MONROE CAPITAL Corp
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PROSPECTUS SUPPLEMENT
(To Prospectus dated June 1, 2018)

Monroe Capital Corporation

$50,000,000

Common Stock

We are a specialty finance company focused on providing financing solutions primarily to lower middle-market companies in the United States and Canada. 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, as amended. Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through investment in senior, unitranche and junior secured debt and, to a lesser extent, unsecured subordinated debt and equity investments. We use our extensive leveraged finance origination infrastructure and broad expertise in sourcing loans to invest in primarily senior, unitranche and junior secured debt of middle-market companies.

We invest in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities are often referred to as high yield or junk. In addition, many of the debt securities we hold do not fully amortize prior to maturity, which heightens the risk that we may lose all or a part of our investment.

Monroe Capital BDC Advisors, LLC serves as our investment advisor. Monroe Capital Management Advisors, LLC serves as our administrator. Each of Monroe Capital BDC Advisors, LLC and Monroe Capital Management Advisors, LLC is affiliated with Monroe Capital, LLC, a leading lender to middle-market companies.

We have entered into separate equity distribution agreements, each dated May 12, 2017, with B. Riley FBR, Inc., as successor by merger to FBR Capital Markets & Co. (B. Riley FBR), and JMP Securities LLC (JMP Securities). B. Riley FBR, together with JMP Securities, are herein referred to individually as a Sales Agent and together, the Sales Agents. The equity distribution agreement with JMP Securities and the equity distribution agreement with B. Riley FBR relate to the shares of common stock offered by this prospectus supplement and the accompanying prospectus. The equity distribution agreements provide that we may offer and sell up to $50,000,000 of our common stock from time to time through the Sales Agents in negotiated transactions or transactions that are deemed to be at the market offerings, as defined in Rule 415 under the Securities Act of 1933, as amended. As of the date of this prospectus supplement, we have sold $2.5 million of our common stock under the equity distribution agreements.

Our common stock is listed on The Nasdaq Global Select Market under the symbol MRCC. On August 9, 2018, the last reported sale price of our stock on The Nasdaq Global Select Market was $13.76 per share. Our net asset value as of June 30, 2018 was $13.35 per share.

Under the terms of the equity distribution agreements, the Sales Agents will receive a commission from us of up to 2.0% of the gross sales price of any shares of our common stock sold through the Sales Agents under the equity distribution agreements. The Sales Agents are not required to sell any specific number or dollar amount of common stock, but will use their commercially reasonable efforts consistent with their sales and trading practices to sell the shares of our common stock offered by this prospectus supplement and the accompanying prospectus. For all fees and expenses paid to the Sales Agents, see Plan of Distribution beginning on page S-51 of this prospectus supplement.

Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. If our shares trade at a discount to our net asset value, it will likely increase the risk of loss for purchasers in this offering. On June 20, 2018, our stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of twelve months subject to certain conditions. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing our net asset value per share and may reduce our market price per share. In addition, continuous sales of common stock below net asset value may have a negative impact on total returns and could have a negative impact on the market price of our shares of common stock. See Sale of Common Stock Below Net Asset Value in this prospectus supplement and Risk Factors and Sales of Common Stock Below Net Asset Value in the accompanying prospectus.

An investment in our securities is subject to risks, including a risk of total loss of investment. In addition, the companies in which we invest are subject to special risks. Substantially all of the debt instruments in which we invest (i) have and will have variable interest rate provisions that may make it more difficult for borrowers to make debt repayments to us in a rising interest rate environment and (ii) will likely have a principal amount outstanding at maturity, that may lead to a substantial loss to us if the borrower is unable to refinance or repay. See Risk Factors beginning on page S-15 of this prospectus supplement and beginning on page 13 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our securities.

This prospectus supplement and the accompanying prospectus contain important information you should know before investing. Please read it before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the SEC. This information is available free of charge by contacting us at 311 South Wacker Drive, Suite 6400, Chicago, Illinois 60606, Attention: Investor Relations, by calling us collect at (312) 258-8300, or on our website at *www.monroebdc.com*. The SEC also maintains a website at *www.sec.gov* that contains such information.

Neither the Securities and Exchange Commission nor any state securities commission has 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.

B. Riley FBR **JMP Securities**

Prospectus supplement dated August 10, 2018

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the common stock and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosures. For information about our common stock see Description of Our Capital Stock in the accompanying prospectus.

To the extent information differs between this prospectus supplement and the accompanying prospectus, you should rely only on such information in this prospectus supplement. You should read this prospectus supplement and the accompanying prospectus together with the additional information described under the heading Available Information before investing in our common stock.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and B. Riley FBR and JMP Securities have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and B. Riley FBR and JMP Securities are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sales of the securities. Our business, financial condition, results of operations and prospects may have changed since those dates.

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SUMMARY

This summary highlights some of the information in this prospectus supplement. This summary is not complete and may not contain all of the information that you may want to consider before investing in our common stock. You should read this entire prospectus supplement and the accompanying prospectus carefully, including, in particular, the more detailed information set forth under Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations.

As used in this prospectus supplement, except as otherwise indicated, the terms:

we, us and our refer to Monroe Capital Corporation, a Maryland corporation;
MC Advisors refers to Monroe Capital BDC Advisors, LLC, our investment advisor and a Delaware limited liability company;
MC Management refers to Monroe Capital Management Advisors, LLC, our administrator and a Delaware limited liability company;
Monroe Capital refers to Monroe Capital LLC, a Delaware limited liability company, and its subsidiaries and affiliates;
SLF refers to MRCC Senior Loan Fund I, LLC, an unconsolidated Delaware limited liability company, in which we co-invest with NLV Financial Corporation (NLV) primarily in senior secured loans. SLF is capitalized as transactions are completed and all portfolio and investment decisions in respect of SLF must be approved by representatives of each of the members. As of June 30, 2018, we owned 50.0% of the LLC equity interests of SLF. As of June 30, 2018, SLF had LLC equity interest subscriptions from its members totaling $100.0 million, of which we have committed to fund $50.0 million;
MRCC SBIC refers to Monroe Capital Corporation SBIC, LP, a Delaware limited partnership, our wholly-owned subsidiary that operates as a small business investment company pursuant to a license received from the United States Small Business Administration; and
LIBOR refers to the one-month, three-month or six-month London Interbank Offered Rate as reported by the British Bankers Association. Unless stated otherwise herein, LIBOR refers to the one-month rate.

Monroe Capital Corporation

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, as amended, or the 1940 Act, and that has elected to be treated as a regulated investment company, or RIC, for tax purposes under the U.S. Internal Revenue Code of 1986, as amended, or the Code, commencing with our taxable year ended December 31, 2012. We provide customized financing solutions to lower middle-market companies in the United States and Canada focused primarily on senior secured, junior secured and unitranche secured (a combination of senior secured and junior secured debt in the same facility in which we syndicate a first out portion of the loan to an investor and retain a last out portion of the loan) debt and, to a lesser extent, unsecured subordinated debt and equity, including equity co-investments in preferred and common stock and warrants.

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through investment in senior, unitranche and junior secured debt and, to a lesser extent, unsecured subordinated debt and equity investments. We seek to use our extensive leveraged finance origination infrastructure and broad expertise in sourcing loans to invest in primarily senior, unitranche and junior secured debt of middle-market companies. We believe that our primary focus on lending to lower middle-market companies offers several advantages as compared to lending to larger companies, including more attractive economics, lower leverage, more comprehensive and restrictive covenants, more expansive events of default, relatively small debt facilities that provide us with enhanced influence over our borrowers, direct access to borrower management and improved information flow.

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In this prospectus supplement and the accompanying prospectus, the term middle-market generally refers to companies having annual revenue of between $20 million and $500 million and/or annual earnings before interest, taxes, depreciation and amortization, or EBITDA, of between $3 million and $50 million. Within the middle-market, we consider companies having annual revenues of less than $250 million and/or EBITDA of less than $25 million to be in the lower middle-market.

Portfolio Update

Since the consummation of the initial public offering in October 2012, we have grown the fair value of our portfolio of investments to approximately $498.2 million as of June 30, 2018. As of June 30, 2018, our portfolio consisted of 71 different portfolio companies, comprised of approximately 77.8% senior secured debt, 10.3% unitranche secured debt, 5.7% junior secured debt and 6.2% equity securities. As of June 30, 2018, the weighted average annualized effective yield on portfolio investments (which represents the expected annualized effective yield to be generated by us on our portfolio based on the composition of our portfolio as of such date) prior to leverage was 10.0% based on the par value of our debt investments and the cost basis of our preferred equity investments. For the six months ended June 30, 2018, our total return based on net asset value was 2.1% and our total return based on market value was 3.4%.

Our weighted average annualized effective yield on portfolio investments may be higher than an investor s yield on an investment in shares of our common stock. The weighted average annualized effective yield on portfolio investments is a metric on the investment portfolio alone and does not represent a return to stockholders. This metric is not inclusive of our fees and expenses, the impact of leverage on the portfolio or sales load that may be paid by investors. In addition, total return figures disclosed above do not consider the effect of any sales load that may be incurred in connection with the sale of shares of our common stock. Our estimated weighted average annualized effective yield on portfolio investments and total return based on net asset value do not represent actual investment returns to stockholders. Our weighted average annualized effective yield on portfolio investments and total return figures are subject to change and, in the future, may be greater or less than the rates set forth above. See Risk Factors in the accompanying prospectus for a discussion of the uncertainties, risks and assumptions associated with these statements. See footnotes 4, 5 and 6 to the table included in Selected Consolidated Financial Data for information regarding the calculation of our total return based on market value, total return based on average net asset value, and weighted average annualized effective yield on portfolio investments, respectively.

Asset Coverage Approval

On March 27, 2018, our Board approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. On June 20, 2018, our stockholders approved a proposal to accelerate the effective date of the modified asset coverage requirements. As a result, the asset coverage ratio test applicable to us was decreased from 200% to 150%, effective June 21, 2018. As of June 30, 2018, we had an asset coverage ratio of 312%. For a discussion of the principal risk factors associated with these senior securities, see Risk Factors beginning on page S-15 of this prospectus supplement and beginning on page 13 of the accompanying prospectus.

Our Investment Advisor

Our investment activities are managed by our investment advisor, MC Advisors. MC Advisors is responsible for sourcing potential investments, conducting research and due diligence on prospective investments and their private equity sponsors, analyzing investment opportunities, structuring our investments and managing our investments and portfolio companies on an ongoing basis. MC Advisors was organized in February 2011 and is a registered investment adviser under the Investment Advisers Act of 1940, as amended, or the Advisers Act.

Under the investment advisory and management agreement with MC Advisors, or the Investment Advisory Agreement, we pay MC Advisors a base management fee and an incentive fee for its services. See Management and Other Agreements Investment Advisory Agreement Management and Incentive Fee for a discussion of the base management fee and incentive fee payable by us to MC Advisors. While not expected to review or approve each investment, our independent directors periodically review MC Advisors services and fees as well as its portfolio management decisions and portfolio performance. In connection with these reviews, our independent directors consider whether our fees and expenses (including those related to leverage) remain appropriate.

MC Advisors seeks to capitalize on the significant deal origination, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of Monroe Capital s investment professionals. The senior management team of Monroe Capital, including Theodore L. Koenig and Aaron D. Peck, provides investment services to MC Advisors pursuant to a staffing agreement, or the Staffing Agreement, between MC Management, an affiliate of Monroe Capital, and MC Advisors. Messrs. Koenig and Peck have developed a broad network of contacts within the investment community and average more than 25 years of experience investing in debt and equity securities of lower middle-market companies. In addition, Messrs. Koenig and Peck have extensive experience investing in assets that constitute our primary focus and have expertise in investing throughout all periods of the economic cycle. MC Advisors is an affiliate of Monroe Capital and is supported by experienced investment professionals of Monroe Capital under the terms of the Staffing Agreement. Monroe Capital s core team of investment professionals has an established track record in sourcing, underwriting, executing and monitoring transactions. From Monroe Capital s formation in 2004 through June 30, 2018, Monroe Capital s investment professionals invested in over 1,250 loan and related investments with an aggregate principal value of over $9.0 billion.

In addition to their roles with Monroe Capital and MC Advisors, Messrs. Koenig and Peck serve as interested directors. Mr. Koenig has more than 30 years of experience in structuring, negotiating and closing transactions on behalf of asset-backed lenders, commercial finance companies, financial institutions and private equity investors at organizations including Monroe Capital, which Mr. Koenig founded in 2004, and Hilco Capital LP, where he led investments in over 20 companies in the lower middle-market. Mr. Peck has more than 20 years of public company management, leveraged finance and commercial lending experience at organizations including Deerfield Capital Management LLC, Black Diamond Capital Management LLC and Salomon Smith Barney Inc.

Messrs. Koenig and Peck are joined on the investment committee of MC Advisors by Michael J. Egan and Jeremy T. VanDerMeid, each of whom is a senior investment professional at Monroe Capital. Mr. Egan has more than 30 years of experience in commercial finance, credit administration and banking at organizations including Hilco Capital, The CIT Group/Business Credit, Inc., The National Community Bank of New Jersey (The Bank of New York) and KeyCorp. Mr. VanDerMeid has more than 15 years of lending and corporate finance experience at organizations including Morgan Stanley Investment Management, Dymas Capital Management Company, LLC and Heller Financial.

About Monroe Capital

Monroe Capital, a Delaware limited liability company that was founded in 2004, is a leading lender to middle-market companies. As of June 30, 2018, Monroe Capital had approximately $5.6 billion in assets under management. Monroe Capital has maintained a continued lending presence in the lower middle-market throughout the most recent economic downturn. The result is an established lending platform that we believe generates consistent primary and secondary deal flow from a network of proprietary relationships and additional deal flow from a diverse portfolio of over 475 current investments. From Monroe Capital s formation in 2004 through June 30, 2018, Monroe Capital s investment professionals invested in over 1,250 loan and related investments with an aggregate principal value of over $9.0 billion. The senior investment team of Monroe Capital averages more than 25 years of experience and has developed a proven investment and portfolio management process that has performed through multiple market cycles. In addition, Monroe Capital s investment professionals are supported by administrative and back-office personnel focused on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management.

Market Opportunity

We invest primarily in senior, unitranche and junior secured debt issued to lower middle-market companies in the United States and, to a lesser extent and in accordance with the limitations on foreign investments in the 1940 Act, Canada. We believe that U.S. and Canadian lower middle-market companies comprise a large, growing and fragmented market that offers attractive financing opportunities. We believe that

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there exists a large number of prospective lending opportunities for lenders, which should allow us to generate substantial investment opportunities and build an attractive portfolio of investments.

Investment Strategy

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation primarily through investments in senior, unitranche and junior secured debt and, to a lesser extent, unsecured subordinated debt and equity. We also seek to invest opportunistically in attractively priced, broadly syndicated loans, which should enhance our geographic and industry portfolio diversification and increase our portfolio s liquidity. We do not target any specific industry, however, as of June 30, 2018, our investments in the healthcare & pharmaceuticals; banking, finance, insurance & real estate; and high tech industries represented approximately 12.8%, 12.3% and 10.8%, respectively, of the fair value of our portfolio. To achieve our investment objective, we utilize the following investment strategy:

Attractive Current Yield on Investment Portfolio. We believe our sourcing network allows us to enter into transactions with attractive yields and investment structures. Based on current market conditions and our pipeline of new investments, we expect our target directly originated senior and unitranche secured debt will have an average maturity of three to five years and interest rates of 7% to 13%, and we expect our target directly originated junior secured debt and unsecured subordinated debt will have an average maturity of four to seven years and interest rates of 10% to 15%. In addition, based on current market conditions and our pipeline of new investments, we expect that our target debt investments will typically have a variable coupon (with a LIBOR floor), may include payment-in-kind, or PIK, interest (interest that is not received in cash, but added to the principal balance of the loan), and that we will typically receive upfront closing fees of 1% to 4%. We may also receive warrants or other forms of upside equity participation. Our transactions are generally secured and supported by a lien on all assets and/or a pledge of company stock in order to provide priority of return and to influence any corporate actions. Although we will target investments with the characteristics described in this paragraph, we cannot assure you that our new investments will have these characteristics and we may enter into investments with different characteristics as the market dictates. For a description of the characteristics of our current investment portfolio, see Management s Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity. Until investment opportunities can be found, we may invest our undeployed capital in cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less from the date of investment. These temporary investments may have lower yields than our other investments and, accordingly, may result in lower distributions, if any, during such period. See Use of Proceeds.

Sound Portfolio Construction. We strive to exercise discipline in portfolio creation and management and to implement effective governance throughout our business. Monroe Capital has been, and MC Advisors, which is comprised by substantially the same investment professionals who have operated Monroe Capital, is, and we believe will continue to be, conservative in the underwriting and structuring of covenant packages in order to enable early intervention in the event of weak financial performance by a portfolio company. We seek to pursue lending opportunities selectively and to maintain a diversified portfolio. We believe that exercising disciplined portfolio management through continued intensive account monitoring and timely and relevant management reporting allows us to mitigate risks in our debt investments. In addition, we have implemented rigorous governance processes through segregation of duties, documented policies and procedures and independent oversight and review of transactions, which we believe helps us to maintain a low level of non-performing loans. We believe that Monroe Capital s proven process of thorough origination, conservative underwriting, due diligence and structuring, combined with careful account management and diversification, enabled it to protect investor capital, and we believe MC Advisors follows and will follow the same philosophy and processes in originating, structuring and managing our portfolio investments.

Predictability of Returns. Beyond conservative structuring and protection of capital, we seek a predictable exit from our investments. We seek to invest in situations where there are a number of potential exit options that can result in full repayment or a modest refinance of our investment. We seek to structure the majority of our transactions as secured loans with a covenant package that provides for full or partial repayment upon the completion of asset sales and restructurings. Because we seek to structure these transactions to provide for contractually determined, periodic payments of principal and interest, we are less

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likely to depend on merger and acquisition activity or public equity markets to exit our debt investments. As a result, we believe that we can achieve our target returns even in a period when public markets are depressed.

Competitive Strengths

We believe that we represent an attractive investment opportunity for the following reasons:

Deep, Experienced Management Team. We are managed by MC Advisors, which has access through the Staffing Agreement to Monroe Capital s experienced team comprised of over 90 professionals, including seven senior partners that average more than 25 years of direct lending experience. We are led by our Chairman and Chief Executive Officer, Theodore L. Koenig, and Aaron D. Peck, our Chief Financial Officer and Chief Investment Officer. This extensive experience includes the management of investments with borrowers of varying credit profiles and transactions completed in all phases of the credit cycle. Monroe Capital s senior investment professionals provide us with a difficult-to-replicate sourcing network and a broad range of transactional, financial, managerial and investment skills. This expertise and experience is supported by administrative and back office personnel focused on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management. From Monroe Capital s formation in 2004 through June 30, 2018, Monroe Capital s investment professionals invested in more than 1,250 loan and related investments with an aggregate principal value of over $9.0 billion.

