



FIDUS

INVESTMENT
CORPORATION

Investor Presentation

NASDAQ: FDUS

August 2014



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Investment Objective

- Long term focus on delivering stable and growing dividends and net asset value per share, with an emphasis on capital preservation

Investment Strategy

- Provide customized debt and equity financing solutions primarily to lower middle market companies based in the U.S.
 - \$310.5 million diversified investment portfolio in 37 companies as of June 30, 2014
 - Portfolio comprised of 64% subordinated debt, 21% senior debt, and 15% equity and warrants on a cost basis

Operating History & Structure

- Closed initial fund in May 2007 and licensed as Small Business Investment Company (SBIC)
- Initial public offering in June 2011 as externally managed Business Development Company (BDC)
 - Managed by Fidus Investment Advisors, LLC, a registered investment advisor
- Headquartered in Evanston, IL with regional offices in Charlotte and New York

Investment Highlights

- Highly experienced and invested management team
- Lower middle market offers significant opportunity for attractive risk-adjusted returns
- Well established origination network
- Differentiated investment strategy focused on capital preservation
- Strong balance sheet and liquidity position support continued portfolio growth
- SBIC debt provides competitive advantage
- Stable and growing dividend, with attractive 8.3% dividend yield* based on annualized regular dividend of \$1.52 per share

*Based on \$18.41 closing price on August 8, 2014

Since June 2011 IPO*

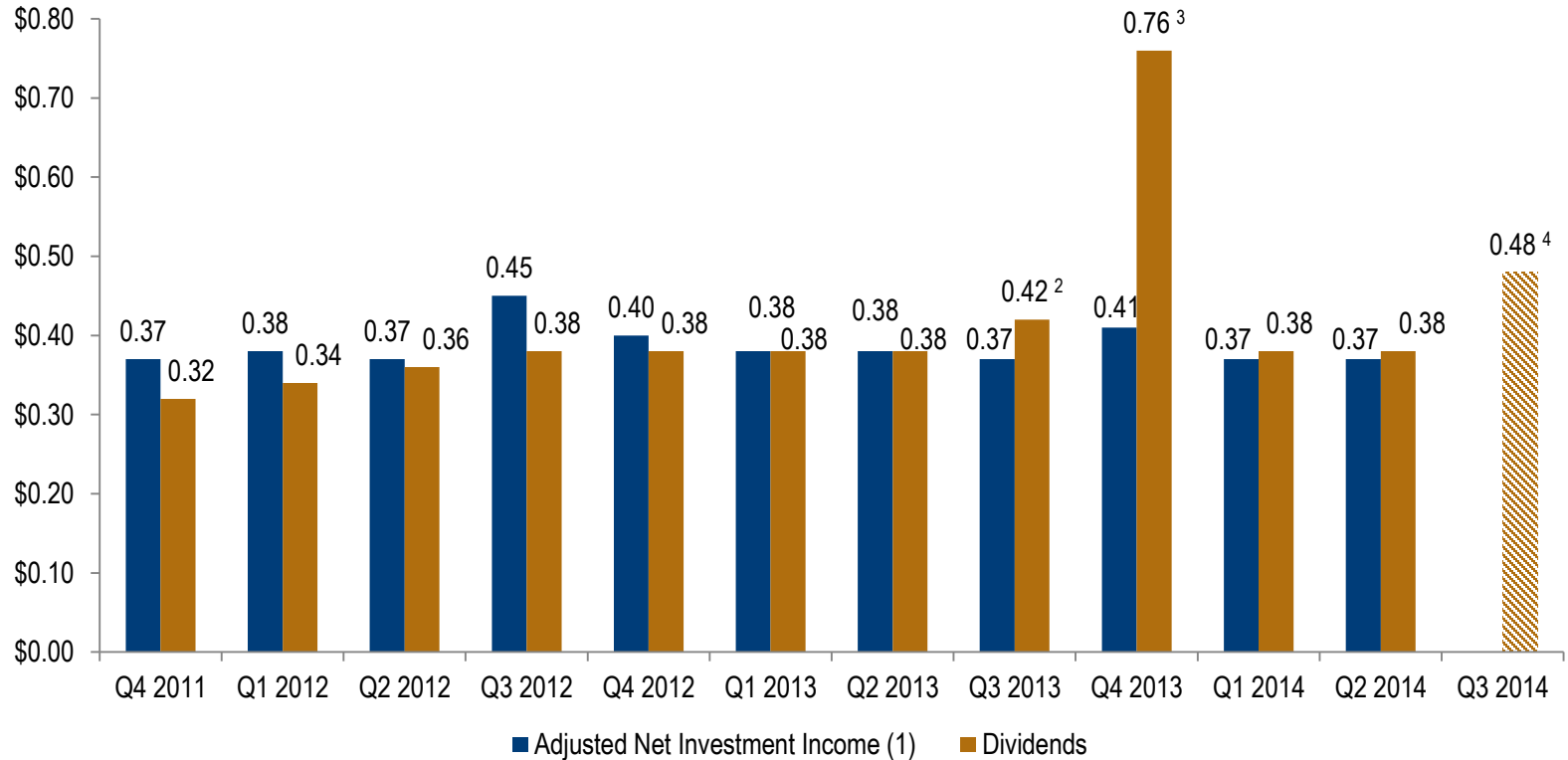
- **Portfolio growth and diversification**
 - \$317 million of total capital invested in 26 new companies and 21 existing portfolio companies
 - Investment portfolio of \$310.5 million in 37 companies as of June 30, 2014
 - Weighted average debt portfolio yield¹ of 14.0% as of June 30, 2014
- **Maintained high quality of investment portfolio**
 - Realized cumulative net capital gains of \$30.1 million, including \$1.9 million in 2014
 - Fair Value / Cost of 96% at June 30, 2014
- **Increased regular quarterly dividend 3 times from initial \$0.32 per share**
 - Q1 2012 to \$0.34 per share
 - Q2 2012 to \$0.36 per share
 - Q3 2012 to \$0.38 per share
- **Declared four special dividends**
 - \$0.04 per share paid on September 26, 2013
 - \$0.38 per share paid on December 20, 2013
 - \$0.05 per share paid on July 31, 2014
 - \$0.05 per share payable on August 29, 2014
- **Completed two secondary equity offerings**
 - Raised net proceeds of approximately \$38.0 million in an offering that closed on September 11, 2012
 - Raised net proceeds of approximately \$28.9 million in an offering that closed on February 8, 2013
- **Received second SBIC license in May 2013**

