As filed with the Securities and Exchange Commission on June 17, 2022

Securities Act File No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM N-2

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933 ☒

Pre-Effective Amendment No. ☐

Post-Effective Amendment No. ☐

STELLUS CAPITAL INVESTMENT CORPORATION

(Exact Name of Registrant as Specified in Charter)

4400 Post Oak Parkway, Suite 2200
Houston, TX 77027
(Address of Principal Executive Offices)
(713) 292-5400
(Registrant's Telephone Number, including Area Code)

Robert T. Ladd
Chief Executive Officer and President
Stellus Capital Investment Corporation
4400 Post Oak Parkway, Suite 2200
Houston, TX 77027
(Name and Address of Agent for Service)

WITH COPIES TO:

Steven B. Boehm, Esq.
Stephani M. Hildebrandt, Esq.
Eversheds Sutherland (US) LLP
700 Sixth Street, NW
Washington, DC 20001
Tel: (202) 383-0100
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Approximate date of commencement of proposed public offering: As soon as practicable after the effective date of this Registration Statement.

☐ Check box if the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans.

☒ Check box if any securities being registered on this Form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933 ("Securities Act"), other than securities offered in connection with a dividend reinvestment plan.

☒ Check box if this Form is a registration statement pursuant to General Instruction A.2 or a post-effective amendment thereto.

☐ Check box if this Form is a registration statement pursuant to General Instruction B or a post-effective amendment thereto that will become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act.

☐ Check box if this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction B to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act.

It is proposed that this filing will become effective (check appropriate box):

☐ when declared effective pursuant to Section 8(c) of the Securities Act.

If appropriate, check the following box:

☐ This [post-effective] amendment designates a new effective date for a previously filed [post-effective amendment] [registration statement].

☐ This Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, and the Securities Act registration statement number of the earlier effective registration statement for the same offering is: .

☐ This Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, and the Securities Act registration statement number of the earlier effective registration statement for the same offering is: .

☐ This Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, and the Securities Act registration statement number of the earlier effective registration statement for the same offering is: .

Check each box that appropriately characterizes the Registrant:

☐ Registered Closed-End Fund (closed-end company that is registered under the Investment Company Act of 1940 ("Investment Company Act")).

☒ Business Development Company (closed-end company that intends or has elected to be regulated as a business development company under the Investment Company Act).

☐ Interval Fund (Registered Closed-End Fund or a Business Development Company that makes periodic repurchase offers under Rule 23c-3 under the Investment Company Act).

☒ A.2 Qualified (qualified to register securities pursuant to General Instruction A.2 of this Form).

☐ Well-Known Seasoned Issuer (as defined by Rule 405 under the Securities Act).

☐ Emerging Growth Company (as defined by Rule 12b-2 under the Securities Exchange Act of 1934 ("Exchange Act").

☐ If an Emerging Growth Company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of Securities Act.

☐ New Registrant (registered or regulated under the Investment Company Act for less than 12 calendar months preceding this filing).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the U.S. Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED June 17, 2022

PROSPECTUS

$300,000,000

STELLUS CAPITAL INVESTMENT CORPORATION

Common Stock
Preferred Stock
Warrants
Subscription Rights
Debt Securities

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation. The companies in which we invest are typically highly leveraged, and in most cases, our investments in such companies will not be rated by national rating agencies. If such investments were rated, we believe that they would likely receive a rating below investment grade (i.e., below BBB or Baa), which are often referred to as "junk".

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended. We have elected to be treated, qualify and intend to qualify annually, as a regulated investment company ("RIC") under the Internal Revenue Code of 1986, as amended (the "Code") for U.S. federal income tax purposes. As a BDC and a RIC, we are required to comply with certain regulatory requirements.

We may offer, from time to time, in one or more offerings or series, up to $300,000,000 of our common stock, preferred stock, debt securities, subscription rights to purchase shares of our common stock, and/or warrants representing rights to purchase shares of our common stock, preferred stock or debt securities (collectively, the "securities"). The securities may be offered at prices and on terms to be described in one or more supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest in our securities.

In the event we offer common stock, the offering price per share of our common stock less any underwriting discounts or commissions will generally not be less than the net asset value per share of our common stock at the time we make the offering. However, we may issue shares of our common stock pursuant to this prospectus at a price per share that is less than our net asset value per share if our board of directors determines that such sale is in our best interests, and if our stockholders approve such sale. At our 2021 annual meeting of stockholders, our stockholders voted to allow to issue common stock at a price below net asset value per share for the period ending on the earlier of one-year anniversary of the date of the 2021 annual meeting of stockholders which was held on June 24, 2021 or our 2022 annual meeting of shareholders. The proposal approved by our stockholders did not specify a maximum discount below net asset value at which we are able to issue our common stock immediately prior to such sale. We expect to seek similar approval at our 2022 annual meeting of stockholders which we expect to be held in June 2022. We cannot issue shares of our common stock below net asset value unless our board of directors determines that it would be in our and our stockholders' best interests to do so. 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 "*Sales of Common Stock Below Net Asset Value*."

The securities may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. Each prospectus supplement relating to an offering will identify any agents or underwriters involved in the sale of the securities, and will disclose any applicable purchase price, fee, discount or commissions arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See "*Plan of Distribution*." We may not sell any of the securities pursuant to this registration statement through agents, underwriters or dealers without delivery of this prospectus and a prospectus supplement describing the method and terms of the offering of such securities.

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "SCM." On June 16, 2022, the last reported sales price of our common stock on NYSE was $11.29 per share. The net asset value per share of our common stock at March 31, 2022 (the last date prior to the date of this prospectus for which we reported net asset value) was $14.59.

Investing in our securities involves a high degree of risk, including credit risk, the risk of the use of leverage and the risk of dilution, and is highly speculative. In addition, shares of closed-end investment companies, including BDCs, frequently trade at a discount to their net asset values. If our shares of our common stock trade at a discount to our net asset value, it will likely increase the risk of loss for purchasers in an offering made pursuant to this prospectus or any related prospectus supplement. Before investing in our securities, you should read the discussion of the material risks of investing in our securities, including the risk of leverage and dilution, in "Risk Factors" beginning on page 12 of this prospectus or otherwise incorporated by reference herein and included in, or incorporated by reference into, the applicable prospectus supplement and in any free writing prospectuses we have authorized for use in connection with a specific offering, and under similar headings in the other documents that are incorporated by reference into this prospectus.

This prospectus describes some of the general terms that may apply to an offering of our securities. We will provide the specific terms of these offerings and securities in one or more supplements to this prospectus. We may also authorize one or more free writing prospectuses to be provided to you in connection with these offerings. The accompanying prospectus supplement and any related free writing prospectus may also add, update, or change information contained in this prospectus. You should carefully read this prospectus, the accompanying prospectus supplement, any related free writing prospectus and the documents incorporated by reference herein, before investing in our securities and keep them for future reference. We also file periodic and current reports, proxy statements and other information about us with the SEC. This information is available free of charge by contacting us at 4400 Post Oak Parkway, Suite 2200, Houston, TX 77027, Attention: Investor Relations, or by calling us at (713) 292-5400 or visiting our corporate website located at www.stelluscapital.com (under the Public (SCIC) section). The SEC also maintains a website at http://www.sec.gov that contains this information. Information on our website or the SEC's website is not incorporated into or a part of this prospectus, and you should not consider that information to be part of this prospectus or the accompanying prospectus supplement.

