

FIDUS INVESTMENT Corp
Form 497
February 06, 2019
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**Filed Pursuant to Rule 497
Registration Statement No. 333-223350**

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 2, 2018)

\$60,000,000

6.00% Notes due 2024

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, as amended, or the 1940 Act. Our investment objective is to provide attractive risk-adjusted returns by generating both current income from our debt investments and capital appreciation from our equity related investments. Our strategy includes partnering with business owners, management teams and financial sponsors by providing customized financing for ownership transactions, recapitalizations, strategic acquisitions, business expansion and other growth initiatives. We generally invest in securities that would be rated below investment grade if they were rated by rating agencies. Below investment grade securities, which are often referred to as high yield or junk, have speculative characteristics with respect to the issuer's capacity to pay interest and repay principal.

Fidus Investment Advisors, LLC serves as our investment advisor and as our administrator.

We are offering \$60.0 million in aggregate principal amount of 6.00% notes due 2024, which we refer to as the Notes. The Notes will mature on February 15, 2024. We will pay interest on the Notes on February 15, May 15, August 15 and November 15 of each year, beginning May 15, 2019. We may redeem the Notes in whole or in part at any time or from time to time on or after February 15, 2021, at the redemption price of 100% plus accrued and unpaid interest, as discussed under the section titled Description of the Notes Optional Redemption in this prospectus supplement. The Notes will be issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.

The underwriters may also purchase up to an additional \$9.0 million aggregate principal amount of Notes offered by this prospectus supplement and the accompanying prospectus, within 30 days of the date of this prospectus supplement solely to cover over-allotments, if any. If the underwriters exercise this over-allotment option in full, the

total aggregate proceeds to us, before deducting expenses payable by us, will be \$66.9 million.

The Notes will be our direct unsecured obligations and rank *pari passu*, which means equal in right of payment, with all outstanding and future unsecured unsubordinated indebtedness issued by us, including, without limitation, our 5.875% notes due 2023 (the 2023 Notes), of which \$50.0 million in aggregate principal was outstanding as of February 4, 2019. Because the Notes will not be secured by any of our assets, they will be effectively subordinated to all of our existing and future secured indebtedness (or any indebtedness that is initially unsecured as to which we subsequently grant a security interest), to the extent of the value of the assets securing such indebtedness, including, without limitation, borrowings under our senior secured revolving credit facility with ING Capital LLC, or ING, as amended, or the Credit Facility, of which we had \$75.0 million outstanding as of February 4, 2019. The Notes will be structurally subordinated to all existing and future indebtedness and other obligations of any of our existing or future subsidiaries since the Notes are obligations exclusively of Fidus Investment Corporation and not of any of our subsidiaries. As of February 4, 2019, our subsidiaries had total indebtedness outstanding of \$191.0 million. None of our subsidiaries is a guarantor of the Notes and the Notes will not be required to be guaranteed by any subsidiary we may acquire or create in the future. For further discussion, see the section titled Description of the Notes in this prospectus supplement.

The Notes will also rank *pari passu* with, or equal to, our general liabilities (total liabilities, less debt). In total, these general liabilities were \$17.0 million as of September 30, 2018. We currently do not have outstanding debt that is subordinated to the Notes and do not currently intend to issue indebtedness that expressly provides that it is subordinated to the Notes. Therefore, the Notes will not be senior to any of our indebtedness or obligations.

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We intend to list the Notes on The Nasdaq Global Select Market, and we expect trading to commence thereon within 30 days of the original issue date under the trading symbol FDUSZ . We have agreed to a covenant relating to the listing of the Notes, which is described under the headings Specific Terms of the Notes and Offering Other Covenants and Description of the Notes Covenants in this prospectus supplement. The Notes are expected to trade flat. This means that purchasers will not pay, and sellers will not receive, any accrued and unpaid interest on the Notes that is not included in the trading price. Currently, there is no public market for the Notes, and there can be no assurance that one will develop.

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in the Notes. Please read this prospectus supplement and the accompanying prospectus before investing in the Notes and keep them for future reference. We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. This information is also available free of charge by contacting us at 1603 Orrington Avenue, Suite 1005, Evanston, Illinois 60201, Attention: Investor Relations, or by calling us at (847) 859-3940 or on our website at www.fidus.com. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus. The SEC also maintains a website at www.sec.gov that contains such information.

Investing in the Notes involves a high degree of risk, and should be considered highly speculative. See Supplementary Risk Factors beginning on page S-18 of this prospectus supplement and Risk Factors beginning on page 13 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in the Notes.

Neither the SEC nor any state securities commission, nor any other regulatory body, has approved or disapproved of these securities, or determined if this preliminary prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public offering price	\$ 25.00	\$ 60,000,000
Underwriting discount (sales load and commissions)	\$ 0.75	\$ 1,800,000
Proceeds, before expenses, to us ⁽¹⁾	\$ 24.25	\$ 58,200,000

(1) We estimate that we will incur approximately \$400,000 in offering expenses in connection with this offering.

The underwriters may also purchase up to an additional \$9.0 million total aggregate principal amount of Notes offered by this prospectus supplement and the accompanying prospectus, solely to cover over-allotments, if any, within 30

days of the date of this prospectus supplement. If the underwriters exercise this option in full, the total public offering price will be \$69.0 million, the total underwriting discount (sales load and commissions) paid by us will be \$2.1 million, and total proceeds, before expenses, will be \$66.9 million.

THE NOTES ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

Delivery of the Notes in book-entry form only through The Depository Trust Company, known as DTC, will be made on or about February 8, 2019.

Sole Bookrunner

Keefe, Bruyette & Woods,

A Stifel Company

Co-Leads

BB&T Capital Markets Janney Montgomery Scott Ladenburg Thalmann

Co-Managers

B. Riley FBR William Blair

The date of this prospectus supplement is February 5, 2019

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ABOUT THE PROSPECTUS SUPPLEMENT

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

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

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

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights some of the information in this prospectus supplement. It is not complete and may not contain all of the information that you may want to consider. You should read the entire prospectus supplement and the accompanying prospectus carefully, including Supplementary Risk Factors, Risk Factors, Use of Proceeds, Selected Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements contained elsewhere in this prospectus supplement and the accompanying prospectus. Together, these documents describe the specific terms of the Notes we are offering.

Fidus Investment Corporation (FIC), a Maryland Corporation, operates as an externally managed BDC under the 1940 Act. FIC completed its initial public offering, or IPO, in June 2011. In addition, FIC has elected to be treated as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code). As of December 31, 2018, our shares were listed on the NASDAQ Global Select Market under the symbol FDUS and our 5.875% notes due 2023 Notes (the 2023 Notes) were listed on the NASDAQ Global Select Market under the symbol FDUSL.

FIC may make investments directly or through its two wholly owned investment company subsidiaries, Fidus Mezzanine Capital, L.P. (Fund I) and Fidus Mezzanine Capital II, L.P. (Fund II)(collectively Fund I and Fund II are referred to as the Funds). Fidus Investment GP, LLC, the general partner of the Funds, is also a wholly owned subsidiary of FIC. The Funds are licensed by the U.S. Small Business Administration (the SBA) as small business investment companies (SBICs). The Funds utilize the proceeds of the issuance of SBA-guaranteed debentures to enhance returns to our stockholders. 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 the majority of our investments will continue to be made through the Funds until the Funds reach their borrowing limit under the program. For three or more SBICs under common control, the maximum amount of outstanding SBA debentures cannot exceed \$350.0 million.

Unless otherwise noted in this prospectus supplement, the terms we, us, our, the Company, Fidus and FIC refer to Fidus Investment Corporation and its consolidated subsidiaries.

As used in this prospectus supplement, the term our investment advisor refers to Fidus Investment Advisors, LLC.

Fidus Investment Corporation

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

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We invest in companies that possess some or all of the following attributes: predictable revenues; positive cash flows; defensible and/or leading market positions; diversified customer and supplier bases; and proven management teams with strong operating discipline. We target companies in the lower middle-market with annual earnings, before interest, taxes, depreciation and amortization, or EBITDA, between \$5.0 million and \$30.0 million; however, we may from time to time opportunistically make investments in larger or smaller companies. Our investments typically range between \$5.0 million and \$30.0 million per portfolio company.

As of September 30, 2018, we had debt and equity investments in 65 active portfolio companies and one portfolio company that has sold its underlying operations with an aggregate fair value of \$668.5 million. The weighted average yield on our debt investments as of September 30, 2018 was 12.6%. 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 fees and expenses. The weighted average yield was computed using the effective interest rates as of September 30, 2018, including accretion of original issue discount (*OID*) and loan origination fees, but excluding investments on non-accrual status, if any. There can be no assurance that the weighted average yield will remain at its current level.

Market Opportunity

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

Business Strategy

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

Leveraging the experience of our investment advisor;

Capitalizing on our strong transaction sourcing network;

Serving as a value-added partner with customized financing solutions;

Employing rigorous due diligence and underwriting processes focused on capital preservation;

Actively managing our portfolio; and

Benefiting from lower cost of capital through our SBIC subsidiaries.

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Investment Criteria/Guidelines

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

Value Orientation / Positive Cash Flow. Our investment advisor places a premium on analysis of business fundamentals from an investor's perspective and has a distinct value orientation. We focus on companies with proven business models in which we can invest at relatively low multiples of operating cash flow. We also typically invest in portfolio companies with a history of profitability and minimum trailing twelve-month EBITDA of \$5.0 million. We do not invest in start-up companies, turn-around situations or companies that we believe have unproven business plans.

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

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

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

Significant Equity Value. We believe the existence of significant underlying equity value provides important support to our debt investments. With respect to our debt investments, we look for portfolio companies where management/sponsors have provided significant equity funding and where we believe aggregate enterprise value significantly exceeds aggregate indebtedness, after consideration of our investment.

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

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

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

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

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With respect to the administrative agreement with our investment advisor, our board of directors reviews the methodology employed in determining how expenses are allocated to us. Our board of directors assesses the reasonableness of such reimbursements for expenses allocated to us based on the breadth, depth and quality of such services as compared to the estimated cost to us of obtaining similar services from third-party service providers known to be available. In addition, our board of directors considers whether any third-party service provider would be capable of providing all such services at comparable cost and quality.

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

Operating and Regulatory Structure

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

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

We have elected to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code. In order to maintain our tax treatment as a RIC, we must satisfy certain source of income, asset diversification and distribution requirements. See [Material U.S. Federal Income Tax Considerations](#) in the accompanying prospectus.

Risk Factors

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

our dependence on key personnel of our investment advisor and our executive officers;

our ability to maintain or develop referral relationships;

our use of leverage;

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legislation that took effect in 2018 would allow us to incur additional leverage;

the availability of additional capital on attractive terms or at all;

uncertain valuations of our portfolio investments;

competition for investment opportunities;

actual and potential conflicts of interests with our investment advisor;

other potential conflicts of interest;

SBA regulations affecting our wholly owned SBIC subsidiaries;

changes in interest rates;

the impact of a protracted decline in liquidity of credit markets on our business and portfolio of investments;

our ability to maintain our status as a RIC and as a BDC;

the timing, form and amount of any distributions from our portfolio companies;

changes in laws or regulations applicable to us;

dilution risks related to our ability to issue shares below our current net asset value;

possible resignation of our investment advisor;

the general economy and its impact on the industries in which we invest;

risks associated with investing in lower middle-market companies;

the ability of our investment advisor to identify, invest in and monitor companies that meet our investment criteria;

our ability to invest in qualifying assets;

the Notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future, and will rank *pari passu* with, or equal to, all outstanding and future unsecured unsubordinated indebtedness issued by us and our general liabilities;

the Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries;

the indenture under which the Notes will be issued contains limited protection for holders of the Notes;

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there is no existing trading market for the Notes and, even if The Nasdaq Global Select Market approves the listing of the Notes, an active trading market for the Notes may not develop, which could limit your ability to sell the Notes and/or the market price of the Notes;

our amount of debt outstanding will increase as a result of this offering, and if we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes;

recent tax reform could have a negative effect on holders of the Notes or us;

a downgrade, suspension or withdrawal of the credit rating assigned by a rating agency to us or the Notes, if any, or change in the debt markets could cause the liquidity or market value of the Notes to decline significantly; and

we may choose to redeem the Notes when prevailing interest rates are relatively low.

See **Supplementary Risk Factors** beginning on page S-18 of this prospectus supplement and **Risk Factors** beginning on page 13 of the accompanying prospectus for additional factors you should carefully consider before deciding to invest in the Notes.

Recent Developments

On October 1, 2018, we invested \$13.7 million in a new subordinated debt investment of existing portfolio company, Rohrer Corporation.

On October 1, 2018, we exited our debt investment in Toledo Molding & Die, Inc. We received payment in full of \$10.0 million on our second lien debt.

On October 4, 2018, we exited our debt investment in Midwest Transit Equipment, Inc. We received payment in full of \$12.6 million on our subordinated debt, which includes a prepayment penalty.

On October 4, 2018, we exited our debt investment in Thermoforming Technology Group LLC (dba Brown Machine Group). We received payment in full of \$23.4 million on our second lien debt, which includes a prepayment penalty. We also received a distribution on our equity investment resulting in a realized gain of approximately \$0.7 million.

On October 19, 2018, we executed an amendment and incremental commitment agreement to the Credit Facility, whereby the amount available for borrowing under the Credit Facility was increased from \$75.0 million to \$90.0 million, with allowance for future increases in the commitments up to \$100.0 million.

On October 23, 2018, we invested \$7.5 million in first lien debt and common equity of Alzheimer's Research and Treatment Center, LLC, a leading clinical trial site services provider with a focus on trials targeting the treatment and prevention of Alzheimer's Disease.

On October 26, 2018, we received a distribution on our equity investment in FAR Research Inc., resulting in a realized gain of approximately \$3.3 million.

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On October 30, 2018, our board of directors declared a regular quarterly dividend of \$0.39 per share payable on December 21, 2018 to stockholders of record as of December 7, 2018. In addition, our board of directors declared a special dividend of \$0.04 per share payable on December 21, 2018 to stockholders of record as of December 7, 2018.

On November 8, 2018, we exited our debt investments in Revenue Management Solutions, LLC. We received payment in full of \$9.1 million on our subordinated debt, which includes a prepayment penalty.

On November 15, 2018, we invested \$7.5 million in subordinated debt and common equity of Palisade Company, LLC, a leading provider of risk modeling and decision analysis software.

On November 27, 2018, we exited our debt and equity investments in SimplyWell, Inc. We received payment in full of \$10.4 million on our second lien debt investment, which includes a prepayment penalty. We sold our preferred equity investment for approximately \$0.5 million.

On November 28, 2018, we exited our equity investments in Apex Microtechnology, Inc. We sold our common equity and warrant investments for a realized gain of approximately \$6.7 million.

On December 5, 2018, we exited our debt and equity investments in Caldwell & Gregory, LLC. We received payment in full of \$3.3 million on our subordinated debt investment. We sold our common equity and warrant investments for a realized gain of approximately \$1.0 million.

On December 13, 2018, we exited our debt investments in Restaurant Finance Co, LLC. We received partial repayment of approximately \$2.5 million on our second lien debt and realized a loss of approximately \$(6.8) million on relinquishment of the remaining balance.

On December 19, 2018, we exited our debt investments in Plymouth Rock Energy, LLC. We received payment in full of \$7.0 million on our second lien debt investment.

On December 26, 2018, we invested \$15.0 million in second lien debt of Argo Turboserve Corporation, a leading provider of parts management and other outsourced logistics services to the aerospace and industrial markets.

On January 3, 2019, we invested \$17.0 million in subordinated debt, common equity and preferred equity, and made a commitment for up to \$11.0 million of additional subordinated debt, of BCM One Group Holdings, Inc., a provider of managed technology solutions and services.

On January 3, 2019, we exited our debt investments in Gurobi Optimization, LLC. We received payment in full of \$20.4 million on our subordinated debt, which includes a prepayment penalty.

On January 28, 2019, we exited our existing debt and equity investments in K2 Industrial Services, Inc. We received payment in full on our Tranche A and A-1 notes, including prepayment penalties, and recognized a loss of approximately \$1.3 million on our equity investment. We converted our remaining Tranche B note into a new debt security of K2 Merger Agreement Agent, LLC (the residual escrow entity).

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On January 28, 2019, we invested \$18.4 million in subordinated debt and common equity of BCC Group Holdings, Inc., a leading provider of software and data solutions designed to enhance direct mail processing.

On January 31, 2019, the board of directors declared a regular quarterly dividend of \$0.39 per share payable on March 22, 2019 to stockholders of record as of March 8, 2019.

On February 1, 2019, we exited our debt investment in Fiber Materials, Inc. We received payment in full of \$4.0 million on our second lien debt.

On February 1, 2019, we exited our debt investment in Tile Redi, LLC. We received payment in full of \$10.2 million on our first lien debt.

After September 30, 2018, we borrowed a total of \$38.0 million under our Credit Facility, which brought the total amount of indebtedness outstanding under our Credit Facility to \$75.0 million as of February 4, 2019. We intend to use the net proceeds from this offering to repay a portion of such indebtedness, and after giving effect to this offering and such repayment (and assuming no exercise of the over-allotment option), we expect to have \$17.2 million of indebtedness outstanding under our Credit Facility.

Preliminary Estimate of Fourth Quarter 2018 Results

Set forth below are certain preliminary estimates of our financial condition and results of operations for the three months ended December 31, 2018. These estimates are subject to the completion of financial closing procedures and are not a comprehensive statement of our financial results for the three months ended December 31, 2018. We advise you that this information is inherently uncertain. Our actual results may differ materially from these estimates, which are given only as of the date of this prospectus supplement, as a result of the completion of our financial closing procedures, final adjustments and other developments that arise between now and the time that our financial results for the three months ended December 31, 2018 are finalized.

The preliminary financial estimates provided in this prospectus supplement have been prepared by, and are the responsibility of, management. Neither RSM US LLP, our independent registered public accounting firm, nor any other independent accountants has audited, reviewed, compiled, or performed any procedures with respect to the accompanying preliminary financial data. Accordingly, RSM US LLP does not express an opinion or any form of assurance with respect thereto and assumes no responsibility for, and disclaims any association with, this information.

As of the date of this prospectus supplement, we estimate that the range of our net investment income per share was between \$0.44 and \$0.46 for the three months ended December 31, 2018.

As of the date of this prospectus supplement, we estimate that the range of our adjusted net investment income⁽¹⁾ per share was between \$0.45 and \$0.47 for the three months ended December 31, 2018.

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As of the date of this prospectus supplement, we estimate that the range of our net asset value per share was between \$16.44 to \$16.49 as of December 31, 2018.

	(Per share)	
	Three Months Ended	
	December 31, 2018	
	(unaudited)	
	Low	High
	Estimate	Estimate
Net investment income	\$ 0.44	\$ 0.46
Capital gains incentive fee expense (reversal)	0.01	0.01
Adjusted net investment income ⁽¹⁾	\$ 0.45	\$ 0.47

- (1) On a supplemental basis, we provide information relating to adjusted net investment income, which is a non-GAAP measure. This measure is provided in addition to, but not as a substitute for, net investment income. Adjusted net investment income represents net investment income excluding any capital gains incentive fee expense or (reversal) attributable to realized and unrealized gains and losses. The Investment Advisory Agreement provides that a capital gains incentive fee is determined and paid annually with respect to cumulative realized capital gains (but not unrealized capital gains) to the extent such realized capital gains exceed realized and unrealized losses for such year, less the aggregate amount of any capital gains incentive fees paid in all prior years. In addition, we accrue, but do not pay, a capital gains incentive fee in connection with any unrealized capital appreciation, as appropriate. As such, we believe that adjusted net investment income is a useful indicator of operations exclusive of any capital gains incentive fee expense or (reversal) attributable to realized and unrealized gains and losses. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. The table above provides a reconciliation of our estimates for net investment income to adjusted net investment income for the three months ended December 31, 2018.

