to whether a problematic conflict of interest exists without first seeking the approval of the CCO and providing the CCO with a written description of the activity. If the supervisor is involved in the potential or actual conflict, you should discuss the matter directly with the CCO. Officers and directors may seek authorizations and determinations from the Ethics Committee of the Board of Directors. Factors that may be considered in evaluating a potential conflict of interest are, among others:

- whether it may interfere with the employee's job performance, responsibilities or morale;
- whether the employee has access to confidential information;
- whether it may interfere with the job performance, responsibilities or morale of others within the organization;
- any potential adverse or beneficial impact on our business;
- any potential adverse or beneficial impact on our relationships with our customers or suppliers or other service providers;
- whether it would enhance or support a competitor's position;
- the extent to which it would result in financial or other benefit (direct or indirect) to the employee;
- the extent to which it would result in financial or other benefit (direct or indirect) to one of our customers, suppliers or other service providers; and
- the extent to which it would appear improper to an outside observer.

Although no list can include every possible situation in which a conflict of interest could arise, the following are examples of situations that may, depending on the facts and circumstances, involve problematic conflicts of interests:

- **Employment by (including consulting for) or service on the board of a competitor, customer or supplier or other service provider.** Activity that enhances or supports the position of a competitor to the detriment of one or more of our companies is prohibited, including employment by or service on the board of a competitor. Employment by or service on the board of a customer or supplier or other service provider is generally discouraged and you must seek authorization in advance if you plan to take such a position.
- **Owning, directly or indirectly, a significant financial interest in any entity that does business, seeks to do business or competes with us.** In addition to the factors described above, persons evaluating ownership in other entities for conflicts of interest will consider the size and nature of the investment; the nature of the relationship between the other entity and any one of our companies; the employee's access to confidential information and the employee's ability to influence one of our companies decisions. If you would like to acquire a financial interest of any kind, you must seek written approval in advance from the CCO.

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- **Soliciting or accepting gifts, favors, loans or preferential treatment from any person or entity that does business or seeks to do business with us.** See Section 10 for further discussion of the issues involved in this type of conflict.
  - **Soliciting contributions to any charity or for any political candidate from any person or entity that does business or seeks to do business with us.**
  - **Taking personal advantage of corporate opportunities.** See Section 7 for further discussion of the issues involved in this type of conflict.
  - **Working at a second job without permission.**
  - **Conducting business transactions between any one of our companies and your family member or a business in which you or a family member has a significant financial interest.** Material related-party transactions must be approved by the Audit Committee and the Ethics Committee and, if that activity involves any executive officer or director, that activity will be required to be publicly disclosed as required by applicable laws and regulations.

Loans to, or guarantees of obligations of, employees or their family members by our companies could constitute an improper personal benefit to the recipients of these loans or guarantees, depending on the facts and circumstances. Some loans are expressly prohibited by law and applicable law requires that our Board of Directors approve all loans and guarantees to employees. As a result, all loans and guarantees by our companies must be approved in advance by the Board of Directors.

#### **7. Corporate Opportunities.**

You may not take personal advantage of the opportunities of our companies that are presented to you or discovered by you as a result of your position with us or through your use of corporate property or information, unless authorized by the Board of Directors. Even opportunities that are acquired privately by you may be questionable if they are related to our existing or proposed lines of business. Significant participation in an investment or outside business opportunity that is directly related to our lines of business must be pre-approved by the board of directors of our company that is affected. You may not use your position with us or corporate property or information for improper personal gain, nor should you compete with us in any way.



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## 8. Maintenance of Corporate Books, Records, Documents and Accounts; Financial Integrity; Public Reporting

The integrity of our records and public disclosure depends upon the validity, accuracy and completeness of the information supporting the entries to our books of account. Therefore, our corporate and business records should be completed accurately and honestly. The making of false or misleading entries, whether they relate to financial results or test results, is strictly prohibited. Our records serve as a basis for managing our business and are important in meeting our obligations to customers, suppliers, creditors, employees and others with whom we do business. As a result, it is important that our books, records and accounts accurately and fairly reflect, in reasonable detail, our assets, liabilities, revenues, costs and expenses, as well as all transactions and changes in assets and liabilities. We require that:

- no entry be made in our books and records that intentionally hides or disguises the nature of any transaction or of any of our liabilities or misclassifies any transactions as to accounts or accounting periods;
- transactions be supported by appropriate documentation;
- the terms of sales and other commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in our books and records;
- employees comply with our system of internal controls; and
- no cash or other assets be maintained for any purpose in any unrecorded or “off-the-books” fund.

Our accounting records are also relied upon to produce reports for our management, stockholders and creditors, as well as for governmental agencies. In particular, we rely upon our accounting and other business and corporate records in preparing the periodic and current reports that we file with the Securities and Exchange Commission (SEC). Securities laws require that these reports provide full, fair, accurate, timely and understandable disclosure and fairly present our financial condition and results of operations. Employees who collect, provide or analyze information for or otherwise contribute in any way in preparing or verifying these reports should strive to ensure that our financial disclosure is accurate and transparent and that our reports contain all of the information about the Gladstone group of companies that would be important to enable stockholders and potential investors to assess the soundness and risks of our business and finances and the quality and integrity of our accounting and disclosures. In addition:

- no employee may take or authorize any action that would intentionally cause our financial records or financial disclosure to fail to comply with generally accepted accounting principles, the rules and regulations of the SEC or other applicable laws, rules and regulations;
- all employees must cooperate fully with our Accounting Department and, when one is established, Internal Auditing Departments, as well as our independent public accountants and counsel, respond to their questions with candor and provide them with complete and accurate information to help ensure that our books and records, as well as our reports filed with the SEC, are accurate and complete; and

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- no employee should knowingly make (or cause or encourage any other person to make) any false or misleading statement in any of our reports filed with the SEC or knowingly omit (or cause or encourage any other person to omit) any information necessary to make the disclosure in any of our reports accurate in all material respects.

Any employee who becomes aware of any departure from these standards has a responsibility to report his or her knowledge promptly to a supervisor, a Compliance Officer, the Audit Committee or one of the other compliance resources described in Section 15.

## **9. Fair Dealing**

We strive to outperform our competition fairly and honestly. Advantages over our competitors are to be obtained through superior performance of our products and services, not through unethical or illegal business practices. Acquiring proprietary information from others through improper means, possessing trade secret information that was improperly obtained, or inducing improper disclosure of confidential information from past or present employees of other companies is prohibited, even if motivated by an intention to advance our interests. If information is obtained by mistake that may constitute a trade secret or other confidential information of another business, or if you have any questions about the legality of proposed information gathering, you must consult your supervisor or one of our Compliance Officers, as further described in Section 15.

You are expected to deal fairly with our customers, suppliers, employees and anyone else with whom you have contact in the course of performing your job. Be aware that the Federal Trade Commission Act provides that “unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are declared unlawful.” It is a violation of this Act to engage in deceptive, unfair or unethical practices and to make misrepresentations in connection with sales activities.

Employees involved in procurement have a special responsibility to adhere to principles of fair competition in the purchase of products and services by selecting suppliers based exclusively on normal commercial considerations, such as quality, cost, availability, service and reputation, and not on the receipt of special favors.

## **10. Gifts and Entertainment**

Business gifts and entertainment are meant to create goodwill and sound working relationships and not to gain improper advantage with customers or facilitate approvals from government officials. The exchange, as a normal business courtesy, of meals or entertainment (such as tickets to a game or the theatre or a round of golf) is a common and acceptable practice as long as it is not extravagant. Unless express written permission is received from a supervisor, the CCO or the Ethics Committee, gifts and entertainment cannot be offered, provided or accepted by any employee unless consistent with customary business practices and not (a) of more than

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token or nominal monetary value, (b) in cash, (c) susceptible of being construed as a bribe or kickback, (d) made or received on a regular or frequent basis or (e) in violation of any laws. This principle applies to our transactions everywhere in the world, even where the practice is widely considered “a way of doing business.” Employees should not accept gifts or entertainment that may reasonably be deemed to affect their judgment or actions in the performance of their duties. Our customers, suppliers and the public at large should know that our employees’ judgment is not for sale.

#### **11. Protection and Proper Use of Company Assets**

All employees are expected to protect our assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on our profitability. Our property, such as office supplies, computer equipment, buildings and products, are expected to be used only for legitimate business purposes, although incidental personal use may be permitted. You may not, however, use our corporate name, any brand name or trademark owned or associated with our companies or any letterhead stationery for any personal purpose.