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

This prospectus may not be used to consummate sales of securities unless accompanied by a prospectus supplement.

The date of this prospectus is , 2022.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the SEC, using the "shelf" registration process. Under this shelf registration statement, we may offer, from time to time, in one or more offerings, up to $300,000,000 of our common stock, preferred stock, debt securities, subscription rights to purchase shares of our common stock, and/or warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, on terms to be determined at the time of the offering. See "*Plan of Distribution*" for more information.

This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. We may also authorize one or more free writing prospectuses to be provided to you that may contain material information relating to these offerings. In a prospectus supplement or free writing prospectus, we may also add, update, or change any of the information contained in this prospectus or in the documents we have incorporated by reference into this prospectus. This prospectus, together with the applicable prospectus supplement, any related free writing prospectus, and the documents incorporated by reference into this prospectus and the applicable prospectus supplement, will include all material information relating to the applicable offering. Before buying any of the securities being offered, please carefully read this prospectus, any accompanying prospectus supplement, any free writing prospectus and the documents incorporated by reference in this prospectus and any accompanying prospectus supplement.

This prospectus may contain estimates and information concerning our industry, including market size and growth rates of the markets in which we participate, that are based on industry publications and other third-party reports. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described or referenced in the section titled "*Risk Factors*," that could cause results to differ materially from those expressed in these publications and reports.

This prospectus includes summaries of certain provisions contained in some of the documents described in this prospectus, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed or incorporated by reference, or will be filed or incorporated by reference, as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described in the section titled "*Available Information*."

You should rely only on the information included or incorporated by reference in this prospectus, any prospectus supplement or in any free writing prospectus prepared by us or on our behalf or to which we have referred you. We have not authorized any dealer, salesperson or other person to provide you with different information or to make representations as to matters not stated in this prospectus, in any accompanying prospectus supplement or in any free writing prospectus prepared by us or on our behalf or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus, any accompanying prospectus supplement and any free writing prospectus prepared by us or on our behalf or to which we have referred you do not constitute an offer to sell, or a solicitation of an offer to buy, any securities by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. You should not assume that the information included or incorporated by reference in this prospectus, in any accompanying prospectus supplement or in any such free writing prospectus is accurate as of any date other than their respective dates. Our financial condition, results of operations and prospects may have changed since any such date. To the extent required by law, we will amend or supplement the information contained or incorporated by reference in this prospectus and any accompanying prospectus supplement to reflect any material changes to such information subsequent to the date of the prospectus and any accompanying prospectus supplement and prior to the completion of any offering pursuant to the prospectus and any accompanying prospectus supplement.

PROSPECTUS SUMMARY

This summary highlights some of the information included elsewhere in this prospectus or incorporated by reference. It is not complete and may not contain all of the information that you may want to consider before investing in our securities. You should carefully read the entire prospectus, the applicable prospectus supplement, and any related free writing prospectus, including the risks of investing in our securities discussed in the section titled "Risk Factors" in the applicable prospectus supplement and any related free writing prospectus, and under similar headings in the other documents that are incorporated by reference into this prospectus and the applicable prospectus supplement. Before making your investment decision, you should also carefully read the information incorporated by reference into this prospectus, including our financial statements and related notes, and the exhibits to the registration statement of which this prospectus is a part. Throughout this prospectus we refer to Stellus Capital Investment Corporation as "we," "us," "our" or the "Company," and to Stellus Capital Management, our investment adviser, as "Stellus Capital Management" or "Adviser."

Stellus Capital Investment Corporation

We are externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company, or "BDC", under the Investment Company Act of 1940, or the "1940 Act." We originate and invest primarily in private middle-market companies (typically those with $5.0 million to $50.0 million of EBITDA (earnings before interest, taxes, depreciation and amortization)) through first lien, second lien, unitranche and mezzanine debt financing, with corresponding equity co-investments. Unitranche debt is typically structured as first lien loans with certain risk characteristics of mezzanine debt. Mezzanine debt includes senior unsecured and subordinated loans.

Our investment activities are managed by our investment adviser, Stellus Capital Management, an investment advisory firm led by Robert T. Ladd and its other senior investment professionals. We source investments primarily through the extensive network of relationships that the senior investment professionals of Stellus Capital Management have developed with financial sponsor firms, financial institutions, middle-market companies, management teams and other professional intermediaries. The companies in which we invest are typically highly leveraged, and, in most cases, our investments in such companies will not be rated by national rating agencies. If such investments were rated, we believe that they would likely receive a rating that is below investment grade (i.e., Baa or BBB), which is often referred to as "junk."

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation. We seek to achieve our investment objective by:

- accessing the extensive origination channels that have been developed and established by the Stellus Capital Management investment professionals that include long-standing relationships with private equity firms, commercial banks, investment banks and other financial services firms;
- investing in what we believe to be companies with strong business fundamentals, generally within our core middle-market company focus;
- focusing on a variety of industry sectors, including business services, energy, general industrial, government services, healthcare, software and specialty finance;
- focusing primarily on directly originated transactions;
- applying the disciplined underwriting standards that the Stellus Capital Management investment professionals have developed over their extensive investing careers; and
- capitalizing upon the experience and resources of the Stellus Capital Management investment team to monitor our investments.

We previously received exemptive orders (the "Prior Orders") from the Securities and Exchange Commission (the "SEC") to co-invest with private funds managed by Stellus Capital Management where doing so is consistent with our investment strategy as well as applicable law (including the terms and conditions of the exemptive order issued by the SEC). On May 9, 2022, we received a new exemptive order (the "Order") that supersedes the Prior Orders and permits us greater flexibility to enter into co-investment transactions. Pursuant to the Order, a "required majority" (as defined in Section 57(o) of the 1940 Act) of our directors who are not "interested persons," as such term is defined in Section 2(a)(19) of the 1940 Act (the

"independent directors") must make certain conclusions in connection with a co-investment transaction, including (1) the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching of us or our or its stockholders on the part of any person concerned and (2) the transaction is consistent with the interests of our stockholders and is consistent with our investment objectives and strategies. We co-invest, subject to the conditions in the Order, with private credit funds managed by Stellus Capital Management that have an investment strategy that is similar or identical to our investment strategy, and the we may co-invest with other BDCs and registered investment companies managed by Stellus Capital Management or an adviser that is controlled, controlling, or under common control with Stellus Capital Management in the future. We believe that such co-investments may afford us additional investment opportunities and an ability to achieve greater diversification.