*All numbers compare June 30, 2014 to June 30, 2011

(1) Weighted average yield calculated based on effective interest rates for all debt investments at cost at end of period, including accretion of original issue discount and fees and amortization of loan origination fees, but excluding investments on non-accrual, if any.

Dividend Growth

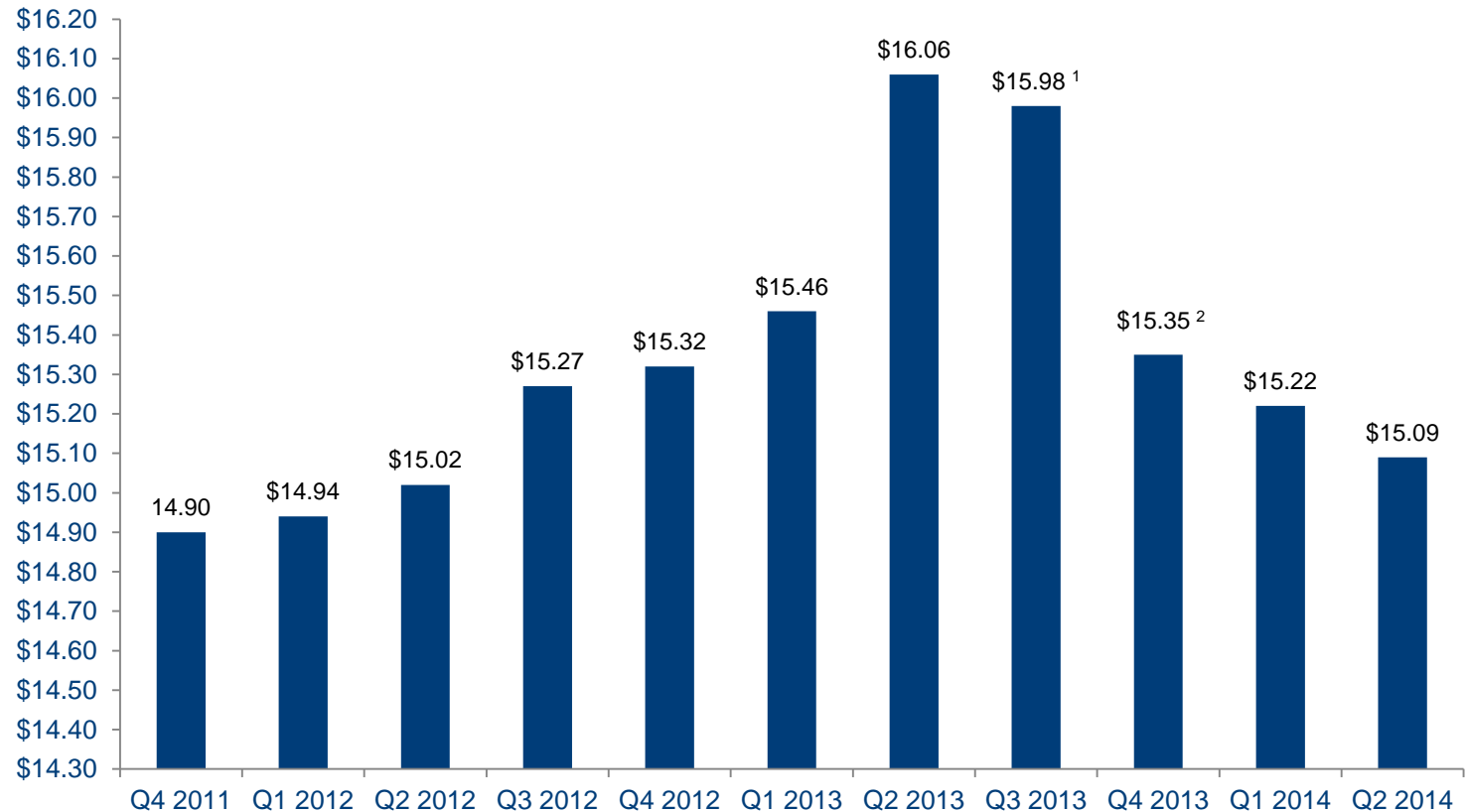
Adjusted Net Investment Income¹ & Dividends Paid Per Share



- (1) Adjusted net investment income is net investment income excluding any capital gains incentive fee expense or (reversal) attributable to realized and unrealized gains and losses. See page 25 for reconciliation of net investment income to adjusted net investment income.
- (2) Includes \$0.38 regular quarterly dividend and \$0.04 special dividend.
- (3) Includes \$0.38 regular quarterly dividend and \$0.38 special dividend.
- (4) Q3 2014 regular quarterly dividend payable 9/26/2014 to stockholders of record 9/12/2014 and \$0.05 special dividend paid on 7/31/2014 to stockholders of record as of 7/25/2014 and \$0.05 special dividend payable on 8/29/2014 to stockholders of record as of 8/25/2014.

