



**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.

*August 31, 2006*

Gladstone Investment Corporation

By: */s/ Harry Brill*

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*Name: Harry Brill*

*Title: Chief Financial Officer*