Table of Contents**SPECIFIC TERMS OF THE NOTES AND THE OFFERING**

This summary sets forth certain terms of the Notes that we are offering pursuant to this prospectus supplement and the accompanying prospectus. This section and the Description of the Notes section in this prospectus supplement outline the specific legal and financial terms of the Notes. You should read this section of the prospectus supplement together with the section titled Description of the Notes beginning on page S-57 of this prospectus supplement and the more general description of the Notes in the section titled Description of Our Debt Securities beginning on page 143 of the accompanying prospectus before investing in the Notes. Capitalized terms used in this prospectus supplement and not otherwise defined have the meanings ascribed to them in the accompanying prospectus or in the indenture governing the Notes.

Issuer	Fidus Investment Corporation
Title of the securities	6.00% Notes due 2024
Initial aggregate principal amount being offered	\$60,000,000
Over-Allotment Option	The underwriters may also purchase from us up to an additional \$9.0 million aggregate principal amount of Notes offered by this prospectus supplement and the accompanying prospectus within 30 days of the date of this prospectus supplement solely to cover over-allotments, if any.
Initial public offering price	\$25.00 per Note (100% of the aggregate principal amount)
Principal payable at maturity	100% of the aggregate principal amount; the principal amount of each Note will be payable on its stated maturity date at the office of the trustee, paying agent, and security registrar for the Notes or at such other office as we may designate.
Type of note	Fixed rate note
Listing	We intend to list the Notes on The Nasdaq Global Select Market within 30 days of the original issue date under the trading symbol FDUSZ . We have agreed to a covenant relating to the listing of the Notes, which is described under the headings Specific Terms of the Notes and the Offering Other Covenants and Description of the Notes Covenants in this prospectus supplement.

Interest rate	6.00% per year
Day count basis	360-day year of twelve 30-day months
Original issue date	February 8, 2019
Stated maturity date	February 15, 2024
Date interest starts accruing	February 8, 2019
Interest payment dates	Every February 15, May 15, August 15 and November 15, commencing May 15, 2019. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day, and no additional interest will accrue as a result of such delayed payment.

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Interest periods	The initial interest period will be the period from and including February 8, 2019, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.
Regular record dates for interest	Every February 1, May 1, August 1 and November 1, commencing May 1, 2019.
Specified currency	U.S. Dollars
Place of payment	The City of New York and/or such other places that may be specified in the indenture or a notice to holders.
Ranking of notes	<p>The Notes will be our direct unsecured obligations and will rank:</p> <p><i>pari passu</i> with our other outstanding and future unsecured unsubordinated indebtedness, including our 2023 Notes, of which \$50.0 million in aggregate principal amount was outstanding as of February 4, 2019;</p> <p>senior to any of our future indebtedness that expressly provides it is subordinated to the Notes;</p> <p>effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured in respect of which we subsequently grant a security interest), to the extent of the value of the assets securing such indebtedness, including, without limitation, borrowings under our Credit Facility, of which \$75.0 million was outstanding as of February 4, 2019; and</p> <p>structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including the Funds, which subsidiaries, as of February 4, 2019, had total indebtedness outstanding of \$191.0 million.</p>

Denominations

We will issue the Notes in denominations of \$25 and integral multiples of \$25 in excess thereof.

Business day

Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in the City of New York or another place of payment are authorized or obligated by law or executive order to close.

Optional redemption

The 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,

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2021 upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount of the Notes plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to the date fixed for redemption.

Any exercise of our option to redeem the Notes will be done in compliance with the 1940 Act.

If we redeem only some of the Notes, the trustee or DTC, as applicable, will determine the method for selection of the particular Notes to be redeemed, in accordance with the indenture governing the Notes and in accordance with the rules of any national securities exchange or quotation system on which the Notes are listed. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.

Sinking fund

The Notes will not be subject to any sinking fund.

Repayment at option of holders

Holder will not have the option to have the Notes repaid prior to the stated maturity date.

Defeasance

The Notes are subject to defeasance by us. Defeasance means that, by depositing with a trustee an amount of cash and/or government securities sufficient to pay all principal and interest, if any, on the Notes when due and satisfying any additional conditions required under the indenture relating to the Notes, we will be deemed to have been discharged from our obligations under the Notes. See Description of the Notes Defeasance in this prospectus supplement.

Covenant defeasance

The Notes are subject to covenant defeasance by us. In the event of a covenant defeasance, upon depositing such funds and satisfying conditions similar to those for defeasance we would be released from certain covenants under the indenture relating to the Notes. The consequences to the holders of the Notes would be that, while they would no longer benefit from certain covenants under the indenture, and while the Notes could not be accelerated for any reason, the holders of the Notes nonetheless could look to the Company for repayment of the Notes if there were a shortfall in the funds deposited with the trustee or the trustee is prevented from making a payment. See Description of the Notes Defeasance in this prospectus supplement.

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Form of notes

The Notes will be represented by global securities that will be deposited and registered in the name of DTC or its nominee. This means that, except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations that are participants in DTC.

Trustee, paying agent, and security registrar

U.S. Bank National Association

Other covenants

In addition to any covenants described elsewhere in this prospectus supplement or the accompanying prospectus, the following covenants will apply to the Notes:

We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by such provisions of Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in either case, to the exemptive relief granted to us by the SEC with respect to the consolidation of debt of the Funds. Currently, these provisions generally prohibit us from incurring additional borrowings, including through the issuance of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% (or 150% if we satisfy certain requirements in the future) after such borrowings. See

Supplementary Risk Factors Risks Related to the Notes Legislation that took effect in 2018 would allow us to incur additional leverage in this prospectus supplement.

We agree that, for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(B) as modified by (i) such provisions of Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions and after giving effect to any exemptive relief granted to us by the SEC and (ii) the two other exceptions set forth below. These statutory provisions of the 1940 Act are not currently applicable to us and will not be applicable to us as a result of this offering. However, if Section 18(a)(1)(B) as modified by Section 61(a) of the 1940 Act were currently applicable to us in connection with this offering, these provisions would generally

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prohibit us from declaring any cash dividend or distribution upon any class of our capital stock, or purchasing any such capital stock if our asset coverage were below 200% (or 150% if we satisfy certain requirements in the future) at the time of the declaration of the dividend or distribution or the purchase and after deducting the amount of such dividend, distribution, or purchase. Under the covenant, we will be permitted to declare a cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by such provisions of Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions, but only up to such amount as is necessary for us to maintain our status as a RIC under Subchapter M of the Code. Furthermore, the covenant will permit us to continue paying dividends or distributions and will not be triggered unless and until such time as our asset coverage (as defined in the 1940 Act, except to the extent modified by this covenant) has not been in compliance with the minimum asset coverage required by Section 18(a)(1)(B) as modified by such provisions of Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions (after giving effect to any exemptive relief granted to us by the SEC) for more than six consecutive months. For the purposes of determining asset coverage as used above, any and all indebtedness of the Company, including any outstanding borrowings under the Credit Facility and any successor or additional credit facility, shall be deemed a senior security of us. See Supplementary Risk Factors Risks Related to the Notes Legislation that took effect in 2018 would allow us to incur additional leverage in this prospectus supplement.

If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, or the Exchange Act, to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable Generally Accepted Accounting Principles in the United States of America, or U.S. GAAP.

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We agree that for the period of time during which the Notes are outstanding, we will use our reasonable best efforts (i) to effect within thirty (30) days of issuance and delivery of the Notes the listing of the Notes on the Nasdaq Stock Market LLC and (ii) to maintain the listing of the Notes on the Nasdaq Stock Market LLC or another national securities exchange.

Events of default

You will have rights if an Event of Default occurs with respect to the Notes and is not cured.

The term "Event of Default" in respect of the Notes means any of the following:

We do not pay the principal of, or any premium on, any Note when due and payable at maturity;

We do not pay interest on any Note when due and payable, and such default is not cured within 30 days of its due date;

We remain in breach of any other covenant in respect of the Notes for 60 days after we receive a written notice of default stating we are in breach (the notice must be sent by either the trustee or holders of at least 25% of the principal amount of the outstanding Notes);

We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and remain undischarged or unstayed for a period of 60 days; or

On the last business day of each of twenty-four consecutive calendar months, the Notes have an asset coverage of less than 100%, giving effect to the exemptive relief granted to us by the SEC with respect to the consolidation of debt of the Funds.

Further issuances

We have the ability to issue additional debt securities under the indenture with terms different from the Notes and, without the consent of the holders of the Notes, to reopen the Notes and issue additional Notes. If we issue additional debt securities, these additional debt securities could have a lien or other security interest greater than that accorded to the holders of the Notes, which are unsecured.

Use of proceeds

We estimate that the net proceeds we will receive from the sale of the Notes will be approximately \$57.8 million (or approximately \$66.5 million if the underwriters exercise their over-allotment option in full) based on a public offering price of \$25 per Note, after deducting the underwriting

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discount of \$1.8 million (or approximately \$2.1 million if the underwriters fully exercise their over-allotment option) payable by us and estimated offering expenses of approximately \$400,000 payable by us. We may change the size of this offering based on demand and market conditions.

We intend to use the net proceeds from this offering to repay outstanding indebtedness under our Credit Facility. However, we may re-borrow under our Credit Facility and use such borrowings to invest in lower middle-market companies in accordance with our investment objective and strategies and for working capital and general corporate purposes. As of February 4, 2019, we had \$75.0 million of indebtedness outstanding under our Credit Facility. Our Credit Facility matures on June 16, 2019, and borrowings under the Credit Facility currently bear interest on a per annum basis equal to (i) the alternate base rate plus 2.5% or (ii) the applicable London Interbank Offered Rate, or LIBOR, which varies depending on the period of the borrowing under the Credit Facility, plus 3.5%. The alternate base rate is equal to the greater of (i) prime rate, (ii) the federal funds rate plus 0.5% or (iii) the three-month LIBOR plus 1.0%.

Governing law

The Notes and the indenture will be governed by and construed in accordance with the laws of the State of New York.

Global clearance and settlement procedures

Interests in the Notes will trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. None of the Company, the trustee or the paying agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

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SUPPLEMENTARY RISK FACTORS

Investing in the Notes involves a high degree of risk. Before you invest in the Notes, you should be aware of various significant risks, including those described below. You should carefully consider these risks, together with all of the other information included in this prospectus supplement and the accompanying prospectus, before you decide whether to make an investment in the Notes. The risks set forth below are not the only risks we face. If any of the following risks occur, our business, financial condition and results of our operations could be materially adversely affected. In such case, you could lose all or part of your investment.

Risks Related to the Notes

The Notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future and will rank pari passu with, or equal to, all outstanding and future unsecured unsubordinated indebtedness issued by us and our general liabilities.

The Notes will not be secured by any of our assets or any of the assets of any of our subsidiaries. As a result, the Notes will be effectively subordinated to any secured indebtedness we or our subsidiaries have outstanding as of the date of this prospectus supplement (including our Credit Facility) or that we or our subsidiaries may incur in the future (or any indebtedness that is initially unsecured as to which we subsequently grant a security interest) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our secured indebtedness or secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. As of February 4, 2019, we had \$75.0 million in outstanding indebtedness under our Credit Facility. The indebtedness under the Credit Facility is effectively senior to the Notes to the extent of the value of the assets securing such indebtedness.

The Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

The Notes will be obligations exclusively of Fidus Investment Corporation, and not of any of our subsidiaries. None of our subsidiaries will be a guarantor of the Notes, and the Notes will not be required to be guaranteed by any subsidiary we may acquire or create in the future. Any assets of our subsidiaries will not be directly available to satisfy the claims of our creditors, including holders of the Notes. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors of our subsidiaries will have priority over our equity interests in such entities (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such entities. Even if we are recognized as a creditor of one or more of these entities, our claims would still be effectively subordinated to any security interests in the assets of any such entity and to any indebtedness or other liabilities of any such entity senior to our claims. Consequently, the Notes will be structurally subordinated to all indebtedness and other liabilities, including trade payables, of any of our existing or future subsidiaries, including the Funds. As of February 4, 2019, our subsidiaries had total indebtedness outstanding of \$191.0 million. Certain of these entities currently serve as guarantors under our Credit Facility, and in the future our subsidiaries may incur substantial additional indebtedness, all of which is and would be structurally senior to the Notes.

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The indenture under which the Notes will be issued contains limited protection for holders of the Notes.

The indenture under which the Notes will be issued offers limited protection to holders of the Notes. The terms of the indenture and the Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have a material adverse impact on your investment in the Notes. In particular, the terms of the indenture and the Notes will not place any restrictions on our or our subsidiaries' ability to:

issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in those entities and therefore rank structurally senior to the Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18(a)(1)(A) as modified by such provisions of Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in each case, to the exemptive relief granted to us by the SEC with respect to the consolidation of debt of the Funds. Currently, these provisions generally prohibit us from making additional borrowings, including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% (or 150% if we satisfy certain requirements in the future) after such borrowings. See Legislation that took effect in 2018 would allow us to incur additional leverage below;

pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes, including subordinated indebtedness, except that we have agreed that, for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(B) as modified by (i) such provisions of Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions and after giving effect to any exemptive relief granted to us by the SEC and (ii) the following two exceptions: (A) we will be permitted to declare a cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by such provisions of Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions, but only up to such amount as is necessary for us to maintain our status as a RIC under Subchapter M of the Code; and (B) this restriction will permit us to continue paying dividends or distributions and will not be triggered unless and until such time as our asset coverage (as defined in the 1940 Act, except to the extent modified by this covenant) has not been in compliance with the minimum asset coverage required by Section 18(a)(1)(B) as modified by such provisions of Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions (after giving effect to any exemptive relief granted to us by the SEC) for more than six consecutive months. If Section 18(a)(1)(B) as modified by Section 61(a) of the 1940 Act were currently applicable to us in connection with this offering, these provisions would generally prohibit us from declaring any cash dividend or distribution upon any class of our capital stock, or purchasing any such capital stock if our asset coverage were below 200% (or 150% if we satisfy certain requirements in the future) at the time of the

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declaration of the dividend or distribution or the purchase and after deducting the amount of such dividend, distribution or purchase. For the purposes of determining asset coverage as used above, any and all indebtedness of the Company, including any outstanding borrowings under the Credit Facility and any successor or additional credit facility, shall be deemed a senior security of us. See Legislation that took effect in 2018 would allow us to incur additional leverage below;

sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);

enter into transactions with affiliates;

create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;

make investments; or

create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

In addition, the indenture (as defined in Description of the Notes) will not require us to make an offer to purchase the Notes in connection with a change of control or any other event.

Furthermore, the terms of the indenture and the Notes do not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, if any, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow, or liquidity other than as described under Description of the Notes Events of Default and Description of the Notes Covenants elsewhere in this prospectus supplement.

Our ability to recapitalize, incur additional debt (including additional debt that matures prior to the maturity of the Notes), and take a number of other actions that are not limited by the terms of the Notes may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting the trading value of the Notes.

Other debt we issue or incur in the future could contain more protections for its holders than the indenture and the Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for, trading levels, and prices of the Notes.

There is no existing trading market for the Notes and, even if The Nasdaq Global Select Market approves the listing of the Notes, an active trading market for the Notes may not develop, which could limit your ability to sell the Notes and/or the market price of the Notes.

The Notes will be a new issue of debt securities for which there initially will not be a trading market. We intend to list the Notes on The Nasdaq Global Select Market within 30 days of the original issue date under the symbol FDUSZ . However, there is no assurance that the Notes will be approved for listing on The Nasdaq Global Select Market.

Moreover, even if the listing of the Notes is approved, we cannot provide any assurances that an active trading market will develop or be maintained for the Notes or that you will be able to sell

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your Notes. If the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, if any, general economic conditions, our financial condition, performance and prospects and other factors. The underwriters have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The underwriters may discontinue any market-making in the Notes at any time at their sole discretion.

Accordingly, we cannot assure you that the Notes will be approved for listing on The Nasdaq Global Select Market, that a liquid trading market will develop or be maintained for the Notes, that you will be able to sell your Notes at a particular time or that the price you receive when you sell will be favorable. To the extent an active trading market does not develop, the liquidity and trading price for the Notes may be harmed. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period of time.

Our amount of debt outstanding will increase as a result of this offering, and if we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes.

As of February 4, 2019, we had approximately \$75.0 million of indebtedness outstanding under the Credit Facility and \$50.0 million in aggregate principal of our 2023 Notes outstanding. Any default under the agreements governing our indebtedness, including a default under our Credit Facility, the indenture governing our 2023 Notes or other indebtedness to which we may be a party that is not waived by the required lenders or holders, and the remedies sought by lenders or the holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, as applicable, in the instruments governing our indebtedness (including the Credit Facility, the Notes, and the 2023 Notes), we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest; the lenders under the Credit Facility or other revolving credit facility we may incur in the future could elect to terminate their commitment, cease making further loans and institute foreclosure proceedings against our assets; and we could be forced into bankruptcy or liquidation.

Our ability to generate sufficient cash flow in the future is, to some extent, subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under the Credit Facility or otherwise, in an amount sufficient to enable us to meet our payment obligations under the Notes, our other debt, and to fund other liquidity needs.

In this regard, our Credit Facility is scheduled to mature on June 16, 2019. We are in the process of negotiating a renewal and extension of our Credit Facility, but we cannot assure you that those efforts will be successful. If we fail to negotiate such an extension, and the Credit Facility were to mature on June 16, 2019, as scheduled, then the commitments under the Credit Facility would expire, we would have to repay any then-outstanding borrowings under the Credit Facility, and we would be unable to borrow additional amounts under the Credit Facility, all of which could have a material adverse effect on our ability to make required payments under the Notes and the 2023 Notes, our ability to fund new investments, and our liquidity generally.

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In addition, if our operating performance declines and we are not able to generate sufficient cash flow to service our debt obligations, we may in the future need to refinance or restructure our debt, including any Notes sold, sell assets, reduce or delay capital investments, seek to raise additional capital or seek to obtain waivers from the lenders under the Credit Facility, the holders of our 2023 Notes or other debt that we may incur in the future to avoid being in default. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Notes and our other debt. If we breach our covenants under the Credit Facility, the 2023 Notes or any of our other debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders thereof. If this occurs, we would be in default under the Credit Facility, the 2023 Notes or other debt, the lenders or holders could exercise rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations could proceed against the collateral securing the debt, including the Credit Facility. Because the Credit Facility has, and any future credit facilities will likely have, customary cross-default provisions, if we have a default under the terms of the Notes, the obligations under the Credit Facility or any future credit facility may be accelerated and we may be unable to repay or finance the amounts due.

A downgrade, suspension or withdrawal of the credit rating assigned by a rating agency to us or the Notes, if any, or change in the debt markets could cause the liquidity or market value of the Notes to decline significantly.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the Notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor any underwriter undertakes any obligation to maintain our credit ratings or to advise holders of Notes of any changes in our credit ratings. There can be no assurance that our credit ratings will remain for any given period of time or that such credit ratings will not be lowered or withdrawn entirely by the rating agencies if in their judgment future circumstances relating to the basis of the credit ratings, such as adverse changes in our company, so warrant. The conditions of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Notes.

We may choose to redeem the Notes when prevailing interest rates are relatively low.

On or after February 15, 2021, we may choose to redeem the Notes from time to time, especially if prevailing interest rates are lower than the rate borne by the Notes. Before redeeming any Notes, we would have to comply with certain requirements under our Credit Facility, to the extent such requirements remain in effect at such time, or otherwise obtain consent from the lenders. If prevailing rates are lower at the time of redemption, and we redeem the Notes, you likely would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed. Our redemption right also may adversely impact your ability to sell the Notes as the optional redemption date or period approaches.

