GLADSTONE INVESTMENT CORPORATION\DE
Form 497
September 19, 2016
Table of Contents

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The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting offers to buy these securities in any state where such offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 19, 2016

PRELIMINARY PROSPECTUS SUPPLEMENT

(to Prospectus dated July 28, 2016)

Shares

Gladstone Investment Corporation

% Series D Cumulative Term Preferred Stock due 2023

(Liquidation Preference $25 per Share)

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940. Generally, our investment objective is to generate current income by investing in debt securities of established businesses and provide our stockholders with long-term capital appreciation by investing in equity securities, generally in combination with the aforementioned debt securities.

We are offering shares of our % Series D Cumulative Term Preferred Stock due 2023, or the Series D Term Preferred Stock. We will pay monthly dividends on the Series D Term Preferred Stock at an annual rate of % of the $25 liquidation preference per share, or $ per share of Series D Term Preferred Stock per year, monthly, as declared by our Board of Directors, commencing on , 2016.

We are required to redeem all of the outstanding Series D Term Preferred Stock on , 2023, at a redemption price equal to $25 per share, plus an amount equal to accumulated but unpaid dividends, if any, up to, but excluding, the date of redemption. We will also be required to redeem Series D Term Preferred Stock at a redemption price equal to $25 per share, plus an amount equal to accumulated but unpaid dividends, if any, up to, but excluding, the date of redemption in the event of certain events that constitute a change of control of the company. If we fail to maintain an Asset Coverage ratio of at least 200%, we will redeem a sufficient number of shares of our 7.125% Series A Cumulative Term Preferred Stock (Series A Term Preferred Stock) (traded on the NASDAQ Global Select Market (NASDAQ) under the symbol GAINP), 6.75% Series B Cumulative Term Preferred Stock (Series B Term Preferred Stock) (traded on NASDAQ under the symbol GAINO), 6.50% Series C Cumulative Term Preferred Stock (Series C Term Preferred Stock) (traded on NASDAQ under the symbol GAINN), Series D Term Preferred Stock and any other series of outstanding shares of preferred stock issued by us (collectively, the Preferred Stock) in an amount at least equal to the lesser of (1) the minimum number of shares of Preferred Stock necessary to cause us to meet our required Asset Coverage ratio and (2) the maximum number of Preferred Stock that we can redeem out of cash legally available for such redemption. At any time on or after , 2018, at our sole option, we may redeem the Series D Term Preferred Stock at a redemption price of $25 per share of Series D Term Preferred Stock, plus any accumulated but unpaid dividends, if any, on the Series D Term Preferred Stock up to, but excluding, the date of redemption. We cannot effect any amendment, alteration or repeal of our obligation to redeem all of the Series D Term Preferred Stock on , 2023 or pay dividends at the stated rate without the prior unanimous consent of the holders of Series D Term Preferred Stock.

Each holder of our Series D Term Preferred Stock (and any other outstanding Preferred Stock we have issued or may issue in the future) will be entitled to one vote for each share held by such holder on any matter submitted to a vote of our stockholders, and the holders of all of our outstanding Preferred Stock and common stock will generally vote together as a single class. The holders of the Series Term D Preferred Stock, Series A Term Preferred Stock, Series B Term Preferred Stock, Series C Term Preferred Stock and any other Preferred Stock we may issue in the future, voting separately as a single class, will elect two of our directors and, upon our failure to pay dividends for at least two years, will elect a majority of our directors. The Series D Term Preferred Stock will rank equally in right of payment with all other shares of Preferred Stock and will rank senior in right of payment to our outstanding common stock.

We have applied to have the Series D Term Preferred Stock listed on NASDAQ under the symbol GAINM. Our common stock is traded on NASDAQ under the symbol GAIN. On September 16, 2016, the last sale price of our common stock, Series A Term Preferred Stock, Series B Term Preferred Stock and Series C Term Preferred Stock as reported on NASDAQ was $8.77 per share, $25.83 per share and $25.75 per share and $26.24 per share, respectively. The Series D Term Preferred Stock has no trading history and will not be convertible into our common stock or any other security of our company.

Table of Contents

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in the Series D Term Preferred Stock, including information about risks. Please read it before you invest and retain it for future reference. Additional information about us, including our annual, quarterly and current reports, has been filed with the Securities and Exchange Commission, or the SEC, and can be accessed at its website at www.sec.gov. You may also request this and other information free of charge, or make other stockholder inquiries, by calling (866) 366-5745, from our website (www.GladstoneInvestment.com) or by writing us at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22012. See Additional Information in the accompanying prospectus.

The securities in which we invest generally would be rated below investment grade if they were rated by rating agencies. Below investment grade securities, which are often referred to as junk, have predominantly speculative characteristics with respect to the issuer s capacity to pay interest and repay principal. They may also be difficult to value and illiquid.

Investing in the Series D Term Preferred Stock involves a high degree of risk, including, among other things, the risk of leverage and risks relating to investments in securities of small, private and developing businesses. You could lose some or all of your investment. You should carefully consider each of the factors described under Risk Factors beginning on page S-10 of this prospectus supplement and beginning on page 12 of the accompanying prospectus before you invest in the Series D Term Preferred Stock.

The SEC has not approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Table of Contents

	PER SHARE	TOTAL [(2)]
Public offering price	$	$
Underwriting discounts and commissions (sales load)	$	$
Proceeds, before expenses, to us [(1)]	$	$

(1) Total expenses of the offering payable by us, excluding underwriting discounts and commissions, are estimated to be $.

(2) We have granted the underwriters a 30-day option to purchase up to an additional $ of Series D Term Preferred Stock from us on the same terms and conditions set forth above solely to cover overallotments, if any. If such option is exercised in full, the total public offering price will be $, the total underwriting discounts and commissions will be $ and total proceeds, before expenses, to us would be $. See *Underwriting* on page S-55 of this prospectus supplement for additional information with respect to our arrangements with the underwriters, including stabilizing transactions and other transactions that affect the price of the Series D Term Preferred Stock.

The underwriters expect to deliver the Series D Term Preferred Stock on or about , 2016.

Sole Book-Running Manager

Janney Montgomery Scott

Co-Lead Managers

J.J.B. Hilliard, W.L. Lyons, LLC **Ladenburg Thalmann** **Wunderlich**

Co-Managers

William Blair **Maxim Group LLC**

Prospectus Supplement dated , 2016

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement, together with the accompanying prospectus, sets forth the information that you should know before investing. You should read the prospectus supplement and accompanying prospectus, which contain important information, before deciding whether to invest in the Series D Term Preferred Stock.

You may request a free copy of this prospectus supplement, the accompanying prospectus, our annual reports to stockholders, when available, and other information about us, and make stockholder inquiries by calling (866) 366-5745 or by writing to us at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102, or from our website (http://www.GladstoneInvestment.com). The information contained in, or that can be accessed through, our website is not part of this prospectus supplement or the accompanying prospectus. We make available free of charge on our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. We also furnish to our stockholders annual reports, which include annual financial information that has been examined and reported on, with an opinion expressed by our independent registered public accounting firm.

This prospectus supplement, which describes the specific terms of this offering, also adds to and updates information contained in the accompanying prospectus. The accompanying prospectus gives more general information, some of which may not apply to this offering. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement. However, if any statement in one of these documents is inconsistent with a statement in another document having a later date, the statement in the document having the later date modifies or supersedes the earlier statement.

The Series D Term Preferred Stock does not represent a deposit or obligation of, and is not guaranteed or endorsed by, any bank or other insured depository institution, and is not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus in making an investment decision. Neither we nor the underwriters have authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell the Series D Term Preferred Stock in any jurisdiction where such an offer or sale is not permitted. The information appearing in this prospectus supplement and in the accompanying prospectus is accurate only as of the dates on their respective covers, regardless of the time of delivery or any sale of the Series D Term Preferred Stock.