We each have personal responsibility to guard and ensure the security of our information systems and data. Our employees will exercise reasonable cyber security awareness by managing their access to our equipment, systems and information/data assets with the utmost care, confidentiality and professionalism. These assets are intended to advance the success of the company. Our assets include facilities, equipment, computers and information systems, smartphones, information and data assets.

- Protect company assets from loss or harm.
- Don’t appropriate, borrow or loan company assets without permission.
- Use care when transferring confidential information via email.
- Use care when transferring confidential information onto a portable storage device such as a memory stick.
- Keep computer equipment safe and secure at all times and protect your user IDs and passwords.
- Keep confidential and proprietary information safe and secure.

Exercise cyber security by looking after our intellectual property and be vigilant of potential attempts (ex., phishing/spam/fraudulent emails, unusual system activity, etc.) to breach our computer systems by notifying compliance, resource management, or our IT service when suspicion arises.

You may not, while acting on behalf of our companies or while using our computing or communications equipment or facilities, either:

- Permit an external entity to access our computer systems without authorization from compliance or resource management; or

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- access the internal computer system (also known as “hacking”) or other resource of another entity without express written authorization from the entity responsible for operating that resource; or
  - if you receive authorization to access another entity’s internal computer system or other resource, you must make a permanent record of that authorization so that it may be retrieved for future reference, and you may not exceed the scope of that authorization; or
  - commit any unlawful or illegal act, including harassment, libel, fraud, sending of unsolicited bulk email (also known as “spam”) in violation of applicable law, trafficking in contraband of any kind or espionage.

Unsolicited bulk email is regulated by law in a number of jurisdictions. If you intend to send unsolicited bulk email to persons outside of our companies, either while acting on our behalf or using our computing or communications equipment or facilities, you should contact your supervisor or the CCO for approval.

All data residing on or transmitted through our computing and communications facilities, including email and word processing documents, is the property of our companies and subject to inspection, retention and review by us, with or without an employee’s or third party’s knowledge, consent or approval, in accordance with applicable law. Any misuse or suspected misuse of our assets must be immediately reported to your supervisor or a Compliance Officer.

## **12. Confidentiality**

One of our most important assets is our confidential information. As an employee of our companies, you may learn of information about our business that is confidential and proprietary. You also may learn of information before that information is released to the general public. Employees who have received or have access to confidential information should take care to keep this information confidential. Confidential information includes non-public information that might be of use to competitors or harmful to our companies or its customers if disclosed, such as business, marketing and service plans, financial information, product architecture, source codes, designs, databases, customer lists, pricing strategies, personnel data, personally identifiable information pertaining to our employees, customers or other individuals, and similar types of information provided to us by our customers, suppliers and partners. This information may be protected by patent, trademark, copyright and trade secret laws.

In addition, because we interact with other companies and organizations, there may be times when you learn confidential information about other companies before that information has been made available to the public. You must treat this information in the same manner as you are required to treat our confidential and proprietary information. There may even be times when you must treat as confidential the fact that we have an interest in, or are involved with, another company.

You are expected to keep confidential and proprietary information confidential unless and until that information is released to the public through approved channels (usually through a press

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release, an SEC filing or a formal communication from a member of senior management, as further described in Section 13). Every employee has a duty to refrain from disclosing to any person confidential or proprietary information about us or any other company learned in the course of employment here, until that information is disclosed to the public through approved channels. This policy requires you to refrain from discussing confidential or proprietary information with outsiders and even with other of our companies' employees, unless those fellow employees have a legitimate need to know the information in order to perform their job duties. Unauthorized use or distribution of this information could also be illegal and result in civil liability or criminal penalties.

You should also take care not to inadvertently disclose confidential information. Materials that contain confidential information, such as memos, notebooks, computer disks and laptop computers, should be stored securely. Unauthorized posting or discussion of any information concerning our business, information or prospects on the Internet is prohibited. You may not discuss our business, information or prospects in any "chat room," regardless of whether you use your own name or a pseudonym. Be cautious when discussing sensitive information in public places like elevators, airports, restaurants and "quasi-public" areas within the Gladstone group of companies. All our companies emails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside of our companies, except where required for legitimate business purposes.

In addition to the above responsibilities, if you are handling information protected by any privacy policy published by us, such as our website privacy policy, then you must handle that information in accordance with the applicable policy.

### **13. Media and Public Discussions**

It is our policy to disclose material information concerning our companies to the public only through specific limited channels to avoid inappropriate publicity and to ensure that all those with an interest in the company will have equal access to information. All inquiries or calls from the press and financial analysts should be referred to the Chief Executive Officer ("CEO") or our Investor Relations Manager. We have designated our CEO as our official spokesperson for financial matters. We have designated the President of one of our companies or our Chief Investment Officer ("CIO") as our official spokesperson for marketing, and other related information. Unless a specific exception has been made by the CEO, these designees are the only people who may communicate with the press on behalf of our companies. In addition, our compliance policies and procedures require that communications of this nature, including advertisements, presentations or speeches and website content, be reviewed by the CCO. You also may not provide any information to the media about us off the record, for background, confidentially or secretly.

### **14. Waivers**

Any waiver of this Code for executive officers (including our principal executive officer, principal financial officer, principal accounting officer or controller (or persons performing similar functions) or directors may be authorized only by the Board of Directors of our companies, and will be disclosed to stockholders as required by applicable laws, rules and regulations.

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## 15. Compliance Standards and Procedures

### *Compliance Resources; Compliance Officers*

To facilitate compliance with this Code, we have implemented a program of Code awareness, training and review. We have designated our CCO to oversee this program. The CCO will have staff to assist in oversight of the program. The Compliance Officers are persons to whom you can address any questions or concerns. Please contact your manager or the head of Human Resources to determine who has been appointed as a Compliance Officer. In addition to fielding questions or concerns with respect to potential violations of this Code, the CCO is responsible for:

- investigating possible violations of this Code;
- training new employees in Code policies;
- conducting annual training sessions to refresh employees' familiarity with this Code;
- reviewing all personal securities transactions and holdings reports required by Appendix A to this Code;
- distributing this Code by hard copy or by email to each employee upon initial hire and annually thereafter, and upon any amendment of this Code, and requiring written acknowledgement of the receipt of this Code and any such amendments as a reminder that each employee is responsible for reading, understanding and complying with this Code;
- updating this Code as needed and alerting employees to any updates, with appropriate approval of the Ethics Committee, to reflect changes in the law, our companies operations and in recognized best practices, and to reflect our companies experience; and
- otherwise promoting an atmosphere of responsible and ethical conduct.
- Your most immediate resource for any matter related to this Code is your supervisor. He or she may have the information you need or may be able to refer the question to another appropriate source.

There may, however, be times when you prefer not to go to your supervisor. In these instances, you should feel free to discuss your concern with a Compliance Officer. If you are uncomfortable speaking with a Compliance Officer because he or she works in your department or is one of your supervisors, please contact a member of the Ethics Committee. You may also report violations directly to members of the Ethics Committee by either sending a letter to Global Compliance Services, 13950 Ballantyne Corporate Place, Suite 300, Charlotte, NC 28277 or by calling our companies' toll-free hotline run by Global Compliance Services at 1-888-475-4914 and speaking with a representative who will transmit the information to the Ethics Committee. The Ethics Committee will pass on to the Audit Committee of the Board of Directors all information related to complaints or observations that involve accounting, internal accounting controls and auditing concerns.

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You may call the toll-free number anonymously if you prefer as it is not equipped with caller identification, although Global Compliance Services will be unable to obtain follow-up details from you that may be necessary to investigate the matter. Whether you identify yourself or remain anonymous, your telephonic contact with Global Compliance Services through the toll-free number will be kept strictly confidential to the extent reasonably possible within the objectives of this Code.

#### **16. Amendments and Modifications**

This Code of Ethics and Business Conduct may not be amended or modified except in a written form which is specifically approved by majority vote of the independent directors of the applicable entities.

This Code of Ethics and Business Conduct was adopted by the Board of Directors of Gladstone Capital, Gladstone Investment, Gladstone Land, and Gladstone Commercial, including the independent directors, on January 28, 2013.

#### **17. Pay to Play Policy**

In light of recent scandals involving public pension plans and the practice of making campaign contributions to elected officials in order to influence the awarding of lucrative contracts for the management of public pension plan assets and similar government investment accounts, so-called “pay to play,” the Securities and Exchange Commission adopted Rule 206(4)-5 amending the Investment Advisers Act of 1940 (hereinafter “Rule 206(4)-5” or the “Rule”) prohibiting investment advisors from receiving compensation for advisory services rendered to a public pension plan or other government investment account if certain political contributions are made by the adviser, or certain of its executives and employees. The Rule covers, among other things, all direct contributions made to incumbent state or local officials, or candidates for state or local office, direct contributions to state or local political party committees, and indirect contributions such as in-kind contributions, and soliciting or coordinating contributions.