Legislation that took effect in 2018 would allow us to incur additional leverage.

As a BDC, under the 1940 Act generally we are not permitted to incur indebtedness unless immediately after such borrowing we have an asset coverage for total borrowings of at least 200.0% (i.e., the amount of debt may not exceed 50.0% of the value of our assets). However,

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legislation that took effect in 2018 has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur from an asset coverage ratio of 200.0% to an asset coverage ratio of 150.0%, if certain requirements are met. Under the legislation, we are allowed to increase our leverage capacity if stockholders representing at least a majority of the votes cast, when quorum is met, approve a proposal to do so. If we receive stockholder approval, we would be allowed to increase our leverage capacity on the first day after such approval. Alternatively, the legislation allows the required majority of our independent directors, as defined in Section 57(o) of the 1940 Act, to approve an increase in our leverage capacity, and such approval would become effective after one year. In either case, we would be required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to increase our leverage, our leverage capacity and usage, and risks related to leverage.

Leverage magnifies the potential for loss on investments and on invested equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. For example, as we increase our leverage and, as a result, our total interest expense and other required payments on such indebtedness, any decrease in our income would cause net investment income to decline more sharply than it would have had we not borrowed, and the decline could negatively affect our ability to make the required payments on such indebtedness or on our other securities. Increased leverage may also cause a downgrade of our credit rating. Leverage is generally considered a speculative investment technique.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, will, may, could, believes, seeks, estimates, would, 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 prospectus supplement and the accompanying prospectus involve risks and uncertainties, including statements as to:

our future operating results;

our business prospects and the prospects of our portfolio companies;

the impact of investments that we expect to make;

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;

the ability of our portfolio companies to achieve their objectives;

our expected financing and investments;

the size and use of proceeds of this offering;

the adequacy of our cash resources and working capital;

the timing of cash flows, if any, from the operations of our portfolio companies;

the impact of increased competition;

the ability of our investment advisor to identify suitable investments for us and to monitor and administer our investments;

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 and a RIC and each of the Funds' respective ability to operate as a SBIC;

the timing of cash flows, if any, from the operations of our portfolio companies;

the timing, form and amount of any dividend distributions;

the impact of fluctuations in interest rates on our business;

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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 could impair our portfolio companies' ability to continue to operate, which could lead to the loss of value in some or all of our investments in such portfolio companies;

a contraction of available credit and/or an inability to access the equity markets 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 portfolio companies with foreign operations; and

the risks, uncertainties and other factors we identify in **Supplementary Risk Factors** beginning on page S-18 of this prospectus supplement and **Risk Factors** beginning on page 13 of the accompanying prospectus and in our other filings with the SEC.

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 loans and 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 prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in **Risk Factors** and elsewhere in this prospectus supplement and the accompanying prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus. The forward-looking statements and projections contained in this prospectus supplement and accompanying prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the Securities Act.

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of the Notes will be approximately \$57.8 million (or approximately \$66.5 million if the underwriters exercise their over-allotment option in full) based on a public offering price of \$25 per Note, after deducting the underwriting discount of \$1.8 million (or approximately \$2.1 million if the underwriters fully exercise their over-allotment option) payable by us and estimated offering expenses of approximately \$400,000 payable by us. We may change the size of this offering based on demand and market conditions.

We intend to use the net proceeds from this offering to repay outstanding indebtedness under our Credit Facility. However, we may re-borrow under our Credit Facility and use such borrowings to invest in lower middle-market companies in accordance with our investment objective and strategies and for working capital and general corporate purposes. As of February 4, 2019, we had \$75.0 million of indebtedness outstanding under our Credit Facility, which is subject to customary covenants and obligations. After giving effect to this offering and the use of the net proceeds therefrom to repay outstanding indebtedness under the Credit Facility (and assuming no exercise of the over-allotment option), we will have under our Credit Facility \$17.2 million of indebtedness outstanding and \$72.8 million available to be drawn. Our Credit Facility matures on June 16, 2019, and borrowings under the Credit Facility currently bear interest on a per annum basis equal to (i) the alternate base rate plus 2.5% or (ii) the applicable LIBOR, which varies depending on the period of the borrowing under the Credit Facility, plus 3.5%. The alternate base rate is equal to the greater of (i) prime rate, (ii) the federal funds rate plus 0.5% or (iii) the three-month LIBOR plus 1.0%. See

Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources for additional information.

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The following table sets forth our capitalization as of September 30, 2018:

on an actual basis as of September 30, 2018; and

on an as adjusted basis for the sale of \$60.0 million aggregate principal amount of the Notes offered by this prospectus supplement and the accompanying prospectus (assuming no exercise of the over-allotment option) based on a public offering price of \$25 per Note, after deducting the underwriting discounts and commissions of \$1.8 million payable by us and estimated offering expenses of approximately \$400,000 payable by us, and to reflect additional borrowings of \$38.0 million under the Company's Credit Facility subsequent to September 30, 2018 and total borrowings outstanding of \$75.0 million as of February 4, 2019 and the use of proceeds from this offering to repay \$57.8 million of such outstanding indebtedness under the Credit Facility. This table should be read in conjunction with our Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included in this prospectus supplement and the accompanying prospectus.

	As of September 30, 2018	
	Actual	As Adjusted
	(Unaudited)	(Unaudited)
	(Dollars in thousands, except per share data)	
ASSETS		
Cash and cash equivalents	\$ 38,072	\$ 76,072
Investments, at fair value	668,503	668,503
Other assets	6,923	6,923
Total assets	\$ 713,498	\$ 751,498
LIABILITIES		
SBA debentures, net of deferred financing costs	\$ 209,908	\$ 209,908
2023 Notes, net of deferred financing costs	48,314	48,314
Credit Facility, net of deferred financing costs ⁽¹⁾	36,794	16,994
Notes offered hereby, net of deferred financing costs		57,800
Other liabilities	16,960	16,960
Total liabilities	311,976	349,976
NET ASSETS		

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Common stock, \$0.001 par value (100,000,000 shares authorized, 24,463,119 shares issued and outstanding)	24	24
Additional paid-in capital	369,963	369,963
Undistributed net investment income	864	864
Accumulated net realized (loss) on investments, net of taxes and distributions	(18,563)	(18,563)
Accumulated net unrealized appreciation on investments	49,234	49,234
Total net assets	401,522	401,522
Total liabilities and net assets	\$ 713,498	\$ 751,498
Net asset value per common share	\$ 16.41	\$ 16.41

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- (1) After September 30, 2018, we borrowed a total of \$38.0 million under our Credit Facility, which brought the total amount of indebtedness outstanding under our Credit Facility to \$75.0 million as of February 4, 2019. We intend to use the net proceeds from this offering to repay a portion of such indebtedness, and after giving effect to this offering and such repayment (and assuming no exercise of the over-allotment option), we expect to have \$17.2 million of indebtedness outstanding under our Credit Facility.

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The following selected consolidated financial data of Fidus Investment Corporation and its subsidiaries, including the Funds, as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, is derived from the consolidated financial statements that have been audited by RSM US LLP, our independent registered public accounting firm. The selected consolidated financial and other data for the nine months ended September 30, 2018 and other quarterly financial information is derived from our unaudited financial statements, and in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results of such interim periods. Interim results as of and for the nine months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ended December 31, 2018. This financial data should be read in conjunction with our consolidated financial statements and the notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this prospectus supplement and the accompanying prospectus.

	Nine Months Ended September 30, 2018 (Unaudited)	Years Ended December 31,				
		2017	2016	2015	2014	2013
(Dollars in Thousands, Except Per Share Data)						
Statement of operations data:						
Total investment income	\$ 54,217	\$ 68,615	\$ 60,229	\$ 54,269	\$ 46,116	\$ 41,792
Interest and financing expenses	9,234	9,893	10,594	9,428	7,507	7,076
Base management fee	8,438	9,788	8,254	7,545	5,899	5,261
Incentive fee	9,359	10,968	10,369	6,481	4,857	6,792
All other expenses	3,342	4,069	3,986	3,932	4,189	3,121
Net investment income before income taxes	23,844	33,897	27,026	26,883	23,664	19,542
Income tax provision (benefit)	28	220	425	390	383	246
Net investment income	23,816	33,677	26,601	26,493	23,281	19,296
Net realized gains (losses)	(15,154)	17,904	(13,835)	9,531	(17,029)	30,588
Net change in unrealized appreciation (depreciation)	30,216	(5,426)	29,009	(10,086)	13,250	(22,188)
Income tax (provision) benefit from realized gains on investments	(1,408)	(2,204)	(205)	39	(17)	(493)
Net increase in net assets resulting from operations	\$ 37,470	\$ 43,951	\$ 41,570	\$ 25,977	\$ 19,485	\$ 27,203

Per share data:

Net asset value (at end of period)	\$ 16.41	\$ 16.05	\$ 15.76	\$ 15.17	\$ 15.16	\$ 15.35
Net investment income	\$ 0.97	\$ 1.43	\$ 1.45	\$ 1.64	\$ 1.62	\$ 1.43
Net gain (loss) on investments	\$ 0.56	\$ 0.44	\$ 0.82	\$ (0.04)	\$ (0.26)	\$ 0.58
Net increase in net assets resulting from operations	\$ 1.53	\$ 1.87	\$ 2.27	\$ 1.60	\$ 1.36	\$ 2.01
Dividends	\$ 1.17	\$ 1.60	\$ 1.60	\$ 1.60	\$ 1.72	\$ 1.94

Other data:

Weighted average annual yield on debt investments ⁽¹⁾	12.6%	13.0%	13.1%	13.3%	13.4%	14.5%
Number of portfolio companies at year end	66	63	57	53	42	37
Expense ratios (as percentage of average net assets ⁽²⁾):						
Operating expenses	5.3% ⁽³⁾	6.6%	7.8%	7.3%	6.7%	7.2%
Interest expense	2.3% ⁽³⁾	2.6%	3.7%	3.8%	3.4%	3.4%

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- (1) Weighted average yields are computed using the effective interest rates for debt investments at cost as of the period end date, including accretion of original issue discount and loan origination fees, but excluding investments on non-accrual status, if any. 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.
- (2) 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.
- (3) Amounts have not been annualized for the nine months ended September 30, 2018.

	Nine Months Ended September 30, 2018 (Unaudited)		As of December 31, 2016 2015 2014 2013			
		2017	(Dollars in Thousands)			
Statement of assets and liabilities data:						
Total investments, fair value	\$ 668,503	\$ 596,308	\$ 524,454	\$ 443,269	\$ 396,355	\$ 306,981
Total assets ⁽⁴⁾	713,498	646,263	586,742	480,668	431,020	364,110
Borrowings	301,500	242,800	224,000	229,000	183,500	144,500
Total net assets	401,522	393,273	353,785	247,362	243,263	211,125

- (4) In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-03, *Interest Imputation of interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability rather than as an asset. We adopted ASU 2015-03 as of January 1, 2016. Prior to adoption, the Company recorded deferred financing costs as an asset on the consolidated statements of assets and liabilities. Upon adoption of ASU 2015-03, the Company reclassified these deferred costs to a direct offset of the related debt liability on the consolidated statements of assets and liabilities. In the table above, the new guidance has been applied retrospectively to fiscal years 2015, 2014 and 2013 to conform presentation.

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The following tables set forth certain quarterly financial information for each of the 11 quarters ending with the quarter ended September 30, 2018 (dollars in thousands, except per share numbers). This information was derived from our unaudited consolidated financial statements. Results for any quarter are not necessarily indicative of results for the past fiscal year or for any future quarter.

	March 31, 2018	June 30, 2018	September 30, 2018
Total investment income	\$ 18,233	\$ 18,112	\$ 17,872
Net investment income	7,377	8,958	7,481
Net increase in net assets from operations	15,025	7,644	14,801
Net investment income per share	\$ 0.30	\$ 0.37	\$ 0.31
Net increase in net assets from operations per share	\$ 0.61	\$ 0.31	\$ 0.61
Net asset value per share at end of period	\$ 16.28	\$ 16.20	\$ 16.41

	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
Total investment income	\$ 16,228	\$ 17,271	\$ 18,048	\$ 17,068
Net investment income	7,859	8,942	9,189	7,687
Net increase in net assets from operations	9,532	9,957	12,055	12,407
Net investment income per share	\$ 0.35	\$ 0.39	\$ 0.38	\$ 0.31
Net increase in net assets from operations per share	\$ 0.42	\$ 0.44	\$ 0.49	\$ 0.51
Net asset value per share at end of period	\$ 15.80	\$ 15.87	\$ 15.97	\$ 16.05

	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016
Total investment income	\$ 14,691	\$ 13,832	\$ 14,431	\$ 17,275
Net investment income	7,082	4,943	6,735	7,841
Net increase in net assets from operations	7,540	12,793	8,594	12,643
Net investment income per share	\$ 0.43	\$ 0.29	\$ 0.35	\$ 0.39
Net increase in net assets from operations per share	\$ 0.46	\$ 0.74	\$ 0.45	\$ 0.62
Net asset value per share at end of period	\$ 15.25	\$ 15.52	\$ 15.58	\$ 15.76

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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 Selected Consolidated Financial Data, Fidus Investment Corporation's consolidated financial statements and related notes appearing elsewhere in this prospectus supplement and the accompanying prospectus. The information contained in this section contains forward-looking statements that involve risks and uncertainties. Please see Supplemental Risk Factors, Risk Factors and Special Note Regarding Forward-Looking Statements in this prospectus supplement and the accompanying prospectus for a discussion of the uncertainties, risks and assumptions associated with these statements.

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. 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.

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

Fund I received its SBIC license on October 22, 2007 and Fund II received its SBIC license on May 28, 2013. We plan to continue to operate the Funds as SBICs, subject to SBA approval, and to utilize the proceeds of the sale of SBA-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. Based on the current capitalization of the Funds, we have fully utilized our borrowing capacity under the SBIC debenture program.

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

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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.

Investments

We seek to create a diversified investment portfolio that primarily includes loans and, to a lesser extent, equity securities. Our investments typically range between \$5.0 million to \$30.0 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.

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 (Mezzanine) Debt. These investments are typically structured as unsecured, subordinated notes. Structurally, mezzanine 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. Unsecured 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, both mezzanine and unsecured 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.

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

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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 loan. The majority of our debt investments provide for a fixed interest rate.

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 capital gains and distributions, if any, on equity investments. Our debt investments, whether in the form of mezzanine, senior secured or unitranche loans, typically have terms of five to seven years and bear interest at a fixed rate but may bear interest at a floating rate. In some instances, we receive payments on our debt investments based on scheduled amortization of the outstanding balances. In addition, we receive repayments of some of our debt investments prior to their scheduled maturity dates, 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 loans and any accrued but unpaid interest generally become due at the maturity date. In addition, we may generate revenue in the form of commitment, origination, amendment, or structuring fees and fees for providing managerial assistance. 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 premiums on loans as fee income. Interest and dividend income is recorded on the accrual basis to the extent that we expect to collect such amounts. Debt investments or preferred equity securities are placed on non-accrual status when principal, interest or dividend payments become materially

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past due, or when there is reasonable doubt that principal, interest or dividends will be collected. See Critical Accounting Policies and Use of Estimates Revenue Recognition. 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 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.

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

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

organization;

calculating our net asset value (including the cost and expenses of any independent valuation firm);

fees and expenses incurred by our investment advisor under the Investment Advisory Agreement or payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for us and in monitoring our investments and performing due diligence on our prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments, 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 our investment advisor based upon our allocable portion of our investment advisor's overhead in performing its obligations under the Administration Agreement, including rent and the allocable portion of the cost of our officers, including our chief compliance officer, our chief financial officer, and their respective staffs);

transfer agent, dividend agent and custodial fees and expenses;

federal and state registration fees;

all costs of registration and listing our shares on any securities exchange;

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U.S. federal, state and local taxes;

Independent Directors' fees and expenses;

costs of preparing and filing reports or other documents required by the SEC or other regulators including printing costs;

costs of any reports, proxy statements or other notices to stockholders, including printing and mailing costs;

our allocable portion of any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;

direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;

proxy voting expenses; and

all other expenses reasonably incurred by us or our investment advisor in connection with administering our business.

Portfolio Composition, Investment Activity and Yield

During the nine months ended September 30, 2018 and 2017, we invested \$144.6 million and \$155.6 million in debt and equity investments, respectively, including 12 and 10 new portfolio companies, respectively. During the nine months ended September 30, 2018 and 2017, we received proceeds from sales or repayments, including principal, return of capital dividends and net realized gains (losses), of \$92.1 million and \$132.7 million, respectively, including exits of nine and four portfolio companies, respectively. The following table summarizes investment purchases and sales and repayments of investments by type for the nine months ended September 30, 2018 and 2017 (dollars in millions).

	Purchases of Investments				Sales and Repayments of Investments			
	2018		2017		2018		2017	
Second Lien Debt	\$ 104.0	71.9%	\$ 92.3	59.3%	\$ 49.9	54.2%	\$ 45.5	34.4%
Subordinated Debt	13.9	9.7	41.7	26.8	30.1	32.7	41.2	31.0
First Lien Debt	18.7	12.9	10.9	7.0	1.3	1.4	32.7	24.6
Equity	8.0	5.5	9.8	6.3	10.5	11.4	13.3	10.0
Warrants			0.9	0.6	0.3	0.3		
Royalty Rights								

Total	\$ 144.6	100.0%	\$ 155.6	100.0%	\$ 92.1	100.0%	\$ 132.7	100.0%
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As of September 30, 2018, the fair value of our investment portfolio totaled \$668.5 million and consisted of 65 active portfolio companies and one portfolio company that has sold its underlying operations. As of September 30, 2018, five debt investments bore interest at a variable rate, which represented \$44.8 million of our portfolio on a fair value basis, and the remainder of our debt portfolio was comprised of fixed rate investments. Overall, the portfolio had net unrealized appreciation of \$48.7 million as of September 30, 2018. As of September 30, 2018, our average active portfolio company investment at amortized cost was \$9.5 million, which excludes investments in the one portfolio company that has sold its underlying operations.

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As of December 31, 2017, the fair value of our investment portfolio totaled \$596.3 million and consisted of 60 active portfolio companies and three portfolio companies that have sold their underlying operations. As of December 31, 2017, three debt investments bore interest at a variable rate, which represented \$26.1 million of our portfolio on a fair value basis, and the remainder of our debt portfolio was comprised of fixed rate investments. Overall, the portfolio had net unrealized appreciation of \$18.5 million as of December 31, 2017. As of December 31, 2017, our average active portfolio company investment at amortized cost was \$9.6 million, which excludes investments in the three portfolio companies that have sold their underlying operations.

The weighted average yield on debt investments as of September 30, 2018 and December 31, 2017 was 12.6% and 13.0%, 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 as of September 30, 2018 and December 31, 2017, respectively, including the accretion of OID and loan origination fees, but excluding investments on non-accrual status, if any.

