UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 814-00861

Fidus Investment Corporation
(Exact Name of Registrant as Specified in its Charter)

Maryland **(State or Other Jurisdiction of Incorporation or Organization)**	**27-5017321** **(I.R.S. Employer Identification No.)**
1603 Orrington Avenue, Suite 1005 **Evanston, Illinois** **(Address of Principal Executive Offices)**	**60201** **(Zip Code)**

(847) 859-3940
(Registrant's telephone number, including area code)

n/a
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.001 per share	**FDUS**	**The NASDAQ Global Select Market**
6.000% Notes due 2024	**FDUSZ**	**The NASDAQ Global Select Market**
5.375% Notes due 2024	**FDUSG**	**The NASDAQ Global Select Market**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
☐	☐	☑	☐	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of August 2, 2021, the Registrant had outstanding 24,437,400 shares of common stock, $0.001 par value.

FIDUS INVESTMENT CORPORATION
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QUARTERLY REPORT ON FORM 10-Q

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)

	June 30, 2021	December 31, 2020
ASSETS		
Investments, at fair value:		
Control investments (cost: $71,869 and $32,969, respectively)	$ 61,168	$ 28,253
Affiliate investments (cost: $26,713 and $31,836, respectively)	92,639	81,394
Non-control/non-affiliate investments (cost: $572,350 and $622,222, respectively)	589,651	633,222
Total investments, at fair value (cost: $670,932 and $687,027, respectively)	743,458	742,869
Cash and cash equivalents	54,211	124,308
Interest receivable	7,767	7,548
Prepaid expenses and other assets	2,244	1,015
Total assets	$807,680	$ 875,740
LIABILITIES		
SBA debentures, net of deferred financing costs (Note 6)	$135,848	$ 144,004
Notes, net of deferred financing costs (Note 6)	202,857	300,294
Borrowings under Credit Facility, net of deferred financing costs (Note 6)	(824)	(1,048)
Secured Borrowings	13,500	—
Accrued interest and fees payable	5,476	3,500
Base management fee payable, net of base management fee waiver – due to affiliate	3,186	3,244
Income incentive fee payable, net of income incentive fee waiver – due to affiliate	2,550	2,610
Capital gains incentive fee payable – due to affiliate	15,005	11,031
Administration fee payable and other – due to affiliate	183	576
Taxes (receivable) payable	(425)	275
Accounts payable and other liabilities	957	494
Total liabilities	378,313	464,980
Commitments and contingencies (Note 7)		
NET ASSETS		
Common stock, $0.001 par value (100,000,000 shares authorized, 24,437,400 and 24,437,400 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively)	24	24
Additional paid-in capital	363,751	363,751
Total distributable earnings	65,592	46,985
Total net assets	429,367	410,760
Total liabilities and net assets	$807,680	$ 875,740
Net asset value per common share	$ 17.57	$ 16.81

See Notes to Consolidated Financial Statements (unaudited).

FIDUS INVESTMENT CORPORATION
Consolidated Statements of Operations (unaudited)
(in thousands, except shares and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Investment Income:				
Interest income				
Control investments	$ 975	$ 449	$ 1,568	$ 881
Affiliate investments	711	831	1,559	1,814
Non-control/non-affiliate investments	16,105	17,559	33,802	33,611
Total interest income	17,791	18,839	36,929	36,306
Payment-in-kind interest income				
Control investments	596	445	937	870
Affiliate investments	84	29	195	69
Non-control/non-affiliate investments	424	707	940	1,323
Total payment-in-kind interest income	1,104	1,181	2,072	2,262
Dividend income				
Control investments	568	—	568	—
Affiliate investments	110	1	110	108
Non-control/non-affiliate investments	149	17	242	46
Total dividend income	827	18	920	154
Fee income				
Control investments	—	—	400	—
Affiliate investments	85	66	268	66
Non-control/non-affiliate investments	2,018	327	4,526	1,618
Total fee income	2,103	393	5,194	1,684
Interest on idle funds	1	2	1	10
Total investment income	21,826	20,433	45,116	40,416
Expenses:				
Interest and financing expenses	4,562	4,863	9,756	9,823
Base management fee	3,215	3,193	6,391	6,465
Incentive fee—income	2,550	2,113	5,219	3,968
Incentive fee (reversal)—capital gains	3,883	(263)	3,974	(9,141)
Administrative service expenses	430	364	843	830
Professional fees	312	654	635	1,207
Other general and administrative expenses	396	500	741	835
Total expenses before base management and income incentive fee waivers	15,348	11,424	27,559	13,987
Base management and income incentive fee waivers	(29)	(423)	(29)	(423)
Total expenses, net of base management and incentive fee waivers	15,319	11,001	27,530	13,564
Net investment income before income taxes	6,507	9,432	17,586	26,852
Income tax provision (benefit)	34	141	32	144
Net investment income	6,473	9,291	17,554	26,708
Net realized and unrealized gains (losses) on investments:				
Net realized gains (losses):				
Control investments	—	—	957	—
Affiliate investments	—	87	—	24,419
Non-control/non-affiliate investments	2,150	117	4,409	7,163
Total net realized gain (loss) on investments	2,150	204	5,366	31,582
Income tax (provision) benefit from realized gains on investments	—	(14)	—	(1,065)
Net change in unrealized appreciation (depreciation):				
Control investments	(6,877)	(68)	(5,985)	(1,764)
Affiliate investments	12,416	3,797	16,368	(35,453)
Non-control/non-affiliate investments	11,724	(5,237)	6,301	(38,881)
Total net change in unrealized appreciation (depreciation) on investments	17,263	(1,508)	16,684	(76,098)
Net gain (loss) on investments	19,413	(1,318)	22,050	(45,581)
Realized losses on extinguishment of debt	—	—	(2,180)	(125)
Net increase (decrease) in net assets resulting from operations	$ 25,886	$ 7,973	$ 37,424	$ (18,998)
Per common share data:				
Net investment income per share-basic and diluted	$ 0.26	$ 0.38	$ 0.72	$ 1.09
Net increase in net assets resulting from operations per share — basic and diluted	$ 1.06	$ 0.33	$ 1.53	$ (0.78)
Dividends declared per share	$ 0.39	$ 0.30	$ 0.77	$ 0.69
Weighted average number of shares outstanding — basic and diluted	24,437,400	24,437,400	24,437,400	24,447,517

See Notes to Consolidated Financial Statements (unaudited).

FIDUS INVESTMENT CORPORATION
Consolidated Statements of Changes in Net Assets (unaudited)
(in thousands, except shares)

	Common Stock		Additional paid-in capital	Total distributable earnings	Total net assets
	Number of shares	Par value			
Balances at December 31, 2019	24,463,119	$ 24	$366,061	$ 46,225	$412,310
Repurchases of common stock under Stock Repurchase Program (Note 8)	(25,719)	(0)*	(268)	—	(268)
Net investment income	—	—	—	17,417	17,417
Net realized gain (loss) on investments, net of taxes	—	—	—	30,327	30,327
Net unrealized appreciation (depreciation) on investments	—	—	—	(74,590)	(74,590)
Realized losses on extinguishment of debt	—	—	—	(125)	(125)
Dividends declared	—	—	—	(9,537)	(9,537)
Balances at March 31, 2020	24,437,400	$ 24	$365,793	$ 9,717	$375,534
Net investment income	—	—	—	9,291	9,291
Net realized gain (loss) on investments, net of taxes	—	—	—	190	190
Net unrealized appreciation (depreciation) on investments	—	—	—	(1,508)	(1,508)
Realized losses on extinguishment of debt	—	—	—	—	—
Dividends declared	—	—	—	(7,331)	(7,331)
Balances at June 30, 2020	24,437,400	$ 24	$365,793	$ 10,359	$376,176
Balances at December 31, 2020	24,437,400	$ 24	$363,751	$ 46,985	$410,760
Net investment income	—	—	—	11,081	11,081
Net realized gain (loss) on investments, net of taxes	—	—	—	3,216	3,216
Net unrealized appreciation (depreciation) on investments	—	—	—	(579)	(579)
Realized losses on extinguishment of debt	—	—	—	(2,180)	(2,180)
Dividends declared	—	—	—	(9,286)	(9,286)
Balances at March 31, 2021	24,437,400	$ 24	$363,751	$ 49,237	$413,012
Net investment income	—	—	—	6,473	6,473
Net realized gain (loss) on investments, net of taxes	—	—	—	2,150	2,150
Net unrealized appreciation (depreciation) on investments	—	—	—	17,263	17,263
Realized losses on extinguishment of debt	—	—	—	—	—
Dividends declared	—	—	—	(9,531)	(9,531)
Balances at June 30, 2021	24,437,400	$ 24	$363,751	$ 65,592	$429,367

* amount is greater than zero but less than one

See Notes to Consolidated Financial Statements (unaudited).

FIDUS INVESTMENT CORPORATION
Consolidated Statements of Cash Flows (unaudited)
(in thousands)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash Flows from Operating Activities:		
Net increase (decrease) in net assets resulting from operations	$ 37,424	$ (18,998)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used for) operating activities:		
Net change in unrealized (appreciation) depreciation on investments	(16,684)	76,098
Net realized (gain) loss on investments	(5,366)	(31,582)
Interest and dividend income paid-in-kind	(2,177)	(2,262)
Accretion of original issue discount	(605)	(103)
Accretion of loan origination fees	(1,139)	(514)
Purchase of investments	(167,349)	(85,097)
Proceeds from sales and repayments of investments	191,560	76,315
Proceeds from loan origination fees	1,171	1,444
Realized losses on extinguishment of debt	2,180	125
Amortization of deferred financing costs	1,117	1,098
Changes in operating assets and liabilities:		
Interest receivable	(219)	(1,877)
Prepaid expenses and other assets	(1,164)	(171)
Accrued interest and fees payable	1,976	(94)
Base management fee payable, net of base management fee waiver – due to affiliate	(58)	(141)
Income incentive fee payable, net of income incentive fee waiver – due to affiliate	(60)	193
Capital gains incentive fee (reversal) – due to (from) affiliate	3,974	(9,141)
Administration fee payable and other – due to affiliate	(393)	(72)
Taxes payable	(700)	(424)
Accounts payable and other liabilities	463	91
Net cash provided by (used for) operating activities	43,951	4,888
Cash Flows from Financing Activities:		
Proceeds received from SBA debentures	11,500	6,000
Repayments of SBA debentures	(19,200)	(7,000)
Principal payments on Notes	(100,000)	—
Proceeds received from (repayments of) borrowings under Credit Facility, net	—	18,000
Proceeds from secured borrowings	13,500	—
Payment of deferred financing costs	(1,031)	(496)
Dividends paid to stockholders, including expenses	(18,817)	(16,868)
Repurchases of common stock under Stock Repurchase Program	—	(268)
Net cash provided by (used for) financing activities	(114,048)	(632)
Net increase (decrease) in cash and cash equivalents	(70,097)	4,256
Cash and cash equivalents:		
Beginning of period	124,308	15,012
End of period	$ 54,211	$ 19,268
Supplemental disclosure of cash flow information:		
Cash payments for interest	$ 6,663	$ 8,819
Cash payments for taxes, net of tax refunds received	$ 732	$ 1,633

See Notes to Consolidated Financial Statements (unaudited).

FIDUS INVESTMENT CORPORATION
Consolidated Schedule of Investments (unaudited)
June 30, 2021
(in thousands, except shares)

Portfolio Company (a)(b) Investment Type (c)	Industry	Variable Index Spread / Floor (d)	Rate (e) Cash/PIK	Investment Date (f)	Maturity	Principal Amount	Cost	Fair Value (g)	Percent of Net Assets
Control Investments (t)									
Hilco Plastics Holdings, LLC (dba Hilco Technologies)	Component Manufacturing								
Revolving Loan (j)		(L + 9.50%) / (0.50%)	10.00%/0.00%	12/20/2019	6/30/2022	$ 5,962	$ 5,962	$ 5,962	
First Lien Debt (j)		(L + 9.50%) / (0.50%)	10.00%/0.00%	12/20/2019	6/30/2022	4,324	4,324	4,324	
Preferred Equity (1,000,000 units) (h)(j)				4/18/2018			1,000	—	
Common Equity (72,507 units) (h)(j)				9/23/2016			473	—	
Common Equity (Units N/A)				4/6/2021			10,450	10,428	
							22,209	20,714	5%
Mesa Line Services, LLC	Utilities: Services								
Second Lien Debt (j)			5.00%/7.00%	11/30/2017	2/1/2024	20,804	20,745	16,298	
Common Equity (981 shares) (j)				11/30/2017			1,148	—	
Common Equity (10 shares) (j)				4/22/2021			—	—	
							21,893	16,298	4%
US GreenFiber, LLC	Building Products Manufacturing								
Second Lien Debt (j)			8.00%/5.00%	7/3/2014	8/30/2024	15,784	15,780	13,557	
Second Lien Debt (j)			8.50%/6.50%	11/9/2018	8/30/2024	5,203	5,203	5,328	
Second Lien Debt (j)			8.50%/6.50%	8/10/2020	8/30/2024	5,174	5,174	5,271	
Common Equity (2,522 units) (h)(j)				7/3/2014			586	—	
Common Equity (425,508 units) (j)				8/30/2019			1	—	
Common Equity (1,022,813 units) (h)(j)				7/1/2020			1,023	—	
							27,767	24,156	5%
Total Control Investments							$71,869	$ 61,168	14%
Affiliate Investments (l)									
FAR Research Inc. (n)	Specialty Chemicals								
Common Equity (1,396 units)				3/31/2014			$ —	$ 28	0%
Fiber Materials, Inc. (n)	Aerospace & Defense Manufacturing								
Common Equity (10 units)				11/30/2016			—	42	0%
Medsurant Holdings, LLC	Healthcare Services								
Preferred Equity (63,331 units) (h)(j)				4/12/2011			673	864	
Warrant (252,588 units) (h)(j)(m)				4/12/2011			2,258	3,140	
							2,931	4,004	1%
Mirage Trailers LLC	Utility Equipment Manufacturing								
Second Lien Debt (k)		(L + 10.00%) / (1.00%)	11.00%/5.00%	11/25/2015	11/25/2021	6,532	6,615	6,532	
Common Equity (2,500,000 shares)				11/25/2015			2,188	3,540	
							8,803	10,072	2%
Pfanstiehl, Inc.	Healthcare Products								
Common Equity (4,250 units) (j)				3/29/2013			425	43,181	10%
Pinnergy, Ltd.	Oil & Gas Services								
Common Equity—Class A-2 (42,500 units) (j)				10/13/2016			3,000	20,797	5%
Spectra A&D Acquisition, Inc. (fka FDS Avionics Corp.)	Aerospace & Defense Manufacturing								
First Lien Debt (ag)		(L + 5.50%) / (1.00%)	6.50%/0.00%	2/12/2021	2/11/2026	8,000	7,946	7,946	
Common Equity (41,290 units) (j)				2/12/2021			2,608	4,272	
							10,554	12,218	3%
Steward Holding LLC (dba Steward Advanced Materials)	Aerospace & Defense Manufacturing								
Common Equity (1,000,000 units)				11/12/2015			1,000	2,297	1%
Total Affiliate Investments							$26,713	$ 92,639	22%

FIDUS INVESTMENT CORPORATION
Consolidated Schedule of Investments (unaudited)
June 30, 2021
(in thousands, except shares)

Portfolio Company (a)(b) Investment Type (c)	Industry	Variable Index Spread / Floor (d)	Rate (e) Cash/PIK	Investment Date (f)	Maturity	Principal Amount	Cost	Fair Value (g)	Percent of Net Assets
Non-control/Non-affiliate Investments									
2KDirect, Inc. (dba iPromote)	Information Technology Services								
First Lien Debt (k)(ah)		(L + 6.75%) / (0.50%)	7.25%/0.00%	6/25/2021	6/25/2026	$ 17,000	$16,931	$ 16,931	
Common Equity (1,000,000 units)				6/25/2021			1,000	1,000	
							17,931	17,931	4%
Aeronix Inc.	Aerospace & Defense Manufacturing								
First Lien Debt (ai)		(L + 5.88%) / (0.50%)	6.38%/0.00%	6/11/2021	6/11/2026	6,500	6,454	6,454	
Common Equity (500 units)				6/11/2021			500	500	
							6,954	6,954	2%
Allied 100 Group, Inc.	Healthcare Products								
Subordinated Debt (k)			11.25%/0.00%	7/31/2019	5/26/2023	21,500	21,446	21,500	
Common Equity (625,000 units) (j)				11/26/2014			626	1,138	
							22,072	22,638	5%
Allredi, LLC (fka Marco Group International OpCo, LLC)	Industrial Cleaning & Coatings								
Second Lien Debt			10.50%/1.75%	3/2/2020	9/2/2026	10,169	10,090	8,109	
Common Equity (570,636 units) (h)(j)				7/21/2017			637	52	
							10,727	8,161	2%
Alzheimer's Research and Treatment Center, LLC	Healthcare Services								
Common Equity (500 units) (h)(j)				10/23/2018			500	1,098	0%
American AllWaste LLC (dba WasteWater Transport Services)	Environmental Industries								
First Lien Debt (j)(p)		(L + 6.15%) / (1.00%)	7.15%/0.00%	6/28/2021	6/28/2026	19,000	18,851	18,851	
Delayed Draw Commitment ($3,900 unfunded commitment) (j)(o)		(L + 3.75%) / (1.00%)	4.75%/0.00%	6/28/2021	12/31/2022	—	—	—	
Preferred Equity (500 units) (h)(j)				5/31/2018			500	188	
Preferred Equity (207 units) (h)(j)				8/6/2019			250	226	
Preferred Equity (141 units) (h)(j)				11/2/2020			171	171	
							19,772	19,436	5%
Applied Data Corporation	Information Technology Services								
First Lien Debt (v)		(L + 6.25%) / (1.50%)	7.75%/0.00%	11/6/2020	11/6/2025	8,000	7,954	8,000	
Common Equity (22 units)				11/6/2020			—	—	
Preferred Equity (1,070,614 units)				11/6/2020			1,071	1,101	
							9,025	9,101	2%
Argo Turboserve Corporation	Business Services								
Second Lien Debt (j)		(L + 12.00%) / (2.00%)	14.00%/0.00%	12/26/2018	6/28/2023	12,469	12,436	12,469	3%
AVC Investors, LLC (dba Auveco)	Specialty Distribution								
Common Equity (5,000 units) (j)				1/3/2018			383	515	0%
B&B Roadway and Security Solutions, LLC	Component Manufacturing								
Second Lien Debt			11.25%/4.00%	2/27/2018	1/1/2022	11,131	11,120	10,451	
Common Equity (50,000 units) (h)(j)				2/27/2018			497	—	
							11,617	10,451	2%
Bandon Fitness (Texas), Inc.	Retail								
Common Equity (545,810 units) (j)				8/9/2019			931	1,659	0%
BCM One Group Holdings, Inc.	Information Technology Services								
Subordinated Debt (k)			11.00%/0.00%	1/3/2019	7/3/2024	30,000	29,903	30,000	
Common Equity (1,281 shares)				1/3/2019			48	752	
Preferred Equity (74 shares)				1/3/2019			736	737	
							30,687	31,489	7%
Bedford Precision Parts LLC	Specialty Distribution								
First Lien Debt (j)(s)		(L + 6.25%) / (2.00%)	8.25%/0.00%	3/12/2019	3/12/2024	4,531	4,510	4,477	
Common Equity (500,000 units) (h)(j)				3/12/2019			500	313	
							5,010	4,790	1%
Cardboard Box LLC (dba Anthony's Coal Fired Pizza)	Restaurants								
Common Equity (521,021 units) (j)				12/15/2015			521	—	
Preferred Equity (1,043,133 units) (j)				12/6/2019			96	21	
							617	21	0%
Combined Systems, Inc.	Aerospace & Defense Manufacturing								
First Lien Debt		(L + 11.00%) / (2.00%)	13.00%/0.00%	1/31/2020	1/31/2025	7,291	7,250	7,105	
Revolving Loan ($550 unfunded commitment) (j)(ac)		(L + 10.00%) / (2.00%)	12.00%/0.00%	1/31/2020	1/31/2025	3,450	3,432	3,450	
							10,682	10,555	2%
Comply365, LLC	Aerospace & Defense Manufacturing								
First Lien Debt (ad)		(L + 8.00%) /(1.00%)	9.00%/0.00%	12/11/2020	12/11/2025	9,570	9,440	9,570	
Common Equity (1,000,000 units)				12/11/2020			1,000	1,232	
							10,440	10,802	3%
CRS Solutions Holdings, LLC (dba CRS Texas)	Business Services								
Second Lien Debt			10.50%/1.50%	3/14/2018	4/30/2024	11,390	11,360	11,390	
Common Equity (538,875 units) (h)(j)				3/14/2018			621	709	
							11,981	12,099	3%
Dataguise, Inc.	Information Technology Services								
First Lien Debt (j)			11.00%/0.00%	12/31/2020	12/31/2023	19,950	19,867	19,751	
Common Equity (909 shares) (j)				12/31/2020			1,500	1,491	
							21,367	21,242	5%
Diversified Search LLC	Business Services								
First Lien Debt (k)(r)		(L + 6.50%) / (1.00%)	7.50%/0.00%	2/7/2019	2/7/2024	17,355	17,190	17,355	
Common Equity (573 units) (h)(j)				2/7/2019			593	784	
							17,783	18,139	4%

FIDUS INVESTMENT CORPORATION
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June 30, 2021
(in thousands, except shares)

Portfolio Company (a)(b) Investment Type (c)	Industry	Variable Index Spread / Floor (d)	Rate (e) Cash/PIK	Investment Date (f)	Maturity	Principal Amount	Cost	Fair Value (g)	Percent of Net Assets
EBL, LLC (EbLens)	Retail								
Second Lien Debt (j)			12.00%/1.00%	7/13/2017	1/13/2023	9,277	9,247	7,939	
Common Equity (75,000 units) (j)				7/13/2017			750	—	
							9,997	7,939	2
ECM Industries, LLC	Component Manufacturing								
Subordinated Debt (j)			11.50%/0.00%	4/30/2020	5/23/2026	11,500	11,314	11,500	
Common Equity (1,000,000 units) (h)(j)				4/30/2020			1,000	1,847	
							12,314	13,347	3
Elements Brands, LLC	Consumer Products								
First Lien Debt			12.25%/0.00%	12/31/2020	12/31/2025	5,925	5,895	5,925	
Revolving Loan ($838 unfunded commitment) (i)(j)			12.25%/0.00%	12/31/2020	12/31/2025	2,162	2,147	2,162	
							8,042	8,087	2
Frontline Food Services, LLC (f/k/a Accent Food Services, LLC)	Vending Equipment Manufacturing								
Preferred Equity (Class A Units) (46 units) (j)				12/31/2020			2,000	1,825	
Common Equity (Class B Units) (124 units) (j)				12/31/2020			—	—	
Preferred Equity (Class C Units) (100 units) (j)				12/31/2020			—	—	
							2,000	1,825	0
Global Plasma Solutions, Inc.	Component Manufacturing								
Common Equity (947 shares) (j)				9/21/2018			52	6,108	1
GP&C Operations, LLC (dba Garlock Printing and Converting)	Component Manufacturing								
First Lien Debt (w)		(L + 7.25%) / (1.00%)	8.25%/0.00%	1/22/2021	1/22/2026	11,000	10,849	10,849	
Common Equity (515,625 units) (h)(j)				1/22/2021			516	516	
							11,365	11,365	3
Gurobi Optimization, LLC	Information Technology Services								
Common Equity (3 shares)				12/19/2017			607	2,138	0
Haematologic Technologies, Inc.	Healthcare Services								
First Lien Debt (x)		(L + 8.25%) / (2.00%)	10.25%/0.00%	10/11/2019	10/11/2024	5,500	5,473	4,759	
Common Equity (549 units) (h)(j)				10/11/2019			549	49	
							6,022	4,808	1
Hallmark Health Care Solutions, Inc.	Healthcare Services								
First Lien Debt (j)(ae)		(L + 7.25%) / (1.50%)	8.75%/0.00%	12/4/2020	12/4/2025	8,460	8,404	8,460	
Common Equity (750,000 units) (j)				12/4/2020			750	1,633	
							9,154	10,093	2
Healthfuse, LLC	Healthcare Services								
First Lien Debt (af)		(L + 7.25%) / (1.00%)	8.25%/0.00%	11/13/2020	11/13/2025	5,985	5,949	5,985	
Preferred Equity (197,980 units)				11/13/2020			750	801	
							6,699	6,786	2
Hub Acquisition Sub, LLC (dba Hub Pen)	Promotional products								
Second Lien Debt (k)			13.50%/0.00%	3/23/2016	3/31/2023	25,000	24,979	21,672	
Common Equity (3,750 units)				3/23/2016			128	—	
Preferred Equity (868 units) (j)				10/16/2020			153	—	
							25,260	21,672	5
IBH Holdings, LLC (fka Inflexxion, Inc.)	Business Services								
Common Equity (150,000 units)				6/20/2018			—	390	0
Ipro Tech, LLC	Information Technology Services								
First Lien Debt (j)(u)		(L + 8.50%) / (2.00%)	10.50%/0.00%	6/30/2020	6/30/2025	2,453	1,961	2,438	1
ISI PSG Holdings, LLC (dba Incentive Solutions, Inc.)	Business Services								
First Lien Debt (j)(aj)		(L + 7.50%) / (0.50%)	8.00%/0.00%	4/5/2021	4/5/2026	11,500	11,410	11,410	
First Lien Debt (j)(an)		(L + 7.50%) / (0.50%)	8.00%/0.00%	6/30/2021	4/5/2026	13,500	13,500	13,500	
Common Equity (256,964 units) (h)(j)				4/5/2021			500	500	
							25,410	25,410	6
K2 Merger Agreement Agent, LLC (fka K2 Industrial Services, Inc.) (n)	Industrial Cleaning & Coatings								
Second Lien Debt (j)			0.00%/10.00%	1/28/2019	1/28/2023	2,250	2,250	2,250	1
The Kyjen Company, LLC (dba Outward Hound)	Consumer Products								
Common Equity (855 shares) (j)				12/8/2017			933	1,601	0
Level Education Group, LLC (dba CE4Less)	Business Services								
First Lien Debt (ak)		(L + 6.75%) / (0.50%)	7.25%/0.00%	4/1/2021	4/1/2026	5,500	5,461	5,461	
Common Equity (1,000,000 units) (j)				4/1/2021			1,000	1,000	
							6,461	6,461	1
LifeSpan Biosciences, Inc.	Healthcare Products								
Subordinated Debt (j)			11.50%/0.00%	3/19/2021	9/19/2026	16,000	15,924	15,924	
Common Equity (100 shares) (j)				3/19/2021			1,000	1,000	
							16,924	16,924	4
LNG Indy, LLC (dba Kinetrex Energy)	Oil & Gas Distribution								
Second Lien Debt (k)			11.50%/0.00%	12/28/2016	12/31/2023	11,000	10,986	11,000	
Common Equity (500 units)				12/28/2016			500	1,689	
							11,486	12,689	3
Midwest Transit Equipment, Inc.	Transportation services								
Warrant (7,192 shares) (j)(m)				6/23/2017			180	18	
Warrant (4.79% of Junior Subordinated Notes) (j)(q)				6/23/2017			190	256	
							370	274	0

