



FIDUS

INVESTMENT
CORPORATION

Investor Presentation – August 2018

NASDAQ:
Common Stock – FDUS
5.875% Notes due 2023 - FDUSL



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Investment Objective

- Long term focus on delivering stable dividends and growing 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.
 - \$646.2 million diversified investment portfolio in 67 companies as of June 30, 2018
 - Portfolio comprised of 68% second lien debt, 17% subordinated debt, 4% first lien debt and 11% equity-related securities 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, NC, Charleston, SC and New York, NY

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 10.8% dividend yield* based on annualized regular dividend of \$1.56 per share

*Based on \$14.43 closing price on July 31, 2018.

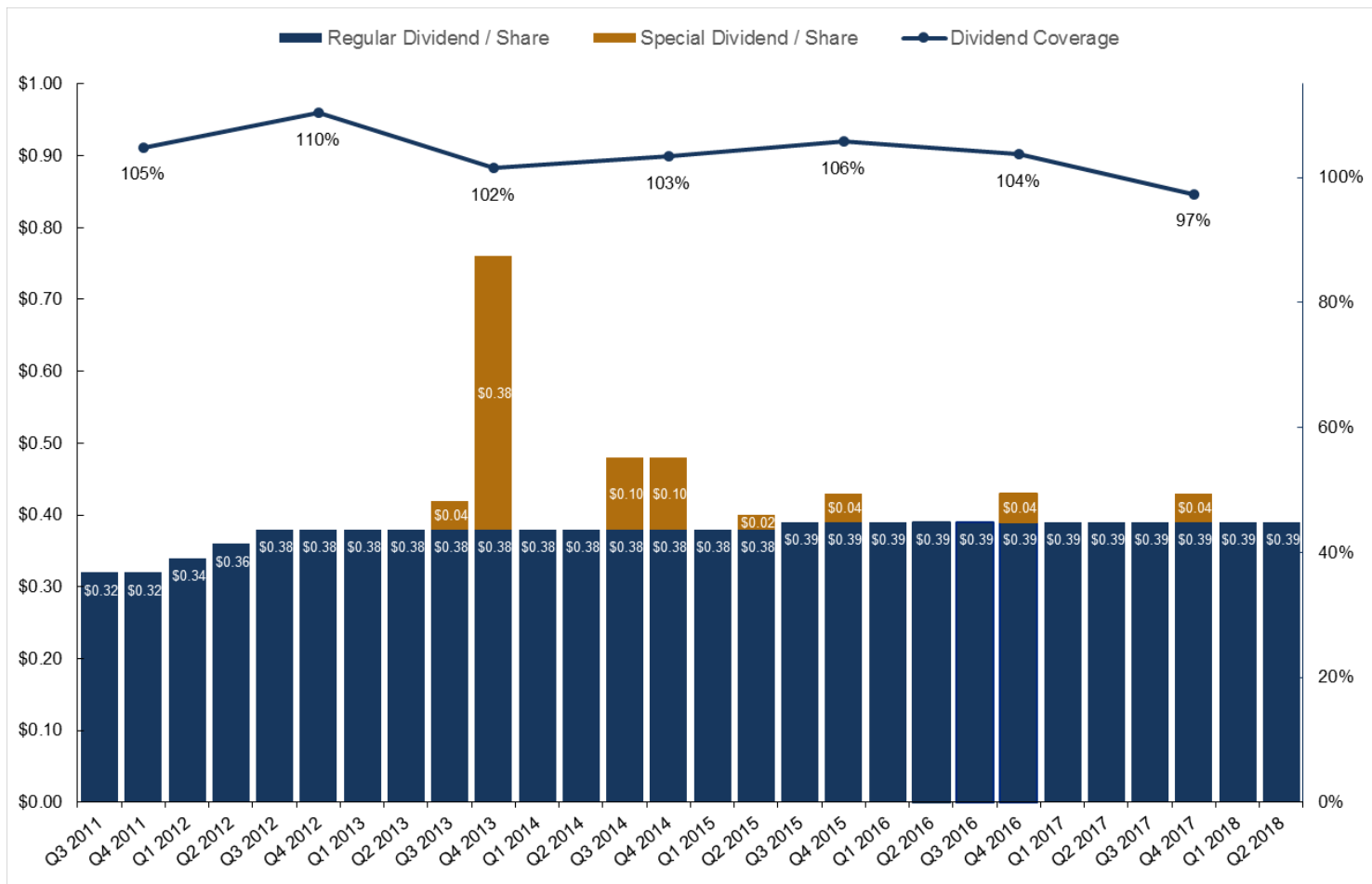
Since June 2011 IPO*

- **Maintained high quality of investment portfolio**
 - Investment portfolio of \$646.2 million in 67 companies as of June 30, 2018
 - Realized cumulative net capital gains of \$16.8 million
 - Fair Value / Cost of 106% at June 30, 2018
- **Increased regular quarterly dividend four 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
 - Q3 2015 to \$0.39 per share
- **Declared nine 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 paid on August 29, 2014
 - \$0.10 per share paid on December 19, 2014
 - \$0.02 per share paid on June 25, 2015
 - \$0.04 per share paid on December 11, 2015
 - \$0.04 per share paid on December 16, 2016
 - \$0.04 per share paid on December 27, 2017
- **Completed six 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
 - Raised net proceeds of approximately \$32.4 million in an offering that closed on September 30, 2014
 - Raised net proceeds of approximately \$43.7 million in an offering that closed on May 27, 2016
 - Raised net proceeds of approximately \$51.1 million in an offering that closed on November 29, 2016
 - Raised net proceeds of approximately \$32.3 million in an offering that closed on June 20, 2017
- **Completed one public debt offering**
 - Issued 5.875% notes due 2023 for net proceeds of approximately \$48.1 million that closed on February 2, 2018
- **Received second SBIC license in May 2013**

