FIDUS INVESTMENT Corp
Form 497
May 07, 2015
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PROSPECTUS SUPPLEMENT **Filed Pursuant to Rule 497**
(to Prospectus dated April 30, 2015) **Registration Statement No. 333-202531**

$50,000,000

Fidus Investment Corporation

Common Stock

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, or the 1940 Act. Our investment objective is to provide attractive risk-adjusted returns by generating both current income from our debt investments and capital appreciation from our equity related investments.

We entered into equity distribution agreements, dated August 21, 2014, with Raymond James & Associates, Inc. and Robert W. Baird & Co. Incorporated, each a Sales Agent and, collectively, the Sales Agents, pursuant to one master agreement (the equity distribution agreement) through which we could sell, by means of at-the-market offerings from time, shares of our common stock having an aggregate offering price of up to $50.0 million (the ATM Program). At the inception of the ATM Program, shares of our common stock were registered for sale by registration statement No. 333-182785 and offered by a prospectus supplement dated August 21, 2014.

Pursuant to the ATM Program, as set forth in Supplement No. 2, dated March 5, 2015, and Supplement No. 1, dated November 6, 2014, to the prospectus supplement dated August 21, 2014, the gross proceeds raised, the related sales agent commission, the offering expenses and the average price at which shares were issued under the ATM Program from the period of August 21, 2014 through May 7, 2015 are as follows:

(In thousands, except shares and per share data)

Fiscal Year 2014 Issuance of Common Stock	**Number of Shares**	**Gross Proceeds**	**Sales Agent Commission**	**Offering Expenses**	**Average Offering Price**
Fourth Quarter ended December 31, 2014	4,812	$ 80	$ 1	$ 2	$ 17.00
Third Quarter ended September 30, 2014	153,541	2,850	43	13	18.56
Total	158,353	$ 2,930	$ 44	$ 15	$ 18.51
Fiscal Year 2015 Issuance of Common Stock					
First Quarter ended March 31, 2015	49,193	$ 819	$ 12	$ 4	$ 16.65
Second Quarter (through May 7, 2015)	56,333	937	14	4	16.64
Total	105,526	$ 1,756	$ 26	$ 8	$ 16.64

On March 5, 2015, we filed a new registration statement (No. 333-202531) which was declared effective April 30, 2015 (the Registration Statement). As disclosed in this Prospectus Supplement and the accompanying prospectus, we intend to continue the ATM Program using shares registered under the Registration Statement.

The equity distribution agreement provides that we may offer and sell shares of our common stock having an aggregate offering price of up to $50,000,000 from time to time through the Sales Agents. Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be at the market, as defined in Rule 415 under the Securities Act of 1933, as amended, or the Securities Act, including sales made directly on the NASDAQ Global Select Market, or NASDAQ or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices.

The sales agents are not required to sell any specific number or dollar amount of shares of our common stock but, as instructed by us, will make all sales using commercially reasonable efforts, consistent with their normal trading and sales practices, as our sales agents and subject to the terms of the equity distribution agreement. From time to time during the terms of the equity distribution agreement, we may deliver a placement notice to one of the sales agents specifying the length of the selling period, the amount of shares to be sold and the minimum price below which sales may not be made. Shares of our common stock to which this prospectus supplement relates will be sold only through one sales agent on any given day. The offering of shares of common stock pursuant to the equity distribution agreement will terminate upon the earlier of (1) the sale of shares having an aggregate offering price of $50,000,000 or (2) the termination of the equity distribution agreement. Under the terms of the equity distribution agreement, the Sales Agents will receive a commission equal to 1.50% of the gross sales price of any shares of our common stock sold through the Sales Agents under the equity distribution agreement. See Plan of Distribution beginning on page S-11 of this prospectus supplement.

Our common stock is listed on NASDAQ under the trading symbol FDUS. The last sale price, as reported on NASDAQ on April 30, 2015, was $16.65 per share. The net asset value per share of our common stock at March 31, 2015 (the last date prior to the date of this prospectus supplement on which we determined net asset value) was $15.18. The sales price per share of our common stock offered by this prospectus supplement and the accompanying prospectus, less commissions paid to the Sales Agents, will not be less than the net asset value per share of our common stock at the time of such sale.

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus supplement and the accompanying prospectus before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or SEC. The SEC also maintains a website at *http://www.sec.gov* that contains such information. This information is also available free of charge by contacting us at 1603 Orrington Avenue, Suite 1005, Evanston, Illinois 60201, Attention: Investor Relations, or by calling us at (847) 859-3940 or on our website at *www.fidusinv.com*. 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 supplement, and the accompanying prospectus.

Investing in our common stock involves a high degree of risk, including risks arising from our use of leverage. Before buying any shares, you should read the discussion of the material risks of investing in our common stock in Risk Factors beginning on page 12 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

RAYMOND JAMES **BAIRD**

The date of this prospectus supplement is May 7, 2015

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ABOUT THE PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the common stock we are offering and certain other matters relating to us. The second part, the accompanying prospectus, gives more general information about the securities that we may offer from time to time, some of which may not apply to the common stock offered by this preliminary prospectus supplement. For information about our common stock, see Description of Our Capital Stock in the accompanying prospectus.

If information varies between this prospectus supplement and the accompanying prospectus, you should rely only on such information in this prospectus supplement. The information contained in this prospectus supplement supersedes any inconsistent information included in the accompanying prospectus. In various places in this prospectus supplement and the accompanying prospectus, we refer you to other sections of such documents for additional information by indicating the caption heading of such other sections. The page on which each principal caption included in this prospectus supplement and the accompanying prospectus can be found is listed in the table of contents above. All such cross references in this prospectus supplement are to captions contained in this prospectus supplement and not in the accompanying prospectus, unless otherwise stated.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS. WE HAVE NOT, AND THE SALES AGENTS HAVE NOT, AUTHORIZED ANY OTHER PERSON TO PROVIDE YOU WITH DIFFERENT OR ADDITIONAL INFORMATION. IF ANYONE PROVIDES YOU WITH DIFFERENT OR ADDITIONAL INFORMATION, YOU SHOULD NOT RELY ON IT. WE ARE NOT, AND THE SALES AGENTS ARE NOT, MAKING AN OFFER TO SELL THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED. YOU SHOULD ASSUME THAT THE INFORMATION APPEARING IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS IS ACCURATE ONLY AS OF THEIR RESPECTIVE DATES, REGARDLESS OF THE TIME OF DELIVERY OF THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS OR ANY SALES OF THE SECURITIES. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THOSE DATES.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights some of the information in this prospectus supplement. It is not complete and may not contain all of the information that you may want to consider. You should read the entire prospectus supplement and the accompanying prospectus carefully, including Risk Factors, Capitalization, Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements contained elsewhere in this prospectus supplement and the accompanying prospectus.

Fidus Investment Corporation is a Maryland corporation, formed on February 14, 2011, for the purpose of acquiring 100.0% of the equity interests in Fidus Mezzanine Capital, L.P., or Fund I, and its general partner, Fidus Mezzanine Capital GP, LLC, or FMCGP, raising capital in its initial public offering, or IPO, which was completed in June 2011, and thereafter, operating as an externally managed business development company, or BDC, under the Investment Company Act of 1940, or the 1940 Act. Fund I is licensed as a small business investment company, or SBIC, by the United States Small Business Administration, or SBA. Simultaneously with the consummation of our IPO, we acquired all of the equity interests in Fund I and its former general partner as described elsewhere in this prospectus supplement under Formation Transactions, whereby Fund I became our wholly-owned subsidiary. On March 29, 2013, we commenced operations of a new wholly-owned investment fund, Fidus Mezzanine Capital II, L.P., or Fund II, and on May 28, 2013, were granted a second license by the SBA to operate Fund II as an SBIC. Collectively, Fund I and Fund II are referred to as the Funds. Unless otherwise noted in this prospectus supplement the terms we, us, our, the Company, Fidus and FIC refer to Fidus Investment Corporation and its consolidated subsidiaries.

As used in this prospectus supplement the term our investment advisor refers to Fidus Capital, LLC prior to the Formation Transactions and Fidus Investment Advisors, LLC after the Formation Transactions. The investment professionals of Fidus Investment Advisors, LLC were also the investment professionals of Fidus Capital, LLC.

Fidus Investment Corporation

We provide customized debt and equity financing solutions to lower middle-market companies, which we define as U.S. based companies having revenues between $10.0 million and $150.0 million. Our investment objective is to provide attractive risk-adjusted returns by generating both current income from our debt investments and capital appreciation from our equity related investments. Our investment strategy includes partnering with business owners, management teams and financial sponsors by providing customized financing for ownership transactions, recapitalizations, strategic acquisitions, business expansion and other growth initiatives. We seek to maintain a diversified portfolio of investments in order to help mitigate the potential effects of adverse economic events related to particular companies, regions or industries.

We invest in companies that possess some or all of the following attributes: predictable revenues; positive cash flows; defensible and/or leading market positions; diversified customer and supplier bases; and proven management teams with strong operating discipline. We target companies in the lower middle-market with annual earnings, before interest, taxes, depreciation and amortization, or EBITDA, between $3.0 million and $20.0 million; however, we may from time to time opportunistically make investments in larger or smaller companies. Our investments typically range between $5.0 million and $20.0 million per portfolio company.

As of March 31, 2015, we had debt and equity investments in 47 portfolio companies with an aggregate fair value of $412.6 million. The weighted average yield on our debt investments as of March 31, 2015 was 13.3% (computed using the effective interest rates as of March 31, 2015, including accretion of original issue discount and loan origination fees, but excluding any debt investments on non-accrual status). There can be no assurance that the weighted average yield will remain at its current level.

Market Opportunity

We believe that the limited amount of capital available to lower middle-market companies, coupled with the desire of these companies for flexible and partnership-oriented sources of capital, creates an attractive investment environment for us. From our perspective, lower middle-market companies have faced difficulty raising debt capital in both the capital markets and private markets. As a result of the difficulties in the credit markets and fewer sources of capital for lower middle-market companies, we see opportunities for improved risk-adjusted returns. Furthermore, we believe with a large pool of uninvested private equity capital seeking debt capital to complete transactions and a substantial supply of refinancing opportunities, there is an opportunity to attain appealing risk-adjusted returns on debt and equity investments. See The Company in the accompanying prospectus for more information.

Business Strategy

We intend to accomplish our goal of becoming the premier provider of capital to and value-added partner of lower middle-market companies by:

- Leveraging the experience of our investment advisor;
- Capitalizing on our strong transaction sourcing network;
- Serving as a value-added partner with customized financing solutions;
- Employing rigorous due diligence and underwriting processes focused on capital preservation;
- Actively managing our portfolio;
- Maintaining portfolio diversification; and
- Benefiting from lower cost of capital through our SBIC subsidiaries.

Investment Criteria/Guidelines

We use the following criteria and guidelines in evaluating investment opportunities and constructing our portfolio. However, not all of these criteria and guidelines have been, or will be, met in connection with each of our investments.

Value Orientation / Positive Cash Flow. Our investment advisor places a premium on analysis of business fundamentals from an investor s perspective and has a distinct value orientation. We focus on companies with proven business models in which we can invest at relatively low multiples of operating cash flow. We also typically invest in portfolio companies with a history of profitability and minimum trailing twelve month EBITDA of $3.0 million. We do not invest in start-up companies, turn-around situations or companies that we believe have unproven business plans.

Experienced Management Teams with Meaningful Equity Ownership. We target portfolio companies that have management teams with significant experience and/or relevant industry experience coupled with meaningful equity ownership. We believe management teams with these attributes are more likely to manage the companies in a manner that protects our debt investment and enhances the value of our equity investment.

Niche Market Leaders with Defensible Market Positions. We seek to invest in companies that have developed defensible and/or leading positions within their respective markets or market niches and are well positioned to capitalize on growth opportunities. We favor companies that demonstrate significant competitive advantages, which we believe helps to protect their market position and profitability.

Diversified Customer and Supplier Base. We prefer to invest in portfolio companies that have a diversified customer and supplier base. Companies with a diversified customer and supplier base are generally better able to endure economic downturns, industry consolidation and shifting customer preferences.

Significant Invested Capital. We believe the existence of significant underlying equity value provides important support to our debt investments. With respect to our debt investments, we look for portfolio companies where we believe aggregate enterprise value significantly exceeds aggregate indebtedness, after consideration of our investment.

Viable Exit Strategy. We invest in portfolio companies that we believe will provide a steady stream of cash flow to repay our debt investments and reinvest in their respective businesses. In addition, we seek to invest in portfolio companies whose business models and expected future cash flows offer attractive exit possibilities for our equity investments. We expect to exit our investments typically through one of three scenarios: (a) the sale of the portfolio company resulting in repayment of all outstanding debt and equity; (b) the recapitalization of the portfolio company through which our investments are replaced with debt or equity from a third party or parties; or (c) the repayment of the initial or remaining principal amount of our debt investment from cash flow generated by the portfolio company. In some investments, there may be scheduled amortization of some portion of our debt investment that would result in a partial exit of our investment prior to the maturity of the debt investment.

About Our Advisor

Our investment activities are managed by Fidus Investment Advisors, LLC, our investment advisor, and supervised by our board of directors, a majority of whom are not interested persons of Fidus as defined in Section 2(a)(19) of the 1940 Act, and who we refer to hereafter as the Independent Directors. Pursuant to the terms of the investment advisory and management agreement, which we refer to as the Investment Advisory Agreement, our investment advisor is responsible for determining the composition of our portfolio, including sourcing potential investments, conducting research and diligence on potential investments and equity sponsors, analyzing investment opportunities, structuring our investments and monitoring our investments and portfolio companies on an ongoing basis. Our investment advisor s investment professionals seek to capitalize on their significant deal origination and sourcing, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience. These professionals have developed a broad network of contacts within the investment community, have gained extensive experience investing in assets that constitute our primary focus and have expertise in investing across all levels of the capital structure of lower middle-market companies. For information regarding the people who control our investment advisor and their affiliations with the Company, see Certain Relationships and Related Transactions Investment Advisory Agreement in the accompanying prospectus.

Our relationship with our investment advisor is governed by and dependent on the Investment Advisory Agreement and may be subject to conflicts of interest. We pay our investment advisor a fee for its services under the Investment Advisory Agreement consisting of two components a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 1.75% of the average value of our total assets (other than cash or cash equivalents but including assets purchased with borrowed amounts). The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20.0% of our pre-incentive fee net investment income for the immediately preceding quarter, subject to a 2.0% preferred return, or hurdle, and a catch up feature. The second part is determined and payable in arrears as of the end of each fiscal year in an amount equal to 20.0% of our realized capital gains, if any, on a cumulative basis from inception through the end of each fiscal year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. We accrue, but do not pay, a capital gains incentive fee in connection with any unrealized capital appreciation, as appropriate. For more information about how we compensate our investment advisor and the related conflicts of interest, see Management and Other Agreements Investment Advisory Agreement and Certain Relationships and Related Transactions Conflicts of Interest in the accompanying prospectus.

Among other things, our board of directors is charged with protecting our interests by monitoring how our investment advisor addresses conflicts of interest associated with its management services and compensation. Our board of directors is not expected to review or approve each borrowing or incurrence of leverage. However, our board of directors periodically reviews our investment advisor s portfolio management decisions and portfolio performance. In addition, our board of directors at least annually reviews the services provided by and fees paid to our investment advisor. In connection with these reviews, our board of directors, including a majority of our Independent Directors, considers whether the fees and expenses (including those related to leverage) that we pay to our investment advisor are fair and reasonable in relation to the services provided.

Fidus Investment Advisors, LLC is a Delaware limited liability company that is registered as an investment advisor under the Investment Advisers Act of 1940, as amended, or the Advisers Act. In addition, Fidus Investment Advisors, LLC serves as our administrator and provides us with office space, equipment and clerical, book-keeping and record-keeping services pursuant to an administration agreement, which we refer to as the Administration Agreement.

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Operating and Regulatory Structure

Our investment activities are managed by our investment advisor and supervised by our board of directors, a majority of whom are not interested persons of us, our investment advisor or its affiliates.

As a BDC, we are required to comply with certain regulatory requirements. For example, while we are permitted to finance investments using leverage, which may include the issuance of shares of preferred stock, or notes and other borrowings, our ability to use leverage is limited in significant respects. See Regulation in the accompanying prospectus. Any decision on our part to use leverage will depend upon our assessment of the attractiveness of available investment opportunities in relation to the costs and perceived risks of such leverage. The use of leverage to finance investments creates certain risks and potential conflicts of interest. See Risk Factors Risks Relating to Our Business and Structure Regulations governing our operation as a BDC affect our ability to raise, and the way in which we raise additional capital which may have a negative effect on our growth and Risk Factors Risks Relating to Our Business and Structure Because we borrow money and may in the future issue additional senior securities including preferred stock and debt securities, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us in the accompanying prospectus.