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Portfolio Company (a)(b) Investment Type (c)	Industry	Variable Index Spread / Floor (d)	Rate (e) Cash/PIK	Investment Date (f)	Maturity	Principal Amount	Cost	Fair Value (g)	Percent of Net Assets
NGT Acquisition Holdings, LLC (dba Techniks Industries)	Component Manufacturing								
Common Equity (378 units) (j)				5/24/2017			500	238	0%
OMC Investors, LLC (dba Ohio Medical Corporation)	Healthcare Products								
Second Lien Debt			13.00%/0.00%	1/26/2021	6/30/2024	5,000	4,956	5,000	
Common Equity (5,000 units)				1/15/2016			215	721	
							5,171	5,721	1%
Palisade Company, LLC	Information Technology Services								
Common Equity (50 shares) (j)				11/15/2018			500	1,010	0%
Palmetto Moon, LLC	Retail								
Common Equity (499 units) (j)				11/3/2016			494	513	0%
Pool & Electrical Products, LLC	Specialty Distribution								
Second Lien Debt (j)			11.75%/0.00%	10/28/2020	4/28/2027	12,000	11,892	12,000	
Common Equity (15,000 units) (h)(j)				10/28/2020			1,500	3,688	
							13,392	15,688	4%
Power Grid Components, Inc.	Specialty Distribution								
Second Lien Debt (k)			11.00%/0.50%	4/12/2018	12/2/2025	17,488	17,420	17,488	
Preferred Equity (392 shares) (j)				4/12/2018			392	535	
Preferred Equity (48 shares) (j)				12/2/2019			48	66	
Common Equity (10,622 shares) (j)				4/12/2018			462	585	
							18,322	18,674	4%
Prime AE Group, Inc.	Business Services								
First Lien Debt (j)		(L + 6.25%) / (2.00%)	8.25%/0.00%	11/25/2019	11/25/2024	6,500	6,369	6,500	
Preferred Equity (500,000 shares) (j)				11/25/2019			500	568	
							6,869	7,068	2%
Pugh Lubricants, LLC (n)	Specialty Distribution								
Common Equity (3,062 units) (h)(j)				11/10/2016			—	23	0%
Revenue Management Solutions, LLC	Information Technology Services								
Common Equity (113 shares)				1/4/2017			1,125	3,982	1%
Rhino Assembly Company, LLC	Specialty Distribution								
Second Lien Debt (k)			12.00%/1.50%	8/11/2017	2/11/2023	10,748	10,729	10,748	
Delayed Draw Commitment ($875 unfunded commitment) (i)(j)			12.00%/1.50%	8/11/2017	5/17/2022	—	—	—	
Common Equity (Class A Units) (8,864 units) (h)(j)				8/11/2017			944	694	
Preferred Equity (Units N/A) (h)(j)				12/10/2020			136	144	
Common Equity (Class F Units) (355 units) (h)(j)				12/10/2020			—	—	
							11,809	11,586	3%
Road Safety Services, Inc.	Business Services								
Second Lien Debt			11.25%/1.00%	9/18/2018	3/18/2024	10,451	10,427	10,451	
Common Equity (655 units)				9/18/2018			621	972	
							11,048	11,423	3%
Routeware, Inc.	Information Technology Services								
First Lien Debt (k)(aa)		(L + 6.75%) / (1.25%)	8.00%/0.00%	2/7/2020	2/7/2026	16,845	16,759	16,845	4%
SES Investors, LLC (dba SES Foam)	Building Products Manufacturing								
Second Lien Debt (h)(j)				9/8/2016			—	—	
Common Equity (6,000 units) (h)(j)				9/8/2016			537	2,091	
							537	2,091	1%
Specialized Elevator Services Holdings, LLC	Business Services								
First Lien Debt (j)(y)		(L + 5.50%) / (2.00%)	7.50%/0.00%	5/7/2019	5/3/2024	12,889	12,798	12,889	
Common Equity (596 units) (j)				5/8/2019			596	586	
							13,394	13,475	3%
SpendMend LLC	Business Services								
Common Equity (1,000,000 units)				1/8/2018			967	2,000	1%
TransGo, LLC	Component Manufacturing								
Common Equity (500 units) (j)				2/28/2017			430	1,416	0%
The Tranzonic Companies	Specialty Distribution								
Subordinated Debt (j)			10.00%/1.00%	3/27/2018	3/27/2025	7,037	7,000	7,037	
Preferred Equity (5,653 units) (j)				3/27/2018			565	765	
Common Equity (1 units) (j)				3/27/2018			—	1,227	
							7,565	9,029	2%
UBEO, LLC	Business Services								
Subordinated Debt (j)			11.00%/0.00%	4/3/2018	10/3/2024	13,893	13,824	13,893	
Common Equity (705,000 units) (h)(j)				4/3/2018			668	866	
							14,492	14,759	3%
United Biologics, LLC	Healthcare Services								
Preferred Equity (98,377 units) (h)(j)				4/1/2012			1,008	—	
Warrant (57,469 units) (j)(m)				3/5/2012			566	—	
							1,574	—	0%
UPG Company, LLC	Component Manufacturing								
First Lien Debt (j)(al)		(L + 8.25%) / (0.50%)	8.75%/0.00%	6/21/2021	6/21/2024	12,000	11,906	11,906	3%
Virginia Tile Company, LLC	Specialty Distribution								
Common Equity (17 units) (j)				12/19/2014			342	686	0%

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Portfolio Company (a)(b) Investment Type (c)	Industry	Variable Index Spread / Floor (d)	Rate (e) Cash/PIK	Investment Date (f)	Maturity	Principal Amount	Cost	Fair Value (g)	Percent of Net Assets
Western's Smokehouse, LLC	Consumer Products								
First Lien Debt (j)(ab)		(L + 6.50%) / (1.25%)	7.75%/0.00%	2/28/2020	12/23/2024	9,625	9,517	9,625	2%
Winona Foods, Inc.	Specialty Distribution								
First Lien Debt (j)(am)		(L + 12.00%) / (1.00%)	13.00%/0.00%	4/1/2021	4/1/2026	4,000	3,864	3,864	
First Lien Debt		(L + 13.00%) / (1.00%)	14.00%/0.00%	4/1/2021	4/1/2026	7,000	6,950	6,950	
							10,814	10,814	3%
Wonderware Holdings, LLC (dba CORE Business Technologies)	Information Technology Services								
First Lien Debt ($2,000 unfunded commitment) (k)(z)		(L + 7.25%) / (1.00%)	8.25%/0.00%	2/10/2021	2/9/2026	6,500	6,455	6,455	2%
Worldwide Express Operations, LLC	Transportation services								
Second Lien Debt (j)		(L + 8.00%) / (1.00%)	9.00%/0.00%	2/27/2017	2/3/2025	20,000	19,816	20,000	
Common Equity (2,000 units) (h)(j)				2/27/2017			1,478	3,617	
							21,294	23,617	6%
Xeeva, Inc.	Information Technology Services								
First Lien Debt (j)		(L + 10.50%) / (1.50%)	12.00%/0.00%	2/11/2021	2/11/2026	8,900	8,852	8,852	2%
Total Non-control/Non-affiliate Investments							$572,350	$589,651	137%
Total Investments							$670,932	$743,458	173%

(a) See Note 3 to the consolidated financial statements for portfolio composition by geographic location.

(b) Equity ownership may be held in shares or units of companies related to the portfolio companies.

(c) All debt investments are income producing, unless otherwise indicated. Equity investments are non-income producing unless otherwise noted.

(d) Variable rate investments bear interest at a rate indexed to LIBOR (L), which is reset monthly, bimonthly, quarterly, or semi-annually. Certain variable rate investments also include a LIBOR interest rate floor. For each investment, the Company has provided the spread over the reference rate and the LIBOR floor, if any, as of June 30, 2021.

(e) Rate includes the cash interest or dividend rate and paid-in-kind interest or dividend rate, if any, as of June 30, 2021. Generally, payment-in-kind interest can be paid-in-kind or all in cash.

(f) Investment date represents the date of the initial investment in the security.

(g) The Company's investment portfolio is comprised entirely of debt and equity securities of privately held companies for which quoted prices falling within the categories of Level 1 and Level 2 inputs are not available. Therefore, the Company values all of its portfolio investments at fair value, as determined in good faith by the board of directors, using significant unobservable Level 3 inputs.

(h) Investment is held by a taxable subsidiary of the Company.

(i) The disclosed commitment represents the unfunded amount as of June 30, 2021. The Company is earning 0.50% interest on the unfunded balance of the commitment. The interest rate disclosed represents the rate which will be earned if the commitment is funded.

(j) 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).

(k) 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).

(l) As defined in the 1940 Act, the Company is deemed to be an "Affiliated Person" of this portfolio company because it owns 5% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company. Transactions in which the issuer was an Affiliated Person are detailed in Note 3 to the consolidated financial statements.

(m) Warrants entitle the Company to purchase a predetermined number of shares or units of common equity, and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.

(n) Investment in portfolio company that has sold its operations and is in the process of winding down.

(o) The disclosed commitment represents the unfunded amount as of June 30, 2021. The Company is earning 0.75% interest on the unfunded balance of the commitment. The interest rate disclosed represents the rate which will be earned if the commitment is funded.

(p) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.54% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(q) Warrant entitles the Company to purchase 4.79% of the outstanding principal of Junior Subordinated Notes prior to exercise, and is non-income producing.

(r) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 5.15% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(s) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.05% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(t) As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" of and "Control" this portfolio company because it owns 25% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company. Transactions in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control are detailed in Note 3 to the consolidated financial statements.

(u) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 4.49% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(v) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 4.23% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(w) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 7.20% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(x) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.09% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(y) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.30% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(z) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 5.85% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(aa) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.09% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(ab) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.52% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

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(ac) The disclosed commitment represents the unfunded amount as of June 30, 2021. The Company is earning 1.00% interest on the unfunded balance of the commitment. The interest rate disclosed represents the rate earned on the outstanding, funded balance of the commitment.

(ad) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.32% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(ae) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.31% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(af) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.50% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(ag) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 5.48% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(ah) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 1.25% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(ai) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 4.84% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(aj) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 4.11% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(ak) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 4.83% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(al) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.56% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(am) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 8.25% on its “last out” tranche of the portfolio company’s senior term debt, which was previously syndicated into “first out” and “last out” tranches, whereby the “first out” tranche will have priority as to the “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder.

(an) The Company sold a participating interest of approximately $13.5 million in aggregate principal amount of the portfolio company’s first lien senior secured term loan. As the transaction did not qualify as a “true sale” in accordance with U.S. generally accepted accounting principles (“GAAP”), the Company recorded a corresponding secured borrowing in the Consolidated Statements of Assets and Liabilities.

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Portfolio Company (a)(b) Investment Type (c)	Industry	Variable Index Spread / Floor (d)	Rate (e) Cash/PIK	Investment Date (f)	Maturity	Principal Amount	Cost	Fair Value (g)	Percent of Net Assets
Control Investments (t)									
FDS Avionics Corp. (dba Flight Display Systems)	Aerospace & Defense Manufacturing								
Second Lien Debt			6.00%/9.00%	11/5/2014	12/31/2021	$ 4,836	$ 4,836	$ 4,836	
Revolving Loan ($30 unfunded commitment)			6.00%/9.00%	4/12/2018	12/31/2021	286	286	286	
Common Equity (7,478 shares) (j)				11/10/2017			748	—	
Preferred Equity (2,550 shares)				12/26/2019			2,550	2,269	
							8,420	7,391	2%
US GreenFiber, LLC	Building Products Manufacturing								
Second Lien Debt (j)			8.00%/5.00%	7/3/2014	8/30/2024	15,382	15,378	13,078	
Second Lien Debt (j)			8.50%/6.50%	11/9/2018	8/30/2024	5,028	5,028	5,183	
Second Lien Debt (j)			8.50%/6.50%	8/10/2020	8/30/2024	2,533	2,533	2,601	
Common Equity (2,522 units) (h)(j)				7/3/2014			586	—	
Common Equity (425,508 units) (j)				8/30/2019			1	—	
Common Equity (1,022,813 units) (h)(j)				7/1/2020			1,023	—	
							24,549	20,862	5%
Total Control Investments							$32,969	$ 28,253	7%
Affiliate Investments (l)									
FAR Research Inc. (n)	Specialty Chemicals								
Common Equity (1,396 units)				3/31/2014			$ —	$ 28	0%
Fiber Materials, Inc. (n)	Aerospace & Defense Manufacturing								
Common Equity (10 units)				11/30/2016			—	41	0%
Medsurant Holdings, LLC	Healthcare Services								
Second Lien Debt (j)			14.00%/0.00%	12/18/2015	3/10/2022	8,031	8,028	8,091	
Preferred Equity (63,331 units) (h)(j)				4/12/2011			673	620	
Warrant (252,588 units) (h)(j)(m)				4/12/2011			2,258	2,249	
							10,959	10,960	3%
Mirage Trailers LLC	Utility Equipment Manufacturing								
Second Lien Debt (k)		(L + 10.00%) / (1.00%)	11.00%/5.00%	11/25/2015	11/25/2021	6,410	6,483	6,410	
Common Equity (2,500,000 shares) (o)				11/25/2015			2,188	84	
							8,671	6,494	2%
Pfanstiehl, Inc.	Healthcare Products								
Common Equity (4,250 units) (j)				3/29/2013			425	33,505	8%
Pinnergy, Ltd.	Oil & Gas Services								
Common Equity—Class A-2 (42,500 units) (j)				10/13/2016			3,000	20,589	5%
Steward Holding LLC (dba Steward Advanced Materials)	Aerospace & Defense Manufacturing								
Second Lien Debt			12.00%/1.50%	11/12/2015	10/31/2021	7,783	7,781	7,783	
Common Equity (1,000,000 units)				11/12/2015			1,000	1,994	
							8,781	9,777	2%
Total Affiliate Investments							$31,836	$ 81,394	20%

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Non-control/Non-affiliate Investments									
Frontline Food Services, LLC									
(f/k/a Accent Food Services, LLC)	Vending Equipment Manufacturing								
Preferred Equity (Class A Units) (46 units) (j)				12/31/2020			$ 2,000	$ 2,000	
Common Equity (Class B Units) (124 units) (j)				12/31/2020			—	—	
Preferred Equity (Class C Units) (100 units) (j)				12/31/2020			—	—	
							2,000	2,000	0%
Allied 100 Group, Inc.	Healthcare Products								
Subordinated Debt (k)			11.25%/0.00%	7/31/2019	5/26/2023	21,500	21,432	21,500	
Common Equity (625,000 units) (j)				11/26/2014			625	1,087	
							22,057	22,587	5%
Allredi, LLC (fka Marco Group International OpCo, LLC)	Industrial Cleaning & Coatings								
Second Lien Debt			10.50%/1.75%	3/2/2020	9/2/2026	10,080	9,993	7,761	
Common Equity (570,636 units) (h)(j)				7/21/2017			637	275	
							10,630	8,036	2%
Alzheimer's Research and Treatment Center, LLC	Healthcare Services								
First Lien Debt (j)(w)		(L + 5.75%) / (2.00%)	7.75%/0.00%	10/23/2018	10/23/2023	6,500	6,471	6,584	
Common Equity (500 units) (h)(j)				10/23/2018			500	766	
							6,971	7,350	2%
American AllWaste LLC (dba WasteWater Transport Services)	Environmental Industries								
Second Lien Debt (j)		(L + 11.00%) / (2.00%)	13.00%/0.00%	5/31/2018	11/30/2023	17,503	17,434	17,503	
Preferred Equity (500 units) (h)(j)				5/31/2018			500	241	
Preferred Equity (207 units) (h)(j)				8/6/2019			250	226	
Preferred Equity (141 units) (h)(j)				11/2/2020			171	171	
							18,355	18,141	4%
Applied Data Corporation	Information Technology Services								
First Lien Debt (v)		(L + 6.25%) / (1.50%)	7.75%/0.00%	11/6/2020	11/6/2025	8,000	7,949	7,949	
Common Equity (22 units)				11/6/2020			—	—	
Preferred Equity (1,070,614 units)				11/6/2020			1,071	1,071	
							9,020	9,020	2%
Argo Turboserve Corporation	Business Services								
Second Lien Debt (j)		(L + 10.75%) / (2.00%)	12.75%/0.00%	12/26/2018	6/28/2023	13,031	12,990	13,031	3%
AVC Investors, LLC (dba Auveco)	Specialty Distribution								
Second Lien Debt (k)			11.50%/0.00%	1/3/2018	7/3/2023	22,500	22,448	22,500	
Common Equity (5,000 units) (j)				1/3/2018			487	464	
							22,935	22,964	6%
B&B Roadway and Security Solutions, LLC	Component Manufacturing								
Second Lien Debt			11.25%/4.00%	2/27/2018	1/1/2022	10,910	10,890	10,782	
Common Equity (50,000 units) (h)(j)				2/27/2018			497	—	
							11,387	10,782	3%
Bandon Fitness (Texas), Inc.	Retail								
First Lien Debt (j)(z)		(L + 6.50%) / (2.25%)	8.75%/0.25%	8/9/2019	8/9/2024	14,680	14,289	15,591	
Common Equity (545,810 units) (j)				8/9/2019			931	554	
							15,220	16,145	4%
BCM One Group Holdings, Inc.	Information Technology Services								
Subordinated Debt (k)			11.00%/0.00%	1/3/2019	7/3/2024	30,000	29,887	30,000	
Common Equity (1,281 shares)				1/3/2019			48	458	
Preferred Equity (74 shares)				1/3/2019			736	737	
							30,671	31,195	8%
Bedford Precision Parts LLC	Specialty Distribution								
First Lien Debt (j)(s)		(L + 6.25%) / (2.00%)	8.25%/0.00%	3/12/2019	3/12/2024	4,531	4,507	4,531	
Common Equity (500,000 units) (h)(j)				3/12/2019			500	263	
							5,007	4,794	1%
Cardboard Box LLC (dba Anthony's Coal Fired Pizza)	Restaurants								
Common Equity (521,021 units) (j)				12/15/2015			521	—	
Preferred Equity (1,043,133 units) (j)				12/6/2019			96	34	
							617	34	0%
Combined Systems, Inc.	Aerospace & Defense Manufacturing								
First Lien Debt		(L + 10.00%) / (2.00%)	12.00%/0.00%	1/31/2020	1/31/2025	7,600	7,553	7,600	
Revolving Loan ($1,050 unfunded commitment) (j)(ac)		(L + 9.00%) / (2.00%)	11.00%/0.00%	1/31/2020	1/31/2025	2,950	2,930	2,950	
							10,483	10,550	3%
Comply365, LLC	Aerospace & Defense Manufacturing								
First Lien Debt (ad)		(L + 8.00%) / (1.00%)	9.00%/0.00%	12/11/2020	12/11/2025	10,000	9,855	9,855	
Common Equity (1,000,000 units)				12/11/2020			1,000	1,000	
							10,855	10,855	3%
CRS Solutions Holdings, LLC (dba CRS Texas)	Business Services								
Second Lien Debt			10.50%/1.50%	3/14/2018	4/30/2024	11,305	11,270	11,305	
Common Equity (450,382 units) (h)(j)				3/14/2018			488	321	
							11,758	11,626	3%
Dataguise, Inc.	Information Technology Services								
First Lien Debt (j)			11.00%/0.00%	12/31/2020	12/31/2023	20,000	19,900	19,900	
Common Equity (909 shares) (j)				12/31/2020			1,500	1,500	
							21,400	21,400	5%
Diversified Search LLC	Business Services								
First Lien Debt (k)(r)		(L + 8.00%) / (1.75%)	9.75%/0.00%	2/7/2019	2/7/2024	17,355	17,159	17,355	
Common Equity (573 units) (h)(j)				2/7/2019			593	494	
							17,752	17,849	4%
EBL, LLC (EbLens)	Retail								
Second Lien Debt (j)(p)			12.00%/1.00%	7/13/2017	1/13/2023	9,253	9,214	5,454	
Common Equity (75,000 units) (j)				7/13/2017			750	—	
							9,964	5,454	1%

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ECM Industries, LLC	Component Manufacturing								
Subordinated Debt (j)			11.50%/0.00%	4/30/2020	5/23/2026	11,500	11,295	11,500	
Common Equity (1,000,000 units) (h)(j)				4/30/2020			1,000	1,562	
							12,295	13,062	3%
Elements Brands, LLC	Consumer Products								
First Lien Debt			12.25%/0.00%	12/31/2020	12/31/2025	6,000	5,967	5,967	
Revolving Loan ($838 unfunded commitment) (i)(j)			12.25%/0.00%	12/31/2020	12/31/2025	2,162	2,146	2,146	
							8,113	8,113	2%
French Transit, LLC	Consumer Products								
First Lien Debt (j)		(L + 10.00%) / (2.25%)	12.25%/0.00%	6/21/2019	6/21/2024	4,116	4,088	4,116	1%
Global Plasma Solutions, Inc.	Component Manufacturing								
Common Equity (947 shares) (j)				9/21/2018			—	9,995	2%
Gurobi Optimization, LLC	Information Technology Services								
Common Equity (3 shares)				12/19/2017			592	1,660	0%
Haematologic Technologies, Inc.	Healthcare Services								
First Lien Debt (x)		(L + 8.25%) / (2.00%)	10.25%/0.00%	10/11/2019	10/11/2024	5,500	5,469	5,500	
Common Equity (549 units) (h)(j)				10/11/2019			549	255	
							6,018	5,755	1%
Hallmark Health Care Solutions, Inc.	Healthcare Services								
First Lien Debt (j)(ae)		(L + 7.25%) / (1.50%)	8.75%/0.00%	12/4/2020	12/4/2025	8,500	8,437	8,437	
Common Equity (750,000 units) (j)				12/4/2020			750	750	
							9,187	9,187	2%
Healthfuse, LLC	Healthcare Services								
First Lien Debt (af)		(L + 7.25%) / (1.00%)	8.25%/0.00%	11/13/2020	11/13/2025	6,000	5,960	5,960	
Preferred Equity (197,980 units)				11/13/2020			750	750	
							6,710	6,710	2%
Hilco Plastics Holdings, LLC (dba Hilco Technologies)	Component Manufacturing								
Second Lien Debt (j)			11.50%/1.50%	9/23/2016	12/31/2019	10,301	10,301	8,878	
Revolving Loan (j)		(L + 6.50%) / (0.00%)	6.65%/0.00%	12/20/2019	12/15/2019	5,962	5,962	5,962	
First Lien Debt (j)		(L + 6.95%) / (0.00%)	7.10%/0.00%	12/20/2019	12/15/2019	5,092	5,092	5,092	
Preferred Equity (1,000,000 units) (h)(j)				4/18/2018			1,000	—	
Common Equity (72,507 units) (h)(j)				9/23/2016			473	—	
							22,828	19,932	5%
Hub Acquisition Sub, LLC (dba Hub Pen)	Promotional products								
Second Lien Debt (k)			13.00%/0.00%	3/23/2016	3/31/2023	25,000	24,976	24,106	
Common Equity (3,750 units)				3/23/2016			131	283	
Preferred Equity (868 units) (j)				10/16/2020			154	158	
							25,261	24,547	6%
IBH Holdings, LLC (fka Inflexxion, Inc.)	Business Services								
Common Equity (150,000 units)				6/20/2018			—	235	0%
Ipro Tech, LLC	Information Technology Services								
First Lien Debt (j)(u)		(L + 8.50%) / (2.00%)	10.50%/0.00%	6/30/2020	6/30/2025	2,469	1,923	2,469	1%
K2 Merger Agreement Agent, LLC (fka K2 Industrial Services, Inc.) (n)	Industrial Cleaning & Coatings								
Second Lien Debt (j)			0.00%/10.00%	1/28/2019	1/28/2021	2,140	2,140	2,140	1%
The Kyjen Company, LLC (dba Outward Hound)	Consumer Products								
Second Lien Debt (k)			12.00%/0.00%	12/8/2017	6/8/2024	15,000	14,960	15,000	
Common Equity (765 shares) (j)				12/8/2017			765	841	
							15,725	15,841	4%
LNG Indy, LLC (dba Kinetrex Energy)	Oil & Gas Distribution								
Second Lien Debt (k)			11.50%/1.50%	12/28/2016	11/12/2021	10,127	10,108	10,127	
Common Equity (500 units)				12/28/2016			500	959	
							10,608	11,086	3%
Mesa Line Services, LLC	Utilities: Services								
Second Lien Debt (j)			10.50%/0.50%	11/30/2017	8/1/2024	17,511	17,442	17,511	
Common Equity (981 shares) (j)				11/30/2017			1,148	1,076	
							18,590	18,587	5%
Midwest Transit Equipment, Inc.	Transportation services								
Warrant (7,192 shares) (j)(m)				6/23/2017			180	118	
Warrant (4.79% of Junior Subordinated Notes) (j)(q)				6/23/2017			190	248	
							370	366	0%
NGT Acquisition Holdings, LLC (dba Techniks Industries)	Component Manufacturing								
Common Equity (378 units) (j)				5/24/2017			500	227	0%
OMC Investors, LLC (dba Ohio Medical Corporation)	Healthcare Products								
Second Lien Debt			12.00%/0.00%	1/15/2016	6/30/2022	10,000	9,985	10,000	
Common Equity (5,000 units)				1/15/2016			462	869	
							10,447	10,869	3%

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Palisade Company, LLC	Information Technology Services								
Common Equity (50 shares) (j)				11/15/2018			500	630	0%
Palmetto Moon, LLC	Retail								
First Lien Debt (j)			11.50%/2.50%	11/3/2016	10/31/2021	4,779	4,773	4,779	
Common Equity (499 units) (j)				11/3/2016			494	159	
							5,267	4,938	1%
Pool & Electrical Products, LLC	Specialty Distribution								
Second Lien Debt (j)			11.75%/0.00%	10/28/2020	4/28/2027	12,000	11,883	11,883	
Common Equity (15,000 units) (h)(j)				10/28/2020			1,500	1,500	
							13,383	13,383	3%
Power Grid Components, Inc.	Specialty Distribution								
Second Lien Debt (k)			11.00%/1.00%	4/12/2018	12/2/2025	22,433	22,357	22,433	
Preferred Equity (392 shares) (j)				4/12/2018			392	509	
Preferred Equity (48 shares) (j)				12/2/2019			48	63	
Common Equity (10,622 shares) (j)				4/12/2018			462	740	
							23,259	23,745	6%
Prime AE Group, Inc.	Business Services								
First Lien Debt (j)		(L + 6.25%) / (2.00%)	8.25%/0.00%	11/25/2019	11/25/2024	6,833	6,683	6,833	
Preferred Equity (500,000 shares) (j)				11/25/2019			500	566	
							7,183	7,399	2%
Revenue Management Solutions, LLC	Information Technology Services								
Common Equity (113 shares)				1/4/2017			1,125	3,081	1%
Rhino Assembly Company, LLC	Specialty Distribution								
Second Lien Debt (k)			12.00%/1.50%	8/11/2017	2/11/2023	10,682	10,655	10,682	
Delayed Draw Commitment ($875 unfunded commitment) (i)(j)			12.00%/1.00%	8/11/2017	5/17/2022	—	—	—	
Common Equity (Class A Units) (8,864 units) (h)(j)				8/11/2017			944	629	
Preferred Equity (Units N/A) (h)(j)				12/10/2020			136	137	
Common Equity (Class F Units) (355 units) (h)(j)				12/10/2020			—	—	
							11,735	11,448	3%
Road Safety Services, Inc.	Business Services								
Second Lien Debt			11.25%/1.50%	9/18/2018	3/18/2024	10,379	10,351	10,379	
Common Equity (655 units)				9/18/2018			621	882	
							10,972	11,261	3%
Rohrer Corporation	Packaging								
Subordinated Debt (j)			10.50%/1.00%	10/1/2018	4/1/2024	14,017	13,976	14,017	
Common Equity (400 shares) (j)				7/18/2016			780	1,591	
							14,756	15,608	4%
Routeware, Inc.	Information Technology Services								
First Lien Debt (k)(aa)		(L + 7.00%) / (1.75%)	8.75%/0.00%	2/7/2020	2/7/2025	14,888	14,814	14,888	4%
SES Investors, LLC (dba SES Foam)	Building Products Manufacturing								
Second Lien Debt			13.00%/0.00%	9/8/2016	12/29/2022	1,000	997	1,000	
Common Equity (6,000 units) (h)(j)				9/8/2016			537	1,869	
							1,534	2,869	1%
Software Technology, LLC	Information Technology Services								
Subordinated Debt (k)			11.00%/0.00%	12/23/2016	6/23/2023	10,000	9,980	10,000	
Common Equity (6 shares)				12/23/2016			646	942	
							10,626	10,942	3%
Specialized Elevator Services Holdings, LLC	Business Services								
First Lien Debt (j)(y)		(L + 5.25%) / (2.00%)	7.25%/0.00%	5/7/2019	5/3/2024	12,889	12,782	12,889	
Common Equity (596 units) (j)				5/8/2019			596	647	
							13,378	13,536	3%
SpendMend LLC	Business Services								
Common Equity (1,000,000 units)				1/8/2018			972	1,915	0%
TransGo, LLC	Component Manufacturing								
Common Equity (500 units) (j)				2/28/2017			474	996	0%
The Tranzonic Companies	Specialty Distribution								
Subordinated Debt (j)			10.00%/1.00%	3/27/2018	3/27/2025	7,001	6,959	7,001	
Preferred Equity (5,653 units) (j)				3/27/2018			565	730	
Common Equity (1 units) (j)				3/27/2018			—	683	
							7,524	8,414	2%
UBEO, LLC	Business Services								
Subordinated Debt (j)			11.00%/0.00%	4/3/2018	10/3/2024	13,893	13,814	13,893	
Common Equity (705,000 units) (h)(j)				4/3/2018			668	661	
							14,482	14,554	3%
United Biologics, LLC	Healthcare Services								
Preferred Equity (98,377 units) (h)(j)				4/1/2012			1,008	—	
Warrant (57,469 units) (j)(m)				3/5/2012			566	—	
							1,574	—	0%
Virginia Tile Company, LLC	Specialty Distribution								
Second Lien Debt (j)			12.25%/0.00%	12/19/2014	4/7/2022	12,000	11,998	12,000	
Common Equity (17 units) (j)				12/19/2014			342	521	
							12,340	12,521	3%
Western's Smokehouse, LLC	Consumer Products								
First Lien Debt (j)(ab)		(L + 6.50%) / (1.25%)	7.75%/0.00%	2/28/2020	12/23/2024	10,000	9,876	10,000	2%

