



FIDUS

INVESTMENT
CORPORATION

Investor Presentation – February 2019

NASDAQ:

Common Stock – FDUS

5.875% Notes due 2023 – FDUSL

6.000% Notes due 2024 - FDUSZ



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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.
 - \$643.0 million diversified investment portfolio in 63 companies as of December 31, 2018
 - Portfolio comprised of 63% second lien debt, 18% subordinated debt, 9% first lien debt and 10% 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 10.1% dividend yield* based on annualized regular dividend of \$1.56 per share

*Based on \$15.38 closing price on February 26, 2019.

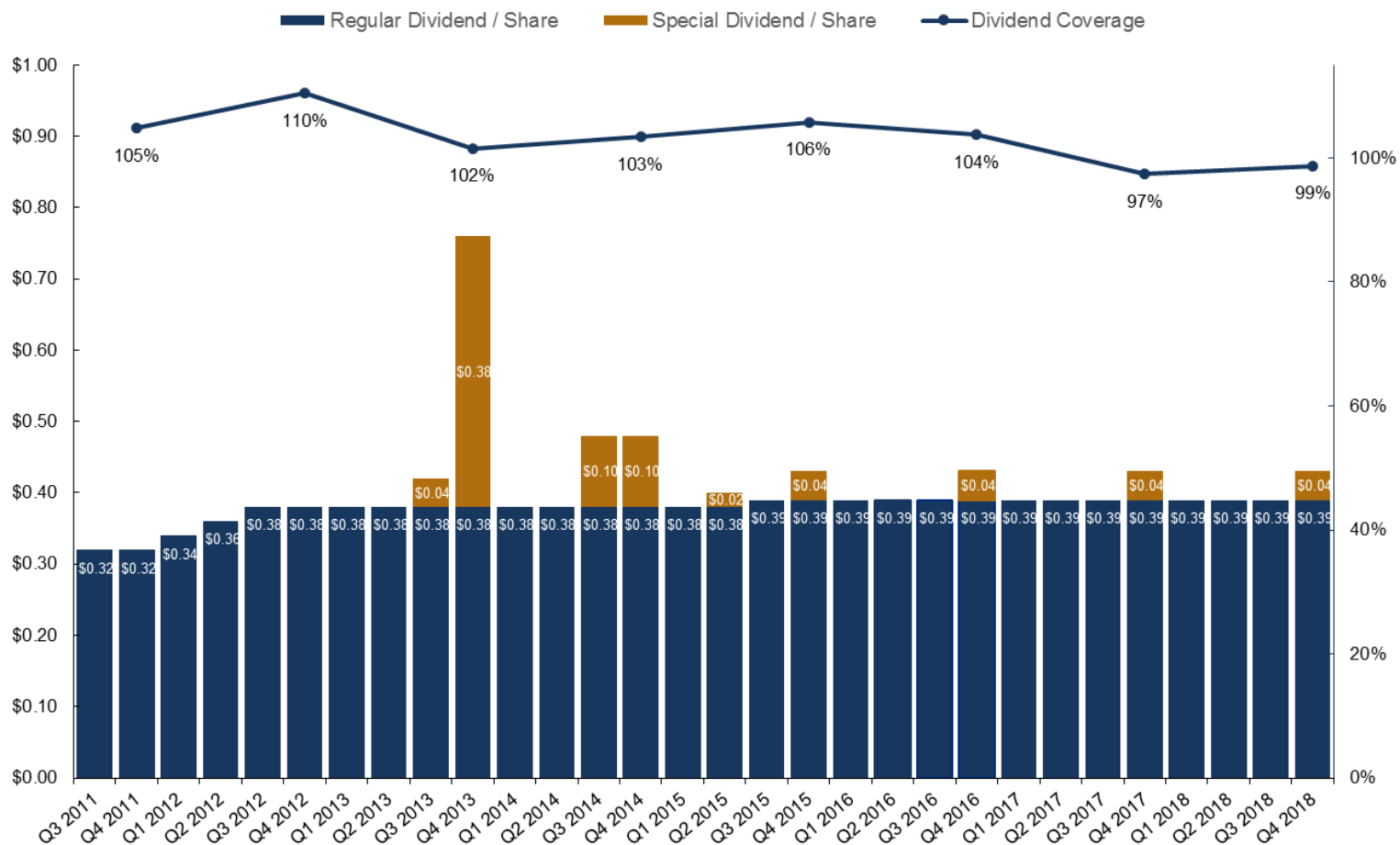
Since June 2011 IPO*

- **Maintained high quality of investment portfolio**
 - Investment portfolio of \$643.0 million in 63 companies as of December 31, 2018
 - Realized cumulative net capital gains of \$14.5 million
 - Fair Value / Cost of 107% at December 31, 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
 - \$0.04 per share paid on December 21, 2018
- **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 two public debt offerings**
 - Issued 5.875% notes due 2023 for net proceeds of approximately \$48.1 million that closed on February 2, 2018
 - Issued 6.000% notes due 2024 for net proceeds of approximately \$66.5 million that closed on February 8, 2019
- **Received second SBIC license in May 2013**