Table of Contents

TABLE OF CONTENTS

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights some of the information included in the prospectus supplement and the accompanying prospectus. You should review the more detailed information contained elsewhere in this prospectus supplement and in the accompanying prospectus, including the Company s Certificate of Designation of % Series D Cumulative Term Preferred Stock due 2023 of Gladstone Investment Corporation, or the Certificate of Designation, the form of which is attached as Appendix A to this prospectus supplement, and especially the information set forth under the heading Risk Factors prior to making an investment in the Series D Term Preferred Stock. In this prospectus supplement and the accompanying prospectus, except where the context suggests otherwise, the Company, we, us or our refers to Gladstone Investment Corporation; Adviser refers to Gladstone Management Corporation; Administrator refers to Gladstone Administration, LLC; and Gladstone Companies refers to our Adviser and its affiliated companies. Capitalized terms used but not defined in this prospectus supplement or accompanying prospectus have the meanings given to such terms in the Certificate of Designation. Unless otherwise stated, the information in this prospectus supplement and the accompanying prospectus does not take into account the possible exercise by the underwriters of their overallotment option.

Gladstone Investment Corporation

Gladstone Investment Corporation was organized under the laws of the State of Delaware on February 18, 2005. We are an externally managed specialty finance company that generally invests in secured first or second lien debt in combination with a direct equity investment in established U.S. businesses. Our investments are structured with the goal of producing a mix of assets to provide current income from our debt investments and capital gains from our equity investments at exit.

As of June 30, 2016, our portfolio consisted of investments in 36 portfolio companies located in 19 states across 17 different industries with an aggregate fair value of $491.0 million, consisting of secured first lien term debt, secured second lien term debt, preferred equity and common equity. Our weighted average yield on our interest-bearing investments for the three months ended June 30, 2016, excluding cash and cash equivalents and receipts recorded as other income, was 12.7%. For both fiscal years ended March 31, 2016 and 2015, our weighted average yield on our interest-bearing investments, excluding cash and cash equivalents and receipts recorded as other income, was 12.6%. Since our initial public offering in June 2005, we have made 134 consecutive monthly distributions on our common stock, par value $0.001 per share, or Common Stock.

We operate as a closed-end, non-diversified management investment company and have elected to be treated as a business development company, or BDC, under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, for tax purposes, we have elected to be treated as a regulated investment company, or RIC, under the Internal Revenue Code of 1986, as amended, or the Code.

As of September 16, 2016, we had 30,270,958 shares of Common Stock outstanding, 1,600,000 shares of Series A Term Preferred Stock outstanding 1,656,000 shares of Series B Term Preferred Stock outstanding and 1,610,000 shares of Series C Term Preferred Stock outstanding. We are required to redeem all shares of Series A Term Preferred Stock on February 28, 2017, all shares of Series B Term Preferred Stock on December 31, 2021 and all shares of Series C Term Preferred stock on May 31, 2022.

Our principal executive offices are located at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102, and our telephone number is (703) 287-5800. Our corporate website is located at http://www.GladstoneInvestment.com. Information on, or accessible through, our website is not incorporated into or a part of this prospectus supplement or the accompanying prospectus.

S-1

Investment Adviser and Administrator

We are externally managed by our affiliated investment adviser, Gladstone Management Corporation (the Adviser), under an investment advisory and management agreement (the Advisory Agreement) and another of our affiliates, Gladstone Administration, LLC (the Administrator), provides administrative services to us pursuant to a contractual agreement (the Administration Agreement). Each of the Adviser and Administrator are privately-held companies that are indirectly owned and controlled by David Gladstone, our chairman and chief executive officer. Mr. Gladstone and Terry Brubaker, our vice chairman and chief operating officer, also serve on the board of directors of the Adviser, the board of managers of the Administrator, and serve as executive officers of the Adviser and the Administrator. The Administrator employs, among others, our chief financial officer and treasurer, chief valuation officer, chief compliance officer, general counsel and secretary (who also serves as the president of the Administrator) and their respective staffs. The Adviser and Administrator have extensive experience in our lines of business and also provide investment advisory and administrative services, respectively, to our affiliates, including, but not limited to: Gladstone Commercial Corporation (Gladstone Commercial), a publicly-traded real estate investment trust; Gladstone Capital Corporation (Gladstone Capital), a publicly-traded BDC and RIC; and Gladstone Land Corporation, a publicly-traded real estate investment trust (Gladstone Land, with Gladstone Commercial, and Gladstone Capital, collectively the Affiliated Public Funds). In the future, the Adviser and Administrator may provide investment advisory and administrative services, respectively, to other funds and companies, both public and private.

The Adviser was organized as a corporation under the laws of the State of Delaware on July 2, 2002, and is a registered investment adviser under the Investment Advisers Act of 1940, as amended. The Administrator was organized as a limited liability company under the laws of the State of Delaware on March 18, 2005. The Adviser and Administrator are headquartered in McLean, Virginia, a suburb of Washington, D.C. The Adviser also has offices in several other states.

Investment Objectives and Strategy

We were established for the purpose of investing in debt and equity securities of established private businesses operating in the United States (U.S.). Our investment objectives are to: (1) achieve and grow current income by investing in debt securities of established businesses that we believe will provide stable earnings and cash flow to pay expenses, make principal and interest payments on our outstanding indebtedness and make distributions to stockholders that grow over time; and (2) provide our stockholders with long-term capital appreciation in the value of our assets by investing in equity securities, generally in combination with the aforementioned debt securities, of established businesses that we believe can grow over time to permit us to sell our equity investments for capital gains. To achieve our objectives, our investment strategy is to invest in several categories of debt and equity securities, with each investment generally ranging from $5 million to $30 million, although investment size may vary, depending upon our total assets or available capital at the time of investment. We intend that our investment portfolio over time will consist of approximately 75% in debt securities and 25% in equity securities, at cost. As of June 30, 2016, our investment portfolio was made up of 71.9% in debt securities and 28.1% in equity securities, at cost.

In July 2012, the U.S. SEC granted us an exemptive order (the Co-Investment Order) that expanded our ability to co-invest with certain of our affiliates, including Gladstone Capital, under certain circumstances and any future business development company or closed-end management investment company that is advised (or sub-advised if it controls the fund) by our external investment adviser, or any combination of the foregoing, subject to the conditions in the SEC s order.

In general, our investments in debt securities have a term of no more than seven years, accrue interest at variable rates (based on the one-month London Interbank Offered Rate (LIBOR)) and, to a lesser extent, at fixed rates. We seek debt instruments that pay interest monthly or, at a minimum, quarterly, and which may include a yield enhancement such as a success fee or deferred interest provision and are primarily interest only, with all principal and any accrued but unpaid interest due at maturity. Generally, success fees accrue at a set rate and are contractually due upon a change of control of the business. Some debt securities have deferred interest whereby some portion of the interest payment is added to the principal balance so that the interest is paid, together with the principal, at maturity. This form of deferred interest is often called paid-in-kind (PIK) interest.

Typically, our investments in equity securities take the form of common stock, preferred stock, limited liability company interests, or warrants or options to purchase the foregoing. Often, these equity investments occur in connection with our original investment, buyouts and recapitalizations of a business, or refinancing existing debt. Since our initial public offering in 2005 and through June 30, 2016, we have made investments in 44 companies, excluding investments in syndicated loans. Our Board of Directors has the authority to modify or waive our current operating policies and our strategies without prior notice to or approval of our stockholders.

We expect that our investment portfolio will primarily include the following three categories of investments in private companies in the U.S.:

First Lien Secured Debt Securities: We seek to invest a portion of our assets in first lien secured debt securities also known as senior loans, senior term loans, lines of credit and senior notes. Using its assets as collateral, the borrower typically uses first lien secured debt to cover a substantial portion of the funding needs of the business. These debt securities usually take the form of first priority liens on all, or substantially all, of the assets of the business.

Second Lien Secured Debt Securities: We seek to invest a portion of our assets in second lien secured debt securities, which may also be referred to as subordinated loans, subordinated notes and mezzanine loans. These second lien secured debt securities rank junior to the borrower s first lien secured debt securities and may be secured by second priority liens on all or a portion of the assets of the business. Additionally, we may receive other yield enhancements, such as warrants to buy common and preferred stock or limited liability interests, in connection with these second lien secured debt securities.

Preferred and Common Equity/Equivalents: We seek to invest a portion of our assets in equity securities, which consist of preferred and common equity, limited liability company interests, warrants or options to acquire such securities, and are generally in combination with our debt investment in a business. Additionally, we may receive equity investments derived from restructurings on some of our existing debt investments. In many cases, we will own a significant portion of the equity of the businesses in which we invest.