Rule 206(4)-5 applies to the Adviser because it is a registered investment adviser under the Investment Advisers Act of 1940 and to Gladstone Securities, LLC (“GSC”) because it is a registered broker dealer soliciting Government Entities on behalf of the Adviser.<sup>1</sup> Although the

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<sup>1</sup> The Rule makes it unlawful for any investment adviser subject to the Rule or any of the adviser’s covered associates to make direct or indirect payment to any person to solicit government clients for investment advisory services on the investment adviser’s behalf unless the “solicitor” is subject to prohibitions against participating in pay to play practices and subject to oversight by the Securities and Exchange Commission or a registered national securities association such as FINRA. The SEC adopted this Rule to prevent a third party placement agent from being used as an indirect means of making political contributions on the investment’s advisers behalf. Under the Rule, FINRA’s rules must be at least as restrictive as Rule 206(4)-5 for a broker dealer to be able to solicit government clients on the investment adviser’s behalf. While GSC is not a registered investment adviser under the Investment Advisers Act of 1940, any contributions made by a Covered Associate of GSC could be deemed to have been made by the Adviser, thus prohibiting the Adviser from providing investment advisory services to the applicable Government Entity. Likewise, contributions made by a newly hired employee prior to his or her employment at the Adviser or GSC could be deemed to have been made by the Adviser, triggering the prohibitions on the Adviser providing advisory services to a Government Entity.

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Adviser may not currently be providing advisory services to a public pension plan or other government investment account, the Rule has a two year look back provision which could impact the ability of the Adviser to provide such services in the coming years. This policy is being adopted to avoid inadvertent violations of the Rule which would result in loss of business for the Adviser. Any questions regarding this policy or activities discussed herein should be directed to the CCO or his designee. Please refer to Appendix B for further information.



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**Appendix A**

**Insider Trading Policy  
For  
Gladstone Capital Corporation  
Gladstone Commercial Corporation  
Gladstone Investment Corporation  
Gladstone Land Corporation  
Gladstone Management Corporation  
Gladstone Administration LLC  
Gladstone Securities, LLC  
and their subsidiaries**

This Insider Trading Policy (the “Policy”) has been adopted to comply with Rules 17j-1 under the Investment Company Act of 1940 (the “Investment Company Act”) and 204A under the Investment Advisers’ Act of 1940 (the “Advisers’ Act”) (the “Rules”). The Policy establishes standards and procedures designed to address conflicts of interest and detect and prevent abuse of fiduciary duty by persons with knowledge of the investments and investment intentions of Gladstone Management Corporation (the “Adviser”), Gladstone Administration LLC (the “Administrator”), Gladstone Securities, LLC, Gladstone Capital Corporation, Gladstone Commercial Corporation, Gladstone Investment Corporation, Gladstone Land Corporation, their subsidiaries, and other funds managed and administered by the Adviser and the Administrator (collectively, the “Funds”).

**THIS POLICY WAS ORIGINALLY INCORPORATED BY REFERENCE INTO AND MADE A PART OF THE CODE OF ETHICS AND BUSINESS CONDUCT ADOPTED BY THE BOARDS OF DIRECTORS OF THE ADVISER AND THE FUNDS ON OCTOBER 11, 2005 (THE “CODE OF ETHICS”). ANY VIOLATION OF THIS POLICY IS SUBJECT TO SANCTIONS DESCRIBED IN THE CODE OF ETHICS.**

**(a) General Policy**

(i) It is the policy of the Adviser, the Administrator and the Funds to oppose the unauthorized disclosure of any non-public information acquired in the workplace and the misuse of Material Non-public Information in securities trading. It is also the policy of the Adviser, the Administrator and the Funds to restrict trading of the Fund’s securities in a manner that minimizes the possibility of any unintentional violation of the securities laws. We have adopted several specific restrictions, outlined in this Policy, to effect the Company’s general policy.

(ii) This Policy acknowledges the general principles that officers, directors and employees of the Adviser, the Administrator, the Funds or any other company in a Control relationship to the Adviser, the Administrator or the Funds, referred to in this Policy as “Covered Persons,” (A) owe a fiduciary obligation to the Funds, the Administrator and the Adviser; (B) have the duty at all times to protect the interests of stockholders; (C) must conduct all personal securities transactions in such a manner as to avoid any actual or potential conflict of interest or abuse of an individual’s position of trust and responsibility; and (D) should not take inappropriate advantage of their positions in relation to the Funds, the Administrator or the Adviser. In recognition of the relationship between Covered Persons and members of their immediate family sharing a household with the Covered Person and entities whose investment decisions are influenced or controlled by such individuals, this Policy also applies to such persons, who are referred to in this Policy as “Insiders.”

(iii) The Rules make it unlawful for Covered Persons to engage in conduct which is deceitful, fraudulent or manipulative, or which involves false or misleading statements, in connection with the purchase or sale of securities by an investment company. Accordingly, under the Rules and this Policy no Covered Person shall use any information concerning the investments or investment intentions of the Funds, or his or her ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of the Funds. In addition, the Rules and this Policy also contain additional restrictions for Covered Persons who are involved in or have access to information regarding securities recommendations made to the Funds, referred to in this Policy as Access Persons.

(iv) Generally speaking, the restrictions in this Policy are time-based, to take account of events we know will occur on a regular basis, such as quarterly earnings releases, and circumstance-based, to address situations where information such as anticipated significant investment transactions, securities offerings, or any other such information that would likely affect the price of the Funds’ securities, is not yet known to the general public.

**(b) Definitions.**

For purposes of this Policy,

(i) “**Access Person**” means any officer, employee director or managing director of the Adviser, the Administrator or the Funds, or any other company in a Control relationship to the Adviser, the Administrator or the Funds who is involved in or has access to information regarding securities recommendations made to the Funds.

(ii) “**Administrative Officer**” means the CCO of the Relevant Fund, or, if the CCO of the Relevant Fund is not available, then the Internal Counsel of the Relevant Fund, or if the CCO and Internal Counsel of the Relevant Fund are not available, then the Chief Financial Officer of the Relevant Fund. Notwithstanding the foregoing, in the case of the pre-clearance of a Covered Transaction within the meaning of Section (b)(viii)(2) below, “**Administrative Officer**” means the CCO of the Adviser, or, if the CCO of the Adviser is not available, then the Internal Counsel of the Adviser, or if the CCO and Internal Counsel of the Adviser are not available, then the Chief Financial Officer of the Adviser.

(iii) **“Beneficial Interest”** means any interest by which a Covered Person or any member of his or her Immediate Family, can directly or indirectly derive a monetary benefit from the purchase, sale (or other acquisition or disposition) or ownership of a Security, except such interests as Clearing Officers (defined below) shall determine to be too remote for the purpose of this Policy. (A transaction in which a Covered Person acquires or disposes of a Security in which he or she has or thereby acquires a direct or indirect Beneficial Interest is sometimes referred to in this Code of Ethics as a “personal securities” transaction or as a transaction for the person’s “own account”).

(iv) **“CCO”** means Chief Compliance Officer, as duly appointed.

(v) **“Control”** means the power to exercise a controlling influence over the management or policies of a company (unless such power is solely the result of an official position with such company). Any person who owns beneficially, directly or through one or more controlled companies, more than 25% of the voting securities of a company shall be presumed to control such company. For purposes of this Policy, natural persons and portfolio companies of the Funds shall be presumed not to be controlled persons.

(vi) **“Covered Person”** means any officer, director or employee of the Adviser, the Administrator, the Funds or any other company in a Control relationship to the Adviser, the Administrator or the Funds, but does not include portfolio companies of the Funds.

(vii) **“Covered Security”** includes any Fund Securities and all debt obligations, stock and other instruments comprising the investments of the Funds, including any warrant or option to acquire or sell a security and financial futures contracts, but excludes securities issued by the U.S. government or its agencies, bankers’ acceptances, bank certificates of deposit, commercial paper and shares of a mutual Company. References to a “Covered Security” in this Policy shall include any warrant for, option in, or security convertible into that “Covered Security.”

