

FIDUS INVESTMENT Corp
Form 10-Q
August 07, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2014

OR

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

For the transition period from to

Commission file number 814-00861

Fidus Investment Corporation

(Exact Name of Registrant as Specified in its Charter)

Maryland
(State or Other Jurisdiction of
Incorporation or Organization)

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

1603 Orrington Avenue, Suite 1005

Evanston, Illinois

60201

(Address of Principal Executive Offices)

(Zip Code)

(847) 859-3940

(Registrant's telephone number, including area code)

n/a

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer

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

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

As of August 6, 2014, the Registrant had outstanding 13,776,469 shares of common stock, \$0.001 par value.

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FIDUS INVESTMENT CORPORATION

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

	June 30, 2014 (unaudited)	December 31, 2013
ASSETS		
Investments, at fair value		
Affiliate investments (cost: \$93,483 and \$88,983, respectively)	\$ 82,091	\$ 82,444
Non-control/non-affiliate investments (cost: \$231,271 and \$226,231, respectively)	228,382	224,537
Total investments, at fair value (cost: \$324,754 and \$315,214, respectively)	310,473	306,981
Cash and cash equivalents	40,687	53,418
Interest receivable	3,884	2,487
Deferred financing costs (net of accumulated amortization of \$2,375 and \$2,102, respectively)	3,796	3,152
Prepaid expenses and other assets	1,666	1,224
Total assets	360,506	367,262
LIABILITIES		
SBA debentures	145,500	144,500
Accrued interest and fees payable	2,212	2,198
Due to affiliates	4,422	5,582
Taxes payable		3,571
Accounts payable and other liabilities	506	286
Total liabilities	152,640	156,137
Net assets	\$ 207,866	\$ 211,125
ANALYSIS OF NET ASSETS		
Common stock, \$0.001 par value (100,000,000 shares authorized, 13,775,101 and 13,755,232 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively)	\$ 14	\$ 14
Additional paid-in capital	206,516	206,123
Undistributed net investment income	3,716	3,221
Accumulated net realized gain on investments (net of taxes)	13,113	11,212
Accumulated net unrealized (depreciation) on investments	(15,493)	(9,445)

Total net assets	\$ 207,866	\$ 211,125
Net asset value per common share	\$ 15.09	\$ 15.35

See Notes to Consolidated Financial Statements (unaudited).

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

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Investment income:				
Interest income				
Control investments	\$	\$ 784	\$	\$ 1,522
Affiliate investments	2,280	2,277	4,757	4,238
Non-control/non-affiliate investments	7,026	6,529	14,100	12,840
Total interest income	9,306	9,590	18,857	18,600
Dividend income				
Control investments		124		124
Affiliate investments	31	31	61	61
Non-control/non-affiliate investments	482	195	829	524
Total dividend income	513	350	890	709
Fee income				
Control investments		177		177
Affiliate investments		147	388	206
Non-control/non-affiliate investments	783	141	1,005	488
Total fee income	783	465	1,393	871
Interest on idle funds and other income	(21)	71		109
Total investment income	10,581	10,476	21,140	20,289
Expenses:				
Interest and financing expenses	1,795	1,765	3,548	3,500
Base management fee	1,393	1,352	2,758	2,611
Incentive fee	853	3,352	1,695	4,509
Administrative service expenses	430	256	793	501
Professional fees	213	201	610	433
Other general and administrative expenses	376	374	753	596
Total expenses	5,060	7,300	10,157	12,150
Net investment income before income taxes	5,521	3,176	10,983	8,139
Income tax provision	12	12	30	52
Net investment income	5,509	3,164	10,953	8,087

Net realized and unrealized gains (losses) on investments:

Realized gains on affiliate investments			166	
Realized gains on non-control/non-affiliate investments	59	1,053	1,752	1,053
Net change in unrealized (depreciation) appreciation on investments	(2,140)	9,203	(6,048)	8,917
Income tax (provision) on realized gains on investments			(17)	
Net (loss) gain on investments	(2,081)	10,256	(4,147)	9,970
Net increase in net assets resulting from operations	\$ 3,428	\$ 13,420	\$ 6,806	\$ 18,057
Per common share data:				
Net investment income per share-basic and diluted	\$ 0.40	\$ 0.23	\$ 0.80	\$ 0.61
Net increase in net assets resulting from operations per share-basic and diluted	\$ 0.25	\$ 0.98	\$ 0.49	\$ 1.36
Dividends paid per share	\$ 0.38	\$ 0.38	\$ 0.76	\$ 0.76
Weighted average number of shares outstanding basic and diluted	13,765,954	13,700,113	13,760,623	13,318,194

See Notes to Consolidated Financial Statements (unaudited).