Pursuant to the 1940 Act, we must maintain at least 70% of our total assets in qualifying assets, which generally include each of the investment types listed above. Therefore, the 1940 Act permits us to invest up to 30% of our assets in other non-qualifying assets. See *Regulation as a Business Development Company Qualifying Assets* in the accompanying prospectus for a discussion of the types of qualifying assets in which we are permitted to invest pursuant to Section 55(a) of the 1940 Act.

Because the majority of the loans in our portfolio consist of term debt in private companies that typically cannot or will not expend the resources to have their debt securities rated by a credit rating agency, we expect that most, if not all, of the debt securities we acquire will be unrated. Investors should assume that these loans would be rated below what is today considered investment grade quality. Investments rated below investment grade are often referred to as high yield securities or junk bonds and may be considered higher risk, as compared to investment-grade debt instruments. See *Business Investment Process* included in the accompanying prospectus for additional information on our investment practices.

Table of Contents

Recent Developments

Renewal of our Advisory Agreement

On July 12, 2016, our Board of Directors, including a majority of the directors who are not parties to the agreement or interested persons of any such party, approved the annual renewal of the Advisory Agreement with the Adviser through August 31, 2017. Mr. Gladstone, our chairman and chief executive officer, controls the Adviser. In reaching a decision to approve the Advisory Agreement, our Board of Directors reviewed a significant amount of information and considered, among other things:

- the nature, quality and extent of the advisory and other services to be provided to us by the Adviser;
- our investment performance and that of the Adviser;
- the costs of the services to be provided and profits to be realized by the Adviser from the relationship with us;
- the fee structures of comparable externally managed business development companies that engage in similar investing activities; and
- various other matters.

Based on the information reviewed and the considerations detailed above, our Board of Directors, including all of the directors who are not interested persons as that term is defined in the 1940 Act, concluded that the investment advisory fee rates and terms are fair and reasonable in relation to the services provided and approved the Advisory Agreement, as being in the best interests of our stockholders.

Table of Contents

THE OFFERING

The following is a brief summary of some of the terms of this offering. For a more complete description of the rights, preferences and other terms of the Series D Term Preferred Stock, see *Description of the Series D Term Preferred Stock* in this prospectus supplement and the Certificate of Designation.

Issuer	Gladstone Investment Corporation
Securities Offered	shares of Series D Term Preferred Stock or shares if the underwriters exercise their overallotment option in full.
Listing	We have applied to list the Series D Term Preferred Stock on NASDAQ under the symbol GAINM. Trading on the Series D Term Preferred Stock is expected to begin within 30 days of the date of this prospectus supplement. Prior to the expected commencement of trading on NASDAQ, the underwriters may make a market in the Series D Term Preferred Stock, but they are not obligated to do so and may discontinue any market-making at any time without notice.
Liquidation Preference	In the event of any liquidation, dissolution or winding up of our affairs, holders of the Series D Term Preferred Stock will be entitled to receive a liquidation distribution equal to $25 per share (which we refer to in this prospectus supplement as the Liquidation Preference), plus an amount equal to all accumulated but unpaid dividends and distributions, if any, up to, but excluding, the date fixed for distribution or payment, whether or not earned or declared by us, but excluding interest on any such distribution or payment. See *Description of the Series D Term Preferred Stock Liquidation Rights*.
Dividends	The Series D Term Preferred Stock will pay a monthly dividend at a fixed annual rate of % of the Liquidation Preference, or $ per share per year, which we refer to as the Fixed Dividend Rate. The Fixed Dividend Rate is subject to adjustment under certain circumstances, but will not in any case be lower than $ per share per year.
	Cumulative cash dividends or distributions on each Series D Term Preferred Share will be payable monthly, when, as and if declared by our Board of Directors or a duly authorized committee of our Board of Directors out of funds legally available for such payment. The first dividend period for the Series D Term Preferred Stock will commence on the initial issuance date of such shares upon the closing of this offering,

	which we refer to as the Date of Original Issue, and will end on , 2016.
Ranking	The shares of Series D Term Preferred Stock are senior securities that constitute capital stock of the Company.

S-5

The Series D Term Preferred Stock ranks:

- senior to the Common Stock in priority of payment of dividends and as to the distribution of assets upon dissolution, liquidation or the winding-up of our affairs;

- equal in priority with all other series of Preferred Stock we have issued or may issue in the future as to priority of payment of dividends and as to distributions of assets upon dissolution, liquidation or the winding-up of our affairs; and

- effectively subordinated to our existing and future indebtedness, including borrowings under our Fifth Amended and Restated Credit Agreement, dated April 30, 2013 (the Credit Facility).

We may issue additional shares of Preferred Stock, but we may not issue additional classes of capital stock that rank senior to the Series A Term Preferred Stock, Series B Term Preferred Stock, Series C Term Preferred Stock or Series D Term Preferred Stock as to priority of payment of dividends and as to distribution of assets upon dissolution, liquidation or winding-up of our affairs. We may, however, borrow funds from banks and other lenders so long as the ratio of (1) the value of total assets less the total borrowed amounts to (2) the sum of all senior securities representing indebtedness and the number of shares of outstanding Series A Term Preferred Stock, Series B Term Preferred Stock, Series C Term Preferred Stock, Series D Term Preferred Stock multiplied by $25 per share is not less than 2 to 1.

Mandatory Term Redemption

We are required to redeem all outstanding Series D Term Preferred Stock on , 2023, or the Mandatory Term Redemption Date, at a redemption price equal to the Liquidation Preference, plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) to, but excluding, the redemption date. If we fail to redeem the Series D Term Preferred Stock pursuant to the mandatory redemption required on , 2023, or in any other circumstance in which we are required to redeem the Series D Term Preferred Stock, then the Fixed Dividend Rate will increase by three percent (3.00%) for so long as such failure continues. See *Description of the Series D Term Preferred Stock Redemption* and *Voting Rights*.

Mandatory Redemption for Asset Coverage	If we fail to maintain Asset Coverage (as defined below) of at least 200% as of the time of declaration of dividends or other distributions on the Company s common stock (other than dividends payable in shares of common stock) after deducting the amount of such dividend or other distribution as of the time of purchase of the Company s common stock or issuance of any senior security as defined in the 1940 Act, and such failure is not cured in 90 calendar days after the date of such failure (referred to in this prospectus supplement as an Asset Coverage Cure Date), then we are required to redeem, within

Table of Contents

90 calendar days of the Asset Coverage Cure Date, shares of Preferred Stock equal to the lesser of (1) the minimum number of shares of Preferred Stock that will result in our having Asset Coverage of at least 200% and (2) the maximum number of shares of Preferred Stock that can be redeemed out of funds legally available for such redemption, provided further, that in connection with any such redemption for failure to maintain such Asset Coverage, we may redeem such additional number of shares of Preferred Stock that will result in our having Asset Coverage of up to and including 240%. The Preferred Stock to be redeemed may include, at our sole option, any number or proportion of the Series A Term Preferred Stock, Series B Term Preferred Stock, Series C Term Preferred Stock, Series D Term Preferred Stock and other future series of Preferred Stock. If shares of Series D Term Preferred Stock are to be redeemed in such an event, they will be redeemed at a redemption price equal to the Liquidation Preference, plus accumulated but unpaid dividends, if any, on such shares (whether or not declared, but excluding interest on accumulated but unpaid dividends, if any) up to, but excluding, the date fixed for such redemption.

Asset Coverage for purposes of our Preferred Stock is calculated in accordance with Sections 18 and 61 of the 1940 Act, as in effect on the date of the Certificate of Designation, and is determined on the basis of values calculated as of a time within 48 hours (only including Business Days) preceding each determination. We estimate that, on the Date of Original Issue, our Asset Coverage, based on the composition and value of our portfolio as of June 30, 2016, and after giving effect to (1) the issuance of the Series D Term Preferred Stock offered in this offering, and (2) the payment of underwriting discounts and commissions of $ million and estimated related offering costs payable by us of approximately $, would have been % prior to the activity noted in the *Use of Proceeds* section. We estimate that following our expected use of proceeds, which includes the full redemption of our Series A Term Preferred Stock, our Asset Coverage would be %. Our net investment income, including prior period undistributed net investment income, coverage, which is calculated by dividing the sum of our undistributed net investment income at the beginning of the period and our net investment income during the period by the amount of distributions from net investment income to holders of our Common Stock during the period, was approximately 124.1% for the year ended March 31, 2016 and approximately 233.2% for the three months ended June 30, 2016. Net investment income coverage has varied each year since our inception, and there is no assurance that historical coverage levels will be maintained. See *Description of the Series D Term Preferred Stock Asset Coverage*.