(viii) **“Covered Transaction”** means any of the following transactions:

(1) A transaction in which such Covered Person knows or should know at the time of entering into the transaction that: (i) any of the Funds has engaged in a transaction in the same Security within the last 180 days, or is engaging in a transaction or is going to engage in a transaction in the same Security in the next 180 days; or (ii) the Adviser has within the last 180 days considered a transaction in the same Security for any of the Funds or is considering such a transaction in the Security or within the next 180 days is going to consider such a transaction in the Security;

(2) a transaction that involves the direct or indirect acquisition of Securities in an initial public offering or Limited Offering of any issuer; or

(3) a transaction in any Fund Security.

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(ix) **“Fund Security”** means any security issued by any of the Funds. References to a “Fund Security” in this Policy shall include any warrant for, option in, or security convertible into that “Fund Security.”

(x) **“Immediate Family”** includes any children, stepchildren, grandchildren, parents, stepparents, grandparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, or sisters-in-law, including adoptive relationships, who live in the same household.

(xi) **“Independent Officer”** means an officer of the Relevant Fund other than the Administrative Officer who is not a party to the transaction or a relative of a party to the transaction. Notwithstanding the foregoing, in the case of the pre-clearance of a Covered Transaction within the meaning of Section (b)(viii)(2) below, **“Independent Officer”** means an officer of the Adviser other than the Administrative Officer who is not a party to the transaction or a relative of a party to the transaction.

(xii) **“Insiders”** means Covered Persons, their Immediate Family and entities whose investment decisions are influenced or controlled by such individuals.

(xiii) **“Limited Offering”** means an offering that is exempt from registration under Sections 4(2) or 4(6) of, or Regulation D under, the Securities Act of 1933. Limited Offerings may include, among other things, limited partnership or limited liability company interests, or other Securities purchased through private placements.

(xiv) **“Loan Officer”** means an Access Person who is responsible for making decisions as to Securities to be bought or sold for the Funds’ portfolio.

(xv) **“Non-Access Person”** means any employee of the Adviser, the Administrator, the Funds, or any other company in a Control relationship to the Adviser or the Funds, which employee is not an “Access Person.”

(xvi) **“Relevant Fund”** means the Fund to which the relevant Covered Securities relate.

(xvii) A **“Security held or to be acquired”** by the Funds means any Security which, within the most recent 180 days is or has been held by the Funds or is being or has been considered for purchase by the Funds.

(xviii) A Security is **“being considered for purchase or sale”** from the time an amendment letter is signed by or on behalf of the Funds until the closing with respect to that Security is completed or aborted.

(xix) **“Security”** means any note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional

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undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a “security”, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

(xx) “**Trading Day**” means a day on which the Nasdaq Global Market is open for trading. A Trading Day begins at the time trading begins on such day following the date of public disclosure of the financial results for that quarter.

(c) **Material Non-public Information.** Material Non-public Information means any information that a reasonable investor would likely consider important in a decision to buy, hold or sell Covered Securities that has not already been disclosed generally to the public. Either positive or negative information may be material.

(i) **Materiality.** While it may be difficult to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information include, but are not limited to: (1) a Fund’s financial results, (2) known but unannounced large deviations in planned future earnings or losses, (3) execution or termination of significant investment transactions, (4) news of a pending or proposed merger or other acquisition, (5) changes in a Fund’s dividend rate or dividend policy, (6) news of the disposition, construction or acquisition of significant assets, (7) impending bankruptcy or financial liquidity problems, (8) significant developments involving corporate relationships, (9) new equity or debt offerings, (10) security buyback programs, (11) positive or negative developments in significant outstanding litigation, (12) significant litigation exposure due to actual or threatened litigation, (13) significant changes to existing debt facilities and (14) major changes in senior management.

(ii) **Non-public.** Information about the Adviser, the Administrator and the Funds that is not yet in general circulation should be considered non-public. It is important to note that information is not necessarily public merely because it has been discussed in the press, which will sometimes report rumors. All information that a Covered Person learns about the Adviser, the Administrator or the Funds or their business plans in connection with his or her employment is non-public information unless you can point to its official release by the Adviser, the Administrator or the Funds in a press release, a filing with the Securities and Exchange Commission (the “SEC”) or a publicly available webcast or similar broadcast sponsored by the Adviser, the Administrator or the Funds. If you are considering engaging in a Covered Transaction and have any question as to whether information of which you are aware has been made public, contact the CCO of the Relevant Fund.

**(d) Specific Requirements for Trading in Fund Securities**

(i) **Trading Window.** Except as permitted in Section (e)(iii) of this Policy, Insiders may only conduct transactions involving the purchase or sale of a Fund Security during

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the period commencing at the open of the market on the third Trading Day following the date of the Relevant Fund's filing of its Form 10-Q or 10-K for the most recently completed fiscal period and continuing until the close of the market on the fifteenth (15th) calendar day prior to the last day of the fiscal quarter (the "**Trading Window**"), after which time the Trading Window will be closed until it re-opens on the third Trading Day following the date of filing of the Form 10-Q or 10-K for the subsequent period. Notwithstanding anything in this Policy to the contrary, in certain special circumstances involving a high level of market volatility, Insiders may conduct transactions involving the purchase or sale of a Fund Security outside the Trading Window, but not later than the last day of the fiscal quarter, provided that each such trade complies with the pre-clearance procedures outlined in Section (e)(i) of this Policy and is also approved in advance by the Relevant Fund's Chief Executive Officer or President who is not placing the particular trade. In the event that the Insider and the Relevant Fund's Chief Executive Officer and President are the same person, he or she must receive the approval of the Chief Operating Officer.

In special circumstances, when insiders may have Material Non-public information, the CCO, Internal Counsel or the Chief Financial Officer of the Relevant Fund may, upon the concurrence of any two of such persons, close or open Trading Window or prevent a scheduled Trading Window from opening as originally scheduled. Upon determination that any such information no longer constitutes Material Non-public Information, the CCO, Internal Counsel or Chief Financial Officer of the Relevant Fund may, upon the concurrence of any two of such persons, re-open a Trading Window.

**(ii) Reserved.**

**(iii) No Safe Harbor for Possession of Material Non-Public Information.** Regardless of whether the Trading Window is open, Insiders may not trade in Fund Securities while in possession of any Material Non-public Information (with the exception of trades pursuant to Rule 10b5-1 Trading Plans established in accordance with this Policy). Trading in Fund Securities during the Trading Window should not be considered a "safe harbor" from liability, and all Insiders should use good judgment at all times.

**(iv) Limit Orders.** The prohibition against trading during the closed Trading Windows encompasses the fulfillment of "limit orders" (often referred to as "good until canceled orders") by any broker with whom any such limit order is placed. Any unfilled limit orders in Fund Securities must be immediately canceled whenever (A) a Trading Window closes, including upon the imposition of a special circumstances closed Trading Window, or (B) the Insider comes into possession of Material Non-public Information.

**(v) Short Sales and Derivative Securities.** No Insiders shall engage in a short sale of any Fund Security. A short sale is a sale of securities not owned by the seller or, if owned, not delivered against such sale within 20 days thereafter. In addition, trading in options to buy or sell Fund Securities (including put or call options), warrants, convertible securities, stock appreciation rights, or other similar rights with an exercise or conversion privilege at a price related to an equity security or with a value derived from the value of an equity security relating to a Fund Security (collectively, "**Derivative Securities**"), whether or not issued by the Funds, such as exchange-traded options, are prohibited. Short sales and Derivative Security trading are prohibited by this Policy even when the Trading Window is open.

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**(vi) Other Prohibited Activities.** In addition, no Covered Person shall, directly or indirectly in connection with the purchase or sale of a “security held or to be acquired” (as defined in Section (b)(xvii) of this Policy) by the Funds: (a) employ any device, scheme or artifice to defraud the Funds; or (b) make to the Funds or the Adviser any untrue statement of a material fact or omit to state to any of the foregoing a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; or (c) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the Funds; or (d) engage in any manipulative practice with respect to the Funds.

**(e) Pre-Clearance of Covered Transactions**

**(i) Pre-Clearance of Transactions in Fund Securities.** Except for transactions that are exempted under Section (c)(iii) below, all Covered Persons must obtain pre-clearance for any transactions in Fund Securities using the following procedures:

**(1) From Whom Obtained.** Before any Insider engages in any transaction in Fund Securities, the relevant Covered Person must pre-clear the proposed transaction with the Administrative Officer (the CCO of the Relevant Fund, or, if the CCO of the Relevant Fund is not available, then the Internal Counsel of the Relevant Fund, or if the CCO and Internal Counsel of the Relevant Fund are not available, then the Chief Financial Officer of the Relevant Fund). Until the Administrative Officer provides pre-clearance for the proposed transaction, such Insider shall not execute the proposed transaction. The Administrative Officer may consult management and counsel in reviewing and pre-clearing transactions, although the primary responsibility to assess whether a proposed transaction complies with this Policy and applicable law will lie with the Covered Person.