Differentiated Relationship-Based Sourcing Network. We believe Monroe Capital s senior investment professionals benefit from extensive relationships with commercial banks, private equity firms, financial intermediaries, management teams and turn-around advisors. We believe that this broad sourcing network differentiates us from our competitors and offers us a diversified origination approach that does not rely on a single channel and offers us consistent deal flow throughout the economic cycle. We also believe that this broad network allows us to originate a substantial number of non-private equity-sponsored investments.

Extensive Institutional Platform for Originating Middle-Market Deal Flow. Monroe Capital s broad network of relationships and significant origination resources enable us to review numerous lending opportunities, permitting us to exercise a high degree of selectivity in terms of loans to which we ultimately commit. Monroe Capital estimates that it reviewed approximately 2,000 investment opportunities during 2017. Monroe Capital s over 1,250 previously executed transactions, over 475 of which are with current borrowers, offer us another source of deal flow, as these debt investments reach maturity or seek refinancing. We are also positioned to benefit from Monroe Capital s established brand name, strong track record in partnering with industry participants and reputation for closing deals on time and as committed. Monroe Capital s senior investment professionals are complemented by extensive experience in capital markets transactions, risk management and portfolio monitoring.

Disciplined, Credit-First Underwriting Process. Monroe Capital has developed a systematic underwriting process that applies a consistent approach to credit review and approval, with a focus on evaluating credit first and then appropriately assessing the risk-reward profile of each loan. MC Advisors assessment of credit outweighs pricing and other considerations, as we seek to minimize potential credit losses through effective due diligence, structuring and covenant design. MC Advisors seeks to customize each transaction structure and financial covenant to reflect risks identified through the underwriting and due diligence process. We also seek to actively manage our origination and credit underwriting activities through personal visits and calls on all parties involved with an investment, including the management team, private equity sponsors, if any, or other lenders.

Established Credit Risk Management Framework. We seek to manage our credit risk through a well-defined portfolio strategy and credit policy. In terms of credit monitoring, MC Advisors assigns each loan to a particular portfolio management professional and maintains an internal credit rating analysis for all loans. MC Advisors then employs ongoing review and analysis, together with monthly investment committee meetings to review the status of certain complex and challenging loans and a comprehensive quarterly review of all loan transactions. MC Advisors investment professionals also have significant turnaround and debt work-out experience, which gives them perspective on the risks and possibilities throughout the entire credit cycle. We believe this careful approach to investment and monitoring enables us to identify problems early and gives us an opportunity to assist borrowers before they face difficult liquidity constraints. By anticipating

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possible negative contingencies and preparing for them, we believe that we diminish the probability of underperforming assets and loan losses.

Credit Facility

We have a credit facility with ING Capital LLC, or the Lender, as agent, which as of June 30, 2018 consisted of a revolving line of credit of $200.0 million, which may be increased to up to $300.0 million pursuant to an accordion feature.

We may make draws under the revolver from time-to-time through December 2019 to make or purchase additional investments or for general working capital purposes until the maturity date of the credit facility, or the earliest to occur of (a) December 14, 2020, subject to extension as mutually agreed by us and the Lender, (b) the termination of the facility in accordance with its terms or (c) any other date mutually agreed to by us and the Lender. The revolving credit facility is secured by a lien on all of our assets, including cash on hand, but excluding the assets of our wholly-owned subsidiary, MRCC SBIC. The material terms of the credit facility are as follows:

- total borrowing capacity currently equal to $200.0 million and up to $300.0 million pursuant to an accordion feature, subject to, among other things, availability under a defined borrowing base, which varies based on our portfolio characteristics and certain eligibility criteria and concentration limits, as well as valuation methodologies;
- an interest rate equal to, at our election, (a) LIBOR (one-month, two-month, three-month or six-month at our discretion based on the term of the borrowing) plus 2.75% per annum, or (b) a daily rate equal to 1.75% per annum plus the greater of the prime interest rate, the federal funds rate plus 0.5% or LIBOR plus 1.0%;
- in addition to the stated interest rate on borrowings under the revolving credit facility, we are required to pay a fee of 0.5% per annum on any unused portion of the revolving credit facility if the unused portion of the facility is less than 65% of the then available maximum borrowing or a fee of 1.0% per annum on any unused portion of the revolving credit facility if the unused portion of the facility is greater than or equal to 65% of the then available maximum borrowing; and
- customary financial covenants and negative covenants and events of default.

As of June 30, 2018, we had U.S. dollar borrowings of $106.0 million and non-U.S. dollar borrowings denominated in Great Britain pounds of £14.8 million ($19.5 million in U.S. dollars) under our revolving credit facility and availability of $74.5 million.

MRCC SBIC

On February 28, 2014, our wholly-owned subsidiary, MRCC SBIC, received a license from the U.S. Small Business Administration (SBA) to operate as a Small Business Investment Company (SBIC) under Section 301(c) of the Small Business Investment Company Act of 1958. MRCC SBIC commenced operations on September 16, 2013. As our wholly-owned subsidiary, MRCC SBIC relies on one or more exclusions from the definition of investment company under the 1940 Act and does not elect to be regulated as business development company under the 1940 Act. MRCC SBIC has an investment objective substantially similar to ours and makes similar types of investments in accordance with SBIC regulations.

On April 13, 2016, MRCC SBIC was approved by the SBA for an additional $75.0 million in SBA-guaranteed debentures, for a total of $115.0 million in available debentures. As of June 30, 2018, MRCC SBIC had $57.6 million in leverageable capital (approximately 11.2% of our total assets) and $115.0 million in SBA-guaranteed debentures outstanding.

We have received exemptive relief from the SEC to permit us to exclude the debt of our SBIC subsidiary guaranteed by the SBA from the definition of senior securities for the purposes of the asset coverage ratio we are required to maintain under the 1940 Act, which provides us with increased flexibility, but also increases our risks associated with leverage.

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Operating and Regulatory Structure

Our investment activities are managed by MC Advisors under the direction of our board of directors, a majority of whom are independent of us, MC Advisors and our and its respective affiliates.

As a business development company, we are required to comply with certain regulatory requirements. For example, while we are permitted to finance investments using leverage, which may include the issuance of notes, other borrowings and shares of preferred stock, our ability to use leverage is limited in significant respects. We are required to maintain an asset coverage ratio, as defined in the 1940 Act, of at least 150%, effective June 21, 2018. See Regulation in the accompanying prospectus. Any decision on our part to use leverage will depend upon our assessment of the attractiveness of available investment opportunities in relation to the costs and perceived risks of such leverage. The use of leverage to finance investments creates certain risks and potential conflicts of interest. See Risk Factors We maintain a revolving credit facility and may use other borrowed funds to make investments or fund our business operations, which exposes us to risks typically associated with leverage and increases the risk of investing in us and Risk Factors Recent legislation allows us to incur additional leverage, which could increase the risk of investing in us.

Also, as a business development company, we are generally prohibited from acquiring assets other than qualifying assets unless, after giving effect to any acquisition, at least 70% of our total assets are qualifying assets. Qualifying assets generally include securities of eligible portfolio companies, cash, cash equivalents, U.S. government securities and high-quality debt instruments maturing in one year or less from the time of investment. Under the rules of the 1940 Act, eligible portfolio companies include (a) private domestic operating companies, (b) public domestic operating companies whose securities are not listed on a national securities exchange (*e.g.*, The Nasdaq Global Market) or registered under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and (c) public domestic operating companies having a market capitalization of less than $250 million. Public domestic operating companies whose securities are quoted on the over-the-counter bulletin board or through Pink Sheets LLC are not listed on a national securities exchange and therefore are eligible portfolio companies. See Regulation in the accompanying prospectus. Additionally, to the extent we invest in the securities of companies domiciled in or with their principal places of business outside of the United States, we seek to limit those investments to companies domiciled or with their principal place of business in Canada. Any investments in Canadian companies will not be qualifying assets, meaning that in accordance with the 1940 Act, we cannot invest more than 30% of our assets in Canadian securities and other non-qualifying assets.

We have elected to be treated for U.S. federal income tax purposes as a RIC under the Code. In order to continue to qualify to be treated as a RIC, we must satisfy certain source of income, asset diversification and distribution requirements. See Material U.S. Federal Income Tax Considerations in the accompanying prospectus.

Conflicts of Interests

Subject to certain 1940 Act restrictions on co-investments with affiliates, MC Advisors has agreed to offer us the right to participate in all investment opportunities that it determines are appropriate for us in view of our investment objective, policies and strategies and other relevant factors. These offers are subject to the exception that, in accordance with MC Advisors conflict of interest and allocation policies, we might not participate in each individual opportunity but are entitled, on an overall basis, to participate equitably with other entities sponsored or managed by MC Advisors and its affiliates.

Affiliates of MC Advisors manage other assets in five closed-end funds, two small business investment companies and 12 private funds that also have an investment strategy focused primarily on senior, unitranche and junior secured debt and, to a lesser extent, unsecured subordinated debt to lower middle-market companies. In addition, MC Advisors and/or its affiliates may manage other entities in the future with an investment focus similar to ours, including a closed-end non-diversified management company that intends to be regulated as a business development company, which has been formed but has not yet commenced operations. To the extent that we compete with entities managed by MC Advisors or any of its affiliates for a particular investment opportunity, MC Advisors seeks to allocate investment opportunities across the entities for which such opportunities are appropriate, consistent with (a) its internal conflict of interest and allocation policies, (b) the requirements of the Advisers Act and (c) certain restrictions under the 1940 Act and rules

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thereunder regarding co-investments with affiliates. MC Advisors allocation policies are intended to ensure that we may generally share equitably with other investment funds or other investment vehicles managed by MC Advisors or its affiliates in investment opportunities, particularly those involving a security with limited supply or involving differing classes of securities of the same issuer, which may be suitable for us and such other investment funds or other investment vehicles.

MC Advisors and/or its affiliates may in the future sponsor or manage investment funds, accounts or other investment vehicles with similar or overlapping investment strategies, and MC Advisors has put in place a conflict-resolution policy that addresses the co-investment restrictions set forth under the 1940 Act. MC Advisors seeks to ensure an equitable allocation of investment opportunities when we are able to invest alongside other accounts managed by MC Advisors and its affiliates. We received exemptive relief from the SEC on October 15, 2014 that permits us greater flexibility relating to co-investments, subject to certain conditions. When we invest alongside such other accounts as permitted under the 1940 Act, pursuant to SEC staff interpretations or our exemptive relief from the SEC that permits greater flexibility relating to co-investments, such investments will be made consistent with such relief and MC Advisors allocation policy. Under this allocation policy, a fixed percentage of each opportunity, which may vary based on asset class and from time to time, will be offered to us and similar eligible accounts, as periodically determined by MC Advisors and approved by our board of directors, including a majority of our independent directors. The allocation policy provides that allocations among us and other accounts will generally be made pro rata based on each account s capital available for investment, as determined, in our case, by our board of directors, including a majority of our independent directors. It is our policy to base our determinations as to the amount of capital available for investment on such factors as the amount of cash on hand, existing commitments and reserves, if any, the targeted leverage level, the targeted asset mix and diversification requirements and other investment policies and restrictions set by our board of directors, or imposed by applicable laws, rules, regulations or interpretations. We expect that these determinations will be made similarly for other accounts. In situations where co-investment with other entities sponsored or managed by MC Advisors or its affiliates is not permitted or appropriate, such as when there is an opportunity to invest in different securities of the same issuer, MC Advisors will need to decide whether we or such other entity or entities will proceed with the investment. MC Advisors will make these determinations based on its policies and procedures, which will generally require that such opportunities be offered to eligible accounts on a basis that is fair and equitable over time, including, for example, through random or rotational methods.

Corporate History and Additional Information

We were incorporated under the laws of Maryland on February 9, 2011. Our principal executive offices are located at 311 South Wacker Drive, Suite 6400, Chicago, Illinois 60606, and our telephone number is (312) 258-8300. We maintain a website at *www.monroebdc.com* and make all of our periodic and current reports, proxy statements and other information available, free of charge, on or through our website. Information on our website is not incorporated into or part of this prospectus supplement or the accompanying prospectus. You may also obtain such information free of charge by contacting us in writing at 311 South Wacker Drive, Suite 6400, Chicago, Illinois 60606, attention: Investor Relations.

We have filed with the SEC a registration statement on Form N-2, of which this prospectus supplement is a part, under the Securities Act of 1933, as amended, or the Securities Act. This registration statement contains additional information about us and the securities being offered by this prospectus supplement. We also file periodic reports, current reports, proxy statements and other information with the SEC. This information is available at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549 and on the SEC s website at *www.sec.gov*. Information on the operation of the SEC s public reference room may be obtained by calling the SEC at 1-800-SEC-0330.

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Sale of Common Stock Below NAV

We may offer, and have in the past offered, shares of our common stock at a discount from our most recently determined net asset value per share pursuant to authority granted by our stockholders on June 20, 2018, June 21, 2017, July 14, 2016, June 24, 2015, June 27, 2014 and July 9, 2013. Our board of directors has in the past determined that it would be in our and our stockholders best interests to issue shares of our common stock below net asset value. See Sale of Common Stock Below Net Asset Value in this prospectus supplement, Risk Factors on page 13 of the accompanying prospectus and Sales of Common Stock Below Net Asset Value on page 124 of the accompanying prospectus.

Risk Factors

The value of our assets, as well as the market price of our shares will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. A material portion of our portfolio may have exposure to specific industries. See Risk Factors beginning on page S-15 of this prospectus supplement and beginning on page 13 of the accompanying prospectus for a more detailed discussion of the material risks you should carefully consider before deciding to invest in our common stock.

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THE OFFERING

Common Stock Offered by Us

Shares of our common stock having an aggregate offering price of up to $50,000,000.

Manner of Offering

At the market offerings that may be made from time to time through B. Riley FBR, Inc. and JMP Securities LLC, each a Sales Agent and, collectively, the Sales Agents, using commercially reasonable efforts. See Plan of Distribution.

Use of Proceeds

We intend to use the net proceeds of this offering to invest in portfolio companies in accordance with our investment objectives and for general corporate purposes. We will also pay operating expenses, including management and administrative fees, and may pay other expenses from the net proceeds of this offering. Pending such investments, we intend to invest the net proceeds of this offering primarily in cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less from the date of investment. These temporary investments may have lower yields than our other investments and, accordingly, may result in lower distributions, if any, during such period. See Use of Proceeds.

Symbol on The Nasdaq Global Select Market

MRCC

Distributions

To the extent we have income and cash available, we intend to make quarterly distributions to our stockholders. Our quarterly distributions, if any, will be determined by our board of directors. Any distributions to our stockholders will be declared out of assets legally available for distribution.

Taxation

We have elected and intend to continue to qualify as a RIC under the Code. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any net ordinary income or capital gain that we distribute to our stockholders. To obtain and maintain RIC tax status, we must distribute at least 90% of our net ordinary income and net short-term capital gains in excess of our net long-term capital losses, if any. Because most of our income will not be attributable to dividends, such income will not be taxable at more favorable rates for qualified dividend income. Distributions made to you will generally be taxed as ordinary income or as capital gains.

Leverage

As a business development company, we are permitted under the 1940 Act to borrow funds to finance a portion of our investments. As a result, we may be exposed to the risks of leverage, which may be considered a speculative investment technique. Borrowings, also known as leverage, increase the potential for gain and loss on amounts invested and therefore increase the risks associated with investing in our securities. With certain limited exceptions, we are currently only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals, immediately after such borrowing, at least 150%, effective June 21, 2018. In addition, the costs associated with our borrowings, if any, including any increase in the management fee payable to MC Advisors, will be borne by our common stockholders.

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We have received exemptive relief from the Securities and Exchange Commission to permit us to exclude the debt of our SBIC subsidiary guaranteed by the SBA from the definition of senior securities for the purposes of the asset coverage ratio we are required to maintain under the 1940 Act, which provides us with increased flexibility, but also increases our risks associated with leverage.

As of June 30, 2018, we had debt outstanding under the revolving loan portion of the credit facility of approximately $125.5 million and SBA-guaranteed debentures outstanding of $115.0 million.

Trading

Shares of closed-end investment companies, including business development companies, frequently trade in the secondary market at a discount to their net asset value. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at, or below net asset value.

Sales of common stock below net asset value

Generally, the offering price per share of our common stock, exclusive of any underwriting commissions or discounts, may not be less than the net asset value per share of our common stock at the time we make the offering except (1) in connection with a rights offering to our existing stockholders, (2) with the consent of the majority of our common stockholders and approval of our board of directors, including the approval of a majority of our independent directors, or (3) under such circumstances as the SEC may permit.

On June 20, 2018, our stockholders voted to allow us to sell or otherwise issue common stock at a price below net asset value per share for a period of twelve months subject to approval by our board of directors. Sales or other issuances by us of our common stock at a discount from our net asset value pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering.

Risk Factors

An investment in our common stock is subject to risks. See Risk Factors beginning on page S-15 of this prospectus supplement and beginning on page 13 of the accompanying prospectus to read about factors you should consider before deciding to invest in shares of our common stock.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in our common stock will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and actual amounts and percentages may vary. Except where the context suggests otherwise, whenever this prospectus supplement and the accompanying prospectus contain a reference to fees or expenses paid by you, us, the Company or Monroe Capital Corporation, or that we will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in Monroe Capital Corporation.

Stockholder transaction expenses:		
Sales load (as a percentage of offering price)	2.00	%(1)
Offering expenses (as a percentage of offering price)	0.50	%(2)
Dividend reinvestment plan expenses		%(3)
Total stockholder transaction expenses (as a percentage of offering price)	2.50	%
Estimated annual expenses (as a percentage of net assets attributable to common stock):		
Base management fee	3.24	%(4)
Incentive fees payable under the Investment Advisory Agreement	2.62	%(5)
Interest payments on borrowed funds	4.17	%(6)
Other expenses (estimated)	1.31	%(7)
Acquired fund fees and expenses	0.46	%(8)
Total annual expenses (estimated)	11.80	%(9)

(1) Represents the commission with respect to the shares of common stock being sold in this offering. There is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus.

(2) The percentage reflects estimated offering expenses of approximately $250,000.

(3) The expenses of the dividend reinvestment plan are included in other expenses. See Dividend Reinvestment Plan.

(4) Our base management fee is 1.75% of our total assets (which includes assets purchased with borrowed amounts but does not include cash and cash equivalents). For the purposes of this table, we have assumed that the base management fee will remain at 1.75% as set forth in the Investment Advisory Agreement. We may from time to time decide it is appropriate to change the terms of the Investment Advisory Agreement. Under the 1940 Act, any material change to the Investment Advisory Agreement generally must be submitted to our stockholders for approval. The base management fee percentage is calculated as a percentage of net assets attributable to common stockholders, rather than total assets, including assets that have been funded with borrowed monies, because common stockholders bear all of this cost. The base management fee in the table above assumes the base management fee remains consistent with fees incurred for the three months ended June 30, 2018 of $2.2 million, based on average total assets (excluding cash) for the period of $504.5 million, as a percentage of our average net assets for the period of $271.9 million. See Management and Other Agreements Investment Advisory Agreement in the accompanying prospectus.