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

	Fair Value				Cost			
	September 30, 2018		December 31, 2017		September 30, 2018		December 31, 2017	
Second Lien Debt	\$ 386.4	57.8%	\$ 341.3	57.3%	\$ 406.7	65.6%	\$ 357.6	62.0%
Subordinated Debt	102.9	15.4	126.5	21.2	102.9	16.6	126.5	21.9
First Lien Debt	46.4	6.9	28.8	4.8	45.7	7.4	31.9	5.5
Equity	116.8	17.5	84.6	14.2	56.8	9.2	53.9	9.3
Warrants	16.0	2.4	15.1	2.5	7.5	1.2	7.7	1.3
Royalty Rights					0.2		0.2	
Total	\$ 668.5	100.0%	\$ 596.3	100.0%	\$ 619.8	100.0%	\$ 577.8	100.0%

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			
	September 30, 2018		December 31, 2017		September 30, 2018		December 31, 2017	
Midwest	\$ 188.6	28.2%	\$ 168.0	28.2%	\$ 181.8	29.4%	\$ 161.8	28.1%
Southeast	178.0	26.6	130.2	21.8	157.0	25.3	130.7	22.6
Northeast	76.9	11.5	107.8	18.1	69.5	11.2	105.3	18.2

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West	63.3	9.5	63.4	10.6	53.9	8.7	54.0	9.3
Southwest	161.7	24.2	126.9	21.3	157.6	25.4	126.0	21.8
Total	\$ 668.5	100.0%	\$ 596.3	100.0%	\$ 619.8	100.0%	\$ 577.8	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	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Specialty Distribution	12.3%	6.2%	13.0%	6.2%
Component Manufacturing	9.2	6.6	10.2	7.0
Healthcare Services	8.5	10.8	7.9	9.9
Information Technology Services	8.2	10.7	8.5	11.0
Business Services	7.2	6.5	7.6	7.3
Oil & Gas Services	5.9	4.7	1.6	2.7
Transportation Services	5.6	7.1	5.6	7.3
Aerospace & Defense Manufacturing	5.5	4.4	5.7	4.3
Healthcare Products	4.6	7.3	3.0	7.1
Building Products Manufacturing	4.5	5.1	5.0	5.4
Vending Equipment Manufacturing	4.3	5.7	4.9	5.9
Promotional Products	3.9	3.0	4.1	2.9
Capital Equipment Manufacturing	3.6	3.4	3.8	3.4
Industrial Cleaning & Coatings	2.9	4.3	4.3	4.6
Retail	2.4	2.8	2.6	2.9
Utility Equipment Manufacturing	2.2	2.6	2.4	2.8
Consumer Products	2.1	3.3	2.5	2.7
Environmental Industries	1.8		2.0	
Utilities: Services	1.5	1.6	1.5	1.7
Electronic Components Supplier	1.1	0.6	0.2	0.2
Oil & Gas Distribution	1.0	1.0	1.0	1.0
Laundry Services	0.7	0.7	0.7	0.7
Specialty Chemicals	0.5	0.2	0.2	0.2
Restaurants	0.4	0.4	1.6	1.7
Packaging	0.1	0.1	0.1	0.1
Apparel Distribution		0.9		1.0
Safety Products Manufacturing		0.0		0.0
Total	100.0%	100.0%	100.0%	100.0%

Portfolio Asset Quality

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

Investment Rating 1 is used for investments that involve the least amount of risk in our portfolio. The portfolio company is performing above expectations, the debt investment is

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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.

The following table shows the distribution of our investments on the 1 to 5 investment rating scale at fair value and cost as of September 30, 2018 and December 31, 2017 (dollars in millions):

Investment Rating	Fair Value				Cost			
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
1	\$ 172.6	25.8%	\$ 125.7	21.1%	\$ 103.3	16.6%	\$ 83.2	14.4%
2	382.2	57.2	398.4	66.8	374.8	60.5	393.6	68.1
3	101.3	15.2	51.8	8.7	109.1	17.6	60.7	10.5
4	10.1	1.5	18.3	3.1	17.1	2.8	28.3	4.9
5	2.3	0.3	2.1	0.3	15.5	2.5	12.0	2.1
Total	\$ 668.5	100.0%	\$ 596.3	100.0%	\$ 619.8	100.0%	\$ 577.8	100.0%

Based on our investment rating system, the weighted average rating of our portfolio as of September 30, 2018 and December 31, 2017 was 1.9 and 1.9, respectively, on a fair value basis and 2.1 and 2.1, respectively, on a cost basis.

Non-Accrual

As of September 30, 2018 and December 31, 2017, we had debt investments in two portfolio companies on non-accrual status, respectively (dollars in millions):

Portfolio Company	September 30, 2018		December 31, 2017	
	Fair Value	Cost	Fair Value	Cost
K2 Industrial Services, Inc.	\$ 6.9	\$ 12.7	\$ (2)	\$ (2)
Restaurant Finance Co, LLC	2.2	9.3	2.1	9.3
Six Month Smiles Holdings, Inc.	(1)	(1)	5.0	9.4
Total	\$ 9.1	\$ 22.0	\$ 7.1	\$ 18.7

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- (1) Portfolio company was no longer held at period end.
 (2) Portfolio company debt investments were not on non-accrual status at period end.

Discussion and Analysis of Results of Operations

Comparison of three and nine months ended September 30, 2018 and 2017

Investment Income

Below is a summary of the changes in total investment income for the three months ended September 30, 2018 as compared to the same period in 2017 (dollars in millions, percent change calculated based on underlying dollar amounts in thousands):

	Three Months Ended		\$ Change	% Change⁽¹⁾
	September 30,			
	2018	2017		
Interest income	\$ 15.4	\$ 14.5	\$ 0.9	6.4%
Payment-in-kind interest income	1.5	1.9	(0.4)	(18.9%)
Dividend income	0.4	0.4		NM
Fee income	0.6	1.2	(0.6)	(54.4%)
Interest on idle funds and other income				NM
Total investment income	\$ 17.9	\$ 18.0	\$(0.1)	(1.0%)

(1) NM = Not meaningful

For the three months ended September 30, 2018, total investment income was \$17.9 million, a decrease of \$(0.1) million or (1.0)%, from the \$18.0 million of total investment income for the three months ended September 30, 2017. As reflected in the table above, the decrease is primarily attributable to the following:

\$0.6 million increase in total interest income resulting from higher average debt investment balances outstanding, partially offset by a small decrease in weighted average debt yield and one additional portfolio company on non-accrual status, during 2018 as compared to 2017.

\$(0.6) million decrease in fee income resulting from a decrease in structuring fees due to a comparative decrease in new investments and a decrease in prepayment fee income, during 2018 as compared to 2017.

Dividend income was flat during 2018 as compared to 2017.

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Below is a summary of the changes in total investment income for the nine months ended September 30, 2018 as compared to the same period in 2017 (dollars in millions, percent change calculated based on underlying dollar amounts in thousands):

	Nine Months Ended		\$ Change	% Change⁽¹⁾
	2018	September 30, 2017		
Interest income	\$ 45.8	\$ 41.1	\$ 4.7	11.4%
Payment-in-kind interest income	4.5	5.2	(0.7)	(12.7%)
Dividend income	1.0	1.7	(0.7)	(42.0%)
Fee income	2.8	3.4	(0.6)	(18.5%)
Interest on idle funds and other income	0.1	0.1		NM
Total investment income	\$ 54.2	\$ 51.5	\$ 2.7	5.2%

(1) NM = Not meaningful

For the nine months ended September 30, 2018, total investment income was \$54.2 million, an increase of \$2.7 million or 5.2%, from the \$51.5 million of total investment income for the nine months ended September 30, 2017. As reflected in the table above, the increase is primarily attributable to the following:

\$4.0 million increase in total interest income resulting from higher average debt investment balances outstanding, partially offset by a small decrease in weighted average debt yield and one additional portfolio company on non-accrual status, during 2018 as compared to 2017.

\$(0.6) million decrease in fee income resulting from a decrease in structuring fees due to a comparative decrease in new investments and a decrease in prepayment fee income, during 2018 as compared to 2017.

\$(0.7) million decrease in dividend income, during 2018 as compared to 2017, due to decreased levels of distributions received from equity investments and certain prior year dividend tax character true-ups recognized in 2018 upon receipt of the relevant tax forms from the underlying portfolio company.

Table of Contents*Expenses*

Below is a summary of the changes in total expenses, including income tax provision, for the three months ended September 30, 2018 as compared to the same period in 2017 (dollars in millions, percent change calculated based on underlying dollar amounts in thousands):

	Three Months Ended		\$ Change	% Change⁽¹⁾
	2018	2017		
Interest and financing expenses	\$ 3.1	\$ 2.5	\$ 0.6	24.7%
Base management fee	2.9	2.5	0.4	17.9%
Incentive fee income	2.2	2.4	(0.2)	(8.3%)
Incentive fee capital gains	1.5	0.6	0.9	155.5%
Administrative service expenses	0.4	0.3	0.1	15.1%
Professional fees	0.2	0.3	(0.1)	(20.7%)
Other general and administrative expenses	0.3	0.3		NM
Total expenses, before income tax provision	10.6	8.9	1.7	19.3%
Income tax provision	(0.2)		(0.2)	NM
Total expenses, including income tax provision	\$ 10.4	\$ 8.9	\$ 1.5	17.3%

(1) NM = Not meaningful

For the three months ended September 30, 2018, total expenses, including income tax provision, were \$10.4 million, an increase of \$1.5 million or 17.3%, from the \$8.9 million of total expenses, including income tax provision, for the three months ended September 30, 2017. As reflected in the table above, the increase is primarily attributable to the following:

\$0.6 million increase in interest and financing expenses due to an increase in average borrowings outstanding and an increase in weighted average interest rate on borrowings during 2018 as compared to 2017.

\$0.4 million increase in base management fee due to higher average total assets during 2018 as compared to 2017.

\$0.9 million increase in the capital gains incentive fee due to a \$4.5 million increase in net gain on investments (net realized gains (losses) plus net change in unrealized appreciation (depreciation) on investments) during 2018, as compared to the same period in 2017.

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Below is a summary of the changes in total expenses, including income tax provision, for the nine months ended September 30, 2018 as compared to the same period in 2017 (dollars in millions, percent change calculated based on underlying dollar amounts in thousands):

	Nine Months Ended			
	September 30,			
	2018	2017	\$ Change	% Change⁽¹⁾
Interest and financing expenses	\$ 9.3	\$ 7.5	\$ 1.8	23.5%
Base management fee	8.4	7.2	1.2	17.2%
Incentive fee income	6.6	6.8	(0.2)	(1.9%)
Incentive fee capital gains	2.8	1.1	1.7	145.8%
Administrative service expenses	1.1	1.0	0.1	10.2%
Professional fees	1.0	1.0		NM
Other general and administrative expenses	1.2	1.0	0.2	25.3%
Total expenses, before income tax provision	30.4	25.6	4.8	19.0%
Income tax provision				NM
Total expenses, including income tax provision	\$ 30.4	\$ 25.6	\$ 4.8	19.0%

(1) NM = Not meaningful

For the nine months ended September 30, 2018, total expenses, including income tax provision, were \$30.4 million, an increase of \$4.8 million or 19.0%, from the \$25.6 million of total expenses, including income tax provision, for the nine months ended September 30, 2017. As reflected in the table above, the increase is primarily attributable to the following:

\$1.8 million increase in interest and financing expenses due to an increase in average borrowings outstanding and an increase in weighted average interest rate on borrowings during 2018 as compared to 2017.

\$1.2 million increase in base management fee due to higher average total assets during 2018 as compared to 2017.

\$1.7 million increase in the capital gains incentive fee due to a \$8.1 million increase in net gain on investments (net realized gains (losses) plus net change in unrealized appreciation (depreciation) on investments) during 2018, as compared to the same period in 2017.

\$0.2 million increase in other general and administrative expenses during 2018 resulting from the write-off of deferred equity offering costs related to our previous Form N-2 registration statement.

Net Investment Income

Net investment income decreased by \$(1.7) million, or (18.6)%, to \$7.5 million during the three months ended September 30, 2018 as compared to the same period in 2017, as a result of the \$(0.1) million decrease in total investment income and the increase in total expenses, including income tax provision, of \$1.5 million.

Net investment income decreased by \$(2.2) million, or (8.4)%, to \$23.8 million during the nine months ended September 30, 2018 as compared to the same period in 2017, as a result of the \$2.7 million increase in total investment income and offset by the larger increase in total expenses, including income tax provision, of \$4.8 million.

Table of Contents*Net Gain (Loss) on Investments*

For the three and nine months ended September 30, 2018, the total net realized loss on investments, before income tax provision on realized gains, was \$(7.2) million and \$(15.2) million, respectively. Income tax (provision) benefit from realized gains on investments was \$0.3 million and \$(1.4) million for the three and nine months ended September 30, 2018, respectively. Significant realized gains (losses) for the three and nine months ended September 30, 2018 are summarized below (dollars in millions):

Portfolio Company	Realization Event	Period Ended September 30, 2018	
		Three Months	Nine Months
World Wide Packaging, LLC	Exit of portfolio company	\$ 0.2	\$ 7.0
Malabar International	Escrow distribution		0.3
Worldwide Express Operations, LLC	Distributions tax character true-up		0.2
Ice House America, LLC	Exit of portfolio company	0.1	0.1
Other			0.1
IOS Acquisitions, Inc.	Exit of portfolio company		(0.1)
Inflexxion, Inc.	Exit of portfolio company	(0.1)	(6.5)
Cavallo Bus Lines Holdings, LLC	Exit of portfolio company	(7.4)	(7.4)
Six Month Smiles Holdings, Inc.	Exit of portfolio company		(8.9)
Net realized gain (loss) on investments		(7.2)	(15.2)
Income tax (provision) benefit from realized gains on investments		0.3	(1.4)
Net realized gain (loss), net of income tax provision, on investments		\$ (6.9)	\$ (16.6)

For the three and nine months ended September 30, 2017, the total net realized gain on investments, before income tax provision on realized gains, was \$6.3 million and \$12.3 million, respectively. Income tax (provision) from realized gains on investments was \$(0.3) million and \$(1.7) million for the three and nine months ended September 30, 2017, respectively. Significant realized gains (losses) for the three and nine months ended September 30, 2017 are summarized below (dollars in millions):

Portfolio Company	Realization Event	Period Ended September 30, 2017	
		Three Months	Nine Months
Worldwide Express Operations, LLC	Sale of portfolio company	\$	\$ 6.4
Lightning Diversion Systems, LLC	Exit of portfolio company	4.0	4.0
EBL, LLC (EbLens)	Sale of portfolio company	2.2	2.2
Anatrace Products, LLC	Sale of portfolio company		0.9
Carlson Systems Holdings, Inc.	Escrow distribution		0.1

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Other		0.1	0.1
FTH Acquisition Corp. VII	Exit of portfolio company		(1.3)
Net realized gain (loss) on investments		6.3	12.4
Income tax provision from realized gains on investments		(0.3)	(1.7)
Net realized gain (loss), net of income tax provision, on investments		\$ 6.0	\$ 10.7

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During the three and nine months ended September 30, 2018 and 2017, we recorded a net change in unrealized appreciation (depreciation) on investments attributable to the following (dollars in millions):

Unrealized Appreciation (Depreciation)	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2018	2017	2018	2017
Exit, sale or restructuring of investments	\$ 5.4	\$ (5.5)	\$ 14.7	\$ (10.1)
Fair value adjustments to debt investments	(5.9)	(5.1)	(16.7)	(8.8)
Fair value adjustments to equity investments	14.7	7.5	32.2	13.8
Net change in unrealized appreciation (depreciation)	\$ 14.2	\$ (3.1)	\$ 30.2	\$ (5.1)

Net Increase in Net Assets Resulting From Operations

Our net increase in net assets resulting from operations during the three months ended September 30, 2018 was \$14.8 million, an increase of \$2.7 million, or 22.8%, compared to a net increase in net assets resulting from operations of \$12.1 million during the three months ended September 30, 2017.

Our net increase in net assets resulting from operations during the nine months ended September 30, 2018 was \$37.5 million, an increase of \$5.9 million, or 18.8%, compared to a net increase in net assets resulting from operations of \$31.5 million during the nine months ended September 30, 2017.

Liquidity and Capital Resources

As of September 30, 2018, we had \$38.1 million in cash and cash equivalents and our net assets totaled \$401.5 million. We believe that our current cash and cash equivalents on hand, our Credit Facility and our anticipated cash flows from operations will provide adequate capital resources with which to operate and finance our investment business and make distributions to our stockholders for at least the next 12 months. We intend to generate additional cash primarily from the future offerings of securities (including the 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 nine months ended September 30, 2018, we repaid \$43.8 million of SBA debentures which would have matured during the period March 1, 2019 through September 1, 2021. Our remaining outstanding SBA debentures continue to mature in 2020 and subsequent years through 2028, which will require repayment on or before the respective maturity dates.

Cash Flows

For the nine months ended September 30, 2018, we experienced a net decrease in cash and cash equivalents in the amount of \$3.5 million. During that period, we used \$30.3 million of cash for operating activities, which included the funding of \$144.6 million of investments, which were offset by proceeds received from sales and repayments of investments of \$92.1 million. During the same period, we received proceeds from the issuances of SBA debentures of \$27.0 million, net proceeds of \$25.5 million from borrowings under our Credit Facility and proceeds from the issuance of our 2023 Notes of \$50.0 million; which were partially offset by repayments of SBA debentures of \$43.8 million, cash dividends paid to stockholders of \$28.6 million, the payment of deferred financing costs related to

our debt financings of \$2.7 million and repurchases of common stock under the Stock Repurchase Program (as defined below) of \$0.6 million.

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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 (as amended on June 21, 2018), whichever is less. For three 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 September 30, 2018, Fund I and Fund II had \$64.5 million and \$150.0 million of outstanding SBA debentures, respectively. Fund I has commenced a wind-down plan and can no longer issue additional SBA debentures. Subject to SBA regulatory requirements and approval of an additional SBIC licensed fund, we may access up to \$135.5 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 December 29, 2017, we entered into an amendment to the Credit Facility to, among other things, extend the maturity date from June 16, 2018 to June 16, 2019. On June 5, 2018, we entered into an incremental commitment agreement, whereby the amount available for borrowing under the Credit Facility was increased from \$50.0 million to \$75.0 million. The Credit Facility is secured by substantially all of our assets, excluding the assets of the Funds.

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. 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, transferability, payment frequency and status and collateral interests, as well as restrictions on portfolio company leverage, which may also affect the borrowing base and therefore amounts available to borrow.

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

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 September 30, 2018, we were in compliance

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with all covenants of the Credit Facility and there were \$37.0 million of borrowings outstanding under the Credit Facility.

2023 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 overallotment 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' overallotment option, after deducting underwriting discounts of approximately \$1.5 million and estimated 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% per annum. The 2023 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. 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. Interest on the 2023 Notes is payable quarterly on February 1, May 1, August 1 and November 1 of each year. The 2023 Notes are listed on the NASDAQ Global Select Market under the trading symbol FDUSL. As of September 30, 2018, the outstanding principal balance of the 2023 Notes was \$50.0 million.

As of September 30, 2018, the weighted average stated interest rates for our SBA debentures, the 2023 Notes and the Credit Facility were 3.355%, 5.875% and 5.749%, respectively. As of September 30, 2018, we had \$38.0 million of unutilized commitment under our Credit Facility, and we were subject to a 0.500% fee on such amount. As of September 30, 2018, the weighted average stated interest rate on total debt outstanding was 4.067%.

As a BDC, we are generally required to meet a coverage ratio of total assets to total senior securities, which include borrowings and any preferred stock we may issue in the future, of at least 200.0%. This requirement limits the amount that we may borrow. We have received exemptive relief from the U.S. Securities and Exchange Commission (SEC) to allow us to exclude any indebtedness guaranteed by the SBA and issued by the Funds from the 200.0% asset coverage requirements, which, in turn, will enable us to fund more investments with debt capital. Recent legislation, however, modifies the required minimum asset coverage ratio from 200.0% to 150.0%, if certain requirements are met. Under the legislation, we are allowed to increase our leverage capacity if stockholders representing at least a majority of the votes cast, when a quorum is present, approve a proposal to do so. If we receive stockholder approval, we would be allowed to increase our leverage capacity on the first day after such approval. Alternatively, the legislation allows the majority of our independent directors to approve an increase in our leverage capacity, and such approval would become effective after the one-year anniversary of such approval.