**(2) Pre-clearance Period.** The Covered Person will have until the end of fourteen (14) calendar days following the day pre-clearance is received, or until such earlier time that the Trading Window closes or the Insider comes into possession of Material Non-Public Information, **to execute** the transaction. If for any reason the transaction is not completed within this period of time, pre-clearance must be re-obtained from the Administrative Officer. Execution of a trade shall include the actual sale or purchase, rather than simply placing of an order to do so.

**(3) Form.** To initiate pre-clearance, you must contact the Administrative Officer in person, by phone, or email. After discussing the proposed trade, pre-clearance can be obtained by (i) completing and signing Schedule B, and obtaining the approval and signature of the Administrative Officer; or (ii) responding affirmatively to an email sent by the Administrative Officer containing all the required information of Schedule B and receiving a reply email from the Administrative Officer indicating such approval. Schedule B may be amended from time to time by the CCO of the Relevant Fund, with the permission of the Chairman of the Ethics Committee of the Relevant Fund. The Administrative Officer is the CCO of the Relevant FUND, or, if the CCO is not available, then the Internal Counsel of the Relevant Fund, or if the CCO and Internal Counsel are not available, then the CFO of the Relevant Fund.

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**(4) Filing.** A copy of all completed pre-clearance forms, with all required signatures (or, as applicable, email correspondence), shall be retained by the CCO of the Relevant Fund.

**(5) Insider's Responsibility.** Notwithstanding the foregoing, even if a proposed trade is pre-cleared, the Insider is prohibited from trading any Fund Securities while in possession of Material Non-public Information.

**(ii) Pre-Clearance of Non-Fund Securities Covered Transactions.** With the exception of transactions in Fund Securities (covered in Section (e)(i) above) and transactions that are exempted under Section (e)(iii) below, Insiders proposing to engage in Covered Transactions must obtain pre-clearance of such Covered Transaction using the following procedures:

**(1) From Whom Obtained.** Pre-clearance must be obtained from the Administrative Officer and one Independent Officer.

**(2) Pre-clearance Period.** In the case of a proposed Covered Transaction, if the relevant Covered Person receives pre-clearance, the Insider will have until the end of fourteen (14) calendar days following the day pre-clearance is received to execute the transaction. If for any reason the transaction is not completed within this period of time, pre-clearance must be re-obtained before the transaction can be executed.

**(3) Form.** Pre-clearance must be obtained in writing by completing and signing the "Request for Permission to Engage in a Non-Fund Securities Covered Transaction" form attached hereto as *Schedule A*, which form shall set forth the details of the proposed transaction, and obtaining the signatures of the Administrative Officer and one Independent Officer. Schedule A may be amended from time to time by the CCO of the Relevant Fund, with the permission of the Chairman of the Ethics Committee of the Relevant Fund.

**(4) Filing.** A copy of all completed pre-clearance forms, with all required signatures, shall be retained by the CCO of the Relevant Fund.

**(5) Factors to be Considered in Pre-clearance of Non-Fund Securities Covered Transactions.** The persons responsible for pre-clearance may refuse to grant pre-clearance of a Covered Transaction in their absolute discretion. Generally, such persons will consider the following factors in determining whether or not to clear a Covered Transaction: (1) whether the Insider is in possession of Material Non-Public Information, (2) whether the amount or nature of the transaction or person making it is likely to affect the price or market for the Security; (3) whether the individual making the proposed purchase or sale is likely to benefit from purchases or sales being made or being considered by the Funds; (4) whether the Security proposed to be purchased or sold is one that would qualify for purchase or sale by the Funds; (5) whether the transaction is non-volitional on the part of the individual, such as receipt of a stock dividend, bequest or inheritance; (6) whether potential harm to the Funds from the transaction is remote; (7) whether the transaction would be likely to affect a highly institutional market; and (8) whether the transaction is related economically to Securities being considered for purchase or sale (as defined in Section (b)(xviii) of this Policy) by the Funds.



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**(iii) Exemptions From Pre-Clearance Requirements**

The following transactions are exempt from the pre-clearance provisions of this Policy:

**(1) Not Controlled Securities.** Purchases, sales or other acquisitions or dispositions of Securities for an account over which the Insider has no direct influence or Control and does not exercise indirect influence or Control;

**(2) Involuntary Transactions.** Involuntary purchases or sales made by an Insider;

**(3) DRPs.** Purchases which are part of an automatic dividend reinvestment plan;

**(4) Rights Offerings.** Purchases or other acquisitions or dispositions resulting from the exercise of rights acquired from an issuer as part of a pro rata distribution to all holders of a class of Securities of such issuer and the sale of such rights; and

**(5) Rule 10b5-1 Plans.**

**a. Trades Pursuant to Trading Plan Exempted from Compliance with Trading Windows and Pre-clearance Requirements.** A transaction in Fund Securities in accordance with a trading plan adopted in accordance with the SEC's Rule 10b5-1(c) and this Section (e)(iii)(5) (the "**Trading Plan**") shall not be required to be effected during an open Trading Window nor shall it require pre-clearance, even though such transaction takes place during a closed Trading Window or while the Insider was aware of Material Non-public Information.

**b. Adoption and Approval of Trading Plan.** The Trading Plan must be adopted during (i) an open Trading Window and (ii) at a time when such Insider is not in possession of Material Non-public Information. Each Trading Plan must be pre-approved by the Administrative Officer to confirm compliance with this Policy and applicable securities laws, and such approval is subject to the sole discretion of the Administrative Officer. Approval of a Trading Plan shall not be deemed a representation by the Adviser, Administrator or the applicable Fund that such plan complies with Rule 10b5-1, nor an assumption by the Adviser, Administrator or the applicable Fund of any liability or responsibility to the individual or any other party if the plan does not comply with Rule 10b5-1. The initial trades under such Trading Plan shall not be permitted until at least thirty calendar days have passed following the establishment of the Trading Plan.

**c. Amendment of Trading Plan.** An Insider may amend or replace his or her Trading Plan only during periods when trading is permitted in accordance with this Policy, and the relevant Covered Person must submit any proposed amendment or replacement of a Trading Plan to the Administrative Officer for approval prior to adoption. The relevant Covered Person must provide notice to the Administrative Officer prior to an Insider terminating a Trading Plan.

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**d. Form.** Pre-clearance of a Trading Plan must be obtained in writing by (i) completing and signing the “Request for Permission to Establish Rule 10b5-1 Trading Plan” form attached hereto as *Schedule C*, and (ii) obtaining the signature of the Administrative Officer. Schedule C may be amended from time to time by the CCO of the Relevant Fund, with the permission of the Chairman of the Ethics Committee of the Relevant Fund.

**e. Filing.** A copy of all completed pre-clearance forms, with all required signatures, shall be retained by the CCO of the Relevant Fund.

**(f) Reporting Requirements.**

**(i) Access Persons.**

**(1) Holdings Reports.**

**a. Initial Holdings Report.** Within ten (10) days of becoming an Access Person, each Access Person shall make a written report to the CCO of the Relevant Fund of all Securities in which such Access Person holds a direct or indirect Beneficial Interest. Access Persons need not report any such Securities that are exempt under subsection (i)(1)(d) of this Section (f). The initial holdings report shall be made on the form provided for such purpose by the CCO of the Relevant Fund. Each initial holdings report must be current as of a date no more than forty-five (45) days prior to the date that the reporting person became an Access Person.

**b. Annual Holdings Reports.** No later than February 13th of each year, each Access Person shall make a written report to the CCO of the Relevant Fund of all Securities in which such Access Person holds a direct or indirect Beneficial Interest. Access Persons need not report any such Securities that are exempt under subsection (i)(1)(d) of this Section (f). The annual holdings report shall be made on the form provided for such purpose by the CCO of the Relevant Fund. Each annual holdings report must be current as of a date no later than December 31st of the prior year.

**c. Contents of Holdings Reports.** Holdings reports must contain, at a minimum, the following information with respect to each Security: (i) the title and type of each Security for which an Access Person holds a direct or indirect Beneficial Interest; (ii) for publicly traded Securities, the ticker symbol or CUSIP number for each such Security; (iii) the principal amount of each Security; (iv) the name of any broker, dealer or bank with whom you, or any members of your Immediate Family, maintain an account in which any Securities are held for your direct or indirect benefit; and (v) the date of submission of the report.