*All numbers for the period June 30, 2011 to June 30, 2018

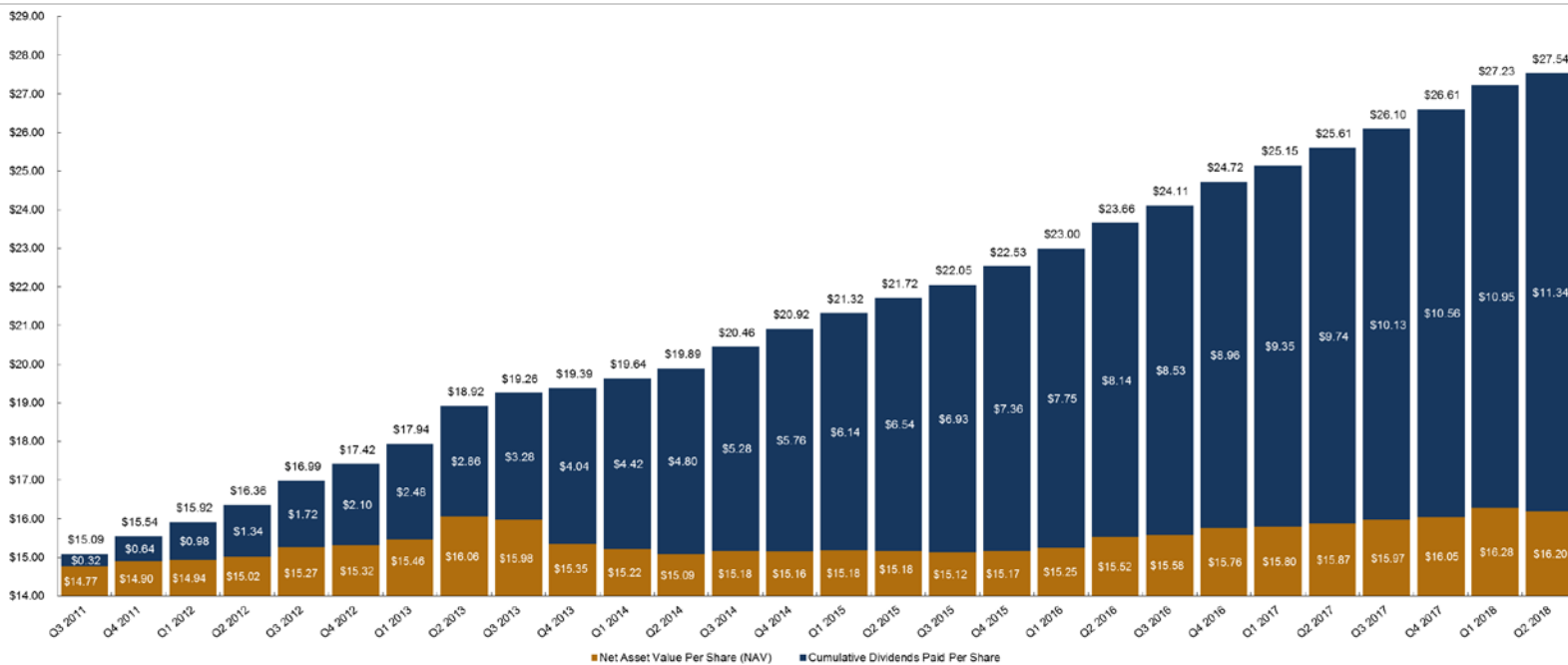
Consistent Distributions and Dividend Coverage

- Adjusted net investment income has covered regular dividend on a cumulative basis
- Undistributed taxable income of \$0.37 per share as of June 30, 2018
- History of paying special dividends
- 10.8% annualized dividend yield (based on regular dividend and closing price on July 31, 2018)



History of Capital Preservation

Generated cumulative net investment income and net realized gains in excess of cumulative regular dividends since IPO



Experienced & Cohesive Management Team

- Senior management of Fidus Investment Advisors has an average of more than 25 years experience
 - Founding members have worked together for majority of last 20+ years
- Management team is meaningfully invested in the company

Professionals	Role	Prior Experience
Edward H. Ross	Chairman of the Board, CEO, Chairman of Investment Committee	Allied Capital, Wachovia
Thomas C. Lauer	President, Director, Member of Investment Committee	Allied Capital, GE Capital, Wachovia
Shelby E. Sherard	Chief Financial Officer Chief Compliance Officer	Prologis, Grubb & Ellis, SiteStuff, Morgan Stanley, Jones Lang LaSalle
John H. Grigg	Member of Investment Committee, Senior Origination Professional	First Union, Bowles Hollowell Conner, Merrill Lynch
Robert G. Lesley, Jr.	Member of Investment Committee	Chapter IV Investors, Blue Point Capital Partners, Wachovia
John J. Ross, II	Member of Investment Committee	Wachovia, Bowles Hollowell Conner
Thomas J. Steiglehner	Member of Investment Committee	TPG Specialty Lending, Sixth Street Partners, Silver Point Capital, Foothill Capital, Gleacher & Co.
W. Andrew Worth	Member of Investment Committee	Allied Capital, Credit Suisse, Wachovia
Michael J. Miller	Head of Business Development, Senior Origination Professional	Allied Capital, JP Morgan
J. Stephen Dockery	Senior Origination Professional	Wachovia, First Union, Bowles Hollowell Connor, Robinson Bradshaw & Hinson
Edward P. Imbrogno	Senior Origination Professional	Wachovia, First Union, Bowles Hollowell Connor