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

(In thousands, except shares)

	Common Stock		Additional	Undistributed	Accumulated Net Realized	Accumulated Net Unrealized	Total
	Number of Shares	Par Value	Paid in Capital	Net Investment Income	Gain (Loss) of Investments (net of taxes)	Depreciation Appreciation on Investments	Net Assets
Balances at December 31, 2012	11,953,847	\$ 12	\$ 177,498	\$ 455	\$ 1,493	\$ 3,633	\$ 183,091
Public offering of common stock, net of expenses	1,725,000	2	28,855				28,857
Net increase in net assets resulting from operations				8,087	236	9,734	18,057
Dividends paid	37,916		689	(10,403)			(9,714)
Balances at June 30, 2013	13,716,763	\$ 14	\$ 207,042	\$ (1,861)	\$ 1,729	\$ 13,367	\$ 220,291
Balances at December 31, 2013	13,755,232	\$ 14	\$ 206,123	\$ 3,221	\$ 11,212	\$ (9,445)	\$ 211,125
Net increase in net assets resulting from operations				10,953	1,901	(6,048)	6,806
Dividends paid	19,869		393	(10,458)			(10,065)
Balances at June 30, 2014	13,775,101	\$ 14	\$ 206,516	\$ 3,716	\$ 13,113	\$ (15,493)	\$ 207,866

See Notes to Consolidated Financial Statements (unaudited).

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

	Six months ended June 30,	
	2014	2013
Cash Flows from Operating Activities:		
Net increase in net assets resulting from operations	\$ 6,806	\$ 18,057
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net change in unrealized depreciation (appreciation) on investments	6,048	(8,917)
Realized (gain) on investments	(1,918)	(1,053)
Interest and dividend income paid-in-kind	(2,838)	(2,683)
Accretion of original issue discount	(349)	(687)
Accretion of loan origination fees	(223)	(105)
Amortization of deferred financing costs	273	250
Purchase of investments	(24,650)	(59,263)
Proceeds from sales and repayments of investments	20,269	36,726
Proceeds from loan origination fees	169	417
Changes in operating assets and liabilities:		
Interest receivable	(1,397)	(537)
Prepaid expenses and other assets	(442)	(22)
Accrued interest and fees payable	14	55
Due to affiliates	(1,160)	2,408
Taxes payable	(684)	
Accounts payable and other liabilities	220	471
Net cash provided by (used in) operating activities	138	(14,883)
Cash Flows from Financing Activities:		
Proceeds from stock offering, net of expenses		28,857
Proceeds received from SBA debentures	1,000	
Payment of deferred financing costs	(917)	
Dividends paid to stockholders	(10,065)	(9,714)
Taxes paid on deemed distribution	(2,887)	
Net cash (used in) provided by financing activities	(12,869)	19,143
Net (decrease) increase in cash and cash equivalents	(12,731)	4,260
Cash and cash equivalents:		
Beginning of period	53,418	52,042
End of period	\$ 40,687	\$ 56,302

Supplemental Disclosure of Cash Flow Information

Cash payments for interest	\$	3,261	\$	3,195
Cash payments for taxes	\$	3,618	\$	52

See Notes to Consolidated Financial Statements (unaudited).