As a BDC, we are generally not permitted to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value per share of our common stock if our board of directors, including Independent Directors, determines that such sale is in the best interests of us and our stockholders, and if our stockholders approve such sale. On June 7, 2018, 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 7, 2019

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or the date of our 2019 Annual Meeting of Stockholders. We expect to present to our stockholders a similar proposal at our 2019 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 7, 2019 or the date of our 2019 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 30, 2018, the board of directors extended the Stock Repurchase Program through December 31, 2019, 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 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. During the nine months ended September 30, 2018, we repurchased 44,821 shares of common stock on the open market for \$0.6 million. We did not make any repurchases of common stock during the nine months ended September 30, 2017. 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 and revenue recognition as our most critical accounting estimates. We continuously evaluate our 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 our board of directors using a documented valuation policy and consistently applied valuation process. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have

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been used had a readily available market value existed for such investments, and the difference could be material.

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

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

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

our board of directors 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. Our board of directors consulted with the independent valuation firm(s) in arriving at our determination of fair value for 15 and 18 of our portfolio company investments representing 22.4% and 32.0% of the total portfolio investments at fair value (exclusive of new portfolio company investments made during the three months ended September 30, 2018 and December 31, 2017, respectively) as of September 30, 2018 and December 31, 2017, respectively;

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

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

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

Consistent with the policies and methodologies adopted by our board of directors, we perform detailed valuations of our debt and equity investments, including an analysis on the Company's unfunded loan 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.

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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 loan agreements. We prepare a weighted average cost of capital for use in the discounted cash flow model for each investment, based on factors including, but not limited to: current pricing and credit metrics for similar proposed or executed investment transactions of private companies; the portfolio company's historical financial results and outlook; and the portfolio company's current leverage and credit quality as compared to leverage and credit quality as of the date the investment was made. We may also consider the following factors when determining the fair value of debt investments: the portfolio company's ability to make future scheduled payments; prepayment penalties 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 loans to maturity. However, if we have information available to us that the loan is expected to be repaid in the near term, we would use an estimated remaining life based on the expected repayment date.

For our equity investments, including equity securities and warrants, we generally use a market approach, including valuation methodologies consistent with industry practice, to estimate the enterprise value of portfolio companies. Typically, the enterprise value of a private company is based on multiples of EBITDA, net income, revenues, or in limited cases, book value. In estimating the enterprise value of a portfolio company, we analyze various factors consistent with industry practice, including but not limited to original transaction multiples, the portfolio company's historical and projected financial results, applicable market trading and 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. Where applicable, we consider our ability to influence the capital structure of the portfolio company, as well as the timing of a potential exit.

We may also utilize an income approach when estimating the fair value of our equity securities, either as a primary methodology if consistent with industry practice or if the market approach is otherwise not applicable, or as a supporting methodology to corroborate the fair value ranges determined by the market approach. We typically prepare and analyze discounted cash flow models based on projections of the future free cash flows (or earnings) of the portfolio company. We consider various factors, including but not limited to the portfolio company's projected financial results, applicable market trading and 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 fair value of our royalty rights are calculated based on projected future cash flows and the specific provisions contained in the pertinent royalty agreement. The determination of the fair value of such royalty rights is not a significant component of our valuation process.

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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 our board of directors 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 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. When there is reasonable doubt that principal, interest or dividends will be collected, loans or preferred equity investments are placed on non-accrual status and we will generally cease recognizing interest or dividend income. 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.

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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 loan or debt security, any prepayment penalties are recorded as fee income when earned.

We also typically receive loan origination or closing fees in connection with investments. Such loan 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.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)*. Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for annual and interim reporting periods beginning after December 15, 2017. We adopted the ASU effective January 1, 2018. The majority of our income streams are specifically excluded from the scope of the ASU as they relate to financial instruments that are within the scope of other topics, and in general the impact of adopting the ASU is not material to our consolidated financial position or disclosures.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements. The guidance is effective for annual and interim reporting periods beginning after December 15, 2019. We are currently evaluating the impact this ASU will have on our consolidated financial position or disclosures.

In August 2018, the SEC issued Final Rule Release No. 33-10532, *Disclosure Update and Simplification*, which amends certain SEC disclosure requirements that have become redundant, duplicative, overlapping, outdated, or superseded in light of other SEC disclosure requirements, U.S. GAAP requirements, or changes in the information environment. As it pertains to us, the amendments include certain presentation changes to the net assets section of the consolidated statements of assets and liabilities and the consolidated statements of changes in net assets (among other changes). The amendments are effective for all filings submitted on or after November 5, 2018. We will adopt the amendments effective November 5, 2018. The amendments do not have a material effect on our consolidated financial position or disclosures.

Table of Contents**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 and other credit facilities totaling \$10.4 million and \$8.4 million as of September 30, 2018 and December 31, 2017, respectively. Such outstanding commitments are summarized in the following table (dollars in millions):

Portfolio Company Investment	September 30, 2018		December 31, 2017	
	Total Commitment	Unfunded Commitment	Total Commitment	Unfunded Commitment
American AllWaste LLC (dba WasteWater Transport Services) Delayed Draw Commitment	\$ 3.0	\$ 2.3	\$	\$
B&B Roadway and Security Solutions, LLC Common Equity	0.1	0.1		
FDS Avionics Corp. (dba Flight Display Systems) Revolving Loan	0.2	0.1		
Mesa Line Services, LLC Delayed Draw Commitment	4.0	4.0	4.0	4.0
Oaktree Medical Centre, P.C. (dba Pain Management Associates) Revolving Loan			2.5	
Rhino Assembly Company, LLC Delayed Draw Commitment	1.5	1.0	1.5	1.5
Safety Products Group, LLC Common Equity	2.9 ⁽¹⁾	2.9 ⁽¹⁾	2.9	2.9
Total	\$ 11.7	\$ 10.4	\$ 10.9	\$ 8.4

(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 the 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, LLC, as our investment advisor. Pursuant to the agreement our investment advisor manages our day-to-day operating and investing activities. We pay our investment advisor a fee for its services under the Investment Advisory Agreement consisting of two components a base management fee and an incentive fee. See Note 5 to our

consolidated financial statements.

Edward H. Ross, our Chairman and Chief Executive Officer, and Thomas C. Lauer, our President, are managers of Fidus Investment Advisors, LLC. In May 2015, Fidus Investment Advisors, LLC entered into a combination with Fidus Partners, LLC (the Combination), by which members of Fidus Investment Advisors LLC and Fidus Partners, LLC (Partners) contributed all of their respective membership interest in Fidus Investment Advisors LLC

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and Partners to a newly formed limited liability company, Fidus Group Holdings, LLC (Holdings). As a result, Fidus Investment Advisors LLC 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, LLC to provide us with the office facilities and administrative services necessary to conduct day-to-day operations. See Note 5 to our consolidated financial statements.

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

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

While we may co-invest with investment entities managed by our 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 our 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 our 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, Fund I and our investment advisor have each adopted a joint code of ethics pursuant to Rule 17j-1 under the 1940 Act that governs the conduct of our and our investment advisor's officers, directors and employees. Additionally, our investment advisor has adopted a code of ethics pursuant to rule 204A-1 under the Advisers Act and in accordance with Rule 17j-1(c) under the 1940 Act. We, and Fund I, have also adopted a code of business conduct that is applicable to all officers, directors and employees of Fidus and our investment advisor. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the Maryland General Corporation Law.

Recent Developments

On October 1, 2018, we invested \$13.7 million in a new subordinated debt investment of existing portfolio company, Rohrer Corporation.

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On October 1, 2018, we exited our debt investment in Toledo Molding & Die, Inc. We received payment in full of \$10.0 million on our second lien debt.

On October 4, 2018, we exited our debt investment in Midwest Transit Equipment, Inc. We received payment in full of \$12.6 million on our subordinated debt, which includes a prepayment penalty.

On October 4, 2018, we exited our debt investment in Thermoforming Technology Group LLC (dba Brown Machine Group). We received payment in full of \$23.4 million on our second lien debt, which includes a prepayment penalty. We also received a distribution on our equity investment resulting in a realized gain of approximately \$0.7 million.

On October 19, 2018, we executed an amendment and incremental commitment agreement to the Credit Facility, whereby the amount available for borrowing under the Credit Facility was increased from \$75.0 million to \$90.0 million, with allowance for future increases in the commitments up to \$100.0 million.

On October 23, 2018, we invested \$7.5 million in first lien debt and common equity of Alzheimer's Research and Treatment Center, LLC, a leading clinical trial site services provider with a focus on trials targeting the treatment and prevention of Alzheimer's Disease.

On October 26, 2018, we received a distribution on our equity investment in FAR Research Inc., resulting in a realized gain of approximately \$3.3 million.

On October 30, 2018, our board of directors declared a regular quarterly dividend of \$0.39 per share payable on December 21, 2018 to stockholders of record as of December 7, 2018. In addition, our board of directors declared a special dividend of \$0.04 per share payable on December 21, 2018 to stockholders of record as of December 7, 2018.

Quantitative and Qualitative Disclosures About Market Risk.

We are subject to financial market risks, including changes in interest rates. Changes in interest rates affect both our cost of funding and the valuation of our investment portfolio. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks and limits by means of reliable administrative and information systems and other policies and programs. In the future, our investment income may also be affected by changes in various interest rates, including LIBOR and prime rates, to the extent of any debt investments that include floating interest rates. As of September 30, 2018 and December 31, 2017, five and three debt investments, respectively, bore interest at a variable rate, which represented \$44.8 million and \$26.1 million of our portfolio on a fair value basis, respectively, and the remainder of our debt portfolio was comprised entirely of fixed rate investments. Assuming that the consolidated statements of assets and liabilities as of September 30, 2018 and December 31, 2017 were to remain constant, a hypothetical 100 basis point change in interest rates would not have a material effect on our level of interest income from debt investments. Our pooled SBA debentures and our 2023 Notes bear interest at fixed rates. Our Credit Facility bears interest, subject to our election, on a per annum basis equal to (i) the alternate base rate plus 2.5% or (ii) the applicable LIBOR, which varies depending on the period of the borrowing under the Credit Facility, plus 3.5%. The alternate base rate is equal to the greater of (i) prime rate, (ii) the federal funds rate plus 0.5% or (iii) the three-month LIBOR plus 1.0%.

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

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DESCRIPTION OF THE NOTES

The Notes will be issued under a base indenture dated as of February 2, 2018, and a second supplemental indenture thereto, to be entered into between us and U.S. Bank National Association, as trustee. We refer to the indenture and the second supplemental indenture collectively as the indenture and to U.S. Bank National Association as the trustee. The Notes are governed by the indenture, as required by federal law for all bonds and notes of companies that are publicly offered. An indenture is a contract between us and the financial institution acting as trustee on your behalf, and is subject to and governed by the Trust Indenture Act of 1939, as amended. The trustee has two main roles. First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described in the second paragraph under Events of Default Remedies if an Event of Default Occurs below. Second, the trustee performs certain administrative duties for us with respect to the Notes.

This section includes a summary description of the material terms of the Notes and the indenture. Because this section is a summary, however, it does not describe every aspect of the Notes and the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of the Notes. The base indenture has been attached as an exhibit to the registration statement of which this prospectus supplement is a part and the second supplemental indenture will be attached as an exhibit to a post-effective amendment to the registration statement of which this prospectus supplement is a part, in each case, as filed with the SEC. See Available Information in this prospectus supplement for information on how to obtain a copy of the indenture.

General

The Notes will mature on February 15, 2024. The principal payable at maturity will be 100% of the aggregate principal amount. The interest rate of the Notes is 6.00% per year and will be paid every February 15, May 15, August 15 and November 15, beginning on May 15, 2019, and the regular record dates for interest payments will be every February 1, May 1, August 1 and November 1, commencing May 1, 2019. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment. The initial interest period will be the period from and including February 8, 2019, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.

We will issue the Notes in denominations of \$25 and integral multiples of \$25 in excess thereof. The Notes will not be subject to any sinking fund and holders of the Notes will not have the option to have the Notes repaid prior to the stated maturity date.

The indenture does not limit the amount of debt (including secured debt) that may be issued by us or our subsidiaries under the indenture or otherwise, but does contain a covenant regarding our asset coverage that would have to be satisfied at the time of our incurrence of additional indebtedness. See Covenants and Events of Default. Other than as described under Covenants below, the indenture does not restrict us from paying dividends or issuing or repurchasing our other securities. Other than restrictions described under Merger or Consolidation below, the indenture does not contain any covenants or other provisions designed to afford holders of the Notes protection in the event of a highly leveraged transaction involving us or if our credit rating declines as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect your investment in the Notes.

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We have the ability to issue indenture securities with terms different from the Notes and, without the consent of the holders of the Notes, to reopen the Notes and issue additional Notes.

Covenants

In addition to any other covenants described in this prospectus supplement and the accompanying prospectus, as well as standard covenants relating to payment of principal and interest, maintaining an office where payments may be made or securities can be surrendered for payment, payment of taxes by the Company and related matters, the following covenants will apply to the Notes:

We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by such provisions of Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in either case, to the exemptive relief granted to us by the SEC with respect to the consolidation of debt of the Funds. Currently, these provisions generally prohibit us from incurring additional borrowings, including through the issuance of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% (or 150% if we satisfy certain requirements in the future) after such borrowings. See [Supplementary Risk Factors Risks Related to the Notes](#) Legislation that took effect in 2018 would allow us to incur additional leverage in this prospectus supplement.

We agree that, for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(B) as modified by (i) such provisions of Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions and after giving effect to any exemptive relief granted to us by the SEC and (ii) the two other exceptions set forth below. These statutory provisions of the 1940 Act are not currently applicable to us and will not be applicable to us as a result of this offering. However, if Section 18(a)(1)(B) as modified by such provisions of Section 61(a) of the 1940 Act were currently applicable to us in connection with this offering, these provisions would generally prohibit us from declaring any cash dividend or distribution upon any class of our capital stock, or purchasing any such capital stock if our asset coverage were below 200% (or 150% if we satisfy certain requirements in the future) at the time of the declaration of the dividend or distribution or the purchase and after deducting the amount of such dividend, distribution, or purchase. Under the covenant, we will be permitted to declare a cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by Section 61(a) of the 1940 Act or any successor provisions, but only up to such amount as is necessary for us to maintain our status as a RIC under Subchapter M of the Code. Furthermore, the covenant will permit us to continue paying dividends or distributions and will not be triggered unless and until such time as our asset coverage (as defined in the 1940 Act, except to the extent modified by this covenant) has not been in compliance with the minimum asset coverage required by Section 18(a)(1)(B) as modified by such provisions of Section 61(a) of the 1940 Act as may be applicable to us from time to time or any successor provisions (after giving effect to any exemptive relief granted to us by the SEC) for more than six consecutive months. For the purposes of determining asset coverage as used above, any and all indebtedness of the Company, including any outstanding borrowings under the Credit Facility and any successor or additional credit facility, will be deemed a senior security of us. See [Supplementary Risk Factors Risks Related to the Notes](#) Legislation that took effect in 2018 would allow us to incur additional leverage in this prospectus supplement.

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If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable U.S. GAAP.

We agree that for the period of time during which the Notes are outstanding, we will use our reasonable best efforts (i) to effect within thirty (30) days of issuance and delivery of the Notes the listing of the Notes on the Nasdaq Stock Market LLC and (ii) to maintain the listing of the Notes on the Nasdaq Stock Market LLC or another national securities exchange.

Optional Redemption

The 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, upon not less than 30 days nor more than 60 days' written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount of the Notes to be redeemed plus accrued and unpaid interest payments otherwise payable thereon for the then-current quarterly interest period accrued to the date fixed for redemption.

You may be prevented from exchanging or transferring the Notes when they are subject to redemption. In case any Notes are to be redeemed in part only, the redemption notice will provide that, upon surrender of such Note, you will receive, without a charge, a new Note or Notes of authorized denominations representing the principal amount of your remaining unredeemed Notes. Any exercise of our option to redeem the Notes will be done in compliance with the 1940 Act, to the extent applicable.

If we redeem only some of the Notes, the trustee or, with respect to global securities, The Depository Trust Company, New York, New York, will determine the method for selection of the particular Notes to be redeemed, in accordance with the indenture and the 1940 Act, to the extent applicable, and in accordance with the rules of any national securities exchange or quotation system on which the Notes are listed. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.

Global Securities

Each Note will be issued in book-entry form and represented by a global security that we deposit with and register in the name of DTC or its nominee. A global security may not be transferred to or registered in the name of anyone other than the depository or its nominee, unless special termination situations arise. As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all the Notes represented by a global security, and investors will be permitted to own only beneficial interests in a global security. For more information about these arrangements, see [Book-Entry Procedures](#) below.

Termination of a Global Security

If a global security is terminated for any reason, interests in it will be exchanged for certificates in non-book-entry form (certificated securities). After that exchange, the choice of whether to hold the certificated Notes directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a global security transferred on termination to their own names, so that they will be holders.

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Conversion and Exchange

The Notes are not convertible into or exchangeable for other securities.

Payment and Paying Agents

We will pay interest to the person listed in the trustee's records as the owner of the Notes at the close of business on a particular day in advance of each due date for interest, even if that person no longer owns the Note on the interest due date. That day, usually about two weeks in advance of the interest due date, is called the record date. Because we will pay all the interest for an interest period to the holders on the record date, holders buying and selling the Notes must work out between themselves the appropriate purchase price. The most common manner is to adjust the sales price of the Notes to prorate interest fairly between buyer and seller based on their respective ownership periods within the particular interest period. This prorated interest amount is called accrued interest.

Payments on Global Securities

We will make payments on the Notes so long as they are represented by a global security in accordance with the applicable policies of the depository as in effect from time to time. Under those policies, we will make payments directly to the depository, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depository and its participants, as described under "Book-Entry Procedures" below.

Payments on Certificated Securities

In the event the Notes become represented by certificated securities, we will make payments on the Notes as follows. We will pay interest that is due on an interest payment date to the holder of the Notes as shown on the trustee's records as of the close of business on the regular record date. We will make all payments of principal and premium, if any, by check at the office of the applicable trustee in New York, New York and/or at other offices that may be specified in the indenture or a notice to holders against surrender of the Note.

Alternatively, at our option, we may pay any cash interest that becomes due on the Notes by mailing a check to the holder at his, her or its address shown on the trustee's records as of the close of business on the regular record date or by transfer to an account at a bank in the United States, in either case, on the due date.

Payment When Offices Are Closed

If any payment is due on the Notes on a day that is not a business day, we will make the payment on the next day that is a business day. Payments made on the next business day in this situation will be treated under the indenture as if they were made on the original due date. Such payment will not result in a default under the Notes or the indenture, and no interest will accrue on the payment amount from the original due date to the next day that is a business day.

Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on the Notes.

Events of Default

You will have rights if an Event of Default occurs in respect of the Notes and the Event of Default is not cured, as described later in this subsection.

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The term "Event of Default" in respect of the Notes means any of the following:

We do not pay the principal of, or any premium on, any Note when due and payable at maturity;

We do not pay interest on any Note when due and payable, and such default is not cured within 30 days of its due date;

We remain in breach of any other covenant in respect of the Notes for 60 days after we receive a written notice of default stating we are in breach (the notice must be sent by either the trustee or holders of at least 25% of the principal amount of the outstanding Notes);

We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and remain undischarged or unstayed for a period of 60 days; or

On the last business day of each of twenty-four consecutive calendar months, the Notes have an asset coverage of less than 100%, giving effect to the exemptive relief granted to us by the SEC with respect to the consolidation of debt of the Funds.

An Event of Default for the Notes may, but does not necessarily, constitute an Event of Default for any other series of debt securities issued under the same or any other indenture. The trustee may withhold notice to the holders of the Notes of any default, except in the payment of principal or interest, if it in good faith considers the withholding of notice to be in the best interests of the holders.