NAV Growth

NAV Per Share



- (1) Special dividend of \$0.04 per share paid in Q3 2013
- (2) Special dividend of \$0.38 per share paid in Q4 2013

Experienced & Cohesive Management Team

- Senior management of Fidus Investment Advisors has an average of more than 20 years experience
 - Investment team has worked together for majority of last 16 years
- Management team is meaningfully invested in the company

Professionals	Role	Years of Experience	Prior Experience
Edward H. Ross	Chairman of the Board, CEO, Chairman of Investment Committee	21	Allied Capital, Wachovia
Shelby E. Sherard	Chief Financial Officer Chief Compliance Officer	20	Prologis, Grubb & Ellis, SiteStuff, Morgan Stanley, Jones Long LaSalle
John H. Grigg	Member of Investment Committee, Senior Origination Professional	24	First Union, Bowles Hollowell Conner, Merrill Lynch
Thomas C. Lauer	Director, Member of Investment Committee	17	Allied Capital, GE Capital, Wachovia
Robert G. Lesley, Jr.	Senior Origination and Investment Professional	16	Chapter IV Investors, Blue Point Capital Partners, Wachovia
John J. Ross, II	Member of Investment Committee	19	Wachovia, Bowles Hollowell Conner
Paul E. Tierney, Jr.	Member of Investment Committee	43	Aperture Venture Partners, Gollust, Tierney & Oliver
W. Andrew Worth	Member of Investment Committee	15	Allied Capital, Credit Suisse, Wachovia
Michael J. Miller	Head of Business Development, Senior Origination Professional	23	Allied Capital, JP Morgan
J. Stephen Dockery	Senior Origination Professional	23	Wachovia, First Union, Bowles Hollowell Connor, Robinson Bradshaw & Hinson
Edward P. Imbrogno	Senior Origination Professional	27	Wachovia, First Union, Bowles Hollowell Connor
Cary L. Schaefer	Senior Origination and Investment Professional	14	Credit Suisse, Wachovia

Significant Opportunities in Lower Middle Market

- **Large, fragmented market**
 - More than 100,000 companies in the lower middle market
 - Target companies with between \$10 and \$150 million annual revenues
- **Underserved by traditional capital providers**
 - Exacerbated by recent credit crisis which led to exit of many traditional capital providers
- **Long-term investment demand from predominantly private companies with limited access to the capital markets**
- **Opportunity for attractive risk-adjusted returns**
 - Lower leverage
 - Higher transaction IRRs

Fidus Is Well Positioned in the Lower Middle Market

Well Established Origination Network

- **Broad network of long-standing relationships in lower middle market**
 - Built from many years of investing and advising in this market
 - Quality of relationships and reputations are important
- **Directly originate investment opportunities across multiple channels**
 - Financial sponsors
 - Fundless sponsors
 - Intermediaries
 - Other capital providers

Differentiated Investment Strategy

- **Provide custom-tailored debt and equity financing solutions for lower middle market companies**
 - Finance event-driven transactions such as leveraged buyouts, refinancings, recapitalizations, acquisitions and growth capital
 - No turnarounds or distressed situations
 - Partnership approach with long term investment perspective
- **Disciplined investment process¹**
 - Highly selective, credit based approach
 - Focus on investments in industries we know well
 - Proactive risk management
- **Target investments between \$5 - \$15 million**
 - Subordinated and second lien loans
 - Senior secured / unitranche debt
 - Equity including preferred, common and/or warrants

Emphasis on Capital Preservation with Upside Potential

(1) See Appendix for investment process details

Focused Criteria & Approach

- Companies with:
 - Proven business models with strong free cash flow characteristics
 - Annual EBITDA of \$3 to \$20 million
 - Experienced management teams with meaningful equity ownership
 - Niche market leaders with defensible market positions
 - Diversified customer and supplier bases
 - Significant invested equity capital to support our debt investments
 - Viable exit strategies
- Focus on industries where investment team has prior experience:
 - Aerospace and defense
 - Business services
 - Consumer products and services (including retail, food and beverage)
 - Healthcare products and services
 - Industrial products and services
 - Information technology services
 - Niche manufacturing
 - Transportation and logistics
 - Value-added distribution
 - Energy services

