

FIDUS INVESTMENT Corp
Form 10-Q
August 03, 2017
Table of Contents

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from to

Commission file number 814-00861

Fidus Investment Corporation

(Exact Name of Registrant as Specified in its Charter)

Maryland
(State or Other Jurisdiction of
Incorporation or Organization)

27-5017321
(I.R.S. Employer
Identification No.)

1603 Orrington Avenue, Suite 1005

Evanston, Illinois

60201

(Address of Principal Executive Offices)

(Zip Code)

(847) 859-3940

(Registrant's telephone number, including area code)

n/a

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of July 31, 2017, the Registrant had outstanding 24,480,624 shares of common stock, \$0.001 par value.

Table of Contents

FIDUS INVESTMENT CORPORATION

TABLE OF CONTENTS

QUARTERLY REPORT ON FORM 10-Q

PART I FINANCIAL INFORMATION

Item 1.	<u>Financial Statements.</u>	
	<u>Consolidated Statements of Assets and Liabilities June 30, 2017 (unaudited) and December 31, 2016</u>	1
	<u>Consolidated Statements of Operations Three and Six Months Ended June 30, 2017 (unaudited) and 2016 (unaudited)</u>	2
	<u>Consolidated Statements of Changes in Net Assets Six Months Ended June 30, 2017 (unaudited) and 2016 (unaudited)</u>	3
	<u>Consolidated Statements of Cash Flows Six Months Ended June 30, 2017 (unaudited) and 2016 (unaudited)</u>	4
	<u>Consolidated Schedules of Investments June 30, 2017 (unaudited) and December 31, 2016</u>	5
	<u>Notes to Consolidated Financial Statements (unaudited)</u>	20
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	39
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk.</u>	52
Item 4.	<u>Controls and Procedures.</u>	52

PART II OTHER INFORMATION

Item 1.	<u>Legal Proceedings.</u>	54
Item 1A.	<u>Risk Factors.</u>	54
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	54
Item 3.	<u>Defaults Upon Senior Securities.</u>	54
Item 4.	<u>Mine Safety Disclosures.</u>	54
Item 5.	<u>Other Information.</u>	54
Item 6.	<u>Exhibits.</u>	55
	<u>Signatures</u>	56
	<u>Exhibit Index</u>	57

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****FIDUS INVESTMENT CORPORATION****Consolidated Statements of Assets and Liabilities****(in thousands, except shares and per share data)**

	June 30, 2017	December 31,
	(unaudited)	2016
ASSETS		
Investments, at fair value		
Affiliate investments (cost: \$121,032 and \$113,995, respectively)	\$ 139,800	\$ 132,013
Non-control/non-affiliate investments (cost: \$410,312 and \$386,519 respectively)	413,460	392,441
Total investments, at fair value (cost: \$531,344 and \$500,514, respectively)	553,260	524,454
Cash and cash equivalents	50,819	57,083
Interest receivable	4,492	4,407
Proceeds receivable from stock offering	4,234	
Prepaid expenses and other assets	1,308	798
Total assets	\$ 614,113	\$ 586,742
LIABILITIES		
SBA debentures, net of deferred financing costs (Note 6)	\$ 212,916	\$ 219,901
Borrowings under Credit Facility, net of deferred financing costs (Note 6)	(333)	(462)
Accrued interest and fees payable	2,612	3,122
Management and incentive fees payable due to affiliate	9,645	8,830
Administration fee payable and other due to affiliate	100	570
Taxes payable	365	555
Accounts payable and other liabilities	385	441
Total liabilities	225,690	232,957
Commitments and contingencies (Note 7)		
NET ASSETS		
Common stock, \$0.001 par value (100,000,000 shares authorized, 24,480,624 and 22,446,076, shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively)	24	22
Additional paid-in capital	372,760	340,101
Undistributed net investment income	8,915	9,626
Accumulated net realized (loss) on investments, net of taxes and distributions	(15,196)	(19,908)
Accumulated net unrealized appreciation on investments	21,920	23,944

Total net assets	388,423	353,785
Total liabilities and net assets	\$ 614,113	\$ 586,742
Net asset value per common share	\$ 15.87	\$ 15.76

See Notes to Consolidated Financial Statements (unaudited).

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Investment Income:				
Interest income				
Affiliate investments	\$ 2,909	\$ 2,763	\$ 5,583	\$ 5,607
Non-control/non-affiliate investments	12,325	10,034	24,399	20,637
Total interest income	15,234	12,797	29,982	26,244
Dividend income				
Affiliate investments	268	494	546	656
Non-control/non-affiliate investments	347	254	727	335
Total dividend income	615	748	1,273	991
Fee income				
Affiliate investments	141	6	147	13
Non-control/non-affiliate investments	1,254	244	2,030	1,212
Total fee income	1,395	250	2,177	1,225
Interest on idle funds and other income	27	37	67	63
Total investment income	17,271	13,832	33,499	28,523
Expenses:				
Interest and financing expenses	2,401	2,654	4,985	5,254
Base management fee	2,403	2,005	4,716	3,988
Incentive fee	2,484	3,190	4,862	5,070
Administrative service expenses	340	367	691	688
Professional fees	241	253	710	735
Other general and administrative expenses	431	399	709	717
Total expenses	8,300	8,868	16,673	16,452
Net investment income before income taxes	8,971	4,964	16,826	12,071
Income tax provision	29	21	25	46
Net investment income	8,942	4,943	16,801	12,025
Net realized and unrealized gains (losses) on investments:				

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

Net realized gains on affiliate investments		458		26		458
Net realized (losses) gains on non-control/ non-affiliate investments	(367)	112		6,071		(198)
Net change in unrealized appreciation (depreciation) on investments	1,382	7,485		(2,024)		8,253
Income tax provision from realized gains on investments		(205)		(1,385)		(205)
Net gain on investments		1,015		7,850		2,688
Net increase in net assets resulting from operations	\$	9,957		12,793	\$	19,489
					\$	20,333
Per common share data:						
Net investment income per share-basic and diluted	\$	0.39	\$	0.29	\$	0.75
					\$	0.72
Net increase in net assets resulting from operations per share basic and diluted	\$	0.44	\$	0.74	\$	0.86
					\$	1.21
Dividends declared per share	\$	0.39	\$	0.39	\$	0.78
					\$	0.78
Weighted average number of shares outstanding basic and diluted		22,653,580		17,329,685		22,550,846
						16,815,592

See Notes to Consolidated Financial Statements (unaudited).

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

(in thousands, except shares)

	Common Stock Number of shares	Par value	Additional paid-in capital	Undistributed net investment income	Accumulated net realized (loss) on distributions	Accumulated net unrealized appreciation on investments	Total net assets
Balances at December 31, 2015	16,300,732	\$ 16	\$ 246,307	\$ 13,887	\$ (6,145)	\$ (6,703)	\$ 247,362
Public offerings of common stock, net of expenses (Note 8)	2,875,000	3	43,667				43,670
Shares issued under dividend reinvestment plan	24,353		374				374
Net increase in net assets resulting from operations				12,025	(174)	8,482	20,333
Dividends declared				(13,694)			(13,694)
Balances at June 30, 2016	19,200,085	\$ 19	\$ 290,348	\$ 12,218	\$ (6,319)	\$ 1,779	\$ 298,045
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	32,285				32,287
Shares issued under dividend reinvestment plan	22,048		374				374
Net increase in net assets resulting from operations				16,801	4,712	(2,024)	19,489
Dividends declared				(17,512)			(17,512)
Balances at June 30, 2017	24,480,624	\$ 24	\$ 372,760	\$ 8,915	\$ (15,196)	\$ 21,920	\$ 388,423

See Notes to Consolidated Financial Statements (unaudited).

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

(in thousands)

	Six Months Ended June 30,	
	2017	2016
Cash Flows from Operating Activities:		
Net increase in net assets resulting from operations	\$ 19,489	\$ 20,333
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used for) provided by operating activities:		
Net change in unrealized depreciation (appreciation) on investments	2,024	(8,253)
Net realized (gain) on investments	(6,097)	(260)
Interest and dividend income paid-in-kind	(3,864)	(2,201)
Accretion of original issue discount	(275)	(120)
Accretion of loan origination fees	(726)	(528)
Purchase of investments	(87,087)	(44,422)
Proceeds from sales and repayments of investments	66,733	46,034
Proceeds from loan origination fees	486	281
Amortization of deferred financing costs	625	547
Changes in operating assets and liabilities:		
Interest receivable	(85)	(575)
Prepaid expenses and other assets	(510)	162
Accrued interest and fees payable	(510)	197
Management and incentive fees payable due to affiliate	815	1,493
Administration fee payable and other due to affiliate	(470)	(223)
Taxes payable	(190)	(195)
Accounts payable and other liabilities	(56)	(76)
Net cash (used for) provided by operating activities	(9,698)	12,194
Cash Flows from Financing Activities:		
Proceeds from stock offering, net of expenses	28,053	43,670
Proceeds received from SBA debentures	18,000	500
Repayments of SBA debentures	(24,750)	
Proceeds received from borrowings under Credit Facility	11,000	13,000
Repayments of borrowings under Credit Facility	(11,000)	(28,500)
Payment of deferred financing costs	(731)	(58)
Dividends paid to stockholders, including expenses	(17,138)	(13,320)
Net cash provided by financing activities	3,434	15,292
Net (decrease) increase in cash and cash equivalents	(6,264)	27,486
Cash and cash equivalents:		

Beginning of period	57,083	31,657
End of period	\$ 50,819	\$ 59,143

Supplemental disclosure of cash flow information:

Cash payments for interest	\$ 4,870	\$ 4,510
Cash payments for taxes, net of tax refunds received	\$ 1,600	\$ 446

Non-cash financing activities:

Shares issued under dividend reinvestment plan	\$ 374	\$ 374
Proceeds receivable from stock offering	\$ 4,234	\$

See Notes to Consolidated Financial Statements (unaudited).