Remedies if an Event of Default Occurs

If an Event of Default has occurred and is continuing, the trustee or the holders of not less than 25% in principal amount of the Notes may declare the entire principal amount of all the Notes to be due and immediately payable, but this does not entitle any holder of Notes to any redemption payout or redemption premium. This is called a declaration of acceleration of maturity. In certain circumstances, a declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the Notes if (1) we have deposited with the trustee all amounts due and owing with respect to the Notes (other than principal or any payment that has become due solely by reason of such acceleration) and certain other amounts, and (2) any other Events of Default have been cured or waived.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee protection from expenses and liability reasonably satisfactory to it (called an "indemnity"). If indemnity reasonably satisfactory to the trustee is provided, the holders of a majority in principal amount of the Notes may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions in certain circumstances. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before you are allowed to bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the Notes, the following must occur:

You must give the trustee written notice that an Event of Default has occurred and remains uncured;

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The holders of at least 25% in principal amount of all the Notes must make a written request that the trustee take action because of the default and must offer the trustee indemnity, security, or both reasonably satisfactory to it against the cost and other liabilities of taking that action;

The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity and/or security; and

The holders of a majority in principal amount of the Notes must not have given the trustee a direction inconsistent with the above notice during that 60-day period.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your Notes on or after the due date.

Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of maturity.

Each year, we will furnish to the trustee a written statement of certain of our officers certifying that to their knowledge we are in compliance with the indenture and the Notes, or else specifying any default.

Waiver of Default

The holders of a majority in principal amount of the Notes may waive any past defaults other than a default:

in the payment of principal (or premium, if any) or interest; or

in respect of a covenant that cannot be modified or amended without the consent of each holder of the Notes.

Merger or Consolidation

Under the terms of the indenture, we are generally permitted to consolidate or merge with another entity. We are also permitted to sell all or substantially all of our assets to another entity. However, we may not take any of these actions unless all the following conditions are met:

where we merge out of existence or convey or transfer our assets substantially as an entirety, the resulting entity must agree to be legally responsible for our obligations under the Notes;

the merger or sale of assets must not cause a default on the Notes and we must not already be in default (unless the merger or sale would cure the default). For purposes of this no-default test, a default would include an Event of Default that has occurred and has not been cured, as described under *Events of Default* above. A default for this purpose would also include any event that would be an Event of Default if the requirements for giving us a notice of default or our default having to exist for a specific period of time were disregarded; and

we must deliver certain certificates and documents to the trustee.

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Modification or Waiver

There are three types of changes we can make to the indenture and the Notes issued thereunder.

Changes Requiring Your Approval

First, there are changes that we cannot make to your Notes without your specific approval. The following is a list of those types of changes:

change the stated maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on the Notes;

reduce any amounts due on the Notes or reduce the rate of interest on the Notes;

reduce the amount of principal payable upon acceleration of the maturity of a Note following a default;

change the place or currency of payment on a Note;

impair your right to sue for payment;

reduce the percentage of holders of Notes whose consent is needed to modify or amend the indenture; and

reduce the percentage of holders of Notes whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults or reduce the percentage of holders of Notes required to satisfy quorum or voting requirements at a meeting of holders of the Notes.

Changes Not Requiring Approval

The second type of change does not require any vote by the holders of the Notes. This type is limited to clarifications and certain other changes that would not adversely affect holders of the Notes in any material respect.

Changes Requiring Majority Approval

Any other change to the indenture and the Notes would require the following approval:

if the change affects only the Notes, it must be approved by the holders of a majority in principal amount of the Notes; and

if the change affects more than one series of debt securities issued under the same indenture, it must be approved by the holders of a majority in principal amount of all of the series affected by the change, with all affected series voting together as one class for this purpose.

In each case, the required approval must be given by written consent.

The holders of a majority in principal amount of all of the series of debt securities issued under an indenture, voting together as one class for this purpose, may waive our compliance with

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some of our covenants in that indenture. However, we cannot obtain a waiver of a payment default or of any of the matters covered by the bullet points included above under **Changes Requiring Your Approval**.

Further Details Concerning Voting

When taking a vote, we will use the following rules to decide how much principal to attribute to the Notes:

The Notes will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption or if we or any affiliate of ours own any Notes. The Notes will also not be eligible to vote if they have been fully defeased as described later under **Defeasance Full Defeasance** below.

We will generally be entitled to set any day as a record date for the purpose of determining the holders of the Notes that are entitled to vote or take other action under the indenture. However, the record date may not be earlier than 30 days before the date of the first solicitation of holders to vote on or take such action and not later than the date such solicitation is completed. If we set a record date for a vote or other action to be taken by holders of the Notes, that vote or action may be taken only by persons who are holders of the Notes on the record date and must be taken within eleven months following the record date.

Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the Notes or request a waiver.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect with respect to the Notes when:

Either

all the Notes that have been authenticated have been delivered to the trustee for cancellation; or

all the Notes that have not been delivered to the trustee for cancellation:

have become due and payable, or

will become due and payable at their stated maturity within one year, or

are to be called for redemption,

and we, in the case of the first, second and third sub-bullets above, have irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders of the Notes, in amounts in the currency payable for the Notes as will be sufficient, to pay and discharge the entire indebtedness (including all principal, premium, if any, and interest) on such Notes delivered to the trustee for cancellation (in the case of Notes that have become due and payable on or prior to the date of such deposit) or to the stated maturity or redemption date,

as the case may be;

we have paid or caused to be paid all other sums payable by us under the indenture with respect to the Notes;
and

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we have delivered to the trustee an officers' certificate and legal opinion, each stating that all conditions precedent provided for in the indenture relating to the satisfaction and discharge of the indenture and the Notes have been complied with.

Defeasance

The following provisions will be applicable to the Notes. Defeasance means that, by depositing with a trustee an amount of cash and/or government securities sufficient to pay all principal and interest, if any, on the Notes when due and satisfying any additional conditions noted below, we will be deemed to have been discharged from our obligations under the Notes. In the event of a covenant defeasance, upon depositing such funds and satisfying similar conditions discussed below we would be released from certain covenants under the indenture relating to the Notes.

Covenant Defeasance

Under current U.S. federal income tax law and the indenture, we can make the deposit described below and be released from some of the restrictive covenants in the indenture under which the Notes were issued. This is called covenant defeasance. In that event, you would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay your Notes. In order to achieve covenant defeasance, the following must occur:

Since the Notes are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of the Notes a combination of cash and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the Notes on their various due dates;

We must deliver to the trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing you to be taxed on the Notes any differently than if we did not make the deposit;

We must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act, and a legal opinion and officers' certificate stating that all conditions precedent to covenant defeasance have been complied with;

Defeasance must not result in a breach or violation of, or result in a default under, the indenture or any of our other material agreements or instruments; and

No default or Event of Default with respect to the Notes shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 60 days.

If we accomplish covenant defeasance, you can still look to us for repayment of the Notes if there were a shortfall in the trust deposit or the trustee is prevented from making payment. In fact, if one of the remaining Events of Default occurred (such as our bankruptcy) and the Notes became immediately due and payable, there might be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

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Full Defeasance

If there is a change in U.S. federal income tax law, as described below, we can legally release ourselves from all payment and other obligations on the Notes (called full defeasance) if we put in place the following other arrangements for you to be repaid:

Since the Notes are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of the Notes a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the Notes on their various due dates;

We must deliver to the trustee a legal opinion confirming that there has been a change in current U.S. federal tax law or an Internal Revenue Service (IRS) ruling that allows us to make the above deposit without causing you to be taxed on the Notes any differently than if we did not make the deposit;

We must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act, and a legal opinion and officers certificate stating that all conditions precedent to defeasance have been complied with;

Defeasance must not result in a breach or violation of, or constitute a default under, the indenture or any of our other material agreements or instruments; and

No default or Event of Default with respect to the Notes shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 60 days.

If we ever did accomplish full defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the Notes. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent.

Form, Exchange and Transfer of Certificated Registered Securities

If registered Notes cease to be issued in book-entry form, they will be issued:

only in fully registered certificated form;

without interest coupons; and

unless we indicate otherwise, in denominations of \$25 and amounts that are multiples of \$25. Holders may exchange their certificated securities for Notes of smaller denominations or combined into fewer Notes of larger denominations, as long as the total principal amount is not changed and as long as the denomination is equal to or greater than \$25.

Holders may exchange or transfer their certificated securities at the office of the trustee. We have appointed the trustee to act as our agent for registering Notes in the names of holders transferring Notes. We may appoint another entity to perform these functions or perform them ourselves.

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Holders will not be required to pay a service charge to transfer or exchange their certificated securities, but they may be required to pay any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any certificated securities of a particular series are redeemable and we redeem less than all the Notes, we may block the transfer or exchange of those Notes selected for redemption during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any certificated Notes selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any Note that will be partially redeemed.

If registered Notes are issued in book-entry form, only the depository will be entitled to transfer and exchange the Notes as described in this subsection, since it will be the sole holder of the Notes.

Resignation of Trustee

The trustee may resign or be removed with respect to the Notes provided that a successor trustee is appointed to act with respect to the Notes. In the event that two or more persons are acting as trustee with respect to different series of indenture securities under the indenture, each of the trustees will be a trustee of a trust separate and apart from the trust administered by any other trustee.

Governing Law

The indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.

Indenture Provisions Ranking

The Notes will be our direct unsecured obligations and will rank:

pari passu with our existing and future unsubordinated unsecured indebtedness, including our 2023 Notes, of which \$50.0 million in aggregate principal amount was outstanding as of February 4, 2019;

senior to any of our future indebtedness that expressly provides it is subordinated to the Notes; and

effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness, including, without limitation, borrowings under our Credit Facility, of which \$75.0 million was outstanding as of February 4, 2019; and

structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including the Funds, which subsidiaries, as of February 4, 2019, had total indebtedness outstanding of \$191.0 million.

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The Trustee under the Indenture

U.S. Bank National Association serves as the trustee, paying agent, and security registrar under the indenture. Separately, our securities are held by U.S. Bank National Association pursuant to a custody agreement.

Book-Entry Procedures

The Notes will be represented by global securities that will be deposited and registered in the name of DTC or its nominee. This means that, except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations that are participants in DTC.

The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each issuance of the Notes, in the aggregate principal amount thereof, and will be deposited with DTC. Interests in the Notes will trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. None of the Company, the trustee or the paying agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (DTCC).

DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). DTC has a Standard & Poor's Rating of AA+. The DTC Rules applicable to its participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each security, or the Beneficial Owner, is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC.

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of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts the Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Redemption proceeds, distributions, and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants accounts upon DTC's receipt of funds and corresponding detail information from us or the trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of DTC nor its nominee, the trustee, or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the trustee, but disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to us or to the trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered. We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Table of Contents**CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following summary describes certain U.S. federal income tax and, in the case of non-U.S. holders (as defined below), estate tax consequences applicable to an investment in the Notes. This summary does not purport to be a complete description of the U.S. federal income and estate tax considerations applicable to such an investment. The summary is based upon the Code, U.S. Treasury regulations, and administrative and judicial interpretations, each as of the date of this prospectus supplement and all of which are subject to change, potentially with retroactive effect, or to different interpretations. We cannot assure you that the U.S. Internal Revenue Service, or the IRS, will not challenge one or more of the tax consequences described in this summary, and we have not obtained, nor do we intend to obtain, any ruling from the IRS or opinion of counsel with respect to the tax consequences of an investment in the Notes. Investors should consult their own tax advisors with respect to tax considerations that pertain to their investment in the Notes.

This summary discusses only Notes held as capital assets within the meaning of the Code (generally, property held for investment purposes) and does not purport to address persons in special tax situations, such as banks and other financial institutions, insurance companies, controlled foreign corporations, passive foreign investment companies, real estate investment trusts and regulated investment companies (and shareholders of such corporations), dealers in securities or currencies, traders in securities, former citizens of the United States, persons holding the Notes as a position in a straddle, hedge, constructive sale transaction, conversion transaction, wash sale or other integrated transaction for U.S. federal income tax purposes, entities that are tax-exempt for U.S. federal income tax purposes, retirement plans, individual retirement accounts, tax-deferred accounts, persons subject to the alternative minimum tax, pass-through entities (including partnerships and entities and arrangements classified as partnerships for U.S. federal income tax purposes) and beneficial owners of pass-through entities, persons required to accelerate the recognition of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statement, or U.S. holders (as defined below) whose functional currency (as defined in the Code) is not the U.S. dollar. It also does not address beneficial owners of the Notes other than original purchasers of the Notes who acquire the Notes in this offering for cash at a price equal to their issue price (*i.e.*, the first price at which a substantial amount of the Notes is sold for money to investors (other than to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placements agents or wholesalers)). In addition, this summary also does not address any U.S. state or local or non-U.S. tax consequences, or any U.S. federal tax consequences other than income and estate taxation. Investors considering purchasing the Notes should consult their own tax advisors concerning the application of the U.S. federal income tax laws to their individual circumstances, as well as any consequences to such investors relating to purchasing, owning and disposing of the Notes under the laws of any state, local, foreign or other taxing jurisdiction.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds any Notes, the U.S. federal income tax treatment of a partner of the partnership generally will depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. Partnerships holding Notes, and persons holding interests in such partnerships, should each consult their own tax advisors as to the consequences of investing in the Notes in their individual circumstances.

Taxation of U.S. Holders

For purposes of this discussion, the term **U.S. holder** means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

an individual who is a citizen or resident of the United States;

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a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;

a trust (i) the administration of which is subject to the primary supervision of a U.S. court and that has one or more United States persons (within the meaning of the Code) that have the authority to control all substantial decisions of the trust or (ii) that has made a valid election under applicable U.S. Treasury regulations to be treated as a United States person (within the meaning of the Code); or

an estate the income of which is subject to U.S. federal income taxation regardless of its source.

Payments of Interest

Payments or accruals of interest on a Note generally will be taxable to a U.S. holder as ordinary interest income at the time they are received (actually or constructively) or accrued, in accordance with the U.S. holder's regular method of tax accounting.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of a Note

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. holder generally will recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange, redemption, retirement or other taxable disposition (excluding amounts representing accrued and unpaid interest, which are treated as ordinary interest income to the extent not previously included in income) and the U.S. holder's adjusted tax basis in the Note. A U.S. holder's adjusted tax basis in a Note generally will equal the U.S. holder's initial investment in the Note. Capital gain or loss generally will be long-term capital gain or loss if the Note was held for more than one year. Long-term capital gains recognized by individuals and certain other non-corporate U.S. holders generally are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations under the Code.

Additional Tax on Net Investment Income

An additional tax of 3.8% is imposed on certain net investment income (or undistributed net investment income, in the case of certain U.S. holders that are estates and trusts) received by certain U.S. holders with adjusted gross income above certain threshold amounts. Net investment income generally includes interest payments on, and gain recognized from the sale, exchange, redemption, retirement or other taxable disposition of, the Notes, less certain deductions. U.S. holders should consult their own tax advisors regarding the effect, if any, of this tax on their ownership and disposition of the Notes.

Backup Withholding and Information Reporting

In general, a U.S. holder will be subject to U.S. federal backup withholding tax at the applicable rate with respect to payments on the Notes and the proceeds of a sale, exchange, redemption, retirement or other taxable disposition of the Notes, unless the U.S. holder is an exempt recipient and appropriately establishes that exemption, or provides its taxpayer identification number to the paying agent and certifies, under penalty of perjury, that it is not subject to backup withholding on an IRS Form W-9 and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder may be allowed as a credit against such U.S. holder's U.S. federal income tax liability and may entitle such U.S. holder to a

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refund, provided the required information is furnished to the IRS in a timely manner. In addition, payments on the Notes made to, and the proceeds of a sale, exchange, redemption, retirement or other taxable disposition by, a U.S. holder generally will be subject to information reporting requirements, unless such U.S. holder is an exempt recipient and appropriately establishes that exemption.

Taxation of Non-U.S. Holders

For purposes of this discussion, the term *non-U.S. holder* means a beneficial owner of a Note that is neither a U.S. holder nor a partnership (or other entity treated as a partnership for U.S. federal income tax purposes).

Interest on the Notes

Subject to the discussions of backup withholding and Foreign Account Tax Compliance Act, or FATCA, withholding below, payments to a non-U.S. holder of interest on the Notes generally will not be subject to U.S. federal income tax and will be exempt from withholding of U.S. federal income tax under the *portfolio interest* exemption if such non-U.S. holder properly certifies as to such non-U.S. holder's foreign status, as described below, and:

such non-U.S. holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote;

such non-U.S. holder is not a *controlled foreign corporation* that is related to us (actually or constructively);

such non-U.S. holder is not a bank whose receipt of interest on the Notes is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of such non-U.S. holder's trade or business; and

interest on the Notes is not effectively connected with such non-U.S. holder's conduct of a U.S. trade or business (or, in the case of an applicable income tax treaty, such interest is not attributable to a permanent establishment maintained by such non-U.S. holder in the United States).

The *portfolio interest* exemption generally applies only if a non-U.S. holder also appropriately certifies as to such non-U.S. holder's foreign status. A non-U.S. holder can generally meet the certification requirement by providing a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor form) to the applicable withholding agent. If a non-U.S. holder holds the Notes through a financial institution or other agent acting on such non-U.S. holder's behalf, such non-U.S. holder may be required to provide appropriate certifications to the agent. Such non-U.S. holder's agent will then generally be required to provide appropriate certifications to the applicable withholding agent, either directly or through other intermediaries.

If a non-U.S. holder cannot satisfy the requirements described above, payments of interest made to such non-U.S. holder will be subject to U.S. federal withholding tax at a 30% rate, unless (i) such non-U.S. holder provides the applicable withholding agent with a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor form) claiming an exemption from (or a reduction of) withholding under the benefits of an income tax treaty, or (ii) the payments of such interest are effectively connected with such non-U.S. holder's conduct of a trade or business in the United States and such non-U.S. holder meets the certification requirements described

below. See Income or Gain Effectively Connected with a U.S. Trade or Business below.

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Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of a Note

Subject to the discussions of backup withholding and FATCA withholding below, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, redemption, exchange, retirement, or other taxable disposition of a Note unless:

the gain is effectively connected with the conduct by such non-U.S. holder of a U.S. trade or business (and, if required by an applicable income tax treaty, such non-U.S. holder maintains a permanent establishment in the United States to which such gain is attributable); or

such non-U.S. holder is a non-resident alien individual who has been present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met.

If a non-U.S. holder's gain is described in the first bullet point above, such non-U.S. holder generally will be subject to U.S. federal income tax in the manner described under *Income or Gain Effectively Connected with a U.S. Trade or Business* below. A non-U.S. holder described in the second bullet point above will be subject to a flat 30% (or lower applicable income tax treaty rate) U.S. federal income tax on the gain derived from the sale, redemption, exchange, retirement, or other taxable disposition, which may be offset by certain U.S. source capital losses. To the extent that any portion of the amount realized on a sale, redemption, exchange, retirement or other taxable disposition of a Note is attributable to accrued but unpaid interest on the Note, this amount generally will be taxed in the same manner as described above in *Interest on the Notes*.

Income or Gain Effectively Connected with a U.S. Trade or Business

If any interest on the Notes or gain from the sale, redemption, exchange, retirement, or other taxable disposition of the Notes is effectively connected with a non-U.S. holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, such non-U.S. holder maintains a permanent establishment in the United States to which such interest or gain is attributable), then the interest income or gain will be subject to U.S. federal income tax at regular graduated income tax rates generally in the same manner as if such non-U.S. holder were a U.S. holder (but without regard to the additional tax on net investment income described above). Effectively connected interest income will not be subject to U.S. federal withholding tax if a non-U.S. holder satisfies certain certification requirements by providing to the applicable withholding agent a properly executed IRS Form W-8ECI (or successor form). In addition, if a non-U.S. holder is a corporation, that portion of such non-U.S. holder's earnings and profits that are effectively connected with such non-U.S. holder's conduct of a U.S. trade or business may also be subject to a branch profits tax at a 30% rate, unless an applicable income tax treaty provides for a lower rate. For this purpose, interest received on a Note and gain recognized on the disposition of a Note will be included in earnings and profits if the interest or gain is effectively connected with the conduct by such non-U.S. holder of a U.S. trade or business.