(5) Estimated assuming that annual incentive fees earned by MC Advisors remains consistent with the incentive fees earned, gross of the Incentive Fee Limitation due to the total return requirement, for the three months ended June 30, 2018 of $1.8 million, as a percentage of our average net assets of $271.9 million for the period. For information about our Incentive Fee Limitation and incentive fee waiver, see Management and Other Agreements Investment Advisory Agreement in the accompanying prospectus and Consolidated Statements of Operations in our financial statements included in this prospectus supplement.

The incentive fee consists of two parts:

The first part of the incentive fee, payable quarterly in arrears, equals 20% of our pre-incentive fee net investment income (including interest that is accrued but not yet received in cash), subject to a 2% quarterly (8% annualized) rate of return on the value of our net assets, or hurdle rate, and a catch-up provision measured as of the end of each calendar quarter. Under this provision, in any calendar quarter, MC Advisors receives no incentive fee until our net investment income equals the hurdle rate of 2% but then receives, as a catch-up, 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.5%. The effect of this provision is that, if pre-incentive fee net investment income exceeds 2.5% in any calendar quarter, MC Advisors will receive 20% of our pre-incentive fee net investment income as if a hurdle rate did not apply. The first component of the incentive fee will be computed and paid on income that includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that we have not yet received in cash. Since the hurdle rate is fixed, as interest rates rise, it will be easier for the MC Advisors to surpass the hurdle rate and receive an incentive fee based on net investment income. The foregoing incentive fee is subject to a total return requirement, which provides that no incentive fee in respect of our pre-incentive fee net investment income will be payable except to the extent that 20% of the cumulative net increase in net assets resulting from operations over the then current and 11 preceding calendar quarters exceeds the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters. In other words, any ordinary income incentive fee that is payable in a calendar quarter will be limited to the lesser of (i) 20% of the amount by which our pre-incentive fee net investment income for such calendar quarter exceeds the 2% hurdle, subject to the catch-up provision, and (ii) (x) 20% of the cumulative net increase in net assets resulting from operations for the then current and 11 preceding calendar quarters *minus* (y) the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters. For the foregoing purpose, the cumulative net increase in net assets resulting from operations is the sum of our pre-incentive fee net investment income, base management fees, realized gains and losses and unrealized appreciation and depreciation for the then current and 11 preceding calendar quarters.

The second part of the incentive fee, payable annually in arrears, equals 20% of our realized capital gains on a cumulative basis from inception through the end of the fiscal year, if any (or upon the termination of the Investment Advisory Agreement, as of the termination date), computed net of all realized capital losses on a cumulative basis and unrealized capital depreciation, less the aggregate amount of any previously paid capital gain incentive fees. We will accrue (but not pay) an expense for potential payment of capital gain incentive fees with respect to any unrealized appreciation on our portfolio.

See Management and Other Agreements Investment Advisory Agreement in the accompanying prospectus.

(6) We may borrow funds from time to time to make investments to the extent we determine that it is appropriate to do so. The costs associated with any outstanding borrowings are indirectly borne by our investors. The table assumes borrowings are consistent with the average borrowings for the three months ended June 30, 2018 of $239.4 million, no preferred stock issued or outstanding and average net assets of $271.9 million. For the three months ended June 30, 2018, we had interest expense of $2.8 million (including fees for unused portions of commitments). As of June 30, 2018, weighted average interest rate of our revolving credit facility (excluding debt issuance costs) was 4.6% and the weighted average interest rate on our SBA-guaranteed debentures (excluding debt issuance costs) was 3.4%. Although we do not have any current plans to issue debt securities or preferred stock in the next twelve months, we may issue debt securities or preferred stock, subject to our compliance with applicable requirements under the 1940 Act.

(7) Includes our estimated overhead expenses, including payments under the Administration Agreement based on our allocable portion of overhead and other expenses incurred by MC Management. The table above assumes other expenses remain consistent with the $0.9 million incurred during the three months ended June 30, 2018 and average net assets for the period of $271.9 million.

(8) Our stockholders indirectly bear the expenses of our investment in SLF. SLF does not pay any fees to MC Advisors or its affiliates; however, SLF has entered into an administration agreement with MC Management, pursuant to which certain loan servicing and administrative functions are delegated to MC Management. SLF may reimburse MC Management for its allocable share of overhead and other expenses incurred by MC Management.

No such expenses have been incurred or charged to SLF for the three months ended June 30, 2018. The table above assumes acquired fund fees and expenses remain consistent with the $0.3 million of expenses incurred for the three months ended June 30, 2018 and average net assets for the period of $271.9 million. Future expenses for SLF may be substantially higher or lower because certain expenses may fluctuate over time.

(9) Total annual expenses as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase our total assets. We calculate the total annual expenses percentage as a percentage of net assets (defined as total assets less indebtedness and after taking into account any incentive fees payable during the period), rather than the total assets, including assets that have been purchased with borrowed amounts. The terms of our indebtedness may be found in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Borrowings. If the total annual expenses percentage were calculated instead as a percentage of consolidated total assets, our total annual expenses would be 6.25% of consolidated total assets. With certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 150%, effective June 21, 2018. We have received exemptive relief from the SEC to permit us to exclude the debt of our SBIC subsidiary guaranteed by the SBA from the definition of senior securities for the purposes of the asset coverage ratio. We have included our estimated leverage expenses (consistent with the assumptions in footnote (7)) for the twelve months following this offering in total annual expenses.

Example

The following example illustrates the projected dollar amount of total cumulative expenses over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage, that none of our assets are cash or cash equivalents and that our annual operating expenses would remain at the levels set forth in the table above.

You would pay the following expenses on a $1,000 investment	1 Year	3 Years	5 Years	10 Years
Assuming a 5% annual return (assumes no return from net realized capital gains or net unrealized capital appreciation)	$117	$300	$484	$943
Assuming a 5% annual return (assumes entire return is from realized capital gains and thus subject to the capital gains incentive fee)	$127	$332	$539	$1,069

This table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. As incentive fees vary based on the character of the 5% return, the example above provides (i) expenses assuming no return from capital gains (therefore not meeting the hurdle rate for the first part of the incentive fee) and (ii) expenses assuming the entire return is from realized capital gains (resulting in a capital gains incentive fee). For the three months ended June 30, 2018, our return included net realized and unrealized capital losses. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, if our board of directors authorizes and we declare a cash distribution, participants in our dividend reinvestment plan who have not otherwise elected to receive cash will receive a number of shares of our common stock, determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the distribution. See Dividend Reinvestment Plan for additional information regarding our dividend reinvestment plan.

This example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown.

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RISK FACTORS

Investing in our securities involves a number of significant risks. Before you invest in our securities, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this prospectus supplement and the accompanying prospectus, before you decide whether to make an investment in our securities. The risks set out below are not the only risks 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. If any of the following events occurs, our business, financial condition, results of operations and cash flows could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment. The risk factors described below and those in the accompanying prospectus are the principal risk factors associated with an investment in us as well as those factors generally associated with an investment company with investment objectives, investment policies, capital structure or trading markets similar to ours.

Recent legislation allows us to incur additional leverage, which could increase the risk of investing in us.

The 1940 Act generally prohibits us from incurring indebtedness unless immediately after such borrowing we have an asset coverage for total borrowings of at least 200% (i.e., the amount of debt may not exceed 50% of the value of our total assets). However, on March 23, 2018, the Small Business Credit Availability Act (the SBCAA) was signed into law, which included various changes to regulations under the federal securities laws that impact BDCs. The SBCAA amended the 1940 Act to allow BDCs to decrease their asset coverage requirement from 200% to 150% (i.e. the amount of debt may not exceed 66.7% of the value of our total assets), if certain requirements are met. Under the SBCAA, we are allowed to reduce our asset coverage requirement to 150%, and thereby increase our leverage capacity, if shareholders representing at least a majority of the votes cast, when quorum is met, approve a proposal to do so. If we receive stockholder approval, we would be allowed to reduce our asset coverage requirement to 150% on the first day after such approval. Alternatively, the SBCAA allows the majority of our independent directors to approve the reduction in our asset coverage requirement to 150%, and such approval would become effective after one year. In either case, we would be required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to reduce our asset coverage requirement to 150%, our leverage capacity and usage, and risks related to leverage.

On March 27, 2018, our board of directors unanimously approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the SBCAA. As a result, our asset coverage requirements for senior securities will be changed from 200% to 150%, effective March 27, 2019. On March 27, 2018, our board of directors also recommended the submission of a proposal for stockholders to approve the application of the 150% minimum asset coverage requirements at our annual meeting of stockholders to be held on June 20, 2018. At the annual meeting, our stockholders approved this proposal and we became subject to the 150% minimum asset coverage ratio, effective June 21, 2018.

Leverage is generally considered a speculative investment technique and increases the risk of investing in our securities. Leverage magnifies the potential for loss on investments in our indebtedness and on invested equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the leverage, while any decrease in our income would cause net investment income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities. The effects of leverage would cause any decrease in net asset value for any losses to be greater than any increase in net asset value for any corresponding gains. If we incur additional leverage, you will experience increased risks of investing in our common stock.

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We maintain a revolving credit facility and may use other borrowed funds to make investments or fund our business operations, which exposes us to risks typically associated with leverage and increases the risk of investing in us.

We maintain a revolving credit facility and may borrow money, including through the issuance of debt securities or preferred stock, to leverage our capital structure, which is generally considered a speculative investment technique. As a result:

- our common stock is exposed to an increased risk of loss because a decrease in the value of our investments would have a greater negative impact on the value of our common stock than if we did not use leverage;
- if we do not appropriately match the assets and liabilities of our business, adverse changes in interest rates could reduce or eliminate the incremental income we make with the proceeds of any leverage;
- our ability to pay distributions on our common stock may be restricted if our asset coverage ratio, as provided in the 1940 Act, is not at least 150% and any amounts used to service indebtedness or preferred stock would not be available for such distributions;
- any credit facility is subject to periodic renewal by its lenders, whose continued participation cannot be guaranteed;
- our revolving credit facility with ING Capital LLC, as agent, is, and any other credit facility we may enter into would be, subject to various financial and operating covenants, including that our portfolio of investments satisfies certain eligibility and concentration limits as well as valuation methodologies;
- such securities would be governed by an indenture or other instrument containing covenants restricting our operating flexibility;
- we bear the cost of issuing and paying interest or distributions on such securities, which costs are entirely borne by our common stockholders; and
- any convertible or exchangeable securities that we issue may have rights, preferences and privileges more favorable than those of our common stock.

The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, 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)(1)				
	-10%	-5%	0%	5%	10%
Corresponding return to common stockholder(1)(2)(3)	-47.65%	-29.01%	-10.37%	8.27%	26.91%

(1) The assumed return on our portfolio is required by regulation of the SEC to assist investors in understanding the effects of leverage and is not a prediction of, and does not represent, our projected or actual performance.

(2) Assumes $507.0 million in total portfolio assets, $371.0 million in total debt outstanding, of which $261.0 million is senior securities outstanding, $136.0 million in net assets and an average cost of funds of 3.80%, which was the weighted average interest rate of borrowings on our revolving credit facility and SBA-guaranteed debentures as of December 31, 2017. The interest rate on our revolving credit facility is a variable rate. Actual interest payments may be different.

(3) In order for us to cover our annual interest payments on indebtedness, we must achieve annual returns on our December 31, 2017 total portfolio assets of at least 2.78%.

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The terms of our revolving credit facility may contractually limit our ability to incur additional indebtedness.

Even though our stockholders approved the proposal to apply the modified asset coverage requirements to us at our 2018 annual meeting of stockholders that was held on June 20, 2018, a covenant under our existing revolving credit facility may limit our ability to incur additional indebtedness. Currently, our revolving credit facility contains a covenant requiring that we maintain asset coverage of at least 210%. We may not be able to amend our revolving credit facility to change this covenant and if we are successful in amending our revolving credit facility, we will incur costs to do so and the other terms of such amended facility, such as interest rate, may not be as favorable to us as the current terms. An inability on our part to amend the revolving credit facility and access additional leverage could limit our ability to take advantage of the potential benefits related to our ability to incur additional leverage and could decrease our earnings, if any, which would have an adverse effect on our results of operations and the value of our shares of common stock.

Regulations governing our operation as a business development company affect our ability to and the way in which we raise additional capital.

We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities, up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we are permitted as a business development company to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 150% (as of June 21, 2018) of total assets (other than the SBA debentures of an SBIC subsidiary, as permitted by exemptive relief we have been granted by the SEC) less all liabilities and indebtedness not represented by senior securities, immediately after each issuance of senior securities (other than the SBA debentures of an SBIC subsidiary, as permitted by exemptive relief we have been granted by the SEC). If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. This could have a material adverse effect on our operations and we may not be able to make distributions in an amount sufficient to be subject to taxation as a RIC, or at all. In addition, issuance of securities could dilute the percentage ownership of our current stockholders in us.

No person or entity from which we borrow money will have a veto power or a vote in approving or changing any of our fundamental policies. If we issue preferred stock, the preferred stock would rank senior to common stock in our capital structure, preferred stockholders would have separate voting rights on certain matters and might have other rights, preferences or privileges more favorable than those of our common stockholders, and the issuance of preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in your best interest. Holders of our common stock will directly or indirectly bear all of the costs associated with offering and servicing any preferred stock that we issue. In addition, any interests of preferred stockholders may not necessarily align with the interests of holders of our common stock and the rights of holders of shares of preferred stock to receive dividends would be senior to those of holders of shares of our common stock.

As a business development company, we generally are not able to issue our common stock at a price below net asset value per share without first obtaining the approval of our stockholders and our independent directors. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, then percentage ownership of our stockholders at that time would decrease, and you might experience dilution. We have stockholder approval to sell our common stock below net asset value through June 20, 2019. We may seek further stockholder approval to sell shares below net asset value in the future.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, believes, se estimates, would, should, targets, projects, and variations of these words and similar expressions are intende identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements including:

- our dependence on key personnel;
- our ability to maintain or develop referral relationships;
- the ability of MC Advisors to identify, invest in and monitor companies that meet our investment criteria;
- actual and potential conflicts of interest with MC Advisors and its affiliates;
- possession of material nonpublic information;
- potential divergent interests of MC Advisors and our stockholders arising from our incentive fee structure;
- restrictions on affiliate transactions;
- competition for investment opportunities;
- our ability to maintain our qualification as a RIC and as a business development company;
- the impact of a protracted decline in the liquidity of credit markets on our business and portfolio investments;
- the adequacy of our financing sources;
- the timing, form and amount of any payments, dividends or other distributions from our portfolio companies;
- our use of leverage;
- changes in interest rates;
- SBA regulations affecting MRCC SBIC or any other wholly-owned SBIC subsidiary;
- uncertain valuations of our portfolio investments;
- fluctuations in our quarterly operating results;
- our ability to issue securities at a discount to net asset value per share;
- changes in laws or regulations applicable to us or our portfolio companies; and
- general economic and political conditions and their impact on the industries in which we invest.

We have based the forward-looking statements included in this prospectus supplement and the accompanying prospectus on information available to us on the date of this prospectus supplement. Actual results could differ materially from those anticipated in our forward-looking statements, and future results could differ materially from historical performance. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus supplement. However, we will update this prospectus supplement to reflect any material changes to the information contained herein during the period of this offering.

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You should understand that, under Sections 27A(b)(2)(B) of the Securities Act and Section 21E(b)(2)(B) of the Exchange Act, the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 do not apply to statements made in connection with any offering of securities pursuant to this prospectus supplement or in periodic reports we file under the Exchange Act.

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USE OF PROCEEDS

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions that are deemed to be at the market offerings as defined in Rule 415 under the Securities Act. There is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Actual sales, if any, of our common stock under this prospectus supplement and the accompanying prospectus may be less than as set forth in this paragraph depending on, among other things, the market price of our common stock at the time of any such sale. As a result, the actual net proceeds we receive may be more or less than the amount of net proceeds estimated in this prospectus supplement. Assuming the sale of all $50,000,000 of common stock offered under this prospectus supplement and the accompanying prospectus, we estimate that the net proceeds of this offering would be approximately $48.8 million, after deducting the estimated sales commission payable to the Sales Agents and our estimated offering expenses. Through August 9, 2018, we have sold an aggregate of $2.5 million of our common stock pursuant to the equity distribution agreements to which this prospectus supplement relates.

We intend to use all or substantially all of the net proceeds from the sale of our common stock to invest directly in portfolio companies in accordance with our investment objective and strategies and for general corporate purposes. We will also pay operating expenses, including management and administrative fees, and may pay other expenses from the net proceeds of this offering.

We anticipate that we will use substantially all of the net proceeds from this offering for the above purposes within approximately six months after the completion of this offering, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. It may take more or less time for us to identify, negotiate and enter into investments and fully deploy any proceeds we raise, and we cannot assure you that we will achieve our targeted investment pace.

Until such appropriate investment opportunities can be found, we will invest the net proceeds of any offering of our securities primarily in cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less from the date of investment. These temporary investments may have lower yields than our other investments and, accordingly, may result in lower distributions, if any, during such period. Our ability to achieve our investment objective may be limited to the extent that the net proceeds from an offering, pending full investment, are held in lower yielding interest-bearing deposits or other short-term instruments. See Regulation Temporary Investments in the accompanying prospectus for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

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CAPITALIZATION

The equity distribution agreements provide that we may offer and sell up to $50,000,000 of our common stock from time to time through our Sales Agents for the offer and sale of such common stock. The table below assumes that we will sell all of the remaining common stock available under the program as of August 9, 2018 of $47.5 million at a price of $13.76 per share (the last reported sale price of our common stock on The Nasdaq Global Select Market on August 9, 2018), but there is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Actual sales, if any, of our common stock under this prospectus supplement and the accompanying prospectus may be less than as set forth in the table below. In addition, the price per share of any such sale may be greater or less than $13.76, depending on the market price of our common stock at the time of any such sale. The following table sets forth our capitalization as of June 30, 2018:

on an actual basis; and

on an as adjusted basis giving effect to the $2.3 million sold from June 30, 2018 to August 9, 2018 at an average price of $13.78 per share and the assumed sale of $47.5 million of our common stock at a price of $13.76 per share (the last reported sale price of our common stock on The Nasdaq Global Select Market on August 9, 2018) less commissions and expenses.

This table should be read in conjunction with our Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included in this prospectus supplement and the accompanying prospectus.

	As of June 30, 2018	
	Actual	As Adjusted
	(unaudited)	
	(in thousands, except per share data)	
Assets:		
Cash	$2,779	$51,314
Restricted cash	4,252	4,252
Investments at fair value	498,235	498,235
Other assets	8,337	8,337
Total assets	$513,603	$562,138
Liabilities:		
Debt	$236,034	$236,034
Other liabilities	6,861	6,861
Total liabilities	$242,895	$242,895
Net Assets:		
Common stock, $0.001 par value, 100,000 shares authorized, actual; 20,279 shares issued and outstanding, actual; 23,895 shares issued and outstanding, as adjusted	$20	$24
Capital in excess of par value	286,651	335,182
Undistributed net investment income (accumulated distributions in excess of net investment income)	8,907	8,907
Accumulated net realized gain (loss) on investments, secured borrowings and foreign currency transactions	(369)	(369)
	(24,501)	(24,501)

Accumulated net unrealized gain (loss) on investments, secured borrowings and foreign currency borrowings		
Total net assets	$ 270,708	$ 319,243
Net asset value per share	$ 13.35	$ 13.36

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PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock began trading on The Nasdaq Global Market under the ticker symbol MRCC on October 25, 2012. Prior to that date, there was no established trading market for our common stock. Our common stock is now traded on the Nasdaq Global Select Market. Our common stock has historically traded both above and below net asset value (NAV).