We have elected to be treated for U.S. federal income tax purposes as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code. In order to maintain our status as a RIC, we must satisfy certain source of income, asset diversification and distribution requirements. See Material U.S. Federal Income Tax Considerations in the accompanying prospectus.

Risk Factors

The value of our assets, as well as the market price of our shares, will fluctuate. Our investments may be risky, and you may lose part of or all of your investment in us. Investing in our securities involves other risks, including the following:

- our dependence on key personnel of our investment advisor and our executive officers;
- our ability to maintain or develop referral relationships;
- our use of leverage;
- the availability of additional capital on attractive terms or at all;
- uncertain valuations of our portfolio investments;
- competition for investment opportunities;

- actual and potential conflicts of interests with our investment advisor;
- other potential conflicts of interest;
- SBA regulations affecting our wholly-owned SBIC subsidiaries;
- changes in interest rates;
- the impact of a protracted decline in liquidity of credit markets on our business and portfolio of investments;
- our ability to maintain our status as a RIC and as a BDC;
- the timing, form and amount of any distributions from our portfolio companies;
- changes in laws or regulations applicable to us;
- dilutions risks related to our ability to issue shares below our current net asset value;

- possible resignation of our investment advisor;
- the general economy and its impact on the industries in which we invest;
- risks associated with investing in lower middle-market companies;
- the ability of our investment advisor to identify, invest in and monitor companies that meet our investment criteria; and
- our ability to invest in qualifying assets.

See Risk Factors beginning on page 12 of the accompanying prospectus, for additional discussion of factors you should carefully consider before deciding to invest in our securities.

Recent Developments

On April 1, 2015, we exited our debt and equity investments in Connect-Air International, Inc. (Connect) in connection with the sale of Connect. We received payment in full on our subordinated note and recognized a gain of approximately $5.3 million on our common equity investment.

On April 1, 2015, we exited our equity investment in Acentia, LLC in connection with the sale of Acentia, LLC. We recognized a loss of less than $0.1 million on our common equity investment.

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THE OFFERING

NASDAQ Symbol	FDUS
Common stock offered by us	Shares of our common stock having an aggregate offering price of up to $50,000,000.
Manner of offering	At the market offering that may be made from time to time through Raymond James & Associates, Inc. and Robert W. Baird & Co. Incorporated, each a Sales Agent and, collectively, the Sales Agents, using commercially reasonable efforts. See Plan of Distribution in this prospectus supplement for more information.
Use of proceeds	If we sell shares of our common stock with an aggregate offering price of $50.0 million, we anticipate that our net proceeds, after deducting the sales agent commissions and estimated expenses payable by us will be approximately $48.5 million. As of May 7, 2015, we have received net proceeds, after deducting the sales agent commissions and offering expenses payable by us, of approximately $4.6 million in this offering. We intend to use the net proceeds from this offering to make investments in lower middle-market companies in accordance with our investment objective and strategies and for working capital and general corporate purposes. See Use of Proceeds in this prospectus supplement for more information.
Dividends and Distributions	Our dividends and other distributions, if any, are determined and declared by our board of directors from time to time. Our ability to declare dividends depends on our earnings, our overall financial condition (including our liquidity position), our ability to maintain our qualification as a regulated investment company, or RIC, compliance with applicable BDC regulations, compliance with applicable SBIC regulations and such other factors as our board of directors may deem relevant from time to time. We typically pay quarterly dividends and may pay other distributions to our stockholders out of assets legally available for distribution.
	Our board of directors declared a regular quarterly distribution of $0.38 per share and a special distribution of $0.02 per share, both of which are payable on June 25, 2015 to stockholders of record as of June 11, 2015.

Taxation	We have elected to be treated for U.S. federal income tax purposes as a RIC. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders. To maintain our qualification as a RIC and the associated tax benefits, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our net ordinary income and net short-term capital gains, if any, in excess of our net long-term capital losses. See Distributions and Material U.S. Federal Income Tax Considerations in the accompanying prospectus.
Effective trading at a discount	Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net

	asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value. See Risk Factors and Sales of Common Stock Below Net Asset Value in the accompanying prospectus.
Risk factors	See Risk Factors beginning on page 12 of the accompanying prospectus for a discussion of risks you should carefully consider before deciding to invest in shares of our common stock.

For additional information regarding our common stock, see Description of Our Capital Stock in the accompanying prospectus.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in our common stock will bear, directly or indirectly, based on the assumptions set forth below. We caution you that some of the percentages indicated in the table below are estimates and may vary. Moreover, the information set forth below does not include all transaction costs and expenses that investors may incur in connection with each offering of our common stock pursuant to this prospectus supplement. Except where the context suggests otherwise, whenever this prospectus supplement contains a reference to fees or expenses paid by you, us, the Company or Fidus, or that we pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in us.

Stockholder transaction expenses:	
Sales load (as a percentage of offering price)	1.5% (1)
Offering expenses borne by us (as a percentage of offering price)	1.6% (2)
Dividend reinvestment plan expenses	% (3)
Total stockholder transaction expenses paid by us (as a percentage of offering price)	3.1%
Annual expenses (as a percentage of net assets attributable to common stock)(4):	
Base management fee	2.9% (5)
Incentive fees payable under Investment Advisory Agreement	2.6% (6)
Interest payments on borrowed funds	3.4% (7)
Other expenses	1.8% (8)
Total annual expenses	10.7% (9)

(1) Represents the commission with respect to the shares of common stock being sold in this offering. There is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus.

(2) The percentage reflects estimated offering expenses of approximately $0.8 million for the estimated duration of this offering.

(3) The expenses of administering our dividend reinvestment plan are included in Other expenses.

(4) Annual expenses is calculated as a percentage of net assets attributable to common stock because such expenses are ultimately paid by our common stockholders. Offering expenses, if any, will be borne directly or indirectly by our common stockholders. Net assets attributable to common stock equals average net assets for the three months ended March 31, 2015.

(5) Our base management fee is 1.75% of the average value of our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts) and are estimated by assuming the base management fee remains consistent with the fees incurred for the three months ended March 31, 2015. We may from time to time decide it is appropriate to change the terms of the Investment Advisory Agreement. Under the 1940 Act, any material change to our Investment Advisory Agreement must be submitted to stockholders for approval. The 2.9% reflected in the table is calculated on our net assets (rather than our total assets). See Management and Other Agreements Investment Advisory Agreement in the accompanying prospectus.

(6) This item represents an estimate of our investment advisor s incentive fees assuming the incentive fee related to pre-incentive fee net investment income remains consistent with the fees incurred on pre-incentive fee net

investment income for the three months ended March 31, 2015. The estimate also assumes that the capital gains incentive fees payable at the end of the 2015 calendar year will be based on the actual cumulative realized capital gains net of cumulative realized losses and unrealized capital depreciation as of December 31, 2015, which we believe is consistent with no capital gains incentive fees payable as of March 31, 2015.

The incentive fee consists of two parts:

The first, payable quarterly in arrears, equals 20.0% of our pre-incentive fee net investment income (including interest that is accrued but not yet received in cash), subject to a 2.0% quarterly (8.0% annualized) hurdle rate and a catch-up provision measured as of the end of each calendar quarter. Under this provision, in any calendar quarter, our investment advisor receives no incentive fee until our pre-incentive fee net investment income equals the hurdle rate of 2.0% but then receives, as a catch-up, 100.0% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.5%. The effect of this provision is that, if pre-incentive fee net investment income exceeds 2.5% in any calendar quarter, our investment advisor will receive 20.0% of our pre-incentive fee net investment income as if a hurdle rate did not apply.

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The second part, payable annually in arrears, equals 20.0% of our realized capital gains net of realized capital losses and unrealized capital depreciation, if any, on a cumulative basis from inception through the end of the fiscal year (or upon the termination of the Investment Advisory Agreement, as of the termination date), less the aggregate amount of any previously paid capital gain incentive fees. We accrue, but do not pay, a capital gains incentive fee in connection with any net unrealized capital appreciation, as appropriate. For the three months ended March 31, 2015, we accrued less than $0.1 million in capital gains incentive fees in accordance with generally accepted accounting principles.

See Management and Other Agreements Investment Advisory Agreement in the accompanying prospectus.

(7) As of March 31, 2015, we had outstanding SBA debentures of $178.5 million, and unfunded commitments from the SBA to purchase up to an additional of $46.5 million SBA debentures, as well as $10.8 million in outstanding borrowings under the Credit Facility, which has total commitment of $50.0 million. Interest payments on borrowed funds is based on estimated annual interest and fee expenses on outstanding SBA debentures and borrowings under the Credit Facility as of March 31, 2015 with a weighted average interest rate of 4.2%. We have estimated the annual interest payments on borrowed funds and caution you that our actual interest payments will depend on prevailing interest rates and our rate of borrowing, which may be substantially higher than the estimate provided in this table.

(8) Other expenses represent our estimated annual operating expenses, including professional fees, directors fees, insurance costs, expenses of our dividend reinvestment plan and payments under the Administration Agreement based on our allocable portion of overhead and other expenses incurred by our administrator. See Management and Other Agreements Administration Agreement in the accompanying prospectus. Other expenses exclude interest payments on borrowed funds, and if we issue debt securities or preferred stock, interest payments on debt securities and distributions with respect to preferred stock. We currently do not have any class of securities outstanding other than common stock. Other expenses are based on actual other expenses for the three months ended March 31, 2015.

(9) Total annual expenses as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase our total assets. The SEC requires that the total annual expenses percentage be calculated as a percentage of net assets, rather than the total assets including assets that have been purchased with borrowed amounts. If the total annual expenses percentage were calculated instead as a percentage of average consolidated total assets for the three months ended March 31, 2015, our total annual expenses would be 6.0% of average consolidated total assets.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses over various periods with respect to a hypothetical investment in us. In calculating the following expense amounts, we have assumed we would have no additional leverage, that none of our assets are cash or cash equivalents and that our annual operating expenses would remain at the levels set forth in the table above. Transaction expenses are not included in the following example.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return	$ 110	$ 310	$ 487	$ 845

The foregoing table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. The incentive fee under the Investment Advisory Agreement, which, assuming a 5.0% annual return, would either not be payable or have an insignificant impact on the expense amounts shown above, is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all distributions at net asset value, if our board of directors authorizes and we declare a cash dividend, participants in our dividend reinvestment plan who have not otherwise elected to receive cash will receive a number of shares of our common stock, determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the distribution. See Dividend Reinvestment Plan in the accompanying prospectus for additional information regarding our dividend reinvestment plan.

This example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, believes, seeks, estimates, would, should, targets, projects and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- our dependence on key personnel of our investment advisor and our executive officers;
- our ability to maintain or develop referral relationships;
- our use of leverage;
- the availability of additional capital on attractive terms or at all;
- uncertain valuations of our portfolio investments;
- competition for investment opportunities;
- actual and potential conflicts of interest with our investment advisor;
- other potential conflicts of interest;
- SBA regulations affecting our wholly-owned SBIC subsidiaries;
- changes in interest rates;
- the impact of a protracted decline in the liquidity of credit markets on our business and portfolio investments;

- our ability to maintain our status as a RIC and as a BDC;
- the timing, form and amount of any distributions from our portfolio companies;
- changes in laws or regulations applicable to us;
- dilution risks related to our ability to issue shares below our current net asset value;
- possible resignation of our investment advisor or administrator;
- the general economy and its impact on the industries in which we invest;
- risks associated with investing in lower middle-market companies;
- the ability of our investment advisor to identify, invest in and monitor companies that meet our investment criteria; and
- our ability to invest in qualifying assets.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in Risk Factors and elsewhere in this prospectus supplement and the accompanying prospectus. You should not place undue reliance on these forward-looking statements as a prediction of actual results, which apply only as of the date of this prospectus supplement. We expressly disclaim any responsibilities to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements and projections contained in this prospectus supplement and the accompanying prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the Securities Act.

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PLAN OF DISTRIBUTION

Raymond James & Associates, Inc. and Robert W. Baird & Co. Incorporated are acting as our Sales Agents in connection with the offer and sale of shares of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Upon written instructions from us, the Sales Agent will use their commercially reasonable efforts consistent with their sales and trading practices to sell, as our sales agent, our common stock under the terms and subject to the conditions set forth in our equity distribution agreement with the Sales Agent, dated August 21, 2014. We will instruct the Sales Agent as to the amount of common stock to be sold by it. We may instruct the Sales Agent not to sell common stock if the sales cannot be effected at or above the price designated by us in any instruction. The sales price per share of our common stock offered by this prospectus supplement and the accompanying prospectus, less the Sales Agent s commission, may be less than the net asset value per share of our common stock at the time of such sale. We or the Sales Agent may suspend the offering of shares of common stock upon proper notice and subject to other conditions.

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be at the market, as defined in Rule 415 under the Securities Act, including sales made directly on NASDAQ or similar securities exchange or sales made to or through a market maker other than on an exchange at prices related to the prevailing market prices or at negotiated prices.

The Sales Agent will provide written confirmation of a sale to us no later than the opening of the trading day on NASDAQ following each trading day in which shares of our common stock are sold under the equity distribution agreement. Each confirmation will include the number of shares of common stock sold on the preceding day, the net proceeds to us and the compensation payable by us to the Sales Agent in connection with the sales.

Under the terms of the equity distribution agreement, Raymond James & Associates, Inc. and Robert W. Baird & Co. Incorporated will be entitled to compensation equal to 1.50% of the gross sales price of shares of our common stock sold through it as sales agent. We estimate that the total expenses for the offering, excluding compensation payable to the Sales Agents under the terms of each equity distribution agreement, will be approximately $0.8 million (including up to $0.2 million in reimbursement of each of the Sales Agent s counsel fees) over the estimated duration of this offering.

Settlement for sales of shares of common stock will occur on the third trading day following the date on which such sales are made, or on some other date that is agreed upon by us and the Sales Agent in connection with a particular transaction, in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

We will report at least quarterly the number of shares of our common stock sold through the Sales Agents under the equity distribution agreement and the net proceeds to us.

In connection with the sale of the common stock on our behalf, the Sales Agents may be deemed to be an underwriter within the meaning of the Securities Act, and the compensation of the Sales Agent may be deemed to be underwriting commissions or discounts. We have agreed to provide indemnification and contribution to the Sales Agents Securities with respect to certain civil liabilities, including liabilities under the Securities Act.

The offering of our shares of common stock pursuant to the equity distribution agreement will terminate upon the earlier of (i) the sale of all common stock subject to the equity distribution agreement or (ii) the termination of the equity distribution agreement as permitted therein.

The principal business address of Raymond James & Associates, Inc. is 880 Carillon Parkway, St. Petersburg, FL 33716. The principal business address of Robert W. Baird & Co. Incorporated is 777 East Wisconsin Avenue, Milwaukee, WI 53202.

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USE OF PROCEEDS

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be at the market as defined in Rule 415 under the Securities Act, including sales made directly on NASDAQ or sales made to or through a market maker other than on an exchange. There is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Actual sales, if any, of our common stock under this prospectus supplement and the accompanying prospectus may be less than as set forth in this paragraph depending on, among other things, the market price of our common stock at the time of any such sale. As a result, the actual net proceeds we receive may be more or less than the amount of net proceeds estimated in this prospectus supplement. Assuming the sale of all $50.0 million of common stock offered under this prospectus supplement and the accompanying prospectus, we estimate that the net proceeds of this offering will be approximately $48.5 million after deducting the estimated sales commission payable to the Sales Agents and our estimated offering expenses.

We intend to use the net proceeds from the sale of the shares to invest in lower middle-market companies in accordance with our investment objective and strategies, to repay the outstanding indebtedness under our Credit Facility, and for working capital and general corporate purposes. As of May 6, 2015, there were no outstanding borrowings under our Credit Facility.

Pending investments as described above, we will invest any remaining net proceeds of this offering primarily in cash, cash equivalents, U.S. Government securities and other high-quality debt instruments that mature in one year or less, or temporary investments, as appropriate. These securities may have lower yields than our other investments and accordingly result in lower distributions, if any, by us during such period. See Regulation Temporary Investments in the accompanying prospectus.