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments****June 30, 2014 (unaudited)****(In thousands, except shares)**

Portfolio Company / Type of Investment ^{(1) (2) (3)}	Industry	Rate ⁽⁴⁾ Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Net Ass
Affiliate Investments ⁽⁵⁾							
<i>Apex Microtechnology, Inc.</i>	Electronic						
Warrant (2,294 units)	Components Supplier				\$ 220	\$ 255	
Common Equity (11,690 units)					1,169	1,317	
Sub Total					1,389	1,572	1%
<i>Avrio Technology Group, LLC</i>	Electronic						
Subordinated Note ⁽⁸⁾	Components Supplier	0.0%/14.0%	10/15/2015	\$ 6,508	6,508		
Preferred Equity Series B (3,704 units) ⁽⁷⁾					3,704		
Preferred Equity Series C (872 units) ⁽⁷⁾					436		
Preferred Equity Series D (1,917 units) ⁽⁷⁾					639		
Common Equity (4,215 units) ⁽⁷⁾					1,000		
Sub Total					12,287		0%
<i>AR Research Inc.</i>	Specialty						
Senior Secured Loan ⁽¹²⁾	Chemicals	11.8%/0.0%	3/31/2019	7,600	7,564	7,564	
Revolving Loan (\$1,750 commitment) ⁽¹¹⁾		11.8%/0.0%	3/31/2019	136	128	128	
Common Equity (10 units)					1,000	1,000	
Sub Total					8,692	8,692	4%
<i>Calabar International</i>	Aerospace & Defense						
Subordinated Note	Manufacturing	12.5%/2.5%	5/21/2017	5,180	5,161	5,180	
Preferred Equity (1,494 shares) ⁽⁶⁾		6.0%/0.0%			1,992	3,358	
Sub Total					7,153	8,538	4%
<i>Edsurant Holdings, LLC</i>	Healthcare						
Subordinated Note	Services	9.5%/4.5%	7/12/2016	9,900	9,181	9,878	
Preferred Equity (89,770 units) ⁽⁷⁾					1,228	1,029	
Warrant (321,005 units) ⁽⁷⁾					4,045	3,662	
Sub Total					14,454	14,569	7%
<i>Paramount Building Solutions, LLC</i>	Retail						
Subordinated Note ⁽⁹⁾	Cleaning	7.0%/11.0%	12/31/2014	7,454	7,454	5,595	
Common Equity (107,143 units) ⁽⁷⁾					1,500		

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Sub Total					8,954	5,595	3%
<i>Fanstiehl, Inc.</i>	Healthcare						
Subordinated Note	Products	12.0%/2.0%	9/29/2018	6,177	6,131	6,177	
Common Equity (8,500 shares) ⁽¹¹⁾					850	2,042	
Sub Total					6,981	8,219	4%
<i>Safety Products Group, LLC</i>	Safety Products						
Subordinated Note	Manufacturing	12.0%/1.5%	12/30/2018	10,000	9,961	10,000	
Preferred Equity (749 shares) ⁽⁷⁾					749	780	
Common Equity (676 shares) ⁽⁷⁾					1	38	
Sub Total					10,711	10,818	5%
<i>Rantech Radiator Products, Inc.</i>	Utility Equipment						
Subordinated Note ⁽¹¹⁾	Manufacturing	12.0%/1.8%	5/4/2017	9,434	9,410	9,433	
Common Equity (6,875 shares) ⁽¹¹⁾					688	1,345	
Sub Total					10,098	10,778	5%
<i>Westminster Cracker Company, Inc.</i>	Specialty Cracker						
Preferred Equity (92,607 units)	Manufacturing				70	118	
Common Equity (1,208,197 units)					1,208	1,535	
Sub Total					1,278	1,653	1%
<i>World Wide Packaging, LLC</i>	Consumer						
Subordinated Note ⁽¹¹⁾	Products	12.0%/1.8%	10/26/2018	10,007	9,968	10,007	
Common Equity (1,300,000 units) ⁽⁷⁾ ⁽¹¹⁾					1,518	1,650	
Sub Total					11,486	11,657	6%
Total Affiliate Investments					93,483	82,091	39%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments****June 30, 2014 (continued) (unaudited)****(In thousands, except shares)**