The following table sets forth the high and low closing sales prices of our common stock, the closing sales price as a percentage of our NAV and the dividends declared by us since January 1, 2016.

	NAV[1]	Closing Sales Price High	Closing Sales Price Low	Premium (Discount) of High Sales Price to NAV[2]	Premium (Discount) of Low Sales Price to NAV[2]	Declared Distributions[3]
Year ending December 31, 2018						
Third Quarter (through August 9, 2018)	[4]	$13.82	$13.22	[4]	[4]	
Second Quarter	$13.35	$14.52	$12.31	8.8 %	(7.8)%	$ 0.35 [5]
First Quarter	$13.49	$14.28	$12.20	5.9 %	(9.6)%	$ 0.35 [5]
Year ending December 31, 2017						
Fourth Quarter	$13.77	$14.70	$13.75	6.8 %	(0.1)%	$ 0.35 [6]
Third Quarter	$14.01	$15.22	$13.50	8.6 %	(3.6)%	$ 0.35 [6]
Second Quarter	$14.05	$16.14	$14.92	14.9 %	6.2 %	$ 0.35 [6]
First Quarter	$14.34	$16.09	$15.18	12.2 %	5.9 %	$ 0.35 [6]
Year ending December 31, 2016						
Fourth Quarter	$14.52	$15.63	$13.77	7.6 %	(5.2)%	$ 0.35 [7]
Third Quarter	$14.42	$16.25	$14.91	12.7 %	3.4 %	$ 0.35 [7]
Second Quarter	$14.50	$14.83	$13.11	2.3 %	(9.6)%	$ 0.35 [7]
First Quarter	$14.45	$14.32	$10.82	(0.9)%	(25.1)%	$ 0.35 [7]

(1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.

(2) Calculated by taking the respective high or low closing sales price divided by the quarter end NAV and subtracting 1.

(3) Represents the distribution declared in the specified quarter. We have adopted an opt out dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, stockholders cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash distributions. See Dividend Reinvestment Plan in the accompanying prospectus.

(4) NAV calculation is not yet available.

(5) Our management monitors available taxable earnings, including net investment income and realized capital gains, to determine if a tax return of capital may occur for the year. To the extent that our taxable earnings fall below the total amount of our distributions for that fiscal year, a portion of those distributions may be deemed a tax return of capital to our stockholders. The tax character of distributions will be determined at the end of the fiscal year.

(6) There was no return of capital for tax purposes for the year ended December 31, 2017.

(7) There was no return of capital for tax purposes for the year ended December 31, 2016.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 are derived from our consolidated financial statements that have been audited by RSM US LLP, our independent registered public accounting firm. We derived the selected consolidated financial data as of and for the six months ended June 30, 2018 and 2017 from our unaudited interim consolidated financial statements. In the opinion of the Company, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation have been made. Interim results are subject to variation and are not indicative of the results of operations to be expected for a full fiscal year. This consolidated financial data should be read in conjunction with our consolidated financial statements and related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus supplement.

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(1) For the six months ended June 30, 2018 and 2017, MC Advisors waived part one incentive fees (based on net investment income) of zero and $0.3 million, respectively. During the years ended December 31, 2017, 2016, 2015, 2014 and 2013, MC Advisors waived part one incentive fees of $0.3 million, $0.3 million, zero, zero and zero, respectively.

(2) Our management monitors available taxable earnings, including net investment income and realized capital gains, to determine if a tax return of capital may occur for the year. To the extent that our taxable earnings fall below the total amount of our distributions for that fiscal year, a portion of those distributions may be deemed a tax return of capital to our stockholders. The tax character of distributions will be determined at the end of the fiscal year.

(3) In April 2015, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the statements of assets and liabilities as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. We adopted ASU 2015-03 during the year ended December 31, 2016 and the consolidated statement of assets and liabilities for prior years was also revised to reflect this presentation.

(4) Total return based on market value is calculated assuming a purchase of common shares at the market value on the first day and a sale at the market value on the last day of the periods reported. Distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under our dividend reinvestment plan (DRIP). Total return based on market value does not reflect brokerage commissions.

(5) Total return based on average net asset value is calculated by dividing the net increase in net assets from operations by the average net asset value.

(6) The weighted average annualized effective yield on portfolio investments at year end is computed by dividing (a) interest income on debt investments and preferred equity investments (with a stated coupon rate) at the period end effective rate for each investment by (b) the par value of our debt investments (excluding debt investments on non-accrual status acquired for no cost in a restructuring) and the cost basis of our preferred equity investments. The weighted average annualized effective yield on portfolio investments is a metric on the investment portfolio alone and does not represent a return to stockholders. This metric is not inclusive of our fees and expenses, the impact of leverage on the portfolio or sales load that may be paid by investors.

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SELECTED QUARTERLY CONSOLIDATED FINANCIAL DATA

The following table sets forth certain unaudited quarterly financial information for the quarters ended June 30, 2018, March 31, 2018 and each quarter in our two most recent fiscal years, which were the calendar years ended December 31, 2017 and 2016. This information was derived from our unaudited consolidated financial statements. Results for any quarter are not necessarily indicative of results for the full year or for any future quarter.

	For the quarter ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
	(in thousands, except per share data)				
Total investment income	$14,820	$14,950	$13,364	$13,469	$12,268
Net investment income	$7,906	$8,465	$6,995	$6,887	$6,088
Net gain (loss) on investments, secured borrowings, foreign currency transactions and foreign currency borrowings	$(3,626)	$(7,075)	$(4,754)	$(569)	$(5,064)
Net increase (decrease) in net assets resulting from operations	$4,280	$1,390	$2,241	$6,318	$1,024
Net investment income per share basic and diluted	$0.39	$0.42	$0.35	$0.34	$0.35
Net increase (decrease) in net assets resulting from operations per share basic and diluted	$0.21	$0.07	$0.11	$0.31	$0.06
Net asset value per share at period end	$13.35	$13.49	$13.77	$14.01	$14.05

	For the quarter ended				
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
	(in thousands, except per share data)				
Total investment income	$12,006	$11,233	$11,128	$11,118	$11,539
Net investment income	$6,034	$5,377	$5,583	$5,759	$5,787
Net gain (loss) on investments and secured borrowings	$(3,465)	$2,155	$(1,971)	$(482)	$2,157
Net increase (decrease) in net assets resulting from operations	$2,569	$7,532	$3,612	$5,277	$7,944
Net investment income per share basic and diluted	$0.36	$0.32	$0.36	$0.44	$0.44
Net increase (decrease) in net assets resulting from operations per share basic and diluted	$0.15	$0.45	$0.23	$0.41	$0.61
Net asset value per share at period end	$14.34	$14.52	$14.42	$14.50	$14.45

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Except as otherwise specified, references to we, us, and our refer to Monroe Capital Corporation and its consolidated subsidiaries. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing in our annual report on Form 10-K (the Annual Report) for the year ended December 31, 2017, filed with the U.S. Securities and Exchange Commission (SEC) on March 14, 2018. The information contained in this section should also be read in conjunction with our unaudited consolidated financial statements and related notes and other financial information appearing elsewhere in this prospectus supplement and accompanying prospectus.

Overview

Monroe Capital Corporation is an externally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). In addition, for tax purposes, we have elected to be treated as a regulated investment company (RIC) under the subchapter M of the Internal Revenue Code of 1986, as amended (the Code). We were incorporated under the Maryland General Corporation Law on February 9, 2011. We are a specialty finance company focused on providing financing solutions primarily to lower middle-market companies in the United States and Canada. We provide customized financing solutions focused primarily on senior secured, junior secured and unitranche secured (a combination of senior secured and junior secured debt in the same facility in which we syndicate a first out portion of the loan to an investor and retain a last out portion of the loan) debt and, to a lesser extent, unsecured subordinated debt and equity, including equity co-investments in preferred and common stock, and warrants.

Our shares are currently listed on the NASDAQ Global Select Market under the symbol MRCC .

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through investment in senior, unitranche secured and junior secured debt and, to a lesser extent, subordinated debt and equity investments. We seek to use our extensive leveraged finance origination infrastructure and broad expertise in sourcing loans to invest in primarily senior, unitranche secured and junior secured debt of middle-market companies. Our investments in senior, unitranche, junior secured debt and other investments generally will range between $2.0 million and $18.0 million each, although this investment size may vary proportionately with the size of our capital base. As of June 30, 2018, our portfolio included approximately 77.8% senior secured debt, 10.3% unitranche secured debt, 5.7% junior secured debt and 6.2% equity securities, compared to December 31, 2017, when our portfolio included approximately 78.5% senior secured debt, 8.2% unitranche secured debt, 7.8% junior secured debt and 5.5% equity securities. We expect that the companies in which we invest may be leveraged, often as a result of leveraged buy-outs or other recapitalization transactions, and, in certain cases, will not be rated by national ratings agencies. If such companies were rated, we believe that they would typically receive a rating below investment grade (between BB and CCC under the Standard & Poor s system) from the national rating agencies.

While our primary focus is to maximize current income and capital appreciation through debt investments in thinly traded or private U.S. companies, we may invest a portion of the portfolio in opportunistic investments in order to seek to enhance returns to stockholders. Such investments may include investments in high-yield bonds, distressed debt, private equity or securities of public companies that are not thinly traded and securities of middle-market companies located outside of the United States. We expect that these public companies generally will have debt securities that are non-investment grade.

On February 28, 2014, our wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP (MRCC SBIC), a Delaware limited partnership, received a license from the Small Business Administration (SBA) to operate as a Small Business Investment Company (SBIC) under Section 301(c) of the Small Business Investment Act of 1958. MRCC SBIC commenced operations on September 16, 2013. As of June 30, 2018, MRCC SBIC had $57.6 million in leverageable capital and $115.0 million in SBA-guaranteed debentures outstanding. See *SBA Debentures* below for more information.

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Investment income

We generate interest income on the debt investments in portfolio company investments that we originate or acquire. Our debt investments, whether in the form of senior, junior or unitranche secured debt, typically have an initial term of three to seven years and bear interest at a fixed or floating rate. In some instances we receive payments on our debt investment based on scheduled amortization of the outstanding balances. In addition, we receive repayments of some of our debt investments prior to their scheduled maturity date. In some cases, our investments provide for deferred interest of payment-in-kind (PIK) interest. In addition, we may generate revenue in the form of commitment, origination, amendment, structuring or due diligence fees, fees for providing managerial assistance and consulting fees. Loan origination fees, original issue discount and market discount or premium are capitalized, and we accrete or amortize such amounts as interest income. We record prepayment premiums and prepayment gains (losses) on loans as interest income. As the frequency or volume of the repayments which trigger these prepayment premiums and prepayment gains (losses) may fluctuate significantly from period to period, the associated interest income recorded may also fluctuate significantly from period to period. Interest and fee income is recorded on the accrual basis to the extent we expect to collect such amounts. Interest income is accrued based upon the outstanding principal amount and contractual terms of debt and preferred equity investments. Interest is accrued on a daily basis. All other income is recorded into income when earned. We record fees on loans based on the determination of whether the fee is considered a yield enhancement or payment for a service. If the fee is considered a yield enhancement associated with a funding of cash on a loan, the fee is generally deferred and recognized into interest income using the effective interest method if captured in the cost basis or using the straight-line method if the loan is unfunded and therefore there is no cost basis. If the fee is not considered a yield enhancement because a service was provided, and the fee is payment for that service, the fee is deemed earned and recognized as fee income in the period earned.

Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies. Each distribution received from limited liability company (LLC) and limited partnership (LP) investments is evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, we will not record distributions from equity investments in LLCs and LPs as dividend income unless there are sufficient accumulated tax-basis earnings and profits in the LLC or LP prior to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment. The frequency and volume of the distributions on common equity securities and LLC and LP investments may fluctuate significantly from period to period.

Expenses

Our primary operating expenses include the payment of fees to MC Advisors under the Investment Advisory and Management Agreement (management and incentive fees), and the payment of fees to Monroe Capital Management Advisors, LLC (MC Management) for our allocable portion of overhead and other expenses under the Administration Agreement and other operating costs. See Note 6 to our consolidated financial statements and *Related Party Transactions* below for additional information on our Investment Advisory and Management Agreement and Administration agreement. Our expenses also include interest expense on our revolving credit facility, our SBA-guaranteed debentures and our secured borrowings. We bear all other out-of-pocket costs and expenses of our operations and transactions.

Net gain (loss) on investments, secured borrowings and foreign currency transactions

We recognize realized gains or losses on investments based on the difference between the net proceeds from the disposition and the cost basis of the investment without regard to unrealized gains or losses previously recognized. We record current period changes in fair value of investments, secured borrowings, and foreign currency transactions within net change in unrealized gain (loss) on investments, secured borrowings, and foreign currency borrowings in the consolidated statements of operations.

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Portfolio and Investment Activity

During the three months ended June 30, 2018, we invested $13.6 million in five new portfolio companies and $26.7 million in 14 existing portfolio companies and had $34.8 million in aggregate amount of sales and principal repayments, resulting in net investments of $5.5 million for the period.

During the six months ended June 30, 2018, we invested $18.5 million in six new portfolio companies and $54.3 million in 19 existing portfolio companies and had $60.4 million in aggregate amount of sales and principal repayments, resulting in net investments of $12.4 million for the period.

During the three months ended June 30, 2017, we invested $62.4 million in eight new portfolio companies and $11.0 million in 12 existing portfolio companies and had $41.6 million in aggregate amount of sales and principal repayments, resulting in net investments of $31.8 million for the period.

During the six months ended June 30, 2017, we invested $89.7 million in 10 new portfolio companies and $25.2 million in 18 existing portfolio companies and had $75.5 million in aggregate amount of sales and principal repayments, resulting in net investments of $39.4 million for the period.

The following table shows yield by debt and preferred equity security type:

	June 30, 2018		December 31, 2017	
	Weighted Average Annualized Contractual Coupon Yield(1)	Weighted Average Annualized Effective Yield(2)	Weighted Average Annualized Contractual Coupon Yield(1)	Weighted Average Annualized Effective Yield(2)
Senior secured loans	9.9 %	9.9 %	9.6 %	9.6 %
Unitranche secured loans	10.2	10.5	9.3	11.3
Junior secured loans	9.8	9.8	9.4	9.4
Preferred equity securities	10.8	10.8	10.8	10.8
Total	9.9 %	10.0 %	9.8 %	10.0 %

(1) The weighted average annualized contractual coupon yield at period end is computed by dividing (a) the interest income on debt investments and preferred equity investments (with a stated coupon rate) at the period end contractual coupon rate for each investment by (b) the par value of our debt investments (excluding debt investments on non-accrual status acquired for no cost in a restructuring) and the cost basis of our preferred equity investments.

(2) The weighted average annualized effective yield on portfolio investments at period end is computed by dividing (a) interest income on debt investments and preferred equity investments (with a stated coupon rate) at the period end effective rate for each investment by (b) the par value of our debt investments (excluding debt investments on non-accrual status acquired for no cost in a restructuring) and the cost basis of our preferred equity investments. The weighted average annualized effective yield on portfolio investments is a metric on the investment portfolio alone and does not represent a return to stockholders. This metric is not inclusive of our fees and expenses, the impact of leverage on the portfolio or sales load that may be paid by investors.

The following table shows the composition of the investment portfolio (dollars in thousands):

	June 30, 2018		December 31, 2017	
Fair Value:				
Senior secured loans	$ 387,639	77.8 %	$ 387,874	78.5 %
Unitranche secured loans	51,485	10.3	40,295	8.2
Junior secured loans	28,515	5.7	38,549	7.8
LLC equity interest in SLF	18,693	3.8	9,640	1.9
Equity securities	11,903	2.4	17,780	3.6
Total	$ 498,235	100.0 %	$ 494,138	100.0 %

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Our portfolio composition remained relatively consistent with December 31, 2017, with the largest shift in portfolio composition a result of the additional investments made in SLF during the six months ended June 30, 2018. The overall contractual and effective yield on the portfolio was relatively flat as compared to December 31, 2017. General increases in LIBOR during the six months ended June 30, 2018 were partially offset by market spread compression as new portfolio investments during the six months ended June 30, 2018 were at a slightly lower average spread than the average spread in the existing portfolio.

The following table shows the portfolio composition by industry grouping at fair value (dollars in thousands):

	June 30, 2018		December 31, 2017	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Aerospace & Defense	$	%	$ 5,000	1.0 %
Banking, Finance, Insurance & Real Estate	61,442	12.3	61,407	12.4
Beverage, Food & Tobacco	17,340	3.5	17,770	3.6
Capital Equipment	2,969	0.6		
Chemicals, Plastics & Rubber	12,785	2.6	8,860	1.8
Construction & Building	17,652	3.5	18,049	3.7
Consumer Goods: Durable	15,551	3.1	11,808	2.4
Consumer Goods: Non-Durable	31,773	6.4	24,717	5.0
Containers, Packaging & Glass	8,382	1.7	4,928	1.0
Energy: Oil & Gas	2,234	0.4	2,352	0.5
Environmental Industries	4,364	0.9	4,457	0.9
Healthcare & Pharmaceuticals	63,972	12.8	65,582	13.3
High Tech Industries	53,931	10.8	46,239	9.4
Hotels, Gaming & Leisure	26,209	5.3	42,744	8.6
Investment Funds & Vehicles	18,693	3.8	9,640	2.0
Media: Advertising, Printing & Publishing	26,830	5.4	23,264	4.7
Media: Broadcasting & Subscription	15,003	3.0	15,965	3.2
Media: Diversified & Production	5,006	1.0	5,006	1.0
Retail	33,141	6.6	41,644	8.4
Services: Business	33,094	6.6	33,732	6.8
Services: Consumer	18,207	3.7	21,474	4.3
Telecommunications			3,152	0.6
Utilities: Electric	2,785	0.6	2,792	0.6
Utilities: Water	932	0.2		
Wholesale	25,940	5.2	23,556	4.8
Total	**$ 498,235**	**100.0** %	**$ 494,138**	**100.0** %

Portfolio Asset Quality

MC Advisors portfolio management staff closely monitors all credits, with senior portfolio managers covering agented and more complex investments. MC Advisors segregates our capital markets investments by industry. The MC Advisors monitoring process and projections developed by Monroe Capital both have daily, weekly, monthly and quarterly components and related reports, each to evaluate performance against historical, budget and underwriting expectations. MC Advisors analysts will monitor performance using standard industry software tools to provide consistent disclosure of performance. MC Advisors also monitors our investment exposure using a proprietary trend analysis tool. When necessary, MC Advisors will update our internal risk ratings, borrowing base criteria and covenant compliance reports.