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CAPITALIZATION

The equity distribution agreement provides that we may offer and sell up to $50.0 million of our common stock from time to time through our Sales Agents for the offer and sale of such common stock. The table below assumes that we will sell all of the $50.0 million of our common stock but there is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Actual sales, if any, of our common stock under this prospectus supplement and the accompanying prospectus may be less than as set forth in the table below. In addition, the price per share of any such sale may be greater or less than $16.65, depending on the net asset value and market price of our common stock at the time of any such sale. The following table sets forth our capitalization as of March 31, 2015:

on an actual basis; and

on an as further adjusted basis giving effect to the assumed sale of $45.3 million (the aggregate offering amount remaining under the ATM Program as of May 7, 2015) of our common stock at a price of $16.65 per share (the last reported sales price of our common stock on April 30, 2015) less commissions and expenses.

This table should be read in conjunction with our Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included in this prospectus supplement and the accompanying prospectus.

	As of March 31, 2015	
	Actual	As Adjusted
	(Unaudited)	
Assets:		
Cash and cash equivalents	$ 16,367	$ 60,275
Investments, at fair value	412,604	412,604
Other assets	11,007	11,007
Total assets	$ 439,978	$ 483,886
Liabilities:		
SBA debentures	$ 178,500	$ 178,500
Borrowings under credit facility	10,800	10,800
Other liabilities	6,010	6,010
Total liabilities	195,310	195,310
Net Assets:		
Common stock, $0.001 par value (100,000,000 shares authorized; 16,113,152 shares issued and outstanding, actual; 18,834,628 shares issued and outstanding, as adjusted)	16	19
Additional paid-in capital	244,103	288,008
Undistributed net investment income	12,563	12,563
Accumulated net realized (loss) gain on investments, net of taxes and distributions	(15,999)	(15,999)

Accumulated net unrealized appreciation	3,985	3,985
Total net assets	244,668	288,576
Total liabilities and net assets	$ 439,978	$ 483,886
Net asset value per common share	$ 15.18	$ 15.32

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

Overview

We provide customized debt and equity financing solutions to lower middle-market companies, which we define as U.S. based companies having revenues between $10.0 million and $150.0 million. Our investment objective is to provide attractive risk-adjusted returns by generating both current income from our debt investments and capital appreciation from our equity related investments. Our investment strategy includes partnering with business owners, management teams and financial sponsors by providing customized financing for ownership transactions, recapitalizations, strategic acquisitions, business expansion and other growth initiatives. We seek to maintain a diversified portfolio of investments in order to help mitigate the potential effects of adverse economic events related to particular companies, regions or industries.

Fidus Investment Corporation was formed as a Maryland corporation on February 14, 2011. We completed our initial public offering, or IPO, in June 2011, and completed additional underwritten public offerings of our common stock in September 2012, February 2013 and September 2014 providing approximately $174.1 million in net proceeds after deducting underwriting fees and offering costs.

On June 20, 2011, Fidus Investment Corporation acquired all of the limited partnership interests of Fidus Mezzanine Capital, L.P., or Fund I, and membership interests of Fidus Mezzanine Capital GP, LLC, its general partner, through the Formation Transactions (as defined in Note 1 to the consolidated financial statements), resulting in Fund I becoming our wholly-owned SBIC subsidiary. Immediately following the Formation Transactions, we and Fund I elected to be treated as business development companies, or BDCs, under the 1940 Act and our investment activities have been managed by Fidus Investment Advisors, LLC, our investment advisor, and supervised by our board of directors, a majority of whom are independent of us. On March 29, 2013, we commenced operations of a second wholly-owned subsidiary, Fidus Mezzanine Capital II, L.P. (Fund II). Fund I and Fund II are collectively referred to as the Funds.

Fund I received its SBIC license on October 22, 2007 and Fund II received its SBIC license on May 28, 2013. We plan to continue to operate the Funds as SBICs, subject to SBA approval, and to utilize the proceeds of the sale of SBA debentures to enhance returns to our stockholders. We have also made, and continue to make, investments directly through FIC. We believe that utilizing FIC and the Funds as investment vehicles provides us with access to a broader array of investment opportunities. Based on the current capitalization of the Funds, we have approximately $46.5 million of remaining borrowing capacity under the SBIC Debenture Program and intend to fully utilize such capacity over the ensuing 12-24 months.

In August 2014, we entered into an equity distribution agreement with Raymond James & Associates, Inc. and Robert W. Baird & Co. Incorporated through which the Company could sell, by means of the ATM Program shares of the Company s common stock having an aggregate offering price of up to $50.0 million. During the period from August 21, 2014 through December 31, 2014, 158,353 shares of our common stock were sold at an average offering price of $18.51 per share resulting in net proceeds of $2.9 million after commissions to the sales agent on shares sold and offering costs of $0.1 million. During the three months ended March 31, 2015, 49,193 shares of our common stock were sold at an average offering price of $16.65 per share resulting in net proceeds of $0.8 million after commissions to the sales agent on shares sold and offering costs of less than $0.1 million. We intend to continue utilizing our ATM Program for capital to fund additional investments during 2015.

Revenues: We generate revenue in the form of interest income on debt investments and capital gains and distributions, if any, on equity investments. Our debt investments, whether in the form of mezzanine, senior secured or unitranche loans, typically have terms of five to seven years and bear interest at a fixed rate but may bear interest at a floating rate. In some instances, we receive payments on our debt investments based on scheduled amortization of the outstanding balances. In addition, we receive repayments of some of our debt investments prior to their scheduled maturity dates. The frequency or volume of these repayments fluctuates significantly from period to period. Our portfolio activity may reflect the proceeds of sales of securities. In some cases, our investments provide for deferred interest payments or PIK interest. The principal amount of loans and any accrued but unpaid interest generally become due at the maturity date. In addition, we may generate revenue in the form of commitment, origination, amendment, or structuring fees and fees for providing managerial assistance. Loan origination fees, original issue discount and market discount or premium, if any, are capitalized, and we accrete or amortize such amounts into interest income. We record prepayment premiums on loans as fee income. Interest and dividend income is recorded on the accrual basis to the extent that we expect to collect such amounts. Loans or preferred equity securities are placed on non-accrual status when principal, interest or dividend payments become materially past due, or when there is reasonable doubt that principal, interest or

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dividends will be collected. See Critical Accounting Policies and Use of Estimates Revenue Recognition. Interest and dividend income is accrued based upon the outstanding principal amount and contractual terms of debt and preferred equity investments. Interest is accrued on a daily basis. Dividend income is recorded as dividends are declared or at the point an obligation exists for the portfolio company to make a distribution. Distributions of earnings from portfolio companies are evaluated to determine if the distribution is a distribution of earnings or a return of capital.

We recognize realized gains or losses on investments based on the difference between the net proceeds from the disposition and the cost basis of the investment, without regard to unrealized gains or losses previously recognized. We record current period changes in fair value of investments that are measured at fair value as a component of the net change in unrealized appreciation (depreciation) on investments in the consolidated statements of operations.

Expenses: All investment professionals of our investment advisor and/or its affiliates, when and to the extent engaged in providing investment advisory and management services to us, and the compensation and routine overhead expenses allocable to personnel who provide these services to us, are provided and paid for by our investment advisor and not by us. We bear all other out-of-pocket costs and expenses of our operations and transactions, including, without limitation, those relating to:

- organization;
- calculating our net asset value (including the cost and expenses of any independent valuation firm);
- fees and expenses incurred by our investment advisor under the Investment Advisory Agreement or payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for us and in monitoring our investments and performing due diligence on our prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance our investments;
- offerings of our common stock and other securities;
- investment advisory fees and management fees;
- administration fees and expenses, if any, payable under the Administration Agreement (including payments under the Administration Agreement between us and our investment advisor based upon our allocable portion of our investment advisor s overhead in performing its obligations under the Administration Agreement, including rent and the allocable portion of the cost of our officers, including our chief compliance officer, our chief financial officer, and their respective staffs);
- transfer agent, dividend agent and custodial fees and expenses;

- federal and state registration fees;
- all costs of registration and listing our shares on any securities exchange;
- U.S. federal, state and local taxes;
- Independent Directors fees and expenses;
- costs of preparing and filing reports or other documents required by the SEC or other regulators including printing costs;
- costs of any reports, proxy statements or other notices to stockholders, including printing and mailing costs;
- our allocable portion of any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;
- proxy voting expenses; and
- all other expenses reasonably incurred by us or our investment advisor in connection with administering our business.

Portfolio Composition, Investment Activity and Yield

During the three months ended March 31, 2015, we invested $39.6 million in debt and equity investments, including five new portfolio companies. These investments consisted of subordinated notes ($24.8 million, or 62.7%), senior

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secured loans ($12.8 million, or 32.3%), equity securities ($1.8 million, or 4.5%), and warrants ($0.2 million, or 0.5%). During the three months ended March 31, 2015, we received proceeds from sales or repayments, including principal, return of capital dividends and net realized gains (losses), of $24.7 million. During the three months ended March 31, 2014, we invested $17.3 million in debt and equity investments, including one new portfolio company. These investments consisted of subordinated notes ($1.5 million, or 8.7%), senior secured loans ($9.8 million, or 56.6%), equity securities ($5.6 million, or 32.4%) and warrants ($0.4 million, or 2.3%). During the three months ended March 31, 2014, we received proceeds from repayments of principal, including return of capital dividends and realized gains, of $13.6 million.

As of March 31, 2015, the fair value of our investment portfolio totaled $412.6 million and consisted of 47 portfolio companies. As of March 31, 2015, our debt portfolio was entirely comprised of fixed rate investments. Overall, the portfolio had net unrealized appreciation of $5.2 million as of March 31, 2015. Our average portfolio company investment at amortized cost was $8.7 million as of March 31, 2015.

As of December 31, 2014, the fair value of our investment portfolio totaled $396.4 million and consisted of 42 portfolio companies. As of December 31, 2014, our debt portfolio was entirely comprised of fixed rate investments. Overall, the portfolio had net unrealized appreciation of $5.0 million as of December 31, 2014. Our average portfolio company investment at amortized cost was $9.3 million as of December 31, 2014.

The weighted average yields on debt investments at March 31, 2015 and December 31, 2014 were 13.3% and 13.4%, respectively. The weighted average yields were computed using the effective interest rates for debt investments at cost as of March 31, 2015 and December 31, 2014, including the accretion of original issue discount and loan origination fees, but excluding investments on non-accrual status, if any.

The following table shows the portfolio composition by investment type at fair value and cost as a percentage of total investments:

	Fair Value		**Cost**	
	March 31, 2015	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
Subordinated notes	66.5%	69.1%	67.6 %	69.8 %
Senior secured loans	21.0	18.7	21.3	19.0
Equity	10.9	10.8	9.4	9.4
Warrants	1.6	1.4	1.7	1.8
Total	100.0%	100.0%	100.0%	100.0%

The following table shows the portfolio composition by geographic region at fair value and cost as a percentage of total investments. The geographic composition is determined by the location of the corporate headquarters of the portfolio company:

	Fair Value		**Cost**	
	March 31, 2015	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**

Midwest	25.3%	23.9%	25.2%	23.7%
Southeast	25.2	28.6	25.9	29.0
West	21.3	19.9	19.2	18.4
Northeast	18.2	16.9	18.0	16.7
Southwest	10.0	10.7	11.7	12.2
Total	100.0%	100.0%	100.0%	100.0%

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The following table shows the detailed industry composition of our portfolio at fair value and cost as a percentage of total investments:

	Fair Value		Cost	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Healthcare products	12.5%	11.2%	12.1%	10.6%
Specialty distribution	11.0	10.3	9.8	9.3
Healthcare services	10.0	10.3	10.6	10.8
Aerospace & defense manufacturing	9.4	9.4	8.3	8.6
Transportation services	6.1	4.0	6.0	3.9
Consumer products	5.4	5.6	5.4	5.6
Oil & gas services	4.5	8.6	4.9	8.8
Business services	4.5	3.1	4.6	3.2
Component manufacturing	4.3	4.3	4.4	4.6
Industrial cleaning & coatings	3.9	4.1	4.1	4.2
Building products manufacturing	3.6	3.6	3.5	3.7
Financial services	3.5	3.7	3.3	3.4
Safety products manufacturing	2.6	2.7	2.6	2.7
Utility equipment manufacturing	2.6	2.6	2.5	2.6
Printing services	2.4	2.4	2.5	2.6
Information technology services	2.1	2.3	2.4	2.5
Specialty chemicals	2.0	2.2	2.1	2.2
Restaurants	1.9	1.7	1.8	1.6
Laundry services	1.5	1.5	1.4	1.4
Telecommunication services	1.4		1.5	
Apparel distribution	1.4	1.5	1.4	1.5
Vending equipment manufacturing	1.2		1.2	
Retail cleaning	0.9	1.1	2.6	2.7
Specialty cracker manufacturing	0.5	0.5	0.3	0.3
Electronic components supplier	0.3	0.4	0.3	0.4
Retail	0.3	2.7	0.2	2.6
Commercial cleaning	0.2	0.2	0.2	0.2
Total	100.0%	100.0%	100.0%	100.0%

Portfolio Asset Quality

In addition to various risk management and monitoring tools, our investment advisor uses an internally developed investment rating system to characterize and monitor the credit profile and our expected level of returns on each investment in our portfolio. We use a five-level numeric rating scale. The following is a description of the conditions associated with each investment rating:

Investment Rating 1 is used for investments that involve the least amount of risk in our portfolio. The portfolio company is performing above expectations and the trends and risk factors are favorable, and may include an expected capital gain.

Investment Rating 2 is used for investments that involve a level of risk similar to the risk at the time of origination. The portfolio company is performing substantially within our expectations and the risk factors are neutral or favorable. Each new portfolio investment enters our portfolio with Investment Rating 2.

Investment Rating 3 is used for investments performing below expectations and indicates the investment s risk has increased somewhat since origination. The portfolio company requires closer monitoring, but we expect a full return of principal and collection of all interest and/or dividends.

Investment Rating 4 is used for investments performing materially below expectations and the risk has increased materially since origination. The portfolio company has the potential for some loss of investment return, but we expect no loss of principal.

Investment Rating 5 is used for investments performing substantially below our expectations and the risks have increased substantially since origination. We expect some loss of principal.

The following table shows the distribution of our investments on the 1 to 5 investment rating scale at fair value as of March 31, 2015 and December 31, 2014:

	March 31, 2015		December 31, 2014	
	Investments at Fair Value	Percent of Total Portfolio	Investments at Fair Value	Percent of Total Portfolio
	(dollars in thousands)			
Investment Rating				
1	$ 70,859	17.2%	$ 49,499	12.5%
2	288,959	70.0	297,024	74.9
3	49,859	12.1	48,814	12.3
4	2,927	0.7	1,018	0.3
5				
Totals	$ 412,604	100.0%	$ 396,355	100.0%

Based on our investment rating system, the weighted average rating of our portfolio as of both March 31, 2015 and December 31, 2014 was 2.0.

Non-Accrual

As of March 31, 2015 and December 31, 2014, we had no investments on non-accrual status.

Discussion and Analysis of Results of Operations

Comparison of three months ended March 31, 2015 and March 31, 2014

Investment Income

For the three months ended March 31, 2015, total investment income was $12.8 million, an increase of $2.3 million, or 21.6%, over the $10.6 million of total investment income for the three months ended March 31, 2014. The increase was primarily attributable to a $2.4 million increase in interest income resulting largely from higher average levels of debt investments outstanding and a $0.2 million increase in fee income, which was offset by a $0.2 million decrease in dividend income due to lower average levels of income producing equity investments outstanding during the three months ended March 31, 2015, as compared to the three months ended March 31, 2014.

Expenses

For the three months ended March 31, 2015, total expenses, including income tax provision, were $6.6 million, an increase of $1.5 million or 29.2%, over the $5.1 million of total expenses, including income tax provision, for the three months ended March 31, 2014. Interest and financing expenses for the three months ended March 31, 2015 were $2.1 million, an increase of $0.4 million or 21.5%, compared to $1.8 million for the three months ended March 31, 2014 as a result of higher average balances of SBA debentures outstanding during 2015 and interest and commitment fees related to the Credit Facility. The base management fee increased $0.4 million, or 31.2%, to $1.8 million for the three months ended March 31, 2015 due to higher average total assets less cash and cash equivalents for the three months ended March 31, 2015 than the comparable period in 2014. The incentive fee for the three months ended March 31, 2015 was $1.6 million, a $0.8 million, or 89.9%, increase from the $0.8 million incentive fee for the three months ended March 31, 2014 which was the result of an increase of $0.3 million in the income incentive fee to $1.6 million and a capital gains incentive fee accrual of $0.1 million during the 2015 period compared to a capital gains incentive fee reversal of $0.4 million during the same period in 2014. The administrative service fee, professional fees and other general and administrative expenses totaled $1.1 million for both the three months ended March 31, 2015 and 2014.