Table of Contents

Optional Redemption	At any time on or after , 2018, at our sole option, we may redeem the Series D Term Preferred Stock in whole or from time to time, in part, out of funds legally available for such redemption, at the Liquidation Preference, plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) up to, but excluding, the date fixed for such redemption. See *Description of the Series D Term Preferred Stock Redemption Optional Redemption.*
Change of Control Redemption	If a Change of Control Triggering Event occurs, unless we have exercised our option to redeem the Series D Term Preferred Stock, we will be required to redeem all of the outstanding Series D Term Preferred Stock at the Liquidation Preference, plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) to, but excluding, the date fixed for such redemption. For the definition of Change of Control Triggering Event and additional information concerning the redemption of the Series D Term Preferred Stock in connection with such events, see *Description of the Series D Term Preferred Stock Redemption Change of Control.*
Voting Rights	Except as otherwise provided in our Amended and Restated Certificate of Incorporation or as otherwise required by law, (1) each holder of Preferred Stock (including the Series D Term Preferred Stock) will be entitled to one vote for each share of Preferred Stock held by such holder on each matter submitted to a vote of our stockholders and (2) the holders of all outstanding Preferred Stock and Common Stock will vote together as a single class; provided, that holders of Preferred Stock, voting separately as a class, will be entitled to elect two of our directors and, if we fail to pay dividends on any outstanding shares of Preferred Stock in an amount equal to two full years of dividends and continuing until such failure is corrected, will be entitled to elect a majority of our directors. Preferred Stock holders will also vote by series separately as a class on any matter that materially and adversely affects any preference, right or power of holders of such series of Preferred Stock. See *Description of the Series D Term Preferred Stock Voting Rights.*
Conversion Rights	The Series D Term Preferred Stock will have no conversion rights.
Use of Proceeds	We intend to use the net proceeds from this offering of approximately $ million (after the payment of underwriting discounts and commissions of $ million and estimated offering expenses payable by us of approximately $) to redeem outstanding shares of our Series A Term Preferred Stock, to pay down our Credit Facility and for

other general corporate purposes. See *Use of Proceeds*.

U.S. Federal Income Taxes	Prospective investors are urged to consult their own tax advisors regarding the tax considerations relevant to holders of the Series D Term Preferred Stock in light of their personal investment circumstances. We have elected to be treated, and intend to continue to so qualify each year, as a RIC under Subchapter M of the Code, and we generally do not expect to be subject to U.S. federal income tax. The dividends on the Series D Term Preferred Stock generally will not qualify for the dividends received deduction or for taxation as qualified dividend income.
Risk Factors	Investing in the Series D Term Preferred Stock involves risks. You should carefully consider the information set forth in the sections entitled *Risk Factors* beginning on page S-10 of this prospectus supplement and page 12 of the accompanying prospectus before deciding whether to invest in our Series D Term Preferred Stock.
Information Rights	During any period in which we are not subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and any shares of Series D Term Preferred Stock are outstanding, we will provide holders of Series D Term Preferred Stock, without cost, copies of annual reports and quarterly reports substantially similar to the reports on Form 10-K and Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject to such provisions or, alternatively, we will voluntarily file reports on Form 10-K and Form 10-Q as if we were subject to Section 13 or 15(d) of the Exchange Act.
Redemption and Paying Agent	We have entered into an amendment to our Transfer Agency and Service Agreement with Computershare, Inc., or Computershare, or the Redemption and Paying Agent. Under this amendment, the Redemption and Paying Agent will serve as transfer agent and registrar, dividend disbursing agent and redemption and paying agent with respect to the Series D Term Preferred Stock.

Table of Contents

RISK FACTORS

You should carefully consider the risks described below, and the risks described in Risk Factors beginning on page 12 of the accompanying prospectus, before deciding to invest in the Series D Term Preferred Stock. The risks and uncertainties described below and in the accompanying prospectus are not the only ones we face. Additional risks and uncertainties not presently known to us, or not presently deemed material by us, may also impair our operations and performance and the value of the Series D Term Preferred Stock. If any of the following risks or the risks described in the accompanying prospectus actually occur, our business, financial condition or results of operations could be materially adversely affected, and the value of the Series D Term Preferred Stock may be impaired. If that happens, the trading price of the Series D Term Preferred Stock could decline, and you may lose all or part of your investment.

Risks of Investing in Preferred Stock

We may be unable to use the net proceeds from this offering to redeem the Series A Term Preferred Stock within the time period that we anticipate or at all, which could adversely affect our financial condition and results of operations and increase the likelihood of our failing to meet the asset coverage requirements of the 1940 Act.

We intend to use the net proceeds from this offering to redeem outstanding Series A Term Preferred Stock, to repay borrowings under our Credit Facility and for other general corporate purposes. We anticipate that substantially all of the net proceeds of this offering will be utilized in this manner within three months of the completion of this offering. However, we cannot assure you that we will be able to redeem the Series A Term Preferred Stock within this time period or at all. Any delay or failure to use the net proceeds from this offering to redeem the Series A Term Preferred Stock could adversely affect our financial condition and results of operations and increase the likelihood of our failing to meet the asset coverage requirements of the 1940 Act, as described below under *Our amount of senior securities outstanding will increase as a result of this offering, which could adversely affect our business, financial condition and results of operations, our ability to meet our payment obligations under the Credit Facility and our ability to meet the asset coverage requirements of the 1940 Act.*

The Series D Term Preferred Stock is a new issuance and does not have an established trading market, which may negatively affect its market value and your ability to transfer or sell your shares.

The shares of Series D Term Preferred Stock are a new issue of securities with no established trading market. We intend to apply to list the Series D Term Preferred Stock on the NASDAQ Global Select Market under the symbol GAINM, but there can be no assurance that NASDAQ will accept the Series D Term Preferred Stock for listing. Even if the application is approved, however, an active trading market for the shares may not develop or, even if it develops, may not last, in which case the trading price of the shares could be adversely affected and your ability to transfer your shares of Series D Term Preferred Stock will be limited. If an active trading market does develop, the Series D Term Preferred Stock may trade at prices lower than the initial offering price. The trading price of the Series D Term Preferred Stock would depend on many factors, including:

- prevailing interest rates;
- the market for similar securities;

general economic and financial market conditions;

our issuance of debt or preferred equity securities; and

our financial condition, results of operations and prospects.

An investment in preferred stock with a fixed interest rate bears interest rate risk.

Preferred stock, including the Series D Term Preferred Stock, pays dividends at a fixed dividend rate. Prices of fixed income investments vary inversely with changes in market yields. The market yields on securities comparable to the Series D Term Preferred Stock may increase, which would likely result in a decline in the secondary market price of the Series D Term Preferred Stock prior to the Mandatory Term Redemption Date. This risk may be even more significant in light of low currently prevailing market interest rates. For additional information concerning dividends on the Series D Term Preferred Stock, see *Description of the Series D Term Preferred Stock Dividends and Dividend Periods*.

There is no guarantee that the Series D Term Preferred Stock will be approved for listing, there may be no initial secondary trading market due to delayed listing, and even after listing a liquid secondary trading market may not develop.