Portfolio Company / Type of Investment ^{(1) (2) (3)}	Industry	Rate ⁽⁴⁾ Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Net Assets
Non-Control/Non-Affiliate Investments ⁽⁵⁾							
<i>Anatrace Products, LLC</i>	Healthcare						
Senior Secured Loan	Products	11.5%/1.5%	10/11/2018	\$ 9,500	\$ 9,464	\$ 9,500	
Revolving Loan (\$500 commitment) ⁽¹⁰⁾		N/A	10/11/2018		(2)	(2)	
Common Equity (360,000 shares) ⁽¹¹⁾					360	330	
Sub Total					9,822	9,828	5%
<i>Acentia, LLC</i>	Information						
Common Units (499 units)	Technology Services				500	238	0%
<i>ACFP Management, Inc.</i>	Restaurants						
Common Units (1,000,000 units) ⁽¹¹⁾					1,091	1,451	1%
<i>Brook & Whittle Limited</i>	Specialty						
Subordinated Note	Printing	12.0%/4.8%	12/31/2016	7,124	7,124	7,124	
Subordinated Note		12.0%/2.0%	12/31/2016	2,228	2,228	2,228	
Warrant (1,051 shares)					285	354	
Common Equity Series A (148 shares)					110	50	
Common Equity Series D (527 shares)					53	62	
Sub Total					9,800	9,818	5%
<i>Brook Furniture Rental, Inc.</i>	Furniture						
Subordinated Note	Rental	12.0%/1.5%	9/30/2016	7,924	7,685	8,004	
Warrants (2.5%)					485	953	
Sub Total					8,170	8,957	4%
<i>Caldwell & Gregory, LLC</i>	Laundry						
Subordinated Note	Services	11.5%/1.0%	11/30/2018	1,516	1,492	1,516	
Subordinated Note		0.0%/12.0%	5/31/2019	3,410	3,161	3,410	
Common Equity (500,000 units) ⁽⁷⁾					500	527	
Warrant (242,121 units) ⁽⁷⁾					242	255	
Sub Total					5,395	5,708	3%
<i>Channel Technologies Group, LLC</i>	Component						
Subordinated Note	Manufacturing	11.0%/1.3%	4/10/2019	7,000	6,947	7,000	
Preferred Equity (538 units) ⁽⁷⁾					1,000	790	

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Common Equity (537,817 units) ⁽⁷⁾						
Sub Total					7,947	7,790 4%
<i>Connect-Air International, Inc.</i>						
	Specialty					
Subordinated Note	Distribution	12.8%/0.0%	11/5/2018	11,400	11,394	11,400
Common Equity						1,881
Sub Total					11,394	13,281 6%
<i>Continental Anesthesia Management, LLC</i>						
	Healthcare					
Senior Secured Loan	Services	8.0%/6.0%	9/15/2014	9,979	9,958	10,079
Warrant (263 shares)					276	104
Sub Total					10,234	10,183 5%
<i>EBL, LLC (EbLens)</i>						
	Retail					
Subordinated Note ⁽¹¹⁾		12.0%/3.0%	2/2/2018	9,464	9,434	9,464
Common Equity (750,000 units) ^{(7) (11)}					750	885
Sub Total					10,184	10,349 5%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments****June 30, 2014 (continued) (unaudited)****(In thousands, except shares)**

Portfolio Company / Type of Investment (1) (2) (3)	Industry	Rate (4) Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Net Asset
<i>CA, LLC</i>	Industrial						
Subordinated Note	Products	12.5%/1.5%	6/18/2018	\$ 3,033	\$ 3,020	\$ 3,033	
Preferred Equity (4,500,000 units) ^{(6) (11)}		11.5%/5.0%	6/18/2018		9,298	9,335	
Sub Total					12,318	12,368	6%
<i>ocusVision Worldwide, Inc.</i>	Business						
Subordinated Note ⁽¹²⁾	Services	12.0%/1.0%	1/29/2019	7,556	7,528	7,556	4%
<i>TH Acquisition Corp. VII</i>	Information						
Subordinated Note	Technology Services	13.0%/0.0%	2/27/2015	8,511	8,511	8,150	
Preferred Equity (887,122 shares)					887		
Sub Total					9,398	8,150	4%
<i>OS Acquisition, Inc.</i>	Oil & Gas						
Subordinated Note	Services	12.0%/3.8%	6/26/2018	14,019	13,919	14,020	
Common Equity (2,152 shares)					500	417	
Sub Total					14,419	14,437	7%
<i>acob Ash Holdings, Inc.</i>	Apparel						
Subordinated Note	Distribution	13.0%/5.0%	8/11/2016	3,500	3,493	3,500	
Subordinated Note		13.0%/1.0%	8/11/2016	963	950	963	
Preferred Equity (500 shares) ⁽⁶⁾		0.0%/15.0%	8/11/2016		738	654	
Warrant (129,630 shares)					67		
Sub Total					5,248	5,117	2%
<i>2 Industrial Services, Inc.</i>	Industrial Cleaning						
Subordinated Note	& Coatings	11.8%/2.8%	5/23/2017	15,002	14,938	15,152	
Preferred Equity Series A (1,200 shares)					1,200	1,200	
Preferred Equity Series B (69 shares)					68	78	
Sub Total					16,206	16,430	8%
<i>ightning Diversion Systems, LLC</i>	Aerospace & Defense						
Senior Secured Loan	Manufacturing	10.5%/0.0%	12/20/2018	12,198	12,148	12,198	
Revolving Loan (\$1,000 commitment) ⁽¹⁰⁾		N/A	12/20/2018		(3)	(3)	
Common Equity (600,000 units)						1,409	