Benefits of SBIC Funding

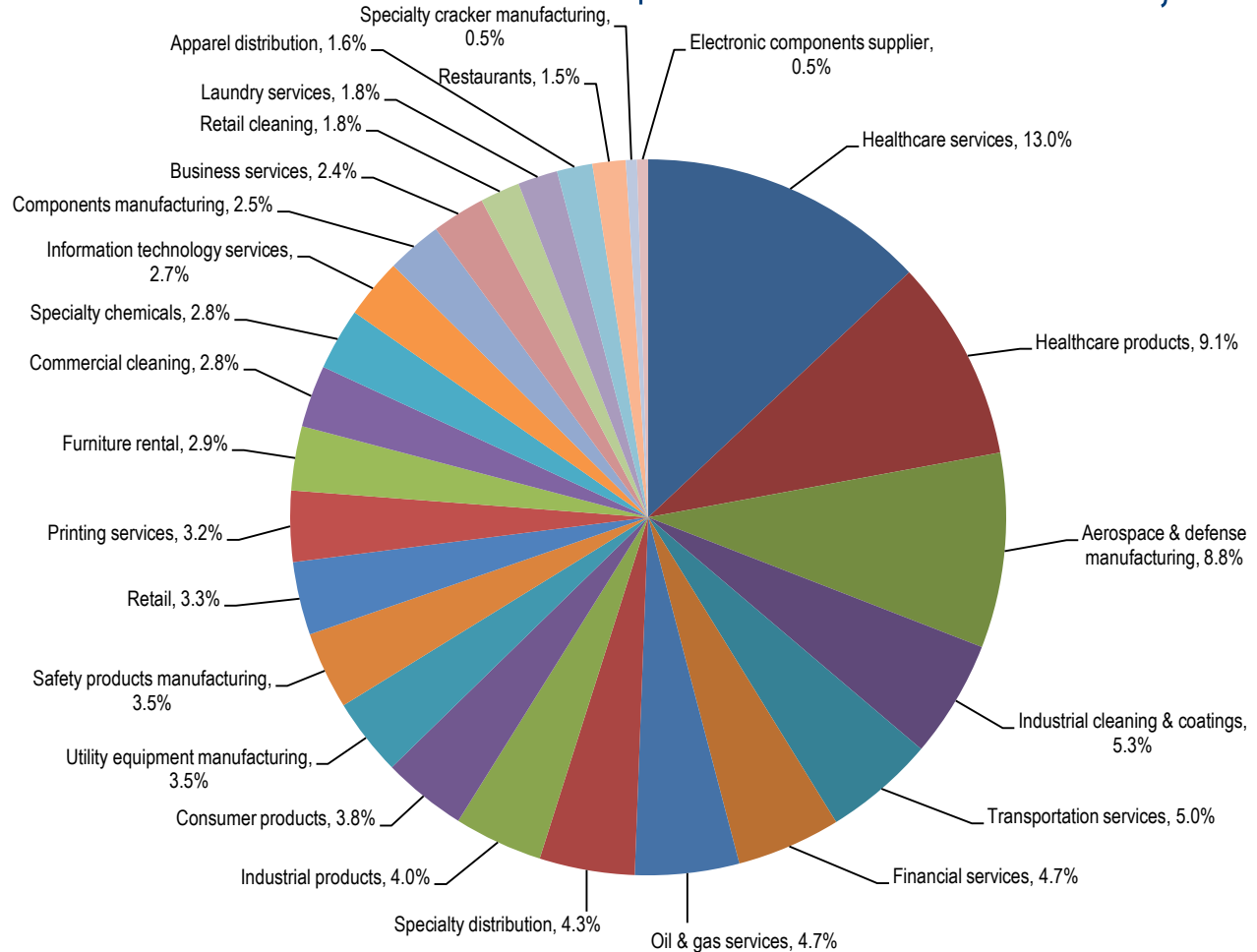
- SBIC licenses provide long-term committed funding facility
 - Received approval for second SBIC license in May 2013
 - Access to low cost, fixed rate, long-term funds
 - Current borrowing capacity of \$225 million
- 10-year loans with attractive terms
 - No financial covenants
 - Interest only
- Attractive fixed interest rates
 - Current weighted average fixed interest rate of 4.5%
 - Most recent borrowing priced at 3.2% fixed interest rate
 - Interest rate on \$1.0 million debentures issued in June 2014 will be set in September 2014
- With exemptive relief from the SEC, SBA debentures are excluded from debt for purposes of BDC debt to equity ratio requirements

Advantageous Regulatory Framework

- **Operate as a Business Development Company (BDC)**
 - Regulated by SEC 1940 Act
 - Publicly-traded, private investment company
 - Asset diversification requirements reduce investment concentration risk
 - Maximum debt-to-equity ratio of 1:1 (excluding SBA debt) allows for modest return enhancement
- **Regulated Investment Company (RIC) tax structure**
 - Eliminates corporate level income tax
 - Efficient tax structure providing high yield to investors
 - Greater than 90% of annual income distributed to shareholders
 - Pass through capital gains to investors
- **Small Business Investment Company (SBIC) subsidiary**
 - Regulated by SBA
 - Access to low cost, fixed rate, long-term funds
 - Received approval for second SBIC license in May 2013
 - Current total borrowing capacity of \$225 million

Diversified Investment Portfolio

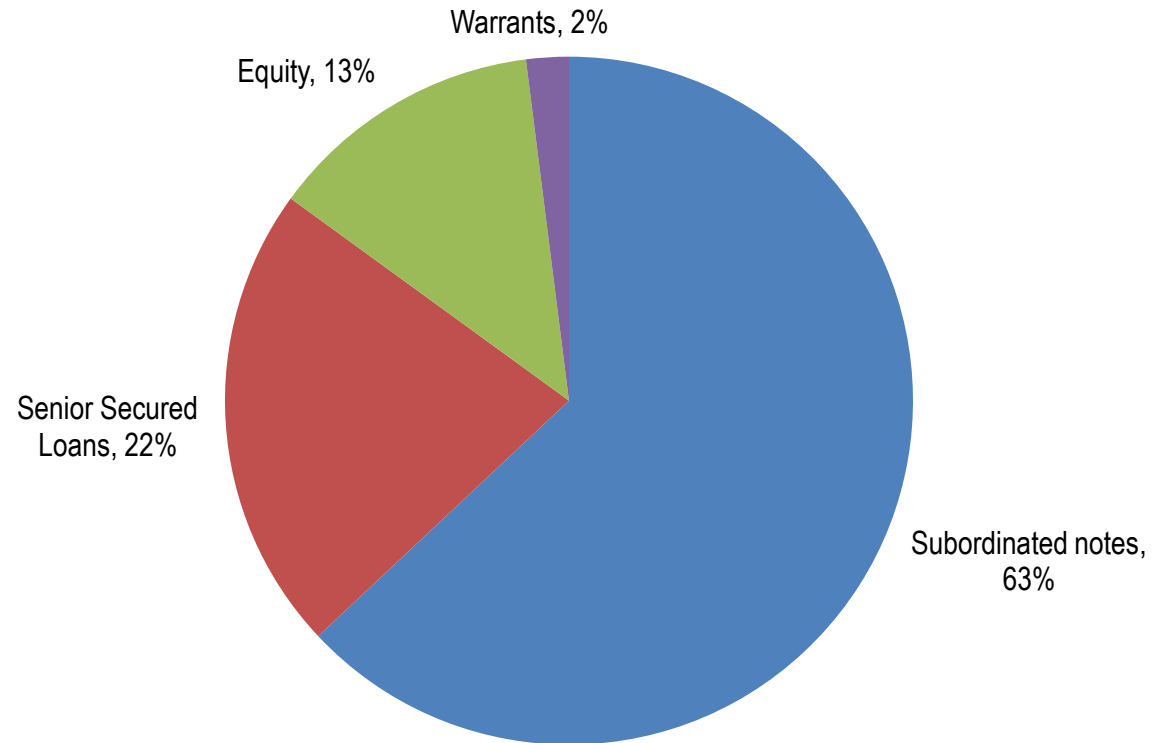
Fair Value of Investments of \$310 million as of June 30, 2014