We have applied to list the Series D Term Preferred Stock on NASDAQ, and we do not know when the Series D Term Preferred Stock will be approved for listing, if at all. If approved, we expect the Series D Term Preferred Stock to begin trading on NASDAQ within 30 days of the date of this prospectus supplement. During the time the Series D Term Preferred Stock is not listed on NASDAQ, the underwriters may make a market in the Series D Term Preferred Stock, but they are not obligated to do so and may discontinue any market-making at any time without notice. Consequently, an investment in the Series D Term Preferred Stock during this period may be illiquid, and holders of such shares may not be able to sell them during that period as it is unlikely that an active secondary market for the Series D Term Preferred Stock will develop. If a secondary market does develop during this period, holders of the Series D Term Preferred Stock may be able to sell such shares only at substantial discounts from the Liquidation Preference. We cannot accurately predict the trading patterns of the Series D Term Preferred Stock, including the effective costs of trading the stock. Even if our Series D Term Preferred Stock begins trading on NASDAQ, there is also a risk that such shares may be thinly traded, and the market for such shares may be relatively illiquid compared to the market for other types of securities, with the spread between the bid and asked prices considerably greater than the spreads of other securities with comparable terms and features.

The Series D Term Preferred Stock will not be rated.

We do not intend to have the Series D Term Preferred Stock rated by any rating agency. Unrated securities usually trade at a discount to similar, rated securities. As a result, there is a risk that the Series D Term Preferred Stock may trade at a price that is lower than it might otherwise trade if rated by a rating agency. It is possible, however, that one or more rating agencies might independently determine to assign a rating to the Series D Term Preferred Stock. In addition, we may elect to issue other securities for which we may seek to obtain a rating. If any ratings are assigned to the Series D Term Preferred Stock in the future or if we issue other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn, could adversely affect the market for or the market value of the Series D Term Preferred Stock.

The Series D Term Preferred Stock will bear a risk of early redemption by us.

We may voluntarily redeem some or all of the Series D Term Preferred Stock on or after , 2018, which is five years before the Mandatory Term Redemption Date of , 2023. We also may be forced to redeem some or all of the Series D Term Preferred Stock to meet regulatory requirements and the Asset Coverage requirements of such shares. We are also required to redeem all of the Series D Term Preferred Stock upon a Change of Control Triggering Event. Any such redemption may occur at a time that is unfavorable to holders of the Series D Term Preferred Stock. We may have an incentive to redeem the Series D Term Preferred Stock voluntarily before the Mandatory Term Redemption Date if market conditions allow us to issue other Preferred Stock or debt securities at a rate that is lower than the Fixed Dividend Rate on the Series D Term Preferred Stock, or for other reasons. For further information regarding our ability to redeem the Series D Term Preferred Stock, see *Description of the Series D Term Preferred Stock Optional Redemption* and *Asset Coverage*.

Table of Contents

Claims of holders of the Series D Term Preferred Stock will be subject to a risk of subordination relative to holders of our debt instruments.

Rights of holders of the Series D Term Preferred Stock will be subordinated to the rights of holders of our current and any future indebtedness, including the Credit Facility. Even though the Series D Term Preferred Stock will be classified as a liability for purposes of accounting principles generally accepted in the U.S., or GAAP, and considered senior securities under the 1940 Act, the Series D Term Preferred Stock are not debt instruments. Therefore, dividends, distributions and other payments to holders of Preferred Stock in liquidation or otherwise may be subject to prior payments due to the holders of our indebtedness. In addition, under some circumstances the 1940 Act may provide debt holders with voting rights that are superior to the voting rights of holders of the Series D Term Preferred Stock.

We are subject to risks related to the general credit crisis and related liquidity risks.

General market uncertainty and extraordinary conditions in the credit markets may impact the liquidity of our investment portfolio. In turn, during extraordinary circumstances, this uncertainty could impact our distributions and/or ability to redeem the Series D Term Preferred Stock in accordance with their terms. Further, there may be market imbalances of sellers and buyers of Series D Term Preferred Stock during periods of extreme illiquidity and volatility in the credit markets. Such market conditions may lead to periods of thin trading in any secondary market for the Series D Term Preferred Stock and may make valuation of the Series D Term Preferred Stock uncertain. As a result, the spread between bid and ask prices is likely to increase significantly such that, if you invest in the Series D Term Preferred Stock, you may have difficulty selling your shares. Less liquid and more volatile trading environments could also result in sudden and significant valuation declines in the Series D Term Preferred Stock.

Holders of the Series D Term Preferred Stock will be subject to inflation risk.

Inflation is the reduction in the purchasing power of money resulting from the increase in the price of goods and services. Inflation risk is the risk that the inflation-adjusted, or real, value of an investment in Preferred Stock or the income from that investment will be worth less in the future. As inflation occurs, the real value of the Series D Term Preferred Stock and dividends payable on such shares declines.

Holders of the Series D Term Preferred Stock will bear reinvestment risk.

Given the seven-year term and potential for early redemption of the Series D Term Preferred Stock, holders of such shares may face an increased reinvestment risk, which is the risk that the return on an investment purchased with proceeds from the sale or redemption of the Series D Term Preferred Stock may be lower than the return previously obtained from the investment in such shares.

Holders of the Series D Term Preferred Stock will bear dividend risk.

We may be unable to pay dividends on the Series D Term Preferred Stock under some circumstances. The terms of our indebtedness, including the Credit Facility, preclude the payment of dividends in respect of equity securities, including the Series D Term Preferred Stock, under certain conditions. See *Liquidity and Capital Resources Revolving Credit Facility.*

We face Asset Coverage risks in our investment activities.

The Asset Coverage that we maintain on our Preferred Stock, including the Series D Term Preferred Stock, is based upon a calculation of the value of our portfolio holdings. Our portfolio investments are, and we expect a large percentage of such investments will continue to be, in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded is generally not readily determinable. Our Board of Directors reviews valuation recommendations that are provided by professionals of the Adviser and Administrator with oversight and direction from the chief valuation officer, employed by the Administrator (the Valuation Team). There is no single standard for determining fair value (especially for privately-held businesses), as fair value depends upon the specific facts and circumstances of each individual investment. In determining the fair value of our investments, the Valuation Team, led by the chief valuation officer, uses an established investment valuation policy, or the Policy, which has been approved by our Board of Directors, and each quarter our Board of Directors reviews the Policy to determine if changes thereto are advisable and also reviews whether the Valuation Team has applied the Policy consistently. We may engage other independent valuation firms to provide earnings multiple ranges, as well as other information, and evaluate such information for incorporation into the total enterprise value, or TEV, of certain of our investments. Generally, at least once per year, we engage an independent valuation firm to value or review our valuation of our significant equity investments, which includes providing the information noted above. The Valuation Team evaluates such information for incorporation into our TEV, including review of all inputs provided by the independent valuation firm. The Valuation Team then makes a recommendation to our Board of Directors as to the fair value. Our Board of Directors reviews the recommended fair value and whether it is reasonable in light of the Policy and other relevant facts and circumstances and then votes to accept or reject the Valuation Team s recommended fair value.

A portion of our assets are, and may in the future be, comprised of debt and equity securities that are valued based on internal assessment using valuation methods approved by our Board of Directors, without the input of Standard & Poor s Securities Evaluations, Inc., or SPSE, or other third-party evaluators. While we believe that our debt and equity valuation methods reflect those regularly used as standards by other professionals in our industry who value equity securities, the determination of fair value for securities that are not publicly traded necessarily involves an exercise of subjective judgment, whether or not we obtain the recommendations of an independent third-party evaluator.

Our use of these fair value methods is inherently subjective and is based on estimates and assumptions regarding each security. In the event that we are required to sell a security, we may ultimately sell for an amount materially less than the estimated fair value calculated by us or SPSE, or determined using TEV, or the discounted cash flow, or DCF, methodology. As a result, a risk exists that the Asset Coverage attributable to the Preferred Stock, including the Series D Term Preferred Stock, may be materially lower than what is calculated based upon the fair valuation of our portfolio securities in accordance with our valuation policies. See *Risk Factors Risks Related to Our Investments Because the loans we make and equity securities we receive when we make loans are not publicly traded, there is uncertainty regarding the value of our privately held securities that could adversely affect our determination of our NAV* on page 14 of the accompanying prospectus.

There is a risk of delay in our redemption of the Series D Term Preferred Stock, and we may fail to redeem such securities as required by their terms.