Net Investment Income

Net investment income for the three months ended March 31, 2015 was $6.2 million, which was an increase of $0.8 million, or 14.4%, compared to net investment income of $5.4 million during the three months ended March 31, 2014 as a result of the $2.3 million increase in total investment income and the $1.5 million increase in total expenses, including income tax provision.

Net Increase in Net Assets Resulting From Operations

For the three months ended March 31, 2015, we did not record any realized gains or losses on investments. For the three months ended March 31, 2014, the total realized gain on investments was $1.9 million, which consisted of realized gains on an investment in one portfolio company and realized gains on an investment in one non-control/non-affiliate portfolio company.

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During the three months ended March 31, 2015, we recorded a net change in unrealized appreciation on investments of $0.2 million attributable to (i) the reversal of net unrealized depreciation on investments of $0.3 million related to the exit or sale of investments, resulting in unrealized appreciation, (ii) net unrealized depreciation of $1.4 million on debt investments and (iii) net unrealized appreciation of $1.3 million on equity investments. During the three months ended March 31, 2014, we recorded a net change in unrealized depreciation on investments of $3.9 million attributable to (i) the reversal of net unrealized appreciation on investments of $1.9 million related to the exit or sale of investments, resulting in unrealized depreciation, (ii) net unrealized depreciation of $3.4 million on debt investments and (iii) net unrealized appreciation of $1.4 million on equity investments.

As a result of these events, our net increase in net assets resulting from operations during the three months ended March 31, 2015 was $6.4 million, or an increase of $3.0 million, or 89.7%, compared to a net increase in net assets resulting from operations of $3.4 million during the prior year period.

Liquidity and Capital Resources

As of March 31, 2015, we had $16.4 million in cash and cash equivalents and our net assets totaled $244.7 million. We believe that our current cash and cash equivalents on hand, our continued access to SBA-guaranteed debentures, our Credit Facility and our anticipated cash flows from operations will provide adequate capital resources with which to operate and finance our investment business and make distributions to our stockholders for at least the next 12 months. We intend to generate additional cash primarily from the future offerings of securities (including the ATM Program) and future borrowings, as well as cash flows from operations, including income earned from investments in our portfolio companies. On both a short-term and long-term basis, our primary use of funds will be investments in portfolio companies and cash distributions to our stockholders.

Cash Flows

For the three months ended March 31, 2015, we experienced a net decrease in cash and cash equivalents in the amount of $13.0 million. During that period, we used $12.8 million of cash for operating activities, primarily for the funding of $39.6 million of investments, which was partially offset by the proceeds from sales and repayments of investments of $24.7 million. During the same period, we used $0.1 million for financing activities resulting from proceeds received from stock offerings, net of expenses, of $0.9 million, proceeds from the issuance of SBA debentures of $5.0 million and net borrowings under the Credit Facility of $0.8 million, which were partially offset by cash dividends paid to stockholders of $5.9 million and payments of financing costs totaling $0.9 million.

For the three months ended March 31, 2014, we experienced a net decrease in cash and cash equivalents in the amount of $12.7 million. During that period, we used $4.8 million of cash for operating activities, primarily for the funding of $17.3 million of investments, which was partially offset by $13.6 million of repayments and sales proceeds received. During the same period, we used $7.9 million for financing activities, consisting of cash dividends paid to stockholders of $5.0 million and a $2.9 million payment for taxes related to the 2013 deemed distribution which was paid on behalf of the stockholders.

Capital Resources

We anticipate that we will continue to fund our investment activities on a long-term basis through a combination of additional debt and equity capital.

The Funds are licensed SBICs, and have the ability to issue debentures guaranteed by the SBA at favorable interest rates. Under the Small Business Investment Act and the SBA rules applicable to SBICs, an SBIC can have outstanding at any time debentures guaranteed by the SBA in an amount up to twice its regulatory capital. The SBA regulations currently limit the amount that is available to be borrowed by any SBIC and guaranteed by the SBA to 200.0% of an SBIC s regulatory capital or $150.0 million, whichever is less. For two or more SBICs under common control, the maximum amount of outstanding SBA debentures cannot exceed $225.0 million. SBA debentures have fixed interest rates that approximate prevailing 10-year Treasury Note rates plus a spread and have a maturity of ten years with interest payable semi-annually. The principal amount of the SBA debentures is not required to be paid before maturity but may be pre-paid at any time. As of March 31, 2015, Fund I had $150.0 million of outstanding SBA debentures. Based on its $75.0 million of regulatory capital as of March 31, 2015, Fund I cannot issue additional SBA debentures. As of March 31, 2015, Fund II had $28.5 million of outstanding SBA debentures. Based on its $37.5 million of regulatory capital as of March 31, 2015, Fund II has the current capacity to issue up to an additional $46.5 million of SBA debentures. For more information on the SBA debentures, please see Note 6 to our consolidated financial statements.

In June 2014, we entered the Credit Facility to provide additional funding for our investment and operational activities. The Credit Facility, which matures on June 16, 2018, had an initial commitment of $30.0 million and an accordion feature that allows for an increase in the total commitments up to $75.0 million, subject to certain customary conditions. The Credit Facility is secured primarily by our assets, excluding the assets of the Funds.

On December 19, 2014, FIC amended the Credit Facility to (i) increase the commitment from $30.0 million to $50.0 million (ii) allow FIC to buy-back up to $10.0 million of our common stock subject to the satisfaction of specified financial covenants and conditions. The Credit Facility continues to have an accordion feature which allows for an increase in the total commitment up to $75.0 million.

Borrowings under the Credit Facility are subject to a minimum borrowing/collateral base that applies an advance rate to certain portfolio investments. We are subject to additional limitations with respect to the investments securing the Credit Facility, including, but not limited to, restrictions on sector concentrations, loan size, payment frequency and status and collateral interests, as well as restrictions on portfolio company leverage, which may also affect the borrowing base and therefore amounts available to borrow.

Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) the alternate base rate plus 2.5% or (ii) the applicable LIBOR rate plus 3.5%. The alternate base rate is equal to the greater of (i) prime rate, (ii) the federal funds rate plus 0.5% or (iii) the three-month LIBOR rate plus 1.0%. We pay a commitment fee ranging from 0.5% to 1.0% per annum on undrawn amounts.

We have made customary representations and warranties and are required to comply with various affirmative, negative and financial covenants, reporting requirements and other customary requirements for similar credit facilities. These covenants are subject to important limitations and exceptions that are described in the documents governing the Credit Facility. As of March 31, 2015, we are in compliance with all covenants of the Credit Facility and there was $10.8 million outstanding under the Credit Facility.

As of March 31, 2015, the weighted average interest rate for all SBA debentures and borrowings outstanding under the Credit Facility was 4.2%.

As a BDC, we are generally required to meet a coverage ratio of total assets to total senior securities, which include borrowings and any preferred stock we may issue in the future, of at least 200.0%. This requirement limits the amount that we may borrow. We have received exemptive relief from the Securities and Exchange Commission, or the SEC, to allow us to exclude any indebtedness guaranteed by the SBA and issued by the Funds from the 200.0% asset coverage requirements, which, in turn, will enable us to fund more investments with debt capital.

As a BDC, we are generally not permitted to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value per share of our common stock if our board of directors, including Independent Directors, determines that such sale is in the best interests of us and our stockholders, and if our stockholders approve such sale. On June 4, 2014, our stockholders voted to allow us to sell or otherwise issue common stock at a price below net asset value per share for a period of one year ending on the earlier of June 4, 2015 or the date of our 2015 Annual Meeting of Stockholders. We expect to present to our stockholders a similar proposal at our 2015 Annual Meeting of Stockholders. Our stockholders specified that the cumulative number of shares sold in each offering during the one-year period ending on the earlier of June 4, 2015 or the date of our 2015 Annual Meeting of Stockholders may not exceed 25.0% of our outstanding common stock immediately prior to each such sale.

Current Market Conditions

Though global credit and other financial market conditions have improved and stability has increased throughout the international financial system, the uncertainty surrounding the United States rapidly increasing national debt and continuing global economic malaise have kept markets volatile. These unstable conditions could continue for a prolonged period of time. Although we have been able to secure access to additional liquidity, including our follow-on stock offerings, the ATM Program and leverage available through the SBIC program and Credit Facility, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

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Valuation of Portfolio Investments

As a BDC, we report our assets and liabilities at fair value at all times consistent with GAAP and the 1940 Act. Accordingly, we are required to periodically determine the fair value of all of our portfolio investments.

Our investments generally consist of illiquid securities including debt and equity investments in lower middle-market companies. Investments for which market quotations are readily available are valued at such market quotations. Because we expect that there will not be a readily available market for substantially all of the investments in our portfolio, we value substantially all of our portfolio investments at fair value as determined in good faith by our board of directors using a documented valuation policy and consistently applied valuation process. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the difference could be material.

With respect to investments for which market quotations are not readily available, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- our quarterly valuation process begins with each portfolio company or investment being initially evaluated and rated by the investment professionals of our investment advisor responsible for the portfolio investment;

- preliminary valuation conclusions are then documented and discussed with the investment committee of our investment advisor;

- our board of directors also engages one or more independent valuation firms to provide an independent appraisal for each of our investments at least once in every calendar year, and for new portfolio companies, at least once in the twelve-month period subsequent to the initial investment;

- the audit committee of our board of directors reviews the preliminary valuations of our investment advisor and of the independent valuation firm(s) and responds and supplements the valuation recommendations to reflect any comments; and

- the board of directors discusses the valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of our investment advisor, the independent valuation firm(s) and the audit committee.

In making the good faith determination of the value of portfolio investments, we start with the cost basis of the security. The transaction price is typically the best estimate of fair value at inception. When evidence supports a subsequent change to the carrying value from the original transaction price, adjustments are made to reflect the expected exit values.

We perform detailed valuations of our debt and equity investments, using both the market and income approaches as appropriate. Under the market approach, we typically use the enterprise value methodology to determine the fair value of an investment. There is no one methodology to estimate enterprise value and, in fact, for any one portfolio company, enterprise value is generally best expressed as a range of values, from which we derive a single estimate of enterprise value. Under the income approach, we typically prepare and analyze discounted cash flow models to estimate the present value of future cash flows of either an individual debt investment or of the underlying portfolio company itself.

We evaluate investments in portfolio companies using the most recent portfolio company financial statements and forecasts. We also consult with the portfolio company s senior management to obtain further updates on the portfolio company s performance, including information such as industry trends, new product development and other operational issues.

For our debt investments, including senior secured loans and subordinated notes, the primary valuation technique used to estimate the fair value is the discounted cash flow method. However, if there is deterioration in credit quality or a debt investment is in workout status, we may consider other methods in determining the fair value, including the value attributable to the debt investment from the enterprise value of the portfolio company or the proceeds that would be received in a liquidation analysis. Our discounted cash flow models estimate a range of fair values by applying an appropriate discount rate to the future cash flow streams of our debt investments, based on future interest and principal payments as set forth in the associated loan agreements. We prepare a weighted average cost of capital for use in the discounted cash flow model for each investment, based on factors including, but not limited to: current pricing and credit metrics for similar proposed or executed investment transactions of private companies; the portfolio company s historical financial results and outlook; and the portfolio company s current leverage and credit quality as compared to leverage and credit quality as of the date the investment was made. We may also consider the following factors when determining the fair value of debt investments: the portfolio company s ability to make future scheduled payments; prepayment penalties; estimated remaining life; the nature and realizable value of any collateral; and changes in the interest rate environment and the credit markets that generally may affect the price at which similar investments may be made. We estimate the remaining life of our debt investments to generally be the legal maturity date of the instrument, as we generally intend to hold loans to maturity. However, if we have information available to us that the loan is expected to be repaid in the near term, we would use an estimated remaining life based on the expected repayment date.

For our equity investments, including equity securities and warrants, we generally use a market approach, including valuation methodologies consistent with industry practice, to estimate the enterprise value of portfolio companies. Typically, the enterprise value of a private company is based on multiples of EBITDA, net income, revenues, or in limited cases, book value. In estimating the enterprise value of a portfolio company, we analyze various factors consistent with industry practice, including but not limited to original transaction multiples, the portfolio company s historical and projected financial results, applicable market trading and prices paid in comparable transactions, applicable market yields and leverage levels, the nature and realizable value of any collateral, the markets in which the portfolio company does business, and comparisons of financial ratios of peer companies that are public. Where applicable, we consider our ability to influence the capital structure of the portfolio company, as well as the timing of a potential exit.

We may also utilize an income approach when estimating the fair value of our equity securities, either as a primary methodology if consistent with industry practice or if the market approach is otherwise not applicable, or as a supporting methodology to corroborate the fair value ranges determined by the market approach. We typically prepare and analyze discounted cash flow models based on projections of the future free cash flows (or earnings) of the portfolio company. We consider various factors, including but not limited to the portfolio company s projected financial results, applicable market trading and prices paid in comparable transactions, applicable market yields and leverage levels, the markets in which the portfolio company does business, and comparisons of financial ratios of peer companies that are public.

Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our consolidated financial statements express the uncertainties with respect to the possible effect of such valuations, and any changes in such valuations, on the consolidated financial statements.

Revenue Recognition

Investments and related investment income. Realized gains or losses on investments are recorded upon the sale or disposition of a portfolio investment and are calculated as the difference between the net proceeds from the sale or disposition and the cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized. Changes in the fair value of investments from the prior period, as determined by our board of directors through the application of our valuation policy, are included as net change in unrealized appreciation (depreciation) on investments in the consolidated statements of operations.

Interest and dividend income. Interest and dividend income is recorded on the accrual basis to the extent that we expect to collect such amounts. Interest and dividend income is accrued daily based on the outstanding principal amount and the contractual terms of the debt or preferred equity investment. Dividend income is recorded on the declaration date or at the point an obligation exists for the portfolio company to make a distribution. Distributions from portfolio companies are evaluated to determine if the distribution is a distribution of earnings or a return of capital.

Payment-in-kind interest. We have investments in our portfolio that contain a PIK income provision. The PIK income, computed at the contractual rate specified in the applicable investment agreement, is added to the principal balance of the investment, rather than being paid in cash, and recorded as interest or dividend income on the consolidated statements of operations. Generally, PIK can be paid-in-kind or all in cash. We stop accruing PIK income when it is determined that PIK income is no longer collectible. In addition, to maintain our status as a RIC and to avoid paying corporate federal income tax, substantially all of this income must be paid out to stockholders in the form of distributions, even though we have not yet collected the cash. We may have difficulty paying our required distributions if we recognize income before, or without, receiving cash representing such income.

Non-accrual. Loans or preferred equity investments are placed on non-accrual status and we will generally cease recognizing interest or dividend income when principal, interest or dividend payments become materially past due, or when there is reasonable doubt that principal, interest or dividends will be collected. Interest payments received on non-accrual investments may be recognized as income or applied to the investment principal balance based on management s judgment. Non-accrual investments are restored to accrual status when past due principal, interest or dividends are paid and, in management s judgment, are likely to remain current.

Warrants. In connection with our debt investments, we will sometimes receive warrants or other equity-related securities, or Warrants. We determine the cost basis of Warrants based upon their respective fair values on the date of receipt in proportion to the total fair value of the debt and Warrants received. Any resulting difference between the face amount of the debt and its recorded fair value resulting from the assignment of value to the Warrants are treated as original issue discount, or OID, and accreted into interest income using the effective interest method over the term of the investment.

Fee income. All transaction fees earned in connection with our investments are recognized as fee income. Such fees typically include fees for services, including structuring and advisory services, provided to portfolio companies. We recognize income from fees for providing such structuring and advisory services when the services are rendered or the transactions are completed. Upon the prepayment of a loan or debt security, any prepayment penalties are recorded as fee income when earned. Prior to the Formation Transactions, and in accordance with the prior limited partnership agreement, we historically recorded transaction fees provided in connection with our investments as a direct offset to management fee expense.

We also typically receive upfront loan origination or closing fees in connection with investments. Such upfront loan origination and closing fees are capitalized as unearned income offset against investment cost basis on our consolidated statements of assets and liabilities and accreted into income over the life of the investment.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Revenue Recognition (Topic 605). Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance is effective for annual and interim reporting periods beginning after December 15, 2016 and early application is not permitted. We are currently evaluating the impact this ASU will have on our consolidated financial position or disclosures.

In February 2015, the FASB issued ASU 2015-02, Consolidation: Amendments to the Consolidation Analysis, which amends the criteria for determining which entities are considered variable interest entities (VIEs), amends the criteria for determining if a service provider possesses a variable interest in a VIE and ends the deferral granted to investment companies for application of the VIE consolidation model. This guidance is effective for annual and interim reporting periods of public entities beginning after December 15, 2015 and early adoption is permitted. We are currently evaluating the impact this ASU will have on our consolidated financial position or disclosures.