As part of the monitoring process, MC Advisors regularly assesses the risk profile of each of our investments and rates each of them based on an internal proprietary system that uses the categories listed below, which we refer to as MC Advisors investment performance rating. For any investment rated in grades 3, 4 or 5, MC Advisors will increase its monitoring intensity and prepare regular updates for the investment

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committee, summarizing current operating results and material impending events and suggesting recommended actions. MC Advisors monitors and, when appropriate, changes the investment ratings assigned to each investment in our portfolio. In connection with our valuation process, MC Advisors reviews these investment ratings on a quarterly basis, and our board of directors (the Board) reviews and affirms such ratings. A definition of the rating system follows:

Investment Performance Risk Rating	Summary Description
Grade 1	Includes investments exhibiting the least amount of risk in our portfolio. The issuer is performing above expectations or the issuer s operating trends and risk factors are generally positive.
Grade 2	Includes investments exhibiting an acceptable level of risk that is similar to the risk at the time of origination. The issuer is generally performing as expected or the risk factors are neutral to positive.
Grade 3	Includes investments performing below expectations and indicates that the investment s risk has increased somewhat since origination. The issuer may be out of compliance with debt covenants; however, scheduled loan payments are generally not past due.
Grade 4	Includes an issuer performing materially below expectations and indicates that the issuer s risk has increased materially since origination. In addition to the issuer being generally out of compliance with debt covenants, scheduled loan payments may be past due (but generally not more than six months past due). For grade 4 investments, we intend to increase monitoring of the issuer.
Grade 5	Indicates that the issuer is performing substantially below expectations and the investment risk has substantially increased since origination. Most or all of the debt covenants are out of compliance or payments are substantially delinquent. Investments graded 5 are not anticipated to be repaid in full and we will reduce the fair market value of the loan to the amount we expect to recover.

Our investment performance risk ratings do not constitute any rating of investments by a nationally recognized statistical rating organization or reflect or represent any third-party assessment of any of our investments.

In the event of a delinquency or a decision to rate an investment grade 4 or grade 5, the applicable analyst, in consultation with a member of the investment committee, will develop an action plan. Such a plan may require a meeting with the borrower s management or the lender group to discuss reasons for the default and the steps management is undertaking to address the under-performance, as well as required amendments and waivers that may be required. In the event of a dramatic deterioration of a credit, MC Advisors intends to form a team or engage outside advisors to analyze, evaluate and take further steps to preserve its value in the credit. In this regard, we would expect to explore all options, including in a private equity sponsored investment, assuming certain responsibilities for the private equity sponsor or a formal sale of the business with oversight of the sale process by us. Several of Monroe Capital s professionals are experienced in running work-out transactions and bankruptcies.

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The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale as of June 30, 2018 (dollars in thousands):

Investment Performance Rating	Investments at Fair Value	Percentage of Total Investments	
1	$ 3,451	0.7	%
2	402,031	80.7	
3	57,475	11.5	
4	35,090	7.1	
5	188		
Total	$ 498,235	100.0	%

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale as of December 31, 2017 (dollars in thousands):

Investment Performance Rating	Investments at Fair Value	Percentage of Total Investments	
1	$ 3,445	0.7	%
2	415,094	84.0	
3	57,547	11.6	
4	18,052	3.7	
5			
Total	$ 494,138	100.0	%

As of June 30, 2018, we had four borrowers with loans and preferred equity securities on non-accrual status (Gibson Brands, LLC senior secured note, Incipio Technologies, Inc. third lien tranches, Millennial Brands LLC and TPP Operating, Inc.), which comprised 2.0% of our total investments at fair value. As of December 31, 2017, we had two borrowers with loans and preferred equity securities on non-accrual status (Millennial Brands LLC and TPP Operating, Inc.), which comprised 1.7% of our total investments at fair value. Loans or preferred equity securities are placed on non-accrual status when principal, interest or dividend payments become materially past due, or when there is reasonable doubt that principal, interest or dividends will be collected.

Results of Operations

Operating results were as follows (in thousands):

	Three months ended June 30,	
	2018	2017
Total investment income	$ 14,820	$ 12,268
Total expenses, net of incentive fee waiver	6,914	6,180
Net investment income	7,906	6,088
Net realized gain (loss) on investments		2,161
Net realized gain (loss) on secured borrowings		66

Net realized gain (loss) on foreign currency transactions	(9)	
Net change in unrealized gain (loss) on investments	(4,412)	(7,270)
Net change in unrealized gain (loss) on secured borrowings		(5)
Net change in unrealized gain (loss) on foreign currency borrowings	795	(16)
Net increase (decrease) in net assets resulting from operations	$ 4,280	$ 1,024

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	Six months ended June 30, 2018	2017
Total investment income	$29,770	$ 24,274
Total expenses, net of incentive fee waiver	13,399	12,152
Net investment income	16,371	12,122
Net realized gain (loss) on investments		2,328
Net realized gain (loss) on secured borrowings		66
Net realized gain (loss) on foreign currency transactions	3	
Net change in unrealized gain (loss) on investments	(11,057)	(10,901)
Net change in unrealized gain (loss) on secured borrowings		(6)
Net change in unrealized gain (loss) on foreign currency borrowings	353	(16)
Net increase (decrease) in net assets resulting from operations	$5,670	$ 3,593

Investment Income

The composition of our investment income was as follows (in thousands):

	Three months ended June 30, 2018	2017
Interest income	$ 12,703	$ 10,701
Dividend income	615	250
Fee income	666	637
Prepayment gain (loss)	312	322
Accretion of discounts and amortization of premium	524	358
Total investment income	$ 14,820	$ 12,268

	Six months ended June 30, 2018	2017
Interest income	$25,329	$21,089
Dividend income	1,050	500
Fee income	1,390	965
Prepayment gain (loss)	445	974
Accretion of discounts and amortization of premium	1,556	746
Total investment income	$29,770	$24,274

The increase in investment income of $2.6 million and $5.5 million during the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017, is primarily due to an increase in average outstanding loan balances, an increase in the effective rate on the portfolio and an increase in the net accretion of discounts on portfolio assets. During the six months ended June 30, 2018, these increases were also partially offset by a decrease in prepayment gain (loss) as a result of a reduction in the volume of loan payoff activity. The increase in dividend income during the three and six months ended June 30, 2018, as compared to the prior year period, is primarily driven by an increase in dividend income from our investment in SLF of $0.3 million and $0.5 million, respectively.

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Operating Expenses

The composition of our operating expenses was as follows (dollars in thousands):

	Three months ended June 30, 2018	2017
Interest and other debt financing expenses	$ 2,836	$ 2,184
Base management fees	2,202	1,903
Incentive fees, net of incentive fee waiver[1]	990	1,210
Professional fees	302	286
Administrative service fees	322	301
General and administrative expenses	225	259
Directors fees	37	37
Total expenses, net of incentive fee waiver	$ 6,914	$ 6,180

	Six months ended June 30, 2018	2017
Interest and other debt financing expenses	$ 5,542	$ 4,194
Base management fees	4,365	3,708
Incentive fees, net of incentive fee waiver[1]	1,751	2,500
Professional fees	609	577
Administrative service fees	646	631
General and administrative expenses	401	468
Excise taxes	11	
Directors fees	74	74
Total expenses, net of incentive fee waiver	$ 13,399	$ 12,152

(1) During the three and six months ended June 30, 2018, no incentive fees were waived. During the three and six months ended June 30, 2017, incentive fees of $0.3 million and $0.3 million, respectively, were waived. Incentive fees during the three and six months ended June 30, 2018 were limited by $0.8 million and $1.9 million, respectively, due to the Incentive Fee Limitation. During the three and six months ended June 30, 2017, incentive fees were not limited. See Note 6 in our attached consolidated financial statements for additional information on the Incentive Fee Limitation.

The composition of our interest and other debt financing expenses was as follows (dollars in thousands):

	Three months ended June 30, 2018	2017
Interest expense revolving credit facility	$ 1,551	$ 1,385
Interest expense SBA guaranteed debentures	970	518
Amortization of deferred financing costs	315	255
Interest expense secured borrowings		13

Other		13
Total interest and other debt financing expenses	$ 2,836	$ 2,184

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	Six months ended June 30,	
	2018	2017
Interest expense revolving credit facility	$ 3,108	$ 2,730
Interest expense SBA guaranteed debentures	1,838	924
Amortization of deferred financing costs	596	486
Interest expense secured borrowings		34
Other		20
Total interest and other debt financing expenses	$ 5,542	$ 4,194

The increase in expenses of $0.7 million and $1.2 million, respectively, during the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017, is primarily due to an increase in interest expense as a result of additional borrowings (including SBA-guaranteed debentures) required to support the growth of the portfolio and an increase in base management fees due to the growth in invested assets, partially offset by a decrease in incentive fees due to the Incentive Fee Limitation during the three and six months ended June 30, 2018.

Net Realized Gain (Loss) on Investments, Secured Borrowings and Foreign Currency Transactions

During the three months ended June 30, 2018 and 2017, we had sales of investments of zero and $2.2 million, respectively, resulting in zero and $2.2 million of net realized gain (loss), respectively. During the six months ended June 30, 2018 and 2017, we had sales of investments of zero and $4.2 million resulting in zero and $2.3 million of net realized gain (loss), respectively.

During the three months ended June 30, 2018 and 2017, we had sales of secured borrowings of zero and $1.3 million resulting in zero and $66 thousand of net realized gain (loss), respectively. During the six months ended June 30, 2018 and 2017, we had sales of secured borrowings of zero and $1.3 million resulting in zero and $66 thousand of net realized gain (loss), respectively.

During the three months ended June 30, 2018 and 2017, we had ($9) thousand and zero of net realized gain (loss) on foreign currency transactions, respectively. During the six months ended June 30, 2018 and 2017, we had $3 thousand and zero of net realized gain (loss) on foreign currency transactions, respectively.

Net Change in Unrealized Gain (Loss) on Investments, Secured Borrowings and Foreign Currency Borrowings

For the three months ended June 30, 2018 and 2017, our investments had ($4.4) million and ($7.3) million of net change in unrealized gain (loss), respectively. The net change in unrealized gain (loss) includes both unrealized gain on investments in our portfolio with mark-to-market gains during the period and unrealized loss on investments in our portfolio with mark-to-market losses during the period. The largest contributor to the net unrealized mark-to-market losses during the three months ended June 30, 2018 was our debt investment in TPP Operating, Inc. (TPP) of ($3.6) million. During the three months ended June 30, 2018, TPP ceased operations and we, along with the other owners, appointed an assignee and pursuant to Delaware state law completed a General Assignment for the Benefit of Creditors to the assignee. The purpose of the assignment was to wind down the TPP business and distribute assets to its creditors. The assignee has informed us that it will have de minimis assets, if any, to distribute to its creditors. As a result, while we still have debt and equity positions in TPP, we have valued these positions at zero as of June 30, 2018. For the three months ended June 30, 2018 and 2017, our secured borrowings had zero and ($5) thousand of net change in unrealized gain (loss), respectively. For the three months ended June 30, 2018 and 2017, our foreign currency borrowings had $795 thousand and ($16) thousand of net change in unrealized gain (loss), respectively.

For the six months ended June 30, 2018 and 2017, our investments had ($11.1) million and ($10.9) million of net unrealized gain (loss), respectively. The largest contributor to the net unrealized mark-to-market losses during the six months ended June 30, 2018 were our investments in TPP and Rockdale Blackhawk, LLC which contributed net mark-to-market losses of ($8.4) million and ($2.1) million, respectively. For the six months ended June 30, 2018 and 2017, our secured borrowings had zero and

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($6) thousand of net unrealized gain (loss), respectively. For the six months ended June 30, 2018 and 2017, our foreign currency borrowings had $353 thousand and ($16) thousand of net change in unrealized gain (loss), respectively.

Net Increase (Decrease) in Net Assets Resulting from Operations

For the three months ended June 30, 2018 and 2017, the net increase in net assets from operations was $4.3 million and $1.0 million, respectively. Based on the weighted average shares of common stock outstanding for the three months ended June 30, 2018 and 2017, our per share net increase in net assets resulting from operations was $0.21 and $0.06, respectively. The $3.3 million increase during the three months ended June 30, 2018 as compared to the three months ended June 30, 2017, is primarily the result of a decrease in net unrealized mark-to-market losses on investments in the portfolio and an increase in net investment income.

For the six months ended June 30, 2018 and 2017, the net increase in net assets from operations was $5.7 million and $3.6 million, respectively. Based on the weighted average shares of common stock outstanding for the six months ended June 30, 2018 and 2017, our per share net increase in net assets resulting from operations was $0.28 and $0.21, respectively. The $2.1 million increase during the six months ended June 30, 2018, as compared to six months ended June 30, 2017, is primarily the result of an increase in net investment income, partially offset by a decline in net realized gains on investments in the portfolio.

Liquidity and Capital Resources

As of June 30, 2018, we had $2.8 million in cash, $4.3 million in cash at MRCC SBIC, $125.5 million of total debt outstanding on our revolving credit facility and $115.0 million in outstanding SBA-guaranteed debentures. We had $74.5 million available for additional borrowings on our revolving credit facility. See *Borrowings* below for additional information.

Cash Flows

For the six months ended June 30, 2018 and 2017, we experienced a net increase (decrease) in cash and restricted cash of ($0.2) million and $6.9 million, respectively. For the six months ended June 30, 2018, operating activities used $0.4 million, primarily as a result of purchases of portfolio investments, partially offset by sales of and principal repayments on portfolio investments. For the six months ended June 30, 2017, operating activities used $29.4 million, primarily as a result of purchases of portfolio investments, partially offset by sales of and principal repayments on portfolio investments. During the six months ended June 30, 2018, we generated $0.2 million from financing activities, primarily as a result of net proceeds from net borrowings on our revolving credit facility and SBA debenture borrowings, partially offset by distributions to stockholders. During the six months ended June 30, 2017, we generated $36.4 million from financing activities primarily as a result of net proceeds from capital raises and SBA debenture borrowings during the period, partially offset by net repayments on our revolving credit facility and distributions to stockholders.

Capital Resources

As a BDC, we distribute substantially all of our net income to our stockholders and have an ongoing need to raise additional capital for investment purposes. We intend to generate additional cash primarily from future offerings of securities, future borrowings and cash flows from operations, including income earned from investments in our portfolio companies. On both a short-term and long-term basis, our primary use of funds will be to invest in portfolio companies and make cash distributions to our stockholders.

As a BDC, we are generally not permitted to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value per share of our common stock if our Board, including independent directors, determines that such sale is in the best interests of us and our stockholders, and if our stockholders have approved such sales. On June 20, 2018 our stockholders voted to allow us to sell or otherwise issue common stock at a price below net asset value per share for a period of one year, subject to certain limitations. As of June 30, 2018 and December 31, 2017, we had 20,279,405 and 20,239,957 shares outstanding, respectively.

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On June 24, 2015, our stockholders approved a proposal to authorize us to issue warrants, options or rights to subscribe to, convert to, or purchase our common stock in one or more offerings. This is a standing authorization and does not require annual re-approval by our stockholders.

On March 27, 2018, our Board approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. On June 20, 2018, our stockholders approved a proposal to accelerate the effective date of the modified asset coverage requirements. As a result, the asset coverage ratio test applicable to us was decreased from 200% to 150%, effective June 21, 2018.

Stock Issuances: On July 1, 2016, we amended the ATM securities offering program with MLV & Co. LLC (MLV) and JMP Securities LLC (JMP) to replace MLV with FBR Capital Markets & Co. (FBR), an affiliate of MLV (the Prior ATM Program). On May 12, 2017, we entered into new equity distribution agreements with each of FBR and JMP that reference our current registration statement (the ATM Program). All other material terms of the Prior ATM Program remain unchanged under the ATM Program. During the six months ended June 30, 2017, we sold 173,939 shares at an average price of $15.71 per share for gross proceeds of $2.7 million under the Prior ATM Program and no shares were sold under the ATM Program. Aggregate underwriters discounts and commissions were $41 thousand and offering costs were $23 thousand, resulting in net proceeds of approximately $2.7 million. During the six months ended June 30, 2018, we sold 17,140 shares at an average price of $14.21 per share for gross proceeds of $0.2 million under the ATM. Aggregate underwriters discounts and commissions were $3 thousand and offering costs were $31 thousand, resulting in net proceeds of approximately $0.2 million.

On June 9, 2017, we closed a public offering of 3,000,000 shares of our common stock at a public offering price of $15.00 per share, raising approximately $45.0 million in gross proceeds. On June 14, 2017, pursuant to the underwriters exercise of the over-allotment option, we sold an additional 450,000 shares of our common stock, at a public offering price of $15.00 per share, and additional $6.8 million in gross proceeds for a total of $51.8 million. Aggregate underwriters discounts and commissions were $2.1 million and offering costs were $0.1 million, resulting in net proceeds of approximately $49.6 million.

Borrowings

On June 20, 2018, our stockholders approved the application of the reduced asset coverage requirements in Section 61(a)(2) of the Investment Company Act to the Company. As a result of this approval, we are now permitted to borrow amounts such that our asset coverage ratio, as defined in the Investment Company Act, is at least 150% after such borrowing (if certain requirements are met), rather than 200%, as previously required. As of June 30, 2018 and December 31, 2017, our asset coverage ratio based on aggregate borrowings outstanding was 312% and 334%, respectively.

Revolving Credit Facility: As of June 30, 2018, we had U.S. dollar borrowings of $106.0 million and non-U.S. dollar borrowings denominated in Great Britain pounds of £14.8 million ($19.5 million in U.S. dollars) under our revolving credit facility with ING Capital LLC, as agent, to finance the purchase of our assets. As of December 31, 2017, we had U.S. dollar borrowings of $105.2 million and non-U.S. dollar borrowings denominated in Great Britain pounds of £8.8 million ($11.9 million in U.S. dollars) under our revolving credit facility with ING Capital LLC, as agent, to finance the purchase of our assets. The borrowings denominated in Great Britain pounds may be positively or negatively affected by movements in the rate of exchange between the U.S. dollar and the Great Britain pound. These movements are beyond our control and cannot be predicted. The borrowings denominated in Great Britain pounds are translated into U.S. dollars based on the spot rate at each balance sheet date. The impact resulting from changes in foreign currency borrowings is included in net change in unrealized gain (loss) on foreign currency borrowings in our consolidated statements of operations and totaled $0.8 million and $0.4 million for the three and six months ended June 30, 2018, and ($16) thousand and ($16) thousand for the three and six months ended June 30, 2017 respectively. As of June 30, 2018, the maximum amount we were able to borrow was $200.0 million and this borrowing can be increased to $300.0 million pursuant to an accordion feature (subject to maintaining 200% asset coverage, as defined by the 1940 Act). On February 22, 2017, we closed a $40.0 million upsize to the revolving credit facility, bringing the maximum amount we are able to borrow from $160.0 million to the now current maximum amount of $200.0 million, in accordance with the facility s accordion feature. The maturity date on the facility is December 14, 2020.