Significant Opportunities in Lower Middle Market

- **Large, fragmented market**
 - More than 100,000 companies in the lower middle market
 - Target companies with annual revenues between \$10 and \$150 million
- **Underserved by traditional capital providers**
 - Exacerbated by 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 process⁽¹⁾**
 - Highly selective, credit based approach
 - Focus on investments in industries we know well
 - Proactive risk management

- **Target investments between \$5 - \$30 million per portfolio company**
 - Second lien and subordinated debt
 - First lien / 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
 - Access to low cost, fixed rate, long-term funds
 - Maximum of \$350 million in SBA debentures for three or more SBICs under common control
- 10-year loans with attractive terms
 - No financial covenants
 - Interest only
- Attractive fixed interest rates
- With exemptive relief from the SEC, SBA debentures are excluded from debt for purposes of BDC asset coverage requirements

Advantageous Regulatory Framework

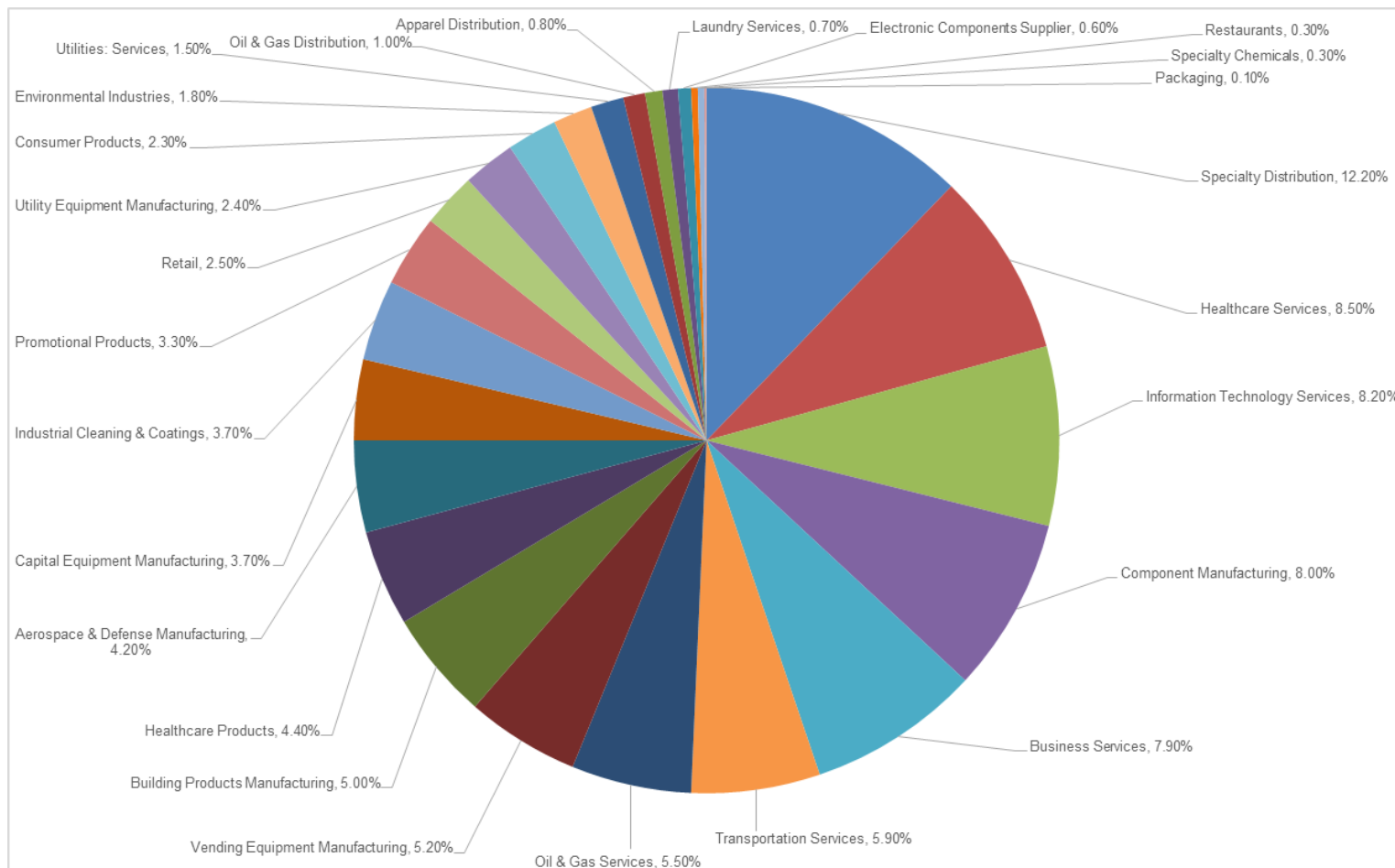
- **Operate as a Business Development Company (BDC)**
 - Regulated by SEC 1940 Act
 - Publicly-traded, private investment company
 - Asset diversification requirements reduce investment concentration risk
 - Maximum debt-to-equity ratio of 1:1 (excluding SBA debt) allows for modest return enhancement

- **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
 - Maximum of \$350 million in SBA debentures for three or more SBICs under common control