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Wheel Pros, Inc.	Specialty Distribution								
Second Lien Debt (j)		(L + 9.00%) / (1.00%)	10.00%/0.00%	11/10/2020	11/10/2028	20,000	19,411	19,411	
Preferred Equity (347,222 units) (j)				5/15/2019			301	1,031	
							19,712	20,442	5%
Worldwide Express Operations, LLC	Transportation services								
Second Lien Debt (j)		(L + 8.00%) / (1.00%)	9.00%/0.00%	2/27/2017	2/3/2025	20,000	19,791	20,000	
Common Equity (2,000 units) (h)(j)				2/27/2017			1,478	1,942	
							21,269	21,942	5%
Total Non-control/Non-affiliate Investments							$622,222	$633,222	154%
Total Investments							$687,027	$742,869	181%

(a) See Note 3 to the consolidated financial statements for portfolio composition by geographic location.
(b) Equity ownership may be held in shares or units of companies related to the portfolio companies.
(c) All debt investments are income producing, unless otherwise indicated. Equity investments are non-income producing unless otherwise noted.
(d) Variable rate investments bear interest at a rate indexed to LIBOR (L), which is reset monthly, bimonthly, quarterly, or semi-annually. Certain variable rate investments also include a LIBOR interest rate floor. For each investment, the Company has provided the spread over the reference rate and the LIBOR floor, if any, as of December 31, 2020.
(e) Rate includes the cash interest or dividend rate and paid-in-kind interest or dividend rate, if any, as of December 31, 2020. Generally, payment-in-kind interest can be paid-in-kind or all in cash.
(f) Investment date represents the date of the initial investment in the security.
(g) The Company's investment portfolio is comprised entirely of debt and equity securities of privately held companies for which quoted prices falling within the categories of Level 1 and Level 2 inputs are not available. Therefore, the Company values all of its portfolio investments at fair value, as determined in good faith by the board of directors, using significant unobservable Level 3 inputs.
(h) Investment is held by a taxable subsidiary of the Company.
(i) The disclosed commitment represents the unfunded amount as of December 31, 2020. The Company is earning 0.50% interest on the unfunded balance of the commitment. The interest rate disclosed represents the rate which will be earned if the commitment is funded.
(j) 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).
(k) 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).
(l) As defined in the 1940 Act, the Company is deemed to be an "Affiliated Person" of this portfolio company because it owns 5% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company. Transactions in which the issuer was an Affiliated Person are detailed in Note 3 to the consolidated financial statements.
(m) Warrants entitle the Company to purchase a predetermined number of shares or units of common equity, and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
(n) Investment in portfolio company that has sold its operations and is in the process of winding down.
(o) Income producing. Maturity date, if any, represents mandatory redemption date.
(p) Investment was on PIK-only non-accrual status as of December 31, 2020, meaning the Company has ceased recognizing PIK interest income on the investment.
(q) Warrant entitles the Company to purchase 4.79% of the outstanding principal of Junior Subordinated Notes prior to exercise, and is non-income producing.
(r) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 5.92% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
(s) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.34% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
(t) As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" of and "Control" this portfolio company because it owns 25% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company. Transactions in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control are detailed in Note 3 to the consolidated financial statements.
(u) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 4.50% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
(v) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 4.25% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
(w) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.27% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.
(x) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.13% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(y) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.93% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(z) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 4.21% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(aa) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.84% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(ab) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 2.95% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(ac) The disclosed commitment represents the unfunded amount as of December 31, 2020. The Company is earning 1.00% interest on the unfunded balance of the commitment. The interest rate disclosed represents the rate earned on the outstanding, funded balance of the commitment.

(ad) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.33% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(ae) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 3.31% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

(af) In addition to the interest earned based on the stated interest rate of this security, the Company is entitled to receive an additional interest amount of 4.03% on its "last out" tranche of the portfolio company's senior term debt, which was previously syndicated into "first out" and "last out" tranches, whereby the "first out" tranche will have priority as to the "last out" tranche with respect to payments of principal, interest and any other amounts due thereunder.

See Notes to Consolidated Financial Statements.

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Note 1. Organization and Nature of Business

Fidus Investment Corporation ("FIC," and together with its subsidiaries, the "Company"), a Maryland corporation, operates as an externally managed, closed-end, non-diversified business development company ("BDC") under the Investment Company Act of 1940, as amended ("1940 Act"). FIC completed its initial public offering, or IPO, in June 2011. 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").

The Company provides customized debt and equity financing solutions to lower middle-market companies, and may make investments directly or through its two wholly-owned investment company subsidiaries, Fidus Mezzanine Capital II, L.P. ("Fund II") and Fidus Mezzanine Capital III, L.P. ("Fund III") (collectively, Fund II and Fund III are referred to as the "Funds"). The Funds are licensed by the U.S. Small Business Administration (the "SBA") as small business investment companies ("SBIC"). 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.

We believe that utilizing both FIC and the Funds as investment vehicles provides us with access to a broader array of investment opportunities. Given our access to lower cost capital through the SBA's SBIC debenture program, we expect that we will continue to make investments through the Funds until the Funds reach their borrowing limit under the program. For two or more SBICs under common control, the maximum amount of outstanding SBA debentures cannot exceed $350,000.

Fund II and Fund III are not registered under the 1940 Act and rely on the exclusion from the definition of investment company contained in Section 3(c)(7) of the 1940 Act.

The Company pays a quarterly base management fee and an incentive fee to Fidus Investment Advisors, LLC, our investment advisor (the "Investment Advisor" or "Fidus Investment Advisors") under an investment advisory agreement (the "Investment Advisory Agreement").

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 notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2020.

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.

Investment risks: The Company's investments are subject to a variety of risks. These risks may include, but are not limited to the following:

- *Market risk*—In contrast to investment-grade bonds (the market prices of which change primarily as a reaction to changes in interest rates), the market prices of high-yield bonds (which are also affected by changes in interest rates) are influenced much more by credit factors and financial results of the issuer as well as general economic factors that influence the financial markets as a whole. The portfolio companies in which the Company invests may be unseasoned, unprofitable and/or have little established operating history or earnings. These companies may also lack technical, marketing, financial, and other resources or may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of a manager or management team, as compared to larger, more established entities. The failure of a single product, service or distribution channel, or the loss or the ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities.

- *Credit risk*—Credit risk represents the risk that the Company would incur if the counterparties failed to perform pursuant to the terms of their agreements with the Company. Issues of high-yield debt securities in which the Company invests are more likely to default on interest or principal than are issues of investment-grade securities.
- *Liquidity risk*—Liquidity risk represents the possibility that the Company may not be able to sell its investments quickly or at a reasonable price (given the lack of an established market).
- *Interest rate risk*—Interest rate risk represents the likelihood that a change in interest rates could have an adverse impact on the fair value of an interest-bearing financial instrument.
- *Prepayment risk*—Certain of the Company's debt investments allow for prepayment of principal without penalty. Downward changes in market interest rates may cause prepayments to occur at a faster than expected rate, thereby effectively shortening the maturity of the debt investments and making the instrument less likely to be an income producing instrument through the stated maturity date.
- *Off-Balance sheet risk*—Some of the Company's financial instruments contain off-balance sheet risk. Generally, these financial instruments represent future commitments to purchase other financial instruments at defined terms at defined future dates. See Note 7 for further details.

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 SBA debentures, the Credit Facility and the Notes (as defined in Note 6). Deferred financing costs are capitalized and amortized to interest and financing expenses over the term of the debt agreement using the effective interest method. Unamortized deferred financing costs are presented as an offset to the corresponding debt liabilities on the consolidated statements of assets and liabilities.

Realized losses on extinguishment of debt: Upon the repayment of debt obligations which are deemed to be extinguishments, the difference between the principal amount due at maturity, adjusted for any unamortized deferred financing costs, is recognized as a loss (i.e., the unamortized deferred financing costs are recognized as a loss upon extinguishment of the underlying debt obligation). There is no change in historical net increase in net assets resulting from operations due to this change in presentation.

Deferred offering costs: Deferred offering costs include registration expenses related to shelf filings. These expenses primarily consist of U.S. Securities and Exchange Commission ("SEC") registration fees, legal fees and accounting fees incurred. These expenses are included in prepaid expenses and other assets on the consolidated statements of assets and liabilities. Upon the completion of an equity offering or a debt offering, the deferred expenses are charged to additional paid-in capital or deferred financing costs, respectively. If no offering is completed prior to the expiration of the registration statement, the deferred costs are charged to expense.

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

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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 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 and dividend income: Interest and dividend income are recorded on the accrual basis to the extent that the Company expects to collect such amounts. Interest is accrued daily based on the outstanding principal amount and the contractual terms of the debt. Dividend income is recorded as dividends are declared or at the point an obligation exists for the portfolio company to make a distribution, and is generally recognized when received. Distributions from portfolio companies are evaluated to determine if the distribution is a distribution of earnings or a return of capital. Distributions of earnings are included in dividend income while a return of capital is recorded as a reduction in the cost basis of the investment. Estimates are adjusted as necessary after the relevant tax forms are received from the portfolio company.

PIK income: 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. Generally, PIK can be paid-in-kind or all in cash. The Company stops accruing PIK income when there is reasonable doubt that PIK income will be collected. PIK income that has been contractually capitalized to the principal balance of the investment prior to the non-accrual designation date is not reserved against interest or dividend income, but rather is assessed through the valuation of the investment (with corresponding adjustments to unrealized depreciation, as applicable). 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 tax treatment as a RIC and to avoid corporate federal income tax, even though the Company has not yet collected the cash.

Non-accrual: Debt investments or preferred equity investments (for which the Company is accruing PIK dividends) 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 dividends will be collected. Any original issue discount and market discount are no longer accreted to interest income as of the date the loan is placed on full non-accrual status. 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.

Origination and closing fees: The Company also typically receives debt investment origination or closing fees in connection with such investments. Such debt investment 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 interest income over the life of the investment. Upon the prepayment of a debt investment, any unaccreted debt investment origination and closing fees are accelerated into interest income.

Warrants: 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. Upon the prepayment of a debt investment, any unaccreted OID is accelerated into interest income.

Fee income: Transaction fees earned in connection with the Company's investments are recognized as fee income and are generally non-recurring. 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 debt investment, any prepayment penalties are recorded as fee income when earned. In 2020, the Company elected to change the manner in which it presents the recognition of management services fees income. Previously, the Company classified management services fees as a component of interest on idle funds and other income on the consolidated statements of operations. Currently management services fees are a component of fee income on the consolidated statements of operations. Comparative prior periods presented have been reclassified retrospectively to conform to the revised presentation. There is no change in historical net increase in net assets resulting from operations due to this change in presentation.

Partial loan and equity sales: The Company follows the guidance in ASC 860, *Transfers and Servicing*, when accounting for loan (debt investment) participations, equity assignments and other partial loan sales. Such guidance requires a participation, assignment or other partial loan or equity sale to meet the definition of a "participating interest," as defined in the guidance, in order for sale treatment to be allowed. Participations, assignments or other partial loan or equity sales which do not meet the definition of a participating interest should remain on the Company's consolidated statements of assets and liabilities and the proceeds recorded as a secured borrowing until the definition is met. For these partial loan sales, the interest earned on the entire loan balance is recorded within “interest income” and the interest earned by the buyer is the partial loan sale is recorded within “interest and financing expenses” in the accompanying consolidated statements of operations.

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. To maintain the tax treatment of 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 10th 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 maintain the tax treatment of a RIC.

The Company has certain 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 company investments 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 included in the income tax provision, if any. There were no material uncertain income tax positions at June 30, 2021 and December 31, 2020. The Company’s tax returns are generally subject to examination by U.S. federal and most state tax authorities for a period of three years from the date the respective returns are filed, and, accordingly, the Company’s 2017 through 2019 tax years remain subject to examination.

Dividends to stockholders: Dividends 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 two 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 and six months ended June 30, 2021 and 2020, 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.

Stock Repurchase Program: The Company has an open market stock repurchase program (the "Stock Repurchase Program") under which the Company may acquire up to $5,000 of its outstanding common stock. Under the Stock Repurchase Program, the Company may, but is not obligated to, repurchase outstanding common stock in the open market from time to time provided that the Company complies with the prohibitions under its insider trading policies and the requirements of Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including certain price, market value and timing constraints. The timing, manner, price and amount of any share repurchases will be determined by the Company's management, in its discretion, based upon the evaluation of economic and market conditions, stock price, capital availability, applicable legal and regulatory requirements and other corporate considerations. On October 26, 2020, the Board extended the Stock Repurchase Program through December 31, 2021, or until the approved dollar amount has been used to repurchase shares. The Stock Repurchase Program does not require the Company to repurchase any specific number of shares and the Company cannot assure that any shares will be repurchased under the Stock Repurchase Program. The Stock Repurchase Program may be suspended, extended, modified or discontinued at any time. The Company did not make any repurchases of common stock during the three and six months ended June 30, 2021. During the three and six months ended June 30, 2020, the Company repurchased zero and 25,719 shares of common stock on the open market for zero and $268, respectively. Refer to Note 8 for additional information concerning stock repurchases.

Recent accounting pronouncements:

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-04, "*Reference Rate Reform (Topic 848)*," which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. The expedients and exceptions provided by the amendments do not apply to contract modifications and hedging relationships entered into or evaluated after December 31, 2022, except for hedging transactions as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Company did not utilize the optional expedients and exceptions provided by ASU 2020-04 during the six months ended June 30, 2021.

SEC Rule 1-02(w)(2) Update:

In May 2020, the SEC adopted rule amendments that will impact the requirement of investment companies, including BDCs, to disclose the financial statements of certain of their portfolio companies or certain acquired funds (the "Final Rules"). The Final Rules adopted a new definition of "significant subsidiary" set forth in Rule 1-02(w)(2) of Regulation S-X under the Securities Act. Rules 3-09 and 4-08(g) of Regulation S-X require investment companies to include separate financial statements or summary financial information, respectively, in such investment company's periodic reports for any portfolio company that meets the definition of "significant subsidiary." The Final Rules adopt a new definition of "significant subsidiary" applicable only to investment companies that (i) modifies the investment test and the income test, and (ii) eliminates the asset test currently in the definition of "significant subsidiary" in Rule 1-02(w) of Regulation S-X. The new Rule 1-02(w)(2) of Regulation S-X is intended to more accurately capture those portfolio companies that are more likely to materially impact the financial condition of an investment company. The Final Rules became effective on January 1, 2021, however the Company elected to early adopt this rule change as of December 31, 2020. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

SEC Regulation S-K Update:

In November 2020, the SEC issued a final rule that modernized and simplifies Management's Discussion and Analysis and certain financial disclosure requirements in Regulation S-K (the "Amendments"). Specifically, the Amendments: (i) eliminate Item 301 of Regulation S-K (Selected Financial Data); (ii) simplify Item 302 of Regulation S-K (Supplementary Financial Information); and (iii) amend certain aspects of Item 303 of Regulation S-K (Management's Discussion and Analysis of Financial Condition and Results of Operations). The Amendments became effective on February 10, 2021 and compliance will be required for the registrants' fiscal year ending on or after August 9, 2021. Early adoption of the Amendments is permitted on an item-by-item basis after the effective date; however, a registrant must fully comply with each adopted item in its entirety. The Company adopted the Amendments on the effective date which did not have a material impact on the Company's Consolidated Financial Statements.

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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 generally reported under the name of the operating company on the consolidated schedules of investments.

As of June 30, 2021, the Company had active investments in 72 portfolio companies and residual investments in four portfolio companies that have sold their underlying operations. The aggregate fair value of the total portfolio was $743,458 and the weighted average effective yield on the Company's debt investments was 12.2% as of such date. As of June 30, 2021, the Company held equity investments in 85.5% of its portfolio companies and the average fully diluted equity ownership in those portfolio companies was 7.4%.

As of December 31, 2020, the Company had active investments in 66 portfolio companies and residual investments in three portfolio companies that have sold their underlying operations. The aggregate fair value of the total portfolio was $742,869 and the weighted average effective yield on the Company's debt investments was 12.2% as of such date. As of December 31, 2020, the Company held equity investments in 88.4% of its portfolio companies and the average fully diluted equity ownership in those portfolio companies was 5.3%.

The weighted average yield of the Company's debt investments is not the same as a return on investment for its stockholders but, rather, relates to a portion of the Company's investment portfolio and is calculated before the payment of all of the Company's and its subsidiaries' fees and expenses. The weighted average yields were computed using the effective interest rates for debt investments at cost as of June 30, 2021 and December 31, 2020, including accretion of OID and debt investment origination fees, but excluding investments on non-accrual status and investments recorded as a secured borrowing, if any.

Purchases of debt and equity investments for the six months ended June 30, 2021 and 2020 totaled $167,349 and $85,097, respectively. Proceeds from sales and repayments, including principal, return of capital distributions and realized gains, of portfolio investments for the six months ended June 30, 2021 and 2020 totaled $191,560 and $76,315, respectively.

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

	Fair Value				Cost			
	June 30, 2021		December 31, 2020		June 30, 2021		December 31, 2020	
First Lien Debt(1)	$285,011	38.3%	$187,353	25.2%	$284,630	42.4%	$184,585	26.9%
Second Lien Debt	207,953	28.0	332,154	44.7	221,225	33.0	341,947	49.7
Subordinated Debt	99,854	13.4	107,911	14.5	99,411	14.8	107,343	15.6
Equity	147,226	19.8	112,836	15.2	62,472	9.3	49,958	7.3
Warrants	3,414	0.5	2,615	0.4	3,194	0.5	3,194	0.5
Total	$743,458	100.0%	$742,869	100.0%	$670,932	100.0%	$687,027	100.0%

(1) Includes unitranche investments, which account for 30.6% and 33.8% of our portfolio on a fair value and cost basis as of June 30, 2021, respectively. Includes unitranche investments, which account for 17.3% and 18.4% of our portfolio on a fair value and cost basis as of December 31, 2020, respectively.

All investments made by the Company as of June 30, 2021 and December 31, 2020 were made in portfolio companies headquartered in the U.S. The following table shows portfolio composition by geographic region at fair value and cost and as a percentage of total investments. The geographic composition is determined by the location of the corporate headquarters of the portfolio company, which may not be indicative of the primary source of the portfolio company's business.

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	Fair Value				Cost			
	June 30, 2021		December 31, 2020		June 30, 2021		December 31, 2020	
Midwest	$195,280	26.3%	$225,745	30.4%	$147,252	21.9%	$189,560	27.6%
Southeast	170,342	22.9	153,291	20.6	144,190	21.5	129,974	18.9
Northeast	144,830	19.5	123,268	16.6	148,282	22.1	127,833	18.6
West	102,034	13.7	108,673	14.6	97,148	14.5	109,221	15.9
Southwest	130,972	17.6	131,892	17.8	134,060	20.0	130,439	19.0
Total	$743,458	100.0%	$742,869	100.0%	$670,932	100.0%	$687,027	100.0%

The following table shows portfolio composition by type and by geographic region at fair value as a percentage of net assets.

By Type	June 30, 2021	December 31, 2020	By Geographic Region	June 30, 2021	December 31, 2020
First Lien Debt	66.4%	45.6%	Midwest	45.5%	55.0%
Second Lien Debt	48.4	80.9	Southeast	39.7	37.3
Subordinated Debt	23.3	26.3	Northeast	33.7	30.0
Equity	34.3	27.5	West	23.8	26.5
Warrants	0.8	0.6	Southwest	30.5	32.1
Total	173.2%	180.9%	Total	173.2%	180.9%

As of June 30, 2021 and December 31, 2020, the Company had no portfolio company investments that represented more than 10% of the total investment portfolio on a fair value or cost basis. As of June 30, 2021 and December 31, 2020, the Company had no portfolio company investments that represented more than 5% of our total assets.

As of June 30, 2021, the Company had no debt investments on non-accrual status. As of December 31, 2020, the Company had debt investments in one portfolio company on non-accrual status.

	June 30, 2021		December 31, 2020	
Portfolio Company	Fair Value	Cost	Fair Value	Cost
EBL, LLC (EbLens)	$— (2)	$— (2)	$5,454(1)	$9,214(1)
Total	$—	$—	$5,454	$9,214

(1) Portfolio company was on PIK-only on non-accrual status at period end, meaning the Company has ceased recognizing PIK interest income on the investment.
(2) Portfolio company debt investment was not on non-accrual status at period end.

Consolidated Schedule of Investments In and Advances To Affiliates

The table below represents the fair value of control and affiliate investments as of December 31, 2020 and any additions and reductions made to such investments during the six months ended June 30, 2021, the ending fair value as of June 30, 2021, and the total investment income earned on such investments during the period.

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Portfolio Company (1)	June 30, 2021 Principal Amount - Debt Investments	December 31, 2020 Fair Value	Gross Additions (2)	Gross Reductions (3)	June 30, 2021 Fair Value	Six Months Ended June 30, 2021 Net Realized Gains (Losses) (4)	Net Change in Unrealized Appreciation (Depreciation)	Interest Income	Payment-in-kind Interest Income	Dividend Income	Fee Income
Control Investments											
Hilco Plastics Holdings, LLC (dba Hilco Technologies)(6)	$ 10,286	$ —	$ 22,210	$ (1,496)	$ 20,714	$ —	$ (1,495)	$ 263	$ —	$ 568	$ —
Mesa Line Services, LLC (6)	20,804	—	21,894	(5,596)	16,298	—	(5,596)	161	221	—	—
Spectra A&D Acquisition, Inc. (fka FDS Avionics Corp.)(5)	—	7,391	1,986	(9,377)	—	957	1,029	90	—	—	400
US GreenFiber, LLC	26,161	20,862	3,294	—	24,156	—	77	1,054	716	—	—
Total Control Investments	$ 57,251	$ 28,253	$ 49,384	$ (16,469)	$ 61,168	$ 957	$ (5,985)	$ 1,568	$ 937	$ 568	$ 400
Affiliate Investments											
FAR Research Inc.	$ —	$ 28	$ —	$ —	$ 28	$ —	$ —	$ —	$ —	$ —	$ —
Fiber Materials, Inc.	—	41	1	—	42	—	—	—	—	—	—
Medsurant Holdings, LLC	—	10,960	1,075	(8,031)	4,004	—	1,072	331	—	—	91
Mirage Trailers LLC	6,532	6,494	3,622	(44)	10,072	—	3,447	375	165	110	—
Pfanstiehl, Inc.	—	33,505	9,676	—	43,181	—	9,677	—	—	—	—
Pinnergy, Ltd.	—	20,589	208	—	20,797	—	208	—	—	—	—
Spectra A&D Acquisition, Inc. (fka FDS Avionics Corp.)(5)	8,000	—	12,277	(59)	12,218	—	1,664	395	—	—	177
Steward Holding LLC (dba Steward Advanced Materials)	—	9,777	332	(7,812)	2,297	—	300	458	30	—	—
Total Affiliate Investments	$ 14,532	$ 81,394	$ 27,191	$ (15,946)	$ 92,639	$ —	$ 16,368	$ 1,559	$ 195	$ 110	$ 268

(1) The investment type, industry, ownership detail for equity investments, and if the investment is income producing is disclosed in the consolidated schedule of investments.
(2) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments, accrued PIK interest and PIK dividend income, accretion of OID and origination fees, and net unrealized appreciation recognized during the period. Gross additions also include transfers of portfolio companies into the control or affiliate classification during the period, as applicable.
(3) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and net unrealized (depreciation) recognized during the period. Gross reductions also include include transfers of portfolio companies out of the control or affiliate classification during the period, as applicable.
(4) The schedule does not reflect realized gains or losses on escrow receivables for investments which were previously exited and were not held during the period presented. Gains and losses on escrow receivables are classified in the consolidated statements of operations according to the control classification at the time the investment was exited. Escrow receivables are presented in prepaid expenses and other assets on the consolidated statements of assets and liabilities.
(5) Portfolio company was transferred to Affiliate investments from Control investments during the six months ended June 30, 2021.
(6) Portfolio company was transferred to Control investments from Non-control/Non-affiliate investments during the six months ended June 30, 2021.

The table below represents the fair value of control and affiliate investments as of December 31, 2019 and any additions and reductions made to such investments during the year ended December 31, 2020, including the total investment income earned on such investments during the period.

Portfolio Company (1)	December 31, 2020 Principal Amount - Debt Investments	December 31, 2019 Fair Value	Gross Additions (2)	Gross Reductions (3)	December 31, 2020 Fair Value	Year Ended December 31, 2020 Net Realized Gains (Losses) (4)	Net Change in Unrealized Appreciation (Depreciation)	Interest Income	Payment-in-kind Interest Income	Dividend Income	Fee Income
Control Investments											
FDS Avionics Corp. (dba Flight Display Systems)	$ 5,122	$ 5,403	$ 1,988	$ —	$ 7,391	$ —	$ 1,545	$ 298	$ 442	$ —	$ —
US GreenFiber, LLC	22,943	16,417	5,830	(1,385)	20,862	—	(363)	1,591	1,306	—	—
Total Control Investments	$ 28,065	$ 21,820	$ 7,818	$ (1,385)	$ 28,253	$ —	$ 1,182	$ 1,889	$ 1,748	$ —	$ —
Affiliate Investments											
FAR Research Inc.	$ —	$ 28	$ —	$ —	$ 28	$ —	$ —	$ —	$ —	$ —	$ —
Fiber Materials, Inc.	—	10,449	9,681	(20,089)	41	9,681	(9,762)	—	—	354	—
Medsurant Holdings, LLC	8,031	16,980	1,721	(7,741)	10,960	1,714	(2,304)	1,145	—	—	79
Microbiology Research Associates, Inc.(5)	—	11,611	21	(11,632)	—	—	(751)	84	11	—	—
Mirage Trailers LLC	6,410	7,218	235	(959)	6,494	—	(959)	718	159	5	16
Pfanstiehl, Inc.	—	32,822	20,128	(19,445)	33,505	12,812	7,309	630	—	478	—
Pinnergy, Ltd.	—	32,978	301	(12,690)	20,589	301	(9,388)	—	—	—	—
Steward Holding LLC (dba Steward Advanced Materials)	7,783	9,469	308	—	9,777	—	186	934	117	—	25
Total Affiliate Investments	$ 22,224	$ 121,555	$ 32,395	$ (72,556)	$ 81,394	$ 24,508	$ (15,669)	$ 3,511	$ 287	$ 837	$ 120

(1) The investment type, industry, ownership detail for equity investments, and if the investment is income producing is disclosed in the consolidated schedule of investments.
(2) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments, accrued PIK interest and PIK dividend income, accretion of OID and origination fees, and net unrealized appreciation recognized during the period. Gross additions also include transfers of portfolio companies into the control or affiliate classification during the period, as applicable.
(3) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and net unrealized (depreciation) recognized during the period. Gross reductions also include include transfers of portfolio companies out of the control or affiliate classification during the period, as applicable.
(4) The schedule does not reflect realized gains or losses on escrow receivables for investments which were previously exited and were not held during the period presented. Gains and losses on escrow receivables are classified in the consolidated statements of operations according to the control classification at the time the investment was exited. Escrow receivables are presented in prepaid expenses and other assets on the consolidated statements of assets and liabilities.
(5) Portfolio company was transferred to Non-control/Non-affiliate investments from Affiliate investments during the twelve months ended December 31, 2020.