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (unaudited)****June 30, 2017****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate ^(d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Investment Type ^(c)	Cash/PIK					
Aerospace & Defense Manufacturing						
<i>FDS Avionics Corp.</i> ^(k)						
<i>(dba Flight Display Systems)</i>						
Subordinated Note	12.3%/2.8%	4/1/2020	\$ 5,367	\$ 5,354	\$ 5,005	
Preferred Equity (186 units) ^{(i)(f)}				371	371	
Common Equity (200 units) ⁽ⁱ⁾				2,000	3	
				7,725	5,379	1%
<i>Fiber Materials, Inc.</i> ^(k)						
Subordinated Note	12.0%/1.0%	5/30/2022	4,024	4,006	4,023	
Common Equity (10 units)				1,000	1,285	
				5,006	5,308	1%
<i>Lightning Diversion Systems, LLC</i>						
Senior Secured Loan ⁽ⁱ⁾	10.5%/0.0%	9/16/2021	21,204	21,124	21,204	
Revolving Loan (\$250 commitment) ^(h)	10.5%/0.0%	9/16/2021		(1)		
Common Equity (600,000 units)					3,760	
				21,123	24,964	6%
<i>Malabar International</i> ^(k)						
Subordinated Note ⁽ⁱ⁾	11.3%/2.0%	11/13/2021	7,693	7,684	7,693	
Preferred Equity (1,494 shares) ^(f)	6.0%/0.0%	5/12/2022		1,997	6,009	
				9,681	13,702	4%
<i>Simplex Manufacturing Co.</i>						
Subordinated Note	14.0%/0.0%	11/1/2017	4,050	4,050	4,050	
Warrant (29 shares) ^(l)				1,155	3,539	
				5,205	7,589	2%
<i>Steward Holding LLC</i> ^(k)						

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

(dba Steward Advanced Materials)						
Subordinated Note	12.0%/3.3%	5/12/2021	7,262	7,237	7,262	
Common Equity (1,000,000 units)				1,000	460	
				8,237	7,722	2%
Apparel Distribution						
<i>Jacob Ash Holdings, Inc.</i>						
Subordinated Note ^(j)	13.0%/4.0%	6/30/2018	4,000	3,997	4,000	
Subordinated Note	13.0%/0.0%	6/30/2018	510	507	510	
Preferred Equity (66,138 shares) ^(f)	0.0%/15.0%	6/30/2018		1,149	1,152	
Warrant (63,492 shares) ^(l)				67		
				5,720	5,662	1%
Building Products Manufacturing						
<i>SES Investors, LLC ^(k)</i>						
<i>(dba SES Foam)</i>						
Senior Secured Loan	11.0%/0.0%	3/8/2022	10,448	10,403	9,340	
Revolving Loan (\$1,500 commitment) ⁽ⁱ⁾	6.0%/0.0%	3/8/2022	1,500	1,494	1,500	
Common Equity (6,000 units) ^{(g)(i)}				600	269	
				12,497	11,109	3%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (unaudited) (continued)****June 30, 2017****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate ^(d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Investment Type ^(c)	Cash/PIK					
The Wolf Organization, LLC						
Common Equity (175 shares)				\$ 1,455	\$ 3,321	1%
US GreenFiber, LLC						
Subordinated Note ⁽ⁱ⁾	12.0%/2.0%	3/1/2019	\$ 14,004	13,979	13,790	
Common Equity (2,522 units) ^{(g)(i)}				586	322	
				14,565	14,112	4%
Business Services						
Comprehensive Logistics Co., Inc.						
Subordinated Note ⁽ⁱ⁾	11.5%/4.5%	11/22/2021	15,416	15,352	15,417	4%
Inflexion, Inc. ^(k)						
Senior Secured Loan	7.0%/6.0%	12/16/2019	4,324	4,312	3,537	
Revolving Loan (\$500 commitment) ⁽ⁱ⁾	7.0%/6.0%	12/16/2019	365	364	299	
Preferred Equity (252,046 units)				252	149	
Preferred Equity (308,987 units)				309	182	
Preferred Equity (1,400 units)				1,400		
				6,637	4,167	1%
Plymouth Rock Energy, LLC						
Senior Secured Loan ⁽ⁱ⁾	11.0%/0.0%	6/30/2019	5,945	5,945	5,945	2%
Vanguard Dealer Services, L.L.C.						
Subordinated Note	12.3%/0.0%	1/30/2021	11,450	11,411	11,450	
Common Equity (6,000 shares)				600	953	
				12,011	12,403	3%
Capital Equipment Manufacturing						
Thermoforming Technology Group LLC						
Subordinated Note	12.5%/0.0%	9/14/2021	14,700	14,643	14,700	

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

Common Equity (3,500 units) ^{(g)(i)}			350	389		
			14,993	15,089	4%	
Component Manufacturing						
<i>Hilco Plastics Holdings, LLC</i> <i>(dba Hilco Technologies)</i>						
Subordinated Note	11.5%/1.0%	7/15/2022	8,063	8,028	8,063	
Common Equity (72,507 units) ^{(g)(i)}			500	448		
			8,528	8,511	2%	
<i>NGT Acquisition Holdings, LLC</i> <i>(dba Techniks Industries)</i>						
Subordinated Note	12.0%/0.0%	3/21/2022	11,000	10,946	10,946	
Common Equity (378 units) ⁽ⁱ⁾			500	500		
			11,446	11,446	3%	
<i>Toledo Molding & Die, Inc.</i>						
Subordinated Note ⁽ⁱ⁾	10.5%/0.0%	12/18/2018	10,000	9,945	10,000	3%
<i>TransGo, LLC</i>						
Subordinated Note	13.3%/0.0%	8/28/2022	9,500	9,455	9,455	
Common Equity (1,000 units)			1,000	1,000		
			10,455	10,455	3%	

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (unaudited) (continued)**

June 30, 2017

(In thousands, except shares)

Industry**Portfolio Company (a)(b)**

Investment Type (c)	Rate (d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Consumer Products						
<i>World Wide Packaging, LLC (k)</i>						
Common Equity (1,517,573 units) (g)(i)				\$ 499	\$ 3,205	1%
Electronic Components Supplier						
<i>Apex Microtechnology, Inc. (k)</i>						
Warrant (2,293 shares) (l)				220	385	
Common Equity (11,690 shares)				1,169	2,108	
				1,389	2,493	1%
Healthcare Products						
<i>Allied 100 Group, Inc.</i>						
Subordinated Note (i)	11.5%/0.0%	5/26/2020	\$ 13,000	12,966	13,000	
Common Equity (1,250,000 units) (i)				1,250	1,295	
				14,216	14,295	4%
<i>Anatrace Products, LLC</i>						
Subordinated Note	13.0%/1.3%	6/23/2021	6,500	6,485	6,565	
Common Equity (360,000 shares) (i)						
				6,485	6,565	2%
<i>OMC Investors, LLC</i> <i>(dba Ohio Medical Corporation)</i>						
Subordinated Note	12.0%/0.0%	7/15/2021	10,000	9,926	8,602	
Common Equity (5,000 shares)				500	253	
				10,426	8,855	2%
<i>Pfanstiehl, Inc. (k)</i>						
Subordinated Note	10.5%/0.0%	9/29/2021	6,208	6,191	6,208	
Common Equity (8,500 units) (i)				850	11,137	