37 Portfolio Companies Across 26 Industry Segments

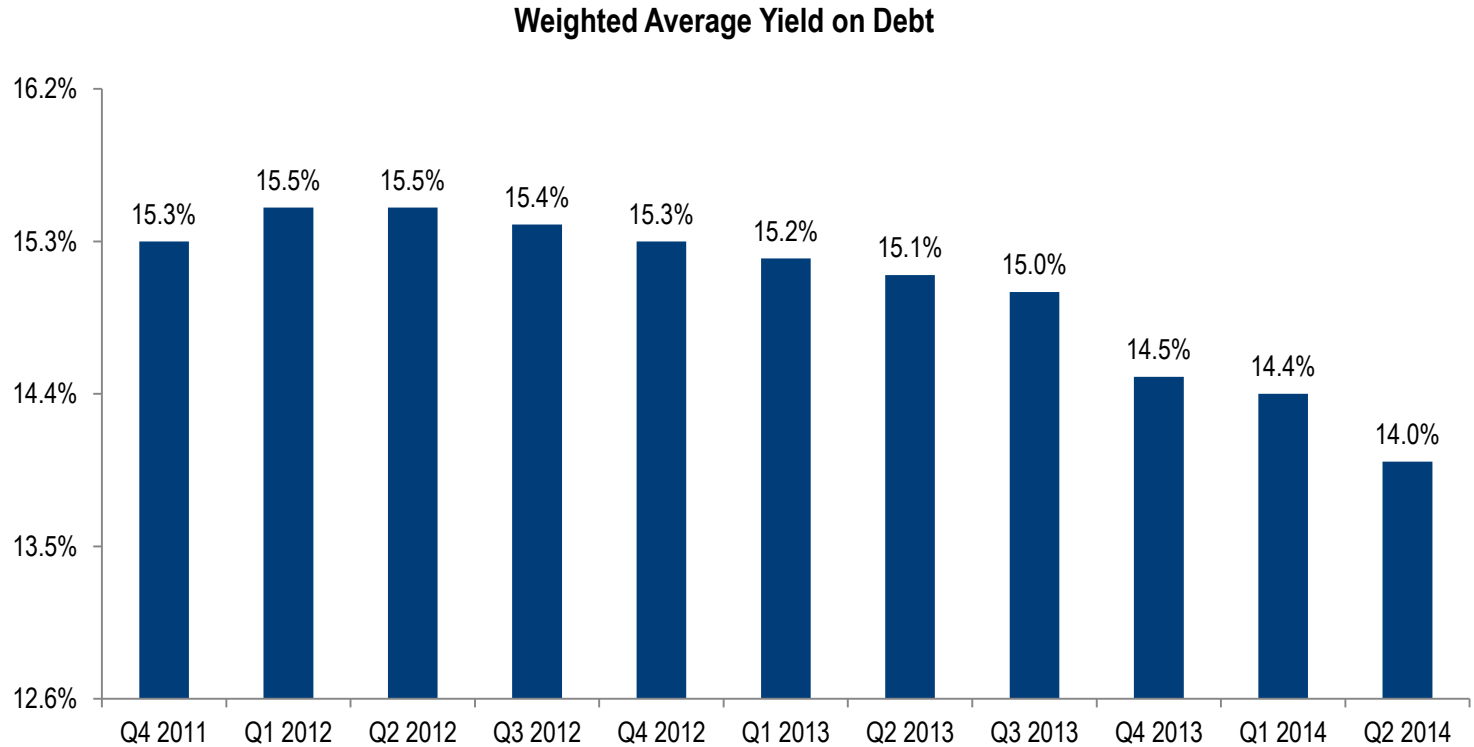
Diversified Investment Portfolio

Fair Value of Investments of \$310 million as of June 30, 2014



Equity Participation in 92% of Portfolio Companies

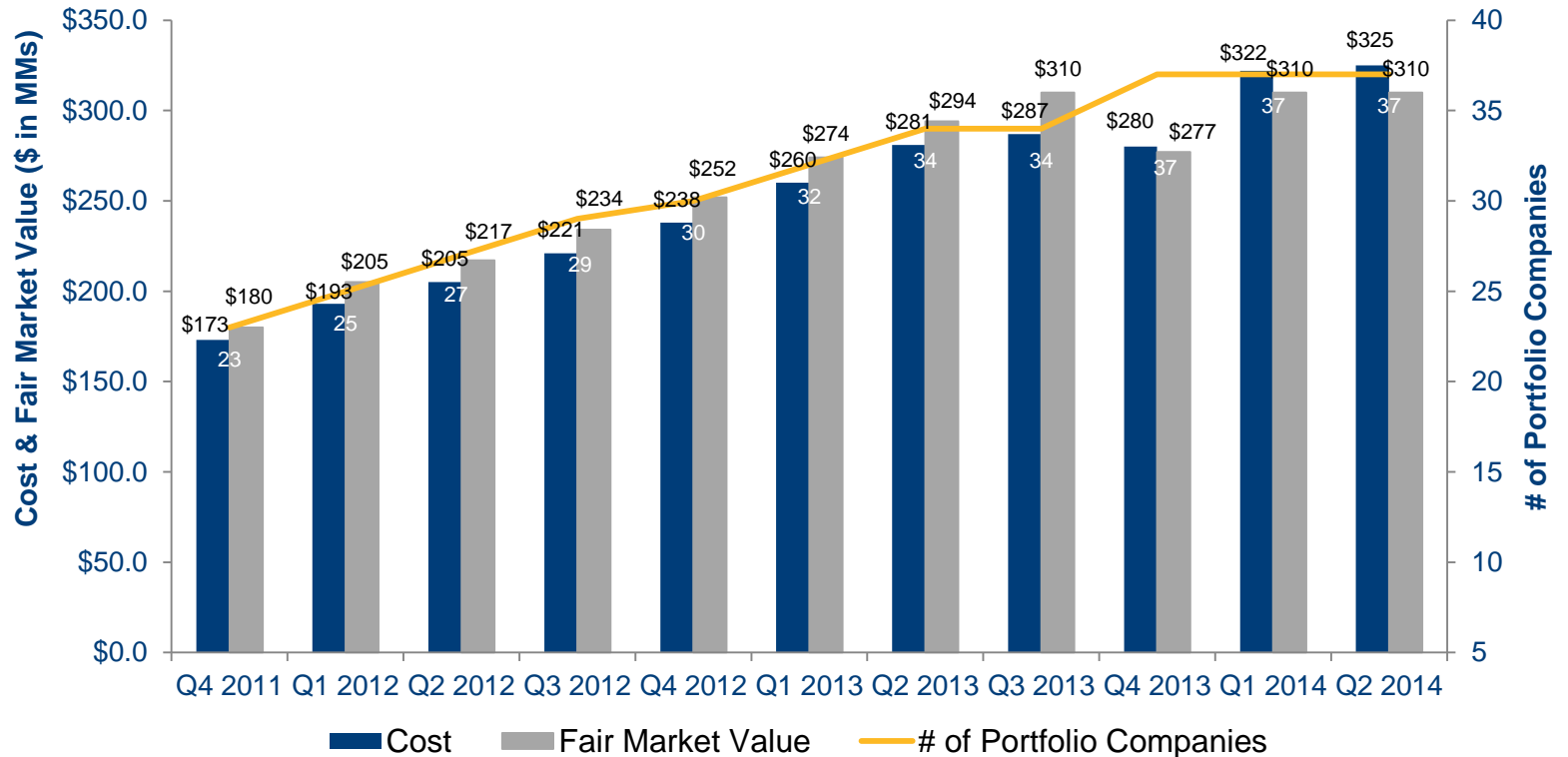
High Yielding Debt Portfolio



(1) Weighted average yield calculated based on effective interest rates for all debt investments at cost at end of period, including accretion of original issue discount and fees and excluding investments on non-accrual, if any.

Growing Portfolio Value

Fair Value, Cost, & Number of Portfolio Companies



Statements of Operation

(\$ in 000s, except per share data)

	<u>Q2'14</u>	<u>Q1'14</u>	<u>Q4 '13</u>	<u>Q3 '13</u>	<u>Q2 '13</u>
Total Investment Income	\$10,581	\$10,559	\$11,240	\$10,263	\$10,476
Expenses:					
Interest Expense	\$1,795	\$1,753	\$1,789	\$1,787	\$1,765
Base Management Fee	1,393	1,365	1,321	1,329	1,352
Incentive Fee	853	842	1,149	1,134	3,352
G&A Expense	1,019	1,137	854	737	831
Total Expenses	<u>\$5,060</u>	<u>\$5,097</u>	<u>\$5,113</u>	<u>\$4,987</u>	<u>\$7,300</u>
Net Investment Income before Taxes	<u>\$5,521</u>	<u>\$5,462</u>	<u>\$6,127</u>	<u>\$5,276</u>	<u>\$3,176</u>