As a BDC, we are required to comply with regulatory requirements, including limitations on our use of debt. Prior to June 28, 2018, we were only allowed to employ leverage to the extent that our asset coverage, as defined in the 1940 Act, was equal to at least 200% after giving effect to such leverage. 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 included changes to the 1940 Act to allow BDCs to decrease their asset coverage requirement to 150% from 200% under certain circumstances. On April 4, 2018, our board of directors, or "the Board", including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act') of the Board, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. The Board also approved the submission of a proposal to approve the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, which was approved by shareholders at the Company's 2018 annual meeting of stockholders. As a result, the asset coverage ratio test applicable to the Company was decreased from 200% to 150%, effective June 28, 2018. In other words, prior to the enactment of the SBCAA, a BDC could borrow $1.00 for investment purposes for every $1.00 of investor equity. Now, for those BDCs, like the Company, that satisfy the Act's approval and disclosure requirements, the BDC can borrow $2.00 for investment purposes for every $1.00 of investor equity.

The SBCA provides that in order for a BDC whose common stock is traded on a national securities exchange to be subject to 150% Asset Coverage, the BDC must either obtain: (i) approval of the required majority of its non-interested directors who have no financial interest in the proposal, which would become effective one year after the date of such approval (the "Board Effective Date"), or (ii) obtain stockholder approval (of more than 50% of the votes cast for the proposal at a meeting in which quorum is present), which would become effective on the first day after the date of such stockholder approval.

The amount of leverage that we employ will depend on our assessment of market conditions and other factors at the time of any proposed borrowing, such as the maturity, covenant package and rate structure of the proposed borrowings, our ability to raise funds through the issuance of our securities and the risks of such borrowings within the context of our investment outlook. Ultimately, we only intend to use leverage if the expected returns from borrowing to make investments will exceed the cost of such borrowings. For more information about the expected amount of and costs associated with our borrowings, see "Fees and Expenses" in this prospectus.

We have elected and qualified to be treated for federal income tax purposes as a regulated investment company, or "RIC," under Subchapter M of the Internal Revenue Code, or the Code. As a RIC, we generally will not have to pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends if we meet certain source-of-income, distribution and asset diversification requirements.

Our Adviser

Stellus Capital Management manages our investment activities and is responsible for analyzing investment opportunities, conducting research and performing due diligence on potential investments, negotiating and structuring our investments, originating prospective investments and monitoring our investments and portfolio companies on an ongoing basis.

The senior investment professionals of Stellus Capital Management have an average of over 31 years of investing, corporate finance, restructuring, consulting and accounting experience and have worked together at several companies. The Stellus Capital Management investment professionals have a wide range of experience in middle-market investing, including originating, structuring and managing loans and debt securities through market cycles. The Stellus Capital Management investment professionals continue to provide investment sub-advisory services to D. E. Shaw & Co., L.P. and its associated investment funds (the "D. E. Shaw group") with respect to an approximately $17.6 million investment portfolio (as of December 31, 2021) in middle-market companies pursuant to sub-advisory arrangements.

In addition to serving as our investment adviser and the sub-advisor to the D. E. Shaw group as noted above, Stellus Capital Management currently manages several private credit funds which have an investment strategy that is similar or identical to our investment strategy. We received exemptive relief from the SEC to co-invest with investment funds managed by Stellus Capital Management or an adviser that is controlled, controlling, or under common control with Stellus Capital Management, where doing so is consistent with our investment strategy as well as applicable law (including the terms and conditions of the exemptive order issued by the SEC). We believe that such co-investments may afford us additional investment opportunities and an ability to achieve greater diversification. In addition, we will not co-invest with D.E. Shaw group funds.

Stellus Capital Management is registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940, as amended (together with the rules and regulations promulgated thereunder, the "Advisers Act"). Subject to the overall supervision of our board of directors (the "Board"), our Adviser manages our day-to-day operations and provides us with investment advisory services pursuant to the investment advisory agreement, dated September 24, 2012 (the "Advisory Agreement"). Pursuant to the Advisory Agreement, we pay Stellus Capital Management a fee for its investment advisory and management services consisting of two components: a base management fee and an incentive fee. The cost of the base management fee and incentive fee are each borne by our stockholders. See "*Management and Other Agreements*."

Stellus Capital Management is headquartered in Houston, Texas, and also maintains offices in the Washington, D.C. area and Charlotte, North Carolina.

Our Administrator

We have entered into an administration agreement, dated October 26, 2012 (the "Administration Agreement") with Stellus Capital Management (the "Administrator"), pursuant to which our Administrator is responsible for furnishing us with office facilities and equipment and provides us with clerical, bookkeeping, recordkeeping and other administrative services at such facilities. For more information, see "*Management and Other Agreements*."

Market Opportunity

We originate and invest primarily in private middle-market companies through first lien (including unitranche), second lien and unsecured debt financing, often with corresponding equity co-investments. We believe the environment for investing in middle-market companies is attractive for several reasons, including:

Robust Demand for Debt Capital. We believe that private equity firms have significant committed but uncalled capital, a large portion of which is still available for investment in the United States. We expect the large amount of uninvested capital commitments will drive buyout activity over the next several years, which should, in turn, create lending opportunities for us.

Attractive Environment to Lend To Middle-Market Companies. The current strength of the U.S. economy provides an attractive environment to lend to middle-market companies. The U.S. services and manufacturing sector continues to show strong growth and profitability, allowing middle market companies to continue to service their debt and prudently borrow to support growth initiatives and mergers and acquisitions activity. This dynamism, coupled with ample capital from private equity firms to support middle market companies, is creating a large population of credit worthy companies looking for debt capital.

Attractive Deal Pricing and Structures. We believe that the pricing of middle-market debt investments is higher, and the terms of such investments are more conservative, compared to larger liquid, public debt financings, due to the more limited universe of lenders as well as the highly negotiated nature of these financings. These transactions tend to offer stronger covenant packages, higher interest rates, lower leverage levels and better call protection compared to larger financings. In addition, middle-market loans typically offer other investor protections such as default penalties, lien protection, change of control provisions and information rights for lenders.

Specialized Lending Requirements. Lending to middle-market companies requires in-depth diligence, credit expertise, restructuring experience and active portfolio management. We believe that several factors render many U.S. financial institutions ill-suited to lend to middle-market companies. For example, based on the experience of Stellus Capital Management's investment professionals, lending to middle-market companies in the United States (a) is generally more labor intensive than lending to larger companies due to the smaller size of each investment and the fragmented nature of the information available with respect to such companies, (b) requires specialized due diligence and underwriting capabilities, and (c) may also require more extensive ongoing monitoring by the lender. We believe that, through Stellus Capital Management, we have the experience and expertise to meet these specialized lending requirements.