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

				7,041	17,345	4%
<i>Six Month Smiles Holdings, Inc.</i>						
Subordinated Note ⁽ⁱ⁾	6.0%/8.5%	7/31/2020	9,156	9,136	8,110	2%
Healthcare Services						
<i>Medsurant Holdings, LLC ^(k)</i>						
Subordinated Note	12.3%/0.0%	6/18/2021	6,267	6,226	6,267	
Preferred Equity (126,662 units) ^(g)				1,345	2,257	
Warrant (505,176 units) ^{(g)(l)}				4,516	7,984	
				12,087	16,508	4%
<i>Microbiology Research Associates, Inc. ^(k)</i>						
Subordinated Note	11.0%/1.5%	3/13/2022	8,602	8,582	8,602	
Common Equity (1,625,731 units) ⁽ⁱ⁾				1,939	2,819	
				10,521	11,421	3%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (unaudited) (continued)****June 30, 2017****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate ^(d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Investment Type ^(c)	Cash/PIK					
Oaktree Medical Centre, P.C. <i>(dba Pain Management Associates)</i>						
Senior Secured Loan ⁽ⁱ⁾	11.5%/0.0%	1/1/2018	\$ 571	\$ 631	\$ 640	
Senior Secured Loan ⁽ⁱ⁾	7.0%/12.0%	1/1/2018	6,449	6,904	4,944	
Revolving Loan (\$2,500 commitment) ⁽ⁱ⁾	11.5%/0.0%	1/1/2018	2,500	2,685	2,800	
				10,220	8,384	2%
United Biologics, LLC						
Subordinated Note	12.0%/2.0%	4/30/2018	8,786	8,762	8,786	
Preferred Equity (98,377 units) ^{(g)(i)}				1,069	455	
Warrant (57,469 units) ^(l)				566	126	
				10,397	9,367	2%
Industrial Cleaning & Coatings						
K2 Industrial Services, Inc.						
Tranche A Loan	11.8%/2.5%	4/25/2022	10,174	10,136	10,173	
Tranche B Loan	11.8%/7.3%	4/25/2022	2,101	2,094	2,102	
Common Equity (1,673 shares)				1,268	862	
				13,498	13,137	3%
Information Technology Services						
inthinc Technology Solutions, Inc. ^(m)						
Royalty Rights		4/24/2020		185		0%
New Era Technology, Inc.						
Subordinated Note ⁽ⁱ⁾	11.0%/1.5%	9/3/2022	11,558	11,504	11,504	
Common Equity (197,369 shares) ⁽ⁱ⁾				750	750	
				12,254	12,254	3%

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

Revenue Management Solutions, LLC

Subordinated Note ⁽ⁱ⁾	11.5%/1.0%	7/4/2022	8,793	8,714	8,714	
Subordinated Note ⁽ⁱ⁾	7.0%/6.5%	7/4/2022	790	779	779	
Common Equity (2,250,000 units)				2,250	2,250	
				11,743	11,743	3%

Software Technology, LLC

Subordinated Note ⁽ⁱ⁾	11.0%/0.0%	6/23/2023	8,750	8,710	8,750	
Common Equity (11 units)				1,125	1,148	
				9,835	9,898	3%

Laundry Services

Caldwell & Gregory, LLC

Subordinated Note	0.0%/12.0%	5/31/2022	2,861	2,861	2,861	
Common Equity (500,000 units) ^(g)				500	642	
Warrant (242,121 units) ^{(g)(l)}				242	311	
				3,603	3,814	1%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (unaudited) (continued)****June 30, 2017****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate ^(d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Investment Type ^(c)	Cash/PIK					
Oil & Gas Distribution						
<i>LNG Indy, LLC</i>						
<i>(dba Kinetrex Energy)</i>						
Subordinated Note ⁽ⁱ⁾	11.5%/0.0%	9/28/2021	\$ 5,000	\$ 4,977	\$ 5,000	
Common Equity (1,000 units)				1,000	1,168	
				5,977	6,168	2%
Oil & Gas Services						
<i>IOS Acquisitions, Inc. ^(m)</i>						
Common Equity (2,152 units) ⁽ⁱ⁾				103	17	0%
<i>Pinnergy, Ltd. ^(k)</i>						
Subordinated Note ⁽ⁱ⁾	0.0%/10.0%	1/24/2020	8,843	8,826	8,843	
Common Equity - Class A-2 (42,500 units) ⁽ⁱ⁾				3,000	5,494	
Common Equity - Class B (1,000 units) ⁽ⁱ⁾				3,000	3,000	
				14,826	17,337	4%
Packaging						
<i>Rohrer Corporation</i>						
Subordinated Note ⁽ⁱ⁾	11.0%/1.5%	1/18/2022	16,740	16,672	16,740	
Common Equity (389 shares)				750	858	
				17,422	17,598	5%
Printing Services						
<i>Brook & Whittle Limited</i>						
Subordinated Note	12.0%/4.8%	12/31/2017	8,226	8,226	8,417	
Subordinated Note	12.0%/2.0%	12/31/2017	2,366	2,366	2,366	
Warrant (1,051 shares) ^(l)				285	321	
Common Equity - Series A (148 shares)				110	45	

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

Common Equity - Series D (527 shares)			53		146	
				11,040	11,295	3%
Promotional Products						
<i>Hub Acquisition Sub, LLC</i>						
<i>(dba Hub Pen)</i>						
Subordinated Note ⁽ⁱ⁾	12.3%/0.0%	9/23/2021	11,350	11,307	11,350	
Common Equity (7,500 units)				750	1,046	
				12,057	12,396	3%
Restaurants						
<i>ACFP Management, Inc. ^(m)</i>						
Common Equity (1,000,000 units) ⁽ⁱ⁾						0%
<i>Cardboard Box LLC</i>						
<i>(dba Anthony's Coal Fired Pizza)</i>						
Common Equity (521,021 units) ⁽ⁱ⁾				520	244	0%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (unaudited) (continued)****June 30, 2017****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate ^(d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Investment Type ^(c)	Cash/PIK					
Restaurant Finance Co, LLC						
Senior Secured Loan ^{(i)(o)}	15.0%/4.0%	7/31/2020	\$ 9,342	\$ 9,314	\$ 6,175	2%
Retail						
EBL, LLC (EbLens)						
Common Equity (750,000 units) ^{(g)(i)}				750	2,212	1%
Palmetto Moon, LLC						
Senior Secured Loan	11.5%/0.0%	10/31/2021	6,254	6,220	6,254	
Common Equity (499 units) ⁽ⁱ⁾				499	376	
				6,719	6,630	2%
Safety Products Manufacturing						
Safety Products Group, LLC ^{(k)(m)}						
Preferred Equity (749 units) ^{(g)(i)}					9	
Common Equity (676 units) (\$2,852 commitment) ^{(g)(i)}						
					9	0%
Specialty Chemicals						
FAR Research Inc. ^(k)						
Senior Secured Loan ⁽ⁱ⁾	11.8%/1.0%	3/31/2019	7,297	7,285	7,297	
Revolving Loan (\$500 commitment) ⁽ⁱ⁾	11.8%/1.0%	3/31/2019	139	135	139	
Common Equity (1,396 units)				1,396	897	
				8,816	8,333	1%
Specialty Distribution						
Carlson Systems Holdings, Inc. ^(m)						
Common Equity (15,000 units) ⁽ⁱ⁾					1	

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

					1	0%
<i>Pugh Lubricants, LLC</i>						
Subordinated Note ^(j)	12.3%/0.0%	5/10/2022	18,581	18,496	18,581	
Common Equity (6,285 units) ^{(g)(i)}				612	730	
				19,108	19,311	5%
<i>Virginia Tile Company, LLC</i>						
Subordinated Note ^(j)	12.3%/0.0%	4/7/2022	12,000	11,966	12,000	
Common Equity (17 units)				342	1,246	
				12,308	13,246	3%
Transportation Services						
<i>Cavallo Bus Lines Holdings, LLC</i>						
Subordinated Note	12.8%/0.0%	4/26/2021	7,395	7,366	7,395	2%
<i>Midwest Transit Equipment, Inc.</i>						
Subordinated Note ⁽ⁱ⁾	11.0%/2.0%	6/23/2022	12,005	11,207	11,207	
Warrant (14,384 shares) ^{(i)(l)}				361	361	
Warrant (9.59% of Junior Subordinated Notes) ^{(i)(p)}				381	381	
				11,949	11,949	3%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (unaudited) (continued)****June 30, 2017****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate (d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Investment Type ^(c)	Cash/PIK					
US Pack Logistics LLC						
Subordinated Note ⁽ⁱ⁾	12.0%/1.8%	9/27/2020	\$ 7,217	\$ 7,187	\$ 7,217	
Common Equity (5,357 units) ^{(g)(i)}				583	819	
				7,770	8,036	2%
Worldwide Express Operations, LLC						
Subordinated Note ⁽ⁱ⁾⁽ⁿ⁾	9.9%/0.0%	2/3/2025	10,000	9,857	9,857	
Common Equity (4,000 units) ^{(g)(i)}				4,000	4,000	
				13,857	13,857	4%
Utility Equipment Manufacturing						
Mirage Trailers LLC ^(k)						
Senior Secured Loan ^{(i)(e)}	12.6%/1.5%	11/25/2020	5,971	5,909	5,971	
Common Equity (2,500,000 shares) ^(f)				2,483	2,827	
				8,392	8,798	2%
Trantech Radiator Products, Inc. ^(k)						
Subordinated Note ⁽ⁱ⁾	12.0%/2.3%	5/31/2018	6,994	6,990	6,878	
Common Equity (6,875 shares) ⁽ⁱ⁾				688	86	
				7,678	6,964	2%
Vending Equipment Manufacturing						
Accent Food Services, LLC						
Subordinated Note ⁽ⁱ⁾	10.0%/1.3%	5/30/2022	20,268	20,167	20,268	
Common Equity (7,500 units) ^{(g)(i)}				750	848	
				20,917	21,116	5%
Ice House America, LLC						

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

Subordinated Note ⁽ⁱ⁾	12.0%/3.0%	1/1/2020	4,300	4,178	4,300	
Warrant (1,957,895 units) ^{(g)(i)(l)}				216	178	
				4,394	4,478	1%
Total Investments				\$ 531,344	\$ 553,260	142%

- (a) See Note 3 to the consolidated financial statements for portfolio composition by geographic location.
- (b) Equity ownership may be held in shares or units of companies related to the portfolio companies.
- (c) All debt investments are income producing, unless otherwise indicated. Equity investments are non-income producing unless otherwise noted.
- (d) Rate includes the cash interest or dividend rate and paid-in-kind interest or dividend rate, if any, as of June 30, 2017. Generally, payment-in-kind interest can be paid-in-kind or all in cash.
- (e) The investment bears cash interest at a variable rate that is determined by reference to one-month LIBOR, which is reset monthly. The cash interest rate is set as one-month LIBOR + 11.5% and is subject to a 12.5% interest rate floor. The Company has provided the interest rate in effect as of June 30, 2017.
- (f) Income producing. Maturity date, if any, represents mandatory redemption date.
- (g) Investment is held by a wholly-owned subsidiary of the Company, other than the Funds.
- (h) The entire commitment was unfunded at June 30, 2017. As such, no interest is being earned on this investment.