*All numbers for the period June 30, 2011 to December 31, 2018

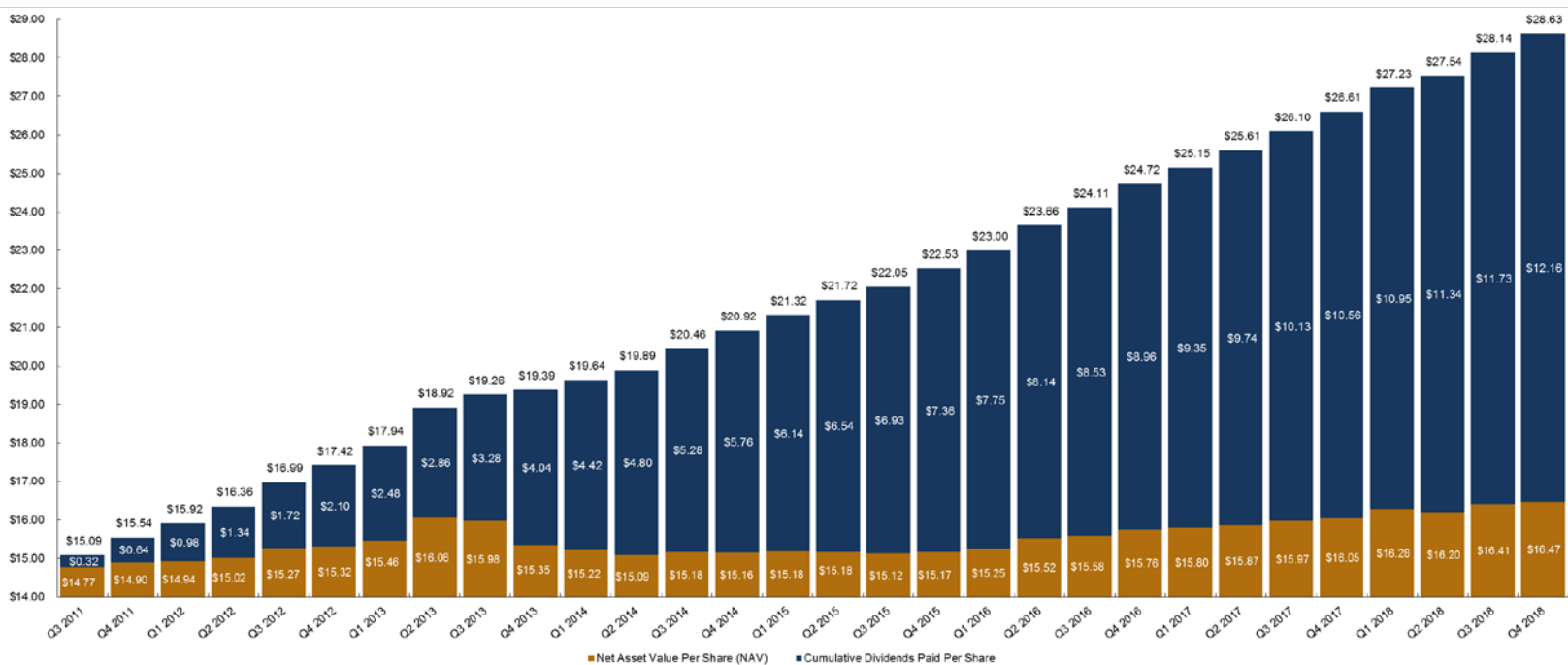
Consistent Distributions and Dividend Coverage

- Adjusted net investment income has covered regular dividend on a cumulative basis
- Undistributed taxable income of \$0.71 per share as of December 31, 2018
- History of paying special dividends
- 10.1% annualized dividend yield (based on regular dividend and closing price on February 26, 2019)



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 \$5 to \$30 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 & defense
 - Business services
 - Consumer products / multi-unit
 - Energy services
 - Healthcare products
 - Industrial
 - Infrastructure
 - Logistics & transportation
 - Niche manufacturing
 - Software & tech-enabled services
 - Value-added distribution