Off-Balance Sheet Arrangements

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. As of March 31, 2015, we had off-balance sheet arrangements consisting of six unfunded revolving loan commitments totaling $4.6 million to portfolio companies and two unfunded loan commitments totaling $4.5 million to a portfolio company. As of December 31, 2014, we had off-balance sheet arrangements consisting of consisting of five unfunded revolving loan commitments totaling $4.1 million to portfolio companies and two unfunded loan commitment totaling $5.4 million to a portfolio company.

Related Party Transactions

We have entered into a number of business relationships with affiliated or related parties, including the following:

In connection with the Formation Transactions, Fund I terminated its management services agreement with Fidus Capital, LLC and we entered into the Investment Advisory Agreement with Fidus Investment Advisors, LLC, as our investment advisor. The investment professionals of Fidus Investment Advisors, LLC were also the investment professionals of Fidus Capital, LLC. We entered into the Investment Advisory Agreement with Fidus Investment Advisors, LLC to manage our day-to-day operating and investing activities. We pay our investment advisor a fee for its services under the Investment Advisory Agreement consisting of two components a base management fee and an incentive fee. See Note 5 to our consolidated financial statements.

Edward H. Ross, our Chairman and Chief Executive Officer and Thomas C. Lauer, one of our directors, are managers of Fidus Investment Advisors, LLC.

We entered into the Administration Agreement with Fidus Investment Advisors, LLC to provide us with the office facilities and administrative services necessary to conduct day-to-day operations. See Note 5 to our consolidated financial statements.

We entered into a license agreement with Fidus Partners, LLC, pursuant to which Fidus Partners, LLC has granted us a non-exclusive, royalty-free license to use the name Fidus.

In connection with the IPO and our election to be regulated as a BDC, we applied for and received exemptive relief from the SEC on March 27, 2012 to allow us to take certain actions that would otherwise be prohibited by the 1940 Act, as applicable to BDCs. The relief permits FIC and Fund I, each of which has elected to be treated as a BDC, to operate effectively as one company, specifically allowing them to: (1) engage in certain transactions with each other; (2) invest in securities in which the other is or proposes to be an investor; (3) file consolidated reports with the Commission; and (4) be subject to modified consolidated asset coverage requirements for senior securities issued by a BDC and its SBIC subsidiary. Fund II has not elected to be treated as a BDC and is not party to this exemptive relief. The fourth exemption described above allows us to exclude any indebtedness guaranteed by the SBA and issued by Fund I from the 200.0% asset coverage requirements applicable to us. Effective September 30, 2014, any SBA debentures issued by Fund II are not considered senior securities for purposes of the 200.0% asset coverage requirements.

In addition, we, Fund I and our investment advisor have each adopted a joint code of ethics pursuant to Rule 17j-1 under the 1940 Act that governs the conduct of our and our investment advisor s officers, directors and employees. Additionally, our investment advisor has adopted a code of ethics pursuant to rule 240A-1 under the 1940 Act and in accordance with Rule 17j-1(c). We, and Fund I, have also adopted a code of business conduct that is applicable to all officers, directors and employees of Fidus and our investment advisor. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the Maryland General Corporation Law.

Recent Developments

On April 1, 2015, we exited our debt and equity investments in Connect-Air International, Inc. (Connect) in connection with the sale of Connect. We received payment in full on our subordinated note and recognized a gain of approximately $5.3 million on our common equity investment.

On April 1, 2015, we exited our equity investment in Acentia, LLC in connection with the sale of Acentia, LLC. We recognized a loss of less than $0.1 million on our common equity investment.

Quantitative and Qualitative Disclosures About Market Risk.

We are subject to financial market risks, including changes in interest rates. Changes in interest rates affect both our cost of funding and the valuation of our investment portfolio. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks and limits by means of reliable administrative and information systems and other policies and programs. In the future, our investment income may also be affected by changes in various interest rates, including LIBOR and prime rates, to the extent of any debt investments that include floating interest rates. As of March 31, 2015 and December 31, 2014, our debt portfolio was entirely comprised of fixed rate investments. Our pooled SBA debentures bear interest at fixed rates. Our Credit Facility bears interest, subject to our election, on a per annum basis equal to (i) the alternate base rate plus 2.5% or (ii) the applicable LIBOR rate plus 3.5%. The alternate base rate is equal to the greater of (i) prime rate, (ii) the federal funds rate plus 0.5% or (iii) the three-month LIBOR rate plus 1.0%.

Assuming that the consolidated statements of assets and liabilities as of March 31, 2015 and December 31, 2014 were to remain constant, a hypothetical 100 basis point change in interest rates would not have a material effect on our level of interest income from debt investments or interest expense.

Because we currently borrow, and plan to borrow in the future, money to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds and the rate at which we invest the funds borrowed. Accordingly, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income if there is not a corresponding increase in interest income generated by our investment portfolio.

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SALE OF COMMON STOCK BELOW NET ASSET VALUE

On June 4, 2014, our stockholders approved our ability to sell or otherwise issue an unlimited number of shares of our common stock at a discount from net asset value per share for a period of one year ending on the earlier of June 4, 2015 or the date of our 2015 Annual Meeting of Stockholders. We will seek this approval again in connection with our 2015 Annual Meeting of Stockholders. In order to sell shares pursuant to this authorization a majority of our directors who have no financial interest in the sale or issuance and a majority of our Independent Directors must (a) find that the sale or issuance is in our best interests and in the best interests of our stockholders, and (b) in consultation with any underwriter or underwriters of the offering, make a good faith determination as of a time either immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares, or immediately prior to the issuance of such shares, that the price at which such shares are to be sold or otherwise issued is not less than a price which closely approximates the market value of such shares, less any distributing commission or discount. It should be noted that the maximum number of shares issuable below net asset value pursuant to this authority that could result in such dilution is limited to 25% of the Company s then outstanding common stock immediately prior to each such sale. Any offering of common stock below net asset value per share will be designed to raise capital for investment in accordance with our investment objective.

In making a determination that an offering below net asset value per share is in our and our stockholders best interests, our board of directors would consider a variety of factors including:

- The effect that an offering below net asset value per share would have on our stockholders, including the potential dilution they would experience as a result of the offering;
- The amount per share by which the offering price per share and the net proceeds per share are less than the most recently determined net asset value per share;
- The relationship of recent market prices of our common stock to net asset value per share and the potential impact of the offering on the market price per share of our common stock;
- Whether the estimated offering price would closely approximate the market value of our shares;
- The potential market impact of being able to raise capital during the current financial market difficulties;
- The nature of any new investors anticipated to acquire shares in the offering;
- The anticipated rate of return on and quality, type and availability of investments; and
- The leverage available to us.

Sales or other issuances by us of our common stock at a discount from net asset value pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering.

For additional information regarding the impact of sales of our common stock at prices below our current net asset value on existing stockholders, please refer to Sales of Common Stock Below Net Asset Value in the accompanying prospectus.

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PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock began trading on June 21, 2011 on The Nasdaq Global Market under the symbol FDUS. Effective January 3, 2012, our common stock is included in the Nasdaq Global Select Market. Prior to June 21, 2011, there was no established public trading market for our common stock. The following table lists the high and low closing sale price for our common stock, and the closing sale price as a percentage of net asset value, or NAV, since shares of our common stock began being regularly quoted on Nasdaq.

Period	NAV (1)	Closing Sales Price High	Closing Sales Price Low	Premium/ (Discount) of High Sales Price to NAV (2)	Premium/ (Discount) of Low Sales Price to NAV (2)	Distributions Per Share (3)
Year ended December 31, 2012						
First Quarter	$ 14.94	$ 14.38	$ 12.85	(3.7)%	(14.0)%	$ 0.34
Second Quarter	15.02	15.17	13.22	1.0	(12.0)	0.36
Third Quarter	15.27	16.78	14.89	9.9	(2.5)	0.38
Fourth Quarter	15.32	17.00	14.55	11.0	(5.0)	0.38
Year ended December 31, 2013						
First Quarter	15.46	19.15	16.52	23.9	6.9	0.38
Second Quarter	16.06	19.17	17.28	19.4	7.6	0.38
Third Quarter	15.98	19.73	18.60	23.5	16.4	0.42
Fourth Quarter	15.35	22.29	18.64	45.2	21.4	0.76
Year ended December 31, 2014						
First Quarter	15.22	21.99	17.86	44.5	17.3	0.38
Second Quarter	15.09	20.54	16.63	36.1	10.2	0.48
Third Quarter	15.18	20.04	16.51	32.0	8.8	0.38
Fourth Quarter	15.16	17.10	13.71	12.8	(9.6)	0.48
Year ended December 31, 2015						
First Quarter	15.18	17.02	14.40	12.1	(5.1)	0.38
Second Quarter (through April 30, 2015)	*	16.90	15.73	*	*	0.40 (4)

(1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period.

(2) Calculated as the difference between the respective high or low closing sales price and the quarter end net asset value divided by the quarter end net asset value.

(3) Represents the regular and special, if applicable, distribution declared in the specified quarter. We have adopted an opt out dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, stockholders cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash distributions. See Dividend Reinvestment Plan in the accompanying prospectus.

(4)

Represents a regular quarterly distribution of $0.38 per share and a special distribution of $0.02 per share, both of which are payable on June 25, 2015 to stockholders of record as of June 11, 2015.

* Not determinable at time of filing

Shares of BDCs may trade at a market price that is less than the net asset value of those shares. The possibilities that our shares of common stock will trade at a discount from net asset value or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value will decrease. It is not possible to predict whether any common stock offered pursuant to this prospectus supplement will trade at, above, or below net asset value.

We intend to continue to pay quarterly distributions to our stockholders. Our quarterly distributions, if any, are determined by our board of directors. We have elected to be taxed as a RIC under Subchapter M of the Code. As long as we qualify as a RIC, we will not be taxed on our investment company taxable income or net capital gain, to the extent that such income or gain is distributed, or deemed to be distributed, to stockholders on a timely basis.

To maintain our qualification as a RIC, we must, among other things, distribute at least 90.0% of our net ordinary income and our net short-term capital gains in excess of our net long-term capital losses, if any. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of (1) 98.0% of our net ordinary income for the calendar year, (2) 98.2% of our capital gain net income for the calendar year and (3) any net ordinary income and capital gain net income for the preceding calendar year that were not distributed during such year and on which we paid no U.S. federal income tax. We may retain for investment some or all of our net capital gain (i.e., net long-term capital gains in excess of net short-term capital losses) and treat such amounts as deemed distributions to our stockholders. If we do this, you will be treated as if you received an actual distribution of the capital gain we retain and then reinvested the net after-tax proceeds in our common stock. You also may be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we paid on the capital gain deemed distributed to you. Please refer to Material U.S. Federal Income Tax Considerations in the accompanying prospectus for further information regarding the consequences of our retention of net capital gain. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings. See Regulation and Material U.S. Federal Income Tax Considerations in the accompanying prospectus.

We may make distributions that are payable in cash or shares of our common stock at the election of each stockholder. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable in cash or in shares of stock at the election of stockholders are treated as taxable dividends to the extent of the distributing corporation s current and accumulated earnings and profits. The Internal Revenue Service has issued private letter rulings indicating that such treatment may apply under circumstances in which the total amount of cash distributed is limited to as little as 20.0% of the total distribution. Under these rulings, if too many stockholders elect to receive their distributions in cash, each such stockholder would receive a pro-rata share of the total cash to be distributed and would receive the remainder of their distribution in shares of stock. If we decide to make any distributions that are payable in part in shares of our stock, U.S. stockholders receiving such distributions generally will be required to include the full amount of the distribution (whether received in cash, shares of our stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits. As a result, a U.S. stockholder may be required to pay tax with respect to such distributions in excess of any cash received. If a U.S. stockholder sells the stock it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. federal tax with respect to such distributions, including in respect of all or a portion of such distributions that are payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on such distributions, it may put downward pressure on the trading price of shares of our stock.

We will report certain U.S. federal income tax information with respect to our distributions to our stockholders on IRS Form 1099-DIV after the end of the year. Our ability to pay distributions could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and loan covenants.

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LEGAL MATTERS

Certain legal matters will be passed upon for us by Morrison & Foerster LLP. Morrison & Foerster LLP also represents our investment advisor. Certain legal matters will be passed upon for the Sales Agents by Sutherland Asbill & Brennan, LLP.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AVAILABLE INFORMATION

The consolidated financial statements, the related senior securities table and the effectiveness of internal control over financial reporting appearing in this prospectus and registration statement have been audited by McGladrey LLP, an independent registered public accounting firm located at One South Wacker Drive, Suite 800, Chicago, Illinois 60606, as stated in their reports appearing elsewhere herein, and are included in reliance upon such reports and upon the authority of such firm as experts in accounting and auditing.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the securities offered by this prospectus supplement. The registration statement contains additional information about us and the securities being offered by this prospectus supplement.

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549-0102. You may obtain information on the operation of the Public Reference Room by calling the SEC at (202) 551-8090. We maintain a website at *http://www.fdus.com* and intend to make all of our annual, quarterly and current reports, proxy statements and other publicly filed information available, free of charge, on or through our website. Information contained on our website is not incorporated into this prospectus supplement, and you should not consider information on our website to be part of this prospectus supplement. You may also obtain such information by contacting us in writing at 1603 Orrington Avenue, Suite 1005, Evanston, Illinois 60201, Attention: Investor Relations. The SEC maintains a website that contains reports, proxy and information statements and other information we file with the SEC at *http://www.sec.gov*. Copies of these reports, proxy and information statements and other information may also be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC s Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549-0102.

PRIVACY NOTICE

We are committed to maintaining the privacy of our stockholders and to safeguarding their nonpublic personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

From time to time, we may receive nonpublic personal information relating to our stockholders. We do not disclose nonpublic personal information about our stockholders or former stockholders to anyone, except as required by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent or third-party administrator).

We restrict access to nonpublic personal information about our stockholders to employees of our investment advisor, its affiliates or authorized service providers that have a legitimate business need for the information. We maintain physical, electronic and procedural safeguards designed to protect the nonpublic personal information of our stockholders.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

FIDUS INVESTMENT CORPORATION

Consolidated Statements of Assets and Liabilities

(In thousands, except shares and per share data)

	March 31, 2015 (unaudited)	December 31, 2014
ASSETS		
Investments, at fair value		
Control Investments (cost: $10,518 and $10,460, respectively)	$ 3,758	$ 4,244
Affiliate investments (cost: $82,340 and $81,979, respectively)	86,168	86,200
Non-control/non-affiliate investments (cost: $314,549 and $298,899, respectively)	322,678	305,911
Total investments, at fair value (cost: $407,407 and $391,338, respectively)	412,604	396,355
Cash and cash equivalents	16,367	29,318
Interest receivable	5,435	4,460
Deferred financing costs (net of accumulated amortization of $3,018 and $2,784, respectively)	4,754	4,567
Prepaid expenses and other assets	818	887
Total assets	$ 439,978	$ 435,587
LIABILITIES		
SBA debentures	$ 178,500	$ 173,500
Borrowings under credit facility	10,800	10,000
Accrued interest and fees payable	600	2,853
Due to affiliates	5,234	5,395
Taxes payable		328
Accounts payable and other liabilities	176	248
Total liabilities	195,310	192,324
Commitments and contingencies (Note 7)		
NET ASSETS		
Common stock, $0.001 par value (100,000,000 shares authorized, 16,113,152 and 16,051,037 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively)	16	16
Additional paid-in capital	244,103	243,008

Undistributed net investment income		12,563		12,433
Accumulated net realized (loss) gain on investments, net of taxes and distributions		(15,999)		(15,999)
Accumulated net unrealized appreciation (depreciation) on investments		3,985		3,805
Total net assets		244,668		243,263
Total liabilities and net assets	$	439,978	$	435,587
Net asset value per common share	$	15.18	$	15.16

See Notes to Consolidated Financial Statements (unaudited).