Table of Contents

FIDUS INVESTMENT CORPORATION

Consolidated Schedule of Investments (unaudited) (continued)

June 30, 2017

(In thousands, except shares)

- (i) Investment pledged as collateral for the Credit Facility and, as a result, is not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Credit Facility (see Note 6 to the consolidated financial statements).
- (j) The portion of the investment not held by the Funds is pledged as collateral for the Credit Facility and, as a result, is not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Credit Facility (see Note 6 to the consolidated financial statements).
- (k) As defined in the 1940 Act, the Company is deemed to be an Affiliated Person of this portfolio company because it owns 5% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company. Transactions in which the issuer was an Affiliated Person are detailed in Note 3 to the consolidated financial statements.
- (l) Warrants entitle the Company to purchase a predetermined number of shares or units of common equity, and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (m) Investment in portfolio company that has sold its operations and is in the process of winding down.
- (n) The investment bears interest at a variable rate that is determined by reference to three-month LIBOR, which is reset quarterly. The interest rate is set as three-month LIBOR + 8.8% and is subject to a 1.0% LIBOR interest rate floor. The Company has provided the interest rate in effect as of June 30, 2017.
- (o) Investment was on non-accrual status as of June 30, 2017, meaning the Company has ceased recognizing interest income on the investment.
- (p) Warrant entitles the Company to purchase 9.59% of the outstanding principal of Junior Subordinated Notes prior to exercise, and is non-income producing.

See Notes to Consolidated Financial Statements (unaudited).

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments****December 31, 2016****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate ^(d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Investment Type ^(c)	Cash/PIK					
Aerospace & Defense Manufacturing						
<i>FDS Avionics Corp.</i>						
<i>(dba Flight Display Systems)</i>						
Subordinated Note	12.3%/0.0%	4/1/2020	\$ 5,200	\$ 5,184	\$ 4,237	
Common Equity (200 units) ⁽ⁱ⁾				2,000	312	
				7,184	4,549	1%
<i>Fiber Materials, Inc.</i> ^(k)						
Subordinated Note	12.0%/1.0%	5/30/2022	4,003	3,984	3,984	
Common Equity (10 units)				1,000	1,000	
				4,984	4,984	1%
<i>Lightning Diversion Systems, LLC</i>						
Senior Secured Loan ⁽ⁱ⁾	10.5%/0.0%	9/16/2021	21,204	21,114	21,204	
Revolving Loan (\$250 commitment) ^(h)	10.5%/0.0%	9/16/2021		(1)		
Common Equity (600,000 units)					2,637	
				21,113	23,841	7%
<i>Malabar International</i> ^(k)						
Subordinated Note ^(j)	11.3%/2.0%	11/13/2021	7,617	7,607	7,617	
Preferred Equity (1,494 shares) ^(f)	6.0%/0.0%	5/12/2022		1,997	5,367	
				9,604	12,984	4%
<i>Simplex Manufacturing Co.</i>						
Subordinated Note ⁽ⁿ⁾	14.0%/0.0%	12/9/2016	4,050	4,050	4,050	
Warrant (28 shares) ^(l)				1,041	3,787	
				5,091	7,837	2%
<i>Steward Holding LLC</i> ^(k)						
<i>(dba Steward Advanced Materials)</i>						

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

Subordinated Note	12.0%/2.3%	5/12/2021	7,181	7,154	7,181	
Common Equity (1,000,000 units)				1,000	678	
				8,154	7,859	2%

Apparel Distribution

Jacob Ash Holdings, Inc.

Subordinated Note ^(j)	13.0%/4.0%	6/30/2018	4,000	3,997	4,000	
Subordinated Note	13.0%/0.0%	6/30/2018	778	773	778	
Preferred Equity (66,138 shares) ^(f)	0.0%/15.0%	6/30/2018		1,071	1,075	
Warrant (63,492 shares) ^(l)				67		
				5,908	5,853	2%

Building Products Manufacturing

SES Investors, LLC ^(k)

(dba SES Foam)

Senior Secured Loan	11.0%/0.0%	3/8/2022	10,474	10,424	10,424	
Revolving Loan (\$1,500 commitment) ⁽ⁱ⁾	6.0%/0.0%	3/8/2022	1,000	993	993	
Common Equity (6,000 units) ^{(g)(i)}				600	600	
				12,017	12,017	4%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (continued)****December 31, 2016****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate ^(d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Investment Type ^(c)	Cash/PIK					
<i>The Wolf Organization, LLC</i>						
Common Equity (175 shares)				\$ 1,455	\$ 3,102	1%
<i>US GreenFiber, LLC</i>						
Subordinated Note ⁽ⁱ⁾	12.5%/0.0%	1/2/2019	\$ 14,000	13,968	14,000	
Common Equity (1,667 units) ^{(g)(i)}				500	574	
				14,468	14,574	4%
Business Services						
<i>Comprehensive Logistics Co., Inc.</i>						
Subordinated Note ⁽ⁱ⁾	11.5%/4.5%	11/22/2021	15,075	15,001	15,001	4%
<i>Inflexion, Inc.</i> ^(k)						
Senior Secured Loan	7.0%/6.0%	12/16/2019	4,196	4,182	3,579	
Revolving Loan (\$500 commitment) ⁽ⁱ⁾	7.0%/6.0%	12/16/2019	159	156	136	
Preferred Equity (252,046 units)				252	114	
Preferred Equity (308,987 units)				309	139	
Preferred Equity (1,400 units)				1,400		
				6,299	3,968	1%
<i>Plymouth Rock Energy, LLC</i>						
Senior Secured Loan	11.8%/0.0%	5/14/2017	6,000	5,995	6,000	2%
<i>Vanguard Dealer Services, L.L.C.</i>						
Subordinated Note	12.3%/0.0%	1/30/2021	11,450	11,405	11,450	
Common Equity (6,000 shares)				600	907	
				12,005	12,357	3%
Capital Equipment Manufacturing						
<i>Thermoforming Technology Group LLC</i>						
Subordinated Note	12.5%/0.0%	9/14/2021	14,700	14,637	14,700	

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

Common Equity (3,500 units) ^{(g)(i)}				350		353	
				14,987		15,053	4%
Component Manufacturing							
<i>Hilco Plastics Holdings, LLC</i>							
<i>(dba Hilco Technologies)</i>							
Subordinated Note	11.5%/1.0%	7/15/2022		8,022	7,984	7,984	
Common Equity (72,507 units) ^{(g)(i)}					500	500	
				8,484		8,484	2%
<i>Toledo Molding & Die, Inc.</i>							
Subordinated Note ⁽ⁱ⁾	10.5%/0.0%	12/18/2018		10,000	9,926	10,000	3%
Consumer Products							
<i>Grindmaster Corporation</i>							
Subordinated Note	11.5%/0.0%	10/31/2019		10,500	10,474	10,500	3%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (continued)****December 31, 2016****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate ^(d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Investment Type ^(c)	Cash/PIK					
World Wide Packaging, LLC ^(k)						
Common Equity (1,517,573 units) ^{(g)(i)}				\$ 499	\$ 2,898	1%
Electronic Components Supplier						
Apex Microtechnology, Inc. ^(k)						
Warrant (2,293 shares) ^(l)				220	345	
Common Equity (11,690 shares)				1,168	1,876	
				1,388	2,221	1%
Healthcare Products						
Allied 100 Group, Inc.						
Subordinated Note ^(j)	11.5%/0.0%	5/26/2020	\$ 13,000	12,960	13,000	
Common Equity (1,250,000 units) ⁽ⁱ⁾				1,250	1,201	
				14,210	14,201	4%
Anatrace Products, LLC						
Subordinated Note	13.0%/1.3%	6/23/2021	6,500	6,483	6,500	
Common Equity (360,000 shares) ⁽ⁱ⁾					259	
				6,483	6,759	2%
OMC Investors, LLC <i>(dba Ohio Medical Corporation)</i>						
Subordinated Note	12.0%/0.0%	7/15/2021	10,000	9,917	9,383	
Common Equity (5,000 shares)				500	358	
				10,417	9,741	3%
Pfanstiehl, Inc. ^(k)						
Subordinated Note	10.5%/0.0%	9/29/2021	6,208	6,189	6,208	
Common Equity (8,500 units) ⁽ⁱ⁾				850	13,750	