The revolving credit facility is secured by a lien on all of our assets, including cash on hand, but excluding the assets of our wholly-owned subsidiary, MRCC SBIC. Our ability to borrow under the revolving credit facility is subject to availability under a defined borrowing base, which varies based on portfolio characteristics and certain eligibility criteria and concentration limits, as well as required valuation methodologies. We may make draws under the revolving credit facility to make or purchase additional investments through December 2019 and for general working capital purposes until the maturity date of the revolving credit facility. Borrowings under the revolving credit facility bear interest, at our election, at an annual rate of LIBOR (one-month, two-month, three-month or six-month at our discretion based on the term of the borrowing) plus 2.75% or at a daily rate equal to 1.75% per annum plus the greater of the prime interest rate, the federal funds rate plus 0.5% or LIBOR plus 1.0%. In addition to the stated interest rate on borrowings under the revolving credit facility, we are required to pay a fee of 0.5% per annum on any unused portion of the revolving credit facility if the unused portion of the facility is less than 65% of the then available maximum borrowing or a fee of 1.0% per annum on any unused portion of the revolving credit facility if the unused portion of the facility is greater than or equal to 65% of the then available maximum borrowing. As of June 30, 2018 and December 31, 2017, the outstanding borrowings were accruing at a weighted average interest rate of 4.6% and 4.4%, respectively. The weighted average interest rate of the revolving credit facility borrowings (excluding debt issuance costs) for the three and six months ended June 30, 2018 was 4.7% and 4.6%, respectively. The weighted average fee rate on the unused portion of the revolving credit facility for the three and six months ended June 30, 2018 was 0.5% and 0.5%, respectively. The weighted average interest rate of the revolving credit facility borrowings (excluding debt issuance costs) for the three and six months ended June 30, 2017 was 4.0% and 4.1%, respectively. The weighted average fee rate on the unused portion of the revolving credit facility for the three and six months ended June 30, 2017 was 0.5% and 0.5%, respectively.

Our ability to borrow under the revolving credit facility is subject to availability under the borrowing base, which permits us to borrow up to 70% of the fair market value of our portfolio company investments depending on the type of the investment we hold and whether the investment is quoted. Our ability to borrow is also subject to certain concentration limits, and our continued compliance with the representations, warranties and covenants given by us under the facility. The revolving credit facility contains certain financial and restrictive covenants, including, but not limited to, our maintenance of: (1) a minimum consolidated total net assets at least equal to the greater of (a) 40% of the consolidated total assets on the last day of each quarter or (b) $120.0 million plus 65% of the net proceeds to us from sales of our securities after December 14, 2015; (2) a ratio of total assets (less total liabilities other than indebtedness) to total indebtedness of not less than 2.1 times; and (3) a ratio of earnings before interest and taxes to interest expense of at least 2.5 times. The revolving credit facility also requires us to undertake customary indemnification obligations with respect to ING Capital LLC and other members of the lending group and to reimburse the lenders for expenses associated with entering into the credit facility. The revolving credit facility also has customary provisions regarding events of default, including events of default for nonpayment, change in control transactions at both Monroe Capital Corporation and MC Advisors, failure to comply with financial and negative covenants, and failure to maintain our relationship with MC Advisors. If we incur an event of default under the revolving credit facility and fail to remedy such default under any applicable grace period, if any, then the entire revolving credit facility could become immediately due and payable, which would materially and adversely affect our liquidity, financial condition, results of operations and cash flows.

On April 25, 2018, we entered into an amendment to the revolving credit facility which, among other things, removes the pricing step-down related to our net worth to fix the interest rate the revolving credit facility bears to LIBOR plus 2.75% and makes certain borrowing base changes to allow more flexibility under the revolving credit facility. We paid the lenders an amendment fee of $0.2 million in conjunction with the amendment which has been capitalized within unamortized deferred financing costs and will be amortized into interest expense over the estimated average life of the borrowings.

Our revolving credit facility also imposes certain conditions that may limit the amount of our distributions to stockholders. Distributions payable in our common stock under the DRIP are not limited by the revolving credit facility. Distributions in cash or property other than common stock are generally limited to 115% of the amount of distributions required to maintain our status as a RIC.

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SBA Debentures: On February 28, 2014, our wholly-owned subsidiary, MRCC SBIC, received a license from the SBA to operate as a SBIC under Section 301(c) of the Small Business Investment Act of 1958, as amended. MRCC SBIC commenced operations on September 16, 2013.

The SBIC license allows MRCC SBIC to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a leverage commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest only debentures with interest payable semi-annually and have a ten year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed on a semi-annual basis (pooling date) at a market-driven spread over U.S. Treasury Notes with 10-year maturities. The SBA, as a creditor, has a superior claim to MRCC SBIC s assets over our stockholders in the event we liquidate MRCC SBIC or the SBA exercises its remedies upon an event of default.

SBA regulations currently limit the amount that an individual SBIC may borrow to a maximum of $150.0 million when it has at least $75.0 million in regulatory capital, receives a leverage commitment from the SBA and has been through an audit examination by the SBA subsequent to licensing. The SBA also historically limited a related group of SBICs (commonly referred to as a family of funds) to a maximum of $225.0 million in total borrowings. On December 18, 2015, this family of funds limitation was raised to $350.0 million in total borrowings. As we have other affiliated SBICs already in operation, MRCC SBIC was historically limited to a maximum of $40.0 million in borrowings. Pursuant to the increase in the family of funds limitation, we submitted a commitment application to the SBA and on April 13, 2016 we were approved for $75.0 million in additional SBA-guaranteed debentures for MRCC SBIC for a total of $115.0 million in available debentures.

As of June 30, 2018, MRCC SBIC had $57.6 million in leverageable capital and $115.0 million in SBA-guaranteed debentures outstanding. As of December 31, 2017, MRCC SBIC had $57.6 million in leverageable capital and $109.5 million in SBA-guaranteed debentures outstanding.

As of June 30, 2018, MRCC SBIC had the following SBA-guaranteed debentures outstanding (dollars in thousands):

Maturity Date	Interest Rate	Amount
September 2024	3.4 %	$ 12,920
March 2025	3.3 %	14,800
March 2025	2.9 %	7,080
September 2025	3.6 %	5,200
March 2027	3.5 %	20,000
September 2027	3.2 %	32,100
March 2028	3.9 %	18,520
September 2028	3.3 %(1)	2,180
September 2028	3.4 %(1)	2,200
Total		$ 115,000

As of December 31, 2017, MRCC SBIC had the following SBA-guaranteed debentures outstanding (dollars in thousands):

Maturity Date	Interest Rate	Amount

September 2024	3.4 %	$ 12,920
March 2025	3.3 %	14,800
March 2025	2.9 %	7,080
September 2025	3.6 %	5,200
March 2027	3.5 %	20,000
September 2027	3.2 %	32,100
March 2028	2.5 %(1)	9,160
March 2028	2.6 %(1)	2,780
March 2028	2.7 %(1)	5,480
Total		$ 109,520

(1) Represents an interim rate of interest as the SBA-guaranteed debentures had not yet pooled.

On October 2, 2014, the Company was granted exemptive relief from the SEC for permission to exclude the debt of MRCC SBIC guaranteed by the SBA from the asset coverage test under the 1940 Act. The receipt of this exemption for this SBA-guaranteed debt increases flexibility under the asset coverage test.

Secured Borrowings: Certain partial loan sales do not qualify for sale accounting under Accounting Standards Codification (ASC) Topic 860 *Transfers and Servicing* (ASC Topic 860) because these sales do not 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 remain as an investment on the accompanying consolidated statements of assets and liabilities and the portion sold is recorded as a secured borrowing in the liabilities section of the consolidated statements of assets and liabilities. For these partial loan sales, the interest earned on the entire loan balance is recorded within interest income and the interest earned by the buyer in the partial loan sale is recorded within interest and other debt financing expenses in the accompanying consolidated statements of operations. As of June 30, 2018 and December 31, 2017, there were no secured borrowings.

Distribution Policy

Our Board will determine the timing and amount, if any, of our distributions. We intend to pay distributions on a quarterly basis. In order to avoid corporate-level tax on the income we distribute as a RIC, we must distribute to our stockholders at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, on an annual basis out of the assets legally available for such distributions. In addition, we also intend to distribute any realized net capital gains (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) at least annually out of the assets legally available for such distributions. Distributions to stockholders for the three and six months ended June 30, 2018, totaled $7.1 million ($0.35 per share) and $14.2 million ($0.70 per share), respectively. Distributions to stockholders for the three and six months ended June 30, 2017, totaled $7.1 million ($0.35 per share) and $12.9 million ($0.70 per share), respectively. The tax character of such distributions is determined at the end of the fiscal year. However, if the character of such distributions were determined as of June 30, 2018 and 2017, no portion of these distributions would have been characterized as a tax return of capital to stockholders.

We have adopted an opt out dividend reinvestment plan (DRIP) for our common stockholders. As a result, if we declare a distribution, our stockholders cash distributions will be automatically reinvested in additional shares of our common stock unless a stockholder specifically opts out of our DRIP. If a stockholder opts out, that stockholder will receive cash distributions. Although distributions paid in the form of additional shares of our common stock will generally be subject to U.S. federal, state and local taxes in the same manner as cash distributions, stockholders participating in our DRIP will not receive any corresponding cash distributions with which to pay any such applicable taxes.

MRCC Senior Loan Fund I, LLC

We co-invest with NLV Financial Corporation (NLV), in senior secured loans through SLF, an unconsolidated Delaware limited liability company. SLF is capitalized as underlying investment transactions are completed, taking into account available debt and equity commitments available for funding these investments. All portfolio and investment decisions in respect to SLF must be approved by the SLF investment committee, consisting of one representative of each of us and NLV. SLF may cease making new investments upon notification of either member, but operations will continue until all investments have been sold or paid-off in the normal course of business. Investments held by SLF are measured at fair value using the same valuation methodologies as described below. The

Company s investment is illiquid in nature as SLF does not allow for withdrawal from the LLC or the sale of a member s interest unless approved by the board of members of SLF. The full withdrawal of a member would result in an orderly wind-down of SLF.

SLF s profits and losses are allocated to us and NLV in accordance with the respective ownership interests. As of both June 30, 2018 and December 31, 2017, we and NLV each owned 50.0% of the LLC equity interests of SLF. As of June 30, 2018, SLF had $100.0 million in equity commitments from its members (in the aggregate), of which $35.7 million was funded. As of December 31, 2017, SLF had $100.0 million in commitments from its members (in the aggregate), of which $19.0 million was funded.

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As of both June 30, 2018 and December 31, 2017, we have committed to fund $50.0 million of LLC equity interest subscriptions to SLF. As of June 30, 2018 and December 31, 2017, $17.9 million and $9.5 million of our LLC equity interest subscriptions to SLF had been called and contributed, net of return of capital distributions subject to recall, respectively.

For the three and six months ended June 30, 2018, we received $0.3 million and $0.5 million dividend income from the SLF LLC equity interests, respectively. For the three and six months ended June 30, 2017, we did not receive dividend income from the SLF LLC equity interests, as we did not make its investment in SLF until November 2017.

SLF has entered into a senior secured revolving credit facility (as amended, the SLF Credit Facility) with Capital One, N.A., through its wholly-owned subsidiary MRCC Senior Loan Fund I Financing SPV, LLC (SLF SPV), which as of June 30, 2018 allowed SLF SPV to borrow up to $100.0 million at any one time, subject to leverage and borrowing base restrictions. Borrowings under the SLF Credit Facility bear interest at an annual rate of LIBOR (three-month) plus 2.25%. The maturity date on the SLF Credit Facility is March 22, 2023.

SLF does not pay any fees to MC Advisors or its affiliates; however, SLF has entered into an administration agreement with MC Management, pursuant to which certain loan servicing and administrative functions are delegated to MC Management. SLF may reimburse MC Management for its allocable share of overhead and other expenses incurred by MC Management. No such expenses have been incurred or charged to SLF through June 30, 2018. There are no agreements or understandings by which we guarantee any SLF obligations.

As of June 30, 2018 and December 31, 2017, SLF had total assets at fair value of $98.6 million and $41.6 million, respectively. As of June 30, 2018 and December 31, 2017, SLF had zero and zero portfolio company investments on non-accrual status, respectively. The portfolio companies in SLF are in industries and geographies similar to those in which we may invest directly. Additionally, as of June 30, 2018 and December 31, 2017, SLF had commitments to fund various undrawn revolving credit and delayed draw loans to its portfolio companies totaling $5.2 million and $2.1 million, respectively.

Below is a summary of SLF s portfolio, followed by a listing of the individual investments in SLF s portfolio as of June 30, 2018 and December 31, 2017 (in thousands):

	As of			
	June 30, 2018		December 31, 2017	
Senior secured loans[1]	94,729		29,438	
Weighted average current interest rate on senior secured loans[2]	7.5	%	7.1	%
Number of borrowers in SLF	28		8	

(1) Represents outstanding principal amount, excluding unfunded commitments.

(2) Computed as the (a) annual stated interest rate on accruing senior secured loans divided by (b) total senior secured loans at outstanding principal amount.

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MRCC SENIOR LOAN FUND I, LLC
CONSOLIDATED SCHEDULE OF INVESTMENTS
(unaudited)
June 30, 2018
(in thousands)

Portfolio Company[(a)]	Spread Above Index[(b)]	Interest Rate[(b)]	Maturity	Principal	Fair Value
Non-Controlled/Non-Affiliate Company Investments					
Senior Secured Loans					
Aerospace & Defense					
MAG Aerospace Industries, Inc.[(c)]	L+4.75%	6.84 %	6/06/2025	3,300	$ 3,292
The KEYW Corporation	L+4.50%	6.53 %	5/08/2024	1,600	1,614
				4,900	4,906
Automotive					
Wheel Pros, LLC	L+4.75%	6.75 %	4/04/2025	4,000	3,990
				4,000	3,990
Banking, Finance, Insurance & Real Estate					
MTC Intermediate Holdco, Inc.	L+4.75%	6.84 %	1/30/2023	4,988	4,988
Zenith Merger Sub, Inc	L+5.50%	7.83 %	12/13/2023	3,731	3,731
				8,719	8,719
Beverage, Food & Tobacco					
Il Fornaio (America) Corporation	L+6.50%	8.59 %	11/10/2022	4,947	4,944
US Salt, LLC	L+4.75%	6.84 %	11/30/2023	3,491	3,491
				8,438	8,435
Capital Equipment					
Analogic Corp	L+6.00%	8.08 %	6/24/2024	5,000	4,950
				5,000	4,950
Chemicals, Plastics & Rubber					
Loparex International B.V.	L+4.25%	6.58 %	4/11/2025	500	503
Peach State Labs, LLC	L+6.25%	8.24 %	6/30/2021	2,869	2,891
				3,369	3,394
Construction & Building					
Fastener Acquisition, Inc.	L+4.25%	6.34 %	3/18/2025	1,330	1,333
				1,330	1,333
Consumer Goods: Durable					
International Textile Group, Inc.	L+5.00%	6.98 %	5/1/2024	1,875	1,889
				1,875	1,889
Consumer Goods: Non-Durable					
Solaray, LLC	L+6.50%	8.82 %	9/11/2023	1,617	1,617
Solaray, LLC (Delayed Draw)[(d)]	L+6.50%	8.82 %	9/11/2023	1,873	1,185

				3,490	2,802
Containers, Packaging & Glass					
Port Townsend Holdings Company, Inc.	L+4.75%	6.75 %	4/03/2024	4,407	4,412
				4,407	4,412
Healthcare & Pharmaceuticals					
LSCS Holdings, Inc.	L+4.25%	6.34 %	3/17/2025	2,793	2,793

Portfolio Company[(a)]	Spread Above Index[(b)]	Interest Rate[(b)]	Maturity	Principal	Fair Value
LSCS Holdings, Inc. (Delayed Draw)[(d)]	L+4.25%	6.34%	3/17/2025	700	553
Radiology Partners Holdings, LLC	P+4.75%	9.75%	12/04/2023	2,092	2,099
Radiology Partners Holdings, LLC (Delayed Draw)[(d)]	P+4.75%	9.75%	12/04/2023	775	
Solara Medical Supplies, LLC	L+6.00%	8.31%	5/31/2023	5,714	5,717
Solara Medical Supplies, LLC (Delayed Draw)[(d)]	L+6.00%	8.31%	5/31/2023	1,071	
Solara Medical Supplies, LLC (Revolver)[(d)]	L+6.00%	8.31%	5/31/2023	714	
				13,859	11,162
High Tech Industries					
Corel Corporation[(c)]	L+5.00%	7.09%	6/04/2024	2,500	2,512
Gigamon, Inc.	L+4.50%	6.83%	12/27/2024	2,985	3,011
				5,485	5,523
Media: Diversified & Production					
Research Now Group, Inc. and Survey Sampling International, LLC	L+5.50%	7.86%	12/20/2024	6,965	6,861
				6,965	6,861
Services: Business					
CHA Holdings, Inc.	L+4.50%	6.58%	4/10/2025	2,054	2,059
CHA Holdings, Inc. (Delayed Draw)[(d)]	L+4.50%	6.58%	4/10/2025	446	
Engage2Excel, Inc.	L+6.50%	8.63%	3/07/2023	4,364	4,392
Engage2Excel, Inc. (Revolver)[(d)]	L+6.50%	8.55%	3/07/2023	545	36
GI Revelation Acquisition LLC	L+5.00%	7.09%	4/16/2025	1,400	1,413
Output Services Group, Inc.	L+4.25%	6.34%	3/27/2024	4,135	4,176
Output Services Group, Inc. (Delayed Draw)[(d)]	L+4.25%	6.34%	3/27/2024	855	
				13,799	12,076
Services: Consumer					
EWC Ventures, LLC	L+5.50%	7.59%	1/18/2023	3,333	3,342
LegalZoom.com, Inc.	L+4.50%	6.59%	11/21/2024	1,990	2,002
				5,323	5,344
Telecommunications					
Mavenir Systems, Inc.	L+6.00%	8.03%	5/08/2025	4,000	4,010
				4,000	4,010
Wholesale					
BMC Acquisition, Inc.	L+5.25%	7.70%	12/30/2024	4,975	5,012
				4,975	5,012
TOTAL INVESTMENTS					**$94,818**

(a) All investments are U.S. companies, except Loparex International B.V.

(b) The majority of investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (LIBOR or L) or Prime Rate (Prime or P) which reset daily, quarterly or semiannually. The Compa has provided the spread over LIBOR or Prime and the current contractual rate of interest in effect at June 30, 2018. Certain investments are subject to a LIBOR or Prime interest rate floor.

(c) Investment position or portion thereof unsettled as of June 30, 2018.

(d) All or a portion of this commitment was unfunded as of June 30, 2018. Principal reflects the commitment outstanding.