**d. Exemptions from Holdings Reports.** The following Securities are not required to be included in holdings reports made by Access Persons:

- i. Securities held in accounts over which an Access Person has no direct or indirect influence or control;

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- ii. Direct obligations of the Government of the United States;
  - iii. Bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements; and
  - iv. Shares issued by open-end funds.

**(2) Transaction Reports.**

**a. Quarterly Report.** Within thirty (30) days of the end of each calendar quarter, each Access Person must submit a quarterly report to the CCO of the Relevant Fund, on the form provided for such purpose by the CCO of the Relevant Fund, of all transactions during the calendar quarter in any Securities in which such Access Person has any direct or indirect Beneficial Interest.

**b. Contents of Transaction Reports.** Quarterly Transaction Reports must contain, at a minimum, the following information with respect to each transaction in a Security: (i) the title and type of each Security involved; (ii) for publicly traded Securities, the ticker symbol or CUSIP number for each such Security; (iii) the number of shares, interest rate, and maturity date and principal amount, as applicable, of each Security involved; (iv) the price of the Security at which the transaction was effected; (v) the name of any broker, dealer or bank through which the transaction was effected; and (vi) the date of submission of the report.

**c. Exemptions from Transaction Reports.** The following transactions are not required to be included in Quarterly transactions reports of Access Persons:

- i. Transactions in Securities over which an Access Person has no direct or indirect influence or control;
- ii. Transactions in Direct obligations of the Government of the United States;
- iii. Transactions in Bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements;
- iv. Transactions in shares issued by open-end funds; and
- v. Transactions which are part of an automatic dividend reinvestment plan.

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**(ii) Non-Access Persons.**

**(1) Annual Transactions Report.** Within 10 days of the end of each calendar year, each Non-Access Person shall make a written report to the CCO of the Relevant Fund of all transactions by which they acquired or disposed of a direct or indirect Beneficial Interest in any Covered Security.

**(2) Form.** Each annual report shall be provided on the form “Annual Securities Transactions Confidential Report of Non-Access Persons” form attached hereto as **Schedule D**, which form shall set forth the information regarding each transaction requested in the form. Schedule D may be amended from time to time by the CCO of the Relevant Fund, who shall promptly provide any form so amended to all Non-Access Persons.

**(3) Filing.** A copy of all reports submitted pursuant to this Section (f), with all required signatures, shall be retained by the CCO of the Relevant Fund.

**(iii) Disclaimer.** Any report made by an Access Person or Non-Access Person under this Section (e) may contain a statement that the report is not to be construed as an admission that the person making it has or had any direct or indirect Beneficial Interest in any Security or Covered Security to which the report relates.

**(iv) Responsibility to Report.** It is the responsibility of all Covered Persons to take the initiative to provide each report required to be made by them under this Policy. Any effort by the Adviser, the Administrator or the Funds to facilitate the reporting process does not change or alter that responsibility.

**(g) Confidentiality of Transactions**

Until disclosed in a public report to stockholders or to the SEC in the normal course, all information concerning Securities being considered for purchase or sale (as defined in Section (b)(xv) of this Policy) by the Funds shall be kept confidential by all Access Persons and disclosed by them only on a “need to know” basis. It shall be the responsibility of the CCO to report any inadequacy found by him or her to the Board of Directors of the Company or any committee appointed by the Board of Directors to deal with such information.

**(h) Sanctions**

Any violation of this Policy shall be subject to the imposition of such sanctions by the Funds or the Adviser as may be deemed appropriate under the circumstances to achieve the purposes of the Rules and this Policy, which may include suspension or termination of employment, a letter of censure or restitution of an amount equal to the difference between the price paid or received by the Funds and the more advantageous price paid or received by the offending person. Sanctions for violation of this Policy by a director of the Funds will be determined by a majority vote of the independent directors of the applicable Fund.

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**(i) Administration and Construction**

**(i) Administration.** The administration of this Policy shall be the responsibility of the CCO of the Adviser and the Funds.

**(ii) Duties.** The duties of the CCO under this Policy include: (1) continuous maintenance of a current list of the names of all Access and Non-Access Persons, with an appropriate description of their title or employment; (2) providing each Covered Person a copy of this Policy and informing them of their duties and obligations hereunder, and assuring that Covered Persons are familiar with applicable requirements of this Appendix; (3) supervising the implementation of this Policy and its enforcement by the Adviser, the Administrator and the Funds; (4) maintaining or supervising the maintenance of all records and reports required by this Policy; (5) preparing listings of all transactions effected by any Access Person within thirty (30) days of the date on which the same security was held, purchased or sold by any of the Funds; (6) issuing either personally or with the assistance of counsel, as may be appropriate, any interpretation of this Policy which may appear consistent with the objectives of the Rules and this Policy; (7) conducting of such inspections or investigations, including scrutiny of the listings referred to in the preceding subparagraph, as shall reasonably be required to detect and report, with recommendations, any apparent violations of this Policy to the Board of Directors of the Funds or any Committee appointed by them to deal with such information; and (8) submitting a quarterly report to the directors of the Funds containing a description of any (i) violation and the sanction imposed; (ii) transactions which suggest the possibility of a violation of interpretations issued by the CCO of the Relevant Fund; and (iii) any other significant information concerning the appropriateness of this Policy.

**(j) Required Records.**

The CCO shall maintain and cause to be maintained in an easily accessible place, the following records:

**(i) Code of Ethics and Policies.** Copies of the Code of Ethics into which this Policy has been incorporated, this Policy, and any other codes of ethics or insider trading policies adopted pursuant to the Rules ("Rule 17 and Rule 204A Codes") which have been in effect during the past five (5) years;

**(ii) Violations.** A record of any violation of any such Rule 17 and Rule 204A Codes and of any action taken as a result of such violation;

**(iii) Reports.** A copy of each report made by the CCO within two (2) years from the end of the fiscal year of the Funds in which such report or interpretation is made or issued, and for an additional three (3) years in a place which need not be easily accessible; and

**(iv) List.** A list of all persons who are, or within the past five (5) years have been, required to make reports pursuant to the Rules and any Rule 17 Code.

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**(k) Amendments and Modifications**

This Policy may not be amended or modified except in a written form which is specifically approved by majority vote of the independent directors of the applicable Funds.

This Policy was adopted by the Funds' Boards of Directors, including the independent directors, on **January 28, 2013**.

Appendix A-14

**SCHEDULE A**  
**REQUEST FOR PERMISSION TO ENGAGE IN A NON-FUND SECURITIES COVERED TRANSACTION**

I hereby request permission to effect a transaction in securities as indicated below for my own account or other account in which I have a beneficial interest or legal title. I acknowledge that if I am granted pre-clearance for my Transaction Request, I will have until the end of fourteen (14) calendar days following the day pre-clearance is received to execute the transaction. I also acknowledge that, if for any reason the transaction is not completed within this period of time, pre-clearance must be re-obtained before the transaction can be executed.

(Use approximate dates and amounts of proposed transactions.)

**PURCHASES AND ACQUISITIONS**

Date	IPO or Limited Offering?	No. of Shares or Principal Amount	Unit Price	Total Price	Brokerage Firm

**SALES AND OTHER DISPOSITIONS**


Name: \_\_\_\_\_

Request Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Permission Granted

Permission Denied

Signature: \_\_\_\_\_  
(Administrative Officer)

Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
(Independent Officer or President/CEO)

Date: \_\_\_\_\_

**SCHEDULE B**  
**REQUEST FOR PRE-CLEARANCE AND CERTIFICATION IN CONNECTION WITH A TRANSACTION IN FUND SECURITIES**

*Instructions: To initiate pre-clearance, you must contact the Administrative Officer in person, by phone, or email. After discussing the proposed trade, pre-clearance can be obtained by (1) completing and signing this Schedule B, and obtaining the approval and signature of the Administrative Officer; or (2) responding affirmatively to an email sent by the Administrative Officer containing all the required information of this Schedule B and receiving a reply email from the Administrative Officer indicating such approval. The Administrative Officer is the CCO of the Relevant Fund, or, if the CCO is not available, then the Internal Counsel of the Relevant Fund, or if the CCO and Internal Counsel are not available, then the CFO of the Relevant Fund. Capitalized terms used in this Schedule B have the meanings given them in the Insider Trading Policy as adopted by the Boards of Directors of the Funds on January 28, 2013 (the "Policy").*

**REQUEST FOR PRE-CLEARANCE**

I hereby request permission to effect a transaction in Fund Securities as indicated below for my own account or other account in which I have a beneficial interest or legal title.