Note 4. Fair Value Measurements

Investments

The Board has established and documented processes and methodologies for determining the fair values of portfolio company investments on a recurring basis in accordance with ASC Topic 820 and consistent with the requirements of the 1940 Act. Fair value is the price, determined at the measurement date, that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available or reliable, valuation techniques described below are applied. Under ASC Topic 820, portfolio investments recorded at fair value in the consolidated financial statements are classified within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value, as defined below:

Level 1 — Inputs are unadjusted, quoted prices in active markets for identical assets as of the measurement date.

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Level 2 — Inputs include quoted prices for similar assets in active markets, or that are quoted prices for identical or similar assets in markets that are not active and inputs that are observable, either directly or indirectly, for substantially the full term, if applicable, of the investment.

Level 3 — Inputs include those that are both unobservable and significant to the overall fair value measurement.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's investment portfolio is comprised entirely of debt and equity securities of privately held companies for which quoted prices falling within the categories of Level 1 and Level 2 inputs are not available. Therefore, the Company values all of its portfolio investments at fair value, as determined in good faith by the Board, using Level 3 inputs. The degree of judgment exercised by the Board in determining fair value is greatest for investments classified as Level 3 inputs. Due to the inherent uncertainty of determining the fair values of investments that do not have readily available market values, the Board's estimate of fair values may differ significantly from the values that would have been used had a ready market for the securities existed, and those differences may be material. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the amounts ultimately realized on these investments to be materially different than the valuations currently assigned.

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

- the quarterly valuation process begins with each portfolio company or investment being initially evaluated and rated by the investment professionals of the Investment Advisor responsible for the portfolio investment;
- preliminary valuation conclusions are then documented and discussed with the investment committee of the Investment Advisor;
- the Board engages one or more independent valuation firm(s) to conduct independent appraisals of a selection of our portfolio investments for which market quotations are not readily available. Each portfolio company investment is generally appraised by the valuation firm(s) at least once every calendar year and each new portfolio company investment is appraised at least once in the twelve-month period following the initial investment. In certain instances, the Company may determine that it is not cost-effective, and as a result it is not in the Company's stockholders' best interest, to request the independent appraisal of certain portfolio company investments. Such instances include, but are not limited to, situations where the Company determines that the fair value of the portfolio company investment is relatively insignificant to the fair value of the total portfolio.
- the audit committee of the Board reviews the preliminary valuations of the Investment Advisor and of the independent valuation firm(s) and responds and supplements the valuation recommendations to reflect any comments; and
- the Board discusses these valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of the Investment Advisor, the independent valuation firm(s) and the audit committee.

In making the good faith determination of the value of portfolio investments, the Board starts 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.

Consistent with the policies and methodologies adopted by the Board, the Company performs detailed valuations of its debt and equity investments, including an analysis on the Company's unfunded debt investment commitments, using both the market and income approaches as appropriate. Under the market approach, the Company typically uses 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 the Company derives a single estimate of enterprise value. Under the income approach, the Company typically prepares and analyzes 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.

The Company evaluates investments in portfolio companies using the most recent portfolio company financial statements and forecasts. The Company also consults 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 the Company's debt investments 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, the Company 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. The Company's discounted cash flow models estimate a range of fair values by applying an appropriate discount rate to the future cash flow streams of its debt investments, based on future interest and principal payments as set forth in the associated debt investment agreements. The Company prepares a weighted average cost of capital for use in the discounted cash flow model for each investment, based on factors

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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. The Company 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 and other fees; estimated remaining life; the nature and realizable value of any collateral securing such debt investment; and changes in the interest rate environment and the credit markets that generally may affect the price at which similar investments may be made. The Company estimates the remaining life of its debt investments to generally be the legal maturity date of the instrument, as the Company generally intends to hold its debt investments to maturity. However, if the Company has information available to it that the debt investment is expected to be repaid in the near term, it would use an estimated remaining life based on the expected repayment date.

For the Company's equity investments, including equity and warrants, the Company generally uses 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, the Company analyzes 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 transaction comparables, 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.

The Company may also utilize an income approach when estimating the fair value of its 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. The Company typically prepares and analyzes discounted cash flow models based on projections of the future free cash flows (or earnings) of the portfolio company. The Company considers various factors, including, but not limited to, the portfolio company's projected financial results, applicable market trading and transaction comparables, 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.

The Company reviews the fair value hierarchy classifications on a quarterly basis. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in or out of the Level 3 category as of the beginning of the quarter in which the reclassifications occur. There were no transfers among Levels 1, 2, and 3 during the six months ended June 30, 2021 and 2020.

The following tables present a reconciliation of the beginning and ending balances for fair valued investments measured using significant unobservable inputs (Level 3) for the six months ended June 30, 2021 and 2020:

	First Lien Debt	Second Lien Debt	Subordinated Debt	Equity	Warrants	Total
Balance, December 31, 2019	$108,327	$ 383,077	$ 140,843	$126,564	$ 8,108	$ 766,919
Net realized gains (losses) on investments	(4)	100	—	29,624	1,862	31,582
Net change in unrealized appreciation (depreciation) on investments	(1,890)	(26,898)	(1,254)	(43,029)	(3,027)	(76,098)
Purchase of investments	49,239	20,999	13,500	1,359	—	85,097
Proceeds from sales and repayments of investments	(15,263)	(12,780)	(1,567)	(42,214)	(4,491)	(76,315)
Interest and dividend income paid-in-kind	71	1,918	273	—	—	2,262
Proceeds from loan origination fees	(1,036)	(158)	(250)	—	—	(1,444)
Accretion of loan origination fees	174	247	91	2	—	514
Accretion of original issue discount	72	31	—	—	—	103
Balance, June 30, 2020	$139,690	$ 366,536	$ 151,636	$ 72,306	$ 2,452	$ 732,620
Balance, December 31, 2020	$187,353	$ 332,154	$ 107,911	$112,836	$ 2,615	$ 742,869
Net realized gains (losses) on investments	—	—	—	5,366	—	5,366
Net change in unrealized appreciation (depreciation) on investments	(2,387)	(3,479)	(125)	21,876	799	16,684
Purchase of investments	132,900	11,500	16,001	6,948	—	167,349
Proceeds from sales and repayments of investments	(32,568)	(135,048)	(24,039)	95	—	(191,560)
Interest and dividend income paid-in-kind	40	1,974	58	105	—	2,177
Proceeds from loan origination fees	(1,038)	(54)	(79)	—	—	(1,171)
Accretion of loan origination fees	711	301	127	—	—	1,139
Accretion of original issue discount	—	605	—	—	—	605
Balance, June 30, 2021	$285,011	$ 207,953	$ 99,854	$147,226	$ 3,414	$ 743,458

Net change in unrealized appreciation/(depreciation) of $14,214 and $16,349 for the three and six months ended June 30, 2021, respectively, was attributable to Level 3 investments held at June 30, 2021. Net change in unrealized (depreciation) of $(1,508) and $(75,441) for the three and six months ended June 30, 2020, respectively, was attributable to Level 3 investments held at June 30, 2020.

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The following tables summarize the significant unobservable inputs by valuation technique used to determine the fair value of the Company's Level 3 debt and equity investments as of June 30, 2021 and December 31, 2020. The tables are not intended to be all-inclusive, but instead capture the significant unobservable inputs relevant to the Company's determination of fair values.

	Fair Value at June 30, 2021	Valuation Techniques	Unobservable Inputs	Range (weighted average)(1)
Debt investments:				
First Lien Debt	$ 265,345	Discounted cash flow	Weighted average cost of capital	4.5% - 35.0% (12.2%)
	10,814	Enterprise value	Asset Coverage	1.1x - 1.1x (1.1x)
	8,852	Enterprise value	Revenue multiples	5.0x - 5.0x (5.0x)
Second Lien Debt	185,294	Discounted cash flow	Weighted average cost of capital	9.3% - 25.0% (16.4%)
	7,940	Enterprise value	EBITDA multiples	3.3x - 3.3x (3.3x)
	14,719	Enterprise value	Asset Coverage	1.1x - 1.3x (1.3x)
Subordinated Debt	99,854	Discounted cash flow	Weighted average cost of capital	11.5% - 12.0% (11.7%)
Equity investments:				
Equity	147,226	Enterprise value	EBITDA multiples	3.3x - 17.8x (7.9x)
Warrants	3,414	Enterprise value	EBITDA multiples	4.5x - 6.0x (5.9x)

(1) Unobservable inputs were weighted by the relative fair value of the instruments.

	Fair Value at December 31, 2020	Valuation Techniques	Unobservable Inputs	Range (weighted average)(1)
Debt investments:				
First Lien Debt	$ 183,238	Discounted cash flow	Weighted average cost of capital	6.8% - 16.3% (10.3%)
	4,115	Enterprise value	Asset Coverage	1.8x - 1.8x (1.8x)
Second Lien Debt	306,405	Discounted cash flow	Weighted average cost of capital	9.3% - 27.0% (14.0%)
	5,454	Enterprise value	EBITDA multiples	3.9x - 3.9x (3.9x)
	5,123	Enterprise value	Revenue multiples	2.1x - 2.1x (2.1x)
	15,172	Enterprise value	Asset Coverage	1.2x - 1.2x (1.2x)
Subordinated Debt	107,911	Discounted cash flow	Weighted average cost of capital	11.5% - 12.0% (11.7%)
Equity investments:				
Equity	110,568	Enterprise value	EBITDA multiples	3.9x - 15.3x (8.1x)
	2,268	Enterprise value	Revenue multiples	2.1x - 2.1x (2.1x)
Warrants	2,615	Enterprise value	EBITDA multiples	4.5x - 6.5x (6.2x)

(1) Unobservable inputs were weighted by the relative fair value of the instruments.

The significant unobservable input used in determining the fair value under the discounted cash flow technique is the weighted average cost of capital of each security. Significant increases (or decreases) in this input would likely result in significantly lower (or higher) fair value estimates.

The significant unobservable inputs used in determining fair value under the enterprise value technique are revenue and EBITDA multiples, as well as asset coverage. Significant increases (or decreases) in these inputs could result in significantly higher (or lower) fair value estimates.

Other Financial Assets and Liabilities

ASC Topic 820 requires disclosure of the fair value of financial instruments for which it is practical to estimate such value. The Company believes that the carrying amounts of its other financial instruments such as cash and cash equivalents, interest receivable and accounts payable and other liabilities approximate the fair value of such items due to the short maturity of such instruments. The Company's borrowings under the Credit Facility (as defined in Note 6), SBA debentures, and Notes (as defined in Note 6) are recorded at their respective carrying values.

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The following tables summarize the carrying value and fair value of the Company's debt obligations as of June 30, 2021 and December 31, 2020.

	June 30, 2021(6)		December 31, 2020	
	Carrying Value (1)	Fair Value	Carrying Value (1)	Fair Value
SBA debentures (2)	$ 139,300	$139,300	$ 147,000	$147,000
Credit Facility borrowings (3)	—	—	—	—
2023 Notes (4)	—	—	50,000	50,620
February 2024 Notes (4)	19,000	19,266	69,000	69,745
November 2024 Notes (4)	63,250	65,223	63,250	64,389
2026 Notes (5)	125,000	125,286	125,000	125,000
Total	$ 346,550	$349,075	$ 454,250	$456,754

(1) Carrying value represents the outstanding principal balance of the debt obligation.
(2) The fair value of the SBA debentures is estimated by discounting the remaining payments using current market rates for similar instruments and considering such factors as the legal maturity date and the ability of market participants to prepay the debentures, which are Level 3 inputs under ASC Topic 820.
(3) The fair value of borrowings under the Credit Facility, if valued under ASC Topic 820, are based on a market yield approach and current interest rates, which are Level 3 inputs to the market yield model.
(4) The Public Notes, if valued under ASC Topic 820, are valued using available market quotes, which is a Level 1 input.
(5) The fair value of the 2026 Notes is estimated by discounting the remaining payments using current market rates for similar instruments and considering such factors as the legal maturity date, which are Level 3 inputs under ASC Topic 820.
(6) Totals exclude $13,500 of Secured Borrowings.

The following table summarizes the inputs used to value the Company's debt obligations if measured at fair value as of June 30, 2021 and December 31, 2020.

	Fair Value	
Valuation Inputs	June 30, 2021	December 31, 2020
Level 1	$ 84,489	$ 184,754
Level 2	—	—
Level 3	264,586	272,000
Total	$349,075	$ 456,754

Note 5. Related Party Transactions

Investment Advisory Agreement: The Company has entered into an Investment Advisory Agreement with the Investment Advisor. On June 10, 2021, the Board approved the renewal of the Investment Advisory Agreement through June 20, 2022. Pursuant to the Investment Advisory Agreement and subject to the overall supervision of the Board, the Investment Advisor provides investment advisory services to the Company. For providing these services, the Investment Advisor receives a fee, 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% based on the average value of total assets (other than cash or cash equivalents but including assets purchased with borrowed amounts) at the end of the two most recently completed calendar quarters. The Board of Directors accepted a voluntary, non-contractual, and unconditional waiver from the Investment Advisor to exclude any investments recorded as secured borrowings as defined under GAAP from the base management fee payable as of June 30, 2021. The base management fee is payable quarterly in arrears. The base management fee under the Investment Advisory Agreement was $3,215 and $6,391 for the three and six months ended June 30, 2021, and $3,193 and $6,465 for the three and six months ended June 30, 2020, respectively. The base management fee waiver was $29 for the three and six months ended June 30, 2021. There was no base management fee waiver for the three and six months ended June 30, 2020. As of June 30, 2021 and December 31, 2020, the base management fee payable (net of the base management fee waiver) was $3,186 and $3,244, respectively.

The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears based on the Company's pre-incentive fee net investment income for the quarter. Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including the base management fee, any expenses payable under the Administration Agreement (defined below) and any interest expense and dividends paid on any outstanding preferred stock, but excluding the incentive fee and excise taxes on realized gains). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as market discount, original issue discount, debt instruments with PIK income, preferred stock with PIK dividends and zero-coupon securities), accrued income the Company has not yet received in cash. The Investment Advisor is not under any obligation to reimburse the Company for any part of the incentive fee it receives that was based on accrued interest that the Company never collects.

Pre-incentive fee net investment income does not include any realized capital gains, taxes associated with such realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. Because of the structure of the incentive fee, it is possible that the Company may pay an incentive fee in a quarter where the Company incurs a loss. For example, if the Company generates pre-incentive fee net investment income in excess of the hurdle rate (as defined below) for a quarter, the Company will pay the applicable incentive fee even if the Company has incurred a loss in that quarter due to a net loss on investments.

Pre-incentive fee net investment income, expressed as a rate of return on the value of the Company's net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed "hurdle rate" of 2.0% per quarter. If market interest rates rise, the Company may be able to invest funds in debt instruments that provide for a higher return, which would increase the Company's pre-incentive fee net investment income and make it easier for the Investment Advisor to surpass the fixed hurdle rate and receive an incentive fee based on such net investment income.

The Company pays the Investment Advisor an incentive fee with respect to pre-incentive fee net investment income in each calendar quarter as follows:

- no incentive fee in any calendar quarter in which the pre-incentive fee net investment income does not exceed the hurdle rate of 2.0%;
- 100.0% of the Company's 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% in any calendar quarter. This portion of the pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 2.5%) is referred to as the "catch-up" provision. The catch-up is meant to provide the Investment Advisor with 20.0% of the pre-incentive fee net investment income as if a hurdle rate did not apply if this net investment income exceeds 2.5% in any calendar quarter; and
- 20.0% of the amount of the Company's pre-incentive fee net investment income, if any, that exceeds 2.5% in any calendar quarter.

The sum of the calculations above equals the income incentive fee. The income incentive fee is appropriately prorated for any period of less than three months and adjusted for any share issuances or repurchases during the calendar quarter. The income incentive fee was $2,550 and $5,219 for the three and six months ended June 30, 2021, respectively, and $2,113 and $3,968 for the three and six months ended June 30, 2020, respectively. The Investment Advisor, in consultation with the Board, agreed to voluntarily waive $423 of the income incentive fee for the three and six months ended June 30, 2020. There was no income incentive fee waiver for the three and six months ended June 30, 2021. As of June 30, 2021 and December 31, 2020, the income incentive fee payable (net of the income incentive fee waiver) was $2,550 and $2,610, respectively.

The second part of the incentive fee is a capital gains incentive fee that is determined and paid in arrears as of the end of each fiscal year (or upon termination of the Investment Advisory Agreement, as of the termination date), and equals 20.0% of the net capital gains as of the end of the fiscal year. In determining the capital gains incentive fee to be paid in cash to the Investment Advisor, the Company calculates the cumulative aggregate realized capital gains and losses since the Formation Transactions (realized capital gains and losses include realized gains and losses on investments, net of income tax provision from realized gains on investments, and realized losses on extinguishment of debt), and the aggregate unrealized capital depreciation on investments as of the date of the calculation. At the end of the applicable year, the amount of capital gains that serves as the basis for the calculation of the capital gains incentive fee to be paid equals the cumulative aggregate realized capital gains on investments, less cumulative aggregate realized capital losses on investments, less aggregate unrealized capital depreciation on investments, and less cumulative aggregate realized losses on extinguishment of debt. If this number is positive at the end of such year, then the capital gains incentive fee to be paid in cash for such year equals 20.0% of such amount, less the aggregate amount of any capital gains incentive fees paid in all prior years. As of June 30, 2021 and December 31, 2020, the capital gains incentive fee payable in cash was $0 (as cumulative aggregate realized capital gains and losses on investments plus aggregate unrealized capital depreciation on investments plus realized losses on extinguishment of debt was negative as of each period). The aggregate amount of capital gains incentive fees paid from the IPO through June 30, 2021 was $348.

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In addition, the Company accrues, but does not pay in cash, a capital gains incentive fee in connection with any unrealized capital appreciation on investments, as applicable. If, on a cumulative basis, the sum of (i) net realized gains/(losses) on investments plus (ii) net unrealized appreciation/(depreciation) on investments plus (iii) realized losses on extinguishment of debt decreases during a period, the Company will reverse any excess capital gains incentive fee previously accrued such that the amount of capital gains incentive fee accrued is no more than 20.0% of the sum of (i) net realized gains/(losses) on investments plus (ii) net unrealized appreciation/(depreciation) on investments plus (iii) realized losses on extinguishment of debt. The capital gains incentive fee accrued (reversed) during the three and six months ended June 30, 2021 was $3,883 and $3,974, respectively, and $(263) and $(9,141) for the three and six months ended June 30, 2020, respectively. As of June 30, 2021 and December 31, 2020, the accrued capital gains incentive fee payable was $15,005 and $11,031, respectively.

Unless terminated earlier as described below, the Investment Advisory Agreement will continue in effect from year to year if approved annually by the Board or by the affirmative vote of the holders of a majority of the Company's outstanding voting securities, and, in either case, if also approved by a majority of the directors who are not "interested persons" of the Company, as such term is defined under Section 2(a)(19) of the 1940 Act (the "Independent Directors"). The Investment Advisory Agreement automatically terminates in the event of its assignment, as defined in the 1940 Act, by the Investment Advisor and may be terminated by either party without penalty upon not less than 60 days' written notice to the other. The holders of a majority of the Company's outstanding voting securities may also terminate the Investment Advisory Agreement without penalty.

Administration Agreement: The Company also entered into an administration agreement (the "Administration Agreement") with the Investment Advisor. On June 10, 2021, the Board approved the renewal of the Administration Agreement through June 20, 2022. Under the Administration Agreement, the Investment Advisor furnishes the Company with office facilities and equipment, provides clerical, bookkeeping, and record keeping services at such facilities and provides the Company with other administrative services necessary to conduct its day-to-day operations. The Company reimburses the Investment Advisor for the allocable portion of overhead expenses incurred in performing its obligations under the Administration Agreement, including rent and the Company's allocable portion of the cost of its chief financial officer and chief compliance officer and their respective staffs. Under the Administration Agreement, the Investment Advisor also provides managerial assistance to those portfolio companies to which the Company is required to provide such assistance and the Company reimburses the Investment Advisor for fees and expenses incurred with providing such services. In addition, the Company reimburses the Investment Advisor for fees and expenses incurred while performing due diligence on the Company's prospective portfolio companies, including "dead deal" expenses. Under the Administration Agreement, administrative service expenses for the three and six months ended June 30, 2021 were $430 and $843, respectively, and $364 and $830 for the three and six months ended June 30, 2020, respectively. As of June 30, 2021 and December 31, 2020, the accrued administrative service expense payable was $339 and $593, respectively.

Fidus Equity Fund I, L.P.: On February 25, 2020, the Company entered into a Limited Partnership Agreement (the "Agreement") with Fidus Equity Fund I, L.P. ("FEF I"). Pursuant to the Agreement, the Company will serve as the General Partner of FEF I. Owned by third-party investors, FEF I was formed to purchase 50% of select equity investments from the Company. On February 25, 2020, the Company sold 50% of its equity investments in 20 portfolio companies to FEF I and received net proceeds of $35,903, resulting in a realized gain, net of estimated taxes, of $20,404. The Company will not receive any fees from FEF I for any services provided in its capacity as the General Partner of FEF I.

Note 6. Debt

Revolving Credit Facility: On June 16, 2014, FIC entered into a senior secured revolving credit agreement (the "Credit Facility") with ING Capital LLC ("ING"), as the administrative agent, collateral agent, and lender. The Credit Facility is secured by certain portfolio investments held by the Company, but portfolio investments held by the Funds are not collateral for the Credit Facility. On April 24, 2019, the Company entered into an Amended & Restated Senior Secured Revolving Credit Agreement (the "Amended Credit Agreement") among the Company, as borrower, the lenders party thereto, and ING Capital LLC, as administrative agent. The Amended Credit Agreement amends, restates, and replaces the Credit Facility. On June 26, 2020, the Company amended the Amended Credit Agreement, however the material terms were unchanged. Among other revisions, the amendment to the Amended Credit Agreement modifies certain covenants therein, including to amend the minimum consolidated interest coverage ratio to be 2.25 to 1.00 for the four quarter period ending on June 30, 2020, 2.00 to 1.00 for the four quarter periods ending on each of September 30, 2020 and December 31, 2020, and 1.75 to 1.00 for each four quarter period ending at the end of each quarter thereafter.

Under the Amended Credit Agreement, (i) revolving commitments by lenders were increased from $90,000 to $100,000, with an accordion feature that allows for an increase in total commitments up to $250,000, subject to satisfaction of certain conditions at the time of any such future increase, (ii) the maturity date of the Credit Facility was extended from June 16, 2019 to April 24, 2023, and (iii) borrowings under the credit facility bear interest, at our election, at a rate per annum equal to (a) 3.00% (or 2.75% if certain conditions are satisfied, including if (x) no equity interests are included in the borrowing base, (y) the contribution to the borrowing base of eligible portfolio investments that are performing first lien bank loans is greater than or equal to 35%, and (z) the contribution to the borrowing base of eligible portfolio investments that are performing first lien bank loans, performing last out loans, or performing second lien loans is greater than or equal to 60%) plus the one, two, three or six month LIBOR rate,

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as applicable, or (b) 2.00% (or 1.75% if the above conditions are satisfied) plus the highest of (A) a prime rate, (B) the Federal Funds rate plus 0.5%, (C) three month LIBOR plus 1.0%, and (D) zero. The Company pays a commitment fee that varies depending on the size of the unused portion of the Credit Facility: 3.00% per annum on the unused portion of the credit facility at or below 35% of the commitments and 0.50% per annum on any remaining unused portion of the Credit Facility between the total commitments and the 35% minimum utilization. The Amended Credit Agreement also modifies certain covenants in the credit facility, including to provide for a minimum asset coverage ratio of 2.00 to 1 (on a regulatory basis). The Credit Facility is secured by a first priority security interest in all of our assets, excluding the assets of our SBIC subsidiaries.

Amounts available to borrow under the Credit Facility are subject to a minimum borrowing/collateral base that applies an advance rate to certain investments held by the Company, excluding investments held by the Funds. The Company is subject to 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.

The Company has made customary representations and warranties and is required to comply with various 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 June 30, 2021 and December 31, 2020, the Company was in compliance in all material respect with the terms of the Credit Facility.

SBA debentures: The Company uses debenture leverage provided through the SBA to fund a portion of its investment purchases.

Under the SBA debenture program, the SBA commits to purchase debentures issued by SBICs; such debentures have 10-year terms with the entire principal balance due at maturity and are guaranteed by the SBA. Interest on SBA debentures is payable semi-annually on March 1 and September 1. As of June 30, 2021 and December 31, 2020, approved and unused SBA debenture commitments were $75,000 and $11,500, respectively. The SBA may limit the amount that may be drawn each year under these commitments, and each issuance of leverage is conditioned on the Company's full compliance, as determined by the SBA, with the terms and conditions set forth in the SBIC Act.

As of June 30, 2021 and December 31, 2020, the Company's issued and outstanding SBA debentures mature as follows:

Pooling Date (1)	Maturity Date	Fixed Interest Rate	June 30, 2021	December 31, 2020
3/25/2015	3/1/2025	3.277%	$ 22,500	$ 22,500
9/23/2015	9/1/2025	3.571	15,000	16,700
3/23/2016	3/1/2026	3.267	1,500	1,500
3/23/2016	3/1/2026	3.249	21,800	21,800
9/21/2016	9/1/2026	2.793	500	500
3/29/2017	3/1/2027	3.587	10,000	10,000
9/20/2017	9/1/2027	3.260	1,000	1,000
9/20/2017	9/1/2027	3.190	33,000	33,000
3/21/2018	3/1/2028	3.859	—	16,000
3/21/2018	3/1/2028	3.534	9,000	10,500
9/25/2019	9/1/2029	2.377	7,500	7,500
3/25/2020	3/1/2030	2.172	6,000	6,000
(2)	(2)	(2)	6,000	—
(2)	(2)	(2)	5,500	—
Total outstanding SBA debentures			$139,300	$ 147,000

(1) The SBA has two scheduled pooling dates for debentures (in March and in September). Certain debentures funded during the reporting periods may not be pooled until the subsequent pooling date.

(2) The Company issued $6,000 and $5,500 in SBA debentures which will pool in September 2021. Until the pooling date, the debentures bear interest at a fixed rate and an interim interest rate of 0.60% and 0.55%, respectively. The Company expects the current interim interest rate will reset to a higher long-term fixed rate on the pooling date.

Notes: On February 2, 2018, the Company closed the public offering of approximately $43,478 in aggregate principal amount of its 5.875% notes due 2023, or the "2023 Notes." On February 22, 2018, the underwriters exercised their option to purchase an additional $6,522 in aggregate principal of the 2023 Notes. The total net proceeds to the Company from the 2023 Notes, including the exercise of the underwriters' option, after deducting underwriting discounts of approximately $1,500 and offering expenses of $438, were approximately $48,062. The 2023 Notes mature on February 1, 2023 and bear interest at a rate of 5.875%. The 2023 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after February 1, 2020. On January 19, 2021, the Company redeemed $50,000 of the aggregate principal amount on the 2023 Notes, resulting in a realized loss on extinguishment of debt of approximately $794.

On February 8, 2019, the Company closed the public offering of approximately $60,000 in aggregate principal amount of its 6.000% notes due 2024, or the "February 2024 Notes". On February 19, 2019, the underwriters exercised their option to purchase an additional $9,000 in aggregate principal of the February 2024 Notes. The total net proceeds to the Company from the February 2024 Notes, including the exercise of the underwriters' option, after deducting underwriting discounts of approximately $2,070 and estimated offering expenses of $409, were approximately $66,521.

The February 2024 Notes mature on February 15, 2024 and bear interest at a rate of 6.000%. The February 2024 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after February 15, 2021. Interest on the February 2024 Notes is payable quarterly on February 15, May 15, August 15 and November 15 of each year, beginning May 15, 2019. The February 2024 Notes are listed on the NASDAQ Global Select Market under the trading symbol "FDUSZ." On February 16, 2021, the Company redeemed $50,000 of the $69,000 aggregate principal amount on the February 2024 Notes, resulting in a realized loss on extinguishment of debt of approximately $1,081.