Competitive Advantages

We believe that the following competitive strengths will allow us to achieve positive returns for our investors:

Experienced Investment Team. Through our investment adviser, Stellus Capital Management, we have access to the experience and expertise of the Stellus Capital Management investment professionals, including its senior investment professionals who have an average of over 32 years of investing, corporate finance, restructuring, consulting and accounting experience and have worked together at several companies. The Stellus Capital Management investment professionals have a wide range of experience in middle-market investing, including originating, structuring and managing loans and debt securities through market cycles. We believe the members of Stellus Capital Management's investment professionals are proven and experienced, with extensive capabilities in leveraged credit investing, having participated in these markets for the predominant portion of their careers. We believe that the experience and demonstrated ability of the Stellus Capital Management investment team to complete transactions enhances the quantity and quality of investment opportunities available to us.

Established, Rigorous Investment and Monitoring Process. The Stellus Capital Management investment professionals have developed an extensive review and credit analysis process. Each investment that is reviewed by Stellus Capital Management is brought through a structured, multi-stage approval process. In addition, Stellus Capital Management takes an active approach in monitoring all investments, including reviews of financial performance on at least a quarterly basis and regular discussions with management. Stellus Capital Management's investment and monitoring process and the depth and experience of its investment professionals should allow it to conduct the type of due diligence and monitoring that enables it to identify and evaluate risks and opportunities.

Demonstrated Ability to Structure Investments Creatively. Stellus Capital Management has the expertise and ability to structure investments across all levels of a company's capital structure. Furthermore, we believe that current market conditions will allow us to structure attractively priced debt investments and may allow us to incorporate other return-enhancing mechanisms such as commitment fees, original issue discounts, early redemption premiums, payment-in-kind, or "PIK," interest or some form of equity securities.

Resources of Stellus Capital Management Platform. We have access to the resources and capabilities of Stellus Capital Management, which has 17 investment professionals, including Robert T. Ladd, Dean D'Angelo, Joshua T. Davis and Todd A. Overbergen, who are supported by eight managing directors, two vice presidents and three analysts. These individuals have developed long-term relationships with middle-market companies, management teams, financial sponsors, lending institutions and deal intermediaries by providing flexible financing throughout the capital structure. We believe that these relationships provide us with a competitive advantage in identifying investment opportunities in our target market. We also expect

to benefit from Stellus Capital Management's due diligence, credit analysis, origination and transaction execution experience and capabilities, including the support provided with respect to those functions by Mr. Huskinson, who serves as our chief financial officer and chief compliance officer, and his staff of ten finance and operations professionals.

Use of Leverage

Credit Facility. We have entered into an Amended and Restated Senior Secured Revolving Credit Agreement, dated September 18, 2020, and amended December 22, 2021, February 28, 2022, and May 13, 2022 with Zions Bancorporation, N.A., dba Amegy Bank, as administrative agent and lender, and various other lenders (the "Credit Facility"). The Credit Facility, as amended, provides for borrowings up to a maximum of $265 million on a committed basis. Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) term SOFR plus 2.50% (or 2.75% during certain periods in which the Company's asset coverage ratio is equal to or below 1.90 to 1.00) plus a SOFR credit spread adjustment (0.10% for one-month term SOFR and 0.15% for three-month term SOFR), with a 0.25% SOFR floor, or (ii) 1.50% (or 1.75% during certain periods in which the Company's asset coverage ratio is equal to or below 1.90 to 1.00) plus an alternate base rate based on the highest of the prime rate (subject to a 3% floor), Federal Funds Rate plus 0.50% and one month term SOFR plus 1.00%. We pay unused commitment fees of 0.50% per annum on the unused lender commitments under the Credit Facility. Interest is payable monthly or quarterly in arrears. The commitment to fund the revolver expires on September 18, 2024, after which we may no longer borrow under the Credit Facility and must begin repaying principal equal to 1/12 of the aggregate amount outstanding under the Credit Facility each month. Any amounts borrowed under the Credit Facility will mature, and all accrued and unpaid interest thereunder will be due and payable, on September 18, 2025. Our obligations to the lenders are secured by a first priority security interest in our portfolio of securities and cash not held at the SBIC subsidiaries. As of March 31, 2022, we had approximately $205.5 million outstanding under the Credit Facility.

4.875% Notes. On January 14, 2021, we issued $100 million in aggregate principal amount of 4.875% fixed-rate notes due 2026 (the "2026 Notes") The 2026 Notes will mature on March 30, 2026, and may be redeemed in whole or in part at any time on or after December 31, 2025 or from time to time at the Company's option at a redemption price equal to the greater of the following amounts, plus, in each case, accrued and unpaid interest to, but excluding, the redemption date: (1) 100% of the principal amount of the 2026 Notes to be redeemed; or (2) the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of accrued and unpaid interest to the date of redemption) of the 2026 Notes to be redeemed, discounted to the redemption date on a semi-annual basis plus 50 basis points; provided, however that if we redeem any 2026 Notes on or after December 31, 2025, the redemption price of the 2026 Notes will be 100% of the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. As of March 31, 2022, we had $100 million of 2026 Notes outstanding.

SBA-guaranteed Debentures. Due to the SBIC subsidiary's status as a licensed SBIC, we have the ability to issue debentures guaranteed by the SBA at favorable interest rates. As of March 31, 2022, the SBIC I subsidiary had $150.0 million of SBA-guaranteed debentures outstanding and the SBIC II subsidiary had $120 million of SBA-guaranteed debentures outstanding.

FEES AND EXPENSES

Information regarding our fees and expenses is incorporated by reference herein from our most recent Annual Report on Form 10-K and our most recent Quarterly Report on Form 10-Q.

FINANCIAL HIGHLIGHTS

Information regarding the following financial highlights for the years ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013 and 2012 are derived from our consolidated financial statements, which have been audited by Grant Thornton, LLP an independent registered public accounting firm whose reports thereon are incorporated by reference in this prospectus. Additional information regarding our financial highlights is incorporated by reference herein from our most recent Annual Report on Form 10-K and our most recent Quarterly Report on Form 10-Q.