Diversified Investment Portfolio

Fair Value of Investments of \$646.2 million as of June 30, 2018

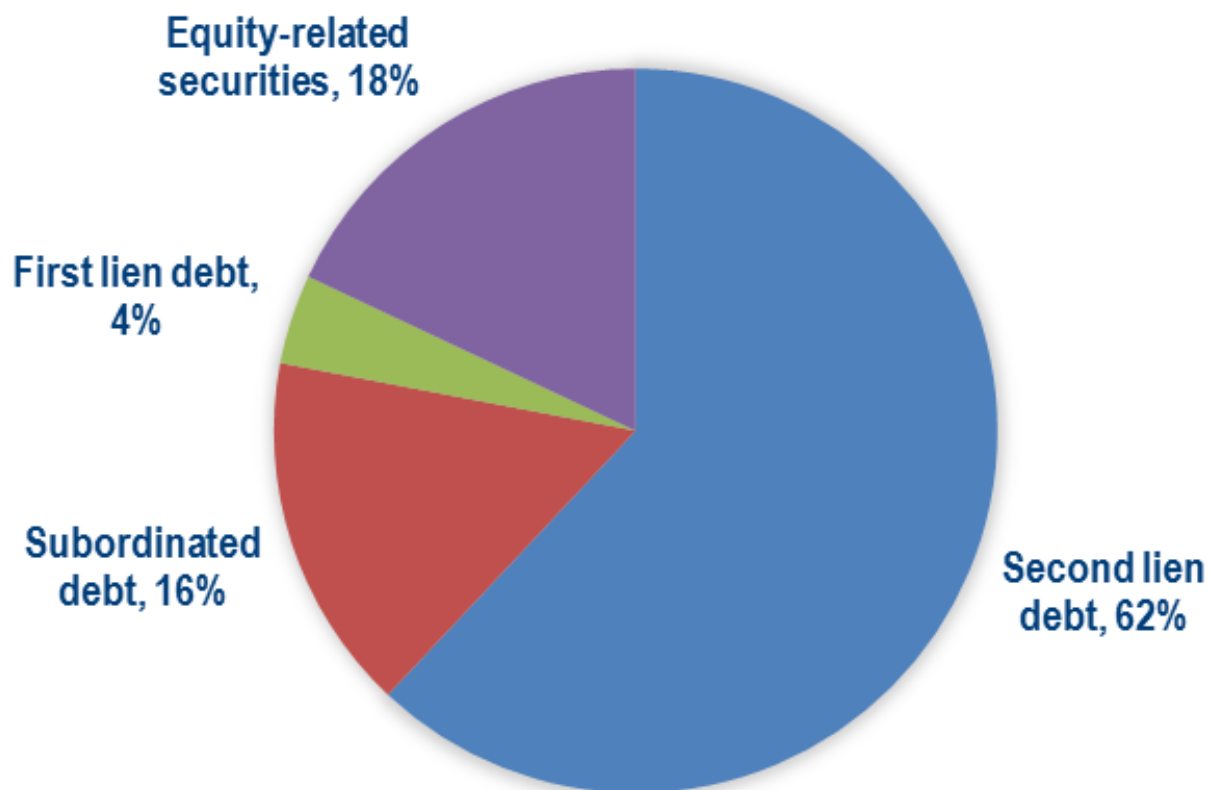


65 Active Portfolio Companies Across 26 Industry Segments ⁽¹⁾

⁽¹⁾ Residual investments in two portfolio companies that have sold their underlying operations