				7,039	19,958	6%
<i>Six Month Smiles Holdings, Inc.</i>						
Subordinated Note ⁽ⁱ⁾	6.0%/8.5%	7/31/2020	8,777	8,754	8,106	2%
Healthcare Services						
<i>Medsurant Holdings, LLC ^(k)</i>						
Subordinated Note	12.3%/0.0%	6/18/2021	6,267	6,221	6,267	
Preferred Equity (126,662 units) ^(g)				1,346	1,505	
Warrant (505,176 units) ^{(g)(l)}				4,516	5,199	
				12,083	12,971	4%
<i>Microbiology Research Associates, Inc. ^(k)</i>						
Subordinated Note	11.0%/1.5%	3/13/2022	8,538	8,516	8,538	
Common Equity (1,625,731 units) ⁽ⁱ⁾				1,939	2,593	
				10,455	11,131	3%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (continued)****December 31, 2016****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate ^(d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Investment Type ^(c)	Cash/PIK					
<i>Oaktree Medical Centre, P.C.</i> <i>(dba Pain Management Associates)</i>						
Senior Secured Loan ⁽ⁱ⁾	11.5%/0.0%	1/1/2018	\$ 571	\$ 614	\$ 633	
Senior Secured Loan ⁽ⁱ⁾	7.0%/12.0%	1/1/2018	6,078	6,405	4,663	
Revolving Loan (\$2,500 commitment) ⁽ⁱ⁾	11.5%/0.0%	1/1/2018	2,500	2,526	2,768	
				9,545	8,064	2%
<i>United Biologics, LLC</i>						
Subordinated Note	12.0%/2.0%	4/30/2018	8,698	8,659	8,698	
Preferred Equity (98,377 units) ^{(g)(i)}				1,069	729	
Warrant (57,469 units) ^(l)				566	191	
				10,294	9,618	3%
Industrial Cleaning & Coatings						
<i>K2 Industrial Services, Inc.</i>						
Tranche A Loan	11.8%/2.5%	4/25/2022	10,047	10,005	10,005	
Tranche B Loan	11.8%/7.3%	4/25/2022	2,027	2,019	2,019	
Common Equity (1,673 shares)				1,268	553	
				13,292	12,577	4%
Information Technology Services						
<i>FTH Acquisition Corp. VII</i>						
Subordinated Note	13.0%/0.0%	3/9/2017	8,178	8,178	7,937	
Preferred Equity (887,122 shares)				887	444	
				9,065	8,381	2%
<i>inthinc Technology Solutions, Inc.</i>						
Subordinate Note (\$5,000 commitment)	12.5%/0.0%	4/24/2020	4,000	3,984	4,000	
Subordinated Note	0.0%/12.5%	4/24/2020	1,178	1,039	1,141	

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

Royalty Rights		4/24/2020		185		
				5,208	5,141	1%
<i>Software Technology, LLC</i>						
Subordinated Note ⁽ⁱ⁾	11.0%/0.0%	6/23/2023	8,750	8,706	8,706	
Common Equity (11 units)				1,125	1,125	
				9,831	9,831	3%
Laundry Services						
<i>Caldwell & Gregory, LLC</i>						
Subordinated Note	11.5%/1.0%	11/30/2018	1,555	1,545	1,555	
Subordinated Note	0.0%/12.0%	5/31/2019	4,583	4,460	4,583	
Common Equity (500,000 units) ^(g)				500	650	
Warrant (242,121 units) ^{(g)(1)}				242	315	
				6,747	7,103	2%
Oil & Gas Distribution						
<i>LNG Indy, LLC</i>						
<i>(dba Kinetrex Energy)</i>						
Subordinated Note ⁽ⁱ⁾	11.5%/0.0%	9/28/2021	5,000	4,975	4,975	
Common Equity (1,000 units)				1,000	1,000	
				5,975	5,975	2%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (continued)****December 31, 2016****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate ^(d)		Principal Amount	Cost	Fair Value	Percent of Net Assets
	Cash/PIK	Maturity				
Investment Type ^(c)						
Oil & Gas Services						
<i>IOS Acquisitions, Inc.</i> ^(m)						
Common Equity (2,152 units) ⁽ⁱ⁾				\$ 103	\$ 17	0%
<i>Pinnergy, Ltd.</i> ^(k)						
Subordinated Note ^(j)	0.0%/10.0%	1/24/2020	\$ 8,414	8,394	8,414	
Common Equity - Class A-2 (42,500 units) ^(j)				3,000	3,000	
Common Equity - Class B (1,000 units) ^(j)				3,000	3,000	
				14,394	14,414	4%
Packaging						
<i>Rohrer Corporation</i>						
Subordinated Note ^(j)	11.0%/1.5%	1/18/2022	16,614	16,539	16,539	
Common Equity (389 shares)				750	750	
				17,289	17,289	5%
Printing Services						
<i>Brook & Whittle Limited</i>						
Subordinated Note	12.0%/4.8%	6/30/2017	8,031	8,031	8,198	
Subordinated Note	12.0%/2.0%	6/30/2017	2,342	2,342	2,342	
Warrant (1,051 shares) ^(l)				285	263	
Common Equity - Series A (148 shares)				110	37	
Common Equity - Series D (527 shares)				52	125	
				10,820	10,965	3%
Promotional Products						
<i>Hub Acquisition Sub, LLC</i> <i>(dba Hub Pen)</i>						
Subordinated Note ^(j)	12.3%/0.0%	9/23/2021	11,350	11,301	11,350	
Common Equity (7,500 units)				750	1,010	

				12,051	12,360	3%
Restaurants						
<i>ACFP Management, Inc. (m)</i>						
Common Equity (1,000,000 units) (i)						0%
<i>Cardboard Box LLC</i>						
<i>(dba Anthony's Coal Fired Pizza)</i>						
Common Equity (521,021 units) (i)				520	240	0%
<i>Restaurant Finance Co, LLC</i>						
Senior Secured Loan (i)	12.0%/4.0%	7/31/2020	9,154	9,126	7,377	2%
Retail						
<i>EBL, LLC (EbLens)</i>						
Common Equity (750,000 units) (g)(i)				750	2,044	1%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (continued)****December 31, 2016****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate ^(d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Investment Type ^(c)	Cash/PIK					
Palmetto Moon, LLC						
Senior Secured Loan	11.5%/0.0%	10/31/2021	\$ 6,402	\$ 6,364	\$ 6,364	
Common Equity (499 units)				499	499	
				6,863	6,863	2%
Safety Products Manufacturing						
<i>Safety Products Group, LLC</i> ^{(k)(m)}						
Preferred Equity (749 units) ^{(g)(i)}					22	
Common Equity (676 units) (\$2,852 commitment) ^{(g)(i)}						
					22	0%
Specialty Chemicals						
<i>FAR Research Inc.</i> ^(k)						
Senior Secured Loan ⁽ⁱ⁾	11.8%/1.0%	3/31/2019	7,271	7,256	7,271	
Revolving Loan (\$1,750 commitment) ⁽ⁱ⁾	11.8%/1.0%	3/31/2019	138	134	138	
Common Equity (1,396 units)				1,395	1,012	
				8,785	8,421	2%
Specialty Distribution						
<i>Carlson Systems Holdings, Inc.</i> ^(m)						
Common Equity (15,000 units) ⁽ⁱ⁾					73	
					73	0%
<i>Pugh Lubricants, LLC</i>						
Subordinated Note ⁽ⁱ⁾	12.3%/0.0%	5/10/2022	12,256	12,197	12,197	
Common Equity (5,000 units) ^{(g)(i)}				500	500	
				12,697	12,697	4%

Virginia Tile Company, LLC						
Subordinated Note ^(j)	12.3%/0.0%	4/7/2022	12,000	11,962	12,000	
Common Equity (17 units)				342	1,220	
				12,304	13,220	4%
Transportation Services						
Cavallo Bus Lines Holdings, LLC						
Subordinated Note	12.0%/3.0%	4/26/2021	8,250	8,218	8,250	2%
US Pack Logistics LLC						
Subordinated Note ^(j)	12.0%/1.8%	9/27/2020	14,027	13,923	14,027	
Common Equity (5,357 units) ^{(g)(i)}				583	675	
				14,506	14,702	4%
Worldwide Express Operations, LLC						
Subordinated Note	11.5%/1.0%	8/1/2020	17,468	17,368	17,559	
Common Equity (2,500,000 units) ^{(g)(i)}				2,500	6,613	
				19,868	24,172	7%
Utility Equipment Manufacturing						
Mirage Trailers LLC ^(k)						
Senior Secured Loan ^{(j)(e)}	12.5%/0.0%	11/25/2020	8,208	8,138	8,208	
Common Equity (2,500,000 shares)				2,480	2,721	
				10,618	10,929	3%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments (continued)****December 31, 2016****(In thousands, except shares)****Industry**

Portfolio Company ^{(a)(b)}	Rate ^(d)	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Investment Type ^(c)	Cash/PIK					
Trantech Radiator Products, Inc. ^(k)						
Subordinated Note ⁽ⁱ⁾	12.0%/2.3%	5/31/2018	\$ 6,994	\$ 6,988	\$ 6,994	
Common Equity (6,875 shares) ⁽ⁱ⁾				688	242	
				7,676	7,236	2%
Vending Equipment Manufacturing						
Accent Food Services, LLC						
Subordinated Note	10.0%/1.3%	5/30/2022	14,516	14,436	14,436	
Common Equity (7,500 units) ^{(g)(i)}				750	750	
				15,186	15,186	4%
Ice House America, LLC						
Subordinated Note ⁽ⁱ⁾	12.0%/3.0%	1/1/2020	4,237	4,090	4,237	
Warrant (1,957,895 units) ^{(g)(i)(l)}				216	101	
				4,306	4,338	1%
Total Investments				\$ 500,514	\$ 524,454	148%

- (a) See Note 3 to the consolidated financial statements for portfolio composition by geographic location.
- (b) Equity ownership may be held in shares or units of companies related to the portfolio companies.
- (c) All debt investments are income producing, unless otherwise indicated. Equity investments are non-income producing unless otherwise noted.
- (d) Rate includes the cash interest or dividend rate and paid-in-kind interest or dividend rate, if any, as of December 31, 2016. Generally, payment-in-kind interest can be paid-in-kind or all in cash.
- (e)

The investment bears interest at a variable rate that is determined by reference to one-month LIBOR, which is reset monthly. The interest rate is set as one-month LIBOR + 11.5% and is subject to a 12.5% interest rate floor. The Company has provided the interest rate in effect as of December 31, 2016.