	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017
Per Share Data:[1]					
Net asset value at beginning of period	$ 14.03	$ 14.14	$ 14.09	$ 13.81	$ 13.69
Net investment income	1.01	1.13	1.23	1.42	1.21
Change in unrealized (depreciation) appreciation	(0.36)	0.44	(0.85)	(0.11)	—
Net realized gain (loss)	1.22	(0.52)	1.07	0.35	0.31
Loss on debt extinguishment	(0.03)	—	—	—	—
Provision for taxes on realized gains	(0.15)	—	—	(0.02)	—
Benefit (provision) for taxes on unrealized depreciation (appreciation)	0.03	(0.01)	—	—	—
Total from investment operations	1.72	1.04	1.45	1.64	1.52
Sales Load	—	—	(0.06)	—	(0.09)
Offering Costs	—	—	(0.03)	—	(0.02)
Stockholder distributions from:					
Net investment income	(1.09)	(1.15)	(0.54)	(1.03)	(1.20)
Net realized capital gains	(0.05)	—	(0.82)	(0.33)	(0.16)
Other[3]	—	—	0.05	—	0.07
Net asset value at the end of period	$ 14.61	$ 14.03	$ 14.14	$ 14.09	$ 13.81
Per share market value at end of period	$ 13.02	$ 10.88	$ 14.23	$ 12.95	$ 13.14
Total return based on market value[4]	30.78%	(13.73)%	21.97%	8.68%	20.29%
Weighted average shares outstanding at the end of period	19,489,750	19,471,500	18,275,696	15,953,571	14,870,981
Ratio/Supplemental Data:					
Net assets at the end of period	$285,111,233	$273,360,649	$270,571,173	$224,845,007	$220,247,242
Weighted average net assets	$274,188,692	$253,034,571	$259,020,507	$223,750,302	$195,211,550
Annualized ratio of operating expenses to net assets[7]	16.90%	13.75%	14.11%	13.72%	11.10%
Annualized ratio of interest expense and other fees to net assets[2]	6.83%	6.29%	5.78%	5.51%	4.02%
Annualized ratio of net investment income to net assets	7.21%	8.58%	8.64%	10.09%	9.21%
Portfolio turnover[5]	39%	21%	23%	32%	48%
Notes payable	$100,000,000	$ 48,875,000	$ 48,875,000	$ 48,875,000	$ 48,875,000
Credit Facility payable	$177,340,000	$174,000,000	$161,550,000	$ 99,550,000	$ 40,750,000
SBA-guaranteed debentures	$250,000,000	$176,500,000	$161,000,000	$150,000,000	$ 90,000,000
Asset coverage ratio[6]	2.03x	2.23x	2.29x	2.51x	3.46x

(1) Based on weighted-average number of common shares outstanding for the period.

(2) Excludes debt extinguishment costs of $539,250 and $416,725 for the years ended December 31, 2021 and 2017, respectively. Including these costs, this ratio would be 7.02% and 4.24% for the years ended December 31, 2021 and 2017, respectively.

(3) Includes the impact of different share amounts as a result of calculating certain per share data based on weighted average shares outstanding during the period and certain per share data based on shares outstanding as of the period end.

(4) Total return on market value is based on the change in market price per share since the end of the prior quarter and includes dividends paid, which are assumed to be reinvested. The total returns are not annualized.

(5) Calculated as the lesser of purchases or paydowns divided by average fair value of investments for the period and is not annualized.

(6) Asset coverage ratio is equal to total assets less all liabilities and indebtedness not represented by senior securities over the aggregate amount of the senior securities. SBA-guaranteed debentures are excluded from the numerator and denominator.

(7) These ratios include the impact of the benefit (provision) for income taxes related to net unrealized depreciation (appreciation) on certain investments of $510,868, $(224,877), and $(66,760) for the years ended December 31, 2021, 2020 and 2019 respectively, as well as, $(2,957,220) of provision for taxes on realized gains on investments for the year ended December 31, 2021 which are not reflected in net investment income, gross operating expenses or net operating expenses. The provision for income taxes related to net realized gain (loss) or unrealized depreciation (appreciation) on investments at Taxable Subsidiaries to net assets for the years ended December 31, 2021, 2020 and 2019 is less than (0.89)%, (0.09)% and (0.03)%, respectively. These ratios excludes debt extinguishment costs of $(539,250) for the year ended December 31, 2021.

	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013	For the period from Inception (May 18, 2012) through December 31, 2012
Per Share Data:[1]					
Net asset value at beginning of year/period	$ 13.19	$ 13.94	$ 14.54	$ 14.45	$ 15.00
Net investment income	1.39	1.33	1.34	1.33	0.11
Change in unrealized appreciation (depreciation)	1.49	(0.74)	(0.53)	0.03	(0.01)
Realized gain (loss)	(1.05)	0.03	0.04	0.09	—
Benefit (Provision) for taxes on unrealized appreciation	0.03	(0.01)	(0.02)	—	—
Total from investment operations	1.86	0.61	0.83	1.45	0.10
Issuance of common shares	—	—	—	—	0.01
Reinvestments of stockholder distributions[2]	—	—	—	—	(0.41)
Sales Load	—	—	(0.01)	—	(0.07)
Stockholder distributions from:					
Net investment income	(1.36)	(1.33)	(1.31)	(1.36)	(0.18)
Net realized capital gains	—	(0.03)	(0.12)	—	—
Other[3]	—	—	0.01	—	—
Net asset value at the end of year/period	$ 13.69	$ 13.19	$ 13.94	$ 14.54	$ 14.45
Per share market value at end of year/period	$ 12.06	$ 9.64	$ 11.78	$ 14.95	$ 16.38

	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013	For the period from Inception (May 18, 2012) through December 31, 2012
Total return based on market value[4]	42.83%	(7.76)%	(13.09)%	0.42%	10.48%
Weighted average shares outstanding at the end of period	12,479,959	12,479,961	12,281,178	12,059,293	12,035,023
Ratio/Supplemental Data:					
Net assets at the end of year/period	$170,881,785	$164,651,104	$173,949,452	$175,891,514	$173,845,955
Weighted average net assets	$165,189,142	$173,453,813	$176,458,141	$175,398,660	$173,845,955
Annualized ratio of gross operating expenses to net assets[7][8]	13.20%	11.16%	9.92%	8.65%	5.49%
Annualized ratio of net operating expenses to net assets[7][8]	13.20%	10.78%	9.12%	7.63%	5.50%
Annualized ratio of interest expense and other fees to net assets	4.84%	3.56%	3.01%	1.78%	0.26%
Annualized ratio of net investment income before fee waiver to net assets[7]	10.71%	9.11%	8.40%	8.11%	4.99%
Annualized ratio of net investment income to net assets[7]	10.71%	9.49%	9.19%	9.13%	4.99%
Portfolio Turnover[5]	16%	29%	19%	41%	35%
Notes Payable	25,000,000	25,000,000	25,000,000	110,000,000	38,000,000
Credit Facility Payable	116,000,000	109,500,000	106,500,000	9,000,000	45,000,943
SBA Debentures	65,000,000	65,000,000	16,250,000	—	—
Asset Coverage Ratio[6]	2.21x	2.22x	2.32x	2.48x	4.57x

(1) Financial highlights are based on weighted average shares outstanding as of year/period ended.

(2) The per share impact of the Company's reinvestment of stockholder distributions has an impact to net assets of less than $0.01 per share during the applicable period.

(3) Includes the impact of different share amounts as a result of calculating certain per share data based on weighted average shares outstanding during the period and certain per share data based on shares outstanding as of the period end.

(4) Total return on market value is based on the change in market price per share since the end of the prior quarter and includes dividends paid. The total returns are not annualized.

(5) Calculated as the lesser of purchases or paydowns divided by average portfolio balance and is not annualized.

(6) Asset coverage ratio is equal to (i) the sum of (a) net assets at the end of the period and (b) total debt outstanding at the end of the period, divided by (ii) total debt outstanding at the end of the period. SBA-guaranteed debentures are excluded from the numerator and denominator.