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Sub Total					12,145	13,604	7%
<i>MedPlast, LLC</i>	Healthcare						
Subordinated Note ⁽¹¹⁾	Products	11.0%/1.5%	3/31/2019	10,109	10,044	10,109	
Preferred Equity (188 shares) ⁽⁶⁾ ⁽¹¹⁾		0.0%/8.0%			199	199	
Common Equity (3,728 shares) ⁽¹¹⁾					62	82	
Sub Total					10,305	10,390	5%
<i>National Truck Protection Co., Inc.</i>	Financial						
Senior Secured Loan	Services	13.5%/2.0%	9/13/2018	12,662	12,589	12,662	
Common Units (1,109 units)					758	1,806	
Sub Total					13,347	14,468	7%
<i>Premium Franchise Brands, LLC</i>	Commercial						
Subordinated Note	Cleaning	12.0%/1.5%	3/18/2017	7,895	7,895	7,895	
Preferred Equity (1,054,619 shares)					832	672	
Sub Total					8,727	8,567	4%
<i>Paktree Medical Centre, P.C.</i>	Healthcare						
<i>Alba Pain Management Associates</i>	Services						
Senior Secured Loan ⁽¹¹⁾		6.5%/0.0%	5/6/2019	700	693	693	
Senior Secured Loan ⁽¹¹⁾		14.0%/0.0%	5/6/2019	5,300	5,249	5,249	
Revolving Loan (\$500 commitment) ⁽¹⁰⁾ ⁽¹¹⁾		N/A	5/6/2019		(5)	(5)	
Sub Total					5,937	5,937	3%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments****June 30, 2014 (continued) (unaudited)****(In thousands, except shares)**

Portfolio Company / Type of Investment (1) (2) (3)	Industry	Rate (4) Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Net Assets
<i>Restaurant Finance Co, LLC</i>	Restaurants						
Senior Secured Loan (\$6,000 commitment)		11.0%/2.0%	11/25/2019	\$ 3,059	\$ 3,038	\$ 3,059	
Warrant (57,469 units)							
Total					3,038	3,059	
<i>Restaurant Co. (dba Elephant Bar)</i>	Restaurants						
Senior Secured Note (8)		13.0%/1.0%	1/10/2018	7,594	7,256		
Senior Secured Note (8)		0.0%/0.0%	1/10/2018	500	328		
Warrant (652 shares)					416		
Total					8,000		
<i>Complex Manufacturing Co.</i>	Aerospace & Defense						
Senior Secured Note	Manufacturing	14.0%/0.0%	11/1/2015	4,550	4,529	4,550	
Warrant (24 shares)					710	723	
Total					5,239	5,273	
<i>Mediated Biologics, LLC</i>	Healthcare						
Senior Secured Loan	Services	12.0%/2.0%	3/5/2017	8,599	8,238	8,599	
Preferred Equity (98,377 units) (7) (11)					1,069	1,069	
Warrant (57,469 units)					566	294	
Total					9,873	9,962	
<i>Worldwide Express Operations, LLC</i>	Transportation						
Senior Secured Note	Services	11.5%/1.0%	8/1/2020	12,615	12,506	12,615	
Common Equity (2,500,000 units) (7) (11)					2,500	2,846	
Total					15,006	15,461	
Total Non-Control/Non-Affiliate Investments						231,271	228,382
Total Investments						\$ 324,754	\$ 310,473