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MRCC SENIOR LOAN FUND I, LLC
SCHEDULE OF INVESTMENTS
December 31, 2017
(in thousands)

Portfolio Company[(a)]	Spread Above Index[(b)]	Interest Rate[(b)]	Maturity	Principal	Fair Value
Non-Controlled/Non-Affiliate Company Investments					
Senior Secured Loans					
Banking, Finance, Insurance & Real Estate					
Clearent Holdings LLC and Clearent, LLC[(c)]	P+3.75 %	8.25 %	1/02/2024	1,056	$ 1,045
Clearent Holdings LLC and Clearent, LLC[(c)]	P+3.75 %	8.25 %	1/02/2024	1,257	1,244
Clearent Holdings LLC and Clearent, LLC[(c) (d)]	P+3.75 %	8.25 %	1/02/2024	208	
				2,521	2,289
Beverage, Food & Tobacco					
Il Fornaio (America) Corporation	L+6.50 %	8.07 %	11/10/2022	5,000	5,008
US Salt, LLC[(c)]	L+4.75 %	6.18 %	11/30/2023	3,500	3,500
				8,500	8,508
Consumer Goods: Non-Durable					
Solaray, LLC	L+6.50 %	8.02 %	9/11/2023	1,625	1,625
Solaray, LLC (Delayed Draw)[(d)]	L+6.50 %	8.02 %	9/11/2023	1,875	
				3,500	1,625
High Tech Industries					
Gigamon, Inc.[(c)]	L+4.50 %	6.03 %	12/27/2024	3,000	2,985
				3,000	2,985
Media: Diversified & Production					
Research Now Group, Inc. and Survey Sampling International, LLC[(c)]	L+5.50 %	7.13 %	12/20/2024	7,000	6,714
				7,000	6,714
Services: Consumer					
LegalZoom.com, Inc.[(c)]	L+4.50 %	5.94 %	11/21/2024	2,000	2,005
				2,000	2,005
Wholesale					
BMC Acquisition, Inc.[(c)]	L+5.25 %	6.94 %	12/28/2024	5,000	5,000
				5,000	5,000
TOTAL INVESTMENTS					**$ 29,126**

(a) All investments are U.S. companies.

(b) The majority of investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (LIBOR or L) or Prime Rate (Prime or P) which reset daily, quarterly or semiannually. The Compa has provided the spread over LIBOR or Prime and the current contractual rate of interest in effect at December 31,

2017. Certain investments are subject to a LIBOR or Prime interest rate floor.

(c) Investment position or portion thereof unsettled as of December 31, 2017.

(d) All or a portion of this commitment was unfunded as of December 31, 2017. Principal reflects the commitment outstanding.

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Below is certain summarized financial information for SLF as of June 30, 2018 and December 31, 2017 and for the three and six months ended June 30, 2018 and 2017 (dollars in thousands):

	June 30, 2018 (unaudited)	December 31, 2017
Assets		
Investments, at fair value	$ 94,818	$ 29,126
Cash	471	12,504
Restricted cash	3,074	
Interest receivable	264	11
Total assets	$ 98,627	$ 41,641
Liabilities		
Revolving credit facility	$ 56,412	$
Less: Unamortized deferred financing costs	(1,244)	
Total debt, less unamortized deferred financing costs	55,168	
Payable for open trades	5,742	22,304
Interest payable	223	
Accounts payable and accrued expenses	108	57
Total liabilities	61,241	22,361
Members capital	37,386	19,280
Total liabilities and members capital	$ 98,627	$ 41,641

	Three months ended June 30,		Six months ended June 30,	
	2018 (unaudited)	2017(1)	2018 (unaudited)	2017(1)
Investment income:				
Interest income	$ 1,399	$	$ 2,179	$
Total investment income	1,399		2,179	
Expenses:				
Interest and other debt financing expenses	605		649	
Organizational costs	5		11	
Professional fees	22		62	
Total expenses	632		722	
Net investment income (loss)	767		1,457	
Net gain (loss) on investments:				
Net change in unrealized gain (loss) on investments	454		999	
Net gain (loss) on investments	454		999	
Net increase (decrease) in members capital	$ 1,221	$	$ 2,456	$

(1) SLF commenced operations on November 14, 2017.

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Related Party Transactions

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

We have an Investment Advisory and Management Agreement with MC Advisors, an investment advisor registered with the SEC, to manage our day-to-day operating and investing activities. We pay MC Advisors a fee for its services under the Investment Advisory and Management Agreement consisting of two components a base management fee and an incentive fee. See Note 6 to our consolidated financial statements and Significant Accounting Estimates and Critical Accounting Policies *Capital Gains Incentive Fee* for additional information.
We have an Administration Agreement with MC Management to provide us with the office facilities and administrative services necessary to conduct our day-to-day operations. See Note 6 to our consolidated financial statements for additional information.
SLF has an Administration Agreement with MC Management to provide SLF with certain loan servicing and administrative functions. SLF may reimburse MC Management for its allocable share of overhead and other expenses incurred by MC Management. No such expenses have been incurred or charged to SLF through June 30, 2018.
Theodore L. Koenig, our Chief Executive Officer and Chairman of our Board is also a manager of MC Advisors and the President and Chief Executive Officer of MC Management. Aaron D. Peck, our Chief Financial Officer and Chief Investment Officer, serves as a director on our Board and is also a managing director of MC Management.
We have a license agreement with Monroe Capital LLC, under which Monroe Capital LLC has agreed to grant us a non-exclusive, royalty-free license to use the name Monroe Capital for specified purposes in our business.
In addition, we have adopted a formal code of ethics that governs the conduct of MC Advisors officers, directors and employees. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and Maryland General Corporation Law.

Contractual Obligations and Off-Balance Sheet Arrangements

The following table shows our significant contractual payment obligations for repayment as of December 31, 2017 (dollars in thousands):

	Total	Less than 1 year	1 3 years	3 5 years	More than 5 years
Revolving credit facility	$ 117,092	$	$ 117,092	$	$
SBA guaranteed debentures payable	109,520				109,520
Unfunded commitments(1)	41,238	41,238			
Total contractual obligations	$ 267,850	$ 41,238	$ 117,092	$	$ 109,520

(1) Unfunded commitments represent all amounts unfunded, excluding our investments in SLF, as of December 31, 2017. These amounts may or may not be funded to the borrowing party now or in the future. The unfunded commitments relate to loans with various maturity dates, but we are showing this amount in the less than one year category as this entire amount was eligible for funding to the borrowers as of December 31, 2017.

We may become a party to financial instruments with off-balance sheet risk in the normal course of our business to meet the financial needs of our portfolio companies. These instruments may include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the consolidated statements of assets and liabilities.

If any of the contractual obligations discussed above are terminated, our costs under any new agreements that we enter into may increase.

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Commitments and Contingencies

As of June 30, 2018 and December 31, 2017, we had $38.4 million and $41.2 million, respectively, in outstanding commitments to fund investments under undrawn revolvers, capital expenditure loans and delayed draw commitments. As described in Note 3, we had commitments up to $32.1 million and $40.5 million, respectively, to SLF, as of June 30, 2018 and December 31, 2017 that may be contributed primarily for the purpose of funding new investments approved by the SLF investment committee. Drawdowns of the commitments to SLF require explicit authorization of our representatives on SLF s board of managers. Additionally, we have entered into certain contracts with other parties that contain a variety of indemnifications. Our maximum exposure under these arrangements is unknown. However, we have not experienced claims or losses pursuant to these contracts and believe the risk of loss related to such indemnifications to be remote.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Market Trends

We have identified the following trends that may affect our business:

Target Market: We believe that small and middle-market companies in the U.S. with annual revenues between $10.0 million and $2.5 billion represent a significant growth segment of the U.S. economy and often require substantial capital investments to grow. Middle-market companies have generated a significant number of investment opportunities for investment funds managed or advised by Monroe Capital, and we believe that this market segment will continue to produce significant investment opportunities for us.

Specialized Lending Requirements: We believe that several factors render many U.S. financial institutions ill-suited to lend to U.S. middle-market companies. For example, based on the experience of our management team, lending to U.S. middle-market companies (1) is generally more labor intensive than lending to larger companies due to the smaller size of each investment and the fragmented nature of information for such companies, (2) requires due diligence and underwriting practices consistent with the demands and economic limitations of the middle-market and (3) may also require more extensive ongoing monitoring by the lender.

Demand for Debt Capital: We believe there is a large pool of uninvested private equity capital for middle-market companies. We expect private equity firms will seek to leverage their investments by combining equity capital with senior secured loans and mezzanine debt from other sources, such as us.

Competition from Other Lenders: We believe that many traditional bank lenders, in recent years, de-emphasized their service and product offerings to middle-market businesses in favor of lending to large corporate clients and managing capital market transactions. In addition, many commercial banks face significant balance sheet constraints as they seek to build capital and meet future regulatory capital requirements. These factors may result in opportunities for alternative funding sources to middle-market companies and therefore drive increased new investment opportunities for us. Conversely, there is increased competitive pressure in the BDC and investment company marketplace for senior and subordinated debt which could result in lower yields for increasingly riskier assets.

Pricing and Deal Structures: We believe that the volatility in global markets over the last several years and current macroeconomic issues such as a weakened U.S. economy has reduced access to, and availability of, debt capital to middle-market companies, causing a reduction in competition and generally more favorable capital structures and deal terms. Recent capital raises in the BDC and investment company marketplace have created increased competition; however, we believe that current market conditions may continue to create favorable opportunities to invest at attractive risk-adjusted returns.

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Significant Accounting Estimates and Critical Accounting Policies

Revenue Recognition

We record interest and fee income on an accrual basis to the extent that we expect to collect such amounts. For loans and debt securities with contractual PIK interest, we do not accrue PIK interest if the portfolio company valuation indicates that such PIK interest is not collectible. We do not accrue as a receivable interest on loans and debt securities if we have reason to doubt our ability to collect such interest. Loan origination fees, original issue discount and market discount or premium are capitalized, and we then amortize such amounts using the effective interest method as interest income over the life of the investment. Upon the prepayment of a loan or debt security, any unamortized premium or discount or loan origination fees are recorded as interest income. We record prepayment premiums on loans and debt securities as interest income when we receive such amounts. Interest income is accrued based upon the outstanding principal amount and contractual terms of debt and preferred equity investments. Interest is accrued on a daily basis. All other income is recorded into income when earned. We record fees on loans based on the determination of whether the fee is considered a yield enhancement or payment for a service. If the fee is considered a yield enhancement associated with a funding of cash on a loan, the fee is generally deferred and recognized into interest income using the effective interest method if captured in the cost basis or using the straight-line method if the loan is unfunded and therefore there is no cost basis. If the fee is not considered a yield enhancement because a service was provided, and the fee is payment for that service, the fee is deemed earned and recognized as fee income in the period earned.

Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies. Each distribution received from limited liability company (LLC) and limited partnership (LP) investments is evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, we will not record distributions from equity investments in LLCs and LPs as dividend income unless there are sufficient accumulated tax-basis earnings and profits in the LLC or LP prior to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment.

Valuation of Portfolio Investments

As a BDC, we generally invest in illiquid securities including debt and, to a lesser extent, equity securities of middle-market companies. Under procedures established by our Board, we value investments for which market quotations are readily available and within a recent date at such market quotations. We obtain these market values from an independent pricing service or at the mean between the bid and ask prices obtained from at least two brokers or dealers (if available, otherwise by a principal market maker or a primary market dealer). When doing so, we determine whether the quote obtained is sufficient in accordance with generally accepted accounting principles in the United States of America (GAAP) to determine the fair value of the security. Debt and equity securities that are not publicly traded or whose market prices are not readily available or whose market prices are not regularly updated are valued at fair value as determined in good faith by our Board. Such determination of fair values may involve subjective judgments and estimates. Investments purchased within 60 days of maturity are valued at cost plus accreted discount, or minus amortized premium, which approximates fair value.

Our Board is ultimately and solely responsible for determining the fair value of the portfolio investments that are not publicly traded, whose market prices are not readily available on a quarterly basis in good faith or any other situation where portfolio investments require a fair value determination. Because we expect that there will not be a readily available market for many of the investments in our portfolio, we expect to value many of our portfolio investments at fair value as determined in good faith by our Board using a documented valuation policy and a consistently applied valuation process. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

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

- the quarterly valuation process begins with each portfolio company or investment being initially evaluated and rated by the investment professionals responsible for the credit monitoring of the portfolio investment;
- preliminary valuation conclusions are then documented and discussed with the investment committee;
- our Board engages one or more independent valuation firm(s) to conduct fair value appraisals of material investments for which market quotations are not readily available. These fair value appraisals for material investments are received at least once in every calendar year for each portfolio company investment, but are generally received quarterly;
- our audit committee of the Board reviews the preliminary valuations of MC Advisors and of the independent valuation firm(s) and responds and supplements the valuation recommendations to reflect any comments; and
- our Board discusses these valuations and determines the fair value of each investment in the portfolio in good faith, based on the input of MC Advisors, the independent valuation firm(s) and the audit committee.

The Board, together with our independent valuation firms, generally uses the income approach to determine fair value for loans where market quotations are not readily available, as long as it is appropriate. If there is deterioration in credit quality or a debt investment is in workout status, we may consider other factors in determining the fair value, including the value attributable to the debt investment from the enterprise value of the portfolio company under the market approach or the proceeds that would be received in a liquidation analysis. We generally consider our debt to be performing if the borrower is not in default, the borrower is remitting payments in a timely manner; the loan is in covenant compliance or is otherwise not deemed to be impaired. In determining the fair value of the performing debt, we consider fluctuations in current interest rates, the trends in yields of debt instruments with similar credit ratings, financial condition of the borrower, economic conditions and other relevant factors, both qualitative and quantitative. In the event that a debt instrument is not performing, as defined above, we will evaluate the value of the collateral utilizing the same framework described above for a performing loan to determine the value of the loan.

Under the income approach, we utilize discounted cash flow models to determine the present value of the future cash flow streams of our debt investments, based on future interest and principal payments as set forth in the associated loan agreements. In determining fair value under the income approach, we also consider the following factors: applicable market yields and leverage levels, credit quality, prepayment penalties, the nature and realizable value of any collateral, the portfolio company s ability to make payments, and changes in the interest rate environment and the credit markets that generally may affect the price at which similar investments may be made.

Under the market approach, we typically use the enterprise value methodology to determine the fair value of an investment. There is no one methodology to estimate enterprise value and, in fact, for any one portfolio company, enterprise value is generally best expressed as a range of values, from which we derive a single estimate of enterprise value. In estimating the enterprise value of a portfolio company, we analyze various factors consistent with industry practice, including but not limited to original transaction multiples, the portfolio company s historical and projected financial results, applicable market trading and transaction comparables, applicable market yields and leverage levels, the nature and realizable value of any collateral, the markets in which the portfolio company does business, and comparisons of financial ratios of peer companies that are public. Typically, the enterprise values of private companies are based on multiples of earnings before interest, income taxes, depreciation and amortization (EBITDA), cash flows, net income, revenues, or in limited cases, book value.

In addition, for certain debt investments, we may base our valuation on indicative bid and ask prices provided by an independent third-party pricing service. Bid prices reflect the highest price that we and others

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may be willing to pay. Ask prices represent the lowest price that we and others may be willing to accept. We generally use the midpoint of the bid/ask range as our best estimate of fair value of such investment.

Net Realized Gains or Losses and Net Change in Unrealized Gain or Loss

We measure realized gains or losses by the difference between the net proceeds from the sale and the amortized cost basis of the investment, without regard to unrealized gain or loss previously recognized. Net change in unrealized gain or loss reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized gain or loss, when gains or losses are realized. Additionally, we do not isolate the portion of the change in fair value resulting from foreign currency exchange rate fluctuations from the changes in fair values of the underlying investment. All fluctuations in fair value are included in net change in unrealized gain (loss) on investments in fair value on our consolidated statements of operations. We report changes in the fair value of secured borrowings that are measured at fair value as a component of the net change in unrealized gain (loss) on secured borrowings in the consolidated statements of operations. The impact resulting from changes in foreign exchange rates on the revolving credit facility borrowings is included in change in unrealized gain (loss) on foreign currency borrowings.

Capital Gains Incentive Fee

Pursuant to the terms of the Investment Advisory and Management Agreement with MC Advisors, the incentive fee on capital gains earned on liquidated investments of our portfolio is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment advisory and administrative services agreement). This fee equals 20% of our incentive fee capital gains (i.e., our realized capital gains on a cumulative basis from inception, calculated as of the end of the applicable period, net of all realized capital losses and unrealized capital depreciation on a cumulative basis), less the aggregate amount of any previously paid capital gains incentive fees. On a quarterly basis, we accrue for the capital gains incentive fee by calculating such fee as if it were due and payable as of the end of such period.

While the Investment Advisory and Management Agreement with MC Advisors neither includes nor contemplates the inclusion of unrealized gains in the calculation of the capital gains incentive fee, pursuant to an interpretation of an American Institute for Certified Public Accountants Technical Practice Aid for investment companies, we include unrealized gains in the calculation of the capital gains incentive fee expense and related accrued capital gains incentive fee. This accrual reflects the incentive fees that would be payable to MC Advisors if our entire portfolio was liquidated at its fair value as of the balance sheet date even though MC Advisors is not entitled to an incentive fee with respect to unrealized gains unless and until such gains are actually realized.

During the three and six months ended June 30, 2018, we did not accrue capital gains incentive fees. During the three and six months ended June 30, 2017, we had a reduction in accrued capital gains incentive fees of zero and $0.2 million, respectively, primarily as a result of net declines in portfolio valuations during the period.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606) (ASU 2014-09). The core principle of ASU 2014-09 is that 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. To achieve that core principle, an entity should apply the following steps: Step 1: Identify the contract(s) with a customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

ASU 2014-09 also specified the accounting for some costs to obtain or fulfill a contract with a customer. In addition, ASU 2014-09 requires that an entity disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The initial effective date of ASU 2014-09 was for fiscal periods beginning after

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December 15, 2016. However, in August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers* (ASC Topic 606): *Deferral of the Effective Date*, which deferred the effective date to fiscal periods beginning after December 15, 2017. We have adopted ASU 2014-09, and the adoption did not have a material impact on our consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments *Overall* (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01). ASU 2016-01 retains many current requirements for the classification and measurement of financial instruments; however, it significantly revises an entity s accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. ASU 2016-01 also amends certain disclosure requirements associated with the fair value of financial instruments. This guidance is effective for annual and interim periods beginning after December 15, 2017, and early adoption is not permitted for public business entities. We have adopted ASU 2016-01, and the adoption did not have a material impact on our consolidated financial statements for the periods presented.

Quantitative and Qualitative Disclosures about Market Risk

We are subject to financial market risks, including changes in interest rates. The majority of the loans in our portfolio have floating interest rates, and we expect that our loans in the future may also have floating interest rates. These loans are usually based on a floating LIBOR and typically have interest rate re-set provisions that adjust applicable interest rates under such loans to current market rates on a monthly or quarterly basis. The majority of the loans in our current portfolio have interest rate floors which have effectively converted the loans to fixed rate loans in the current interest rate environment. In addition, our credit facility has a floating interest rate provision and we expect that other credit facilities into which we enter in the future may have floating interest rate provisions.

Assuming that the consolidated statement of financial condition as of June 30, 2018 were to remain constant and that we took no actions to alter our existing interest rate sensitivity, the following table shows the annualized impact of hypothetical base rate changes in interest rates.