- (f) Income producing. Maturity date, if any, represents mandatory redemption date.
- (g) Investment is held by a wholly-owned subsidiary of the Company, other than the Funds.
- (h) The entire commitment was unfunded at December 31, 2016. As such, no interest is being earned on this investment.
- (i) Investment pledged as collateral for the Credit Facility and, as a result, is not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Credit Facility (see Note 6 to the consolidated financial statements).
- (j) The portion of the investment not held by the Funds is pledged as collateral for the Credit Facility and, as a result, is not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Credit Facility (see Note 6 to the consolidated financial statements).
- (k) As defined in the 1940 Act, the Company is deemed to be an Affiliated Person of this portfolio company because it owns 5% or more of the portfolio company's outstanding voting securities or it has the power to exercise control over the management or policies of such portfolio company. Transactions in which the issuer was an Affiliated Person are detailed in Note 3 to the consolidated financial statements.
- (l) Warrants entitle the Company to purchase a predetermined number of shares of common stock, and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (m) Investment in portfolio company that has sold its operations and is in the process of winding down.
- (n) The debt investment continues to pay interest, including the default rate, while the portfolio company pursues refinancing options.

See Notes to Consolidated Financial Statements (unaudited).

Table of Contents

FIDUS INVESTMENT CORPORATION

Notes to Consolidated Financial Statements (unaudited)

(In thousands, except shares and per share data)

Note 1. Organization and Nature of Business

Fidus Investment Corporation, a Maryland corporation (FIC, and together with its subsidiaries, the Company), was formed on February 14, 2011 for the purposes of (i) acquiring 100% of the limited partnership interests of Fidus Mezzanine Capital, L.P. and its consolidated subsidiaries (collectively, Fund I) and 100% of the membership interests of Fund I s general partner, Fidus Mezzanine Capital GP, LLC (FMCGP), (ii) raising capital in an initial public offering that was completed in June 2011 (the IPO) and (iii) thereafter operating as an externally managed, closed-end, non-diversified management investment company, within the meaning of the Investment Company Act of 1940, as amended (the 1940 Act), that has elected to be regulated as a business development company (BDC) under the 1940 Act.

On June 20, 2011, FIC acquired 100% of the limited partnership interests in Fund I and 100% of the equity interests in FMCGP, in exchange for 4,056,521 shares of common stock in FIC (the Formation Transactions). Fund I became FIC s wholly-owned subsidiary, retained its license to operate as a Small Business Investment Company (SBIC), and continues to hold investments and make new investments. The IPO consisted of the sale of 5,370,500 shares of the Company s common stock, including shares purchased by the underwriters pursuant to their exercise of the over-allotment option, at a price of \$15.00 per share resulting in net proceeds of \$73,626, after deducting underwriting fees and commissions and offering costs totaling \$6,932.

The Company provides customized debt and equity financing solutions to lower middle-market companies. Fund I commenced operations on May 1, 2007, and on October 22, 2007, was granted a license to operate as a SBIC under the authority of the U.S. Small Business Administration (SBA). On March 29, 2013, the Company commenced operations of a second wholly-owned subsidiary, Fidus Mezzanine Capital II, L.P. (Fund II), and, on May 28, 2013, was granted a second license to operate Fund II as an SBIC. Collectively, Fund I and Fund II are referred to as the Funds. The SBIC licenses allow the Funds to obtain leverage by issuing SBA-guaranteed debentures (SBA debentures), subject to the issuance of leverage commitments by the SBA and other customary procedures. As SBICs, the Funds are subject to a variety of regulations and oversight by the SBA under the Small Business Investment Act of 1958, as amended (the SBIC Act), concerning, among other things, the size and nature of the companies in which they may invest and the structure of those investments.

Fund I has also elected to be regulated as a BDC under the 1940 Act. Fund II is not registered under the 1940 Act and relies on the exclusion from the definition of investment company contained in Section 3(c)(7) of the 1940 Act. In addition, for federal income tax purposes, the Company elected to be treated as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code), commencing with its taxable year ended December 31, 2011.

The Company pays a quarterly base management fee and an incentive fee to Fidus Investment Advisors, LLC (the Investment Advisor) under an investment advisory agreement (the Investment Advisory Agreement). The initial investment professionals of the Investment Advisor were previously employed by Fidus Capital, LLC, who was the investment advisor to Fund I prior to consummation of the Formation Transactions.

Note 2. Significant Accounting Policies

Basis of presentation: The accompanying consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) pursuant to the requirements for reporting on Form 10-Q, Accounting Standards Codification (ASC) 946, *Financial Services Investment Companies* (ASC 946), and Articles 6 or 10 of Regulation S-X. In the opinion of management, the consolidated financial statements reflect all adjustments and reclassifications that are necessary for the fair presentation of financial results as of and for the periods presented. Certain prior period amounts have been reclassified to conform to the current period presentation. The current period s results of operation are not necessarily indicative of results that ultimately may be achieved for the year. Therefore, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2016.

Use of estimates: The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidation: Pursuant to Article 6 of Regulation S-X and ASC 946, the Company will generally not consolidate its investments in a company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. As a result, the consolidated financial statements of the Company include only the accounts of the Company and its wholly-owned subsidiaries, including the Funds. All significant intercompany balances and transactions have been eliminated.

Table of Contents

FIDUS INVESTMENT CORPORATION

Notes to Consolidated Financial Statements (unaudited)

(In thousands, except shares and per share data)

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

Market risk - Market risk represents the potential loss that can be caused by a change in the fair value of the financial instrument due to market changes.

Credit risk - Credit risk represents the risk that the Company would incur if the counterparties failed to perform pursuant to the terms of their agreements with the Company.

Liquidity risk - Liquidity risk represents the possibility that the Company may not maintain sufficient cash balances or may not have access to sufficient cash to meet loan and other commitments as they become due.

Interest rate risk - Interest rate risk represents the likelihood that a change in interest rates could have an adverse impact on the fair value of an interest-bearing financial instrument.

Prepayment risk - Certain of the Company's debt investments allow for prepayment of principal without penalty. Downward changes in interest rates may cause prepayments to occur at a faster than expected rate, thereby effectively shortening the maturity of the debt investments and making the instrument less likely to be an income producing instrument.

Off-Balance sheet risk - Some of the Company's financial instruments contain off-balance sheet risk. Generally, these financial instruments represent future commitments to purchase other financial instruments at specific terms at specific future dates. See Note 7 for further details.

Fair value of financial instruments: The Company measures and discloses fair value with respect to substantially all of its financial instruments in accordance with ASC Topic 820 *Fair Value Measurements and Disclosures* (ASC Topic 820). ASC Topic 820 defines fair value, establishes a framework used to measure fair value, and requires disclosures for fair value measurements, including the categorization of financial instruments into a three-level hierarchy based on the transparency of valuation inputs. See Note 4 to the consolidated financial statements for further discussion regarding the fair value measurements and hierarchy.

Investment classification: The Company classifies its investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, *Control Investments* are defined as investments in those companies where the Company owns more than 25% of the voting securities of such company or has rights to maintain greater than 50% of the board

representation. Under the 1940 Act, *Affiliate Investments* are defined as investments in those companies where the Company owns between 5% and 25% of the voting securities of such company. *Non-Control/Non-Affiliate Investments* are those that neither qualify as Control Investments nor Affiliate Investments.

Segments: In accordance with ASC Topic 280 *Segment Reporting*, the Company has determined that it has a single reporting segment and operating unit structure.

Cash and cash equivalents: Cash and cash equivalents are highly liquid investments with an original maturity of three months or less at the date of acquisition. The Company places its cash in financial institutions and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limits. The Company does not believe its cash balances are exposed to any significant credit risk.

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

Deferred equity offering costs: Deferred equity offering costs include registration expenses related to shelf filings, including expenses related to the launch of the ATM Program. These expenses primarily consist of Securities and Exchange Commission (SEC) registration fees, legal fees and accounting fees incurred. These expenses are included in prepaid assets and are charged to additional paid in capital upon the receipt of proceeds from an equity offering or charged to expense if no offering is completed.