(7) These ratios include the impact of the benefit (provision) for income taxes related to net unrealized loss (gain) on certain investments of $373,131, ($93,601) and ($288,122) for the years ended December 31, 2016, 2015 and 2014 respectively, which are not reflected in net investment income, gross operating expenses or net operating expenses. The benefit (provision) for income taxes related to net realized loss or unrealized loss (gain) on investments at taxable subsidiaries to net assets for the years ended December 31, 2016 and 2015 is (0.16)%, 0.05% and 0.17%, respectively.

(8) Deferred offering costs of $261,761 for the year ended December 31, 2016 are not annualized.

SUPPLEMENTARY FINANCIAL DATA

The information in “Item 8. Audited Financial Statements and Supplementary Data,” including the financial notes related thereto, of our most recent Annual Report on Form 10-K, and in “Item 1. Statements of Assets and Liabilities” and “Item 1. Financial Statements,” including the financial notes related thereto, of our most recent Quarterly Report on Form 10-Q are incorporated by reference herein.

RISK FACTORS

Investing in our securities involves a number of significant risks. Before you invest in our securities, you should be aware of and carefully consider the various risks associated with the investment, including those described in this prospectus, any accompanying prospectus supplement, any related free writing prospectus we may authorize in connection with a specific offering, "Part I, Item IA. Risk Factors" in our most recent Annual Report on Form 10-K, which is incorporated by reference herein in their entirety, "Part II, Item 1A. Risk Factors" in our most recent Quarterly Report on Form 10-Q, which is incorporated by reference herein in their entirety, and any document incorporated by reference herein. You should carefully consider these risk factors, together with all of the other information included in this prospectus, any accompanying prospectus supplement and any related free writing prospectus we may authorize in connection with a specific offering, before you decide whether to make an investment in our securities. The risks set out and described in these documents 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 business, operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, you may lose all or part of your investment. Please also read carefully the section titled "Special Note Regarding Forward-Looking Statements."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, any accompanying prospectus supplement, any related free writing prospectus and any documents we may incorporate by reference herein contain forward-looking statements that involve substantial risks and uncertainties. Such statements involve known and unknown risks, uncertainties and other factors and undue reliance should not be placed thereon. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about the Company, our current and prospective portfolio investments, our industry, our beliefs and opinions, and our assumptions. Words such as "anticipates," "expects," "intends," "plans," "will," "may," "continue," "believes," "seeks," "estimates," "would," "could," "should," "targets," "projects," "outlook," "potential," "predicts" and variations of these words and similar expressions are intended to 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 without limitation:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the effect of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- actual or potential conflicts of interest with Stellus Capital Management
- the dependence of our future success on the general economy and its effects on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- the use of borrowed money and enhanced leverage to finance a portion of our investments;
- the adequacy of our financing sources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of our external investment adviser, Stellus Capital Management, to locate suitable investments for us and to monitor and administer our investments;
- the ability of Stellus Capital Management to attract and retain highly talented professionals;
- our ability to qualify and maintain our qualification as a RIC under Subchapter M of the Code, and as a BDC;
- the effect of future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to BDCs or RICs;
- other risks, uncertainties and other factors previously identified elsewhere in this prospectus.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus, the prospectus supplement, any documents we may incorporate by reference herein, and any related free writing prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These forward-looking statements apply only as of the dates of this prospectus, the prospectus supplement, any documents we may incorporate by reference herein, and any related free writing prospectus. Moreover, we assume no duty and do not undertake to update the forward-looking statements. Because we are an investment company, the forward-looking statements and projections contained in this prospectus are excluded from the safe harbor protection provided by Section 21E of the Securities Act of 1934 Act, as amended (the "Exchange Act").

USE OF PROCEEDS

Unless otherwise specified in any applicable prospectus supplement or in any free writing prospectus we have authorized for use in connection with a specific offering, we intend to use the net proceeds from the sale of our securities pursuant to this prospectus for general corporate purposes, which may include, among other things, investing in accordance with our investment objective and strategy, repayment of any outstanding indebtedness, paying operating expenses and other general corporate purposes.

We anticipate that substantially all of the net proceeds of an offering of securities pursuant to this prospectus and any applicable prospectus supplement or free writing prospectus will be used for the above purposes within three months of any such offering, depending on the availability of appropriate investment opportunities consistent with our investment objective, but no longer than within six months of any such offerings. However, we can offer no assurance that we will be able to achieve this goal.

Pending such uses and investments, we intend to invest the net proceeds primarily in high quality, short-term debt securities consistent with our BDC election and our election to be taxed as a RIC. We do not intend to use any portion of net proceeds of this offering to fund distribution to our stockholders. Proceeds not immediately used for new investments or the temporary repayment of debt will be invested primarily in cash, cash equivalents, U.S. government securities and other high-quality investments that mature in one year or less from the date of investment. These securities may have lower yields than the types of investments we would typically make in accordance with our investment objective 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 interest-bearing deposits or other short-term instruments. The prospectus supplement relating to an offering will more fully identify the use of proceeds from any offering.

PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

The following information is qualified by reference to, and should be read in conjunction with, the information in our most recent Annual Report on Form 10-K and in our most recent Quarterly Report on Form 10-Q regarding the price range of our common stock, distributions and stockholders of record, which is incorporated by reference herein.

Market Information

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "SCM". Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from net asset value ("NAV") per share or at premiums that are unsustainable over the long term are separate and distinct from the risk that our NAV per share will decrease. It is not possible to predict whether our common stock will trade at, above, or below NAV per share. See "Item 1A. Risk Factors — Risks Related to an Investment in Our Common Stock" in our most recent annual report on Form 10-K. On June 16, 2022, the last reported closing sales price of our common stock on the NYSE was $11.29 per share, which represented a discount of approximately 22.6% to our NAV per share of $14.59 as of March 31, 2022.

The following table sets forth for the first quarter of the year ending December 31, 2022 and each fiscal quarter for the years ended December 31, 2019, 2020 and 2021, the NAV per share of our common stock, the high and low closing sales prices of our common stock and such sales prices as a percentage of NAV per share.

Class and Period	Net Asset Value[1]	Price Range		High Sales Price Premium (Discount) to Net Asset Value[2]	Low Sales Price Premium (Discount) to Net Asset Value[2]
		High	Low		
Year ending December 31, 2022					
Second Quarter (through June 16, 2022)	*	$14.20	$11.25	*	*
First Quarter	$14.59	$14.15	$13.08	3.02%	-10.35%
Year ending December 31, 2021					
Fourth Quarter[4]	$14.61	$14.65	$12.38	0.27%	-15.26%
Third Quarter	$14.15	$13.61	$12.45	-3.82%	-12.01%
Second Quarter	$14.07	$13.66	$12.40	-2.91%	-11.87%
First Quarter	$14.03	$12.70	$10.18	-9.48%	-27.44%
Year ending December 31, 2020					
Fourth Quarter	$14.03	$12.07	$ 8.04	-13.97%	-42.69%
Third Quarter	$13.17	$ 8.94	$ 7.22	-32.12%	-45.18%
Second Quarter	$13.34	$ 8.75	$ 5.58	-34.41%	-58.17%
First Quarter	$11.55	$15.03	$ 5.06	30.13%	-56.19%
Year ending December 31, 2019					
Fourth Quarter	$14.14	$14.46	$13.02	2.26%	-7.92%
Third Quarter	$14.40	$14.62	$12.80	1.53%	-11.11%
Second Quarter	$14.29	$14.58	$13.49	2.03%	-5.60%
First Quarter	$14.32	$15.20	$13.27	6.15%	-7.33%

* Not determinable at the time of filing.

