UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

August 29, 2006

Gladstone Investment Corporation

(Exact name of registrant as specified in its charter)

| Delaware | 0-51233 | 83-0423116 |
|---|---|--|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |
| 1521 Westbranch Drive, Suite 200, McLean, Virginia | | 22102 |
| (Address of principal executive offices) | | (Zip Code) |
| Registrant's telephone number, including area code | : | 703-287-5800 |
| | Not Applicable | |
| Former nam | ne or former address, if changed since last i | report |
| | | |
| Check the appropriate box below if the Form 8-K filing is intended to | simultaneously satisfy the filing obligation | of the registrant under any of the following provisions: |
| [] Written communications pursuant to Rule 425 under the Securities [] Soliciting material pursuant to Rule 14a-12 under the Exchange A [] Pre-commencement communications pursuant to Rule 14d-2(b) ur [] Pre-commencement communications pursuant to Rule 13e-4(c) un | ct (17 CFR 240.14a-12) nder the Exchange Act (17 CFR 240.14d-2 | · // |

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Item 8.01 Other Events.

On August 29, 2006, our board of directors authorized us, in certain circumstances, to invest in portfolio companies in which one of our affiliates has or will have an investment, subject to satisfaction of any regulatory restrictions and, where required, to the prior approval of our board of directors. In this regard, our external investment adviser, Gladstone Management Corporation, has implemented allocation procedures designed to ensure the fair and equitable treatment of all clients in transactions of this nature.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Gladstone Investment Corporation

August 31, 2006

By: /s/ Harry Brill

Name: Harry Brill

Title: Chief Financial Officer