- (1) All debt investments are income producing. Equity investments are non-income producing unless otherwise noted.
- (2) See Note 3 to the consolidated financial statements for portfolio composition by geographic location.
- (3) Equity ownership may be held in shares or units of companies related to the portfolio companies.
- (4) Rate includes the cash interest or dividend rate and paid-in-kind interest or dividend rate, if any, as of June 30, 2014. Generally, payment-in-kind interest can be paid-in-kind or all in cash.
- (5) See Note 2 Significant Accounting Policies, Investment Classification for definitions of Control and Affiliate classifications.
- (6) Income producing. Maturity date, if any, represents mandatory redemption date.
- (7) Investment is held by a wholly-owned subsidiary of the Company.
- (8) Investment was on non-accrual status as of June 30, 2014, meaning the Company has ceased recognizing interest income on the investment.
- (9) Investment was on payment-in-kind non-accrual status as of June 30, 2014, meaning the Company has ceased recognizing payment-in-kind interest income on the investment.
- (10) The entire commitment was unfunded at June 30, 2014. As such, no interest is being earned on this investment.
- (11) Investment pledged as collateral for the Credit Facility and, as a result, is not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Credit Facility (see Note 6 to the consolidated financial statements).
- (12) The portion of the investment not held by the Funds is pledged as collateral for the Credit Facility and, as a result, is not directly available to the creditors of the Company to satisfy any obligations of the Company other than the Company's obligations under the Credit Facility (see Note 6 to the consolidated financial statements).

See Notes to Consolidated Financial Statements (unaudited).

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments****December 31, 2013****(In thousands, except shares)****Portfolio Company / Type of**

Investment (1) (2) (3)	Industry	Rate (4) Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
Affiliate Investments (5)							
<i>Apex Microtechnology, Inc.</i>							
Subordinated Note	Electronic Components Supplier	12.0%/2.0%	2/16/2018	\$ 6,200	\$ 5,987	\$ 6,448	
Warrant (2,294 units)					220	255	
Common Equity (11,690 units)					1,169	1,299	
Sub Total					7,376	8,002	4%
<i>Avrio Technology Group, LLC</i>							
Subordinated Note	Electronic Components Supplier	0.0%/14.0%	10/15/2015	6,291	6,291	3,200	
Preferred Equity Series B (3,704 units) ⁽⁷⁾					3,704		
Preferred Equity Series C (872 units) ⁽⁷⁾					436		
Preferred Equity Series D (1,917 units) ⁽⁷⁾					639		
Common Equity (4,215 units) (7)					1,000		
Sub Total					12,070	3,200	2%
<i>Malabar International</i>							
Subordinated Note	Aerospace & Defense Manufacturing	12.5%/2.5%	5/21/2017	5,116	5,093	5,116	
Preferred Equity (1,494 shares) (6)		6.0%/0.0%			1,990	3,616	
Sub Total					7,083	8,732	4%
<i>Medsurant Holdings, LLC</i>							
Subordinated Note	Healthcare Services	14.0%/0.0%	7/12/2016	9,750	8,845	9,541	
Preferred Equity (79,091 units) (7)					1,112	1,105	
Warrant (288,239 units) (7)					3,690	3,944	
Sub Total					13,647	14,590	7%
<i>Paramount Building Solutions, LLC</i>							
Subordinated Note	Retail Cleaning	5.0%/13.0%	12/31/2014	7,253	7,253	7,091	
Common Equity (107,143 units) (7)					1,500		
Sub Total					8,753	7,091	3%
<i>Pfanstiehl, Inc.</i>							
Subordinated Note	Healthcare Products	12.0%/4.0%	9/29/2018	6,082	6,031	6,082	
Common Equity (8,500 shares)					850	970	