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

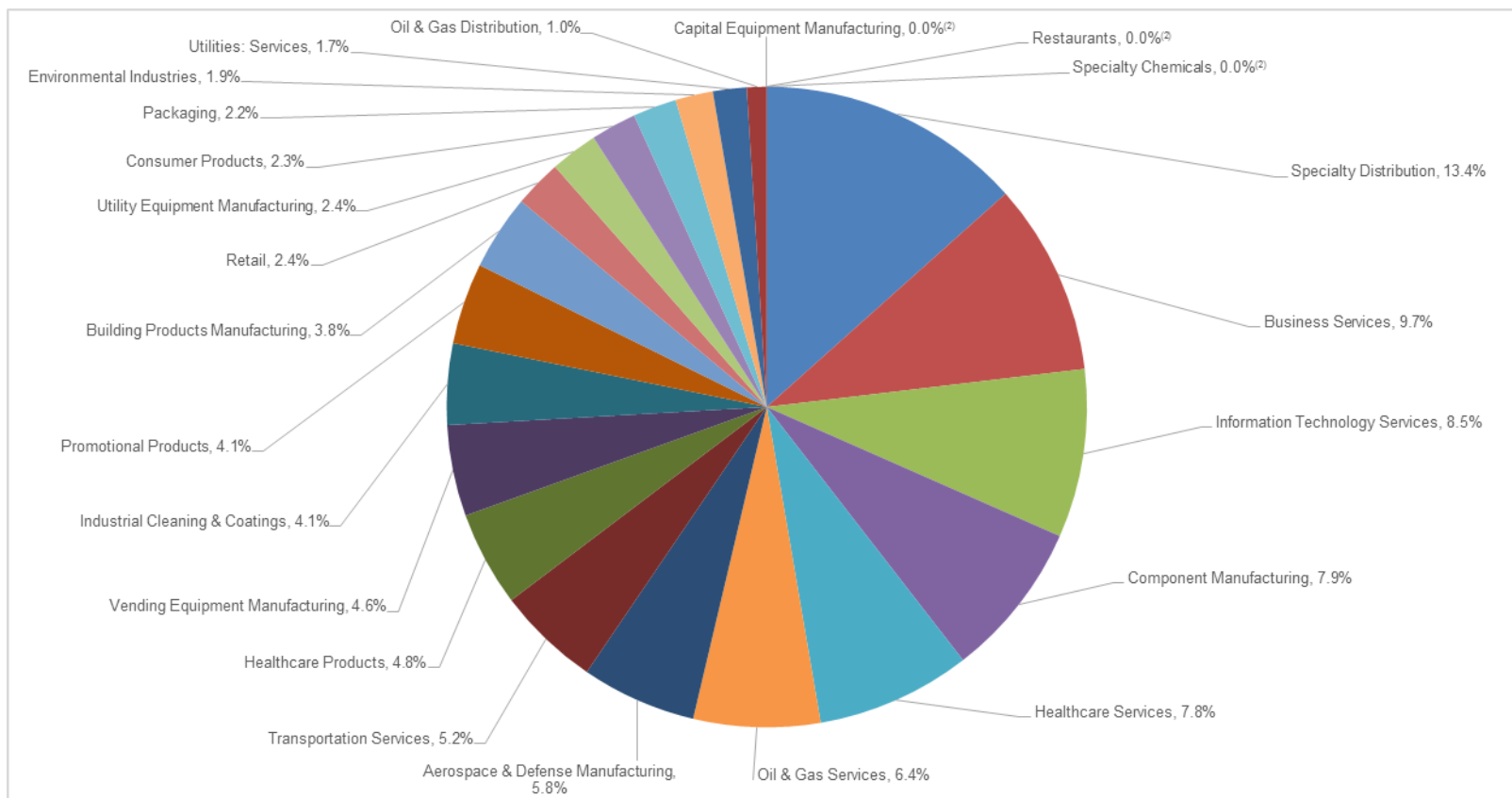
- **Operate as a Business Development Company (BDC)**
 - Regulated by SEC 1940 Act
 - Publicly-traded, private investment company
 - Asset diversification requirements reduce investment concentration risk