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FIDUS INVESTMENT CORPORATION

Consolidated Statements of Operations (unaudited)

(In thousands, except shares and per share data)

	Three months ended March 31, 2015	2014
Investment income:		
Interest income		
Control investments	$ 128	$
Affiliate investments	2,345	2,477
Non-control/non-affiliate investments	9,450	7,074
Total interest income	11,923	9,551
Dividend income		
Affiliate investments	30	30
Non-control/non-affiliate investments	107	347
Total dividend income	137	377
Fee income		
Affiliate investments		388
Non-control/non-affiliate investments	764	222
Total fee income	764	610
Interest on idle funds and other income	14	21
Total investment income	12,838	10,559
Expenses:		
Interest and financing expenses	2,130	1,753
Base management fee	1,791	1,365
Incentive fee	1,599	842
Administrative service expenses	368	363
Professional fees	439	397
Other general and administrative expenses	293	377
Total expenses	6,620	5,097
Net investment income before income taxes	6,218	5,462
Income tax provision	(11)	18
Net investment income	6,229	5,444

Net realized and unrealized gains (losses) on investments:

Realized gains on affiliate investments				166
Realized gains on non-control/non-affiliate investments				1,693
Net change in unrealized appreciation (depreciation) on investments		180		(3,908)
Income tax (provision) on realized gains on investments				(17)
Net (loss) gain on investments		180		(2,066)
Net increase in net assets resulting from operations	$	6,409	$	3,378
Per common share data:				
Net investment income per share-basic and diluted	$	0.39	$	0.40
Net increase in net assets resulting from operations per share-basic and diluted	$	0.40	$	0.25
Dividends declared per share	$	0.38	$	0.38
Weighted average number of shares outstanding - basic and diluted		16,060,057		13,755,232

See Notes to Consolidated Financial Statements (unaudited).

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FIDUS INVESTMENT CORPORATION

Consolidated Statements of Changes in Net Assets (unaudited)

(In thousands, except shares)

	Common Stock						
	Number of Shares	Par Value	Additional Paid in Capital	Undistributed Net Investment Income	Accumulated Net Realized (Loss) Gain on Investments, net of taxes and distributions	Accumulated Net Unrealized Appreciation (Depreciation) on Investments	Total Net Assets
Balances at December 31, 2013	13,755,232	$ 14	$ 206,123	$ 3,221	$ 11,212	$ (9,445)	$ 211,125
Public offerings of common stock, net of expenses							
Shares issued under dividend reinvestment plan	10,410		199				199
Net increase in net assets resulting from operations				5,444	1,842	(3,908)	3,378
Dividends declared				(5,227)			(5,227)
Balances at March 31, 2014	13,765,642	$ 14	$ 206,322	$ 3,438	$ 13,054	$ (13,353)	$ 209,475
Balances at December 31, 2014	16,051,037	$ 16	$ 243,008	$ 12,433	$ (15,999)	$ 3,805	$ 243,263
Public offerings of common stock, net of expenses	49,193		882				882
Shares issued under dividend reinvestment plan	12,922		213				213
Net increase in net assets resulting from operations				6,229		180	6,409
Dividends declared				(6,099)			(6,099)
Balances at March 31, 2015	16,113,152	$ 16	$ 244,103	$ 12,563	$ (15,999)	$ 3,985	$ 244,668

See Notes to Consolidated Financial Statements (unaudited).

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FIDUS INVESTMENT CORPORATION

Consolidated Statements of Cash Flows (unaudited)

(In thousands)

	Three months ended March 31, 2015	Three months ended March 31, 2014
Cash Flows from Operating Activities:		
Net increase in net assets resulting from operations	$ 6,409	$ 3,378
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in) operating activities:		
Net change in unrealized (appreciation) depreciation on investments	(180)	3,908
Realized (gain) on investments		(1,859)
Interest and dividend income paid-in-kind	(1,074)	(1,501)
Accretion of original issue discount	(151)	(201)
Accretion of loan origination fees	(212)	(116)
Purchase of investments	(39,561)	(17,294)
Proceeds from sales and repayments of investments	24,679	13,558
Proceeds from loan origination fees	250	97
Amortization of deferred financing costs	234	131
Changes in operating assets and liabilities:		
Interest receivable	(975)	(1,197)
Prepaid expenses and other assets	69	(601)
Accrued interest and fees payable	(1,753)	(1,639)
Due to affiliates	(161)	(910)
Taxes payable	(328)	(684)
Accounts payable and other liabilities	(72)	167
Net cash (used in) operating activities	(12,826)	(4,763)
Cash Flows from Financing Activities:		
Proceeds from stock offerings, net of expenses	882	
Proceeds received from SBA debentures	5,000	
Net proceeds received from borrowings under credit facility	800	
Payment of deferred financing costs	(921)	
Dividends paid to stockholders	(6,099)	(5,028)
Taxes paid on deemed distribution		(2,887)
Net cash (used in) financing activities	(338)	(7,915)
Net (decrease) in cash and cash equivalents	(13,164)	(12,678)
Cash and cash equivalents:		
Beginning of period	29,318	53,418
End of period	$ 16,154	$ 40,740

Supplemental disclosure of cash flow information:				
Cash payments for interest	$	3,649	$	3,261
Cash payments for taxes, net of tax refunds received	$	317	$	3,606
Non-cash financing activities:				
Shares issued under dividend reinvestment plan	$	213	$	199

See Notes to Consolidated Financial Statements (unaudited).

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FIDUS INVESTMENT CORPORATION

Consolidated Schedule of Investments (unaudited)

March 31, 2015

(In thousands, except shares)

Portfolio Company[1] [2]	Industry	Investment Type [3]	Rate [4] Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Control Investments [5]								
Paramount Building Solutions, LLC	Retail Cleaning	Subordinated Note	7.0%/3.0%	12/31/2017	$ 1,126	$ 1,126	$ 1,061	
		Subordinated Note	7.0%/7.0%	12/31/2017	2,892	2,892	2,628	
		Warrant (1,086,035 units) [7]						
		Preferred Equity (5,000,000 units) [7]				5,000	69	
		Common Equity (107,143 units) [7]				1,500		
						10,518	3,758	2%
Total Control Investments						10,518	3,758	2%
Affiliate Investments [5]								
Apex Microtechnology, Inc.	Electronic Components Supplier	Warrant (2,293 units)				220	220	
		Common Equity (11,690 shares)				1,169	1,128	
						1,389	1,348	1%
FAR Research Inc.	Specialty Chemicals	Senior Secured Loan [10]	11.8%/0.0%	3/31/2019	7,600	7,570	7,600	
		Revolving Loan ($1,750 commitment) [9]	11.8%/0.0%	3/31/2019	136	129	136	
		Common Equity (10 units)				1,000	720	
						8,699	8,456	3%
Inflexxion, Inc.		Senior Secured Loan	12.5%/0.0%	12/16/2019	4,750	4,728	4,728	

	Business Services	Revolving Loan ($1,000 commitment) (9)	12.5%/0.0%	12/16/2019	300	295	295	
		Preferred Equity (1,400 units)				1,400	1,281	
						6,423	6,304	3%
Malabar International	Aerospace & Defense	Subordinated Note (10)	12.5%/2.5%	5/21/2017	7,310	7,287	7,309	
	Manufacturing	Preferred Equity (1,494 shares) (6)	6.0%/0.0%			1,992	3,157	
						9,279	10,466	4%
Medsurant Holdings, LLC	Healthcare Services	Subordinated Note	9.5%/4.5%	7/12/2016	10,244	9,816	10,244	
		Preferred Equity (126,662 units) (7)				1,346	1,066	
		Warrant (505,176 units) (7)				4,516	3,855	
						15,678	15,165	6%
Pfanstiehl, Inc.	Healthcare Products	Subordinated Note	12.0%/1.5%	9/29/2018	6,208	6,170	6,208	
		Common Equity (8,500 units) (9)				850	3,227	
						7,020	9,435	4%
Safety Products Group, LLC	Safety Products	Subordinated Note	12.0%/1.5%	12/30/2018	10,000	9,967	10,000	
	Manufacturing	Preferred Equity (749 units) (7) (9)				749	800	
		Common Equity (676 units) (7) (9)				1		
						10,717	10,800	4%
Trantech Radiator Products, Inc.	Utility Equipment	Subordinated Note (9)	12.0%/1.8%	5/4/2017	9,560	9,542	9,560	
	Manufacturing	Common Equity (6,875 shares) (9)				688	975	
						10,230	10,535	4%
Westminster Cracker Company, Inc.	Specialty Cracker	Preferred Equity (95,798 units)				70	165	
	Manufacturing	Common Equity (1,208,197 units)				1,208	1,836	

						1,278	2,001	1%
World Wide Packaging, LLC	Consumer Products	Subordinated Note (9)	12.0%/1.8%	10/26/2018	10,141	10,109	10,141	
		Common Equity (1,517,573 units) (7) (9)				1,518	1,517	
						11,627	11,658	5%
Total Affiliate Investments						82,340	86,168	35%

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Portfolio Company[1] [2]	Industry	Investment Type [3]	Rate [4] Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Non-Control/Non-Affiliate Investments [5]								
Acentia, LLC	Information Technology Services	Common Units (499 units)				500	472	0%
ACFP Management, Inc.	Restaurants	Common Units (1,000,000 units) [9]				1,091	1,758	1%
Allied 100 Group, Inc.	Healthcare Products	Subordinated Note [10]	11.5%/0.0%	5/26/2020	13,000	12,939	12,939	
		Common Equity (1,250,000 units) [9]				1,250	1,250	
						14,189	14,189	6%
Anatrace Products, LLC	Healthcare Products	Senior Secured Loan	11.5%/1.5%	10/11/2018	9,054	9,024	9,054	
		Revolving Loan ($500 commitment) [8]	11.5%/1.5%	10/11/2018		(2)	(2)	
		Common Equity (360,000 shares) [9]				360	600	
						9,382	9,652	4%
Brook & Whittle Limited	Printing Services	Subordinated Note	12.0%/4.8%	12/31/2016	7,385	7,385	7,385	
		Subordinated Note	12.0%/2.0%	12/31/2016	2,262	2,262	2,166	
		Warrant (1,051 shares)				285	106	
		Common Equity - Series A (148 shares)				110	15	
		Common Equity - Series D (527				53	76	

		shares)						
						10,095	9,748	4%
Caldwell & Gregory, LLC	Laundry Services	Subordinated Note	11.5%/1.0%	11/30/2018	1,528	1,508	1,528	
		Subordinated Note	0.0%/12.0%	5/31/2019	3,727	3,514	3,726	
		Common Equity (500,000 units) (7)				500	547	
		Warrant (242,121 units) (7)				242	265	
						5,764	6,066	2%
Carlson Systems Holdings, Inc.	Specialty Distribution	Subordinated Note (10)	11.5%/0.0%	5/20/2020	15,000	14,930	14,930	
		Common Equity (15,000 units) (9)				1,500	1,500	
						16,430	16,430	7%
Channel Technologies Group, LLC	Component	Subordinated Note	11.0%/1.3%	4/10/2019	7,000	6,955	7,000	
	Manufacturing	Preferred Equity (612 units) (7) (9)				1,139	721	
		Common Equity (612,432 units) (7) (9)						
						8,094	7,721	3%
Connect-Air International, Inc.	Specialty Distribution	Subordinated Note	12.8%/0.0%	11/5/2018	11,400	11,395	11,400	
		Common Equity					5,340	
						11,395	16,740	7%
Continental Anesthesia Management, LLC	Healthcare Services	Senior Secured Loan	10.0%/4.0%	4/15/2015	10,360	10,358	10,208	
		Warrant (263 shares)				276	38	
						10,634	10,246	4%
EBL, LLC (EbLens)	Retail					750	1,047	0%

		Common Equity (750,000 units)(7) (9)						
FDS Avionics Corp. (dba Flight Display Systems)	Aerospace & Defense	Subordinated Note	12.3%/0.0%	4/1/2020	5,200	5,176	5,176	
	Manufacturing	Common Equity (200 units)(9)				2,000	2,000	
						7,176	7,176	3%
FTH Acquisition Corp. VII	Information	Subordinated Note	13.0%/0.0%	4/3/2015	8,395	8,395	7,951	
	Technology Services	Preferred Equity (887,122 shares)				887	109	
						9,282	8,060	3%
Grindmaster Corporation	Consumer Products	Subordinated Note	11.5%/0.0%	10/31/2019	10,500	10,458	10,458	4%
Ice House America, LLC	Vending Equipment	Subordinated Note (9)	12.0%/2.0%	1/1/2020	5,021	4,790	4,790	
	Manufacturing	Warrant (1,957,895 units) (7) (9)				216	216	
						5,006	5,006	2%
IOS Acquisitions, Inc.	Oil & Gas Services	Common Equity (2,152 shares) (9)				211	28	0%
Jacob Ash Holdings, Inc.	Apparel Distribution	Subordinated Note (10)	13.0%/4.0%	6/30/2018	4,000	3,993	4,000	
		Subordinated Note	13.0%/0.0%	6/30/2018	963	953	962	
		Preferred Equity (66,138 shares)(6)	0.0%/15.0%	6/30/2018		828	839	
		Warrant (63,492 shares)				67		
						5,841	5,801	2%
K2 Industrial Services, Inc.	Industrial Cleaning & Coatings	Subordinated Note	11.8%/2.8%	5/23/2017	15,318	15,271	15,317	
		Preferred Equity -				1,200	696	

Series A (1,200 shares) Preferred Equity - Series B (74 shares)	68	85	
	16,539	16,098	7%

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Portfolio Company[1] [2]	Industry	Investment Type [3]	Rate [4] Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Lightning Diversion Systems, LLC	Aerospace & Defense Manufacturing	Senior Secured Loan	9.5%/0.0%	12/20/2018	12,198	12,157	12,197	
		Revolving Loan ($1,000 commitment) [8]	9.5%/0.0%	12/20/2018		(2)	(2)	
		Common Equity (600,000 units)					3,012	
						12,155	15,207	6%
MedPlast, LLC	Healthcare Products	Subordinated Note [9]	11.0%/1.5%	3/31/2019	10,223	10,168	10,223	
		Preferred Equity (188 shares) [6] [9]	0.0%/8.0%			210	210	
		Common Equity (3,728 shares) [9]				62	55	
						10,440	10,488	4%
National Truck Protection Co., Inc.	Financial Services	Senior Secured Loan	13.5%/2.0%	9/13/2018	12,662	12,602	12,662	
		Common Units (1,109 shares)				758	1,799	
						13,360	14,461	6%
Oaktree Medical Centre, P.C. (dba Pain Management Associates)	Healthcare Services	Senior Secured Loan [9]	6.5%/0.0%	5/6/2019	700	694	655	
		Senior Secured Loan [9]	14.0%/0.0%	5/6/2019	5,339	5,296	5,079	
		Revolving Loan ($500 commitment) [9]	6.5%/0.0%	5/6/2019	250	246	250	
						6,236	5,984	2%
Pinnergy, Ltd.	Oil & Gas Services		10.5%/1.3%	1/24/2020	20,000	19,934	18,635	8%

		Subordinated Note (10)						
lymouth Rock Energy, LLC	Business Services	Senior Secured Loan	11.8%/0.0%	5/14/2017	6,000	5,976	5,976	2%
remium Franchise Brands, LC	Commercial Cleaning	Preferred Equity (1,054,619 shares)				832	659	0%
estaurant Finance Co, LLC	Restaurants	Senior Secured Loan ($10,500 commitment) (10)	12.0%/4.0%	7/31/2020	6,152	6,134	6,152	3%
implex Manufacturing Co.	Aerospace & Defense	Subordinated Note	14.0%/0.0%	11/1/2015	4,550	4,541	4,550	
	Manufacturing	Warrant (24 shares)				710	1,565	
						5,251	6,115	2%
ix Month Smiles Holdings, nc.	Healthcare Products	Subordinated Note (9)	12.0%/1.3%	7/31/2020	8,015	7,981	7,981	3%
tagnito Partners, LLC (dba Stagnito Business nformation)	Business Services	Senior Secured Loan (9)	12.0%/0.0%	6/30/2018	6,361	6,269	6,269	3%
oledo Molding & Die, Inc.	Component Manufacturing	Subordinated Note (9)	10.5%/0.0%	12/18/2018	10,000	9,861	9,861	4%
nited Biologics, LLC	Healthcare Services	Subordinated Note	12.0%/2.0%	3/5/2017	8,731	8,469	8,731	
		Preferred Equity (98,377 units) (7) (9)				1,069	758	
		Warrant (57,469 units)				566	198	
						10,104	9,687	4%
S GreenFiber, LLC	Building Products	Subordinated Note (10)	12.5%/0.0%	1/2/2019	14,000	13,940	14,000	
	Manufacturing	Common Equity (1,667 units) (7) (9)				500	1,016	
						14,440	15,016	6%
S Pack Logistics LLC			12.0%/1.8%	9/27/2020	9,002	8,957	8,957	

	Transportation Services	Subordinated Note Common Equity (5,000 units) (7) (9)				500	500	
						9,457	9,457	4%
irginia Tile Company, LLC	Specialty Distribution	Subordinated Note (10)	12.3%/0.0%	5/19/2020	12,000	11,944	11,944	
		Common Equity (19.5 shares)				250	250	
						12,194	12,194	5%
Vorldwide Express Operations, LLC	Transportation Services	Subordinated Note	11.5%/1.0%	8/1/2020	12,710	12,614	12,710	
		Common Equity (2,500,000 units) (7) (9)				2,500	3,156	
						15,114	15,866	6%
X5 Opco LLC	Telecommunication Services	Senior Secured Loan	11.5%/0.0%	3/24/2020	5,500	5,473	5,473	
		Revolving Loan ($500 commitment) (8)	11.5%/0.0%	3/24/2020				
		Preferred Equity (5,000 units) (6) (7) (9)	5.0%/3.0%			501	501	
						5,974	5,974	2%
otal Non-Control/Non-Affiliate nvestments						314,549	322,678	132%
otal Investments						$ 407,407	$ 412,604	169%

(1) See Note 3 to the consolidated financial statements for portfolio composition by geographic location.
(2) Equity ownership may be held in shares or units of companies related to the portfolio companies.
(3) All debt investments are income producing. Equity investments are non-income producing unless otherwise noted.
(4) Rate includes the cash interest or dividend rate and paid-in-kind interest or dividend rate, if any, as of March 31, 2015. Generally, payment-in-kind interest can be paid-in-kind or all in cash.