Requestor's name: \_\_\_\_\_

Transaction type (Buy or Sell): \_\_\_\_\_

Proposed order date: \_\_\_\_\_

Approximate number of shares (if debt securities, principal dollar amount) of trade: \_\_\_\_\_

Name and trading symbol of Fund Security: \_\_\_\_\_

**CERTIFICATION**

Pursuant to the Policy, and in connection with the above request for pre-clearance (the "Transaction Request"), I, \_\_\_\_\_, hereby certify that I am not in possession of any Material Non-public Information, as defined in the Policy. I further certify I have read and understand the Insider Trading Policy as adopted by the Boards of Directors of the Funds and am personally responsible for abiding by all the policies and procedures contained within the Policy and aware of the consequences of failing to do so.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Request for Pre-Clearance and Certification in Connection with a Transaction in Fund Securities  
Appendix A-16



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PRE-CLEARANCE CONSIDERATIONS AND DECISION

1) Is the Fund involved in a stock offering (overnight, ATM, etc.)? If yes, consider whether requestor is an Affiliated Purchaser under Regulation M and precluded from trading in securities of Fund during offering period.

2) Is this trade being placed in the Gladstone Holding Corporation deferred compensation plan account? If yes, consider rebalancing the deferred compensation asset allocation.

3) Is the trader currently subject to any lockup agreements resulting from recent stock offerings for this fund? Confirm with legal and compliance. If yes, determine if proposed trade is not allowed during the proposed trade period.

Pre-clearance Granted   
Pre-clearance Denied

Administrative Officer Signature: \_\_\_\_\_  
Pre-clearance Granted/Denied Date: \_\_\_\_\_

Request for Pre-Clearance and Certification in Connection with a Transaction in Fund Securities  
Appendix A-17

**SCHEDULE C**  
**CERTIFICATION/REQUEST FOR PRE-APPROVAL OF RULE 10b5-1 TRADING PLAN**

*Instructions: Contact the Administrative Officer to discuss your eligibility for a Rule 10b5-1 Trading Plan. The Administrative Officer is the CCO of the Relevant Fund, or, if the CCO is not available, then the Internal Counsel of the Relevant Fund, or if the CCO and Internal Counsel are not available, then the CFO of the Relevant Fund. Capitalized terms used in this Schedule C have the meanings given them in the Insider Trading Policy as adopted by the Boards of Directors of the Funds on January 28, 2013 (the "Policy").*

**REQUEST FOR PRE-CLEARANCE**

Pursuant to the Policy, I hereby request permission to enter into a Trading Plan pursuant to Rule 10b5-1 under the Exchange Act. In connection with this request, I, \_\_\_\_\_, hereby certify that:

1. I have delivered herewith the form of Trading Plan to the Administrative Officer.
2. I am not in possession of any Material Non-public Information, as defined in the Policy.
3. I further certify I have read and understand the Insider Trading Policy as adopted by the Boards of Directors of the Funds and am personally responsible for abiding by all the policies and procedures contained within the Policy and aware of the consequences of failing to do so.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**PRE-CLEARANCE CONSIDERATION AND DECISION**

- 1) Is the Fund involved in a stock offering (overnight, ATM, etc.)? If yes, consider whether requestor is an Affiliated Purchaser under Regulation M and precluded from trading in securities of Fund during offering period.
- 2) Is this trade being placed in the Gladstone Holding Corporation deferred compensation plan account? If yes, consider rebalancing the deferred compensation asset allocation.
- 3) Is the trader currently subject to any lockup agreements resulting from recent stock offerings for this fund? Confirm with legal and compliance. If yes, determine if proposed trade is not allowed during the proposed trade period.

Pre-approval Granted   
Pre-approval Denied

Administrative Officer Signature: \_\_\_\_\_

Pre-clearance Granted/Denied Date: \_\_\_\_\_

Certification/Request For Pre-Approval Of Rule 10b5-1 Trading Plan  
Appendix A-18

**SCHEDULE D  
ANNUAL SECURITIES TRANSACTIONS  
CONFIDENTIAL REPORT OF NON-ACCESS PERSONS**

The following schedule lists all transactions during the year ending December 31, \_\_\_\_\_ in which I had any direct or indirect Beneficial Interest in any Covered Security. Capitalized terms used in this schedule have the meanings given them in the Insider Trading Policy as adopted by the Boards of Directors of the Funds on January 28, 2013. (If no transactions took place you may write "None")

**PURCHASES AND ACQUISITIONS**

Date	No. of Shares or Principal Amount	Name of Security	Unit Price	Total Price	Brokerage Firm

**SALES AND OTHER DISPOSITIONS**


If you wish to disclaim Beneficial Ownership of any of the Covered Securities listed above, please check the statement below and describe the Securities for which you disclaim Beneficial Ownership.

\_\_\_ This report is not to be construed as an admission that the person making it has or had any direct or indirect Beneficial Interest in the following Securities to which this report relates:

For the year ending \_\_\_\_\_

Name:

\_\_\_\_\_

Date: \_\_\_\_\_

Signature:

\_\_\_\_\_

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**Appendix B**

**Pay to Play Policy  
For  
Gladstone Capital Corporation  
Gladstone Commercial Corporation  
Gladstone Investment Corporation  
Gladstone Land Corporation  
Gladstone Management Corporation  
Gladstone Securities, LLC  
and their subsidiaries**

**A. Prohibited Conduct**

1. Covered Associates (as defined in Section C. and explained further in the accompanying footnote) may not make any Political Contribution (defined Section C.) to any Official of a Government Entity (defined in Section C.), unless such Political Contribution has first been approved in writing by the CCO or his designee.

This prohibition includes “in-kind” contributions, *e.g.*, contributions of GMC or GSC property, services or other assets including employee work time spent on political activities and the solicitation of contributions by an employee. Failure to comply with this requirement may result in GMC’s being barred from receiving compensation for supplying advisory services to such Government Entity or to a Covered Investment Pool (defined below) in which such Government Entity invests for a two-year period. This prohibition applies to fundraising activities, including soliciting or making Political Contributions, either monetary or in-kind.

Please note, nothing in this Policy is meant to discourage Covered Associates from participating in the political process by expressing support for political candidates<sup>2</sup> or voting. Covered Associates may support candidates in other ways, such as volunteering their time, so long as such volunteering occurs during non-work hours or on vacation time. Additionally, to avoid potentially problematic in-kind contributions, Covered Associates are prohibited from using GMC or GSC resources, including telephones, copiers, personnel, or other facilities to conduct political activities.

Individuals who are Covered Associates may make *de minimis* Political Contribution to an Official of a Government Entity for whom the Covered Associate is entitled to vote at the time of the contribution, provided that the Political Contribution does not exceed \$350 in the aggregate to any one Official, per election. Individuals who are Covered Associates may also make a *de minimis* Political Contribution to an Official of a Government Entity for whom the Covered Associate is not entitled to vote, provided that the Political Contribution does not exceed \$150 in the aggregate to any

<sup>2</sup> Please note, not all political candidates or incumbent politicians are included within the definition of Official of a Government Entity. Incumbent federal officeholders and candidates for federal office who do not hold a state or local office while running for federal office are not Officials of a Government Entity.

one Official, per election. Under both exceptions, primary and general elections would be considered separate elections. All *de minimis* contributions must also be disclosed to the CCO. Please note that broker dealers and individuals who are municipal finance professionals are subject to a lower *de minimis* contribution limit of \$250 under MSRB Rule G-37.

2. A Covered Associate may not, without the prior written consent of the CCO or his designee, solicit or co-ordinate: (i) Political Contributions to Officials of a Government Entity, or (ii) payments to a state or local political party. For purposes of this Policy, solicitation or coordination of a Political Contribution or payment includes communicating, directly or indirectly, for the purpose of obtaining or arranging a Political Contribution or payment and would include asking, directing, or suggesting that a Political Contribution be made. For example, use of an individual's name on fundraising literature for a candidate would be soliciting Political Contributions for that candidate. Similarly, even forwarding a solicitation to friends or family on behalf of a candidate or political party would be coordinating Political Contributions for that candidate or political party.

3. A Covered Associate may not compensate a third party placement agent or "finder" to solicit advisory business<sup>3</sup> from a Government Entity on behalf of the Covered Associate, unless the third party is a registered broker-dealer or SEC-registered investment adviser subject to Rule 206(4)-5.