Income Tax Expense (Benefit)	<u>12</u>	<u>18</u>	<u>192</u>	<u>2</u>	<u>12</u>
Net Investment Income	\$5,509	\$5,444	\$5,935	\$5,274	\$3,164
Net Gains (Losses) on Investments	<u>(2,081)</u>	<u>(2,066)</u>	<u>(1,326)</u>	<u>(737)</u>	<u>10,256</u>
Net Increase in Net Assets	<u>\$3,428</u>	<u>\$3,378</u>	<u>\$4,609</u>	<u>\$4,537</u>	<u>\$13,420</u>

Per Common Share Data:

Adjusted Net Investment Income ⁽¹⁾	\$0.37	\$0.37	\$0.41	\$0.37	\$0.38
Net Investment Income	\$0.40	\$0.40	\$0.43	\$0.38	\$0.23
Net Increase in Net Assets	\$0.25	\$0.25	\$0.34	\$0.33	\$0.98
Dividends Paid	\$0.38	\$0.38	\$0.76 ³	\$0.42 ²	\$0.38
Wtd. Avg. Shares Outstanding (000s)	13,766	13,755	13,737	13,718	13,700

¹ Adjusted net investment income is net investment income excluding any capital gains incentive fee expense or (reversal) attributable to realized and unrealized gains and losses. See page 25 for reconciliation of net investment income to adjusted net investment income.

² Includes special dividend of \$0.04 per share

³ Includes special dividend of \$0.38 per share

Statements of Assets & Liabilities

(\$ in 000s, except per share data)