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Sub Total					6,881	7,052	3%
<i>Safety Products Group, LLC</i>	Safety Products						
Subordinated Note	Manufacturer	12.0%/1.5%	12/30/2018	10,000	9,957	9,957	
Preferred Equity (749 shares) ⁽⁷⁾					749	749	
Common Equity (676 shares) ⁽⁷⁾					1	1	
Sub Total					10,707	10,707	5%
<i>Trantech Radiator Products, Inc.</i>	Utility Equipment						
Subordinated Note	Manufacturer	12.0%/1.8%	5/4/2017	9,351	9,323	9,351	
Common Equity (6,875 shares)					688	1,317	
Sub Total					10,011	10,668	5%
<i>Westminster Cracker Company, Inc.</i>	Specialty Cracker						
Preferred Equity (83,851 units)	Manufacturer				70	75	
Common Equity (1,208,197 units)					1,208	1,108	
Sub Total					1,278	1,183	1%
<i>World Wide Packaging, LLC</i>	Consumer						
Subordinated Note	Products	12.0%/1.8%	10/26/2018	9,919	9,877	9,919	
Common Equity (1,300,000 units) ⁽⁷⁾					1,300	1,300	
Sub Total					11,177	11,219	5%
Total Affiliate Investments					88,983	82,444	39%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments****December 31, 2013 (continued)****(In thousands, except shares)****Portfolio Company / Type of**

Investment ⁽¹⁾ ⁽²⁾ ⁽³⁾	Industry	Rate ⁽⁴⁾ Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Net Assets
Non-Control/Non-Affiliate Investments ⁽⁵⁾							
<i>Anatrace Products, LLC</i>	Healthcare						
Senior Secured Loan	Products	11.5%/1.5%	10/11/2018	\$ 9,533	\$ 9,493	\$ 9,493	
Revolving Loan (\$500 commitment) ⁽⁹⁾		N/A	10/11/2018		(2)	(2)	
Common Equity (360,000 shares)					360	360	
Sub Total					9,851	9,851	5%
<i>Acentia, LLC (f/k/a ITSolutions)</i>	IT Services						
Common Units (499 units)					500	267	0%
<i>ACFP Management, Inc.</i>	Restaurants						
Common Units (1,000,000 units)					1,091	1,140	1%
<i>Brook & Whittle Limited</i>	Specialty						
Subordinated Note	Printing	12.0%/4.8%	12/31/2016	6,954	6,954	6,954	
Subordinated Note		12.0%/2.0%	12/31/2016	2,206	2,199	2,206	
Warrant (1,051 shares)					285	367	
Common Equity Series A (148 shares)					110	52	
Common Equity Series D (527 shares)					53	53	
Sub Total					9,601	9,632	5%
<i>Brook Furniture Rental, Inc.</i>	Furniture						
Subordinated Note	Rental	12.0%/1.5%	9/30/2016	7,865	7,573	7,944	
Warrants (2.5%)					485	751	
Sub Total					8,058	8,695	4%
<i>Caldwell & Gregory, LLC</i>	Laundry						
Subordinated Note	Services	11.5%/1.0%	11/30/2018	1,509	1,482	1,509	
Subordinated Note		0.0%/12.0%	5/31/2019	3,215	2,941	3,215	
Common Equity (500,000 units) ⁽⁷⁾					500	511	
Warrant (242,121 units) ⁽⁷⁾					242	247	
Sub Total					5,165	5,482	3%
<i>Channel Technologies Group, LLC</i>	Component						
Subordinated Note	Manufacturer	11.0%/1.3%	4/10/2019	7,000	6,941	6,941	
Preferred Equity (538 units) ⁽⁷⁾					1,000	1,000	
Common Equity (537,817 units) ⁽⁷⁾							

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Sub Total					7,941	7,941	4%
<i>Connect-Air International, Inc.</i>	Specialty						
Subordinated Note	Distribution	12.8%/0.0%	11/5/2018	11,400	11,394	11,394	
Common Equity						1,800	
Sub Total					11,394	13,194	6%
<i>Continental Anesthesia Management, LLC</i>	Healthcare						
Senior Secured Loan	Services	14.0%/0.0%	9/15/2014	9,825	9,777	9,717	
Warrant (263 shares)						276	
Sub Total					10,053	9,717	5%
<i>Convergent Resources, Inc.</i>	Debt Collection						
Subordinated Note	Services	13.0%/3.0%	12/27/2017	5,758	5,719	5,759	3%
<i>EBL, LLC (EbLens)</i>	Retail						
Subordinated Note		12.0%/3.0%	2/2/2018	9,323	9,288	9,323	
Common Equity (750,000 units) ⁽⁷⁾						750	778
Sub Total					10,038	10,101	5%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments****December 31, 2013 (continued)****(In thousands, except shares)**