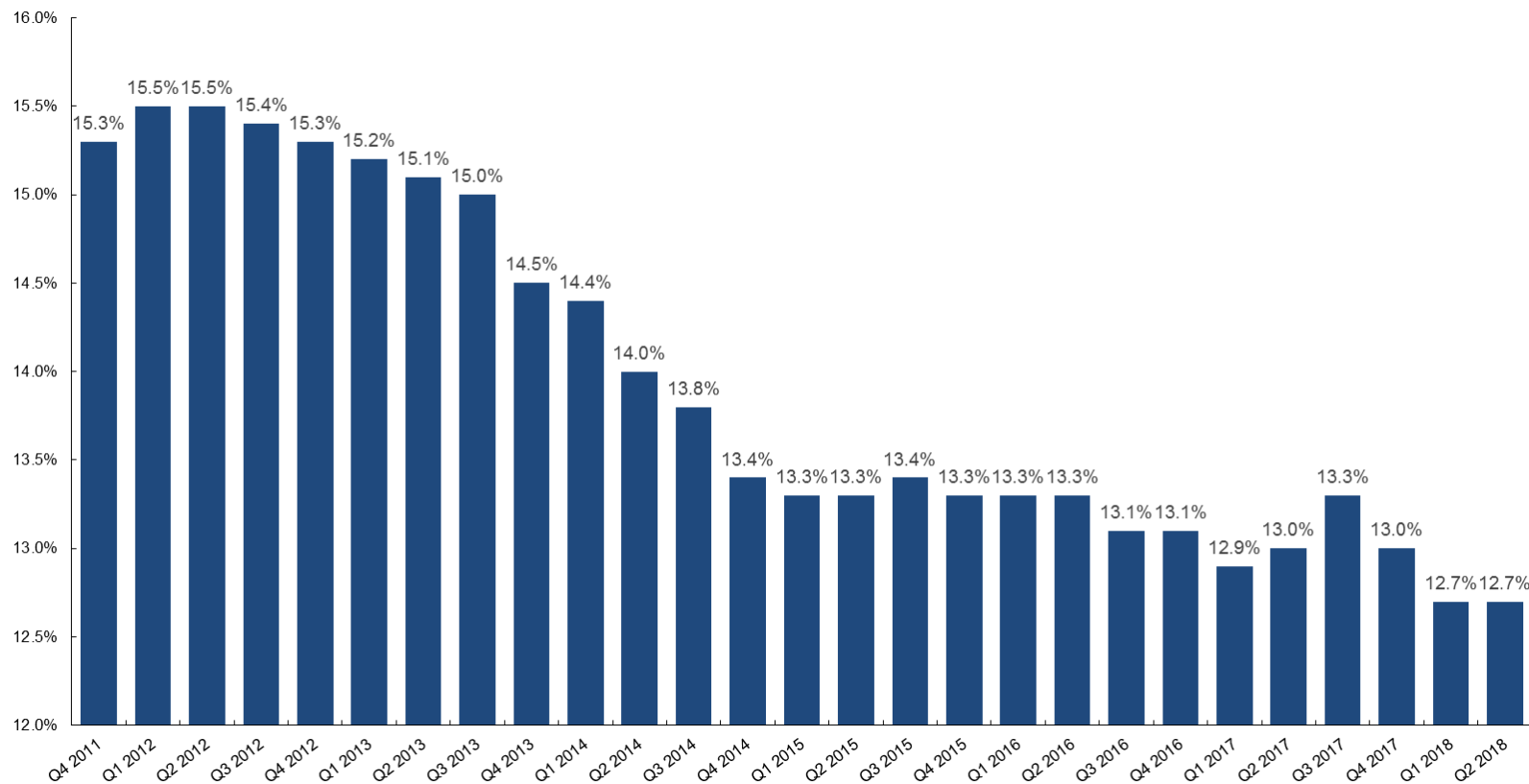
Diversified Investment Portfolio

Fair Value of Investments of \$646.2 million as of June 30, 2018



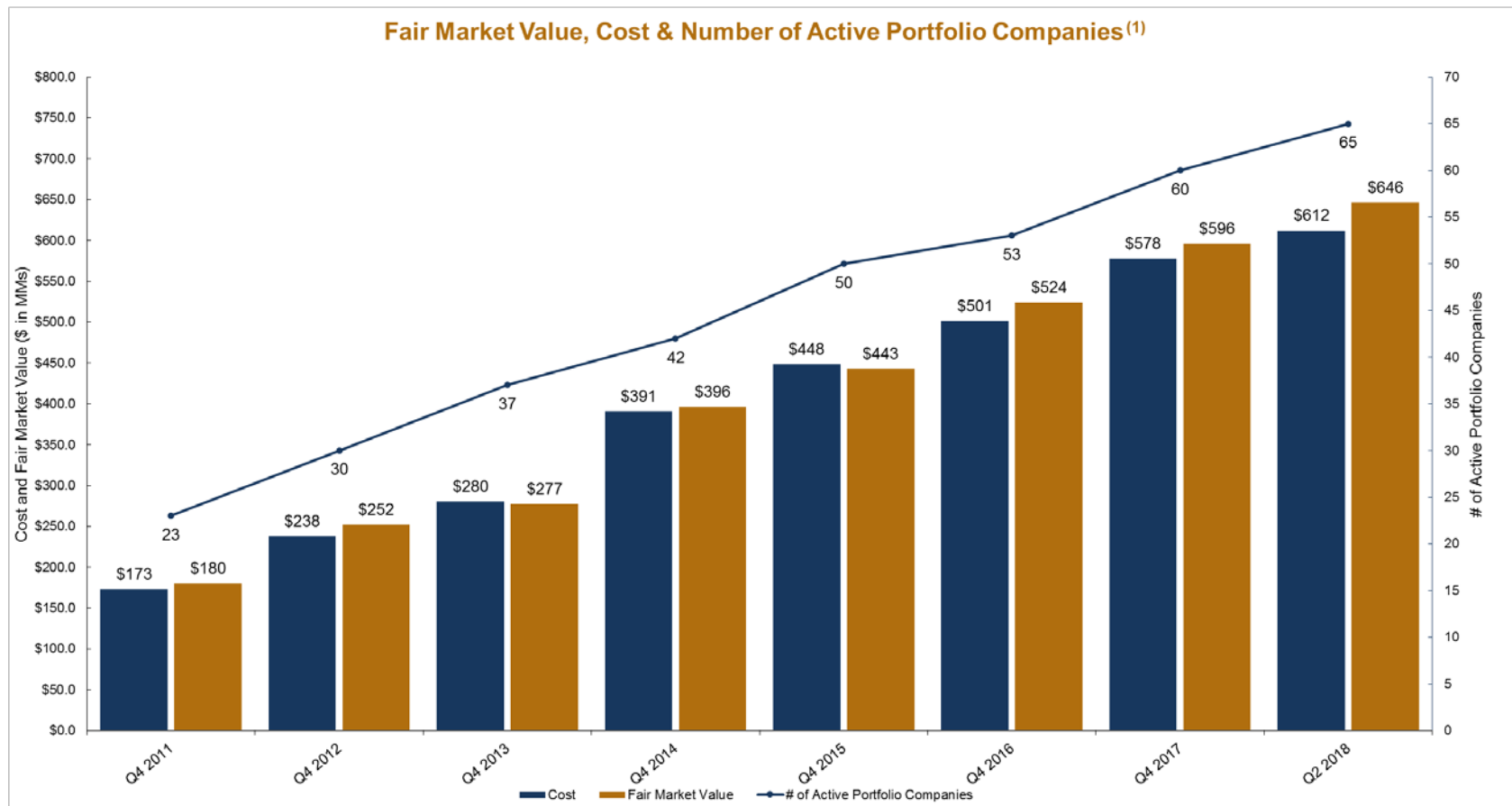
High Yielding Debt Portfolio

Weighted Average Yield on Debt (1)



(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 loan origination fees but excluding investments on non-accrual, if any.