 - Maximum debt-to-equity ratio of 1:1 (excluding SBA debt) allows for modest return enhancement

- **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 \$643.0 million as of December 31, 2018



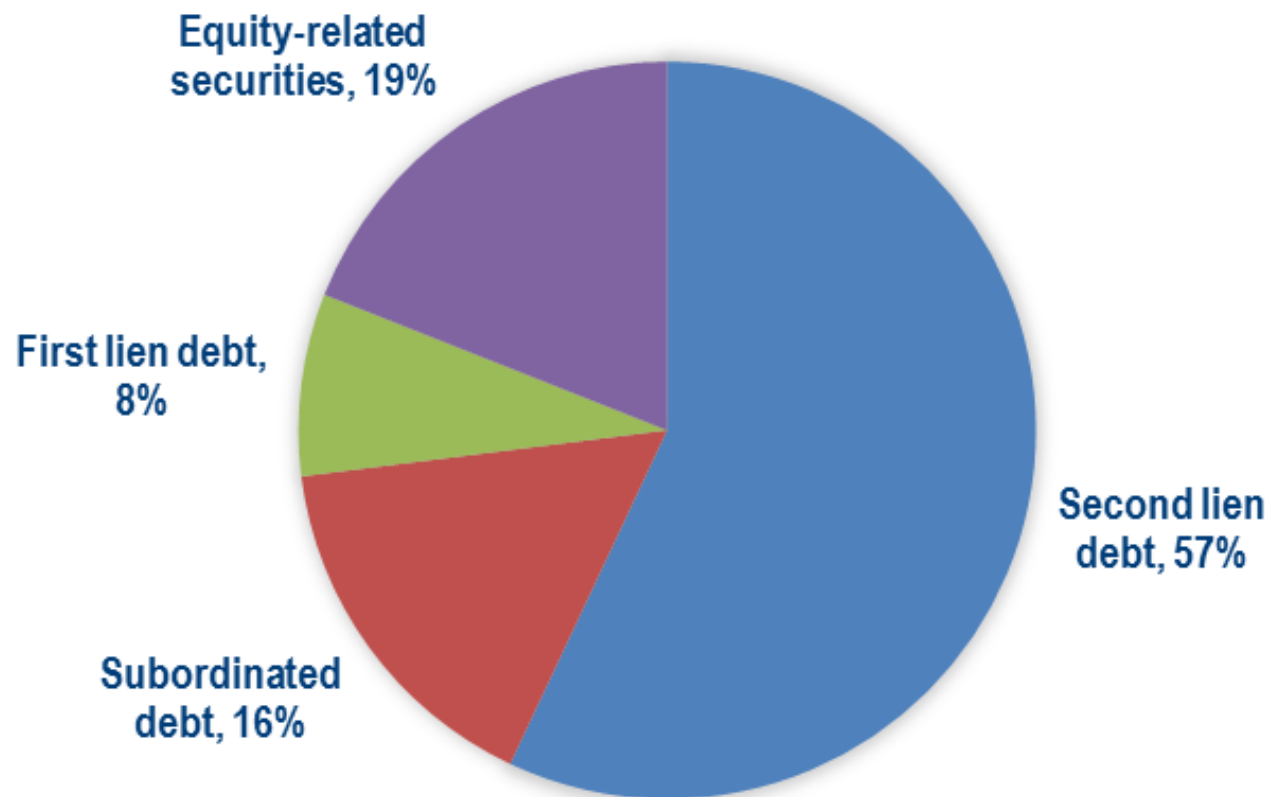
60 Active Portfolio Companies Across 23 Industry Segments ⁽¹⁾