Backup Withholding and Information Reporting

Under current U.S. Treasury regulations, the amount of interest paid to a non-U.S. holder and the amount of tax withheld, if any, from those payments must be reported annually to the IRS and each non-U.S. holder. These reporting requirements apply regardless of whether U.S. withholding tax on such payments was reduced or eliminated by any applicable tax treaty or otherwise. Copies of the information returns reporting those payments and the amounts withheld may also be made available to the tax authorities in the country where a non-U.S. holder is a resident under the provisions of an applicable income tax treaty or agreement.

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Backup withholding generally will not apply to payments of interest to a non-U.S. holder on a Note if the certification described above in *Interest on the Notes* is duly provided or such non-U.S. holder otherwise establishes an exemption.

Additionally, the gross proceeds from a non-U.S. holder's disposition of Notes may be subject under certain circumstances to information reporting and backup withholding unless the non-U.S. holder provides an IRS Form W-8BEN or W-8BEN-E (or other applicable form) certifying that the non-U.S. holder is not a United States person or otherwise qualifies for an exemption.

Non-U.S. holders should consult their own tax advisors regarding application of the backup withholding rules to their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be credited against a non-U.S. holder's U.S. federal income tax liability (which may result in such non-U.S. holder being entitled to a refund of U.S. federal income tax), provided that the required information is timely provided to the IRS.

Estate Tax

A Note that is held by an individual who, at the time of death, is not a citizen or resident of the United States (as specially defined for U.S. federal estate tax purposes) generally will not be subject to the U.S. federal estate tax, unless, at the time of death, (i) such individual directly or indirectly, actually or constructively, owns ten percent or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code and the Treasury Regulations thereunder or (ii) such individual's interest in the Notes is effectively connected with the individual's conduct of a United States trade or business.

FATCA

FATCA generally imposes a 30% withholding tax on payments of certain types of income to foreign financial institutions (FFIs) unless such FFIs either (i) enter into an agreement with the U.S. Treasury to report certain required information with respect to accounts held by U.S. persons (or held by foreign entities that have U.S. persons as substantial owners) or (ii) reside in a jurisdiction that has entered into an intergovernmental agreement (IGA) with the United States to collect and share such information and are in compliance with the terms of such IGA and any enabling legislation or regulations. The types of income subject to the tax include U.S. source interest (including interest on a Note) and dividends. While existing U.S. Treasury regulations would also require withholding on payments of the gross proceeds from the sale of any property that could produce U.S. source interest (such as a Note) or dividends, the U.S. Treasury Department has indicated in subsequent proposed regulations its intent to eliminate this requirement. The gross proceeds from the sale of any property that could produce U.S. source interest (such as a Note) or dividends. The information required to be reported includes the identity and taxpayer identification number of each account holder that is a U.S. person and transaction activity within the holder's account. In addition, subject to certain exceptions, this legislation also imposes a 30% withholding on payments to foreign entities that are not FFIs unless the foreign entity certifies that it does not have a greater than 10% U.S. owner or provides the withholding agent with identifying information on each greater than 10% U.S. owner. Depending on the status of a beneficial owner and the status of the intermediary through which it holds the Notes, a beneficial owner could be subject to this 30% withholding tax with respect to interest paid on the Notes and potentially gross proceeds from the sale of the Notes (recent IRS regulations propose eliminating withholding on gross proceeds). Under certain circumstances, a beneficial owner might be eligible for a refund or credit of such taxes.

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Holders and beneficial owners should consult their own tax advisors regarding FATCA and whether it may be relevant to their acquisition, ownership and disposition of the Notes.

You should consult your own tax advisor with respect to the particular tax consequences to you of an investment in the Notes, including the possible effect of any pending legislation or proposed regulations.

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Keefe, Bruyette & Woods, Inc. is acting as the representative of the underwriters for this offering. Subject to the terms and conditions set forth in an underwriting agreement dated February 5, 2019 among us, our investment advisor and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the aggregate principal amount of Notes indicated in the table below:

Underwriter	Principal Amount of Notes	
Keefe, Bruyette & Woods, Inc.	\$	27,000,000
BB&T Capital Markets, a division of BB&T Securities, LLC	\$	10,800,000
Janney Montgomery Scott LLC	\$	7,500,000
Ladenburg Thalmann & Co. Inc.	\$	8,400,000
B. Riley FBR, Inc.	\$	3,150,000
William Blair & Company, L.L.C.	\$	3,150,000
Total	\$	60,000,000

Keefe, Bruyette & Woods, Inc. is acting as book-running manager of this offering.

The underwriting agreement provides that the obligations of the several underwriters are subject to certain conditions precedent such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriting agreement provides that the underwriters will purchase all of the Notes (other than those covered by the over-allotment option described below) if they purchase any of the Notes. If an underwriter defaults, the underwriting agreement provides that, under the circumstances, the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated. We and our investment advisor have each agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters have advised us that they currently intend to make a market in the Notes. However, the underwriters are not obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes. If an active public trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected.

The underwriters are offering the Notes, subject to their acceptance of the Notes from us and subject to prior sale. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The underwriters propose to initially offer some of the Notes directly to the public at the public offering price set forth on the cover page of this prospectus supplement. If all of the Notes are not sold at the public offering price, the representative may change the public offering price and other selling terms. Investors must pay for any Notes purchased in this offering on or before February 8, 2019. The representative has advised us that the underwriters do not intend to confirm any sales to any accounts over which they exercise discretionary authority.

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The following table shows the sales load to be paid to the underwriters in connection with this offering assuming (1) no exercise of and (2) exercise in full of the underwriters' over-allotment option.

	Per Note	Without Over-allotment	Total With Full Over-allotment
Public offering price	100.0%	\$ 60,000,000	\$ 69,000,000
Sales load (underwriting discounts and commissions)	3.0%	\$ 1,800,000	\$ 2,070,000
Proceeds to us (before expenses)	97.0%	\$ 58,200,000	\$ 66,930,000

We estimate expenses payable by us in connection with this offering will be approximately \$400,000. As part of our payment of our offering expenses, we have agreed to pay the underwriters an amount not to exceed \$15,000 for the fees and disbursements of counsel to the underwriters in connection with the review by FINRA of the terms of the sale of the Notes.

Listing

We intend to list the Notes on The Nasdaq Global Select Market. We expect trading in the Notes on The Nasdaq Global Select Market to begin within 30 days after the original issue date under the trading symbol `FDUSZ`. We offer no assurances that an active trading market for the Notes will develop and continue after the offering. We have agreed to a covenant relating to the listing of the Notes, which is described under the headings `Specific Terms of the Notes` and the Offering `Other Covenants` and `Description of the Notes Covenants` in this prospectus supplement.

Over-Allotment Option

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase from us up to an additional \$9.0 million aggregate principal amount of the Notes at the public offering price set forth on the cover of this prospectus supplement less the sales load. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. If the underwriters exercise this overallotment option, each will be obligated, subject to the specified conditions, to purchase a number of additional Notes proportionate to that underwriter's initial principal amount reflected in the table above.

No Sales of Similar Securities

Subject to certain exceptions, we have agreed not to, directly or indirectly, offer, pledge, sell, contract to sell, grant any option for the sale of, make any short sale or otherwise transfer or dispose of any debt securities issued or guaranteed by the Company or any securities convertible into or exercisable or exchangeable for debt securities issued or guaranteed by the Company, enter into any swap or other derivatives transaction that transfers any of the economic benefits or risks of ownership of any debt securities issued or guaranteed by the Company or file any registration statement under the Securities Act with respect to any of the foregoing for a period of 45 days after the date of this prospectus supplement without first obtaining the written consent of Keefe, Bruyette & Woods, Inc., other than certain private sales of debt securities to a limited number of institutional investors. This consent may be given at any time without public notice.

Stabilization

The underwriters have advised us that, pursuant to Regulation M under the Exchange Act, certain persons participating in the offering may engage in transactions including over-allotment, covering transactions and stabilizing transactions, which may have the effect of stabilizing or

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maintaining the market price of the Notes at a level above that which might otherwise prevail in the open market. Over-allotment involves syndicate sales of securities in excess of the aggregate principal amount of securities to be purchased by the underwriters in the offering, which creates a short position for the underwriters. Covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover short positions.

A stabilizing bid is a bid for the purchase of Notes on behalf of the underwriters for the purpose of fixing or maintaining the price of the Notes. A syndicate covering transaction is the bid for or the purchase of Notes on behalf of the underwriters to reduce a short position incurred by the underwriters in connection with the offering. Similar to other purchase transactions, the underwriter's purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market. A penalty bid is an arrangement permitting the underwriters to reclaim the selling concession otherwise accruing to a syndicate member in connection with the offering if the Notes originally sold by such syndicate member are purchased in a syndicate covering transaction and therefore have not been effectively placed by such syndicate member. The underwriters may conduct these transactions on The Nasdaq Global Select Market, in the over-the-counter market or otherwise.

Neither we, nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. The underwriters are not obligated to engage in these activities and, if commenced, any of the activities may be discontinued at any time.

Electronic Distribution

A prospectus in electronic format may be made available by e-mail or on the web sites or through online services maintained by one or more of the underwriters and/or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a limited principal amount of the Notes for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than the prospectus in electronic format, information on the underwriters' web sites and any information contained in any other web site maintained by any of the underwriters or selling group members is not part of this prospectus supplement or the registration statement of which this prospectus supplement is a part, has not been approved and/or endorsed by us or the underwriters and should not be relied on by investors.

Other Relationships

Certain of the underwriters and their affiliates have provided in the past and may provide from time to time in the future in the ordinary course of their business certain commercial banking, financial advisory, investment banking and other services to us, our portfolio companies or our affiliates for which they have received or will be entitled to receive separate fees. In particular, the underwriters or their affiliates may execute transactions with us, on behalf of us, any of our portfolio companies or our affiliates. In addition, the underwriters or their affiliates may act as arrangers, underwriters or placement agents for companies whose securities are sold to or whose loans are syndicated to us, our portfolio companies or our affiliates.

The underwriters or their affiliates may also trade in our securities, securities of our portfolio companies or other financial instruments related thereto for their own accounts or for the account

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of others and may extend loans or financing directly or through derivative transactions to us, any of our portfolio companies or our affiliates.

After the date of this prospectus supplement, the underwriters and their affiliates may from time to time obtain information regarding specific portfolio companies or us that may not be available to the general public. Any such information is obtained by the underwriters and their affiliates in the ordinary course of their business and not in connection with the offering of the Notes. In addition, after the offering period for the sale of the Notes, the underwriters or their affiliates may develop analyses or opinions related to us or our portfolio companies and buy or sell interests in one or more of our portfolio companies on behalf of their proprietary or client accounts and may engage in competitive activities. There is no obligation on behalf of these parties to disclose their respective analyses, opinions or purchase and sale activities regarding any portfolio company or regarding us to holders of the Notes or any other persons.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters and their affiliates that may have a lending relationship with us may routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered by this prospectus supplement and the accompanying prospectus. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The principal business address of Keefe, Bruyette & Woods, Inc. is 787 Seventh Avenue, 4th Floor, New York, New York 10019.

Other Jurisdictions

The Notes offered by this prospectus supplement and the accompanying prospectus may not be offered or sold, directly or indirectly, nor may this prospectus supplement, the accompanying prospectus or any other offering material or advertisements in connection with the offer and sale of any such Notes be distributed or published, in any jurisdiction except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus supplement and the accompanying prospectus come are advised to inform themselves about and to observe any restriction relating to the offering and the distribution of this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of an offer to buy the Notes offered by this prospectus supplement and the accompanying prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

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Alternative Settlement Cycle

We expect that delivery of the Notes will be made against payment therefor on or about February 8, 2019, which will be the third business day following the date of pricing of the Notes (such settlement cycle being referred to as "T+3"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next two succeeding business days will be required, by virtue of the fact that the Notes initially will settle T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next two succeeding business days should consult their own advisor.

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LEGAL MATTERS

Certain legal matters will be passed upon for us by Eversheds Sutherland (US) LLP. Eversheds Sutherland (US) LLP also represents our investment advisor. Certain legal matters will be passed upon for the underwriters by Dechert LLP.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

AVAILABLE INFORMATION

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

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. We maintain a website at <http://www.fidus.com> and intend to make all of our annual, quarterly and current reports, proxy statements and other publicly filed information available, free of charge, on or through our website. Information contained on our website is not incorporated into this prospectus supplement, and you should not consider information on our website to be part of this prospectus supplement. You may also obtain such information by contacting us in writing at 1603 Orrington Avenue, Suite 1005, Evanston, Illinois 60201, Attention: Investor Relations. The SEC maintains a website that contains reports, proxy and information statements and other information we file with the SEC at <http://www.sec.gov>. Copies of these reports, proxy and information statements and other information may also be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov.

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Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Statements of Assets and Liabilities****(in thousands, except shares and per share data)**

	September 30, 2018 (unaudited)	December 31, 2017
ASSETS		
Investments, at fair value		
Control investments (cost: \$6,983 and \$6,294, respectively)	\$ 5,318	\$ 4,723
Affiliate investments (cost: \$73,606 and \$91,361, respectively)	133,202	123,011
Non-control/non-affiliate investments (cost: \$539,184 and \$480,139, respectively)	529,983	468,574
Total investments, at fair value (cost: \$619,773 and \$577,794, respectively)	668,503	596,308
Cash and cash equivalents	38,072	41,572
Interest receivable	6,024	7,411
Prepaid expenses and other assets	899	972
Total assets	\$ 713,498	\$ 646,263
LIABILITIES		
SBA debentures, net of deferred financing costs (Note 6)	\$ 209,908	\$ 226,660
Public Notes, net of deferred financing costs (Note 6)	48,314	
Borrowings under Credit Facility, net of deferred financing costs (Note 6)	36,794	11,175
Accrued interest and fees payable	1,280	2,712
Management and incentive fees payable due to affiliate	14,374	11,217
Administration fee payable and other due to affiliate	425	562
Taxes payable	530	500
Accounts payable and other liabilities	351	164
Total liabilities	311,976	252,990
Commitments and contingencies (Note 7)		
NET ASSETS		
Common stock, \$0.001 par value (100,000,000 shares authorized, 24,463,119 and 24,507,940 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively)	24	24
Additional paid-in capital	369,963	370,545
Undistributed net investment income	864	5,687
Accumulated net realized gain (loss) on investments, net of taxes and distributions	(18,563)	(2,001)

Accumulated net unrealized appreciation (depreciation) on investments	49,234	19,018
Total net assets	401,522	393,273
Total liabilities and net assets	\$ 713,498	\$ 646,263
Net asset value per common share	\$ 16.41	\$ 16.05

See Notes to Consolidated Financial Statements (unaudited).

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Investment Income:				
Interest income				
Control investments	\$ 63	\$	\$ 181	\$
Affiliate investments	1,730	2,506	5,268	7,219
Non-control/non-affiliate investments	13,621	11,981	40,385	33,935
Total interest income	15,414	14,487	45,834	41,154
Payment-in-kind interest income				
Control investments	171		486	
Affiliate investments	106	520	613	1,390
Non-control/non-affiliate investments	1,238	1,347	3,425	3,792
Total payment-in-kind interest income	1,515	1,867	4,524	5,182
Dividend income				
Control investments				
Affiliate investments	312	325	953	871
Non-control/non-affiliate investments	45	108	37	835
Total dividend income	357	433	990	1,706
Fee income				
Control investments				
Affiliate investments		79	23	226
Non-control/non-affiliate investments	556	1,139	2,745	3,169
Total fee income	556	1,218	2,768	3,395
Interest on idle funds and other income	30	43	101	110
Total investment income	17,872	18,048	54,217	51,547
Expenses:				
Interest and financing expenses	3,106	2,491	9,234	7,476
Base management fee	2,932	2,486	8,438	7,202
Incentive fee	3,698	3,008	9,359	7,870
Administrative service expenses	366	318	1,112	1,009
Professional fees	233	294	1,018	1,004
Other general and administrative expenses	226	258	1,212	967

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Total expenses	10,561	8,855	30,373	25,528
Net investment income before income taxes	7,311	9,193	23,844	26,019
Income tax provision (benefit)	(170)	4	28	29
Net investment income	7,481	9,189	23,816	25,990
Net realized and unrealized gains (losses) on investments:				
Net realized gains (losses):				
Control investments				
Affiliate investments	109	(47)	842	(21)
Non-control/non-affiliate investments	(7,345)	6,299	(15,996)	12,370
Net change in unrealized appreciation (depreciation):				
Control investments				
Affiliate investments	105		(94)	
Affiliate investments	12,208	4,794	27,946	5,544
Non-control/non-affiliate investments	1,903	(7,903)	2,364	(10,677)
Income tax (provision) benefit from realized gains on investments	340	(277)	(1,408)	(1,662)
Net gain (loss) on investments	7,320	2,866	13,654	5,554
Net increase in net assets resulting from operations	\$ 14,801	\$ 12,055	\$ 37,470	\$ 31,544
Per common share data:				
Net investment income per share-basic and diluted	\$ 0.31	\$ 0.38	\$ 0.97	\$ 1.12
Net increase in net assets resulting from operations per share basic and diluted	\$ 0.61	\$ 0.49	\$ 1.53	\$ 1.36
Dividends declared per share	\$ 0.39	\$ 0.39	\$ 1.17	\$ 1.17
Weighted average number of shares outstanding basic and diluted	24,463,119	24,481,690	24,474,632	23,201,533

See Notes to Consolidated Financial Statements (unaudited).

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Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Statements of Changes in Net Assets (unaudited)**

(in thousands, except shares)

	Common Stock			Additional paid-in capital	Undistributed net investment income	Accumulated net realized gain (loss) on	Accumulated net unrealized	Total net assets
	Number of shares	Par value				distributions	on investments	
Balances at December 31, 2016	22,446,076	\$ 22	\$ 340,101	\$	9,626	\$ (19,908)	\$ 23,944	\$ 353,785
Public offerings of common stock, net of expenses (Note 8)	2,012,500	2	32,328					32,330
Shares issued under dividend reinvestment plan	34,304		569					569
Net increase in net assets resulting from operations					25,990	10,687	(5,133)	31,544
Dividends declared					(27,060)			(27,060)
Balances at September 30, 2017	24,492,880	\$ 24	\$ 372,998	\$	8,556	\$ (9,221)	\$ 18,811	\$ 391,168
Balances at December 31, 2017	24,507,940	\$ 24	\$ 370,545	\$	5,687	\$ (2,001)	\$ 19,018	\$ 393,273
Repurchases of common stock under Stock Repurchase Program (Note 8)	(44,821)		(582)					(582)
Net increase in net assets resulting from operations					23,816	(16,562)	30,216	37,470
Dividends declared					(28,639)			(28,639)
Balances at September 30, 2018	24,463,119	\$ 24	\$ 369,963	\$	864	\$ (18,563)	\$ 49,234	\$ 401,522

See Notes to Consolidated Financial Statements (unaudited).