Growing Portfolio Value



⁽¹⁾ Portfolio count excludes residual investments in portfolio companies that have sold their underlying operations

Statements of Operations

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

	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>
Total Investment Income	\$17,271	\$18,048	\$17,068	\$18,233	\$18,112
Expenses:					
Interest Expense	\$2,401	\$2,491	\$2,417	\$3,082	\$3,046
Base Management Fee	2,403	2,486	2,586	2,685	2,821
Incentive Fee	2,484	3,008	3,098	3,754	1,907
G&A Expense	1,012	870	1,089	1,204	1,313
Total Expenses	<u>\$8,300</u>	<u>\$8,855</u>	<u>\$9,190</u>	<u>\$10,725</u>	<u>\$9,087</u>
Net Investment Income before Taxes	<u>\$8,971</u>	<u>\$9,193</u>	<u>\$7,878</u>	<u>\$7,508</u>	<u>\$9,025</u>
Income Tax Expense	<u>29</u>	<u>4</u>	<u>191</u>	<u>131</u>	<u>67</u>
Net Investment Income	\$8,942	\$9,189	\$7,687	\$7,377	\$8,958
Net Gains (Losses) on Investments	<u>1,015</u>	<u>2,866</u>	<u>4,720</u>	<u>7,648</u>	<u>(1,314)</u>
Net Increase in Net Assets	<u>\$9,957</u>	<u>\$12,055</u>	<u>\$12,407</u>	<u>\$15,025</u>	<u>\$7,644</u>

Per Common Share Data:

Adjusted Net Investment Income ⁽¹⁾	\$0.40	\$0.40	\$0.35	\$0.36	\$0.36
Net Investment Income	\$0.39	\$0.38	\$0.31	\$0.30	\$0.37
Net Increase in Net Assets	\$0.44	\$0.49	\$0.51	\$0.61	\$0.31
Dividends Paid	\$0.39	\$0.39	\$0.43 ²	\$0.39	\$0.39
Wtd. Avg. Shares Outstanding (000s)	22,654	24,482	24,494	24,498	24,463

¹ Adjusted net investment income, a non-GAAP measure, is net investment income excluding any capital gains incentive fee expense or (reversal) attributable to realized and unrealized gains and losses. See page 26 for reconciliation of net investment income to adjusted net investment income.

² Includes special dividend of \$0.04 per share

Statements of Assets & Liabilities

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

	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>
Investments, at fair value					
Control Investments	\$ -	\$ -	\$ 4,723	\$ 4,950	\$ 5,041
Affiliate Investments	139,800	135,515	123,011	127,775	127,816
Non-control/Non-affiliate Investments	413,460	425,394	468,574	499,470	513,325
Total Investments	<u>\$553,260</u>	<u>\$560,909</u>	<u>\$596,308</u>	<u>\$632,195</u>	<u>\$646,182</u>
Cash & Cash Equivalents	50,819	46,868	41,572	32,797	23,999
Other Assets	10,034	7,076	8,383	7,420	7,545
Total Assets	<u>\$614,113</u>	<u>\$614,853</u>	<u>\$646,263</u>	<u>\$672,412</u>	<u>\$677,726</u>
Long-Term Debt	\$217,250	\$216,300	\$242,800	\$264,500	\$271,500
Less: Deferred Financing Costs	(4,667)	(4,723)	(4,965)	(7,058)	(6,837)
Other Liabilities	13,107	12,108	15,155	16,812	16,802
Total Liabilities	<u>225,690</u>	<u>223,685</u>	<u>252,990</u>	<u>274,254</u>	<u>281,465</u>
Net Assets	<u>\$388,423</u>	<u>\$391,168</u>	<u>\$393,273</u>	<u>\$398,158</u>	<u>\$396,261</u>
NAV Per Common Share	\$15.87	\$15.97	\$16.05	\$16.28	\$16.20

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 10.8% dividend yield* based on annualized regular dividend of \$1.56 per share

*Based on \$14.43 closing price on July 31, 2018.

Corporate Data

Executive Officers

Edward H. Ross
Chairman & CEO

Thomas C. Lauer
President

Shelby E. Sherard
CFO & CCO

Independent Directors

Raymond L. Anstiss, Jr.