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

⁽²⁾ Percentage of total fair value of investments is less than 0.1%

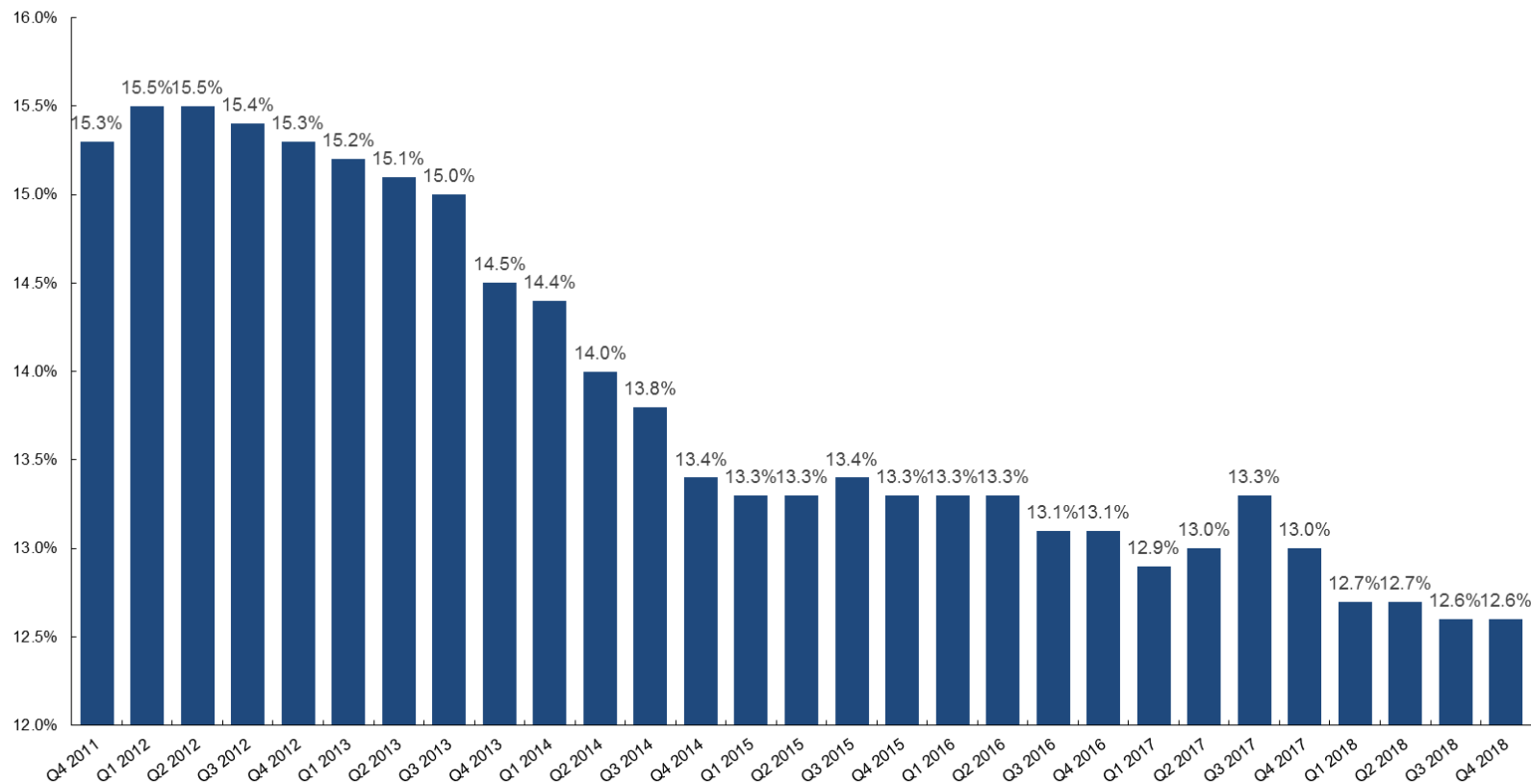
Diversified Investment Portfolio

Fair Value of Investments of \$643.0 million as of December 31, 2018



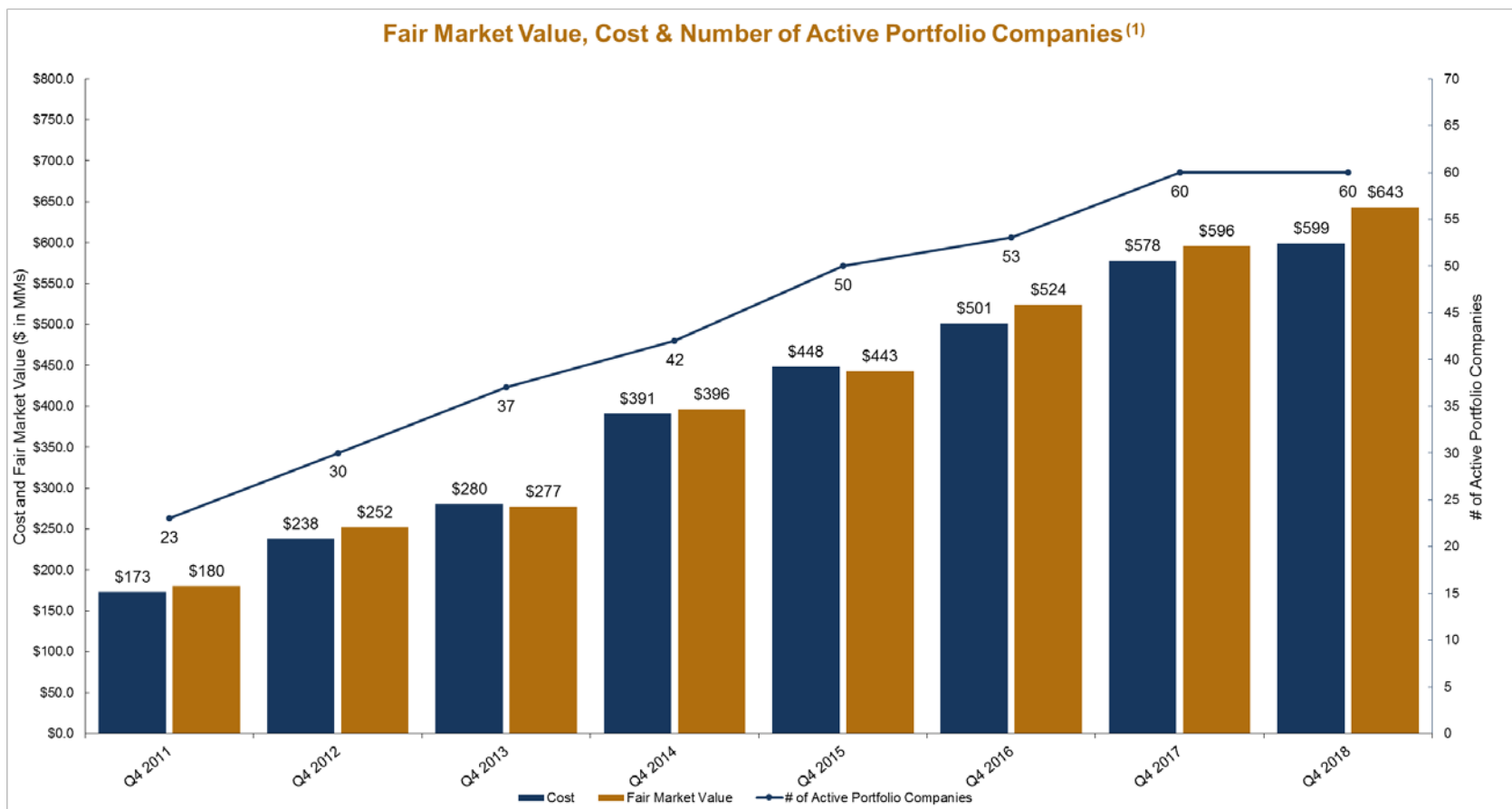
High Yielding Debt Portfolio

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>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>
Total Investment Income	\$17,068	\$18,233	\$18,112	\$17,872	\$22,208
Expenses:					
Interest Expense	\$2,417	\$3,082	\$3,046	\$3,106	\$3,722
Base Management Fee	2,586	2,685	2,821	2,932	2,927
Incentive Fee	3,098	3,754	1,907	3,698	2,992
G&A Expense	1,089	1,204	1,313	825	930
Total Expenses	<u>\$9,190</u>	<u>\$10,725</u>	<u>\$9,087</u>	<u>\$10,561</u>	<u>\$10,571</u>
Net Investment Income before Taxes	<u>\$7,878</u>	<u>\$7,508</u>	<u>\$9,025</u>	<u>\$7,311</u>	<u>\$11,637</u>
Income Tax Expense (Benefit)	<u>191</u>	<u>131</u>	<u>67</u>	<u>(170)</u>	<u>692</u>
Net Investment Income	\$7,687	\$7,377	\$8,958	\$7,481	\$10,945
Net Gains (Losses) on Investments	<u>4,720</u>	<u>7,648</u>	<u>(1,314)</u>	<u>7,320</u>	<u>1,037</u>
Net Increase in Net Assets	<u>\$12,407</u>	<u>\$15,025</u>	<u>\$7,644</u>	<u>\$14,801</u>	<u>\$11,982</u>

Per Common Share Data:

Adjusted Net Investment Income ⁽¹⁾	\$0.35	\$0.36	\$0.36	\$0.37	\$0.46
Net Investment Income	\$0.31	\$0.30	\$0.37	\$0.31	\$0.45