4. Covered Associates may not circumvent these prohibitions by requesting, directing or causing contributions or payments to be made through other parties, including, but not limited to, spouses, family members or friends, or in any other way.

#### **B. Quarterly Reports**

Within 30 days after the end of each calendar quarter, each Covered Associate must submit a Political Contribution Report to the CCO in such form as he shall prescribe. As part of the hiring process, each newly-hired Covered Associate will be required to report information on any Political Contribution or other activity covered by this Policy.

#### **C. Definitions**

A *Covered Associate*<sup>4</sup> includes: (i) GMC, (ii) GSC, (ii) GMC's or GSC's President; (iii) any Vice-President or similar executive officer of GMC or GSC in charge of a business unit, division or function (such as sales, administration or finance); (iv) any other person who performs a policy-making function; (v) an employee who solicits a government entity for GMC; (vi) any person who directly or indirectly supervises an employee described in (v); or (vii) any political action committee controlled by GMC, GSC or any of their covered associates.

<sup>3</sup> "Soliciting advisory business" means engaging in a communication that is reasonably calculated to obtain or retain a Government Entity as an advisory client.

<sup>4</sup> Although GSC employees are not employees of the investment adviser GMC, for purposes of this policy and Rule 206(4)-5's restrictions regarding third party placement agents discussed in footnote 1, GSC and certain of its employees will be deemed to be Covered Associates.

In addition to the positions listed above, as of the date of this Policy, the following shall be considered Covered Associates:

- Individuals holding Series 7 or 79 License
- Individuals designated or acting in the position of Managing Director or higher;
- Individuals designated as the head of a department;
- Individuals having marketing responsibilities/Individuals designated as part of the Marketing Department; and
- Individuals who solicit business from government entities or who supervise those who do.

For internal reference only, on a quarterly basis, the CCO or his designee shall update Exhibit A hereto (delineating each individual he believes to be included within the definition of Covered Associate).

A **Covered Investment Pool** includes an investment company registered under the Investment Company Act of 1940 that is an investment option of a plan or program of a Government Entity or any company that would be an investment company under section 3(a) of the Investment Company Act of 1940 but for the exclusion provided from that definition by 3(c)(1), 3(c)(7) or 3(c)(11) of the Investment Company Act of 1940.<sup>5</sup>

A **Government Entity** means any state or political subdivision thereof, including public pension funds and retirement systems. This includes such an entity's agency, authority or instrumentality; a pool of assets sponsored or established by the state or political subdivision, agency, authority or instrumentality thereof; a plan or program of a government entity; and officers, agents or employees of the government entity acting in their official capacity.

An **Official of a Government Entity** is someone who can influence the hiring of an investment adviser for a government entity. This term includes someone who has the sole authority to select investment advisers for the government entity; someone who serves on a governing board that selects investment advisers; or someone who appoints those who select the investment advisers. It includes an incumbent, a candidate, or a successful candidate for state or local elective office. Note that it can also include a candidate for federal office, if that person is a covered state or local official at the time the Political Contribution is made. In certain circumstances, a national political party committee may be considered an Official of a Government Entity after the party's nominating convention has concluded if at least one of the party's nominees for president or vice president is a covered state or local official.<sup>6</sup>

<sup>5</sup> Please note, at the time of writing this Policy, a Covered Investment Pool would include any private fund that GMC may wish to manage and raise capital from any state or political subdivision thereof, including public pension funds and retirement systems. It would also include a pooled investment vehicle sponsored or advised by an investment adviser as a funding vehicle or investment option in a government sponsored plan, such as a 529 plan (qualified tuition plan), 403(b) plan (tax-deferred employee benefit retirement plan), or a 457 plan (tax-deferred employee benefit retirement plan) that typically allow participants to select among pre-established investment options or particular investment pools (often invested in registered investment companies or funds of funds, such as target date funds).

<sup>6</sup> The national political party committees are the RNC, DNC, NRSC, DSCC, NRCC, and DCCC. Contributions or solicitations for contributions to a national political party committee may violate Rule 206(4)-5 if one or more of the party's nominees for president or vice president is a covered state or local official. For example, in 2008, contributions to the RNC after the nominating convention which chose Sarah Palin, then incumbent Governor of Alaska, as vice presidential nominee were subject to then in effect pay to play restrictions of \$250. Similarly, contributions to McCain-Palin were also subject to the \$250 limit.

On August 13, 2011, Governor Rick Perry of Texas announced his candidacy for president of the United States. As an Official of a Government Entity, individuals who are Covered Associates may only contribute \$350 per election to Governor Perry's campaign and may not solicit contributions on Perry's behalf. Depending on the outcome of the republican nominating convention in 2012, if Governor Perry or another incumbent state or local official becomes the republican party nominee for president or vice president, contributions to the RNC after the convention would be subject to the *de minimis* limits, as would contributions to the campaign committee for the presidential/vice presidential nominees.

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***A Political Contribution*** means a gift, subscription, loan, advance, deposit of money or anything of value made for the purpose of influencing an election. Political Contributions include not only monetary donations but also the provision of goods and services provided to a campaign, or on behalf of a campaign, without charge. This includes payments for debts incurred in such an election, as well as transition or inaugural expenses.

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## Quarterly Political Contribution Report

*GMC*, as a registered investment adviser under the Investment Advisers Act of 1940, is required by law to maintain books and records regarding certain political contributions made by its *Covered Associates*. Pursuant to our Pay to Pay Policy, please provide information regarding your Political Contributions. If you are unsure whether to report a *Political Contribution*, please contact the CCO or Internal Counsel for assistance.

All terms in bold/italics used on this report have the same definitions as they appear in the Pay to Pay Policy included as Appendix B to our Code of Ethics. For more guidance regarding this report specifically, or our Pay to Play Policy generally, please contact our CCO or Internal Counsel.

***Period Covered by the Report - 20***

- First Quarter                       Second Quarter                       Third Quarter                       Fourth Quarter  
 Other Period

***Covered Activity***

Except as otherwise described below, during the period covered by this report, I have not, directly or indirectly (including, but not limited to, through a family member or political action committee):

- a. Made or caused to be made a *Political Contribution* to any *Official of a Government Entity*;
- b. Solicited or coordinated:
  - (i) *Political Contributions* to any *Official of a Government Entity*, or
  - (ii) payments to a state or local political party; or
- c. Compensated any third parties for “soliciting advisory business” from a *Government Entity*.

Describe each Political Contribution, including those *de minimis contributions* made to candidates for whom you are eligible to vote. Include name, title and city/county/state or other political subdivision of each recipient and the amounts and dates of each Political Contribution:

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Name

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Date



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**Initial Political Contribution Report**

**GMC**, as a registered investment adviser under the Investment Advisers Act of 1940, is required by law to maintain books and records regarding certain political contributions made by its executives and employees. Please provide information regarding **Political Contributions** made after March 14, 2011 until now. If you are unsure whether to report a **Political Contribution**, please contact the CCO or Internal Counsel for assistance.

All terms in bold/italics used on this report have the same definitions as they appear in the Pay to Pay Policy included as Appendix B to our Code of Ethics. For more guidance regarding this report specifically, or our Pay to Play Policy generally, please contact our CCO or Internal Counsel.

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Except as otherwise described below, during the period from March 14, 2011 until the date of this report, I have not, directly or indirectly (including through a family member or political action committee):

- a. Made a **Political Contribution** to any **Official of a Government Entity**;
- b. Solicited or coordinated:
  - (i) Political Contributions to an **Official of a Government Entity**; or
  - (ii) payments to a political party of a state or locality; or
- c. Compensated any third parties for "**soliciting advisory business**" from **Government Entities**.

Describe any exceptions. Include name, title and city/county/state or other political subdivision of each recipient and the amounts and dates of each contribution or payment:

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Name

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Date

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**Political Contribution Pre-Clearance Form**

Name and Title of Contributor:

Recipient Information

Name:

Title:

City/County/State/Other Political Subdivision:

Amount of Contribution:

Proposed Date of Contribution: \_\_\_\_\_

Contribution is for:  Primary Election  General Election

Is this Contributor able to vote for this Recipient?  Yes  No

Has this Contributor made other contributions to this recipient during this election cycle?

Yes  No

If yes, describe:

Has this Contributor ever had a contribution returned because the Contributor was not eligible to vote for the recipient candidate and it was more than the \$150*de minimis* allowed?

Yes  No

If yes, describe:

**Contribution Approved**  **Contribution Denied**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date