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

	Nine Months Ended September 30,	
	2018	2017
Cash Flows from Operating Activities:		
Net increase in net assets resulting from operations	\$ 37,470	\$ 31,544
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used for) operating activities:		
Net change in unrealized (appreciation) depreciation on investments	(30,216)	5,133
Net realized (gain) loss on investments	15,154	(12,349)
Interest and dividend income paid-in-kind	(4,610)	(5,784)
Accretion of original issue discount	(208)	(330)
Accretion of loan origination fees	(624)	(1,179)
Purchase of investments	(144,614)	(155,577)
Proceeds from sales and repayments of investments	92,052	132,724
Proceeds from loan origination fees	871	907
Amortization of deferred financing costs	1,164	957
Changes in operating assets and liabilities:		
Interest receivable	1,387	(1,542)
Prepaid expenses and other assets	40	(329)
Accrued interest and fees payable	(1,432)	(2,539)
Management and incentive fees payable due to affiliate	3,157	1,624
Administration fee payable and other due to affiliate	(137)	(98)
Taxes payable	30	(190)
Accounts payable and other liabilities	187	(207)
Net cash (used for) operating activities	(30,329)	(7,235)
Cash Flows from Financing Activities:		
Proceeds from stock offerings, net of expenses		32,330
Proceeds received from SBA debentures	27,000	34,000
Repayments of SBA debentures	(43,800)	(41,700)
Proceeds received from issuance of Public Notes	50,000	
Proceeds received from (repayments of) borrowings under Credit Facility, net	25,500	
Payment of deferred financing costs	(2,650)	(1,119)
Dividends paid to stockholders, including expenses	(28,639)	(26,491)
Repurchases of common stock under Stock Repurchase Program	(582)	
Net cash provided by (used for) financing activities	26,829	(2,980)
Net (decrease) in cash and cash equivalents	(3,500)	(10,215)

Cash and cash equivalents:

Beginning of period	41,572	57,083
End of period	\$ 38,072	\$ 46,868

Supplemental disclosure of cash flow information:

Cash payments for interest	\$ 9,502	\$ 9,058
Cash payments for taxes, net of tax refunds received	\$ 1,406	\$ 1,881

Non-cash financing activities:

Shares issued under dividend reinvestment plan	\$	\$ 569
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See Notes to Consolidated Financial Statements (unaudited).

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FIDUS INVESTMENT CORPORATION

Consolidated Schedule of Investments (unaudited)

September 30, 2018

(in thousands, except shares)

Portfolio Company ^{(a)(b)}	Industry	Rate ^(d) Cash/PIK	Maturity	Principal Amount	Cost	Fair Value ^(e)	Net Assets	Percent of
Investment Type ^(c)								
Control Investments ^(t)								
<i>FDS Avionics Corp.</i>								
<i>(dba Flight Display Systems)</i>	Aerospace & Defense Manufacturing							
Second Lien Debt		4.00%/11.00%	4/1/2020	\$ 6,034	\$ 6,026	\$ 5,109		
Revolving Loan (\$50 commitment)		4.00%/11.00%	4/1/2020	209	209	209		
Common Equity (7,478 shares) ^(j)					748			
					6,983	5,318	1%	
Total Control Investments					\$ 6,983	\$ 5,318	1%	
Affiliate Investments ^(l)								
<i>Apex Microtechnology, Inc.</i>	Electronic Components Supplier							
Warrant (2,293 shares) ^(m)					\$ 220	\$ 1,218		
Common Equity (11,690 shares)					1,168	5,956		
					1,388	7,174	2%	
<i>FAR Research Inc.</i>	Specialty Chemicals							
Common Equity (1,396 units)					1,396	3,315	1%	
<i>Fiber Materials, Inc.</i>	Aerospace & Defense Manufacturing							
Second Lien Debt		12.00%/0.00%	5/30/2022	\$ 4,044	4,031	4,044		
Common Equity (10 units)					1,000	2,244		
					5,031	6,288	1%	
<i>Medsurant Holdings, LLC</i>	Healthcare Services							

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Second Lien Debt		13.00%/0.00%	6/30/2020	8,823	8,790	8,823	
Preferred Equity (126,662 units) ^(h)					1,346	3,026	
Warrant (505,176 units) ^{(h)(m)}					4,516	11,027	
					14,652	22,876	6%
<i>Microbiology Research Associates, Inc.</i>	Healthcare Services						
Subordinated Debt		11.00%/1.50%	3/13/2022	8,765	8,750	8,360	
Common Equity (1,625,731 units) ^(j)					1,939	2,294	
					10,689	10,654	3%
<i>Mirage Trailers LLC</i>	Utility Equipment Manufacturing						
Second Lien Debt ^{(k)(f)}		13.61%/1.50%	11/25/2020	6,085	6,046	6,085	
Common Equity (2,500,000 shares) ^(g)					2,177	3,113	
					8,223	9,198	2%
<i>Pfanstiehl, Inc.</i>	Healthcare Products						
Subordinated Debt		10.50%/0.00%	9/29/2022	6,208	6,196	6,208	
Common Equity (8,500 units) ^(j)					850	13,963	
					7,046	20,171	5%
<i>Pinnergy, Ltd.</i>	Oil & Gas Services						
Second Lien Debt ^(k)		12.00%/0.00%	1/24/2020	4,000	3,991	4,000	
Common Equity Class A-2 (42,500 units) ^(k)					3,000	32,118	
Common Equity Class B (1,000 units) ^(k)					3,000	3,000	
					9,991	39,118	10%

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Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (unaudited) (continued)****September 30, 2018****(in thousands, except shares)**

Company (a)(b)	Industry	Rate (d) Cash/PIK	Maturity	Principal Amount	Cost	Fair Value (e)
Company						
Investment Type (c)						
<i>... Holding LLC</i>	Aerospace & Defense Manufacturing					
<i>...ward Advanced Materials)</i>						
Lien Debt		12.00%/2.25%	5/12/2021	7,525	7,508	7,525
Equity (1,000,000 units)					1,000	1,090
					8,508	8,615
<i>...h Radiator Products, Inc.</i>	Utility Equipment Manufacturing					
Lien Debt (i)		14.25%/0.00%	12/31/2019	5,994	5,994	5,705
Equity (6,875 shares) (j)					688	88
					6,682	5,793
Affiliate Investments					\$ 73,606	\$ 133,202
Control/Non-affiliate Investments						
<i>... Food Services, LLC</i>	Vending Equipment Manufacturing					
Lien Debt (k)		10.00%/3.00%	5/30/2022	\$ 29,639	\$ 29,527	\$ 28,160
Equity (7,885 units) (h)(j)					800	559
					30,327	28,719
<i>...00 Group, Inc.</i>	Healthcare Products					
Equity (1,250,000 units) (i)					1,250	1,684
<i>...an AllWaste LLC</i>	Environmental Industries					
<i>...asteWater Transport Services)</i>						
Lien Debt (i)		11.00%/1.50%	11/30/2023	11,780	11,716	11,716
Draw Commitment (\$2,276 commitment) (i)(j)		11.00%/1.50%	11/30/2019		(9)	
Equity (500 units) (i)					500	500
					12,207	12,216
<i>...vestors, LLC (dba Auveco)</i>	Specialty Distribution					

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Lien Debt ^(k)	11.50%/0.00%	7/3/2023	22,500	22,401	22,500
Equity (5,000 units) ^(j)				500	669
				22,901	23,169
<i>Highway and Security Solutions, LLC</i>	Component Manufacturing				
Lien Debt	10.50%/1.50%	8/27/2023	10,090	10,040	10,090
Equity (50,000 units) (\$133 commitment)				500	387
				10,540	10,477
<i>Bill & Gregory, LLC</i>	Laundry Services				
Indebted Debt	0.00%/12.00%	5/31/2022	3,316	3,316	3,316
Equity (500,000 units) ^(h)				500	839
(242,121 units) ^{(h)(m)}				242	371
				4,058	4,526
<i>Card Box LLC (dba Anthony's Coal Fired Pizza)</i> Restaurants					
Equity (521,021 units) ^(j)				520	125

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Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (unaudited) (continued)****September 30, 2018****(in thousands, except shares)**

Portfolio Company ^{(a)(b)}		Rate ^(d)		Principal		Percent of	
Investment Type ^(c)	Industry	Cash/PIK	Maturity	Amount	Cost	Fair Value ^(e)	Net Assets
<i>Consolidated Infrastructure Group Holdings, LP</i>	Business Services						
Common Equity (298 units)					379	275	0%
<i>ControlScan, Inc.</i>	Information Technology Services						
Subordinated Debt ^(j)		11.00%/0.00%	1/28/2023	6,750	6,723	6,750	
Common Equity (3,704 shares) ^(j)					4	637	
Preferred Equity (100 shares) ^(j)					996	996	
					7,723	8,383	2%
<i>CRS Solutions Holdings, LLC</i>							
<i>(dba CRS Texas)</i>	Business Services						
Second Lien Debt		10.50%/1.00%	9/14/2023	9,050	9,010	9,050	
Common Equity (750,000 units) ^(j)					750	758	
					9,760	9,808	2%
<i>EBL, LLC (EbLens)</i>	Retail						
Second Lien Debt ^(j)		12.00%/1.00%	1/13/2023	9,365	9,293	9,365	
Common Equity (75,000 units) ^(j)					750	754	
					10,043	10,119	3%
<i>Global Plasma Solutions, Inc.</i>	Component Manufacturing						
First Lien Debt ^{(j)(v)}		7.35%/0.00%	9/21/2023	8,800	8,722	8,722	
Preferred Equity (947 shares) ^(j)					360	360	

Common Equity (947 shares) ^(j)					15	15	
					9,097	9,097	2%
<i>Gurobi Optimization, LLC</i>	Information Technology Services						
Subordinated Debt ^(k)		11.00%/0.00%	6/19/2023	20,000	19,915	20,000	
Common Equity (5 shares)					1,500	1,893	
					21,415	21,893	5%
<i>Hilco Plastics Holdings, LLC</i>							
<i>(dba Hilco Technologies)</i>	Component Manufacturing						
Second Lien Debt		11.50%/1.50%	12/31/2019	9,895	9,874	9,348	
Preferred Equity (1,000,000 units) ^{(h)(j)}					1,000	1,089	
Common Equity (72,507 units) ^{(h)(j)}					473	255	
					11,347	10,692	3%
<i>Hub Acquisition Sub, LLC</i>							
<i>(dba Hub Pen)</i>	Promotional products						
Second Lien Debt ^(k)		12.25%/0.00%	9/23/2021	\$ 25,000	\$ 24,909	\$ 25,000	
Common Equity (7,500 units)					263	1,353	
					25,172	26,353	7%
<i>Hunter Defense Technologies, Inc.</i>	Aerospace & Defense Manufacturing						
First Lien Debt ^{(j)(w)}		9.39%/0.00%	3/29/2023	10,000	9,900	9,900	2%
<i>IBH Holdings, LLC</i>							
<i>(fka Inflexxion, Inc.)</i>	Business Services						
Common Equity (150,000 units)							0%
<i>inthinc Technology Solutions, Inc.</i> ⁽ⁿ⁾	Information Technology Services						
Royalty Rights			4/24/2020		185		0%

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Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (unaudited) (continued)****September 30, 2018****(in thousands, except shares)**

Portfolio Company ^{(a)(b)}	Investment Type ^(c)	Industry	Rate ^(d) Cash/PIK	Maturity	Principal Amount	Cost	Percent of Fair Net Value ^(e) Assets
<i>K2 Industrial Services, Inc.</i>		Industrial Cleaning & Coatings					
	Second Lien Debt ^(p)		11.75%/5.25%	4/25/2022	10,454	10,423	6,851
	Second Lien Debt ^(p)		11.75%/10.25%	4/25/2022	2,261	2,255	
	Common Equity (1,673 shares)					1,268	
						13,946	6,851 2%
<i>The Kyjen Company, LLC</i>							
<i>(dba Outward Hound)</i>		Consumer Products					
	Second Lien Debt ^(k)		12.00%/0.00%	6/8/2024	14,500	14,436	13,532
	Common Equity (750 shares) ^(j)					750	703
						15,186	14,235 4%
<i>LNG Indy, LLC</i>							
<i>(dba Kinetrex Energy)</i>		Oil & Gas Distribution					
	Second Lien Debt ^(k)		11.50%/0.00%	9/28/2021	5,000	4,985	5,000
	Common Equity (1,000 units)					1,000	1,626
						5,985	6,626 2%
<i>Marco Group International OpCo, LLC</i>		Industrial Cleaning & Coatings					
	Second Lien Debt		10.50%/0.75%	1/21/2023	12,110	12,063	12,110
	Common Equity (750,000 units) ^{(h)(j)}					750	758
						12,813	12,868 3%
<i>Mesa Line Services, LLC</i>		Utilities: Services					

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Second Lien Debt ^(j)		10.50%/0.50%	5/31/2023	9,162	9,110	9,162	
Delayed Draw Commitment (\$4,000 commitment) ^{(i)(j)}		10.50%/1.00%	5/31/2019		(6)		
Common Equity (500 shares) ^(j)					500	660	
					9,604	9,822	2%
<i>Midwest Transit Equipment, Inc.</i>	Transportation services						
Subordinated Debt ^(j)		13.00%/0.00%	6/23/2022	12,005	11,403	12,605	
Warrant (14,384 shares) ^{(j)(m)}					361	293	
Warrant (9.59% of Junior Subordinated Notes) ^{(j)(q)}					381	427	
					12,145	13,325	3%
<i>New Era Technology, Inc.</i>	Information Technology Services						
Common Equity (197,369 shares) ^(j)					750	852	0%
<i>NGT Acquisition Holdings, LLC</i>	Component						
<i>(dba Techniks Industries)</i>	Manufacturing						
Subordinated Debt		12.50%/2.00%	3/21/2022	11,167	11,127	10,346	
Common Equity (378 units) ^(j)					500	182	
					11,627	10,528	3%
<i>Oaktree Medical Centre, P.C.</i>							
<i>(dba Pain Management Associates)</i>	Healthcare Services						
First Lien Debt ^{(j)(u)}		14.50%/0.00%	1/1/2018	571	649	684	
First Lien Debt ^{(j)(u)}		10.00%/12.00%	1/1/2018	7,507	8,094	8,528	
Revolving Loan ^{(j)(u)}		14.50%/0.00%	1/1/2018	2,500	2,700	2,988	
					11,443	12,200	3%
<i>OMC Investors, LLC</i>							
<i>(dba Ohio Medical Corporation)</i>	Healthcare Products						
Second Lien Debt		12.00%/0.00%	7/15/2021	\$ 10,000	\$ 9,949	\$ 8,763	
Common Equity (5,000 units)					500	149	
					10,449	8,912	2%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (unaudited) (continued)****September 30, 2018****(in thousands, except shares)**

Portfolio Company ^{(a)(b)}		Rate ^(d)		Principal		Percent of	
Investment Type ^(c)	Industry	Cash/PIK	Maturity	Amount	Cost	Fair Value ^(e)	Net Assets
<i>Palmetto Moon, LLC</i>	Retail						
First Lien Debt		11.50%/2.50%	10/31/2021	5,527	5,502	5,527	
Common Equity (499 units) ⁽ⁱ⁾					494	247	
					5,996	5,774	1%
<i>Plymouth Rock Energy, LLC</i>	Business Services						
Second Lien Debt ^(k)		12.00%/0.00%	6/30/2019	7,018	7,018	7,018	2%
<i>Power Grid Components, Inc.</i>	Specialty Distribution						
Second Lien Debt ^(k)		11.00%/1.00%	5/20/2023	11,253	11,203	11,203	
Preferred Equity (392 shares) ⁽ⁱ⁾					392	392	
Common Equity (9,695 shares) ^(j)					358	358	
					11,953	11,953	3%
<i>Pugh Lubricants, LLC</i>	Specialty Distribution						
Second Lien Debt ^(k)		12.25%/0.00%	5/10/2022	18,581	18,518	18,581	
Common Equity (6,125 units) ^{(h)(j)}					612	939	
					19,130	19,520	5%
<i>Restaurant Finance Co, LLC</i>	Restaurants						
Second Lien Debt ^{(k)(p)}		15.00%/4.00%	7/31/2020	9,342	9,314	2,236	1%
<i>Revenue Management Solutions, LLC</i>	Information Technology Services						
Subordinated Debt ^(k)		11.50%/1.00%	7/4/2022	8,905	8,846	9,084	
Common Equity (2,250,000 shares)					2,250	3,619	
					11,096	12,703	3%

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<i>Rhino Assembly Company, LLC</i>	Specialty Distribution							
Second Lien Debt ^(k)		12.00%/1.00%	2/11/2023	7,501	7,467	7,501		
Delayed Draw Commitment (\$1,042 commitment) ^{(i)(j)}		12.00%/1.00%	5/17/2022					
Preferred Equity (7,500 units) ^{(j)(s)}					750	1,097		
					8,217	8,598	2%	
<i>Road Safety Services, Inc.</i>	Business Services							
Second Lien Debt		11.25%/1.50%	3/18/2024	10,030	9,982	9,982		
Common Equity (655 units)					621	621		
					10,603	10,603	3%	
<i>Rohrer Corporation</i>	Packaging							
Common Equity (400 shares)					780	842	0%	
<i>SES Investors, LLC (dba SES Foam)</i>	Building Products Manufacturing							
Second Lien Debt		13.00%/0.00%	12/29/2020	4,095	4,066	2,785		
Common Equity (6,000 units) ^{(h)(j)}					600			
					4,666	2,785	1%	
<i>Simplex Manufacturing Co.</i>	Aerospace & Defense Manufacturing							
Subordinated Debt		14.00%/0.00%	7/31/2019	4,050	4,050	4,050		
Warrant (29 shares) ^(m)					1,155	2,593		
					5,205	6,643	2%	
<i>SimplyWell, Inc.</i>	Healthcare Services							
Second Lien Debt		12.00%/1.25%	2/23/2021	10,141	10,107	10,141		
Preferred Equity (309,142 shares)					500	545		
					10,607	10,686	3%	

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Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (unaudited) (continued)****September 30, 2018****(in thousands, except shares)**

Portfolio Company ^{(a)(b)}		Rate ^(d)		Principal		Percent of
Investment Type ^(c)	Industry	Cash/PIK	Maturity	Amount	Cost	Fair Net Value ^(e) Assets
<i>Software Technology, LLC</i>	Information Technology Services					
Subordinated Debt ^(k)		11.00%/0.00%	6/23/2023	10,000	9,962	10,000
Common Equity (12 shares)					1,291	1,283
					11,253	11,283 3%
<i>SpendMend, LLC</i>	Business Services					
Second Lien Debt ^(k)		11.00%/1.00%	7/8/2023	10,375	10,326	10,375
Common Equity (1,000,000 units)					1,000	1,255
					11,326	11,630 3%
<i>The Wolf Organization, LLC</i>	Building Products Manufacturing					
Common Equity (175 shares)					1,445	5,192 1%
<i>Thermoforming Technology Group LLC (dba Brown Machine Group)</i>	Capital Equipment Manufacturing					
Second Lien Debt ^(k)		12.50%/0.00%	9/14/2021	\$ 23,200	\$ 23,127	\$ 23,370
Common Equity (3,760 units) ^{(h)(i)}					230	813
					23,357	24,183 6%
<i>Tile Redi, LLC</i>	Building Products Manufacturing					
First Lien Debt ^{(j)(r)}		12.34%/0.00%	6/16/2022	10,194	10,117	10,054 3%
<i>Toledo Molding & Die, Inc.</i>	Component Manufacturing					
Second Lien Debt ^(j)		10.50%/0.00%	12/18/2018	10,000	9,992	10,000 2%
<i>TransGo, LLC</i>	Component Manufacturing					

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Second Lien Debt		13.25%/0.00%	8/28/2022	9,500	9,466	9,500	
Common Equity (1,000 units)					998	893	
					10,464	10,393	3%
<i>The Tranzonic Companies</i>	Specialty Distribution						
Subordinated Debt ⁽ⁱ⁾		10.00%/1.50%	3/27/2025	5,643	5,591	5,140	
Preferred Equity (5,000 units) ^(j)					500	424	
Common Equity (1 units) ^(j)							
					6,091	5,564	1%
<i>UBEO, LLC</i>	Business Services						