(5) See Note 2 - Significant Accounting Policies, Investment Classification for definitions of Control and Affiliate classifications.
(6) Income producing. Maturity date, if any, represents mandatory redemption date.
(7) Investment is held by a wholly-owned subsidiary of the Company.
(8) The entire commitment was unfunded at March 31, 2015. As such, no interest is being earned on this investment.
(9) Investment pledged as collateral for the Credit Facility and, as a result, is not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company s obligations under the Credit Facility (see Note 6 to the consolidated financial statements).
(10) The portion of the investment not held by the Funds is pledged as collateral for the Credit Facility and, as a result, is not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company s obligations under the Credit Facility (see Note 6 to the consolidated financial statements).

See Notes to Consolidated Financial Statements (unaudited).

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FIDUS INVESTMENT CORPORATION

Consolidated Schedule of Investments

December 31, 2014

(In thousands, except shares)

Portfolio Company(1) (2)	Industry	Investment Type (3)	Rate (4) Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Control Investments (5)								
Paramount Building Solutions, LLC	Retail Cleaning	Subordinated Note	7.0%/3.0%	12/31/2017	$ 1,118	$ 1,118	$ 1,067	
		Subordinated Note	7.0%/7.0%	12/31/2017	2,842	2,842	2,687	
		Warrant (1,086,035 units) (7)						
		Preferred Equity (5,000,000 units) (7)				5,000	490	
		Common Equity (107,143 units) (7)				1,500		
						10,460	4,244	2%
Total Control Investments						10,460	4,244	2%
Affiliate Investments (5)								
Apex Microtechnology, Inc.	Electronic Components Supplier	Warrant (2,293 units)				220	254	
		Common Equity (11,690 shares)				1,169	1,302	
						1,389	1,556	1%
FAR Research Inc.	Specialty Chemicals	Senior Secured Loan (10)	11.8%/0.0%	3/31/2019	7,600	7,567	7,600	

		Revolving Loan ($1,750 commitment) (9)	11.8%/0.0%	3/31/2019	136	129	136	
		Common Equity (10 units)				1,000	938	
						8,696	8,674	4%
Inflexxion, Inc.	Business Services	Senior Secured Loan	12.5%/0.0%	12/16/2019	4,750	4,726	4,726	
		Revolving Loan ($1,000 commitment) (9)	12.5%/0.0%	12/16/2019	300	295	295	
		Preferred Equity (1,400 units)				1,400	1,400	
						6,421	6,421	3%
Malabar International	Aerospace & Defense	Subordinated Note (10)	12.5%/2.5%	5/21/2017	7,264	7,239	7,264	
	Manufacturing	Preferred Equity (1,494 shares) (6)	6.0%/0.0%			1,992	3,258	
						9,231	10,522	4%
Medsurant Holdings, LLC	Healthcare Services	Subordinated Note	9.5%/4.5%	7/12/2016	10,129	9,603	10,129	
		Preferred Equity (126,662 units) (7)				1,345	1,027	
		Warrant (505,176 units) (7)				4,516	3,715	
						15,464	14,871	6%
Pfanstiehl, Inc.	Healthcare Products	Subordinated Note	12.0%/1.5%	9/29/2018	6,208	6,168	6,208	
		Common Equity (8,500 units) (9)				850	3,088	
						7,018	9,296	4%
Safety Products Group, LLC	Safety Products	Subordinated Note	12.0%/1.5%	12/30/2018	10,000	9,965	10,000	
	Manufacturing	Preferred				749	812	

		Equity (749 units) (7) (9) Common Equity (676 units) (7) (9)				1		
						10,715	10,812	4%
Trantech Radiator Products, Inc.	Utility Equipment	Subordinated Note (9)	12.0%/1.8%	5/4/2017	9,518	9,498	9,518	
	Manufacturing	Common Equity (6,875 shares) (9)				688	962	
						10,186	10,480	4%
Westminster Cracker Company, Inc.	Specialty Cracker	Preferred Equity (95,798 units)				70	152	
	Manufacturing	Common Equity (1,208,197 units)				1,208	1,804	
						1,278	1,956	1%
World Wide Packaging, LLC	Consumer Products	Subordinated Note (9)	12.0%/1.8%	10/26/2018	10,097	10,063	10,097	
		Common Equity (1,517,573 units) (7) (9)				1,518	1,515	
						11,581	11,612	5%
Total Affiliate Investments						81,979	86,200	35%
Non-Control/Non-Affiliate Investments (5)								
Acentia, LLC	Information Technology Services	Common Units (499 units)				500	243	0%
ACFP Management, Inc.	Restaurants	Common Units (1,000,000 units) (9)				1,091	1,587	1%
Allied 100 Group, Inc.	Healthcare Products	Subordinated Note (10)	11.5%/0.0%	5/26/2020	13,000	12,936	12,936	

		Common Equity (1,250,000 units) (9)				1,250	1,250	
						14,186	14,186	6%
Anatrace Products, LLC	Healthcare Products	Senior Secured Loan	11.5%/1.5%	10/11/2018	9,500	9,469	9,500	
		Revolving Loan ($500 commitment) (8)	N/A	10/11/2018		(2)	(2)	
		Common Equity (360,000 shares) (9)				360	520	
						9,827	10,018	4%

Portfolio Company(1) (2)	Industry	Investment Type (3)	Rate (4) Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Brook & Whittle Limited	Printing Services	Subordinated Note	12.0%/4.8%	12/31/2016	7,297	7,297	7,272	
		Subordinated Note	12.0%/2.0%	12/31/2016	2,250	2,250	2,153	
		Warrant (1,051 shares)				285	134	
		Common Equity - Series A (148 shares)				110	20	
		Common Equity - Series D (527 shares)				53	71	
						9,995	9,650	4%
Caldwell & Gregory, LLC	Laundry Services	Subordinated Note	11.5%/1.0%	11/30/2018	1,524	1,502	1,524	
		Subordinated Note	0.0%/12.0%	5/31/2019	3,618	3,394	3,618	
		Common Equity (500,000 units) (7)				500	568	
		Warrant (242,121 units) (7)				242	275	
						5,638	5,985	2%
Carlson Systems Holdings, Inc.	Specialty Distribution	Subordinated Note (10)	11.5%/0.0%	5/20/2020	12,000	11,941	11,941	
		Common Equity (7,500 units) (9)				750	750	
						12,691	12,691	5%
Channel Technologies Group, LLC	Component Manufacturing	Subordinated Note	11.0%/1.3%	4/10/2019	7,000	6,952	6,619	
		Preferred Equity (612 units) (7) (9)				1,139	686	
		Common Equity (612,432 units) (7) (9)						
						8,091	7,305	3%
			12.8%/0.0%	11/5/2018	11,400	11,395	11,400	

Connect-Air International, Inc.	Specialty Distribution	Subordinated Note						
		Common Equity					4,600	
						11,395	16,000	7%
Continental Anesthesia Management, LLC	Healthcare Services	Senior Secured Loan	8.0%/6.0%	4/15/2015	10,259	10,252	10,130	
		Warrant (263 shares)				276		
						10,528	10,130	4%
EBL, LLC (EbLens)	Retail	Subordinated Note (9)	12.0%/3.0%	2/2/2018	9,610	9,584	9,706	
		Common Equity (750,000 units)(7) (9)				750	981	
						10,334	10,687	4%
FDS Avionics Corp. (dba Flight Display Systems)	Aerospace & Defense Manufacturing	Subordinated Note	12.3%/0.0%	4/1/2020	5,200	5,175	5,175	
		Common Equity (200 units)(9)				2,000	2,000	
						7,175	7,175	3%
FTH Acquisition Corp. VII	Information Technology Services	Subordinated Note	13.0%/0.0%	2/27/2015	8,395	8,395	8,350	
		Preferred Equity (887,122 shares)				887	621	
						9,282	8,971	4%
Grindmaster Corporation	Consumer Products	Subordinated Note	11.5%/0.0%	10/31/2019	10,500	10,456	10,456	4%
IOS Acquisitions, Inc.	Oil & Gas Services	Subordinated Note	12.0%/3.3%	6/26/2018	14,263	14,175	13,788	
		Common Equity (2,152 shares) (9)				500	364	
						14,675	14,152	6%
Jacob Ash Holdings, Inc.	Apparel Distribution	Subordinated Note (10)	13.0%/4.0%	6/30/2018	4,000	3,992	4,000	
		Subordinated Note	13.0%/0.0%	6/30/2018	963	953	963	
		Preferred Equity (66,138 shares)(6)	0.0%/15.0%	6/30/2018		798	810	
		Warrant (63,492 shares)				67		

						5,810	5,773	2%
K2 Industrial Services, Inc.	Industrial Cleaning & Coatings	Subordinated Note	11.8%/2.8%	5/23/2017	15,213	15,162	15,213	
		Preferred Equity - Series A (1,200 shares)				1,200	914	
		Preferred Equity - Series B (74 shares)				68	83	
						16,430	16,210	7%
Lightning Diversion Systems, LLC	Aerospace & Defense Manufacturing	Senior Secured Loan	10.5%/0.0%	12/20/2018	12,198	12,154	12,198	
		Revolving Loan ($1,000 commitment) (8)	N/A	12/20/2018		(2)	(2)	
		Common Equity (600,000 units)					2,204	
						12,152	14,400	6%
MedPlast, LLC	Healthcare Products	Subordinated Note (9)	11.0%/1.5%	3/31/2019	10,185	10,126	10,185	
		Preferred Equity (188 shares) (6) (9)	0.0%/8.0%			206	206	
		Common Equity (3,728 shares) (9)				62	65	
						10,394	10,456	4%
National Truck Protection Co., Inc.	Financial Services	Senior Secured Loan	13.5%/2.0%	9/13/2018	12,662	12,598	12,662	
		Common Units (1,109 shares)				758	1,923	
						13,356	14,585	6%

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Portfolio Company (1) (2)	Industry	Investment Type (3)	Rate (4) Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Oaktree Medical Centre, P.C.	Healthcare Services	Senior Secured Loan (9)	6.5%/0.0%	5/6/2019	700	694	675	
(dba Pain Management Associates)		Senior Secured Loan (9)	14.0%/0.0%	5/6/2019	5,300	5,254	5,000	
		Revolving Loan ($500 commitment) (9)	6.5%/0.0%	5/6/2019	250	246	250	
						6,194	5,925	2%
Pinnergy, Ltd.	Oil & Gas Services	Subordinated Note (10)	10.5%/0.8%	1/24/2020	20,000	19,931	19,812	8%
Plymouth Rock Energy, LLC	Business Services	Senior Secured Loan	11.8%/0.0%	5/14/2017	6,000	5,973	5,973	2%
Premium Franchise Brands, LLC	Commercial Cleaning	Preferred Equity (1,054,619 shares)				832	718	0%
Restaurant Finance Co, LLC	Restaurants	Senior Secured Loan ($10,500 commitment) (10)	12.0%/4.0%	7/31/2020	5,145	5,133	5,145	2%
Simplex Manufacturing Co.	Aerospace & Defense	Subordinated Note	14.0%/0.0%	11/1/2015	4,550	4,537	4,537	
	Manufacturing	Warrant (24 shares)				710	813	
						5,247	5,350	2%
Toledo Molding & Die, Inc.	Component Manufacturing	Subordinated Note (9)	10.5%/0.0%	12/18/2018	10,000	9,851	9,851	4%
United Biologics, LLC	Healthcare Services	Subordinated Note	12.0%/2.0%	3/5/2017	8,688	8,393	8,688	
		Preferred Equity (98,377 units) (7) (9)				1,069	1,069	

		Warrant (57,469 units)				566	281	
						10,028	10,038	4%
US GreenFiber, LLC	Building Products Manufacturing	Subordinated Note (10)	12.5%/0.0%	1/2/2019	14,000	13,936	13,936	
		Common Equity (1,667 units) (7) (9)				500	500	
						14,436	14,436	6%
Virginia Tile Company, LLC	Specialty Distribution	Subordinated Note (10)	12.3%/0.0%	5/19/2020	12,000	11,940	11,940	
		Common Equity (19.5 shares)				250	250	
						12,190	12,190	5%
Worldwide Express Operations, LLC	Transportation Services	Subordinated Note	11.5%/1.0%	8/1/2020	12,678	12,578	12,678	
		Common Equity (2,500,000 units) (7) (9)				2,500	3,135	
						15,078	15,813	7%
Total Non-Control/Non-Affiliate Investments						298,899	305,911	126%
Total Investments						$ 391,338	$ 396,355	163%

(1) See Note 3 to the consolidated financial statements for portfolio composition by geographic location.
(2) Equity ownership may be held in shares or units of companies related to the portfolio companies.
(3) All debt investments are income producing. Equity investments are non-income producing unless otherwise noted.
(4) Rate includes the cash interest or dividend rate and paid-in-kind interest or dividend rate, if any, as of December 31, 2014. Generally, payment-in-kind interest can be paid-in-kind or all in cash.
(5) See Note 2 - Significant Accounting Policies, Investment Classification for definitions of Control and Affiliate classifications.
(6) Income producing. Maturity date, if any, represents mandatory redemption date.
(7) Investment is held by a wholly-owned subsidiary of the Company.
(8) The entire commitment was unfunded at December 31, 2014. As such, no interest is being earned on this investment.
(9) Investment pledged as collateral for the Credit Facility and, as a result, is not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company s obligations under the Credit

Facility (see Note 6 to the consolidated financial statements).

(10) The portion of the investment not held by the Funds is pledged as collateral for the Credit Facility and, as a result, is not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company s obligations under the Credit Facility (see Note 6 to the consolidated financial statements).

See Notes to Consolidated Financial Statements (unaudited).

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FIDUS INVESTMENT CORPORATION

Notes to Consolidated Financial Statements (unaudited)

(In thousands, except shares and per share data)

Note 1. Organization and Nature of Business

Fidus Investment Corporation, a Maryland corporation (FIC, and together with its subsidiaries, the Company), was formed on February 14, 2011 for the purposes of (i) acquiring 100% of the limited partnership interests of Fidus Mezzanine Capital, L.P. and its consolidated subsidiaries (collectively, Fund I) and 100% of the membership interests of Fund I s general partner, Fidus Mezzanine Capital GP, LLC (FMCGP), (ii) raising capital in an initial public offering that was completed in June 2011 (the IPO) and (iii) thereafter operating as an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act).

On June 20, 2011, FIC acquired 100% of the limited partnership interests in Fund I and 100% of the equity interests in FMCGP, in exchange for 4,056,521 shares of common stock in FIC (the Formation Transactions). Fund I became FIC s wholly-owned subsidiary, retained its license to operate as a Small Business Investment Company (SBIC), and continues to hold investments and make new investments. The IPO consisted of the sale of 5,370,500 shares of the Company s common stock, including shares purchased by the underwriters pursuant to their exercise of the over-allotment option, at a price of $15.00 per share resulting in net proceeds of $73,626, after deducting underwriting fees and commissions and offering costs totaling $6,932.