Net Increase in Net Assets	\$0.51	\$0.61	\$0.31	\$0.61	\$0.49
Dividends Paid	\$0.43 ²	\$0.39	\$0.39	\$0.39	\$0.43 ²
Wtd. Avg. Shares Outstanding (000s)	24,494	24,498	24,463	24,463	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>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>
Investments, at fair value					
Control Investments	\$ 4,723	\$ 4,950	\$ 5,041	\$ 5,318	\$ 18,820
Affiliate Investments	123,011	127,775	127,816	133,202	123,051
Non-control/Non-affiliate Investments	468,574	499,470	513,325	529,983	501,111
Total Investments	<u>\$596,308</u>	<u>\$632,195</u>	<u>\$646,182</u>	<u>\$668,503</u>	<u>\$642,982</u>
Cash & Cash Equivalents	41,572	32,797	23,999	38,072	42,015
Other Assets	8,383	7,420	7,545	6,923	8,879
Total Assets	<u>\$646,263</u>	<u>\$672,412</u>	<u>\$677,726</u>	<u>\$713,498</u>	<u>\$693,876</u>
Long-Term Debt	\$242,800	\$264,500	\$271,500	\$301,500	\$277,500
Less: Deferred Financing Costs	(4,965)	(7,058)	(6,837)	(6,484)	(5,997)
Other Liabilities	15,155	16,812	16,802	16,960	19,388
Total Liabilities	<u>252,990</u>	<u>274,254</u>	<u>281,465</u>	<u>311,976</u>	<u>290,891</u>
Net Assets	<u>\$393,273</u>	<u>\$398,158</u>	<u>\$396,261</u>	<u>\$401,522</u>	<u>\$402,985</u>
NAV Per Common Share	\$16.05	\$16.28	\$16.20	\$16.41	\$16.47

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 10.1% dividend yield* based on annualized regular dividend of \$1.56 per share

*Based on \$15.38 closing price on February 26, 2019.