Change in Interest Rates	Increase (decrease) in interest income	Increase (decrease) in interest expense	Net increase (decrease) in net investment income
	(in thousands)		
Down 25 basis points	$(1,067)	$(314)	$(753)
Up 100 basis points	4,429	1,255	3,174
Up 200 basis points	8,995	2,510	6,485
Up 300 basis points	13,561	3,765	9,796

Although we believe that this analysis is indicative of our existing sensitivity to interest rate changes, it does not adjust for changes in the credit market, credit quality, the size and composition of the assets in our portfolio and other business developments, including borrowing under the credit facility or other borrowings that could affect net increase in net assets resulting from operations, or net income. Accordingly, we can offer no assurances that actual results would not differ materially from the analysis above.

We may in the future hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts to the extent permitted under the 1940 Act and applicable commodities laws. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of lower interest rates with respect to the investments in our portfolio with fixed interest rates or interest rate floors.

We may also have exposure to foreign currencies (currently the Great Britain pound) related to certain investments. Such investments are translated into U.S. dollars based on the spot rate at each balance sheet date, exposing us to movements in the exchange rate. In order to reduce our exposure to fluctuations in exchange rates, we generally borrow in Great Britain pounds under our revolving credit facility to finance such investments. As of June 30, 2018, we have non-U.S. dollar borrowings denominated in Great Britain pounds of £14.8 million ($19.5 million U.S. dollars) outstanding under the revolving credit facility.

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PLAN OF DISTRIBUTION

We have entered into separate equity distribution agreements, each dated May 12, 2017, with each of B. Riley FBR, Inc., as successor by merger to FBR Capital Markets & Co. (B. Riley FBR), and JMP Securities LLC (JMP Securities). JMP Securities and B. Riley FBR will each act as our sales agent in connection with the offer and sale of shares of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Upon written instructions from us, a Sales Agent will use its commercially reasonable efforts consistent with its sales and trading practices to sell, as our sales agent, our common stock under the terms and subject to the conditions set forth in the respective equity distribution agreement. We will instruct the Sales Agent as to the amount of common stock to be sold by it. We may instruct the Sales Agent not to sell common stock if the sales cannot be effected at or above the price designated by us in any instruction. The sales price per share of our common stock offered by this prospectus supplement and the accompanying prospectus, less the Sales Agent s commission, may be less than the net asset value per share of our common stock at the time of such sale. We or the Sales Agent may suspend the offering of shares of common stock upon proper notice and subject to other conditions.

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be at the market offerings, as defined in Rule 415 under the Securities Act.

The Sales Agent will provide written confirmation of a sale to us no later than the opening of the trading day on The Nasdaq Global Select Market following each trading day in which shares of our common stock are sold under the equity distribution agreement. Each confirmation will include the number of shares of common stock sold on the preceding day, the net proceeds to us and the compensation payable by us to the Sales Agent in connection with the sales.

Under the terms of the equity distribution agreements, B. Riley FBR and JMP Securities will be entitled to compensation of up to 2.0% of the gross sales price of shares of our common stock sold through them as sales agents. We estimate that the total expenses for the offering, excluding compensation payable to the Sales Agents under the terms of each equity distribution agreement, will be approximately $250,000 (including up to an aggregate of $25,000 in reimbursement of the Sales Agents counsel fees).

Settlement for sales of shares of common stock will occur on the third trading day following the date on which such sales are made, or on some other date that is agreed upon by us and the Sales Agent in connection with a particular transaction, in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

We will report at least quarterly the number of shares of our common stock sold through the Sales Agents under the equity distribution agreements and the net proceeds to us.

In connection with the sale of the common stock on our behalf, the Sales Agents will be deemed to be an underwriter within the meaning of the Securities Act, and the compensation of the Sales Agents will be deemed to be underwriting commissions or discounts. We have agreed to provide indemnification and contribution to the Sales Agents with respect to certain civil liabilities, including liabilities under the Securities Act.

The offering of our shares of common stock pursuant to the equity distribution agreement will terminate upon the earlier of (i) the sale of all common stock subject to the equity distribution agreement or (ii) the termination of the equity distribution agreements as permitted therein.

The principal business address of B. Riley FBR, Inc. is 299 Park Avenue, 7th Floor, New York, NY 10017. The principal business address of JMP Securities LLC is 600 Montgomery Street, San Francisco, CA 94111.

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SALE OF COMMON STOCK BELOW NET ASSET VALUE

On June 20, 2018, our stockholders authorized us, subject to approval of our board of directors and certain limitations set forth below, to sell or otherwise issue shares of our common stock at a discount from net asset value per share for a period of twelve months. In order to sell shares pursuant to this authorization a majority of our directors who have no financial interest in the sale or issuance and a majority of our independent directors must (a) find that the sale or issuance is in our best interests and in the best interests of our stockholders, and (b) in consultation with any underwriter or underwriters of the offering, make a good faith determination as of a time either immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares, or immediately prior to the issuance of such shares, that the price at which such shares are to be sold or otherwise issued is not less than a price which closely approximates the market value of such shares, less any distributing commission or discount. Any offering of common stock below net asset value per share will be designed to raise capital for investment in accordance with our investment objective. For additional information, see Sales of Common Stock Below Net Asset Value in the accompanying prospectus.

Our net asset value per share as of June 30, 2018 (the last date prior to the date of this prospectus supplement on which we determined net asset value) was $13.35.

In making a determination that an offering of common stock at a price below its net asset value per share is in our and our stockholders best interests, our board of directors would consider a variety of factors, including:

The effect that an offering below net asset value per share would have on our stockholders, including the potential dilution they would experience as a result of the offering;
The amount per share by which the offering price per share and the net proceeds per share are less than the most recently determined net asset value per share;
The relationship of recent market prices of our common stock to net asset value per share and the potential impact of the offering on the market price per share of our common stock;
Whether the estimated offering price would closely approximate the market value of our shares, less distributing commissions or discounts, and would not be below current market price;
The potential market impact of being able to raise capital in the current financial market;
The nature of any new investors anticipated to acquire shares in the offering;
The anticipated rate of return on and quality, type and availability of investments;
The leverage available to us, both before and after the offering and other borrowing terms; and
The potential investment opportunities available relative to the potential dilutive effect of additional capital at the time of the offering.

Our board of directors will also consider the fact that a sale of shares of common stock at a discount will benefit MC Advisors, as MC Advisors will earn additional investment management fees on the proceeds of such offerings, as it would from the offering of any of our other securities or from the offering of common stock at a premium to net asset value per share.

Sales or other issuances by us of our common stock at a discount from net asset value pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering. Any sale of common stock at a price below net asset value per share will result in an immediate dilution to many of our existing common stockholders even if they participate in such sale. See Risk Factors If we sell common stock at a discount to our net asset value per share, stockholders who do not participate in such sale will experience immediate dilution in an amount that may be material in the accompanying prospectus.

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LEGAL MATTERS

Certain legal matters regarding the shares of common stock offered by this prospectus supplement will be passed upon for us by Nelson Mullins Riley & Scarborough LLP, Washington, D.C. Nelson Mullins Riley & Scarborough LLP also represents MC Advisors. Certain legal matters in connection with the offering will be passed upon for the Sales Agents by Duane Morris LLP, New York, New York.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements, the effectiveness of internal control over financial reporting and the related senior securities table appearing in the Annual Report on Form 10-K and in the accompanying prospectus have been audited by RSM US LLP, an independent registered public accounting firm located at One South Wacker Drive, Suite 800, Chicago, IL 60606, as stated in their reports appearing elsewhere therein, and are included in reliance upon such reports and upon the authority of such firm as experts in accounting and auditing.

AVAILABLE INFORMATION

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

We file with or submit to the SEC annual, quarterly and current reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the SEC s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We maintain a website at *www.monroebdc.com* and make all of our annual, quarterly and current reports, proxy statements and other publicly filed information available, free of charge, on or through our website. Information contained on our website is not incorporated into this prospectus supplement and accompanying prospectus, and you should not consider information on our website to be part of this prospectus supplement and the accompanying prospectus. You may also obtain such information by contacting us in writing at 311 South Wacker Drive, Suite 6400, Chicago, Illinois 60606, Attention: Investor Relations. The SEC maintains a website that contains reports, proxy and information statements and other information we file with the SEC at *www.sec.gov*. Copies of these reports, proxy and information statements and other information may also be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: *publicinfo@sec.gov*, or by writing the SEC s Public Reference Section, 100 F Street, NE, Washington, D.C. 20549.

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MONROE CAPITAL CORPORATION

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(in thousands, except per share data)

	June 30, 2018 (unaudited)	December 31, 2017
ASSETS		
Investments, at fair value:		
Non-controlled/non-affiliate company investments	$425,220	$425,747
Non-controlled affiliate company investments	54,322	58,751
Controlled affiliate company investments	18,693	9,640
Total investments, at fair value (amortized cost of: $522,734 and $507,580, respectively)	498,235	494,138
Cash	2,779	4,332
Restricted cash	4,252	2,867
Interest receivable	7,239	5,335
Other assets	1,098	760
Total assets	513,603	507,432
LIABILITIES		
Debt:		
Revolving credit facility	125,496	117,092
SBA debentures payable	115,000	109,520
Total debt	240,496	226,612
Less: Unamortized deferred financing costs	(4,462)	(4,670)
Total debt, less unamortized deferred financing costs	236,034	221,942
Interest payable	1,657	1,535
Management fees payable	2,202	2,064
Incentive fees payable	990	1,157
Accounts payable and accrued expenses	2,012	2,035
Total liabilities	242,895	228,733
Net assets	$270,708	$278,699
Commitments and contingencies (See Note 10)		
ANALYSIS OF NET ASSETS		
Common stock, $0.001 par value, 100,000 shares authorized, 20,279 and 20,240 shares issued and outstanding, respectively	$20	$20
Capital in excess of par value	286,651	286,141
Undistributed net investment income (accumulated distributions in excess of net investment income)	8,907	6,707
	(369)	(372)

Accumulated net realized gain (loss) on investments, secured borrowings and foreign currency transactions		
Accumulated net unrealized gain (loss) on investments, secured borrowings and foreign currency borrowings	(24,501)	(13,797)
Total net assets	$ 270,708	$ 278,699
Net asset value per share	$ 13.35	$ 13.77

See Notes to Consolidated Financial Statements.

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MONROE CAPITAL CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited) (in thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Investment income:				
Interest income:				
Non-controlled/non-affiliate company investments	$11,788	$10,053	$23,751	$20,108
Non-controlled affiliate company investments	1,751	1,111	3,579	2,307
Controlled affiliate company investments		217		394
Total interest income	13,539	11,381	27,330	22,809
Dividend income:				
Non-controlled/non-affiliate company investments	265	250	525	500
Controlled affiliate company investments	350		525	
Total dividend income	615	250	1,050	500
Fee income:				
Non-controlled/non-affiliate company investments	583	637	1,307	965
Non-controlled affiliate company investments	83		83	
Total fee income	666	637	1,390	965
Total investment income	14,820	12,268	29,770	24,274
Operating expenses:				
Interest and other debt financing expenses	2,836	2,184	5,542	4,194
Base management fees	2,202	1,903	4,365	3,708
Incentive fees	990	1,460	1,751	2,750
Professional fees	302	286	609	577
Administrative service fees	322	301	646	631
General and administrative expenses	225	259	401	468
Excise taxes			11	
Directors fees	37	37	74	74
Expenses before incentive fee waiver	6,914	6,430	13,399	12,402
Incentive fee waiver		(250)		(250)
Total expenses, net of incentive fee waiver	6,914	6,180	13,399	12,152
Net investment income	7,906	6,088	16,371	12,122
Net gain (loss) on investments, secured borrowings, foreign currency transactions and foreign currency borrowings:				
Net realized gain (loss):				
Non-controlled/non-affiliate company investments		2,161		2,328
Secured borrowings		66		66

Foreign currency transactions	(9)		3	
Net realized gain (loss)	(9)	2,227	3	2,394
Net change in unrealized gain (loss):				
Non-controlled/non-affiliate company investments	(515)	497	(680)	689
Non-controlled affiliate company investments	(4,157)	(7,192)	(11,080)	(9,356)
Controlled affiliate company investments	260	(575)	703	(2,234)
Secured borrowings		(5)		(6)
Foreign currency borrowings	795	(16)	353	(16)
Net change in unrealized gain (loss)	(3,617)	(7,291)	(10,704)	(10,923)
Net gain (loss) on investments, secured borrowings, foreign currency transactions and foreign currency borrowings	(3,626)	(5,064)	(10,701)	(8,529)
Net increase (decrease) in net assets resulting from operations	$4,280	$1,024	$5,670	$3,593
Per common share data:				
Net investment income per share basic and diluted	$0.39	$0.35	$0.81	$0.71
Net increase (decrease) in net assets resulting from operations per share basic and diluted	$0.21	$0.06	$0.28	$0.21
Weighted average common shares outstanding basic and diluted	20,244	17,369	20,242	16,984

See Notes to Consolidated Financial Statements.

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MONROE CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(unaudited)
(in thousands)

	Common Stock						
	Number of shares	Par value	Capital in excess of par value	Undistributed net investment income (accumulated distributions in excess of net investment income)	Accumulated net realized gain (loss) on investments, secured borrowings and foreign currency transactions	Accumulated net unrealized gain (loss) on investments, secured borrowings and foreign currency borrowings	Total net assets
Balances at December 31, 2016	16,582	$17	$233,526	$7,037	$587	$(317)	$240,850
Net increase (decrease) in net assets resulting from operations				12,122	2,394	(10,923)	3,593
Issuance of common stock, net of offering and underwriting costs	3,624	3	52,218				52,221
Distributions to stockholders:							
Stock issued in connection with dividend reinvestment plan	34		525	(525)			
Distributions from net investment income				(12,356)			(12,356)
Balances at June 30, 2017	20,240	$20	$286,269	$6,278	$2,981	$(11,240)	$284,308
Balances at December 31, 2017	20,240	$20	$286,141	$6,707	$(372)	$(13,797)	$278,699
Net increase (decrease) in net assets resulting from operations				16,371	3	(10,704)	5,670
Issuance of common stock, net of offering and underwriting costs	17		209				209
Distributions to stockholders:							
Stock issued in connection with dividend reinvestment plan	22		301	(301)			
Distributions from net investment income				(13,870)			(13,870)
Balances at June 30, 2018	20,279	$20	$286,651	$8,907	$(369)	$(24,501)	$270,708

See Notes to Consolidated Financial Statements.

MONROE CAPITAL CORPORATION CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (unaudite

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MONROE CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Six months ended June 30, 2018	2017
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	$5,670	$3,593
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net change in unrealized (gain) loss on investments	11,057	10,901
Net change in unrealized (gain) loss on secured borrowings		6
Net change in unrealized (gain) loss on foreign currency borrowings	(353)	16
Net realized (gain) loss on investments		(2,328)
Net realized (gain) loss on secured borrowings		(66)
Net realized (gain) on foreign currency transactions	(3)	
Payment-in-kind interest income	(656)	(1,018)
Payment-in-kind dividend income	(522)	
Net accretion of discounts and amortization of premiums	(1,556)	(746)
Proceeds from principal payments and sales of investments	60,368	75,460
Purchases of investments	(72,788)	(114,898)
Amortization of deferred financing costs	596	486
Changes in operating assets and liabilities:		
Interest receivable	(1,904)	(919)
Other assets	(338)	(2)
Interest payable	122	135
Management fees payable	138	154
Incentive fees payable	(167)	(12)
Accounts payable and accrued expenses	(23)	(203)
Net cash provided by (used in) operating activities	(359)	(29,441)
Cash flows from financing activities:		
Borrowings on revolving credit facility	67,107	68,329
Repayments of revolving credit facility	(58,350)	(103,500)
SBA debentures borrowings	5,480	34,100
Payments of deferred financing costs	(388)	(1,182)
Repayments on secured borrowings		(1,254)
Proceeds from shares sold, net of offering and underwriting costs	209	52,221
Stockholder distributions paid, net of stock issued under the dividend reinvestment plan of $301, and $525, respectively	(13,870)	(12,356)
Net cash provided by (used in) financing activities	188	36,358
Net increase (decrease) in Cash and Restricted Cash	(171)	6,917

Effect of foreign currency exchange rates	3	
Cash and Restricted Cash, beginning of period(1)	7,199	8,331
Cash and Restricted Cash, end of period(2)	$7,031	$15,248
Supplemental disclosure of cash flow information:		
Cash interest paid during the period	$4,786	$3,473
Cash paid for excise taxes during the period	$91	$495

(1) Represents cash and restricted cash of $4,332 and $2,867, respectively, from the consolidated statement of assets and liabilities as of December 31, 2017. Represents cash and restricted cash of $5,958 and $2,373, respectively, from the consolidated statement of assets and liabilities as of December 31, 2016.

(2) Represents cash and restricted cash of $2,779 and $4,252, respectively, from the consolidated statement of assets and liabilities as of June 30, 2018. Represents cash and restricted cash of $9,904 and $5,344, respectively, from the consolidated statement of assets and liabilities as of June 30, 2017.

See Notes to Consolidated Financial Statements.

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MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS
(unaudited)
June 30, 2018
(in thousands, except for shares and units)

Portfolio Company[a]	Spread Above Index[b]	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value[c]	% of Net Assets[d]
Non-Controlled/Non-Affiliate Company Investments							
Senior Secured Loans							
Banking, Finance, Insurance & Real Estate							
Echelon Funding I, LLC (Delayed Draw)[e][f][g]	L+10.25%	12.23%	2/24/2021	15,750	$15,745	$15,941	5.9%
HFZ Capital Group, LLC[e]	L+10.17%	12.31% Cash/ 0.17% PIK[h]	10/20/2019	18,000	17,718	18,000	6.6%
Liftforward SPV II, LLC[e][f]	L+10.75%	12.84%	11/10/2020	10,000	4,220	4,279	1.6%
PKS Holdings, LLC[e]	L+9.50%	11.48%	11/30/2022	1,778	1,622	1,720	0.6%
PKS Holdings, LLC (Revolver)[e][f]	L+9.50%	11.48%	11/30/2022	80			0.0%
				45,608	39,305	39,940	14.7%
Beverage, Food & Tobacco							
All Holding Company, LLC[i]	L+7.00%	9.09%	11/15/2021	5,259	5,187	5,131	1.9%
California Pizza Kitchen, Inc.	L+6.00%	8.10%	8/23/2022	6,878	6,818	6,750	2.5%
				12,137	12,005	11,881	4.4%
Capital Equipment							
Hastings Manufacturing Company	L+8.25%	10.34%	4/24/2023	2,981	2,923	2,969	1.1%
Hastings Manufacturing Company (Delayed Draw)[f][g]	L+8.25%	10.34%	4/24/2023	899			0.0%
				3,880	2,923	2,969	1.1%
Chemicals, Plastics & Rubber							
Valudor Products LLC	L+7.50%	9.59%	6/18/2023	1,624	1,592	1,592	0.6%
Valudor Products LLC[j]	L+7.50%	9.59%	6/18/2023	211	205	205	0.1%
Valudor Products LLC (Revolver)[f]	L+7.50%	9.59%	6/18/2023	264	66	65	0.0%