On October 16, 2019, the Company closed the public offering of approximately $55,000 in aggregate principal amount of its 5.375% notes due 2024, or the "November 2024 Notes" (and collectively with the 2023 Notes and February 2024 Notes, the "Public Notes"). On October 23, 2019, the underwriters exercised their option to purchase an additional $8,250 in aggregate principal of the November 2024 Notes. The total net proceeds to the Company from the November 2024 Notes, including the exercise of the underwriters' option, after deducting underwriting discounts of approximately $1,898 and estimated offering expenses of $300, were approximately $61,053. The November 2024 Notes will mature on November 1, 2024 and bear interest at a rate of 5.375%. The November 2024 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after November 1, 2021. Interest on the November 2024 Notes is payable quarterly on February 1, May 1, August 1 and November 1 of each year, beginning February 1, 2020. The November 2024 Notes are listed on the NASDAQ Global Select Market under the trading symbol "FDUSG."

On December 23, 2020, the Company closed the offering of approximately $125,000 in aggregate principal amount of its 4.75% notes due 2026, or the "2026 Notes" (collectively with the Public Notes, the "Notes"). The total net proceeds to the Company from the 2026 Notes after deducting underwriting discounts of approximately $2,500 and estimated offering expenses of $400, were approximately $122,100. The 2026 Notes will mature on January 31, 2026 and bear interest at a rate of 4.75%. The 2026 Notes may be redeemed in whole or in part at any time or from time to time at our option subject to a make whole provision if redeemed more than three months prior to maturity. Interest on the 2026 Notes is payable on January 31 and July 31 of each year, beginning July 31, 2021. The Company does not intend to list the 2026 Notes on any securities exchange or automated dealer quotation system.

The Notes are unsecured obligations of the Company and rank pari passu with the Company's future unsecured indebtedness; effectively subordinated to all of the Company's existing and future secured indebtedness; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, financing vehicles, or similar facilities the Company may form in the future, with respect to claims on the assets of any such subsidiaries, financing vehicles, or similar facilities.

Secured Borrowing

As of June 30, 2021, secured borrowings at fair value totaled $13,500 and the fair value of the associated loans included in investments was $13,500. As of December 31, 2020, there were no secured borrowings outstanding. These secured borrowings were created as a result of our completion of partial loan sales of certain unitranche loan assets that did not meet the definition of a "participating interest." As a result, sale treatment was not permitted and these partial loan sales were treated as secured borrowings. The weighted average interest rate on our secured borrowings was approximately 4.5% as of June 30, 2021.

As of June 30, 2021, and December 31, 2020, the aggregate amount outstanding of the senior securities (including secured borrowings) issued by the Company was $220,750 and $307,250, respectively, for which our asset coverage was 294.5% and 233.7%, respectively. The SBA-guaranteed debentures are not subject to the asset coverage requirements of the 1940 Act as a result of exemptive relief granted to us by the SEC effective June 30, 2014. The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by total senior securities representing indebtedness.

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Interest and Financing Expenses

Interest and fees related to the Company's debt for the three and six months ended June 30, 2021 and 2020 which are included in interest and financing expenses on the consolidated statements of operations, were as follows:

	Three Months Ended June 30, 2021				Three Months Ended June 30, 2020			
	SBA debentures	Credit Facility	Notes	Total	SBA debentures	Credit Facility	Notes	Total
Stated interest expense	$ 1,038	$ 371	$2,619	$4,028	$ 1,301	$ 395	$2,619	$4,315
Amortization of deferred financing costs	140	113	281	534	139	83	326	548
Total interest and financing expenses	$ 1,178	$ 484	$2,900	$4,562	$ 1,440	$ 478	$2,945	$4,863

	Six Months Ended June 30, 2021				Six Months Ended June 30, 2020			
	SBA debentures	Credit Facility	Notes	Total	SBA debentures	Credit Facility	Notes	Total
Stated interest expense	$ 2,171	$ 733	$5,735	$8,639	$ 2,633	$ 854	$5,238	$8,725
Amortization of deferred financing costs	270	225	622	1,117	280	166	652	1,098
Total interest and financing expenses	$ 2,441	$ 958	$6,357	$9,756	$ 2,913	$1,020	$5,890	$9,823
Weighted average stated interest rate, period end	3.002%	0.000%	5.055%	4.230% (1)	3.333%	3.315%	5.749%	4.484% (1)
Unused commitment fee rate, period end	N/A	1.375%	N/A	1.375%	N/A	0.500%	N/A	0.500%

(1) Weighted average stated interest rate at period end excludes Secured Borrowings

Realized Losses on Extinguishment of Debt

During the six months ended June 30, 2021 and 2020, the Company prepaid $19,200 and $7,000 of SBA debentures, respectively, which were scheduled to mature on dates ranging from 2025 to 2028 and 2024 to 2028, respectively. As a result of the prepayments, the Company recognized realized losses on extinguishment of debt of $305 and $125, respectively, equal to the write-off of the related unamortized deferred financing costs, during the six months ended June 30, 2021 and 2020.

Deferred Financing Costs

Deferred financing costs are amortized into interest and financing expenses on the consolidated statements of operations, using the effective interest method, over the term of the respective financing instrument. Deferred financing costs related to the Credit Facility, SBA debentures, and Notes as of June 30, 2021 and December 31, 2020 were as follows:

	June 30, 2021				December 31, 2020			
	SBA debentures	Credit Facility	Notes	Total	SBA debentures	Credit Facility	Notes	Total
SBA debenture commitment fees	$ 2,500	$ —	$ —	$ 2,500	$ 1,750	$ —	$ —	$ 1,750
SBA debenture leverage fees	4,246	—	—	4,246	3,966	—	—	3,966
Credit Facility upfront fees	—	3,238	—	3,238	—	3,238	—	3,238
Notes underwriting discounts	—	—	6,468	6,468	—	—	7,968	7,968
Notes debt issue costs	—	—	1,076	1,076	—	—	1,579	1,579
Total deferred financing costs	6,746	3,238	7,544	17,528	5,716	3,238	9,547	18,501
Less: accumulated amortization	(3,294)	(2,414)	(3,151)	(8,859)	(2,720)	(2,190)	(2,591)	(7,501)
Unamortized deferred financing costs	$ 3,452	$ 824	$ 4,393	$ 8,669	$ 2,996	$ 1,048	$ 6,956	$11,000

Unamortized deferred financing costs are presented as a direct offset to the SBA debentures, Credit Facility and Notes liabilities on the consolidated statements of assets and liabilities. The following table summarizes the outstanding debt net of unamortized deferred financing costs as of June 30, 2021 and December 31, 2020:

	June 30, 2021(1)				December 31, 2020			
	SBA debentures	Credit Facility	Notes	Total	SBA debentures	Credit Facility	Notes	Total
Outstanding debt	$139,300	$ —	$207,250	$346,550	$147,000	$ —	$307,250	$454,250
Less: unamortized deferred financing costs	(3,452)	(824)	(4,393)	(8,669)	(2,996)	(1,048)	(6,956)	(11,000)
Debt, net of deferred financing costs	$135,848	$ (824)	$202,857	$337,881	$144,004	$(1,048)	$300,294	$443,250

(1) Total excludes $13,500 of Secured Borrowings

As of June 30, 2021, the Company's debt liabilities are scheduled to mature as follows (1):

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Year	SBA debentures	Credit Facility (2)	Notes	Total (3)
2021	$ —	$ —	$ —	$ —
2022	—	—	—	—
2023	—	—	—	—
2024	—	—	82,250	82,250
2025	37,500	—	—	37,500
Thereafter	101,800	—	125,000	226,800
Total	$139,300	$ —	$207,250	$346,550

(1) The table above presents scheduled maturities of the Company's outstanding debt liabilities as of a point in time pursuant to the terms of those instruments. The timing of actual repayments of outstanding debt liabilities may not ultimately correspond with the scheduled maturity dates depending on the terms of the underlying instruments and the potential for earlier prepayments.
(2) The Credit Facility matures on April 24, 2023. As of June 30, 2021, there were no outstanding borrowings under the Credit Facility.
(3) Total excludes $13,500 of secured borrowings.

Note 7. Commitments and Contingencies

Commitments: The Company had outstanding commitments to portfolio companies to fund various undrawn revolving loans, other debt investments and capital commitments totaling $45,388 and $5,645 as of June 30, 2021 and December 31, 2020, respectively. Such outstanding commitments are summarized in the following table:

	June 30, 2021		December 31, 2020	
Portfolio Company—Investment	Total Commitment	Unfunded Commitment	Total Commitment	Unfunded Commitment
American AllWaste LLC (dba WasteWater Transport Services)—Delayed Draw Commitment	$ 3,900	$ 3,900	$ —	$ —
Combined Systems, Inc.—Revolving Loan	4,000	550	4,000	1,050
CRS Solutions Holdings, LLC (dba CRS Texas)—Common Equity (Units)	246	—	—	—
Elements Brands, LLC—Revolving Loan	3,000	838	3,000	838
Ipro Tech, LLC—First Lien Debt	14,373	14,373	—	—
Rhino Assembly Company, LLC—Delayed Draw Commitment	875	875	875	875
Safety Products Group, LLC—Common Equity (Units)	2,852 (1)	2,852 (1)	2,852 (1)	2,852 (1)
Spectra A&D Acquisition, Inc. (fka FDS Avionics Corp.)—Revolving Loan	—	—	250	30
Wonderware Holdings, LLC (dba CORE Business Technologies)—Delayed Draw Term Loan	2,000	2,000	—	—
Worldwide Express Operations, LLC—Senior Subordinated Note	20,000	20,000	—	—
Total	$ 51,246	$ 45,388	$ 10,977	$ 5,645

(1) Portfolio company was no longer held at period end. The commitment represents the Company's maximum potential liability related to certain guaranteed obligations stemming from the prior sale of the portfolio company's underlying operations.

Additional detail for each of the commitments above is provided in the Company's consolidated schedules of investments.

The commitments are generally subject to the borrowers meeting certain criteria such as compliance with financial and nonfinancial covenants. Since commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements.

Indemnifications: In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties that provide indemnifications under certain circumstances. In addition, in connection with the disposition of an investment in a portfolio company, the Company may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. The Company may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of future obligation under these indemnifications to be remote.

Legal proceedings: In the normal course of business, the Company may be subject to legal and regulatory proceedings that are generally incidental to its ongoing operations. While the outcome of any such legal proceedings cannot be predicted with certainty, the Company does not believe any such legal proceedings will have a material adverse effect on the Company's consolidated financial statements.

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Note 8. Common Stock

Public Offerings of Common Stock

The following table summarizes the cumulative total shares issued, net proceeds received, and weighted average offering price in public offerings of the Company's common stock since the IPO.

Period	Cumulative Number of Shares	Cumulative Gross Proceeds	Cumulative Underwriting Fees and Commissions and Offering Costs (1)	Weighted Average Offering Price
Cumulative since IPO	14,388,414	$ 236,597	$ 8,989	$ 16.44

(1) Fidus Investment Advisors, LLC agreed to bear a cumulative of $1,925 of underwriting fees and commissions and offering costs associated with these offerings (such amounts are not included in the number reported above). All such payments made by Fidus Investment Advisors, LLC are not subject to reimbursement by the Company.

No shares have been issued for the three and six months ended June 30, 2021 and 2020.

Common Stock ATM Program

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"). There were no issuances of common stock under the ATM program during the last two fiscal years and for the six months ended June 30, 2021.

Stock Repurchase Program

As described in Note 2, the Company has a Stock Repurchase Program under which the Company may acquire up to $5,000 of its outstanding common stock. The Company did not make any repurchases of common stock during the three and six months ended June 30, 2021. During the three and six months ended June 30, 2020, the Company repurchased 0 and 25,719 shares of common stock, respectively, on the open market for zero and $268, respectively. The Company's NAV per share increased by approximately zero and $0.01 for the three and six months ended June 30, 2020, respectively, as a result of the share repurchases. The following table summarizes the Company's share repurchases under the Stock Repurchase Program for the three and six months ended June 30, 2021 and 2020:

Repurchases of Common Stock	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Number of shares repurchased	—	—	—	25,719
Cost of shares repurchased, including commissions	$ —	$ —	$ —	$ 268
Weighted average price per share	$ —	$ —	$ —	$ 10.37
Weighted average discount to net asset value prior to repurchases	N/A	N/A	N/A	38.5%

Refer to Note 9 for additional information regarding the issuance of shares under the DRIP.

The Company had 24,437,400 shares of common stock outstanding as of June 30, 2021 and December 31, 2020.

Note 9. Dividends and Distributions

The Company's dividends and distributions are recorded on the record date. The following table summarizes the dividends paid during the last two fiscal years and for the six months ended June 30, 2021.

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Date Declared	Record Date	Payment Date	Amount Per Share	Total Distribution	Cash Distribution	Drip Shares Value	DRIP Shares	Share Issue Price
Year Ended December 31, 2019:								
1/31/2019	3/8/2019	3/22/2019	$ 0.39	$ 9,541	$ 9,541	$ — (3)	— (3)	—
4/29/2019	6/7/2019	6/21/2019	0.39	9,540	9,540	— (3)	— (3)	—
7/29/2019	9/6/2019	9/20/2019	0.39	9,541	9,541	— (3)	— (3)	—
10/29/2019	12/6/2019	12/20/2019	0.39	9,541	9,541	— (3)	— (3)	—
10/29/2019 (1)	12/6/2019	12/20/2019	0.04	978	978	— (3)	— (3)	—
			$ 1.60	$ 39,141	$ 39,141	$ —	—	
Year Ended December 31, 2020:								
2/14/2020	3/13/2020	3/27/2020	$ 0.39	$ 9,537	$ 9,537	$ — (3)	— (3)	—
4/29/2020	6/12/2020	6/26/2020	0.30	7,331	7,331	— (3)	— (3)	—
8/03/2020	9/11/2020	9/25/2020	0.30	7,331	7,331	— (3)	— (3)	—
10/26/2020	12/4/2020	12/18/2020	0.30	7,331	7,331	— (3)	— (3)	—
10/26/2020 (2)	12/4/2020	12/18/2020	0.04	978	978	— (3)	— (3)	—
			$ 1.33	$ 32,508	$ 32,508	$ —	—	
Six Months Ended June 30, 2021:								
2/09/2021	3/12/2021	3/26/2021	$ 0.31	$ 7,575	$ 7,575	$ — (3)	— (3)	—
2/09/2021 (2)	3/12/2021	3/26/2021	0.07	1,711	1,711	— (3)	— (3)	—
5/03/2021	6/14/2021	6/28/2021	0.31	7,576	7,576	— (3)	— (3)	—
5/03/2021 (2)	6/14/2021	6/28/2021	0.08	1,955	1,955	— (3)	— (3)	—
			$ 0.77	$ 18,817	$ 18,817	$ —	—	

(1) Special dividend
(2) Supplemental dividend
(3) During the six months ended June 30, 2021 and the years ended December 31, 2020 and 2019, the Company directed the DRIP program plan administrator to repurchase shares on the open market in order to satisfy the DRIP obligation to deliver shares of common stock in lieu of issuing new shares. Accordingly, the Company purchased and reissued shares to satisfy the DRIP obligation as follows:

Fiscal Year Ended December 31, 2019:	Number of Shares Purchased and Reissued	Average Price Paid Per Share	Total Amount Paid
January 1, 2019 through March 31, 2019	21,855	$ 15.25	$ 333
April 1, 2019 through June 30, 2019	14,067	16.23	228
July 1, 2019 through September 30, 2019	15,289	15.35	235
October 1, 2019 through December 31, 2019	17,525	15.27	268
Total	68,736	$ 15.48	$ 1,064

Fiscal Year Ended December 31, 2020:	Number of Shares Purchased and Reissued	Average Price Paid Per Share	Total Amount Paid
January 1, 2020 through March 31, 2020	31,586	$ 7.58	$ 239
April 1, 2020 through June 30, 2020	21,904	9.04	198
July 1, 2020 through September 30, 2020	28,871	10.18	294
October 1, 2020 through December 31, 2020	20,222	12.91	261
Total	102,583	$ 9.67	$ 992

Six Months Ended June 30, 2021:	Number of Shares Purchased and Reissued	Average Price Paid Per Share	Total Amount Paid
January 1, 2021 through March 31, 2021	15,562	$ 15.62	$ 243
April 1, 2021 through June 30, 2021	17,042	17.20	293
Total	32,604	$ 16.44	$ 536

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Note 10. Financial Highlights

The following is a schedule of financial highlights for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30,	
	2021	2020
Per share data:		
Net asset value at beginning of period	$ 16.81	$ 16.85
Net investment income (1)	0.72	1.09
Net realized gain (loss) on investments, net of tax (provision) (1)	0.22	1.25
Net unrealized appreciation (depreciation) on investments (1)	0.68	(3.11)
Realized losses on extinguishment of debt (1)	(0.09)	(0.01)
Total increase from investment operations (1)	1.53	(0.78)
Accretive (dilutive) effect of share issuances and repurchases	—	0.01
Dividends to stockholders	(0.77)	(0.69)
Net asset value at end of period	$ 17.57	$ 15.39
Market value at end of period	$ 17.00	$ 9.07
Shares outstanding at end of period	24,437,400	24,437,400
Weighted average shares outstanding during the period	24,437,400	24,447,517
Net assets at end of period	$ 429,367	$ 376,176
Average net assets (6)	$ 417,713	$ 388,007
Ratios to average net assets:		
Total expenses (2)(4)(11)	13.2%	7.1%
Net investment income (2)(5)	8.4%	13.7%
Total return based on market value (3)	39.3%	(33.5%)
Total return based on net asset value (8)	9.1%	(4.6%)
Portfolio turnover ratio (9)	45.6%	20.6%
Supplemental Data:		
Average debt outstanding (7)	$ 390,117	$ 373,417
Average debt per share (1)	$ 15.96	$ 15.27

(1) Weighted average per share data.
(2) Annualized with the exception of the Income Incentive Fee Waiver.
(3) Total return based on market value equals the change in the market value of the Company’s common stock per share during the period divided by the market value per share at the beginning of the period, and assumes reinvestment of dividends at prices obtained by our dividend reinvestment plan during the period. The return does not reflect any sales load that may be paid by an investor.
(4) The total expenses to average net assets ratio is calculated using the total expenses before income incentive fee waiver and the income tax provision (benefit) captions as presented on the consolidated statements of operations.
(5) The net investment income to average net assets ratio is calculated using the net investment income caption as presented on the consolidated statements of operations, which includes incentive fee.
(6) Average net assets is calculated as the average of the net asset balances as of each quarter end during the fiscal year and the prior year end.
(7) Average debt outstanding is calculated as the average of the outstanding debt balances, including secured borrowings, as of each quarter end during the fiscal year and the prior year end.
(8) Total return based on net asset value per share equals the change in net asset value per share during the period, plus dividends paid per share during the period, less other non-operating changes during the period, and divided by beginning net asset value per share for the period. Non-operating changes include any items that affect net asset value per share other than increase from investment operations, such as the effects of share issuances and repurchases and other miscellaneous items.
(9) Annualized.
(10) The ratio of waived incentive fees to average net assets was zero and (0.11%) for the six months ended June 30, 2021 and 2020, respectively.
(11) The following is a schedule of supplemental expense ratios to average net assets:

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Ratio to average net assets:	Six Months Ended June 30, 2021	2020
Expenses other than incentive fee (2)	8.8%	9.9%
Incentive fee, net of incentive fee waiver (2)(10)	4.4%	(2.8%)
Total expenses (2)(4)	13.2%	7.1%

Note 11. Subsequent Events

On July 16, 2021, the Company exited its debt and equity investments in Hilco Technologies. The Company received payment in full of $10,286 on its first lien debt and revolving loan. The Company received a distribution on its equity investments for a realized loss of approximately ($990).

On July 23, 2021, the Company exited its debt investment in CRS Solutions Holdings, LLC. The Company received payment in full of $11,390 on its second lien debt.

On July 26, 2021, the Company exited its debt and equity investments in Worldwide Express Operations, LLC, which was acquired under a new holding company, Accord Topco, LP (dba Worldwide Express). The Company received payment in full of $20,000 on its second lien debt. The Company sold a portion of its common equity investment for a realized gain of approximately $2,960. In conjunction with the transaction, the Company invested $1,547 in common equity, of which $752 was rolled over from its original common equity investment and funded its $20,000 second lien loan commitment.

On August 2, 2021, the Board declared a regular quarterly dividend of $0.32 per share, a supplemental dividend of $0.06 per share, and a special dividend of $0.04 per share payable September 28, 2021 to stockholders of record as of September 14, 2021.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with Fidus Investment Corporation's consolidated financial statements and related notes appearing in our annual report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 25, 2021. The information contained in this section should also be read in conjunction with our unaudited consolidated financial statements and related notes thereto appearing elsewhere in this quarterly report on Form 10-Q.

Except as otherwise specified, references to "we," "us," "our," "Fidus" and "FIC" refer to Fidus Investment Corporation and its consolidated subsidiaries.

Forward Looking Statements

This Quarterly Report on Form 10-Q contains 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 Fidus Investment Corporation, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as "anticipates," "expects," "intends," "plans," "will," "may," "continue," "believes," "seeks," "estimates," "would," "could," "should," "targets," "projects" and variations of these words and similar expressions are intended to identify forward-looking statements. The forward-looking statements contained in this Quarterly Report on Form 10-Q involve risks and uncertainties, including statements as to:

- our future operating results and the impact of the COVID-19 pandemic thereon;
- our business prospects and the prospects of our portfolio companies, including our and their ability to achieve our respective objectives as a result of the current COVID-19 pandemic;
- the impact of investments that we expect to make;
- pandemics or other serious public health events, such as the recent global outbreak of COVID-19;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest and the impact of the COVID-19 pandemic thereon;
- the ability of our portfolio companies to achieve their objectives;
- our expected financing and investments;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies and the impact of the COVID-19 pandemic thereon;
- the ability of the Investment Advisor to locate suitable investments for us and to monitor and administer our investments and the impacts of the COVID-19 pandemic thereon;
- the ability of our investment advisor to attract and retain highly talented professionals;
- our regulatory structure and tax status;
- our ability to operate as a BDC, a SBIC and a RIC;
- the timing, form and amount of any dividend distributions;
- the impact of fluctuations in interest rates on our business;
- the valuation of any investments in portfolio companies, particularly those having no liquid trading market; and
- our ability to recover unrealized losses.

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:

- an economic downturn, including as a result of the current COVID-19 pandemic, could impair our portfolio companies' ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;
- a contraction of available credit and/or an inability to access the equity markets, including as a result of the COVID-19 pandemic, could impair our lending and investment activities;
- interest rate volatility could adversely affect our results, particularly because we use leverage as part of our investment strategy;
- currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than the U.S. dollars; and
- the risks, uncertainties and other factors we identify in *Item 1A. – Risk Factors* contained in our Annual Report on Form 10-K for the year ended December 31, 2020, elsewhere in this Quarterly Report on Form 10-Q and in our other filings with the SEC.

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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. Important assumptions include our ability to originate new debt investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this Quarterly Report on Form 10-Q 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 *Item 1.A – Risk Factors* contained in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 25, 2021. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Quarterly Report on Form 10-Q.

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Overview

General and Corporate Structure

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. Although we are classified as a non-diversified investment company within the meaning of the 1940 Act, we maintain the flexibility to operate as a diversified investment company and have done so for an extended period of time. 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.

FIC was formed as a Maryland corporation on February 14, 2011. We completed our initial public offering, or IPO, in June 2011. FIC has elected to be treated as business development company, or BDC, under the 1940 Act and our investment activities are managed by Fidus Investment Advisors, our investment advisor, and supervised by the Board, a majority of whom are independent of us. On March 29, 2013, we commenced operations of a wholly-owned subsidiary, Fund II. On April 18, 2018, we commenced operations of another wholly-owned subsidiary, Fund III. Fund II and Fund III are collectively referred to as the “Funds.”

Fund II and Fund III received their SBIC licenses on May 28, 2013, and March 21, 2019, respectively. We plan to continue to operate the Funds as SBICs, subject to SBA approval, and to utilize the proceeds of the sale of SBA-guaranteed 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.

We have certain wholly-owned taxable subsidiaries (the “Taxable Subsidiaries”), each of which generally holds one or more of our portfolio investments listed on the consolidated schedules of investments. The Taxable Subsidiaries are consolidated for financial reporting purposes, such that our consolidated financial statements reflect our investment in the portfolio company investments owned by the Taxable Subsidiaries. The purpose of the Taxable Subsidiaries is to permit us 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 us 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.

COVID-19 Update

On March 11, 2020, the World Health Organization declared the novel coronavirus, or COVID-19, as a pandemic, and on March 13, 2020 the United States declared a national emergency with respect to COVID-19. The outbreak of COVID-19 has severely impacted global economic activity and caused significant volatility and negative pressure in financial markets. The global impact of the outbreak has been rapidly evolving and many countries, including the United States, have reacted by instituting quarantines, restricting travel and hospitality, and temporarily closing or limiting operations at many corporate offices, retail stores, restaurants, fitness clubs and manufacturing facilities and factories in affected jurisdictions. Such actions are creating disruption in global supply chains and adversely impacting a number of industries. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19. Nevertheless, COVID-19 presents material uncertainty and risks with respect to the underlying value of the Company’s portfolio companies, the Company’s business, financial condition, results of operations and cash flows, such as the potential negative impact to financing arrangements, company decisions to delay, defer and/or modify the character of dividends in order to preserve liquidity, increased costs of operations, changes in law and/or regulation, and uncertainty regarding government and regulatory policy.

We have evaluated subsequent events from July 1, 2021 to August 5, 2021. However, as the discussion in this Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations relates to the Company’s financial statements for the year ended December 31, 2020, the analysis contained herein may not fully account for impacts relating to the COVID-19 pandemic. In that regard, for example, as of June 30, 2021, the Company valued its portfolio investments in conformity with GAAP based on the facts and circumstances known by the Company at that time, or reasonably expected to be known at that time. Due to the overall volatility that the COVID-19 pandemic has caused during the months that followed June 30, 2021, any valuations conducted now or in the future in conformity with GAAP could result in a lower fair value of our portfolio. The potential impact to our results going forward will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by authorities and other entities to contain the coronavirus or treat its impact, all of which are beyond our control. Accordingly, the Company cannot predict the extent to which its financial condition and results of operations will be affected at this time.

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Investments

We seek to create a diversified investment portfolio that primarily includes debt investments and, to a lesser extent, equity securities. Our investments typically range between $5.0 million to $35.0 million per portfolio company, although this investment size may vary proportionately with the size of our capital base. 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 may invest in the equity securities of our portfolio companies, such as preferred stock, common stock, warrants and other equity interests, either directly or in conjunction with our debt investments.

First Lien Debt. To a lesser extent, we also structure some of our debt investments as senior secured or first lien debt investments. First lien debt investments are secured by a first priority lien on existing and future assets of the borrower and may take the form of term loans or revolving lines of credit. First lien debt is typically senior on a lien basis to other liabilities in the issuer’s capital structure and has the benefit of a first-priority security interest in assets of the issuer. The security interest ranks above the security interest of any second lien lenders in those assets. Our first lien debt may include stand-alone first lien loans, “last out” first lien loans, or “unitranche” loans. Stand-alone first lien loans are traditional first lien loans. All lenders in the facility have equal rights to the collateral that is subject to the first-priority security interest. “Last out” first lien loans have a secondary priority behind super-senior “first out” first lien loans in the collateral securing the loans in certain circumstances. The arrangements for a “last out” first lien loan are set forth in an “agreement among lenders,” which provides lenders with “first out” and “last out” payment streams based on a single lien on the collateral. Since the “first out” lenders generally have priority over the “last out” lenders for receiving payment under certain specified events of default, or upon the occurrence of other triggering events under intercreditor agreements or agreements among lenders, the “last out” lenders bear a greater risk and, in exchange, receive a higher effective interest rate, through arrangements among the lenders, than the “first out” lenders or lenders in stand-alone first lien loans. Agreements among lenders also typically provide greater voting rights to the “last out” lenders than the intercreditor agreements to which second lien lenders often are subject.