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 Committee

John H. Grigg
Managing Director

Thomas C. Lauer
President

Robert G. Lesley, Jr.
Managing Director

Edward H. Ross
Chairman of Investment Committee

John J. Ross, II
Managing Director

Thomas J. Steiglehner
Managing Director

W. Andrew Worth
Managing Director

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Securities Listing - NASDAQ

"FDUS" - Common Stock

"FDUSL" - 5.875% Notes due 2023

"FDUSZ" - 6.000% Notes due 2024

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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 December 31, 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	\$ 31,005	\$ 29,341
Allied 100 Group, Inc.	Healthcare Products	Equity	1,250	1,744
Alzheimer's Research and Treatment Center	Healthcare Services	FL-Debt, Equity	7,451	7,451
American AllWaste LLC (dba WasteWater Transport Services)	Environmental Industries	SL-Debt, Equity	12,258	12,441
Argo Turboserve Corporation	Business Services	SL-Debt	14,925	14,925
AVC Investors, LLC (dba Auveco)	Specialty Distribution	SL-Debt, Equity	22,906	23,182
B&B Roadway and Security Solutions, LLC	Component Manufacturing	SL-Debt, Equity	10,580	9,828
Cardboard Box LLC (dba Anthony's Coal Fired Pizza)	Restaurants	Equity	521	108
Consolidated Infrastructure Group Holdings, LP	Business Services	Equity	378	49
ControlScan, Inc.	Information Technology Services	SUB-Debt, Equity	7,725	8,366
CRS Solutions Holdings, LLC (dba CRS Texas)	Business Services	SL-Debt, Equity	9,785	9,830
EBL, LLC (EbLens)	Retail	SL-Debt, Equity	10,071	10,131
FAR Research Inc.	Specialty Chemicals	Equity	-	116
FDS Avionics Corp. (dba Flight Display Systems)	Aerospace & Defense Manufacturing	SL-Debt, Equity	7,159	5,612
Fiber Materials, Inc.	Aerospace & Defense Manufacturing	SL-Debt, Equity	5,032	6,148
Global Plasma Solutions, Inc.	Component Manufacturing	FL-Debt, Equity	9,004	9,004
Gurobi Optimization, LLC	Information Technology Services	SUB-Debt, Equity	21,420	22,723
Hilco Plastics Holdings, LLC (dba Hilco Technologies)	Component Manufacturing	SL-Debt, Equity	11,395	10,778
Hub Acquisition Sub, LLC (dba Hub Pen)	Promotional products	SL-Debt, Equity	25,167	26,417
Hunter Defense Technologies, Inc.	Aerospace & Defense Manufacturing	FL-Debt	9,653	9,653
IBH Holdings, LLC (fka Inflexion, Inc.)	Business Services	Equity	-	-
inthin Technology Solutions, Inc.	Information Technology Services	Royalty	185	-
K2 Industrial Services, Inc.	Industrial Cleaning & Coatings	SL-Debt, Equity	15,538	13,208
LNG Indy, LLC (dba Kinetrex Energy)	Oil & Gas Distribution	SL-Debt, Equity	5,985	6,561
Marco Group International OpCo, LLC	Industrial Cleaning & Coatings	SL-Debt, Equity	12,839	12,933
Medsurant Holdings, LLC	Healthcare Services	SL-Debt, Equity, Warrant	14,657	21,346
Mesa Line Services, LLC	Utilities: Services	SL-Debt, Equity	10,459	10,690
Microbiology Research Associates, Inc.	Healthcare Services	SUB-Debt, Equity	10,721	10,046
Midwest Transit Equipment, Inc.	Transportation services	Warrant	742	834
Mirage Trailers LLC	Utility Equipment Manufacturing	SL-Debt, Equity	8,254	9,283
New Era Technology, Inc.	Information Technology Services	Equity	750	990
NGT Acquisition Holdings, LLC (dba Techniks Industries)	Component Manufacturing	SUB-Debt, Equity	12,042	10,532
Oaktree Medical Centre, P.C. (dba Pain Management Associates)	Healthcare Services	FL-Debt	11,886	11,389
OMC Investors, LLC (dba Ohio Medical Corporation)	Healthcare Products	SL-Debt, Equity	10,454	8,887
Palisade Company, LLC	Information Technology Services	SUB-Debt, Equity	7,468	7,468
Palmetto Moon, LLC	Retail	FL-Debt, Equity	5,984	5,620
Pfanstiehl, Inc.	Healthcare Products	SUB-Debt, Equity	7,047	20,023
Pinnergy, Ltd.	Oil & Gas Services	SL-Debt, Equity	9,993	40,878
Power Grid Components, Inc.	Specialty Distribution	SL-Debt, Equity	11,984	11,964

Investment Portfolio as of December 31, 2018

\$ in '000s

Portfolio Company	Nature of Principal Business	Investment Types ⁽¹⁾	Cost	Fair Value
Pugh Lubricants, LLC	Specialty Distribution	SL-Debt, Equity	\$ 19,135	\$ 19,581
Revenue Management Solutions, LLC	Information Technology Services	Equity	2,250	3,888
Rhino Assembly Company, LLC	Specialty Distribution	SL-Debt, Equity	12,220	12,596
Road Safety Services, Inc.	Business Services	SL-Debt, Equity	10,643	10,643
Rohrer Corporation	Packaging	SUB-Debt, Equity	14,450	14,394
SES Investors, LLC (dba SES Foam)	Building Products Manufacturing	SL-Debt, Equity	3,669	2,870
Simplex Manufacturing Co.	Aerospace & Defense Manufacturing	SUB-Debt, Warrant	5,205	7,086
Software Technology, LLC	Information Technology Services	SUB-Debt, Equity	11,255	11,364
SpendMend LLC	Business Services	SL-Debt, Equity	11,355	11,580
Steward Holding LLC (dba Steward Advanced Materials)	Aerospace & Defense Manufacturing	SL-Debt, Equity	8,538	8,910
The Kyjen Company, LLC (dba Outward Hound)	Consumer Products	SL-Debt, Equity	15,702	14,704
The Tranzonic Companies	Specialty Distribution	SUB-Debt, Equity	6,114	5,388
The Wolf Organization, LLC	Building Products Manufacturing	Equity	753	3,711
Thermoforming Technology Group LLC (dba Brown Machine Group)	Capital Equipment Manufacturing	Equity	-	10
Tile Redi, LLC	Building Products Manufacturing	FL-Debt	10,122	10,156
TransGo, LLC	Component Manufacturing	SL-Debt, Equity	10,466	10,405
Trantech Radiator Products, Inc.	Utility Equipment Manufacturing	SL-Debt, Equity	6,682	6,301
UBEO, LLC	Business Services	SUB-Debt, Equity	13,672	14,127
United Biologics, LLC	Healthcare Services	Equity, Warrant	1,574	117
US GreenFiber, LLC	Building Products Manufacturing	SL-Debt, Equity	15,945	7,549
US Pack Logistics LLC	Transportation services	SL-Debt, Equity	8,878	8,636
Vanguard Dealer Services, L.L.C.	Business Services	Equity	481	1,189
Virginia Tile Company, LLC	Specialty Distribution	SL-Debt, Equity	12,322	13,455
Worldwide Express Operations, LLC	Transportation services	SL-Debt, Equity	22,646	23,823
			<u>\$ 598,750</u>	<u>\$ 642,982</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.