We generally make investments in private companies whose securities are not traded in any public market. Substantially all of the investments we presently hold and the investments we expect to acquire in the future are, and will be, subject to legal and other restrictions on resale and will otherwise be less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to obtain cash equal to the value at which we record our investments quickly if a need arises. If we are unable to obtain sufficient liquidity prior to the Mandatory Term Redemption Date or a Change of Control Triggering Event, we may be forced to engage in a partial redemption or to delay a required redemption. If such a partial redemption or delay were to occur, the market price of the Series D Term Preferred Stock might be adversely affected.

Table of Contents

We finance our investments with borrowed money and senior securities, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.

The following table illustrates the effect of leverage on returns from an investment in our Common Stock assuming various annual returns on our portfolio, net of expenses. The calculations in the table below are hypothetical, and actual returns may be higher or lower than those appearing in the table below.

	ASSUMED RETURN ON OUR PORTFOLIO (NET OF EXPENSES)				
	(10)%	**(5)%**	**0%**	**5%**	**10%**
Corresponding return to common stockholder [(1)]	%	%	%	%	%

(1) The hypothetical return to common stockholders is calculated by multiplying our total assets as of June 30, 2016, by the assumed rates of return and subtracting all interest accrued on our debt and dividends on our mandatorily redeemable preferred stock expected to be paid or declared during the twelve months following June 30, 2016, adjusted for the assumed dividends declared on the Series D Term Preferred Stock to be issued in this offering (and assuming proceeds are used as described under *Use of Proceeds*); and then dividing the resulting difference by our total assets attributable to Common Stock as of June 30, 2016. Based on $507.0 million in total assets, $79.6 million in borrowings outstanding on our Credit Facility, $5.1 million in a secured borrowing, $40.0 million in aggregate liquidation preference of Series A Term Preferred Stock, $41.4 million in aggregate liquidation preference of Series B Term Preferred Stock, $40.3 million in aggregate liquidation preference of Series C Term Preferred Stock and $297.9 million in net assets as of June 30, 2016 and assuming the Series D Term Preferred Stock to be issued in this offering is outstanding during the entire period and assuming proceeds are used as described under *Use of Proceeds*.

Based on an outstanding indebtedness of $84.7 million as of June 30, 2016, and the effective annual interest rate of 3.9% as of that date, aggregate liquidation preference of our Series B Term Preferred Stock of $41.4 million at a dividend rate of 6.75%, aggregate liquidation preference of our Series C Term Preferred stock of $40.3 million at a dividend rate of 6.50%, aggregate Liquidation Preference of the Series D Term Preferred Stock of $ million to be issued in this offering at an assumed divided rate of %, and redemption of our Series A Term Preferred Stock with an aggregate liquidation preference of $40.0 million, our investment portfolio at fair value would have been required to experience an annual return of at least % to cover annual interest payments on our outstanding debt and dividends on the Series B, Series C and Series D Term Preferred Stock.

Other Risks

In addition to regulatory limitations on our ability to raise capital, the Credit Facility contains various covenants that, if not complied with, could accelerate our repayment obligations under the facility, thereby materially and adversely affecting our liquidity, financial condition, results of operations and ability to pay distributions. In addition, we are obligated to redeem our Series A Term Preferred Stock in February 2017, to redeem our Series B Term Preferred Stock in December 2021 and to redeem our Series C Term Preferred Stock in May 2022. If we do not have sufficient funds to redeem the Series A Term Preferred Stock, the Series B Term Preferred Stock, or the Series C Term Preferred Stock, or if we do not have sufficient funds remaining following such redemption, we may experience an adverse effect on our business, financial condition and

results of operations and our ability to meet our payment obligations under the Credit Facility and monthly dividend obligations with respect to our Preferred Stock.

We will have a continuing need for capital to finance our loans. We are party to a credit facility, which provides us with a revolving credit line facility of $185.0 million, of which $76.4 million was drawn as of September 16, 2016. The Credit Facility permits us to fund additional loans and investments as long as we are within the conditions set forth in the credit agreement and is currently scheduled to mature in June 2019. As a result of the Credit Facility, we are subject to certain limitations on the type of loan investments we make, including, but not limited to, restrictions on geographic concentrations, sector concentrations, loan size, dividend payout, payment frequency and status, and average life. The Credit Facility also requires us to comply with other financial and operational covenants, which require us to, among other things, maintain certain financial ratios, including asset and interest coverage, and a minimum net worth. As of September 16, 2016, we were in compliance with these covenants; however, our continued compliance with these covenants depends on many factors, some of which are beyond our control. Current market conditions have forced us to write down the value of a portion of our assets as required by the 1940 Act and fair value accounting rules. These are not realized losses, but constitute adjustment in asset values for purposes of financial reporting and for collateral value for the Credit Facility. As assets are marked down in value, the amount we can borrow on the Credit Facility decreases.

In particular, depreciation in the valuation of our assets, which valuation is subject to changing market conditions that remain very volatile, affects our ability to comply with the covenants under the Credit Facility. As of June 30, 2016, our net assets were $297.9 million, up from $279.0 million at March 31, 2016. The increase in our net assets is primarily a result of unrealized appreciation over the respective periods. The minimum net worth covenant contained in the credit agreement requires our net assets to be at least $170.0 million plus 50% of all equity and subordinated debt raised after June 26, 2014 minus 50% of all equity and subordinated debt retired or redeemed after June 26, 2014, which equates to $224.9 million as of June 30, 2016. Despite the recent increase in our net assets, the fair value of our investment portfolio remains less than the cost basis by approximately $31.4 million as of June 30, 2016. Given the slow recovery and general volatility in the capital markets, the cumulative unrealized depreciation in our portfolio may increase in future periods and threaten our ability to comply with the minimum net worth covenant and other covenants under the Credit Facility. Accordingly, there are no assurances that we will continue to comply with these covenants. Under the Credit Facility, we are also required to maintain our status as a BDC under the 1940 Act and as a RIC under the Code. Our failure to satisfy these covenants could result in foreclosure by our lenders, which would accelerate our repayment obligations under the facility and thereby have a material adverse effect on our business, liquidity, financial condition, results of operations and ability to pay distributions to our stockholders.

We are required to redeem all outstanding shares of Series A Term Preferred Stock on February 28, 2017, at a redemption price equal to the liquidation preference, plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) up to, but excluding, the redemption date. If we fail to redeem the Series A Term Preferred Stock pursuant to the mandatory redemption required on February 28, 2017, or in any other circumstance in which we are required to redeem the Series A Term Preferred Stock, then the fixed dividend rate of the Series A Term Preferred Stock will increase to an annual rate of 11% for so long as such failure continues. If we do not have sufficient funds to redeem the Series A Term Preferred Stock, whether from this offering or otherwise, or if we do not have sufficient funds remaining following such redemption, we may experience an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Credit Facility and monthly dividend obligations with respect to our Preferred Stock.

In addition, we are required to redeem all outstanding shares of Series B Term Preferred Stock on December 31, 2021, at a redemption price equal to the liquidation preference, plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) up to, but excluding, the redemption date. If we fail to redeem the Series B Term Preferred Stock pursuant to the mandatory redemption required on December 31, 2021, or in any other circumstance in which we are required to redeem the Series B Term Preferred Stock, then the fixed dividend rate of the Series B Term Preferred Stock will increase to an annual rate of 10.75% for so long as such failure continues. If we do not have sufficient funds to redeem the Series B Term Preferred Stock or if we do not have sufficient funds remaining following such redemption, we may experience an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Credit Facility and monthly dividend obligations with respect to our Preferred Stock.

Further, we are required to redeem all outstanding shares of Series C Term Preferred Stock on May 31, 2022, at a redemption price equal to the liquidation preference, plus an amount equal to accumulated but unpaid dividends, if any, on such shares (whether or not earned or declared, but excluding interest on such dividends) up to, but excluding, the redemption date. If we fail to redeem the Series C Term Preferred Stock pursuant to the mandatory redemption required on May 31, 2022, or in any other circumstance in which we are required to redeem the Series C Term Preferred Stock, then the fixed dividend rate of the Series C Term Preferred Stock will increase to an annual rate of 10.50% for so long as such failure continues. If we do not have sufficient funds to redeem the Series C Term Preferred Stock or if we do not have sufficient funds remaining following such redemption, we may experience an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Credit Facility and monthly dividend obligations with respect to our Preferred Stock.