Charles D. Hyman

John A. Mazzarino

Investment Advisor

John H. Grigg
Partner

Robert G. Lesley, Jr.
Partner

John J. Ross, II
Partner

W. Andrew Worth
Partner

Michael J. Miller
Partner

J. Stephen Dockery, III
Partner

Edward P. Imbrogno
Partner

Thomas J. Steiglehner
Partner

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Securities Listing - NASDAQ

"FDUS" - Common Stock
"FDUSL" - 5.875% Notes due 2023

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Chris Kotowski

Raymond James & Associates, Inc.
Robert J. Dodd, PhD

Corporate Counsel

Eversheds Sutherland (US) LLP

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Appendix

Investment Portfolio as of June 30, 2018

\$ in '000s

Portfolio Company	Nature of Principal Business	Investment Types ⁽¹⁾	Cost	Fair Value
Accent Food Services, LLC	Vending Equipment Manufacturing	SL-Debt, Equity	\$ 30,097	\$ 28,729
Allied 100 Group, Inc.	Healthcare Products	SUB-Debt, Equity	1,250	1,513
American AllWaste LLC (dba WasteWater Transport Services)	Environmental Industries	SL-Debt, Equity	11,479	11,490
Apex Microtechnology, Inc.	Electronic Components Supplier	Equity, Warrant	1,389	4,104
AVC Investors, LLC (dba Auveco)	Specialty Distribution	SL-Debt, Equity	22,896	22,896
B&B Roadway and Security Solutions, LLC	Component Manufacturing	SL-Debt, Equity	10,499	10,499
Caldwell & Gregory, LLC	Laundry Services	SUB-Debt, Equity, Warrant	3,961	4,303
Cardboard Box LLC (dba Anthony's Coal Fired Pizza)	Restaurants	Equity	521	97
Cavallo Bus Lines Holdings, LLC	Transportation services	SL-Debt	7,375	2,000
Consolidated Infrastructure Group Holdings, LP	Business Services	SL-Debt, Equity	2,509	2,505
ControlScan, Inc.	Information Technology Services	SUB-Debt, Equity	7,722	8,309
CRS Solutions Holdings, LLC (dba CRS Texas)	Business Services	SL-Debt, Equity	9,735	9,735
EBL, LLC (EbLens)	Retail	SL-Debt, Equity	10,015	10,108
FAR Research Inc.	Specialty Chemicals	Equity	1,396	2,109
FDS Avionics Corp. (dba Flight Display Systems)	Aerospace & Defense Manufacturing	SL-Debt, Equity	6,811	5,041
Fiber Materials, Inc.	Aerospace & Defense Manufacturing	SL-Debt, Equity	5,030	6,323
Gurobi Optimization, LLC	Information Technology Services	SUB-Debt, Equity	21,409	21,877
Hilco Plastics Holdings, LLC (dba Hilco Technologies)	Component Manufacturing	SL-Debt, SUB-Debt, Equity	11,327	10,113
Hub Acquisition Sub, LLC (dba Hub Pen)	Promotional products	SL-Debt, Equity	20,205	21,302
Ice House America, LLC	Vending Equipment Manufacturing	SL-Debt, Warrant	4,575	4,695
Inflexion, Inc.	Business Services	FL-Debt, Equity	150	-
IBH Holdings, LLC (fka Inflexion, Inc.)	Business Services	Equity	-	-
inthinc Technology Solutions, Inc.	Information Technology Services	Royalty	185	-
Jacob Ash Holdings, Inc.	Apparel Distribution	SL-Debt, SUB-Debt, Equity,	5,445	5,402
K2 Industrial Services, Inc.	Industrial Cleaning & Coatings	SL-Debt, Equity	13,946	10,910
LNG Indy, LLC (dba Kinetrex Energy)	Oil & Gas Distribution	SL-Debt, Equity	5,983	6,605
Marco Group International OpCo, LLC	Industrial Cleaning & Coatings	SL-Debt, Equity	12,787	12,873
Medsurant Holdings, LLC	Healthcare Services	SL-Debt, Equity, Warrant	14,647	20,891
Mesa Line Services, LLC	Utilities: Services	SL-Debt, Equity	9,588	9,859
Microbiology Research Associates, Inc.	Healthcare Services	SUB-Debt, Equity	10,654	11,704
Midwest Transit Equipment, Inc.	Transportation services	SUB-Debt, Warrant	12,106	12,523
Mirage Trailers LLC	Utility Equipment Manufacturing	SL-Debt, Equity	8,259	9,115
New Era Technology, Inc.	Information Technology Services	SL-Debt, Equity	750	812
NGT Acquisition Holdings, LLC (dba Techniks Industries)	Component Manufacturing	SUB-Debt, Equity	11,457	10,647
Oaktree Medical Centre, P.C. (dba Pain Management Associates)	Healthcare Services	FL-Debt	11,341	11,216

Investment Portfolio as of June 30, 2018

\$ in '000s

Portfolio Company	Nature of Principal Business	Investment Types ⁽¹⁾	Cost	Fair Value
OMC Investors, LLC (dba Ohio Medical Corporation)	Healthcare Products	SL-Debt Equity	\$ 10,445	\$ 8,162
Palmetto Moon, LLC	Retail	FL-Debt Equity	5,993	5,780
Pfanstiehl, Inc.	Healthcare Products	SUB-Debt Equity	7,045	18,839
Pinnergy, Ltd.	Oil & Gas Services	SL-Debt Equity	11,989	35,389
Power Grid Components, Inc.	Specialty Distribution	SL-Debt Equity	11,921	11,921
Plymouth Rock Energy, LLC	Business Services	SL-Debt	7,018	7,018
Pugh Lubricants, LLC	Specialty Distribution	SL-Debt Equity	19,126	19,491
Restaurant Finance Co, LLC	Restaurants	SL-Debt	9,314	1,989
Revenue Management Solutions, LLC	Information Technology Services	SUB-Debt Equity	11,068	12,324
Rhino Assembly Company, LLC	Specialty Distribution	SL-Debt Equity	4,723	5,040
Rohrer Corporation	Packaging	Equity	750	816
SES Investors, LLC (dba SES Foam)	Building Products Manufacturing	SL-Debt Equity	4,662	3,336
Simplex Manufacturing Co.	Aerospace & Defense Manufacturing	SUB-Debt Warrant	5,205	7,070
SimplyWell, Inc.	Healthcare Services	SL-Debt Equity	10,571	10,644
Software Technology, LLC	Information Technology Services	SUB-Debt Equity	9,842	9,975
SpendMend LLC	Business Services	SL-Debt Equity	10,999	10,999
Steward Holding LLC (dba Steward Advanced Materials)	Aerospace & Defense Manufacturing	SL-Debt Equity	8,464	8,204
The Kyjen Company, LLC (dba Outward Hound)	Consumer Products	SL-Debt Equity	15,184	15,151
The Tranzonic Companies	Specialty Distribution	SUB-Debt Equity	6,068	6,068
The Wolf Organization, LLC	Building Products Manufacturing	Equity	1,445	4,954
Thermoforming Technology Group LLC (dba Brown Machine Group)	Capital Equipment Manufacturing	SL-Debt Equity	23,349	23,740
Tile Redi, LLC	Building Products Manufacturing	FL-Debt	10,112	10,194
Toledo Molding & Die, Inc.	Component Manufacturing	SL-Debt	9,982	10,000
TransGo, LLC	Component Manufacturing	SL-Debt Equity	10,464	10,299
Trantech Radiator Products, Inc.	Utility Equipment Manufacturing	SL-Debt Equity	6,682	6,098
UBEO, LLC	Business Services	SUB-Debt Equity	7,737	7,737
United Biologics, LLC	Healthcare Services	SL-Debt Equity Warrant	1,574	413
US GreenFiber, LLC	Building Products Manufacturing	SL-Debt Equity	14,867	13,906
US Pack Logistics LLC	Transportation services	SL-Debt Equity	8,854	9,187
Vanguard Dealer Services, L.L.C.	Business Services	SL-Debt Equity	12,523	13,100
Virginia Tile Company, LLC	Specialty Distribution	SL-Debt Equity	12,317	13,597
Worldwide Express Operations, LLC	Transportation services	SL-Debt Equity	13,876	14,436
			<u>\$ 611,668</u>	<u>\$ 646,182</u>

(1) The Company's debt securities are classified as either First Lien Debt, Second Lien Debt or Subordinated Debt depending on the level security interest in the assets of the portfolio company as collateral in support of the repayment of such loans provided pursuant to agreements with the portfolio company. Refer to the Company's periodic 10-Q and 10-K filings with the SEC for additional information concerning these classifications.