Portfolio Company / Type of Investment (1) (2) (3)	Industry	Rate (4) Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Net Asset
<i>CA, LLC</i>	Industrial						
Subordinated Note	Products	12.5%/1.5%	6/18/2018	\$ 1,512	\$ 1,506	\$ 1,512	
Preferred Equity (4,500,000 units) ⁽⁶⁾		11.5%/5.0%	6/18/2018		4,604	4,623	
Sub Total					6,110	6,135	3%
<i>ocusVision Worldwide, Inc.</i>	Business						
Subordinated Note	Services	12.0%/1.0%	1/29/2019	7,519	7,487	7,519	4%
<i>TH Acquisition Corp. VII</i>	IT Services						
Subordinated Note		13.0%/0.0%	2/27/2015	8,511	8,511	7,741	
Preferred Equity (887,122 shares)					887		
Sub Total					9,398	7,741	4%
<i>OS Acquisition, Inc.</i>	Oil & Gas						
Subordinated Note	Services	12.0%/3.5%	6/26/2018	13,766	13,654	13,766	
Common Equity (2,152 shares)					500	379	
Sub Total					14,154	14,145	7%
<i>acob Ash Holdings, Inc.</i>	Apparel						
Subordinated Note	Distribution	13.0%/5.0%	8/11/2016	3,500	3,491	3,500	
Subordinated Note		13.0%/1.0%	8/11/2016	1,147	1,132	1,147	
Preferred Equity (500 shares) ⁽⁶⁾		0.0%/15.0%	8/11/2016		685	314	
Warrant (129,630 shares)					67		
Sub Total					5,375	4,961	2%
<i>2 Industrial Services, Inc.</i>	Industrial Cleaning						
Subordinated Note	& Coatings	11.8%/2.8%	5/23/2017	14,797	14,722	14,798	
Preferred Equity Series A (1,200 shares)					1,200	930	
Preferred Equity Series B (69 shares)					68	74	
Sub Total					15,990	15,802	7%
<i>ightning Diversion Systems, LLC</i>	Aerospace & Defense						
Senior Secured Loan	Manufacturing	10.5%/0.0%	12/20/2018	12,198	12,143	12,197	
Revolving Loan (\$1,000 commitment) ⁽⁹⁾		N/A	12/20/2018		(3)	(3)	
Common Equity (600,000 units)						1,049	

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Sub Total					12,140	13,243	6%
<i>MedPlast, LLC</i>	Healthcare						
Subordinated Note	Products	11.0%/1.5%	3/31/2019	10,033	9,961	9,961	
Preferred Equity (188 shares) ⁽⁶⁾		0.0%/8.0%			191	191	
Common Equity (3,728 shares)					62	62	
Sub Total					10,214	10,214	5%
<i>National Truck Protection Co., Inc.</i>	Financial						
Senior Secured Loan	Services	13.5%/2.0%	9/13/2018	13,500	13,418	13,500	
Common Units (1,109 units)					737	1,118	
Sub Total					14,155	14,618	7%
<i>Robles Manufacturing, Inc.</i>	Aerospace & Defense						
Subordinated Note	Manufacturing	12.0%/2.5%	10/6/2018	4,550	4,550	4,550	
Preferred Equity (1,300,000 shares)					867	2,285	
Common Equity (1,300,000 shares)							
Sub Total					5,417	6,835	3%

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Schedule of Investments****December 31, 2013 (continued)****(In thousands, except shares)**

Portfolio Company / Type of Investment ^{(1) (2) (3)}	Industry	Rate ⁽⁴⁾ Cash/PIK	Maturity	Principal Amount	Cost	Fair Value	Percent of Net Assets
<i>Premium Franchise Brands, LLC</i> <i>(f/k/a Jan-Pro Holdings, LLC)</i>	Commercial Cleaning						
Subordinated Note		12.0%/2.0%	3/18/2017	\$ 7,833	\$ 7,833	\$ 7,833	
Preferred Equity (1,054,619 shares)					832	465	
Sub Total					8,665	8,298	4%
<i>Restaurant Finance Co, LLC</i>	Restaurants						
Senior Secured Loan (\$6,000 commitment)		11.0%/2.0%	11/25/2019	1,664	1,652	1,652	
Royalty Rights							