Many of our debt investments also include excess cash flow sweep features, whereby principal repayment may be required before maturity if the portfolio company achieves certain defined operating targets. Additionally, our debt investments typically have principal prepayment penalties in the early years of the debt investment. The majority of our debt investments provide for a fixed interest rate.

Second Lien Debt. The majority of our debt investments take the form of second lien debt, which includes senior subordinated notes. Second lien debt investments obtain security interests in the assets of the portfolio company as collateral in support of the repayment of such loans. Second lien debt typically is senior on a lien basis to other liabilities in the issuer’s capital structure and has the benefit of a security interest over assets of the issuer, though ranking junior to first lien debt secured by those assets. First lien lenders and second lien lenders typically have separate liens on the collateral, and an intercreditor agreement provides the first lien lenders with priority over the second lien lenders’ liens on the collateral. These loans typically provide for no contractual loan amortization, with all amortization deferred until loan maturity, and may include payment-in-kind (“PIK”) interest, which increases the principal balance over the term and, coupled with the deferred principal payment provision, increases credit risk exposure over the life of the loan.

Subordinated Debt. These investments are typically structured as unsecured, subordinated notes. Structurally, subordinated debt usually ranks subordinate in priority of payment to first lien and second lien debt and may not have the benefit of financial covenants common in first lien and second lien debt. Subordinated debt may rank junior as it relates to proceeds in certain liquidations where it does not have the benefit of a lien in specific collateral held by creditors (typically first lien and/or second lien) who have a perfected security interest in such collateral. However, subordinated debt ranks senior to common and preferred equity in an issuer’s capital structure. These loans typically have relatively higher fixed interest rates (often representing a combination of cash pay and PIK interest) and amortization of principal deferred to maturity. The PIK feature (meaning a feature allowing for the payment of interest in the form of additional principal amount of the loan instead of in cash), which effectively operates as negative amortization of loan principal, coupled with the deferred principal payment provision, increases credit risk exposure over the life of the loan.

Equity Securities. Our equity securities typically consist of either a direct minority equity investment in common or preferred stock or membership/partnership interests of a portfolio company, or we may receive warrants to buy a minority equity interest in a portfolio company in connection with a debt investment. Warrants we receive with our debt investments typically require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. Our equity investments are typically not control-oriented investments, and in many cases, we acquire equity securities as part of a group of private equity investors in which we are not the lead investor. We may structure such equity investments to include provisions protecting our rights as a minority-interest holder, as well as a “put,” or right to sell such securities back to the issuer, upon the occurrence of specified events. In many cases, we may also seek to obtain registration rights in connection with these equity interests, which may include demand and "piggyback" registration rights. Our equity investments typically are made in connection with debt investments to the same portfolio companies.

Revenues: We generate revenue in the form of interest and fee income on debt investments and dividends, if any, on equity investments. Our debt investments, whether in the form of second lien, subordinated or first lien loans, typically have terms of five to seven years and most bear interest at a fixed rate, but some 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 may receive repayments of some of our debt investments prior to their scheduled maturity dates, which may include prepayment penalties. 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 debt investments 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. Debt investment origination fees, OID and market discount or premium, if any, are capitalized, and we accrete or amortize such amounts into interest income. We record prepayment penalties on debt investments as fee income when earned. Interest and dividend income is recorded on the accrual basis to the extent that we expect to collect such amounts. Interest is accrued daily based on the outstanding principal amount and the contractual terms of the debt investment. Dividend income is recorded as dividends are declared or at the point an obligation exists for the portfolio company to make a distribution, and is generally recognized when received. Distributions of earnings from portfolio companies are evaluated to determine if the distribution is a distribution of earnings or a return of capital. Distributions of earnings are included in dividend income while a return of capital is recorded as a reduction in the cost basis of the investment. Estimates are adjusted as necessary after the relevant tax forms are received from the portfolio company. Debt investments or preferred equity investments (for which we are accruing PIK dividends) 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 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. See "Critical Accounting Policies and Use of Estimates – Revenue Recognition."

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 the 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 the 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 the 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, including "dead deal" costs;
- 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 the Investment Advisor based upon our allocable portion of the 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 the Investment Advisor in connection with administering our business.

Portfolio Composition, Investment Activity and Yield

During the six months ended June 30, 2021 and 2020, we invested $167.3 million and $85.1 million, respectively, in debt and equity investments including ten and five new portfolio companies, respectively. During the six months ended June 30, 2021 and 2020, we received proceeds from sales or repayments, including principal, return of capital dividends and net realized gains (losses), of $191.6 million and $76.3 million, respectively, including exits of four and one portfolio companies, respectively. The following table summarizes investment purchases and sales and repayments of investments by type for the six months ended June 30, 2021 and 2020 (dollars in millions).

	Purchases of Investments				Sales and Repayments of Investments			
	Six Months Ended June 30,							
	2021		2020		2021		2020	
First Lien Debt(1)	$ 132.9	79.4%	$ 49.2	57.8%	$ 32.6	17.0%	$ 15.3	20.1%
Second Lien Debt	11.5	6.8	21.0	24.7	135.0	70.5	12.8	16.7
Subordinated Debt	16.0	9.6	13.5	15.9	24.0	12.5	1.5	2.0
Equity	6.9	4.2	1.4	1.6	—	—	42.2	55.3
Warrants	—	—	—	—	—	—	4.5	5.9
Total	$ 167.3	100.0%	$ 85.1	100.0%	$ 191.6	100.0%	$ 76.3	100.0%

(1) For the Six Months Ended June 30, 2021 and 2020, includes unitranche securities, which account for 73.8% and 43.4% of purchases, respectively. For the Six Months Ended June 30, 2021 and 2020, includes unitranche securities, which account for 11.7% and 0.8% of repayments, respectively.

As of June 30, 2021, the fair value of our investment portfolio totaled $743.5 million and consisted of 72 active portfolio companies and four portfolio companies that have sold their underlying operations. As of June 30, 2021, 28 portfolio companies' debt investments bore interest at a variable rate, which represented $296.2 million, or 50.0%, of our debt investment portfolio on a fair value basis, and the remainder of our debt investment portfolio was comprised of fixed rate investments. Overall, the portfolio had net unrealized appreciation of $72.6 million as of June 30, 2021. As of June 30, 2021, our average active portfolio company investment at amortized cost was $9.3 million, which excludes investments in the four portfolio companies that have sold their underlying operations.

As of December 31, 2020, the fair value of our investment portfolio totaled $742.9 million and consisted of 66 active portfolio companies and three portfolio companies that have sold their underlying operations. As of December 31, 2020, 22 portfolio companies' debt investments bore interest at a variable rate, which represented $230.9 million, or 36.8%, of our debt investment portfolio on a fair value basis, and the remainder of our debt investment portfolio was comprised of fixed rate investments. Overall, the portfolio had net unrealized appreciation of $55.8 million as of December 31, 2020. As of December 31, 2020, our average active portfolio company investment at amortized cost was $10.4 million, which excludes investments in the three portfolio companies that have sold their underlying operations.

The weighted average yield on debt investments as of June 30, 2021 and December 31, 2020 was 12.2% and 12.2%, respectively. The weighted average yield of our debt investments is not the same as a return on investment for our stockholders but, rather, relates to a portion of our investment portfolio and is calculated before the payment of all of our and our subsidiaries' fees and expenses. The weighted average yields were computed using the effective interest rates for debt investments at cost including the accretion of OID and debt investment origination fees, but excluding investments on non-accrual status and investments recorded as a secured borrowing, if any.

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

	Fair Value				Cost			
	June 30, 2021		December 31, 2020		June 30, 2021		December 31, 2020	
First Lien Debt(1)	$ 285.0	38.3%	$ 187.4	25.2%	$ 284.6	42.4%	$ 184.6	26.9%
Second Lien Debt	208.0	28.0	332.2	44.7	221.2	33.0	341.9	49.7
Subordinated Debt	99.9	13.4	107.9	14.5	99.4	14.8	107.3	15.6
Equity	147.2	19.8	112.8	15.2	62.5	9.3	50.0	7.3
Warrants	3.4	0.5	2.6	0.4	3.2	0.5	3.2	0.5
Total	$ 743.5	100.0%	$ 742.9	100.0%	$ 670.9	100.0%	$ 687.0	100.0%

(1) Includes unitranche investments, which account for 30.6% and 33.8% of our portfolio on a fair value and cost basis as of June 30, 2021, respectively. Includes unitranche investments, which account for 17.3% and 18.4% of our portfolio on a fair value and cost basis as of December 31, 2020, respectively.

All investments made by us as of June 30, 2021 and December 31, 2020 were made in portfolio companies headquartered in the U.S. The following table shows portfolio composition by geographic region at fair value and cost and as a percentage of total investments (dollars in millions). The geographic composition is determined by the location of the corporate headquarters of the portfolio company, which may not be indicative of the primary source of the portfolio company's business.

	Fair Value				Cost			
	June 30, 2021		December 31, 2020		June 30, 2021		December 31, 2020	
Midwest	$ 195.4	26.3%	$ 225.7	30.4%	$ 147.2	21.9%	$ 189.6	27.6%
Southeast	170.3	22.9	153.3	20.6	144.2	21.5	130.0	18.9
Northeast	144.8	19.5	123.3	16.6	148.3	22.1	127.8	18.6
West	102.0	13.7	108.7	14.6	97.1	14.5	109.2	15.9
Southwest	131.0	17.6	131.9	17.8	134.1	20.0	130.4	19.0
Total	$ 743.5	100.0%	$ 742.9	100.0%	$ 670.9	100.0%	$ 687.0	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	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Business Services	16.6%	12.3%	18.0%	13.0%
Information Technology Services	16.3	12.8	17.2	13.2
Healthcare Products	11.9	9.0	6.6	4.8
Component Manufacturing	10.2	7.4	10.5	6.9
Specialty Distribution	9.7	15.8	10.2	17.0
Aerospace & Defense Manufacturing	5.8	5.2	5.9	5.6
Healthcare Services	3.6	5.4	4.0	6.0
Building Products Manufacturing	3.5	3.2	4.2	3.8
Transportation Services	3.2	3.0	3.2	3.1
Promotional Products	2.9	3.3	3.8	3.7
Oil & Gas Services	2.8	2.8	0.4	0.4
Consumer Products	2.6	5.1	2.8	5.5
Environmental Industries	2.6	2.4	2.9	2.7
Utilities: Services	2.2	2.5	3.3	2.7
Oil & Gas Distribution	1.7	1.5	1.7	1.5
Retail	1.4	3.6	1.7	4.4
Industrial Cleaning & Coatings	1.4	1.4	1.9	1.9
Utility Equipment Manufacturing	1.4	0.9	1.3	1.3
Vending Equipment Manufacturing	0.2	0.3	0.3	0.3
Restaurants	0.0 (1)	0.0 (1)	0.1	0.1
Specialty Chemicals	0.0 (1)	0.0 (1)	0.0 (1)	0.0 (1)
Packaging	—	2.1	—	2.1
Total	100.0%	100.0%	100.0%	100.0%

(1) Percentage is less than 0.1% of respective total.

Portfolio Asset Quality

In addition to various risk management and monitoring tools, the 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, the debt investment is expected to be paid in the near term and the trends and risk factors are favorable, and may include an expected capital gain on the equity investment.
- 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 investment 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.

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The following table shows the distribution of our investments on the 1 to 5 investment rating scale at fair value and cost as of June 30, 2021 and December 31, 2020 (dollars in millions):

	Fair Value				Cost			
Investment Rating	**June 30, 2021**		**December 31, 2020**		**June 30, 2021**		**December 31, 2020**	
1	$ 131.2	17.6%	$ 109.3	14.7%	$ 45.6	6.8%	$ 38.7	5.6%
2	527.2	70.9	544.4	73.3	520.3	77.6	537.6	78.3
3	67.4	9.1	80.1	10.8	73.9	11.0	87.5	12.7
4	17.7	2.4	9.0	1.2	23.4	3.5	13.7	2.0
5	—	—	0.1	—	7.7	1.1	9.5	1.4
Total	$ 743.5	100.0%	$ 742.9	100.0%	$ 670.9	100.0%	$ 687.0	100.0%

Based on our investment rating system, the weighted average rating of our portfolio as of June 30, 2021 and December 31, 2020 was 2.0 and 2.0, respectively, on a fair value basis and 2.1 and 2.2, respectively, on a cost basis.

Non-Accrual

As of June 30, 2021, we had no debt investments on non-accrual status. As of December 31, 2020, we had debt investments in one portfolio company on non-accrual status, (dollars in millions).

	June 30, 2021		December 31, 2020	
Portfolio Company	**Fair Value**	**Cost**	**Fair Value**	**Cost**
EBL, LLC (EbLens)	$ — (2)	$ — (2)	$ 5.5 (1)	$ 9.2 (1)
Total	$ —	$ —	$ 5.5	$ 9.2

(1) Portfolio company was on PIK-only on non-accrual status at period end, meaning the Company has ceased recognizing PIK interest income on the investment.
(2) Portfolio company debt investment was not on non-accrual status at period end.

Discussion and Analysis of Results of Operations

Comparison of three and six months ended June 30, 2021 and 2020

Investment Income

Below is a summary of the changes in total investment income for the three months ended June 30, 2021 as compared to the same period in 2020 (dollars in millions):

	Three Months Ended June 30,			
	2021	**2020**	**$ Change**	**% Change (1)(2)**
Interest income	$ 17.8	$ 18.8	$ (1.0)	(5.6%)
Payment-in-kind interest income	1.1	1.2	(0.1)	(6.5%)
Dividend income	0.8	—	0.8	NM
Fee income	2.1	0.4	1.7	435.1%
Interest on idle funds and other income	—	—	—	NM
Total investment income	$ 21.8	$ 20.4	$ 1.4	6.8%

(1) NM = Not meaningful
(2) Percent change calculated based on underlying dollar amounts in thousands as presented on the consolidated statements of operations.

For the three months ended June 30, 2021, total investment income was $21.8 million, an increase of $1.4 million or 6.8%, from the $20.4 million of total investment income for the three months ended June 30, 2020. As reflected in the table above, the increase is primarily attributable to the following:

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- $1.7 million increase in fee income resulting from an increase in origination, prepayment, and amendment fees during 2021 as compared to 2020.
- $0.8 million increase in dividend income due to increased levels of distributions received from equity investments.
- $1.1 million decrease in total interest income (which includes a $0.1 million decrease in payment-in-kind interest income) resulting from a decrease in average debt investment balances, partially offset by a higher weighted average yield on debt investment balances outstanding, during 2021 as compared to 2020.

Below is a summary of the changes in total investment income for the six months ended June 30, 2021 as compared to the same period in 2020 (dollars in millions):

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	$ Change	% Change (1)(2)
Interest income	$ 36.9	$ 36.3	$ 0.6	1.7%
Payment-in-kind interest income	2.1	2.3	(0.2)	(8.4%)
Dividend income	0.9	0.1	0.8	497.4%
Fee income	5.2	1.7	3.5	208.4%
Interest on idle funds and other income	—	—	—	NM
Total investment income	$ 45.1	$ 40.4	$ 4.7	11.6%

(1) NM = Not meaningful
(2) Percent change calculated based on underlying dollar amounts in thousands as presented on the consolidated statements of operations.

For the six months ended June 30, 2021, total investment income was $45.1 million, an increase of $4.7 million or 11.6%, from the $40.4 million of total investment income for the six months ended June 30, 2020. As reflected in the table above, the increase is primarily attributable to the following:

- $3.5 million increase in fee income resulting from an increase in origination, prepayment, and amendment fees during 2021 as compared to 2020.
- $0.8 million increase in dividend income due to increased levels of distributions received from equity investments.
- $0.4 million increase in total interest income (which includes a $0.2 million decrease in payment-in-kind interest income) resulting from a decrease in average debt investment balances outstanding, partially offset by a higher weighted average yield on debt investment balances outstanding, during 2021 as compared to 2020.

Expenses

Below is a summary of the changes in total expenses, including income tax provision, for the three months ended June 30, 2021 as compared to the same period in 2020 (dollars in millions):

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	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	$ Change	% Change (1)(2)
Interest and financing expenses	$ 4.6	$ 4.9	$ (0.3)	(6.2%)
Base management fee	3.2	3.2	—	NM
Incentive fee - income	2.5	2.1	0.4	20.7%
Incentive fee (reversal) - capital gains	3.8	(0.3)	4.1	(1576.4%)
Administrative service expenses	0.5	0.4	0.1	18.1%
Professional fees	0.3	0.6	(0.3)	(52.3%)
Other general and administrative expenses	0.4	0.5	(0.1)	(20.8%)
Total expenses, before base management and income incentive fee waivers	15.3	11.4	3.9	34.3%
Base management and income incentive fee waivers	—	(0.4)	0.4	(93.1%)
Total expenses, before income tax provision	15.3	11.0	4.3	39.3%
Income tax provision (benefit)	—	0.1	(0.1)	(75.9%)
Total expenses, including income tax provision	$ 15.3	$ 11.1	$ 4.2	37.8%

(1) NM = Not meaningful
(2) Percent change calculated based on underlying dollar amounts in thousands as presented on the consolidated statements of operations.

For the three months ended June 30, 2021, total expenses, including income tax provision, were $15.3 million, an increase of $4.2 million or 37.8%, from the $11.1 million of total expenses for the three months ended June 30, 2020. As reflected in the table above, changes across periods were primarily attributable to the following:

- $4.1 million increase in the accrued capital gains incentive fee due to a $20.7 million increase in net gain on investments (net realized gains (losses), plus net change in unrealized appreciation (depreciation) on investments), plus realized losses on extinguishment of debt during 2021 as compared to the same period in 2020.
- $0.8 million net increase in the income incentive fee due to a $1.8 million increase in pre-incentive fee net investment income during 2021 and a one-time $0.4 income incentive fee waiver in 2020, as compared to the same period in 2020.
- $0.3 million decrease in interest and financing expenses due to a decrease in average borrowings outstanding and the weighted average interest rate during 2021 as compared to 2020.
- $0.3 million decrease in professional fees due to decreased legal, audit and tax compliance costs during 2021 as compared to 2020.

Below is a summary of the changes in total expenses, including income tax provision, for the six months ended June 30, 2021 as compared to the same period in 2020 (dollars in millions):

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	$ Change	% Change (1)(2)
Interest and financing expenses	$ 9.7	$ 9.8	$ (0.1)	(0.7%)
Base management fee	6.3	6.4	(0.1)	(1.1%)
Incentive fee - income	5.3	4.0	1.3	31.5%
Incentive fee - capital gains	4.0	(9.1)	13.1	(143.5%)
Administrative service expenses	0.8	0.8	—	NM
Professional fees	0.7	1.3	(0.6)	(47.4%)
Other general and administrative expenses	0.7	0.8	(0.1)	(11.3%)
Total expenses, before base management and income incentive fee waivers	27.5	14.0	13.5	97.0%
Base management and income incentive fee waivers	—	(0.4)	0.4	(93.1%)
Total expenses, before income tax provision	27.5	13.6	13.9	103.0%
Income tax provision (benefit)	—	0.1	(0.1)	(77.8%)
Total expenses, including income tax provision	$ 27.5	$ 13.7	$ 13.8	101.1%

(1) NM = Not meaningful
(2) Percent change calculated based on underlying dollar amounts in thousands as presented on the consolidated statements of operations.

For the six months ended June 30, 2021, total expenses, including income tax provision, were $27.5 million, an increase of $13.8 million or 101.1%, from the $13.7 million of total expenses for the six months ended June 30, 2020. As reflected in the table above, changes across periods were primarily attributable to the following:

- $13.1 million increase in the accrued capital gains incentive fee due to a $67.6 million increase in net gain on investments (net realized gains (losses), plus net change in unrealized appreciation (depreciation) on investments, plus realized losses on extinguishment of debt during 2021 as compared to the same period in 2020. The reversal in the capital gains incentive fee accrued for the six months ended June 30, 2020 was primarily driven by COVID related write-downs across the portfolio due to fair value calibration to public company multiples.
- $1.7 million net increase in the income incentive fee due to a $5.2 million increase in pre-incentive fee net investment income during 2021 and a one-time $0.4 income incentive fee waiver in 2020, as compared to the same period in 2020.
- $0.1 million decrease in interest and financing expenses due to a decrease in weighted average interest rate during 2021 as compared to 2020.
- $0.1 million decrease in base management fee due to lower average total assets during 2021 as compared to 2020.
- $0.6 million decrease in professional fees due to decreased legal, audit and tax compliance costs during 2021 as compared to 2020.

Net Investment Income

Net investment income decreased by $(2.8) million, or (30.3)%, to $6.5 million during the three months ended June 30, 2021 as compared to the same period in 2020, as a result of the $4.2 million increase in total expenses, including base management and incentive fee waivers and income tax provision, partially offset by the $1.4 increase in total investment income.

Net investment income decreased by $(9.1) million, or (34.3)%, to $17.6 million during the six months ended June 30, 2021 as compared to the same period in 2020, as a result of the $13.8 million increase in total expenses, including base management and incentive fee waivers and income tax provision, partially offset by the $4.7 increase in total investment income.

Net Gain (Loss) on Investments

For the three and six months ended June 30, 2021, the total net realized gain/(loss) on investments, before income tax (provision)/benefit, was $2.2 million and $5.4 million, respectively. There was no income tax (provision) benefit from realized gains on investments for the three and six months ended June 30, 2021, respectively. Significant realized gains (losses) for the three and six months ended June 30, 2021 are summarized below (dollars in millions):

		Period Ended June 30, 2021	
Portfolio Company	**Realization Event (1)**	**Three Months**	**Six Months**
Wheel Pros, Inc.	Exit of portfolio company	$ 2.1	$ 2.1
Software Technology, LLC	Exit of portfolio company	—	1.4
Spectra A&D Acquisition, Inc. (fka FDS Avionics Corp.)	Sale of portfolio company	—	1.0
Rohrer Corporation	Exit of portfolio company	—	0.9
Other		0.1	—
Net realized gain (loss) on investments		2.2	5.4
Income tax (provision) benefit from realized gains on investments		—	—
Net realized gain (loss), net of income tax provision, on investments		$ 2.2	$ 5.4

(1) As it relates to realization events, we define an ‘exit’ of a portfolio company as situations where we have completely exited our position in all of the portfolio company’s securities and no longer carry the portfolio company on our schedule of investments. We define a ‘sale’ of a portfolio company, distinguished from an exit, as situations where the underlying operations of a portfolio company have been sold, but where we retain a residual ownership interest in the legacy entity (we generally distinguish these residual portfolio company investments from ‘active’ portfolio company investments).

For the three and six months ended June 30, 2020, the total net realized gain/(loss) on investments, before income tax (provision)/benefit, was $0.2 million and $31.6 million, respectively. Income tax (provision) benefit from realized gains on investments was $(0) and $(1.1) for the three and six months ended June 30, 2020, respectively. Significant realized gains (losses) for the three and six months ended June 30, 2020 are summarized below (dollars in millions):

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Portfolio Company	Realization Event (1)	Period Ended June 30,2020 Three Months	Period Ended June 30,2020 Six Months
Pfanstiehl, Inc.	Sold 50% of equity investment	$ —	$ 12.8
Fiber Materials, Inc.	Sale of portfolio company	—	9.8
Medsurant Holdings, LLC	Sold 50% of equity investment	—	1.7
Revenue Management Solutions, LLC	Sold 50% of equity investment	—	1.5
Worldwide Express Operations, LLC	Sold 50% of equity investment	—	1.1
Gurobi Optimization, LLC	Sold 50% of equity investment	—	1.0
Hub Acquisition Sub, LLC (dba Hub Pen)	Sold 50% of equity investment	—	0.6
Midwest Transit Equipment, Inc.	Sold 50% of equity investment	—	0.5
Pugh Lubricants, LLC	Sold 50% of equity investment	—	0.4
Microbiology Research Associates, Inc.	Sold 50% of equity investment	—	0.4
ControlScan, Inc.	Sold 50% of equity investment	—	0.3
Alzheimer’s Research and Treatment Center, LLC	Sold 50% of equity investment	—	0.3
BCM One Group Holdings, Inc.	Sold 50% of equity investment	—	0.2
Software Technology, LLC	Sold 50% of equity investment	—	0.2
LNG Indy, LLC (dba Kinetrex Energy)	Sold 50% of equity investment	—	0.2
Wheel Pros, Inc.	Sold 50% of equity investment	—	0.1
New Era Technology, Inc.	Escrow distribution	0.1	0.1
Apex Microtechnology, Inc.	Escrow distribution	0.1	0.1
Allied 100 Group, Inc.	Sold 50% of equity investment	—	0.1
Restaurant Finance Co, LLC	Escrow distribution	—	0.1
Other		—	0.1
Palisade Company, LLC	Sale of portfolio company	—	(0.1)
Net realized gain (loss) on investments		0.2	31.6
Income tax provision from realized gains on investments		—	(1.1)
Net realized gain (loss), net of income tax provision, on investments		$ 0.2	$ (30.5)

(1) As it relates to realization events, we define an ‘exit’ of a portfolio company as situations where we have completely exited our position in all of the portfolio company’s securities and no longer carry the portfolio company on our schedule of investments. We define a ‘sale’ of a portfolio company, distinguished from an exit, as situations where the underlying operations of a portfolio company have been sold, but where we retain a residual ownership interest in the legacy entity (we generally distinguish these residual portfolio company investments from ‘active’ portfolio company investments).

During the three and six months ended June 30, 2021 and 2020, we recorded a net change in unrealized appreciation (depreciation) on investments attributable to the following (dollars in millions):

Unrealized Appreciation (Depreciation)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Exit, sale or restructuring of investments	$ (1.7)	$ —	$ (3.3)	$ (30.0)
Fair value adjustments to debt investments	0.7	(7.3)	(4.5)	(30.0)
Fair value adjustments to equity investments	18.3	5.8	24.5	(16.1)
Net change in unrealized appreciation (depreciation)	$ 17.3	$ (1.5)	$ 16.7	$ (76.1)

Net Increase in Net Assets Resulting From Operations

Net increase (decrease) in net assets resulting from operations during the three months ended June 30, 2021 and 2020 was $25.9 million and $8.0 million, respectively, as a result of the events described above.

Net increase (decrease) in net assets resulting from operations during the six months ended June 30, 2021 and 2020 was $37.4 million and $(19.0) million, respectively, as a result of the events described above.

Liquidity and Capital Resources

As of June 30, 2021, we had $54.2 million in cash and cash equivalents and our net assets totaled $429.4 million. We believe that our current cash and cash equivalents on hand, our Credit Facility, our continued access to SBA-guaranteed debentures, and our anticipated cash flows from investments 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 “at-the-market” 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. During the six months ended June 30, 2021, we repaid $19.2 million of SBA debentures which would have matured during the period September 1, 2025 through March 1, 2028. Our remaining outstanding SBA debentures continue to mature in 2025 and subsequent years through 2031, which will require repayment on or before the respective maturity dates.

Cash Flows

For the six months ended June 30, 2021, we experienced a net decrease in cash and cash equivalents in the amount of $70.1 million. During that period, we received proceeds of $44.0 million of cash for operating activities, which included proceeds received from sales and repayments of investments of $191.6 million, which were partially offset by the funding of $167.3 million of investments. During the same period, received proceeds of $13.5 million on our secured borrowings, made repayments on outstanding notes of $100.0 million, made repayments of SBA debentures of $19.2 million; which were partially offset by proceeds from the issuances of SBA debentures of $11.5 million, paid cash dividends paid to stockholders of $18.8 million, and made payment of deferred financing costs related to our debt financings of $1.0 million.

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.

SBA debentures

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 300.0% of an SBIC's regulatory capital or $175.0 million, whichever is less. For two or more SBICs under common control, the maximum amount of outstanding SBA debentures cannot exceed $350.0 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 June 30, 2021, Fund II and Fund III had $114.3 million and $25.0 million of outstanding SBA debentures, respectively. Subject to SBA regulatory requirements and approval, Fund III may access up to $150.0 million of additional SBA debentures under the SBIC debenture program. For more information on the SBA debentures, please refer to Note 6 to our consolidated financial statements.