(1) NAV per share is generally 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 as the respective high or low closing sales price less net asset value, divided by net asset value (in each case, as of the applicable quarter).

Distribution Policy

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

We have elected to be treated as a RIC under the Code. To maintain RIC tax treatment, 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, to our stockholders. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of: (a) 98% of our net ordinary income for such calendar year; (b) 98.2% of our capital gain net income for the one-year period ending on October 31 of the calendar year; and (c) any net ordinary income and capital gain net income for preceding years that were not distributed during such years and on which we previously paid no U.S. federal income tax. See *'"Risk Factors — Risks Related to RIC Tax Treatment — We will be subject to U.S. federal corporate-level income tax if we are unable to qualify as a RIC*" in our most recent Annual Report on Form 10-K.

We currently intend to distribute net capital gains (*i.e.*, net long-term capital gains in excess of net short-term capital losses), if any, at least annually out of the assets legally available for such distributions. However, we may decide in the future to retain such capital gains for investment and elect to treat such gains as deemed distributions to you. If this happens, you will be treated for U.S. federal income tax purposes as if you had received an actual distribution of the capital gains that we retain and reinvested the net after tax proceeds in us. In this situation, you would be eligible to claim a tax credit (or in certain circumstances a tax refund) equal to your allocable share of the tax we paid on the capital gains deemed distributed to you. See "Material U.S. Federal Income Tax Considerations." We cannot assure you that we will achieve results that will permit us to pay any cash distributions, and if we issue senior securities, we may be prohibited from making distributions if doing so would cause us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if such distributions are limited by the terms of any of our borrowings.

We have adopted an "opt out" dividend reinvestment plan for our common stockholders. Unless you elect to receive your distributions in cash, we intend to make such distributions in additional shares of our common stock under our dividend reinvestment plan. 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, investors participating in our dividend reinvestment plan will not receive any corresponding cash distributions with which to pay any such applicable taxes. If you hold shares of our common stock in the name of a broker or financial intermediary, you should contact such broker or financial intermediary regarding your election to receive distributions in cash in lieu of shares of our common stock. Any distributions reinvested through the issuance of shares through our dividend reinvestment plan will increase our gross assets on which the base management fee and the incentive fee are determined and paid to Stellus Capital Management. See "Dividend Reinvestment Plan."

Dividends Declared

The following table reflects the distributions declared on shares of our common stock during the years ended December 31, 2019, 2020 and 2021 and the quarter ended March 31, 2022:

Date Declared	Record Date	Payment Date	Per Share
Fiscal 2019			
January 11, 2019	January 31, 2019	February 15, 2019	$0.1133
January 11, 2019	February 28, 2019	March 15, 2019	$0.1133
January 11, 2019	March 29, 2019	April 15, 2019	$0.1133
April 11, 2019	April 30, 2019	May 15, 2019	$0.1133
April 11, 2019	May 31, 2019	June 14, 2019	$0.1133
April 11, 2019	June 28, 2019	July 15, 2019	$0.1133
July 3, 2019	July 31, 2019	August 15, 2019	$0.1133
July 3, 2019	August 30, 2019	September 13, 2019	$0.1133
July 3, 2019	September 30, 2019	October 15, 2019	$0.1133
October 15, 2019	October 31, 2019	November 15, 2019	$0.1133
October 15, 2019	November 29, 2019	December 13, 2019	$0.1133
October 15, 2019	December 31, 2019	January 15, 2020	$0.1133
Fiscal 2020			
January 10, 2020	January 31, 2020	February 14, 2020	$ 0.11
January 10, 2020	February 28, 2020	March 13, 2020	$ 0.11
January 10, 2020	March 31, 2020	April 15, 2020	$ 0.11
June 30, 2020	July 15, 2020	July 31, 2020	$ 0.25
July 29, 2020	September 15, 2020	September 30, 2020	$ 0.25
September 13, 2020	December 15, 2020	December 29, 2020	$ 0.25
September 13, 2020	December 15, 2020	December 29, 2020	$ 0.06
Fiscal 2021			
January 15, 2021	January 29, 2021	February 16, 2021	$ 0.08
January 15, 2021	February 26, 2021	March 15, 2021	$ 0.08
January 15, 2021	March 31, 2021	April 15, 2021	$ 0.08
April 19, 2021	April 30, 2021	May 14, 2021	$ 0.08
April 19, 2021	May 28, 2021	June 15, 2021	$ 0.08
April 19, 2021	June 30, 2021	July 15, 2021	$ 0.08
July 19, 2021	July 30, 2021	August 13, 2021	$ 0.10
July 19, 2021	August 31, 2021	September 15, 2021	$ 0.10
July 19, 2021	September 30, 2021	October 15, 2021	$ 0.10
September 14, 2021	October 29, 2021	November 15, 2021	$ 0.09
September 14, 2021	November 30, 2021	December 15, 2021	$ 0.09
September 14, 2021	December 16, 2021	December 31, 2021	$ 0.09
October 29, 2021	January 28, 2022	February 15, 2022	$ 0.02
October 29, 2021	February 25, 2022	March 15, 2022	$ 0.02
October 29, 2021	March 31, 2022	April 15, 2022	$ 0.02
Fiscal 2022			
January 13, 2022	January 28, 2022	February 15, 2022	$0.0933
January 13, 2022	February 25, 2022	March 15, 2022	$0.0933
January 13, 2022	March 31, 2022	April 15, 2022	$0.0933
April 19, 2022	April 29, 2022	May 13, 2022	$0.0933
April 19, 2022	May 27, 2022	June 15, 2022	$0.0933
April 19, 2022	June 30, 2022	July 15, 2022	$0.0933
April 19, 2022	April 29, 2022	May 13, 2022	$ 0.02
April 19, 2022	May 27, 2022	June 15, 2022	$ 0.02
April 19, 2022	June 30, 2022	July 15, 2022	$ 0.02
Total			$6.9494

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

The information contained in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our most recent Annual Report on Form 10-K and in "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our most recent Quarterly Report on Form 10-Q are incorporated by reference herein and should be read in conjunction with, and are qualified by reference to, our financial statements and notes thereto included in such Annual Report on Form 10-K and such Quarterly Report on Form 10-Q, as applicable.

BUSINESS

The information contained in “Part I, Item 1. Business,” “Part I, Item 2. Properties” and “Part I, Item 3. Legal Proceedings” of our most recent Annual Report on Form 10-K, and in “Part II, Item 1. Legal Proceedings” of our most recent Quarterly Report on Form 10-Q are incorporated herein by reference.