Realized gains or losses and unrealized appreciation or depreciation on investments: Realized gains or losses on investments are recorded upon the sale or disposition of a portfolio investment and are calculated as the difference between the net proceeds from the sale or disposition and the cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized. Net change in unrealized appreciation or depreciation on the consolidated statements of operations includes changes in the fair value of investments from the prior period, as determined in good faith by the Company's board of directors (the Board) through the application of the Company's valuation policy, as well as reclassifications of any prior period unrealized appreciation or depreciation on exited investments to realized gains or losses on investments.

Table of Contents

FIDUS INVESTMENT CORPORATION

Notes to Consolidated Financial Statements (unaudited)

(In thousands, except shares and per share data)

Interest and dividend income: Interest and dividend income is recorded on the accrual basis to the extent that we expect to collect such amounts. Interest is accrued daily based on the outstanding principal amount and the contractual terms of the debt. 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 when the relevant tax forms are received from the portfolio company.

Certain of the Company's investments contain a payment-in-kind (PIK) income provision. The PIK income, computed at the contractual rate specified in the applicable investment agreement, is added to the principal balance of the investment, rather than being paid in cash, and recorded as interest or dividend income, as applicable, on the consolidated statements of operations. Generally, PIK can be paid-in-kind or all in cash. The Company stops accruing PIK income when there is reasonable doubt that PIK income will be collected. PIK income is included in the Company's taxable income and, therefore, affects the amount the Company is required to pay to shareholders in the form of dividends in order to maintain the Company's tax treatment as a RIC and to avoid corporate federal income tax, even though the Company has not yet collected the cash.

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 the Company 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 may be applied to the investment principal balance based on management's judgment. Non-accrual investments are restored to accrual status when past due principal, interest or dividends are paid and, in management's judgment, payments are likely to remain current.

Fee income: Transaction fees earned in connection with the Company's investments are recognized as fee income. Such fees typically include fees for services, including structuring and advisory services, provided to portfolio companies. The Company recognizes income from fees for providing such structuring and advisory services when the services are rendered or the transactions are completed. Upon the prepayment of a loan or debt security, any prepayment penalties are recorded as fee income when earned.

The Company also typically receives 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 the consolidated statements of assets and liabilities and accreted into income over the life of the investment.

Warrants: In connection with the Company's debt investments, the Company will sometimes receive warrants or other equity-related securities from the borrower (Warrants). The Company determines the cost basis of Warrants based upon their respective fair values on the date of receipt in proportion to the total fair value of the debt and Warrants received. Any resulting difference between the face amount of the debt and its recorded fair value resulting from the assignment of value to the Warrants is treated as original issue discount (OID), and accreted into interest income using

the effective interest method over the term of the debt investment.

Partial loan sales: The Company follows the guidance in ASC 860, *Transfers and Servicing*, when accounting for loan participations and other partial loan sales. Such guidance requires a participation or other partial loan sale to meet the definition of a participating interest, as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest should remain on the Company's consolidated statement of assets and liabilities and the proceeds recorded as a secured borrowing until the definition is met. Management has determined that all participations and other partial loan sale transactions entered into by the Company have met the definition of a participating interest. Accordingly, the Company uses sale treatment in accounting for such transactions.

Income taxes: The Company has elected to be treated as a RIC under Subchapter M of the Code, which will generally relieve the Company from U.S. federal income taxes with respect to all income distributed to stockholders. To maintain the tax treatment of a RIC, the Company is required to timely distribute to its stockholders at least 90.0% of investment company taxable income, as defined by Subchapter M of the Code, each year. Depending on the level of taxable income earned in a tax year, the Company may choose to carry forward taxable income in excess of current year distributions into the next tax year; however, the Company will pay a 4.0% excise tax if it does not distribute at least 98.0% of the current year's ordinary taxable income. Any such carryover taxable income must be distributed through a dividend declared prior to the later of the date on which the final tax return related to the year in which the Company generated such taxable income is filed or the 15th day of the 9th month following the close of such taxable year. In addition, the Company will be subject to federal excise tax if it does not distribute at least 98.2% of its net capital gains realized, computed for any one year period ending October 31.

In the future, the Funds may be limited by provisions of the SBIC Act and SBA regulations governing SBICs from making certain distributions to FIC that may be necessary to enable FIC to make the minimum distributions required to maintain the tax treatment of a RIC.

Table of Contents

FIDUS INVESTMENT CORPORATION

Notes to Consolidated Financial Statements (unaudited)

(In thousands, except shares and per share data)

The Company has certain wholly-owned taxable subsidiaries (the Taxable Subsidiaries), each of which generally holds one or more of the Company's portfolio investments listed on the consolidated schedules of investments. The Taxable Subsidiaries are consolidated for financial reporting purposes, such that the Company's consolidated financial statements reflect the Company's investment in the portfolio companies owned by the Taxable Subsidiaries. The purpose of the Taxable Subsidiaries is to permit the Company to hold equity investments in portfolio companies that are taxed as partnerships for U.S. federal income tax purposes (such as entities organized as limited liability companies (LLCs) or other forms of pass through entities) while complying with the source-of-income requirements contained in the RIC tax provisions. The Taxable Subsidiaries are not consolidated with the Company for U.S. federal corporate income tax purposes, and each Taxable Subsidiary will be subject to U.S. federal corporate income tax on its taxable income. Any such income or expense is reflected in the consolidated statements of operations.

U.S. federal income tax regulations differ from GAAP, and as a result, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized under GAAP. Differences may be permanent or temporary. Permanent differences may arise as a result of, among other items, a difference in the book and tax basis of certain assets and nondeductible federal income taxes. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future.

ASC Topic 740 *Accounting for Uncertainty in Income Taxes* (ASC Topic 740) provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. ASC Topic 740 requires the evaluation of tax positions taken in the course of preparing the Company's tax returns to determine whether the tax positions are more-likely-than-not to be respected by the applicable tax authorities. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. It is the Company's policy to recognize accrued interest and penalties related to uncertain tax benefits in income tax provision, if any. There were no material uncertain income tax positions at June 30, 2017 and December 31, 2016. The Company's tax returns are generally subject to examination by U.S. federal and most state tax authorities for a period of three years from the date the respective returns are filed, and, accordingly, the Company's 2013 through 2016 tax years remain subject to examination.

Distributions to stockholders: Distributions to stockholders are recorded on the record date with respect to such distributions. The amount, if any, to be distributed to stockholders, is determined by the Board each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, may be distributed at least annually, although the Company may decide to retain such capital gains for investment.

The determination of the tax attributes for the Company's distributions is made annually, and is based upon the Company's taxable income and distributions paid to its stockholders for the full year. Ordinary dividend distributions from a RIC do not qualify for the preferential tax rate on qualified dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax characterization of the Company's distributions generally includes both ordinary income and capital gains but may also include qualified dividends or return of capital.

The Company has adopted a dividend reinvestment plan (DRIP) that provides for the reinvestment of dividends on behalf of its stockholders, unless a stockholder has elected to receive dividends in cash. As a result, if the Company declares a cash dividend, the Company s stockholders who have not opted out of the DRIP at least three days prior to the dividend payment date will have their cash dividend automatically reinvested into additional shares of the Company s common stock. The Company has the option to satisfy the share requirements of the DRIP through the issuance of new shares of common stock or through open market purchases of common stock by the DRIP plan administrator. Newly issued shares are valued based upon the final closing price of the Company s common stock on a date determined by the Board. Shares purchased in the open market to satisfy the DRIP requirements will be valued based upon the average price of the applicable shares purchased by the DRIP plan administrator before any associated brokerage or other costs. See Note 9 to the consolidated financial statements regarding dividend declarations and distributions.

Earnings and net asset value per share: The earnings per share calculations for the three and six months ended June 30, 2017 and 2016, are computed utilizing the weighted average shares outstanding for the period. Net asset value per share is calculated using the number of shares outstanding as of the end of the period.

Stock repurchase plan: The Company has an open market stock repurchase program (the Program) under which the Company may acquire up to \$5.0 million of its outstanding common stock. Under the Program, the Company may, but is not obligated to, repurchase outstanding common stock in the open market from time to time provided that the Company complies with the prohibitions under its insider trading policies and the requirements of Rule 10b-18 of the Securities Exchange Act of 1934, as amended, including certain price, market value and timing constraints. The timing, manner, price and amount of any share repurchases will be determined by the Company s management, in its discretion, based upon the evaluation of economic and market conditions, stock price, capital availability, applicable legal and regulatory requirements and other corporate considerations. On November 1, 2016, the Board extended the Program through December 31, 2017, or until the approved dollar amount has been used to repurchase shares. The Program does not require the Company to repurchase any specific number of shares and the Company cannot assure that any shares will be repurchased under the Program. The Program may be suspended, extended, modified or discontinued at any time. The Company did not make any repurchases of common stock during the three and six months ended June 30, 2017 or 2016.