	<u>Q2'14</u>	<u>Q1'14</u>	<u>Q4 '13</u>	<u>Q3 '13</u>	<u>Q2 '13</u>
Investments, at fair value					
Control Investments	-	-	-	-	\$32,721
Affiliate Investments	\$82,091	\$86,131	\$82,444	\$70,820	72,586
Non-control/Non-affiliate Investments	228,382	224,258	224,537	206,569	204,507
Total Investments	<u>\$310,473</u>	<u>\$310,389</u>	<u>\$306,981</u>	<u>\$277,389</u>	<u>\$309,814</u>
Cash & Cash Equivalents	40,687	40,740	53,418	85,896	56,302
Other Assets	9,346	8,530	6,863	7,677	7,867
Total Assets	<u>\$360,506</u>	<u>\$359,659</u>	<u>\$367,262</u>	<u>\$370,962</u>	<u>\$373,983</u>
SBA Debentures	\$145,500	\$144,500	\$144,500	\$144,500	\$144,500
Other Liabilities	7,140	5,684	11,637	7,053	9,192
Total Liabilities	<u>\$152,640</u>	<u>\$150,184</u>	<u>\$156,137</u>	<u>\$151,553</u>	<u>\$153,692</u>
Net Assets	<u>\$207,866</u>	<u>\$209,475</u>	<u>\$211,125</u>	<u>\$219,409</u>	<u>\$220,291</u>
NAV Per Common Share	\$15.09	\$15.22	\$15.35	\$15.98	\$16.06

Key Takeaways

- Highly experienced and invested management team
- Lower middle market offers significant opportunity for attractive risk-adjusted returns
- Well established origination network
- Differentiated investment strategy focused on capital preservation
- Strong balance sheet and liquidity position support continued portfolio growth
- SBIC debt provides competitive advantage
- Stable and growing dividend, with attractive 8.3% dividend yield* based on annualized regular dividend of \$1.52 per share

*Based on \$18.41 closing price on August 8, 2014

Corporate Data

Executive Officers

Edward H. Ross
Chairman, President & CEO

Shelby E. Sherard
CFO & CCO

Independent Directors

Raymond L. Anstiss, Jr.
Charles D. Hyman
John A. Mazzarino

Investment Advisor

John H. Grigg
Partner

Thomas C. Lauer
Director, Partner

Robert G. Lesley, Jr.
Partner

John J. Ross, II
Partner

Paul E. Tierney, Jr.
Partner

W. Andrew Worth
Partner

Michael J. Miller
Partner

J. Stephen Dockery, III
Partner

Edward P. Imbrogno
Partner

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Corporate Counsel

Morrison & Foerster LLP

Accounting

McGladrey LLP

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Appendix

Investment Portfolio as of June 30, 2014

\$ in 000s

Investment	Nature of Principal Business	Investment Type	Cost	Fair Value
Acentia, LLC	Information Technology Services	Equity	\$500	\$238
ACFP Management, Inc.	Restaurants	Equity	1,091	1,451
Anatrace Products, LLC	Healthcare Products	Sr. Debt & Equity	9,822	9,828
Apex Microtechnology, Inc.	Electronic Components Supplier	Warrants & Equity	1,389	1,572
Avrio Technology Group, LLC	Electronic Components Supplier	Sub. Debt & Equity	12,287	-
Brook & Whittle Limited	Printing Services	Sub. Debt w/ Warrants & Equity	9,800	9,818
Brook Furniture Rental, Inc.	Furniture Rental	Sub. Debt w/ Warrants	8,170	8,957
Caldwell & Gregory, LLC	Laundry Services	Sub. Debt w/ Warrants & Equity	5,395	5,708
Channel Technologies Group, LLC	Component Manufacturing	Sub. Debt & Equity	7,947	7,790
Connect-Air International, Inc.	Specialty Distribution	Sub. Debt & Equity	11,394	13,281
Continental Anesthesia Management, LLC	Healthcare Services	Sr. Debt w/ Warrants	10,234	10,183
EBL, LLC (dba Eblens)	Retail	Sub. Debt & Equity	10,184	10,349
FAR Research, Inc.	Specialty Chemicals	Sr. Debt & Equity	8,692	8,692
FCA, LLC	Industrial Products	Sub. Debt & Equity	12,318	12,368
FocusVision Worldwide Inc.	Business Services	Subordinated Debt	7,528	7,556
FTH Acquisition Corp. VII	Information Technology Services	Sub. Debt & Equity	9,398	8,150
IOS Acquisition, Inc.	Oil & Gas Services	Sub. Debt & Equity	14,419	14,437
Jacob Ash Holdings, Inc.	Apparel Distribution	Sub. Debt w/ Warrants & Equity	5,248	5,117
K2 Industrial Services, Inc.	Industrial Cleaning & Coatings	Sub. Debt & Equity	16,206	16,430
Lightning Diversion Systems, LLC	Aerospace & Defense Manufacturing	Sr. Debt & Equity	12,145	13,604
Malabar International	Aerospace & Defense Manufacturing	Sub. Debt & Equity	7,153	8,538
MedPlast, LLC	Healthcare Products	Sub. Debt & Equity	10,305	10,390
Medsurant Holdings, LLC	Healthcare Services	Sub. Debt w/ Warrants & Equity	14,454	14,569
National Truck Protection Co., Inc.	Financial Services	Sr. Debt & Equity	13,347	14,468
Oaktree Medical Centre, P.C. (dba Pain Mgmt. Assoc.)	Healthcare Services	Sr. Debt	5,937	5,937
Paramount Building Solutions, LLC	Retail Cleaning	Sub. Debt & Equity	8,954	5,595
Pfanstiehl, Inc.	Healthcare Products	Sub. Debt & Equity	6,981	8,219
Premium Franchise Brands, LLC	Commercial Cleaning	Sub. Debt & Equity	8,727	8,567
Restaurant Finance Co., LLC	Restaurants	Sr. Debt & Royalty Rights	3,038	3,059
S.B. Restaurant Co. (dba Elephant Bar)	Restaurants	Sub. Debt w/ Warrants	8,000	-
Safety Products Group, LLC	Safety Products Manufacturing	Sub. Debt & Equity	10,711	10,818
Simplex Manufacturing Co.	Aerospace & Defense Manufacturing	Sub. Debt w/ Warrants	5,239	5,273
Trantech Radiator Products, Inc.	Utility Equipment Manufacturing	Sub. Debt & Equity	10,098	10,778
United Biologics, LLC	Healthcare Services	Sr. Debt w/ Warrants & Equity	9,873	9,962
Westminster Cracker Company, Inc.	Specialty Cracker Manufacturing	Equity	1,278	1,653
Worldwide Express Operations, LLC	Transportation Services	Sub. Debt & Equity	15,006	15,461
World Wide Packaging, LLC	Consumer Products	Sub. Debt & Equity	11,486	11,657
Total Investments			\$324,754	\$310,473