Our amount of senior securities outstanding will increase as a result of this offering prior to the anticipated use of proceeds, which could adversely affect our business, financial condition and results of operations, our ability to meet our payment obligations under the Credit Facility and our ability to meet the asset coverage requirements of the 1940 Act.

As of June 30, 2016, we had $40.0 million outstanding of Series A Term Preferred Stock, $41.4 million outstanding of Series B Term Preferred Stock, $40.3 million outstanding of Series C Term Preferred Stock, $79.6 million of borrowings outstanding under the Credit Facility, and a $5.1 million secured borrowing. We intend to use the proceeds from this offering to redeem all outstanding shares of the Series A Term Preferred Stock, to repay borrowings under our Credit Facility and for other general corporate purposes. We anticipate that substantially all of the net proceeds of this offering will be used to redeem the shares of Series A Term Preferred Stock within three months of the completion of this offering; however, we cannot assure you that we will be able to redeem the shares of Series A Term Preferred Stock within this time period or at all. Until such time as the Series A Term Preferred Stock is redeemed in full using the proceeds of this offering (and, to the extent that the aggregate amount of shares of Series D Term Preferred Stock issued in this offering exceeds the aggregate amount of Series A Term Preferred Stock currently outstanding, following such redemption of the Series A Term Preferred Stock), our amount of senior securities outstanding will increase as a result of this offering.

The issuance of additional senior securities could have significant consequences on our future operations, including:

- making it more difficult for us to meet our payment and other obligations under the Credit Facility;
- resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in the Credit Facility, which event of default could result in all amounts outstanding under the Credit Facility becoming immediately due and payable;
- reducing the availability of our cash flow to fund investments and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and

increasing the likelihood of our failing to meet the asset coverage requirements of the 1940 Act, as described below.

We may authorize, establish, create, issue and sell shares of one or more series of a class of our senior securities while shares of Series D Term Preferred Stock are outstanding without the vote or consent of the holders thereof.

While shares of Series D Term Preferred Stock are outstanding, we may, without the vote or consent of the holders thereof, authorize, establish and create and issue and sell shares of one or more series of a class of our senior securities representing stock under Section 18, as modified by Section 61, of the 1940 Act, ranking on parity with the Series D Term Preferred Stock as to payment of dividends and distribution of assets upon dissolution, liquidation or the winding up of our affairs, in addition to then outstanding shares of Series D Term Preferred Stock, including additional series of Preferred Stock, and authorize, issue and sell additional shares of any such series of Preferred Stock then outstanding or so established and created, in each case in accordance with applicable law, provided that we will, immediately after giving effect to the issuance of such additional Preferred Stock and to our receipt and application of the proceeds thereof, including to the redemption of Preferred Stock with such proceeds, have Asset Coverage of at least 200%.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Credit Facility and monthly dividend obligations or redemption obligations with respect to our Preferred Stock.

Our ability to meet our payment and other obligations under the Credit Facility and monthly dividend obligations with respect to our Preferred Stock depends on our ability to generate significant cash flow in the future. This, to some extent, is 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 these obligations and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Credit Facility or monthly dividend obligations with respect to our Preferred Stock.

In addition, we may issue debt securities, other evidences of indebtedness (including borrowings under the Credit Facility), senior securities representing indebtedness and senior securities that are stock up to the maximum amount permitted by the 1940 Act. The 1940 Act currently permits us, as a BDC, to issue senior securities representing indebtedness and senior securities that are stock (such as our Preferred Stock), in amounts such that our asset coverage, in accordance with Sections 18 and 61 of the 1940 Act, is at least 200% immediately after each issuance of such senior security. The issuance of additional senior securities in this offering may increase the likelihood of our failing to meet the asset coverage requirements of the 1940 Act, especially prior to any redemption of the Series A Term Preferred Stock. Our ability to pay distributions, issue senior securities or repurchase shares of our Common Stock would be restricted if the asset coverage on each of our senior securities is not at least 200%. If the aggregate value of our assets declines, we might be unable to satisfy that 200% requirement. To satisfy the 200% asset coverage requirement in the event that we are seeking to pay a distribution, we might either have to (i) liquidate a portion of our loan portfolio to repay a portion of our indebtedness or (ii) issue Common Stock. This may occur at a time when a sale of a portfolio asset may be disadvantageous, or when we have limited access to capital markets on agreeable terms. In addition, any amounts that we use to service our indebtedness or for offering expenses will not be available for distributions to stockholders. Furthermore, if we have to issue Common Stock at a price below net asset value (NAV) per common share, as we have in October 2012 and in March 2015 for two separate follow-on common offerings, any non-participating common stockholders will be subject to dilution.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this prospectus supplement or the accompanying prospectus, other than historical facts, may constitute forward-looking statements. These statements may relate to future events or our future performance or financial condition. In some cases, you can identify forward-looking statements by terminology such as may, might, believe, will, provided, anticipate, future, could, growth, plan, intend, expect, should, would, potential, likely or the negative of such terms or comparable terminology. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include:

- further adverse changes in the economy and the capital markets;
- risks associated with negotiation and consummation of pending and future transactions;
- the loss of one or more of our executive officers, in particular David Gladstone, David A. R. Dullum or Terry Lee Brubaker;
- changes in our business strategy;
- availability, terms and deployment of capital;
- changes in our industry, interest rates or exchange rates or the general economy;
- the business prospectus of our portfolio companies;
- the degree and nature of our competition;
- our ability to maintain our qualification as a RIC and as a BDC;
- our ability to defend successfully claims and litigation against us; and
- those factors described in the Risk Factors sections of this prospectus supplement and the accompanying prospectus.

We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this prospectus supplement or the accompanying prospectus, except as otherwise required by applicable law. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus are excluded from the safe harbor protection provided by the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds to us of this offering will be approximately $ million, after the payment of underwriting discounts and commissions of $ and estimated offering expenses of $ payable by us. We intend to use the net proceeds from this offering to redeem outstanding shares of Series A Term Preferred Stock, to repay borrowings under our Credit Facility and for other general corporate purposes. Shares of our Series A Term Preferred Stock accrue cumulative dividends at an annual rate of 7.125% and must be redeemed in full by February 28, 2017, the mandatory redemption date. The aggregate redemption price is $40.0 million, plus an amount equal to any accrued and unpaid dividends up to, but excluding, the date of redemption. As of June 30, 2016, we had $79.6 million of borrowings outstanding under the Credit Facility. As of September 16, 2016, we have $76.4 million outstanding under the Credit Facility. Indebtedness under the Credit Facility currently accrues interest at the rate of approximately 3.8%. The revolving period ends in June 2017 and outstanding balances under the Credit Facility are due and payable in June 2019.

We have granted the underwriters the right to purchase up to additional shares of Series D Term Preferred Stock at the public offering price, less underwriting discounts and commissions, within 30 days of the date of this prospectus supplement solely to cover overallotments, if any. If the underwriters exercise such option in full, the estimated net proceeds to us, after the payment of underwriting discounts and commissions of $ million and estimated offering expenses of $ payable by us, will be $ million. We anticipate that substantially all of the net proceeds of this offering will be utilized in the manner described above within three months of the completion of such offering.