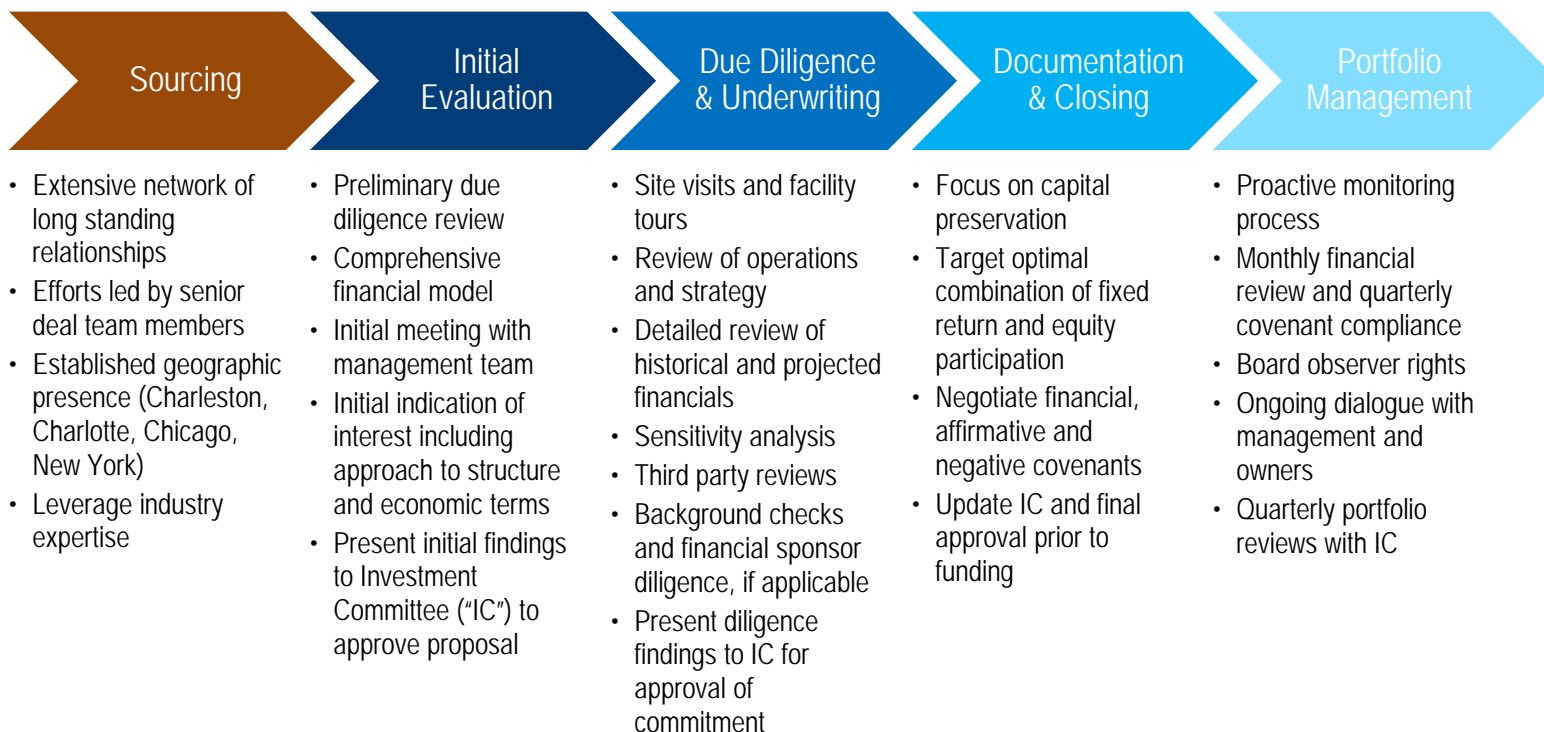
Reconciliation of Adjusted Net Investment Income

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

<u>(\$ in 000's)</u>	<u>Q2 2017</u>	<u>Q3 2017</u>	<u>Q4 2017</u>	<u>Q1 2018</u>	<u>Q2 2018</u>
Net Investment Income	\$ 8,942	\$ 9,189	\$ 7,687	\$ 7,377	\$ 8,958
Capital Gains Incentive Fee Expense (Reversal)	203	573	944	1,530	(263)
Adjusted Net Investment Income ⁽¹⁾	<u>\$ 9,145</u>	<u>\$ 9,762</u>	<u>\$ 8,631</u>	<u>\$ 8,907</u>	<u>\$ 8,695</u>
<u>Per Share</u>					
Net Investment Income	\$ 0.39	\$ 0.38	\$ 0.31	\$ 0.30	\$ 0.37
Capital Gains Incentive Fee Expense (Reversal)	0.01	0.02	0.04	0.06	(0.01)
Adjusted Net Investment Income ⁽¹⁾	<u>\$ 0.40</u>	<u>\$ 0.40</u>	<u>\$ 0.35</u>	<u>\$ 0.36</u>	<u>\$ 0.36</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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