Reconciliation of Adjusted Net Investment Income

The following are reconciliations of net investment income (NII) and NII per share computed in accordance with GAAP to Adjusted NII and Adjusted NII per share which exclude capital gains incentive fee expense or (reversal) based on realized and unrealized capital gains and losses:

(\$ in 000's)

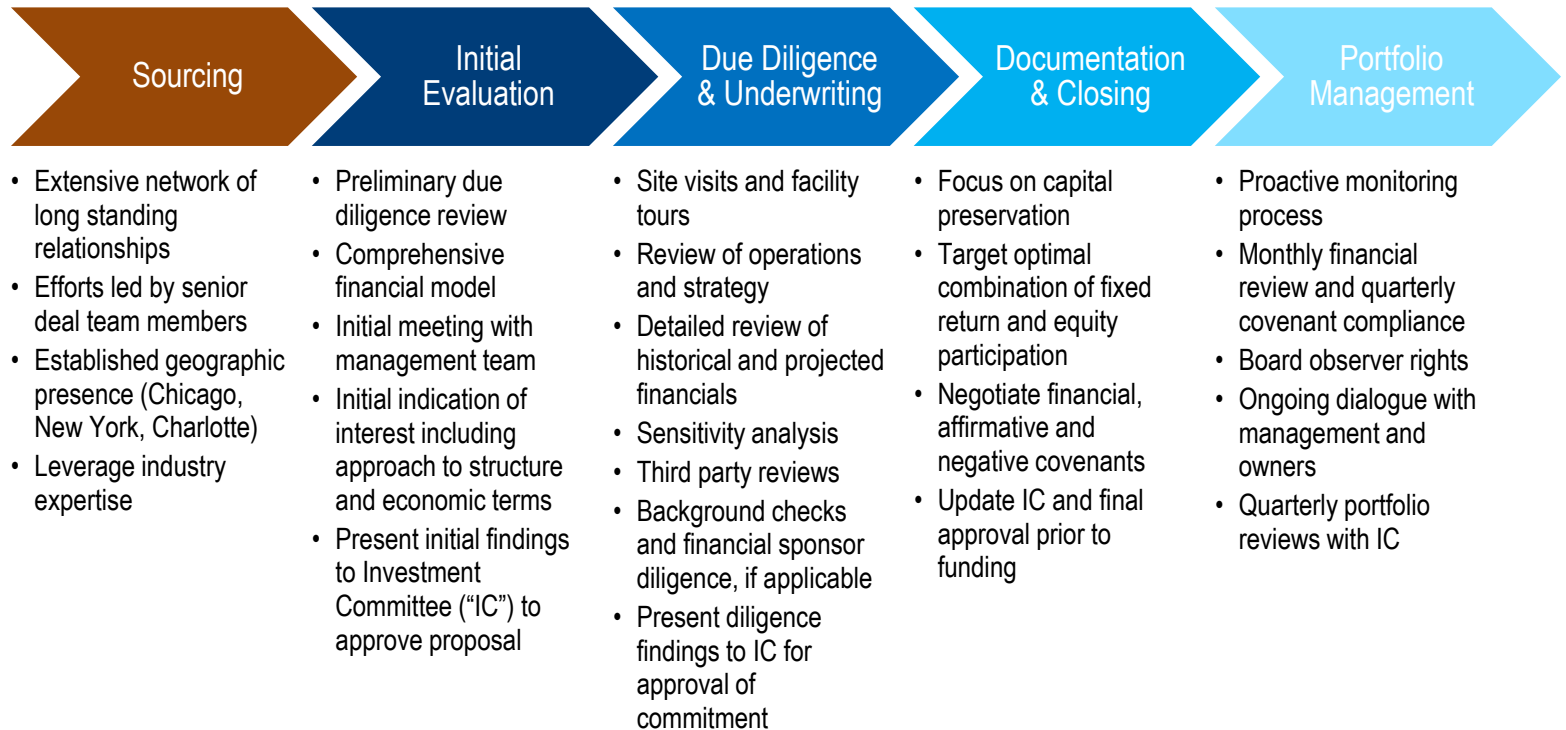
	<u>Q2 2014</u>	<u>Q1 2014</u>	<u>Q4 2013</u>	<u>Q3 2013</u>	<u>Q2 2013</u>
Net Investment Income	\$5,509	\$5,444	\$5,935	\$5,274	\$3,164
Capital Gains Incentive Fee Expense (Reversal)	(416)	(384)	(266)	(147)	2,051
Adjusted Net Investment Income	<u>\$5,093</u>	<u>\$5,060</u>	<u>\$5,669</u>	<u>\$5,127</u>	<u>\$5,215</u>

Per Share

Net Investment Income	\$ 0.40	\$ 0.40	\$ 0.43	\$ 0.38	\$ 0.23
Capital Gains Incentive Fee Expense (Reversal) ⁽¹⁾	(0.03)	(0.03)	(0.02)	(0.01)	0.15
Adjusted Net Investment Income	<u>\$ 0.37</u>	<u>\$ 0.37</u>	<u>\$ 0.41</u>	<u>\$ 0.37</u>	<u>\$ 0.38</u>

(1) Adjusted net investment income per share amounts are calculated as adjusted net investment income divided by weighted average shares outstanding for the period. Due to rounding, the sum of net investment income per share and capital gains incentive fee expense or (reversal) per share amounts may not equal the adjusted net investment income per share amount presented here.

Disciplined Investment Process and Proactive Risk Management



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