Table of Contents

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS

	FOR THE THREE MONTHS ENDED JUNE 30, 2016	FOR THE YEARS ENDED MARCH 31, 2016	2015	2014	2013	2012
		(Dollars in thousands)				
Net investment income	**$ 6,812**	$ 20,716	$ 19,897	$ 19,307	$ 16,488	$ 13,743
Add: fixed charges and preferred dividends	**3,520**	14,036	8,799	5,959	4,779	1,435
Earnings	**$ 10,332**	$ 34,752	$ 28,696	$ 25,266	$ 21,267	$ 15,178
Fixed charges and preferred dividends:						
Interest expense	**$ 971**	$ 4,154	$ 3,539	$ 2,075	$ 1,127	$ 768
Amortization of deferred financing costs	**481**	1,908	1,329	1,024	791	459
Preferred dividends	**2,065**	7,963	3,921	2,850	2,850	198
Estimated interest component of rent	**3**	11	10	10	11	10
Total fixed charges and preferred dividends	**$ 3,520**	$ 14,036	$ 8,799	$ 5,959	$ 4,779	$ 1,435
Ratio of earnings to combined fixed charges and preferred dividends	**2.9x**	2.5x	3.3x	4.2x	4.5x	10.6x

Computation of Pro Forma Ratio of Earnings to Combined Fixed Charges and Preferred Dividends After Adjustment for Issuance of the Series D Term Preferred Stock

	FOR THE THREE MONTHS ENDED JUNE 30, 2016	FOR THE YEAR ENDED MARCH 31, 2016
	(Dollars in thousands)	
Net investment income, as above	**$ 6,812**	$ 20,716
Add: fixed charges and preferred dividends, as above	**3,520**	14,036
Adjustments:		
Pro forma increase of amortization of deferred financing costs (A)		
Pro forma decrease in preferred dividends (B)		
Pro forma fixed charges and preferred dividends		

Pro forma earnings	**$**	$

Pro forma ratio of earnings to combined fixed charges and preferred dividends [(B)]

(A) Pro forma increase in amortization of deferred financing costs related to this offering. Pro forma numbers do not take into account adjustments for deferred financing cost amortization related to the redemption of our Series A Term Preferred Stock.
(B) Pro forma decrease in preferred dividends paid related to this offering and the redemption of our Series A Term Preferred Stock.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2016:

on an actual basis;

on an as adjusted basis to give effect to the completion of this offering and the application of the estimated net proceeds of this offering (as described under *Use of Proceeds*), after deducting underwriters discounts and commissions and estimated offering expenses payable by us (and assuming the underwriters overallotment option is not exercised).

	AS OF JUNE 30, 2016	
	ACTUAL	AS ADJUSTED
	(Unaudited) (Dollars in thousands)	
Borrowings, at cost		
Borrowings under line of credit (1)	$ 79,600	$
Secured borrowing	5,096	
Total borrowings	84,696	
Preferred Stock, at liquidation preference		
Series A Term Preferred Stock, $.001 par value per share; $25 liquidation preference per share; 1,600,000 shares authorized, issued and outstanding, actual; shares authorized, issued and outstanding, as adjusted (2)	$ 40,000	$
Series B Term Preferred Stock, $.001 par value per share; $25 liquidation preference per share; 1,656,000 shares authorized, issued and outstanding, actual and as adjusted	41,400	
Series C Term Preferred Stock, $.001 par value per share; $25 liquidation preference per share; 1,700,000 shares authorized, 1,610,000 issued and outstanding, actual and as adjusted	40,250	
Series D Term Preferred Stock, $.001 par value per share; $25 liquidation preference per share; 0 shares authorized, issued and outstanding, actual; 3,000,000 shares authorized, shares issued and outstanding, as adjusted (3)		
Net Assets Applicable to Common Stockholders		
Common stock, $.001 par value per share, 100,000,000 shares authorized, actual and as adjusted; 30,270,958 shares issued and outstanding, actual and as adjusted (4)	$ 30	$
Capital in excess of par value	311,493	
Cumulative net unrealized depreciation of investments	(31,382)	
Net investment income in excess of distributions	7,603	
Accumulated net realized gain	10,136	

Total Net Assets Available to Common Stockholders	$ 297,880	$
Total Capitalization	$ 504,226	$

(1) As of September 16, 2016, prior to closing the offering of the Series D Term Preferred Stock, the outstanding balance on the Credit Facility was $76.4 million. The net repayments during the period from July 1, 2016 through September 16, 2016, are not included in the as adjusted balance outstanding on the Credit Facility.
(2) The Company intends to use cash on hand for any shortfall between net proceeds from this offering and the total redemption amount of the Series A Term Preferred Stock, if any.
(3) Exclusive of assumed aggregate underwriting discounts and commissions of $ and $ of estimated offering costs payable by us in connection with this offering.
(4) None of these outstanding shares are held by us or for our account.

Table of Contents

The following are our outstanding classes of securities as of June 30, 2016.

TITLE OF CLASS	AMOUNT AUTHORIZED	AMOUNT HELD BY US OR FOR OUR ACCOUNT	AMOUNT OUTSTANDING (EXCLUSIVE OF AMOUNTS HELD BY US OR FOR OUR ACCOUNT)
Common Stock	100,000,000		30,270,958
Series A Term Preferred Stock	1,600,000		1,600,000
Series B Term Preferred Stock	1,656,000		1,656,000
Series C Term Preferred Stock	1,700,000		1,610,000

Table of Contents

SELECTED FINANCIAL INFORMATION

The following consolidated selected financial data for the fiscal years ended March 31, 2016, 2015, 2014, 2013 and 2012 are derived from our consolidated financial statements that have been audited by PricewaterhouseCoopers, LLP, an independent registered public accounting firm. The consolidated selected financial data for the three months ended June 30, 2016 and 2015 are derived from our unaudited consolidated financial statements included in this prospectus supplement. The other unaudited data included at the bottom of the table are also unaudited. The data should be read in conjunction with our consolidated financial statements and notes thereto and *Management s Discussion and Analysis of Financial Condition and Results of Operations* included elsewhere in this prospectus supplement and the accompanying prospectus.

	Three Months Ended June 30,		Year Ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
	(dollar amounts in thousands, except per share data)						
Statement of Operations Data:							
Total investment income	**$ 14,393**	$ 12,706	$ 50,955	$ 41,643	$ 36,264	$ 30,538	$ 21,242
Total expenses, net of credits from Adviser	**7,581**	7,543	30,239	21,746	16,957	14,050	7,499
Net investment income	**6,812**	5,163	20,716	19,897	19,307	16,488	13,743
Net realized and unrealized gain (loss)	**17,722**	3,396	4,138	30,317	(20,636)	791	8,223
Net increase (decrease) in net assets resulting from operations	**$ 24,534**	$ 8,559	$ 24,854	$ 50,214	$ (1,329)	$ 17,279	$ 21,966
Per Common Share Data:							
Net increase (decrease) in net assets resulting from operations per common share basic and diluted (A)	**$ 0.81**	$ 0.28	$ 0.82	$ 1.88	$ (0.05)	$ 0.71	$ 0.99
	0.23	0.17	0.68	0.75	0.73	0.68	0.62

Net investment income before net gain (loss) on investments per common share basic and diluted (A)							
Cash distributions declared per common share (B)	**0.19**	0.19	0.75	0.77	0.71	0.60	0.61
Statement of Assets and Liabilities Data:							
Total assets	**$ 507,039**	$ 501,774	$ 506,260	$ 483,521	$ 330,694	$ 379,803	$ 325,297
Net assets	**297,880**	279,754	279,022	273,429	220,837	240,963	207,216
Net asset value per common share	**9.84**	9.24	9.22	9.18	8.34	9.10	9.38
Common shares outstanding	**30,270,958**	30,270,958	30,270,958	29,775,958	26,475,958	26,475,958	22,080,133
Weighted common shares outstanding basic and diluted	**30,270,958**	30,260,079	30,268,253	26,665,821	26,475,958	24,189,148	22,080,133
Senior Securities Data:							
Total borrowings, at cost (C)	**$ 84,696**	$ 94,846	$ 100,096	$ 123,896	$ 66,250	$ 94,016	$ 76,005
Mandatorily redeemable preferred stock (D)	**121,650**	121,650	121,650	81,400	40,000	40,000	40,000

(A) Per share data is based on the weighted average common stock outstanding for both basic and diluted.

(B) The tax character of distributions is determined on an annual basis. For further information on the estimated character of our distributions to common stockholders, please refer to Note 9 *Distributions to Common Stockholders* to our *Consolidated Financial Statements* included elsewhere in this prospectus.

Table of Contents

(C) Includes borrowings under our Credit Facility, other secured borrowings, and short-term loans, as applicable.
(D) Represents the total liquidation preference of our mandatorily redeemable preferred stock.

	Three Months Ended June 30,		Year Ended March 31,				
	2016	2015	2016	2015	2014	2013	2012
	(dollar amounts in thousands, except per share data)						
Other Unaudited Data:							
Number of portfolio companies	**36**	34	36	34	29	21	17
Average size of portfolio company investment at cost	**$ 14,510**	$ 15,213	$ 14,392	$ 14,861	$ 13,225	$ 15,544	