The Company provides customized debt and equity financing solutions to lower middle-market companies. Fund I commenced operations on May 1, 2007, and on October 22, 2007, was granted a license to operate as a SBIC under the authority of the U.S. Small Business Administration (SBA). On March 29, 2013, the Company commenced operations of a new wholly-owned subsidiary, Fidus Mezzanine Capital II, L.P. (Fund II) and on May 28, 2013, was granted a second license to operate Fund II as an SBIC. Collectively, Fund I and Fund II are referred to as the Funds. The SBIC licenses allow the Funds to obtain leverage by issuing SBA-guaranteed debentures (SBA debentures), subject to the issuance of leverage commitments by the SBA and other customary procedures. As SBICs, the Funds are subject to a variety of regulations and oversight by the SBA under the Small Business Investment Act of 1958, as amended (the SBIC Act), concerning, among other things, the size and nature of the companies in which they may invest and the structure of those investments.

Fund I has also elected to be regulated as a BDC under the 1940 Act. Fund II will not be registered under the 1940 Act and will rely on the exclusion from the definition of investment company contained in Section 3(c)(7) of the 1940 Act. In addition, for federal income tax purposes, the Company elected to be treated as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code), commencing with its taxable year ended December 31, 2011.

For all periods subsequent to the consummation of the Formation Transactions and the IPO, the Company pays a quarterly base management fee and an incentive fee to Fidus Investment Advisors, LLC (the Investment Advisor) under an investment advisory agreement (the Investment Advisory Agreement). The initial investment professionals of the Investment Advisor were previously employed by Fidus Capital, LLC, who was the investment adviser to Fund I prior to consummation of the Formation Transactions.

On September 11, 2012, the Company issued 2,472,500 shares in a follow-on public offering, including shares purchased by the underwriters pursuant to their exercise of the over-allotment option, at an offering price of $16.10 per share resulting in net proceeds of $37,952 after deducting underwriting fees and commissions and offering costs totaling $1,855.

On February 8, 2013, the Company issued 1,725,000 shares in a follow-on public offering, including shares purchased by the underwriters pursuant to their exercise of the over-allotment option, at an offering price of $17.60 per share resulting in net proceeds to the Company of $28,857, after deducting underwriting fees and commissions and offering costs totaling $1,504.

On September 30, 2014, the Company issued 2,000,000 shares in a follow-on public offering at an offering price of $17.00 per share. On October 21, 2014, the Company issued an additional 83,414 shares to the underwriters pursuant to their exercise of the over-allotment option. Such share issuances resulted in net proceeds of $33,671, after deducting underwriting fees and commissions and offering costs totaling $1,747.

On August 21, 2014, the Company entered into an equity distribution agreement with Raymond James & Associates, Inc. and Robert W. Baird & Co. Incorporated through which the Company could sell, by means of at-the-market offerings from time to time, shares of the Company s common stock having an aggregate offering price of up to $50,000 (the ATM Program). During the period from August 21, 2014 through December 31, 2014, 158,353 shares of the Company s common stock were sold at an average offering price of $18.51 per share resulting in net proceeds of $2,871, after commissions to the sales agent on shares sold and offering costs of $59. During the three months ended March 31, 2015, 49,193 shares of the Company s common stock were sold at an average offering price of $16.65 per share resulting in net proceeds of $803, after commissions to the sales agent on shares sold and offering costs of $16.

FIDUS INVESTMENT CORPORATION

Notes to Consolidated Financial Statements (unaudited)

(In thousands, except shares and per share data)

As of March 31, 2015 and December 31, 2014, the Company had 16,113,152 and 16,051,037 shares of common stock outstanding, respectively.

Note 2. Significant Accounting Policies

Basis of presentation: The accompanying consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) pursuant to the requirements for reporting on Form 10-Q, Accounting Standards Codification (ASC) 946, *Financial Services Investment Companies* (ASC 946), and Articles 6 or 10 of Regulation S-X. In the opinion of management, the consolidated financial statements reflect all adjustments and reclassifications that are necessary for the fair presentation of financial results as of and for the periods presented. Certain prior period amounts have been reclassified to conform to the current period presentation. The current period s results of operation are not necessarily indicative of results that ultimately may be achieved for the year. Therefore, the unaudited financial statements and note should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2014.

Use of estimates: The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidation: Pursuant to Article 6 of Regulation S-X and ASC 946, the Company will generally not consolidate its investments in a company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. As a result, the consolidated financial statements of the Company include only the accounts of the Company and its wholly-owned subsidiaries, including the Funds. All significant intercompany balances and transactions have been eliminated.

Fair value of financial instruments: The Company measures and discloses fair value with respect to substantially all of its financial instruments in accordance with ASC Topic 820 *Fair Value Measurements and Disclosures* (ASC Topic 820). ASC Topic 820 defines fair value, establishes a framework used to measure fair value, and requires disclosures for fair value measurements, including the categorization of financial instruments into a three-level hierarchy based on the transparency of valuation inputs. See Note 4 to the consolidated financial statements for further discussion regarding the fair value measurements and hierarchy.

Investment classification: The Company classifies its investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, Control Investments are defined as investments in those companies where the Company owns more than 25% of the voting securities of such company or has rights to maintain greater than 50% of the board representation. Under the 1940 Act, Affiliate Investments are defined as investments in those companies where the Company owns between 5% and 25% of the voting securities of such company. Non-Control/Non-Affiliate Investments are those that neither qualify as Control Investments nor Affiliate Investments.

Segments: In accordance with ASC Topic 280 *Segment Reporting*, the Company has determined that it has a single reporting segment and operating unit structure.

Cash and cash equivalents: Cash and cash equivalents are highly liquid investments with an original maturity of three months or less at the date of acquisition. The Company places its cash in financial institutions and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limits. The Company does not believe its cash balances are exposed to any significant credit risk.

Deferred financing costs: Deferred financing costs consist of fees and expenses paid in connection with the Credit Facility (as defined in Note 6) and SBA debentures. Deferred financing costs are capitalized and amortized over the term of the debt agreement using the effective interest method.

Deferred equity financing costs: Deferred equity financing costs include registration expenses related to shelf filings, including expenses related to the launch of the ATM Program. These expenses primarily consist of Securities and Exchange Commission (SEC) registration fees, legal fees and accounting fees incurred. These expenses are included in prepaid assets and are charged to additional paid in capital upon the receipt of proceeds from an equity offering or charged to expense if no offering is completed.

Realized gains or losses and unrealized appreciation or depreciation on investments: Realized gains or losses on investments are recorded upon the sale or disposition of a portfolio investment and are calculated as the difference between the net proceeds from the sale or disposition and the cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized. Net change in unrealized appreciation or depreciation on the consolidated statements of operations includes

FIDUS INVESTMENT CORPORATION

Notes to Consolidated Financial Statements (unaudited)

(In thousands, except shares and per share data)

changes in the fair value of investments from the prior period, as determined in good faith by the Company s board of directors (the Board) through the application of the Company s valuation policy, as well as reclassifications of any prior period unrealized appreciation or depreciation on exited investments to realized gains or losses on investments.

Interest, fee and dividend income: Interest and dividend income is recorded on the accrual basis to the extent that the Company expects to collect such amounts. Interest and dividend income is accrued daily based on the outstanding principal amount and the contractual terms of the debt or preferred equity investment. Dividend income is recorded on the declaration date or at the point an obligation exists for the portfolio company to make a distribution. Distributions from portfolio companies are evaluated to determine if the distribution is a distribution of earnings or a return of capital.

Certain of the Company s investments contain a payment-in-kind (PIK) income provision. The PIK income, computed at the contractual rate specified in the applicable investment agreement, is added to the principal balance of the investment, rather than being paid in cash, and recorded as interest or dividend income, as applicable, on the consolidated statements of operations. PIK income is included in the Company s taxable income and, therefore, affects the amount the Company is required to pay to shareholders in the form of dividends in order to maintain the Company s status as a RIC and to avoid corporate federal income tax, even though the Company has not yet collected the cash.

Loans or preferred equity investments are placed on non-accrual status and the Company will generally cease recognizing interest or dividend income when principal, interest or dividend payments become materially past due, or when there is reasonable doubt that principal, interest or dividends will be collected. Interest and dividend payments received on non-accrual investments may be recognized as interest or dividend income or may be applied to the investment principal balance based on management s judgment. Non-accrual investments are restored to accrual status when past due principal, interest or dividends are paid and, in management s judgment, payments are likely to remain current.

In connection with the Company s debt investments, the Company will sometimes receive warrants or other equity-related securities from the borrower (Warrants). The Company determines the cost basis of Warrants based upon their respective fair values on the date of receipt in proportion to the total fair value of the debt and Warrants received. Any resulting difference between the face amount of the debt and its recorded fair value resulting from the assignment of value to the Warrants is treated as original issue discount (OID), and accreted into interest income using the effective interest method over the term of the debt investment.

Transaction fees earned in connection with the Company s investments are recognized as fee income. Such fees typically include fees for services, including structuring and advisory services, provided to portfolio companies. The Company recognizes income from fees for providing such structuring and advisory services when the services are rendered or the transactions are completed. Upon the prepayment of a loan or debt security, any prepayment penalties are recorded as fee income when earned.

The Company also typically receives upfront loan origination or closing fees in connection with investments. Such upfront loan origination and closing fees are capitalized as unearned income and offset against investment cost basis on the consolidated statements of assets and liabilities and accreted into income over the life of the investment.

Partial loan sales: The Company follows the guidance in ASC 860, *Transfers and Servicing,* when accounting for loan participations and other partial loan sales. Such guidance requires a participation or other partial loan sale to meet the definition of a participating interest, as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest should remain on the Company s consolidated statement of assets and liabilities and the proceeds recorded as a secured borrowing until the definition is met. Management has determined that all participations and other partial loan sale transactions entered into by the Company have met the definition of a participating interest. Accordingly, the Company uses sale treatment in accounting for such transactions.

Income taxes: The Company has elected to be treated as a RIC under Subchapter M of the Code, which will generally relieve the Company from U.S. federal income taxes with respect to all income distributed to stockholders. In order to qualify as a RIC, the Company is required to timely distribute to its stockholders at least 90.0% of investment company taxable income, as defined by Subchapter M of the Code, each year. Depending on the level of taxable income earned in a tax year, the Company may choose to carry forward taxable income in excess of current year distributions into the next tax year; however, the Company will pay a 4.0% excise tax if it does not distribute at least 98.0% of the current year s ordinary taxable income. Any such carryover taxable income must be distributed through a dividend declared prior to the later of the date on which the final tax return related to the year in which the Company generated such taxable income is filed or the 15th day of the 9th month following the close of such taxable year. In addition, the Company will be subject to federal excise tax if it does not distribute at least 98.2% of its net capital gains realized, computed for any one year period ending October 31.

In the future, the Funds may be limited by provisions of the SBIC Act and SBA regulations governing SBICs from making certain distributions to FIC that may be necessary to enable FIC to make the minimum distributions required to qualify as a RIC.

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FIDUS INVESTMENT CORPORATION

Notes to Consolidated Financial Statements (unaudited)

(In thousands, except shares and per share data)

The Company has certain indirect wholly-owned taxable subsidiaries (the Taxable Subsidiaries), each of which generally holds one or more of the Company s portfolio investments listed on the consolidated schedules of investments. The Taxable Subsidiaries are consolidated for financial reporting purposes, such that the Company s consolidated financial statements reflect the Company s investment in the portfolio companies owned by the Taxable Subsidiaries. The purpose of the Taxable Subsidiaries is to permit the Company to hold equity investments in portfolio companies that are taxed as partnerships for U.S. federal income tax purposes (such as entities organized as limited liability companies (LLCs) or other forms of pass through entities) while complying with the source-of-income requirements contained in the RIC tax provisions. The Taxable Subsidiaries are not consolidated with the Company for U.S. federal corporate income tax purposes, and each Taxable Subsidiary will be subject to U.S. federal corporate income tax on its taxable income. Any such income or expense is reflected in the consolidated statements of operations.

U.S. federal income tax regulations differ from GAAP, and as a result, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized under GAAP. Differences may be permanent or temporary. Permanent differences may arise as a result of, among other items, a difference in the book and tax basis of certain assets and nondeductible federal income taxes. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future.

ASC Topic 740 *Accounting for Uncertainty in Income Taxes* (ASC Topic 740) provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. ASC Topic 740 requires the evaluation of tax positions taken in the course of preparing the Company s tax returns to determine whether the tax positions are more-likely-than-not to be respected by the applicable tax authorities. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. It is the Company s policy to recognize accrued interest and penalties related to uncertain tax benefits in income tax provision, if any. There were no material uncertain income tax positions at March 31, 2015 and December 2014. The 2011 through 2013 tax years remain subject to examination by U.S. federal and most state tax authorities.

Distributions to stockholders: Distributions to stockholders are recorded on the record date with respect to such distributions. The amount, if any, to be distributed to stockholders, is determined by the Board each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, may be distributed at least annually, although the Company may decide to retain such capital gains for investment.

The determination of the tax attributes for the Company s distributions is made annually, and is based upon the Company s taxable income and distributions paid to its stockholders for the full year. Ordinary dividend distributions from a RIC do not qualify for the preferential tax rate on qualified dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax characterization of the Company s distributions generally includes both ordinary income and capital gains but may also include qualified dividends or return of capital.

The Company has adopted a dividend reinvestment plan (DRIP) that provides for the reinvestment of dividends on behalf of its stockholders, unless a stockholder has elected to receive dividends in cash. As a result, if the Company declares a cash dividend, the Company s stockholders who have not opted out of the DRIP at least three days prior to the dividend payment date will have their cash dividend automatically reinvested into additional shares of the Company s common stock. The Company has the option to satisfy the share requirements of the DRIP through the issuance of new shares of common stock or through open market purchases of common stock by the DRIP plan administrator. Newly issued shares are valued based upon the final closing price of the Company s common stock on a date determined by the Board. Shares purchased in the open market to satisfy the DRIP requirements will be valued based upon the average price of the applicable shares purchased by the DRIP plan administrator before any associated brokerage or other costs. See Note 9 to the consolidated financial statements regarding dividend declarations and distributions.

Earnings and net asset value per share: The earnings per share calculations for the three months ended March 31, 2015 and 2014, are computed utilizing the weighted average shares outstanding for the period. Net asset value per share is calculated using the number of shares outstanding as of the end of the period.

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)*. Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance is effective for annual and interim reporting periods beginning after December 15, 2016 and early application is not permitted. The Company is currently evaluating the impact this ASU will have on the Company s consolidated financial position or disclosures.

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In February 2015, the FASB issued ASU 2015-02, *Consolidation: Amendments to the Consolidation Analysis*, which amends the criteria for determining which entities are considered variable interest entities (VIEs), amends the criteria for determining if a service provider possesses a variable interest in a VIE and ends the deferral granted to investment companies for application of the VIE consolidation model. This guidance is effective for annual and interim reporting periods of public entities beginning after December 15, 2015 and early adoption is permitted. The Company is currently evaluating the impact this ASU will have on the Company s consolidated financial position or disclosures.

Note 3. Portfolio Company Investments

The Company s portfolio investments principally consist of secured and unsecured debt, equity warrants and direct equity investments in privately held companies. The debt investments may or may not be secured by either a first or second lien on the assets of the portfolio company. The debt investments generally bear interest at fixed rates, and generally mature between five and seven years from the original investment. In connection with a debt investment, the Company also may receive nominally priced equity warrants and/or make a direct equity investment in the portfolio company. The Company s warrants or equity investments may be investments in a holding company related to the portfolio company. In addition, the Company periodically makes equity investments in its portfolio companies through Taxable Subsidiaries. In both situations, the investment is reported under the name of the operating company on the consolidated schedules of investments.

As of March 31, 2015, the Company had investments in 47 portfolio companies with an aggregate fair value of $412,604 and a weighted average effective yield on its debt investments of 13.3%. As of March 31, 2015, the Company held equity investments in 83.0% of its portfolio companies and the average fully diluted equity ownership in those portfolio companies was 7.7%. As of December 31, 2014, the Company had investments in 42 portfolio companies with an aggregate fair value of $396,355 and a weighted average effective yield on its debt investments of 13.4%. As of December 31, 2014, the Company held equity investments in 85.7% of its portfolio companies and the average fully diluted equity ownership in those portfolio companies was 8.7%. The weighted average yields were computed using the effective interest rates for debt investments at cost as of March 31, 2015 and December 2014, including accretion of original issue discount and loan origination fees, but excluding investments on non-accrual status, if any.

Purchases of debt and equity investments for the three months ended March 31, 2015 and 2014 totaled $39,561 and $17,294, respectively. Proceeds from sales and repayments, including principal, return of capital distributions and realized gains, of portfolio investments for the three months ended March 31, 2015 and 2014 totaled $24,679 and $13,558, respectively.

Investments by type with corresponding percentage of total portfolio investments consisted of the following:

	Fair Value	Cost

	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Subordinated notes	$ 274,471			