Credit Facility

In June 2014, we entered into the Credit Facility to provide additional funding for our investment and operational activities. On April 24, 2019, we entered into the Amended Credit Agreement, which amends, restates, and replaces the Credit Facility. On June 26, 2020, the Company amended the Amended Credit Agreement, however the material terms were unchanged. Among other revisions, the amendment to the Amended Credit Agreement modifies certain covenants therein, including to amend the minimum consolidated interest coverage ratio to be 2.25 to 1.00 for the four quarter period ending on June 30, 2020, 2.00 to 1.00 for the four quarter periods ending on each of September 30, 2020 and December 31, 2020, and 1.75 to 1.00 for each four quarter period ending at the end of each quarter thereafter. The Credit Facility is secured by substantially all of our assets, excluding the assets of the Funds.

Under the Amended Credit Agreement, (i) revolving commitments by lenders were increased from $90.0 million to $100.0 million, with an accordion feature that allows for an increase in total commitments up to $250.0 million, subject to satisfaction of certain conditions at the time of any such future increase, (ii) the maturity date of the credit facility was extended from June 16, 2019 to April 24, 2023, and (iii) borrowings under the Credit Facility bear interest, at our election, at a rate per annum equal to (a) 3.00% (or 2.75% if certain conditions are satisfied, including if (x) no equity interests are included in the borrowing base, (y) the contribution to the borrowing base of eligible portfolio investments that are performing first lien bank loans is greater than or equal to 35%, and (z) the contribution to the borrowing base of eligible portfolio investments that are performing first lien bank loans, performing last out loans, or performing second lien loans is greater than or equal to 60%) plus the one, two, three or six month LIBOR rate, as applicable, or (b) 2.00% (or 1.75% if the above conditions are satisfied) plus the highest of (A) a prime rate, (B) the Federal Funds rate plus 0.5%, (C) three month LIBOR plus 1.0%, and (D) zero. We pay a commitment fee that varies depending on the size of the unused portion of the Credit Facility: 3.00% per annum on the unused portion of the Credit Facility at or below 35% of the commitments and 0.50% per annum on any remaining unused portion of the Credit Facility between the total commitments and the 35% minimum utilization. The Amended Credit Agreement also modifies certain covenants in the Credit Facility, including to provide for a minimum asset coverage ratio of 2.00 to 1 (on a regulatory basis). The Credit Facility is secured by a first priority security interest in all of our assets, excluding the assets of our SBIC subsidiaries.

Amounts available to borrow under the Credit Facility are subject to a minimum borrowing/collateral base that applies an advance rate to certain portfolio investments held by us, excluding investments held by the Funds. We are subject to 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.

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We have made customary representations and warranties and are required to comply with various 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 June 30, 2021, we were in compliance with all covenants of the Credit Facility and there were no borrowings outstanding under the Credit Facility.

Notes

On February 2, 2018, we closed the public offering of approximately $43.5 million in aggregate principal amount of our 5.875% notes due 2023, or the “2023 Notes.” On February 22, 2018, the underwriters exercised their option to purchase an additional $6.5 million in aggregate principal of the 2023 Notes. The total net proceeds to us from the 2023 Notes, including the exercise of the underwriters’ option, after deducting underwriting discounts of approximately $1.5 million and offering expenses of $0.4 million, were approximately $48.1 million. The 2023 Notes will mature on February 1, 2023 and bear interest at a rate of 5.875%. The 2023 Notes may be redeemed in whole or in part at any time or from time to time at our option on or after February 1, 2020. On January 19, 2021, we redeemed $50.0 million of the aggregate principal amount on the 2023 Notes, resulting in a realized loss on extinguishment of debt of approximately $0.8 million.

On February 8, 2019, we closed the public offering of approximately $60.0 million in aggregate principal amount of our 6.000% notes due 2024, or the “2024 Notes”. On February 19, 2019, the underwriters exercised their option to purchase an additional $9.0 million in aggregate principal of the 2024 Notes. The total net proceeds to us from the 2024 Notes, including the exercise of the underwriters’ option, after deducting underwriting discounts of approximately $2.1 million and offering expenses of $0.4 million, were approximately $66.5 million. The 2024 Notes will mature on February 15, 2024 and bear interest at a rate of 6.000%. The 2024 Notes may be redeemed in whole or in part at any time or from time to time at our option on or after February 15, 2021. Interest on the 2024 Notes is payable quarterly on February 15, May 15, August 15 and November 15 of each year, beginning May 15, 2019. The 2024 Notes are listed on the NASDAQ Global Select Market under the trading symbol “FDUSZ.” On February 16, 2021, we redeemed $50.0 million of the $69.0 million aggregate principal amount on the February 2024 Notes, resulting in a realized loss on extinguishment of debt of approximately $1.1 million. As of June 30, 2021, the outstanding principal balance of the 2024 Notes was $19.0 million.

On October 16, 2019, we closed the public offering of approximately $55.0 million in aggregate principal amount of our 5.375% notes due 2024, or the “November 2024 Notes” (and collectively with the 2023 Notes and the February 2024 Notes, the “Public Notes”). On October 23, 2019, the underwriters exercised their option to purchase an additional $8.3 million in aggregate principal of the November 2024 Notes. The total net proceeds to us from the November 2024 Notes, including the exercise of the underwriters’ option, after deducting underwriting discounts of approximately $1.9 million and offering expenses of $0.3 million, were approximately $61.1 million. The November 2024 Notes will mature on November 1, 2024 and bear interest at a rate of 5.375%. The November 2024 Notes may be redeemed in whole or in part at any time or from time to time at our option on or after November 1, 2021. Interest on the November 2024 Notes is payable quarterly on February 1, May 1, August 1 and November 1 of each year, beginning February 1, 2020. The November 2024 Notes are listed on the NASDAQ Global Select Market under the trading symbol “FDUSG.” As of June 30, 2021, the outstanding principal balance of the November 2024 Notes was approximately $63.3 million.

On December 23, 2020, we closed the offering of approximately $125.0 million in aggregate principal amount of our 4.75% notes due 2026, or the “2026 Notes” (collectively with the Public Notes, the “Notes”). The total net proceeds to us from the 2026 Notes after deducting underwriting discounts of approximately $2.5 million and estimated offering expenses of $0.4 million, were approximately $122.1 million. The 2026 Notes will mature on January 31, 2026 and bear interest at a rate of 4.75%. The 2026 Notes may be redeemed in whole or in part at any time or from time to time at our option subject to a make whole provision if redeemed more than three months prior to maturity. Interest on the 2026 Notes is payable on January 31 and July 31 of each year, beginning July 31, 2021. We do not intend to list the 2026 Notes on any securities exchange or automated dealer quotation system.

The Notes are unsecured obligations and rank pari passu with our future unsecured indebtedness; effectively subordinated to all of our existing and future secured indebtedness; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, financing vehicles, or similar facilities we may form in the future, with respect to claims on the assets of any such subsidiaries, financing vehicles, or similar facilities.

As of June 30, 2021, the weighted average stated interest rates for our SBA debentures and Notes were 3.002% and 5.055%, respectively. As of June 30, 2021, the weighted average stated interest rate on total debt outstanding was 4.23% (excluding secured borrowings).

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Secured Borrowing

As of June 30, 2021, secured borrowings at fair value totaled $13.5 million and the fair value of the associated loans included in investments was $13.5 million. As of December 31, 2020, there were no secured borrowings outstanding. These secured borrowings were created as a result of our completion of partial loan sales of certain unitranche loan assets that did not meet the definition of a “participating interest.” As a result, sale treatment was not permitted and these partial loan sales were treated as secured borrowings. The weighted average interest rate on our secured borrowings was approximately 4.5% as of June 30, 2021.

As a BDC, we are generally required to meet an asset coverage ratio of at least 150.0% (defined as the ratio which the value of our consolidated total assets, less all consolidated liabilities and indebtedness not represented by senior securities, bears to the aggregate amount of senior securities representing indebtedness), which includes borrowings and any preferred stock we may issue in the future. This requirement limits the amount that we may borrow. We have received exemptive relief from the SEC to allow us to exclude any indebtedness guaranteed by the SBA and issued by the Funds from the 150.0% 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 the Board, including the Independent Directors, determines that such sale is in the best interests of us and our stockholders, and if our stockholders approve such sale. On July 14, 2021, 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 14, 2022 or the date of our 2022 Annual Meeting of Stockholders. We expect to present to our stockholders a similar proposal at our 2022 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 14, 2022 or the date of our 2022 Annual Meeting of Stockholders may not exceed 25.0% of our outstanding common stock immediately prior to each such sale.

Stock Repurchase Program

We have an open market stock repurchase program (the “Stock Repurchase Program”) under which we may acquire up to $5.0 million of our outstanding common stock. Under the Stock Repurchase Program, we may, but are not obligated to, repurchase outstanding common stock in the open market from time to time provided that we comply with the prohibitions under our insider trading policies and the requirements of Rule 10b-18 of the Securities Exchange Act of 1934, as amended, including certain price, market value and timing constraints. The timing, manner, price and amount of any share repurchases will be determined by our management, in its discretion, based upon the evaluation of economic and market conditions, stock price, capital availability, applicable legal and regulatory requirements and other corporate considerations. On October 26, 2020, the Board extended the Stock Repurchase Program through December 31, 2021, or until the approved dollar amount has been used to repurchase shares. The Stock Repurchase Program does not require us to repurchase any specific number of shares and we cannot assure that any shares will be repurchased under the Stock Repurchase Program. The Stock Repurchase Program may be suspended, extended, modified or discontinued at any time. We did not make any repurchases of common stock during the three and six months ended June 30, 2021. During the three and six months ended June 30, 2020, we repurchased zero and 25,719 shares of common stock on the open market for zero and $0.3 million, respectively. Refer to Note 8 to our consolidated financial statements for additional information concerning stock repurchases.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make certain estimates and assumptions affecting amounts reported in the financial statements. We have identified investment valuation, revenue recognition and transfers of financial assets as our most critical accounting policies and estimates. We continuously evaluate our policies and estimates, including those related to the matters described below. These estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates under different assumptions or conditions. A discussion of our critical accounting policies follows.

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 the Board 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.

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With respect to investments for which market quotations are not readily available, the Board 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 the Investment Advisor responsible for the portfolio investment;
- preliminary valuation conclusions are then documented and discussed with the investment committee of the Investment Advisor;
- the Board engages one or more independent valuation firm(s) to conduct independent appraisals of a selection of our portfolio investments for which market quotations are not readily available. Each portfolio company investment is generally appraised by the valuation firm(s) at least once every calendar year and each new portfolio company investment is appraised at least once in the twelve-month period following the initial investment. In certain instances, we may determine that it is not cost-effective, and as a result it is not in our stockholders' best interest, to request the independent appraisal of certain portfolio company investments. Such instances include, but are not limited to, situations where we determine that the fair value of the portfolio company investment is relatively insignificant to the fair value of the total portfolio. The Board consulted with the independent valuation firm(s) in arriving at our determination of fair value for 9 and 12 of our portfolio company investments representing 18.3% and 25.8% of the total portfolio investments at fair value (exclusive of new portfolio company investments made during the three months ended June 30, 2021 and December 31, 2020, respectively) as of June 30, 2021 and December 31, 2020, respectively;
- the audit committee of the Board reviews the preliminary valuations of the Investment Advisor and of the independent valuation firm(s) and responds and supplements the valuation recommendations to reflect any comments; and
- the Board discusses the valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of the 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.

Consistent with the policies and methodologies adopted by the Board, we perform detailed valuations of our debt and equity investments, including an analysis on the Company's unfunded debt investment commitments, 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 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 debt investment 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 and other fees; estimated remaining life; the nature and realizable value of any collateral securing such debt investment; 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 debt investments to maturity. However, if we have information available to us that the debt investment 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 transaction comparables, 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.

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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 transaction comparables, 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. Net change in unrealized appreciation or depreciation on the consolidated statements of operations includes changes in the fair value of investments from the prior period, as determined by the Board through the application of our 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 and dividend income. Interest and dividend income are recorded on the accrual basis to the extent that we expect to collect such amounts. Interest is accrued daily based on the outstanding principal amount and the contractual terms of the debt. Dividend income is recorded as dividends are declared or at the point an obligation exists for the portfolio company to make a distribution, and is generally recognized when received. Distributions from portfolio companies are evaluated to determine if the distribution is a distribution of earnings or a return of capital. Distributions of earnings are included in dividend income while a return of capital is recorded as a reduction in the cost basis of the investment. Estimates are adjusted as necessary after the relevant tax forms are received from the portfolio company.

PIK income. Certain of our investments 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, as applicable, on the consolidated statements of operations. Generally, PIK can be paid-in-kind or all in cash. We stop accruing PIK income when there is reasonable doubt that PIK income will be collected. PIK income that has been contractually capitalized to the principal balance of the investment prior to the non-accrual designation date is not reserved against interest or dividend income, but rather is assessed through the valuation of the investment (with corresponding adjustments to unrealized depreciation, as applicable). PIK income is included in our taxable income and, therefore, affects the amount we are required to pay to our stockholders in the form of dividends in order to maintain our tax treatment as a RIC and to avoid paying corporate-level U.S. federal income tax, even though we have not yet collected the cash.

Non-accrual. Debt investments or preferred equity investments (for which we are accruing PIK dividends) 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 dividends will be collected. Any original issue discount and market discount are no longer accreted to interest income as of the date the loan is placed on full non-accrual status. Interest and dividend payments received on non-accrual investments may be recognized as interest or dividend 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 (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 is treated as OID and accreted into interest income using the effective interest method over the term of the debt investment. Upon the prepayment of a debt investment, any unaccreted OID is accelerated into interest income.

Fee income. All transaction fees earned in connection with our investments are recognized as fee income and are generally non-recurring. 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 debt investment, any prepayment penalties are recorded as fee income when earned. In 2020, the Company elected to change the manner in which it presents the recognition of management services fees income. Previously, the Company classified management services fees as a component of interest on idle funds and other income on the Consolidated Statement of Operations. Comparative prior periods presented have been reclassified retrospectively to conform to the revised presentation. There is no change in historical net increase in net assets resulting from operations due to this change in presentation.

We also typically receive debt investment origination or closing fees in connection with investments. Such debt investment origination and closing fees are capitalized as unearned income and offset against investment cost basis on our consolidated statements of assets and liabilities and accreted into interest income over the term of the investment. Upon the prepayment of a debt investment, any unaccreted debt investment origination and closing fees are accelerated into interest income.

Transfers of Financial Assets

Partial loan and equity sales. The Company follows the guidance in ASC 860, *Transfers and Servicing*, when accounting for loan (debt investment) participations, equity assignments and other partial loan sales. Such guidance requires a participation, assignment or other partial loan or equity sale to meet the definition of a "participating interest," as defined in the guidance, in order for sale treatment to be allowed. Participations, assignments or other partial loan or equity sales which do not meet the definition of a participating interest should remain on the Company's consolidated statements of assets and liabilities and the proceeds recorded as a secured borrowing until the definition is met.

Recently Issued Accounting Standards

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-04, "*Reference Rate Reform (Topic 848)*," which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. The expedients and exceptions provided by the amendments do not apply to contract modifications and hedging relationships entered into or evaluated after December 31, 2022, except for hedging transactions as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Company did not utilize the optional expedients and exceptions provided by ASU 2020-04 during the six months ended June 30, 2021.

SEC Rule 1-02(w)(2) Update

In May 2020, the SEC adopted rule amendments that will impact the requirement of investment companies, including BDCs, to disclose the financial statements of certain of their portfolio companies or certain acquired funds (the "Final Rules"). The Final Rules adopted a new definition of "significant subsidiary" set forth in Rule 1-02(w)(2) of Regulation S-X under the Securities Act. Rules 3-09 and 4-08(g) of Regulation S-X require investment companies to include separate financial statements or summary financial information, respectively, in such investment company's periodic reports for any portfolio company that meets the definition of "significant subsidiary." The Final Rules adopt a new definition of "significant subsidiary" applicable only to investment companies that (i) modifies the investment test and the income test, and (ii) eliminates the asset test currently in the definition of "significant subsidiary" in Rule 1-02(w) of Regulation S-X. The new Rule 1-02(w)(2) of Regulation S-X is intended to more accurately capture those portfolio companies that are more likely to materially impact the financial condition of an investment company. The Final Rules became effective on January 1, 2021, however the Company elected to early adopt this rule change as of December 31, 2020. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

SEC Regulation S-K Update

In November 2020, the SEC issued a final rule that modernized and simplifies Management's Discussion and Analysis of Financial Condition and Results of Operations and certain financial disclosure requirements in Regulation S-K (the "Amendments"). Specifically, the Amendments: (i) eliminate Item 301 of Regulation S-K (Selected Financial Data); (ii) simplify Item 302 of Regulation S-K (Supplementary Financial Information); and (iii) amend certain aspects of Item 303 of Regulation S-K (Managements Discussion and Analysis of Financial Condition and Results of Operations). The Amendments became effective on February 10, 2021 and compliance will be required for the registrant's fiscal year ending on or after August 9, 2021. Early adoption of the Amendments is permitted on an item-by-item basis after the effective date; however, a registrant must fully comply with each adopted item in its entirety. The Company adopted the Amendments on the effective date which did not have a material impact on the Company's Consolidated Financial Statements.

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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. We had off-balance sheet arrangements consisting of outstanding commitments to fund various undrawn revolving loans, other debt investments and capital commitments totaling $45.4 and $5.6 million as of June 30, 2021 and December 31, 2020, respectively. Such outstanding commitments are summarized in the following table (dollars in millions):

	June 30, 2021		December 31, 2020	
Portfolio Company—Investment	Total Commitment	Unfunded Commitment	Total Commitment	Unfunded Commitment
American AllWaste LLC (dba WasteWater Transport Services)—Delayed Draw Commitment	$ 3.9	$ 3.9	$ —	$ —
Combined Systems, Inc.—Revolving Loan	4.0	0.6	4.0	1.0
CRS Solutions Holdings, LLC (dba CRS Texas)—Common Equity (Units)	0.2	—	—	—
Elements Brands, LLC—Revolving Loan	3.0	0.8	3.0	0.8
Ipro Tech, LLC—First Lien Debt	14.3	14.3	—	—
Rhino Assembly Company, LLC—Delayed Draw Commitment	0.9	0.9	0.9	0.9
Safety Products Group, LLC—Common Equity (Units)	2.9 (1)	2.9 (1)	2.9 (1)	2.9 (1)
Spectra A&D Acquisition, Inc. (fka FDS Avionics Corp.)—Revolving Loan	—	—	0.2	—
Wonderware Holdings, LLC (dba CORE Business Technologies)—Delayed Draw Term Loan	2.0	2.0	—	—
Worldwide Express Operations, LLC—Senior Subordinated Note	20.0	20.0	—	—
Total	$ 51.2	$ 45.4	$ 11.0	$ 5.6

(1) Portfolio company was no longer held at period end. The commitment represents our maximum potential liability related to certain guaranteed obligations stemming from the prior sale of the portfolio company's underlying operations.

Additional detail for each of the commitments above is provided in our consolidated schedules of investments.

Related Party Transactions

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

- We have entered into the Investment Advisory Agreement with Fidus Investment Advisors as our investment advisor. Pursuant to the agreement, the Investment Advisor manages our day-to-day operating and investing activities. We pay the 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, our President, are managers of Fidus Investment Advisors. In May 2015, Fidus Investment Advisors entered into a combination with Fidus Partners, LLC (the "Combination"), by which members of Fidus Investment Advisors and Fidus Partners, LLC ("Partners") contributed all of their respective membership interest in Fidus Investment Advisors and Partners to a newly formed limited liability company, Fidus Group Holdings, LLC ("Holdings"). As a result, Fidus Investment Advisors is a wholly-owned subsidiary of Holdings, which is a limited liability company organized under the laws of Delaware.
- We entered into the Administration Agreement with Fidus Investment Advisors 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."
- On February 25, 2020, the Company entered into a Limited Partnership Agreement (the "Agreement") with Fidus Equity Fund I, L.P. ("FEF I"). Pursuant to the Agreement, we will serve as the General Partner of FEF I. Owned by third-party investors, FEF I was formed to purchase 50% of select equity investments from us. On February 25, 2020, we sold 50% of our equity investments in 20 portfolio companies to FEF I and received net proceeds of $35.9 million, resulting in a realized gain, net of estimated taxes, of approximately $20.4 million. We will not receive any fees from FEF I for any services provided in our capacity as the General Partner of FEF I.
- The Investment Advisor, in consultation with the Board, agreed to voluntarily waive $0.4 million of the income incentive fee for the three and six months ended June 30, 2020. There was no income incentive fee waiver for the three and six months ended June 30, 2021.

- The Investment Advisor, in consultation with the Board, agreed to voluntarily waive base management fees on any assets accounted for as secured borrowings as defined under GAAP for the three and six months ended June 30, 2021. There were no secured borrowings included in total assets for the three and six months ended June 30, 2020.

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. Effective June 30, 2014, pursuant to separate exemptive relief from the SEC, any SBA debentures issued by Fund II and Fund III are not considered senior securities for purposes of the asset coverage requirements.

While we may co-invest with investment entities managed by the Investment Advisor or its affiliates, to the extent permitted by the 1940 Act and the rules and regulations thereunder, the 1940 Act imposes significant limits on co-investment. The SEC staff has granted us relief sought in an exemptive application that expands our ability to co-invest in portfolio companies with other funds managed by the Investment Advisor or its affiliates ("Affiliated Funds") in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors, subject to compliance with certain conditions (the "Order"). Pursuant to the Order, we are permitted to co-invest with our affiliates if a "required majority" (as defined in Section 57(o) of the 1940 Act) or the Independent Directors make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the transactions, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching by us or our stockholders on the part of any person concerned, and (2) the transaction is consistent with the interests of our stockholders and is consistent with our investment objective and strategies.

In addition, we 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 the Investment Advisor's officers, directors and employees. Additionally, the Investment Advisor has adopted a code of ethics pursuant to rule 204A-1 under the Advisers Act of 1940 and in accordance with Rule 17j-1(c) under the 1940 Act. We 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 July 16, 2021, we exited our debt investments in Hilco Technologies. We received payment in full of $10.3 million on our first lien debt and revolving loan. We received a distribution on our equity investments for a realized loss of approximately ($1.0) million.

On July 23, 2021, we exited our debt investment in CRS Solutions Holdings, LLC. We received payment in full of $11.4 million on our second lien debt.

On July 26, 2021, we exited our debt and equity investments in Worldwide Express Operations, LLC, which was acquired under a new holding company, Accord Topco, LP (dba Worldwide Express). We received payment in full of $20.0 million on our second lien debt. We sold a portion of our common equity investment for a realized gain of approximately $3.0 million. In conjunction with the transaction, we invested $1.5 million in common equity, of which $0.8 million was rolled over from our original common equity investment and funded a $20.0 million second lien loan commitment.

On August 2, 2021, our Board declared a regular quarterly dividend of $0.32 per share, a supplemental dividend of $0.06 per share, and a special dividend of $0.04 per share payable September 28, 2021, to stockholders of record as of September 14, 2021.

Item 3. 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 addition, U.S. and global capital markets and credit markets have experienced a higher level of stress due to the global COVID-19 pandemic, which has resulted in an increase in the level of volatility across such markets and a general decline in value of the securities held by us.

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. In connection with the COVID-19 pandemic, the U.S. Federal Reserve and other central banks have reduced certain interest rates and LIBOR has decreased. A prolonged reduction in interest rates will reduce our gross investment income and could result in a decrease in our net investment income if such decreases in LIBOR are not offset by a corresponding increase in the spread over LIBOR that we earn on any portfolio investments, a decrease in in our operating expenses, including with respect to our income incentive fee, or a decrease in the interest rate of our floating interest rate liabilities tied to LIBOR. As of June 30, 2021 and December 31, 2020, 28 and 22 portfolio company's debt investments, respectively, bore interest at a variable rate, which represented $296.2 million and $230.9 million of our portfolio on a fair value basis, respectively, and the remainder of our debt portfolio was comprised entirely of fixed rate investments. Our pooled SBA debentures and our Notes bear interest at fixed rates. Our Credit Facility bears interest, at our election, at a rate per annum equal to (a) 3.00% (or 2.75% if certain conditions are satisfied, including if (x) no equity interests are included in the borrowing base, (y) the contribution to the borrowing base of eligible portfolio investments that are performing first lien bank loans is greater than or equal to 35%, and (z) the contribution to the borrowing base of eligible portfolio investments that are performing first lien bank loans, performing last out loans, or performing second lien loans is greater than or equal to 60%) plus the one, two, three or six month LIBOR rate, as applicable, or (b) 2.00% (or 1.75% if the above conditions are satisfied) plus the highest of (A) a prime rate, (B) the Federal Funds rate plus 0.5%, (C) three month LIBOR plus 1.0%, and (D) zero.

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.

The following table shows the approximate annualized increase or decrease in the components of net investment income due to hypothetical base rate changes in interest rates, assuming no changes in our investments and borrowings as of June 30, 2021 (dollars in millions):

Basis Point Increase (Decrease)	Interest Income Increase (Decrease) (1) (2)	Interest Expense Increase (Decrease) (4)	Net Increase (Decrease)	Net Investment Income (3)
(200)	$ —	$ —	$ —	$ —
(150)	—	—	—	—
(100)	—	—	—	—
(50)	—	—	—	—
50	0.1	—	0.1	0.1
100	0.6	0.1	0.5	0.4
150	1.7	0.1	1.6	1.3
200	3.0	0.2	2.8	2.2
250	4.5	0.3	4.2	3.4
300	6.0	0.3	5.7	4.6

(1) Certain of our variable rate debt investments have a LIBOR interest rate floor, which lessens the impact of decreases in interest rates.
(2) Interest income calculated assuming three-month LIBOR rate as of June 30, 2021.
(3) Includes the impact of income incentive fee at 20.0% on net increase (decrease) in net interest.
(4) As of June 30, 2021, we did not have any borrowings outstanding under our Credit Facility.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective. It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the second quarter of 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are not, and the Investment Advisor is not, currently subject to any material legal proceedings.

Item 1A. Risk Factors.

In addition to other information set forth in this report, you should carefully consider the “Risk Factors” discussed in our Form 10-K for the year ended December 31, 2020 and filed with the SEC on February 25, 2021, which are incorporated herein by reference. These Risk Factors could materially affect our business, financial condition and/or operating results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

We have an open market stock repurchase program (the “Stock Repurchase Program”) under which we may acquire up to $5.0 million of our outstanding common stock. Under the Stock Repurchase Program, we may, but are not obligated to, repurchase outstanding common stock in the open market from time to time provided that we comply with the prohibitions under our insider trading policies and the requirements of Rule 10b-18 of the Securities Exchange Act of 1934, as amended, including certain price, market value and timing constraints. The timing, manner, price and amount of any share repurchases will be determined by our management, in its discretion, based upon the evaluation of economic and market conditions, stock price, capital availability, applicable legal and regulatory requirements and other corporate considerations. On October 26, 2020, the Board extended the Stock Repurchase Program through December 31, 2021, or until the approved dollar amount has been used to repurchase shares. The Stock Repurchase Program does not require us to repurchase any specific number of shares and we cannot assure that any shares will be repurchased under the Stock Repurchase Program. The Stock Repurchase Program may be suspended, extended, modified or discontinued at any time.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

Item 1.01. Entry into a Material Definitive Agreement.

On August 2, 2021, the Board approved a form of indemnification agreement (the “Indemnification Agreement”), and it is expected that each of the directors, executive officers and certain other officers of the Company will enter into the Indemnification Agreement. The form of Indemnification Agreement provides for indemnification and advancements by the Company of certain expenses and costs relating to claims, suits, or proceedings, if any, arising from service to the Company or, at the Company’s request, service to other entities, as officers or directors to the maximum extent permitted by applicable law.

The foregoing description of the Indemnification Agreement does not purport to be complete and is qualified in its entirety by the terms and conditions of the Indemnification Agreement, the form of which is included as Exhibit 10.1 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

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Item 6. Exhibits.