Table of Contents

FIDUS INVESTMENT CORPORATION

Notes to Consolidated Financial Statements (unaudited)

(In thousands, except shares and per share data)

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09, such that the guidance is effective for annual and interim reporting periods beginning after December 15, 2017 and early application is permitted only for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is currently evaluating the impact this ASU will have on the Company's consolidated financial position or disclosures, but the Company does not expect the impact to be material.

Note 3. Portfolio Company Investments

The Company's portfolio investments principally consist of secured and unsecured debt, equity warrants and direct equity investments in privately held companies. The debt investments may or may not be secured by either a first or second lien on the assets of the portfolio company. The debt investments generally bear interest at fixed rates, and generally mature between five and seven years from the original investment. In connection with a debt investment, the Company also may receive nominally priced equity warrants and/or make a direct equity investment in the portfolio company. The Company's warrants or equity investments may be investments in a holding company related to the portfolio company. In addition, the Company periodically makes equity investments in its portfolio companies through Taxable Subsidiaries. In both situations, the investment is generally reported under the name of the operating company on the consolidated schedules of investments.

As of June 30, 2017, the Company had active investments in 55 portfolio companies and residual investments in five portfolio companies that have sold their underlying operations. The aggregate fair value of the total portfolio was \$553,260 and the weighted average effective yield on the Company's debt investments was 13.0% as of such date. As of June 30, 2017, the Company held equity investments in 86.7% of its portfolio companies and the average fully diluted equity ownership in those portfolio companies was 7.3%.

As of December 31, 2016, the Company had active investments in 53 portfolio companies and residual investments in four portfolio companies that have sold their underlying operations. The aggregate fair value of the total portfolio was \$524,454 and the weighted average effective yield on the Company's debt investments was 13.1% as of such date. As of December 31, 2016, the Company held equity investments in 86.0% of its portfolio companies and the average fully diluted equity ownership in those portfolio companies was 7.3%.

The weighted average yield of the Company's debt investments is not the same as a return on investment for its stockholders but, rather, relates to a portion of the Company's investment portfolio and is calculated before the payment of all of the Company's and its subsidiaries' fees and expenses. The weighted average yields were computed using the effective interest rates for debt investments at cost as of June 30, 2017 and December 31, 2016, including accretion of original issue discount and loan origination fees, but excluding investments on non-accrual status, if any.

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

Purchases of debt and equity investments for the six months ended June 30, 2017 and 2016, totaled \$87,087 and \$44,422, respectively. Proceeds from sales and repayments, including principal, return of capital distributions and realized gains, of portfolio investments for the six months ended June 30, 2017 and 2016 totaled \$66,733 and \$46,034, respectively.

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

	Fair Value				Cost			
	June 30, 2017		December 31, 2016		June 30, 2017		December 31, 2016	
Subordinated notes	\$ 387,806	70.1%	\$ 363,646	69.4%	\$ 389,454	73.3%	\$ 364,543	72.9%
Senior secured loans	76,045	13.7	79,758	15.2	82,724	15.6	83,426	16.7
Equity	75,823	13.7	70,849	13.5	50,972	9.6	45,207	9.0
Warrants	13,586	2.5	10,201	1.9	8,009	1.5	7,153	1.4
Royalty rights					185		185	
Total	\$ 553,260	100.0%	\$ 524,454	100.0%	\$ 531,344	100.0%	\$ 500,514	100.0%

Table of Contents**FIDUS INVESTMENT CORPORATION****Notes to Consolidated Financial Statements (unaudited)****(In thousands, except shares and per share data)**

All investments made by the Company as of June 30, 2017 and December 31, 2016 were made in portfolio companies headquartered in the U.S. The following table shows portfolio composition by geographic region at fair value and cost and as a percentage of total investments. The geographic composition is determined by the location of the corporate headquarters of the portfolio company, which may not be indicative of the primary source of the portfolio company's business.

	Fair Value				Cost			
	June 30, 2017		December 31, 2016		June 30, 2017		December 31, 2016	
Midwest	\$ 186,915	33.8%	\$ 166,412	31.6%	\$ 176,787	33.2%	\$ 153,456	30.7%
Southeast	119,355	21.6	122,633	23.4	126,283	23.8	130,107	26.0
Northeast	105,735	19.1	98,470	18.8	100,801	19.0	94,481	18.9
West	71,561	12.9	73,703	14.1	56,673	10.7	63,717	12.7
Southwest	69,694	12.6	63,236	12.1	70,800	13.3	58,753	11.7
Total	\$ 553,260	100.0%	\$ 524,454	100.0%	\$ 531,344	100.0%	\$ 500,514	100.0%

As of June 30, 2017 and December 31, 2016, the Company had no portfolio company investments that represented more than 10% of the total investment portfolio on a fair value or cost basis. As of June 30, 2017, the Company had debt investments in one portfolio company on non-accrual status, which had an aggregate cost and fair value of \$9,314 and \$6,175, respectively. As of December 31, 2016, there were no investments on non-accrual status.

Schedule 12-14. Consolidated Schedule of Investments In and Advances To Affiliates

The table below represents the fair value of affiliate investments as of December 31, 2016 and any gross additions and reductions made to such investments during the six months ended June 30, 2017, as well as the ending fair value as of June 30, 2017.

Portfolio Company ⁽¹⁾	Credited to Income ⁽²⁾	December 31,	Gross Additions ⁽³⁾	Gross Reductions ⁽⁴⁾	June 30,
		2016 Fair Value			2017 Fair Value
Affiliate Investments					
<i>Apex Microtechnology, Inc.</i>					
Warrant	\$	\$ 345	\$ 40	\$	\$ 385
Common Equity		84	232		2,108
		84	272		2,493

Edgar Filing: FIDUS INVESTMENT Corp - Form 10-Q

FAR Research Inc.

Senior Secured Loan	455	7,271	30	4	7,297
Revolving Loan	13	138	2	1	139
Common Equity		1,012		115	897

468 8,421 32 120 8,333

FDS Avionics Corp. (dba Flight

Display Systems)

Subordinated Note	238		5,005		5,005
Preferred Equity	9		371		371
Common Equity			312	309	3

247 5,688 309 5,379

Fiber Materials, Inc.

Subordinated Note	264	3,984	39		4,023
Common Equity		1,000	285		1,285

264 4,984 324 5,308

Inflexion, Inc.

Senior Secured Loan	279	3,579	130	172	3,537
Revolving Loan	14	136	207	44	299
Preferred Equity		114	35		149
Preferred Equity		139	43		182
Preferred Equity					

293 3,968 415 216 4,167

Table of Contents**FIDUS INVESTMENT CORPORATION****Notes to Consolidated Financial Statements (unaudited)****(In thousands, except shares and per share data)**

Portfolio Company ⁽¹⁾	Credited to Income⁽²⁾	December 31, 2016 Fair Value	Gross Additions⁽³⁾	Gross Reductions⁽⁴⁾	June 30, 2017 Fair Value
<i>Malabar International</i>					
Subordinated Note	\$ 510	\$ 7,617	\$ 77	\$ 1	\$ 7,693
Preferred Equity	60	5,367	642		6,009
	570	12,984	719	1	13,702
<i>Medsurant Holdings, LLC</i>					
Subordinated Note	391	6,267	5	5	6,267
Preferred Equity		1,505	752		2,257
Warrant		5,199	2,785		7,984
	391	12,971	3,542	5	16,508
<i>Microbiology Research Associates, Inc.</i>					
Subordinated Note	532	8,538	66	2	8,602
Common Equity		2,593	226		2,819
	532	11,131	292	2	11,421
<i>Mirage Trailers LLC</i>					
Senior Secured Loan	563	8,208	11	2,248	5,971
Common Equity	87	2,721	106		2,827
	650	10,929	117	2,248	8,798
<i>Pinnergy, Ltd.</i>					
Subordinated Note	451	8,414	432	3	8,843
Common Equity Class A-2		3,000	2,494		5,494
Common Equity Class B		3,000			3,000
	451	14,414	2,926	3	17,337
<i>Pfanstiehl, Inc.</i>					
Subordinated Note	325	6,208	2	2	6,208
Common Equity	180	13,750		2,613	11,137
	505	19,958	2	2,615	17,345
<i>Safety Products Group, LLC</i>					
Preferred Equity		22		13	9

Common Equity					
			22	13	9
<i>SES Investors, LLC</i>					
<i>(dba SES Foam)</i>					
Senior Secured Loan	583	10,424	5	1,089	9,340
Revolving Loan	46	993	507		1,500
Common Equity		600		331	269
	629	12,017	512	1,420	11,109

Table of Contents**FIDUS INVESTMENT CORPORATION****Notes to Consolidated Financial Statements (unaudited)****(In thousands, except shares and per share data)**

Portfolio Company ⁽¹⁾	Credited to	December 31,	Gross	Gross	June 30,
	Income⁽²⁾	2016	Additions⁽³⁾	Reductions⁽⁴⁾	2017
		Fair Value			Fair Value
<i>Steward Holding LLC</i> <i>(dba Steward Advanced Materials)</i>					
Subordinated Note	\$ 562	\$ 7,181	\$ 84	\$ 3	\$ 7,262
Common Equity		678		218	460
	562	7,859	84	221	7,722
<i>Trantech Radiator Products, Inc.</i>					
Subordinated Note	504	6,994	2	118	6,878
Common Equity		242		156	