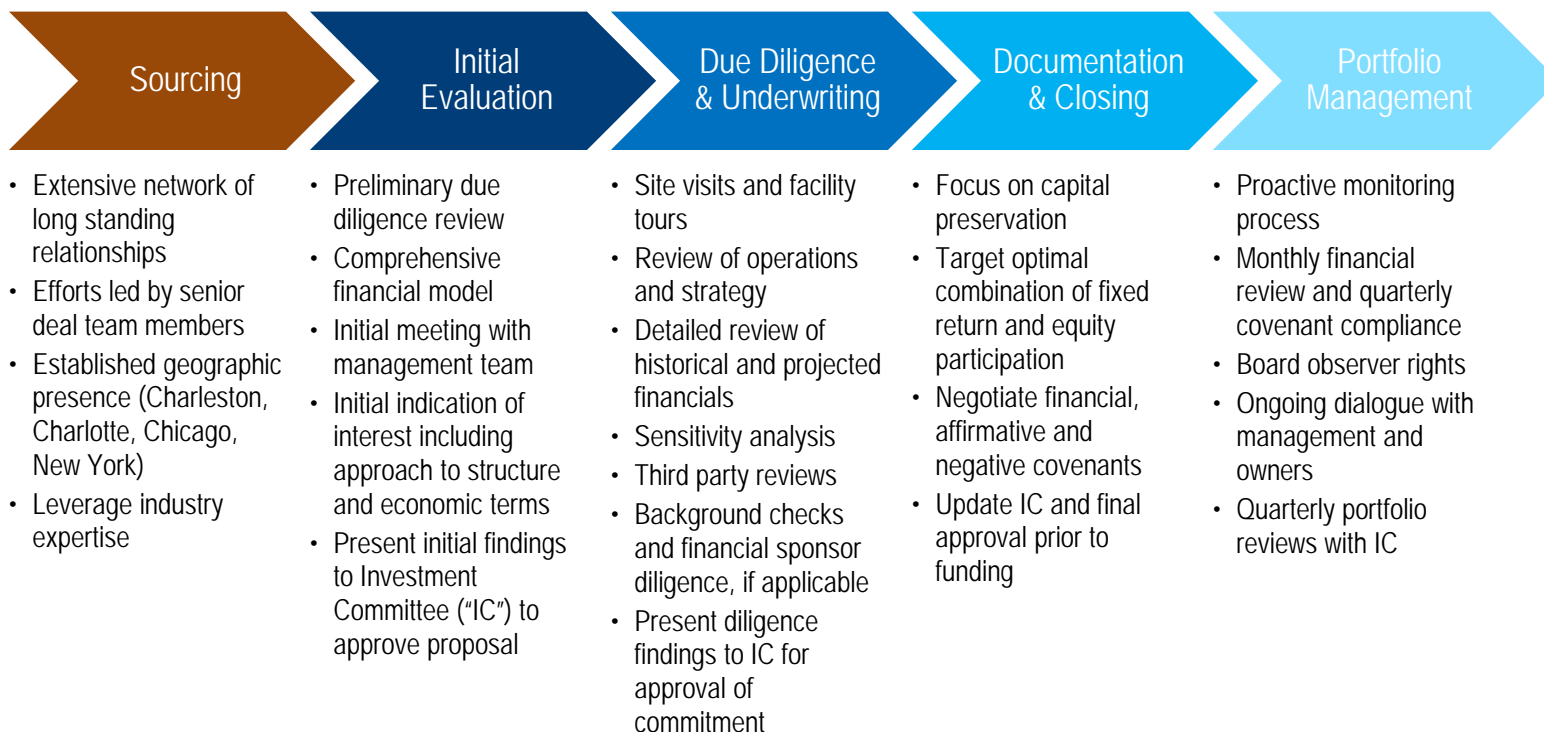
Reconciliation of Adjusted Net Investment Income

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>Q4 2017</u>	<u>Q1 2018</u>	<u>Q2 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>
Net Investment Income	\$ 7,687	\$ 7,377	\$ 8,958	\$ 7,481	\$ 10,945
Capital Gains Incentive Fee Expense (Reversal)	944	1,530	(263)	1,464	207
Adjusted Net Investment Income ⁽¹⁾	<u>\$ 8,631</u>	<u>\$ 8,907</u>	<u>\$ 8,695</u>	<u>\$ 8,945</u>	<u>\$ 11,152</u>
<u>Per Share</u>					
Net Investment Income	\$ 0.31	\$ 0.30	\$ 0.37	\$ 0.31	\$ 0.45
Capital Gains Incentive Fee Expense (Reversal)	0.04	0.06	(0.01)	0.06	0.01
Adjusted Net Investment Income ⁽¹⁾	<u>\$ 0.35</u>	<u>\$ 0.36</u>	<u>\$ 0.36</u>	<u>\$ 0.37</u>	<u>\$ 0.46</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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