Number	Exhibit
3.1	Articles of Amendment and Restatement of the Registrant (Filed as Exhibit (a)(1) to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form N-2 (File No. 333-172550) filed with the U.S. Securities and Exchange Commission on April 29, 2011 and incorporated herein by reference).
3.2	Bylaws of the Registrant (Filed as Exhibit (b)(1) to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form N-2 (File No. 333-172550) filed with the U.S. Securities and Exchange Commission on April 29, 2011 and incorporated herein by reference).
4.1	Form of Stock Certificate of the Registrant (Filed as Exhibit (d) to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form N-2 (File No. 333-172550) filed with the U.S. Securities and Exchange Commission on April 29, 2011 and incorporated herein by reference).
10.1	Form of Indemnification Agreement between Fidus Investment Corporation and each officer and director of Fidus Investment Corporation.*
31.1	Chief Executive Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Chief Financial Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	FIDUS INVESTMENT CORPORATION
Date: August 5, 2021	/s/ EDWARD H. ROSS
	Edward H. Ross Chairman and Chief Executive Officer (Principal Executive Officer)
Date: August 5, 2021	/s/ SHELBY E. SHERARD
	Shelby E. Sherard Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 10.1

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "Agreement") is made and entered into as of August __, 2021 (the "Effective Date"), by and between Fidus Investment Corporation, a Maryland corporation (the "Company"), and ______________ ("Indemnitee"). For the avoidance of doubt, in addition to memorializing the terms of the Indemnitee's indemnification rights, this Agreement is also intended to be retroactive, such that it will cover the entire period that the Indemnitee has served as a director of the Company.

WHEREAS, at the request of the Company, Indemnitee currently serves as a director of the Company and may, therefore, be subjected to claims, suits or proceedings arising as a result of his service as a director of the Company;

WHEREAS, as an inducement to Indemnitee to continue to serve as a director of the Company, the Company has agreed to indemnify and to advance expenses and costs incurred by Indemnitee in connection with any claims, suits or proceedings, to the maximum extent permitted by law;

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advancement of expenses; and

WHEREAS, Indemnitee is relying upon the rights afforded under this Agreement in continuing to serve as a director of the Company.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Definitions. For purposes of this Agreement:

   a. "Adjudged" shall mean adjudged finally by a court or arbitral or other authority of competent jurisdiction.

   b. "Change in Control" means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if, after the Effective Date (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of all of the Company's then-outstanding securities entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person's attaining such percentage interest;

(ii) the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board of Directors then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; (iii) at any time, a majority of the members of the Board of Directors are not comprised of (A) individuals who were directors as of the Effective Date and/or (B) individuals whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by the affirmative vote of at least two-thirds of the directors then in office who were directors as of the Effective Date or whose election or nomination for election was previously so approved; or (iv) the Company retains or engages an external investment adviser to manage its assets and business.

c. "Corporate Status" means the status of a person as a present or former director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company. As a clarification and without limiting the circumstances in which Indemnitee may be serving at the request of the Company, service by Indemnitee shall be deemed to be at the request of the Company: (i) if Indemnitee serves or served as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise (A) of which a majority of the voting power or equity interest is or was owned directly or indirectly by the Company, or (B) the management of which is controlled directly or indirectly by the Company; or (ii) if, as a result of Indemnitee's service to the Company, Indemnitee is subject to duties by, or required to perform services for, an employee benefit plan or its participants or beneficiaries, including as a deemed fiduciary thereof.

d. "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification and/or advancement of Expenses is sought by Indemnitee.

e. "Effective Date" has the meaning set forth in the first paragraph of this Agreement.

f. "Enterprise" shall mean (i) the Company and (ii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise which is an affiliate or wholly or partially owned subsidiary of the Company and of which the Indemnitee is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary; and (iii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company.

g. “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

h. “Expenses” means any and all disbursements or expenses incurred by Indemnitee in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in or otherwise participating in a Proceeding, including, without limitation, reasonable and out-of-pocket attorneys’ fees and costs, retainers, court costs, arbitration and mediation costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement and any ERISA excise taxes and penalties. Expenses shall also include (i) expenses incurred in connection with any appeal resulting from any Proceeding including, without limitation, the premium for, security for and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent, (ii) expenses incurred in connection with recovery under any directors’ and officers’ liability insurance policies maintained by the Company, and (iii) expenses incurred by Indemnitee in establishing or enforcing his right to indemnification or reimbursement under this Agreement.

i. “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements), or (ii) any other party to or participant or witness in the Proceeding giving rise to a claim for indemnification or advancement of Expenses hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

j. “Jointly Indemnifiable Claims” shall mean any Proceeding for which the Indemnitee shall be entitled to indemnification, advancement of expenses or insurance from (i) the Company and/or any Enterprise pursuant to this Agreement, the charter or bylaws or other governing documents of the Company or any Enterprise, any agreement or a resolution of the stockholders of the Company entitled to vote generally in the election of directors or of the Board of Directors, or otherwise, on the one hand, and (ii) any Third-Party Indemnitor pursuant to any agreement between any Third-Party Indemnitor and the Indemnitee pursuant to which the Indemnitee is indemnified, the laws of the jurisdiction of incorporation or organization of any Third-Party Indemnitor and/or the certificate of incorporation, certificate of organization, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or other organizational or governing documents of any Third-Party Indemnitor, on the other hand.

k. “Proceeding” means any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing, claim, demand or discovery request or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative (formal or informal) nature, including any appeal therefrom. If Indemnitee reasonably believes that a given situation may lead to or culminate in the institution of a Proceeding, such situation shall also be considered a Proceeding. The term “Proceeding” shall be broadly construed and shall include, without limitation, the investigation, preparation, defense, settlement, arbitration or appeal of, and the giving of testimony in or related to, any threatened, pending or completed claim, action, suit or other proceeding, whether of a civil, criminal, administrative or investigative nature.

l. “Third-Party Indemnitor” means any person or entity that has or may in the future provide to the Indemnitee any indemnification, exoneration, hold harmless or Expense advancement rights and/or insurance benefits other than (i) the Company, (ii) any Enterprise and (iii) any entity or entities through which the Company maintains liability insurance applicable to the Indemnitee.

2. Services by Indemnitee. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce the Indemnitee to continue to serve as a director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in continuing to serve in such capacity. However, this Agreement shall not impose any independent obligation on Indemnitee or the Company to continue Indemnitee’s service to the Company beyond any period otherwise required by law or by other agreements or commitments of the parties, if any. This Agreement shall not be deemed an employment contract between the Company (or any other entity) and Indemnitee.

3. Indemnification. The Company shall indemnify and hold harmless, and advance Expenses to, Indemnitee (a) as provided in this Agreement and (b) otherwise to the maximum extent not prohibited by (and not merely to the extent affirmatively permitted by) Maryland law in effect on the Effective Date and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnitee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by the charter or bylaws of the Company or Section 2-418(b) of the Maryland General Corporation Law (the “MGCL”).

4. Standard for Indemnification. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall indemnify and hold harmless Indemnitee against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any such Proceeding unless (and only to the extent) it is ultimately Adjudged that (i) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (A) was committed in bad faith or (B) was the result of active and deliberate dishonesty; (ii) Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that his conduct was unlawful.

5. Certain Limitations. Indemnitee shall not be entitled to:

   a. indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnitee is Adjudged to be liable to the Company;

   b. indemnification hereunder if Indemnitee is Adjudged to be liable on the basis that personal benefit was improperly received in any Proceeding charging improper personal benefit to Indemnitee; or

   c. indemnification or advancement of Expenses hereunder if the Proceeding was brought by Indemnitee, unless: (i) the Proceeding was brought to establish or enforce indemnification rights under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the Company's charter or bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party, expressly provides otherwise.

6. Court-Ordered Indemnification. Notwithstanding any other provision of this Agreement (other than Section 16), a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification of Indemnitee by the Company in the following circumstances:

   a. if such court determines that Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the Expenses of securing such reimbursement; or

   b. if such court determines that Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper. However, indemnification with respect to any Proceeding by or in the right of the Company or in which liability shall have been adjudged in the circumstances described in Section 2-418(c) of the MGCL shall be limited to Expenses.

7. Partial Success. In addition to any other right to indemnification under any provision of this Agreement, and without limiting any such provision, if Indemnitee is not wholly successful in a Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 7 for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 7, and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter. For the avoidance of doubt, in the event that Indemnitee is not wholly successful and is Adjudged liable, the Company shall indemnify Indemnitee to the maximum extent not prohibited by (and not merely to the extent affirmatively permitted by) Maryland law and as permitted by Sections 3, 4 5 and 6 of this Agreement.

8. Advancement of Expenses. If Indemnitee was, is, or is threatened to be, made a party to (or otherwise becomes a participant in) any Proceeding, the Company shall, without requiring a preliminary determination of Indemnitee's ultimate entitlement to indemnification hereunder, advance all Expenses incurred by or on behalf of Indemnitee in connection with such Proceeding. Such advance or advances shall be made within fifteen (15) days after the receipt by the Company of a statement or statements requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding, and may be in the form of, in the reasonable discretion of Indemnitee (but without duplication): (i) payment of such Expenses directly to third parties on behalf of Indemnitee; (ii) advancement to Indemnitee of funds in an amount sufficient to pay such Expenses; or (iii) reimbursement to Indemnitee for Indemnitee's payment of such Expenses. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written affirmation and undertaking by or on behalf of Indemnitee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof, to reimburse the portion (if any) of any Expenses advanced to Indemnitee relating to claims, issues or matters in the Proceeding as to which it shall ultimately be Adjudged by clear and convincing evidence, that the standard of conduct has not been met by Indemnitee and which have not been successfully resolved as described in Section 7 of this Agreement. For so long as the Company is subject to the Investment Company Act of 1940 (the "Investment Company Act"), any advancement of Expenses shall be subject to at least one of the following as a condition of the advancement: (a) Indemnitee shall provide appropriate security for his undertaking, (b) the Company shall be insured against losses arising by reason of any lawful advances or (c) a majority of a quorum of the Disinterested Directors, or Independent Counsel in a written report based on a review of readily available facts, shall determine that there is no reason to believe that Indemnitee ultimately will be found to not be entitled to indemnification. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor.

9. <u>Indemnitee as Witness or Other Participant</u>. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee was, is or may be, by reason of Indemnitee's Corporate Status, made a witness or otherwise asked to participate in any Proceeding, whether instituted by the Company or any other party, and to which Indemnitee is not a party, Indemnitee shall be advanced all Expenses and indemnified and held harmless against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith within fifteen (15) days after the receipt by the Company of a statement or statements requesting any such advance or indemnification from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. In connection with any such advancement of Expenses, the Company may require Indemnitee to provide a written affirmation and undertaking substantially in the form attached hereto as <u>Exhibit A</u>.

10. <u>Procedure for Determination of Entitlement to Indemnification</u>.

a. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary or appropriate to determine whether and to what extent Indemnitee is entitled to indemnification. Indemnitee may submit one or more such requests from time to time and at such time(s) as Indemnitee deems appropriate in Indemnitee's sole discretion. The officer of the Company receiving any such request from Indemnitee shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors of the Company that Indemnitee has requested indemnification by the Company.

b. Upon written request by Indemnitee for indemnification pursuant to Section 10(a) above, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, which Independent Counsel shall be selected by Indemnitee and approved by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL, which approval shall not be unreasonably withheld or delayed; or (ii) if a Change in Control shall not have occurred, (A) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors or, if such a quorum cannot be obtained, then by a majority vote of a duly authorized committee of the Board of Directors consisting solely of one or more Disinterested Directors, (B) if Independent Counsel has been selected by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by Indemnitee, which approval shall not be unreasonably withheld or delayed, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, or (C) if so directed by at least a majority of the members of the Board of Directors, the stockholders of the Company. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within fifteen (15) days after such determination. Indemnitee shall cooperate with the Company (including Independent Counsel selected by the Company) in making such determination with respect to Indemnitee's entitlement to indemnification, including providing to the Company, upon reasonable advance written request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary or appropriate to such determination in the discretion of the Board of Directors or Independent Counsel, as applicable; provided, however Indemnitee shall not be required to waive any applicable privilege or work product protection. Any Expenses incurred by Indemnitee in so cooperating with the Company or Independent Counsel shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company shall indemnify and hold Indemnitee harmless therefrom.

c. The Company agrees to pay the reasonable fees and expenses of any Independent Counsel and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. In no event shall the Indemnitee be required or requested to pay any such fees or expenses or to provide any such indemnification.

11. <u>Presumptions and Effect of Certain Proceedings</u>.

a. In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden to overcome that presumption in connection with the making of any determination contrary to that presumption.

b. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, upon a plea of nolo contendere or its equivalent, or entry of an order of probation prior to judgment, does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification.

c. The knowledge and/or actions, or failure to act, of any other director, officer, employee or agent of the Company or any other director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise shall not be imputed to Indemnitee for purposes of determining any right to indemnification under this Agreement.

d. For purposes of any determination as to Indemnitee's entitlement to indemnification, Indemnitee shall be presumed to have met the standard of conduct for indemnification if, among other things and without limitation, Indemnitee relied on any information, opinion, report or statement, including any financial statement or other financial data or the records or books of account of the Company or any Enterprise, prepared or presented by an officer or employee of the Company or any Enterprise whom Indemnitee reasonably believed to be reliable and competent in the matters presented, by a lawyer, certified public accountant, appraiser or other person, as to a matter which Indemnitee reasonably believed to be within the person's professional or expert competence, or, if Indemnitee was serving on the Board of Directors of the Company or as a member of any similar body of any Enterprise, by a committee of the Board of Directors or such other body on which Indemnitee does not serve, as to a matter within its designated authority, if Indemnitee reasonably believes the committee to merit confidence. The provisions of this Section 11(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee met, or be presumed to have met, the applicable standard of conduct set forth in this Agreement.

e. For purposes of this Agreement, Indemnitee shall be considered to have been wholly successful with respect to any Proceeding if such Proceeding is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to Indemnitee, (ii) it being Adjudged that Indemnitee was liable to the Company, (iii) a plea of guilty by Indemnitee, (iv) it being Adjudged that an act or omission of Indemnitee was material to the matter giving rise to the Proceeding and was (A) committed in bad faith or (B) the result of Indemnitee's active and deliberate dishonesty, (v) it being Adjudged that Indemnitee actually received an improper personal benefit in money, property or services or (vi) with respect to any criminal proceeding, it being Adjudged that Indemnitee had reasonable cause to believe the act or omission was unlawful.

12. Remedies of Indemnitee.

a. If (i) a determination is made pursuant to Section 10(b) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement; (ii) advancement of Expenses is not timely made pursuant to Sections 8 or 9 of this Agreement; (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(b) of this Agreement within thirty (30) days after receipt by the Company of the request for indemnification; (iv) payment of indemnification is not made pursuant to Sections 7 or 9 of this Agreement within fifteen (15) days after receipt by the Company of a written request therefor; or (v) payment of indemnification pursuant to any other section of this Agreement or the charter or bylaws of the Company is not made within fifteen (15) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication in an appropriate court located in the State of Maryland or in any other court of competent jurisdiction, with regard to Indemnitee's entitlement to indemnification or advancement of Expenses.

Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence a proceeding seeking an adjudication or an award in arbitration within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce his rights under Section 7 of this Agreement. Except as set forth herein, the provisions of Maryland law (without regard to its conflicts of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

b. In any judicial proceeding or arbitration commenced pursuant to this Section 12, Indemnitee shall be presumed to be entitled to indemnification or advancement of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 12, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

c. If a determination shall have been made pursuant to Section 10(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification that was not disclosed in connection with the determination.

d. In the event that Indemnitee, pursuant to this Section 12, seeks a judicial adjudication of or an award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to advancement from the Company, and shall be indemnified and held harmless by the Company for, any and all Expenses actually and reasonably incurred by him in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

e. Interest shall be paid by the Company to Indemnitee at the maximum rate allowed to be charged for judgments under the Courts and Judicial Proceedings Article of the Annotated Code of Maryland for amounts which the Company pays or is obligated to pay for the period (i) commencing with either the 10th day after the date on which the Company was requested to advance Expenses in accordance with Sections 8 or 9 of this Agreement or the 60th day after the date on which the Company was requested to make the determination of entitlement to indemnification under Section 10(b) of this Agreement, as applicable, and (ii) ending on the date such payment is made to Indemnitee by the Company.

13. Defense of Underlying Proceeding.

a. Indemnitee shall notify the Company promptly upon being served with or receiving any summons, citation, subpoena, complaint, indictment, notice, request or other document relating to any Proceeding which may result in the right to indemnification or the advancement of Expenses hereunder and may include with such notice a description of the nature of the Proceeding and a summary of the facts underlying the Proceeding. The failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advancement of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

b. Subject to the provisions of the last sentence of this Section 13(b) and of Section 13(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder using a law firm of the Company's choice, subject to the prior written approval of the Indemnitee, which shall not be unreasonably withheld or delayed; provided, however, that the Company shall notify Indemnitee in writing of any such decision to defend within fifteen (15) calendar days following receipt of notice of any such Proceeding under Section 13(a) above. Indemnitee shall have the right to retain a separate law firm in any such Proceeding at Indemnitee's sole expense. The Company shall not, without the prior written consent of Indemnitee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise of a claim against Indemnitee which (i) includes an admission of fault of Indemnitee; (ii) does not include, as an unconditional term thereof, (A) the full release with prejudice of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee and (B) the complete dismissal of all claims against the Indemnitee with prejudice; or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnitee. This Section 13(b) shall not apply to a Proceeding brought by Indemnitee under Section 12 of this Agreement, a Proceeding by or in the right of the Company or in the case of clause (ii) of Section 13(c).

c. Notwithstanding the provisions of Section 13(b) above, if in a Proceeding to which Indemnitee is a party, (i) Indemnitee reasonably concludes, based upon advice of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that Indemnitee may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon advice of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject, except in the case of (ii) or (iii) above, to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice at the expense of the Company (subject to Section 12(d) of this Agreement), to represent Indemnitee in connection with any such matter.

14. Jointly Indemnifiable Claims. Given that certain Jointly Indemnifiable Claims may arise, the Company acknowledges and agrees that the Company shall, and to the extent applicable shall cause any Enterprise to (i) be fully and primarily responsible for, and be the indemnitor of first resort with respect to, payment to or payment on behalf of the Indemnitee in respect of indemnification or advancement of Expenses in connection with any such Jointly Indemnifiable Claim, irrespective of any right of recovery the Indemnitee may have from the Third-Party Indemnitors, and (ii) be required to advance the full amount of Expenses incurred by the Indemnitee and shall be liable for the full amount of all Expenses, judgments, fines, penalties and amounts paid in settlement to the extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law and as required by the terms of this Agreement, without regard to any rights the Indemnitee may have against the Third-Party Indemnitors. Under no circumstance shall the Company or any Enterprise be entitled to, and the Company hereby irrevocably waives, relinquishes and releases, any claims against the Third-Party Indemnitors for subrogation, contribution or recovery of any kind and no right of advancement or recovery the Indemnitee may have from the Third-Party Indemnitors shall reduce or otherwise alter the rights of the Indemnitee or the obligations of the Company or any Enterprise. The Company further agrees that no advancement or payment by any Third-Party Indemnitor on behalf of Indemnitee with respect to any Proceeding for which Indemnitee has sought indemnification, exoneration or hold harmless rights from the Company shall affect the foregoing and the Third-Party Indemnitor(s) shall have a right to receive from the Company, contribution and/or be subrogated, to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and the Indemnitee agree that each of the Third-Party Indemnitors shall be third-party beneficiaries with respect to this Agreement entitled to enforce this Section 14 as though each such Third-Party Indemnitor were a party to this Agreement.

15. Non-Exclusivity; Survival of Rights; Subrogation.

a. The rights of indemnification and advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under (i) applicable law (including, but not limited to, the MGCL), (ii) the charter or bylaws of the Company, (iii) any agreement or (iv) a resolution of (A) the stockholders entitled to vote generally in the election of directors or (B) the Board of Directors, or otherwise. Unless consented to in writing by Indemnitee, no amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal, regardless of whether a claim with respect to such action or inaction is raised prior or subsequent to such amendment, alteration or repeal. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right or remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prohibit the concurrent assertion or employment of any other right or remedy.

b. Except as set forth in Section 14, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

16. Insurance.

a. The Company shall purchase and maintain a policy or policies of directors and officers insurance with reputable insurance companies. The Company shall continue to provide such insurance coverage to Indemnitee and such insurance policies shall have coverage terms and policy limits at least as favorable to Indemnitee as the insurance coverage provided to any other director or officer of the Company. If the Company has such insurance in effect at the time it receives from Indemnitee any notice of the commencement of an action, suit, proceeding or other claim, the Company shall give prompt notice of the commencement of such action, suit, proceeding or other claim to the insurers and take such other actions in accordance with the procedures set forth in the policy as required or appropriate to secure coverage of Indemnitee for such action, suit, proceeding or other claim. The Company shall thereafter take all reasonably necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such action, suit, proceeding or other claim in accordance with the terms of such policy. In the event of a Change in Control that would result in a loss or cancellation of the Company directors' and officers' insurance policy or policies, the Company shall purchase a directors and officers "Tail" insurance policy or policies to provide coverage to the Company's directors and officers for a period of six (6) years after such Change in Control, but only with respect to coverage for claims arising from wrongful acts, errors or omissions occurring before such Change in Control.

b. Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee which would otherwise be indemnifiable hereunder arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and Expenses incurred by Indemnitee in connection with a Proceeding over the coverage of any insurance referred to in Section 16(a). The purchase, establishment and maintenance of any such insurance shall not in any way limit or affect the rights or obligations of the Company or Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights or obligations of the Company under any such insurance policies. If, at the time the Company receives notice from any source of a Proceeding to which Indemnitee is a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies.

17. Other Sources; Investment Company Act. Notwithstanding any other provision of this Agreement, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that (i) Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise, except as otherwise provided in Section 14 to this Agreement, or (ii) for so long as the Company is subject to the Investment Company Act, indemnification or payment or reimbursement of Expenses would not be permissible under the Investment Company Act, whether pursuant to Section 17(h) of the Investment Company Act or otherwise. In addition, for so long as the Company is subject to the Investment Company Act of 1940, the presumptions, considerations and similar provisions set forth in Section 11(d) and (e) of this Agreement shall be of no force or effect to the extent inconsistent with the Investment Company Act and shall otherwise be construed in a manner to include any additional conditions, restrictions or references required to be contained therein by the Investment Company Act, including, without limitation, the disabling conduct set forth in Section 17(h) of the Investment Company Act.

18. Contribution. If the indemnification provided in this Agreement is unavailable in whole or in part and may not be paid to Indemnitee for any reason, other than for failure to satisfy the standard of conduct set forth in Section 4 or due to the provisions of Section 5, then, with respect to any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), to the fullest extent permissible under applicable law, the Company, in lieu of indemnifying and holding harmless Indemnitee, shall pay, in

the first instance, the entire amount incurred by Indemnitee, whether for Expenses, judgments, penalties, and/or amounts paid or to be paid in settlement, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

19. Miscellaneous.

a. This Agreement shall be effective as of the Effective Date and shall apply to acts or omissions of Indemnitee taken in or in connection with Indemnitee's Corporate Status which occurred prior to such date if Indemnitee was an officer, director, employee or agent of the Company or was a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any Enterprise at the time such act or omission occurred.

b. This Agreement shall continue until and terminate on the later of: (i) the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company and (ii) the date that Indemnitee is no longer subject to any actual or possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement).

c. The indemnification and advancement of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all, substantially all or a substantial part, of the business and/or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

d. If, by reason of Indemnitee's Corporate Status, Indemnitee's spouse is made a party to any Proceeding, the Company shall indemnify and hold harmless Indemnitee's spouse against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by Indemnitee's spouse in connection with any such Proceeding unless (and only to the extent) it is ultimately Adjudged that (a) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty; (b) Indemnitee actually received an improper personal benefit in money, property or services; or (c) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that his conduct was unlawful. Further, Indemnitee's spouse shall not be entitled to (x) indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnitee is Adjudged to be liable to the Company; (y) indemnification hereunder if Indemnitee is Adjudged to be liable on the basis that personal benefit was improperly received in any Proceeding charging improper personal benefit to Indemnitee; or (z) indemnification or advancement of Expenses hereunder if the Proceeding was brought by Indemnitee, unless: (i) the Proceeding was brought to establish or enforce indemnification rights under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the Company's charter or bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party, expressly provides otherwise. The foregoing right to indemnification shall include, without limitation, any Proceeding that seeks damages recoverable from marital community property, jointly-owned property or property purported to have been transferred from the Indemnitee to his or her spouse (or former spouse); provided that Indemnitee is indemnified and held harmless for the same pursuant to this Agreement. The Indemnitee's spouse or former spouse also shall be entitled to advancement of Expenses to the same extent that Indemnitee is entitled to advancement of Expenses herein. The Company may maintain insurance to cover its obligation hereunder with respect to Indemnitee's spouse (or former spouse) or set aside assets in a trust or escrow fund for that purpose.

e. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

f. The Company and Indemnitee agree that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult to prove, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. Indemnitee shall further be entitled to such injunctive relief and/or specific performance, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertakings in connection therewith. The Company acknowledges that, in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court, and the Company hereby waives any such requirement of such a bond or undertaking.

g. If any provision or provisions of this Agreement shall be held to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

h. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor, unless otherwise expressly stated, shall such waiver constitute a continuing waiver.

i. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand or overnight courier service and receipted for by the party to whom said notice, request, demand or other communication shall have been directed, on the day of such delivery, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed: (i) if to Indemnitee, to the address set forth on the signature page hereto; or (ii) if to the Company, to 1603 Orrington Avenue, Suite 1005, Evanston, Illinois, Attn: Shelby Sherard; or to such other address as may have been furnished in writing to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

j. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

k. This Agreement may be executed in one or more counterparts (delivery of which may be in electronic format), each of which shall for all purposes be deemed to be an original and all of which together shall constitute one and the same Agreement. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written:

FIDUS INVESTMENT CORPORATION

By: ____________________________
Name: __________________________
Title: ___________________________

[INDEMNITEE]

____
Address: ________________________
____
____

EXHIBIT A

AFFIRMATION AND UNDERTAKING TO REPAY EXPENSES ADVANCED

To: The Board of Directors of Fidus Investment Corporation

Re: Affirmation and Undertaking

Ladies and Gentlemen:

This Affirmation and Undertaking is being provided pursuant to the Indemnification Agreement, dated as of the [EFFECTIVE DATE], by and between Fidus Investment Corporation, a Maryland corporation (the "Company"), and me as the undersigned Indemnitee (the "Indemnification Agreement"), pursuant to which I am entitled to advancement of Expenses in connection with [Description of Proceeding] (the "Proceeding").

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm my good faith belief that at all times, insofar as I was involved as [a director][an officer] of the Company, in any of the facts or events giving rise to the Proceeding, I (i) did not act with willful misfeasance,* bad faith, gross negligence,* active and deliberate dishonesty or reckless disregard of duties,* (ii) did not receive any improper personal benefit in money, property or services and (iii) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advancement of Expenses by the Company for Expenses incurred by me in connection with the Proceeding (the "Advanced Expenses"), I hereby agree that if, in connection with the Proceeding, it is Adjudged that (i) an act or omission by me was material to the matter giving rise to the Proceeding and (A) was committed in bad faith or (B) was the result of willful misfeasance,* gross negligence,* active and deliberate dishonesty or reckless disregard of duty,* (ii) I actually received an improper personal benefit in money, property or services, or (iii) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established.

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this _____ day of _______________, 20____.

Name:______________________________

* These references can be deleted in any Affirmation and Undertaking if at the time of the submission thereof the Company is no longer subject to the Investment Company Act of 1940.

Exhibit 31.1

Fidus Investment Corporation Chief Executive Officer Certification
Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Edward H. Ross, as Chief Executive Officer of Fidus Investment Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fidus Investment Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 5, 2021

/s/ EDWARD H. ROSS
Edward H. Ross
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Fidus Investment Corporation Chief Financial Officer Certification
Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Shelby E. Sherard, as Chief Financial Officer of Fidus Investment Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fidus Investment Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2021

/s/ SHELBY E. SHERARD
Shelby E. Sherard
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002

In connection with the Quarterly Report on Form 10-Q of Fidus Investment Corporation (the “Company”) for the quarterly period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Edward H. Ross, Chief Executive Officer of the Company, and I, Shelby E. Sherard, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2021

/s/ EDWARD H. ROSS
Edward H. Ross
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ SHELBY E. SHERARD
Shelby E. Sherard
Chief Financial Officer
(Principal Financial and Accounting Officer)