SENIOR SECURITIES

Information regarding our senior securities is incorporated by reference herein from our most recent Annual Report on Form 10-K and our most recent Quarterly Report on Form 10-Q.

PORTFOLIO COMPANIES

The following table sets forth certain information regarding each of the portfolio companies in which we had debt or equity investment as of March 31, 2022. We may receive rights to observe the meetings of our portfolio companies' board of directors. Other than these investments, our only relationship with our portfolio companies are the managerial assistance we may separately provide to our portfolio companies, which services would be ancillary to our investments. As of March 31, 2022, we did not "control" and are not an "affiliate" of any of our portfolio companies, each as defined in the 1940 Act. In general, under the 1940 Act, we would "control" a portfolio company if we owned 25% or more of its voting securities and would be an "affiliate" of a portfolio company if we owned five percent or more of its voting securities.

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
Non-controlled, non-affiliated investments														
Ad.Net Acquisition, LLC	1100 Glendon Ave, Suite 1200 Los Angeles, CA 90024	Los Angeles, CA												
Term Loan (SBIC II)		Services: Business	First Lien	3M LIBOR+6.00%	1.00%	7.00%		5/7/2021	5/7/2026	$15,471,324	$15,274,974	$15,239,254	5.34%	
Ad.Net Holdings, Inc. Series A Common Stock (SBIC II)			Equity					5/7/2021		7,794	77,941	79,139	0.03%	
Ad.Net Holdings, Inc. Series A Preferred Stock (SBIC II)			Equity					5/7/2021		7,015	701,471	712,248	0.25%	
Total											$16,054,386	$16,030,641	5.62%	0.92%
ADS Group Opco, LLC	938 Quail Street Lakewood, CO, 80215	Lakewood, CO												
Term Loan (SBIC II)		Aerospace & Defense	First Lien	3M LIBOR+6.75%	1.00%	7.76%		6/4/2021	6/4/2026	$14,775,000	14,519,907	14,405,625	5.05%	
Revolver			First Lien	3M LIBOR+6.75%	1.00%	7.76%		6/4/2021	6/4/2026	$ 90,000	90,000	87,750	0.03%	
Pluto Aggregator, LLC Class A Units			Equity					6/4/2021		77,626	288,691	159,573	0.06%	
Pluto Aggregator, LLC Class B Units			Equity					6/4/2021		56,819	211,309	116,801	0.04%	
Total											$15,109,907	$14,769,749	5.18%	1.21%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
Advanced Barrier Extrusions, LLC	4390 Anderle Drive Rhinelander, WI, 54501	Rhinelander, WI												
Term Loan B (SBIC)		Containers, Packaging, & Glass	First Lien	1M LIBOR+7.50%	1.00%	8.50%		11/30/2020	11/30/2026	$17,281,250	$16,998,945	$17,281,249	6.06%	
GP ABX Holdings Partnership, L.P. Partner Interests			Equity					8/8/2018		644,737	528,395	423,217	0.15%	
Total											$17,527,340	$17,704,466	6.21%	0.70%
Anne Lewis Strategies, LLC	1140 19th Street NW, Suite 300 Washington, DC 20036-6611	Washington, DC												
Term Loan (SBIC II)		Services: Business	First Lien	3M LIBOR+6.75%	1.00%	7.76%		3/5/2021	3/5/2026	$10,925,000	10,745,746	10,925,000	3.83%	
SG AL Investment, LLC Common Units			Equity					3/5/2021		1,000	851,439	2,521,652	0.88%	
Total											$11,597,185	$13,446,652	4.71%	2.99%
APE Holdings, LLC	302 Deerwood Glen Drive Deerpark, TX 77536	Deer Park, TX												
Class A Units		Chemicals, Plastics, & Rubber	Equity					9/5/2014		375,000	375,000	69,804	0.02%	
Total											$ 375,000	$ 69,804	0.02%	0.15%
Atmosphere Aggregator Holdings II, L.P.	Two Concourse Parkway, Suite 300 Atlanta, GA 30328	Atlanta, GA												
Common Units		Services: Business	Equity					1/26/2016		254,250	0	1,911,180	0.67%	
Stratose Aggregator Holdings, L.P. Common Units			Equity					6/30/2015		750,000	0	5,637,698	1.98%	
Total											$ 0	$ 7,548,878	2.65%	0.11%
ArborWorks Acquisition LLC	40094 Highway 49, Suite A Oakhurst, CA 93644-8826	Oakhurst, CA												
Term Loan		Environmental Industries	First Lien	3M LIBOR+7.00%	1.00%	8.00%		11/23/2021	11/9/2026	$14,887,500	14,746,967	14,738,625	5.17%	
ArborWorks Holdings LLC Units			Equity					12/29/2021		115	115,385	55,765	0.02%	
Total											$14,862,352	$14,794,390	5.19%	0.15%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
ASC Communications, LLC	17 North State Street, Suite 1800 Chicago, IL 60602	Chicago, IL												
Term Loan (SBIC)		Healthcare & Pharmaceuticals	First Lien	1M LIBOR+5.00%	1.00%	6.00%		6/29/2017	6/29/2023	$ 3,179,012	$ 3,171,566	$ 3,163,117	1.11%	
Term Loan			First Lien	1M LIBOR+5.00%	1.00%	6.00%		2/4/2019	6/29/2023	$ 5,404,321	5,382,884	5,377,299	1.89%	
ASC Communications Holdings, LLC Class A Units (SBIC)			Equity					6/29/2017		73,529	0	1,307,084	0.46%	
Total											$ 8,554,450	$ 9,847,500	3.46%	0.60%
Axis Portable Air, LLC	4132 W Venus Way Chandler, AZ, 85226-3742	Phoenix, AZ												
Term Loan (SBIC II)		Capital Equipment	First Lien	3M SOFR+5.75%	1.00%	6.75%		3/22/2022	3/22/2028	$ 12,000,000	11,760,000	11,760,000	4.13%	
Axis Air Parent, LLC Preferred Units			Equity					3/22/2022		4,436	443,636	443,636	0.16%	
Total											$ 12,203,636	$ 12,203,636	4.29%	0.49%
BDS Solutions Intermediateco, LLC	4450 E Adamo Dr Suite 501, Tampa, FL 33605	Tampa Bay, FL												
Term Loan (SBIC)		Services: Business	First Lien	3M SOFR+6.50%	1.00%	7.50%		2/24/2022	2/7/2027	$ 13,489,896	13,356,845	13,356,845	4.69%	
Revolver			First Lien	3M SOFR+6.50%	1.00%	7.50%		2/24/2022	2/7/2027	$ 43,333	43,333	42,906	0.02%	
Total											$ 13,400,178	$ 13,399,751	4.71%	
BLP Buyer, Inc.	7208 Gessner Rd Houston, TX, 77040-3142	Houston, TX												
Term Loan		Capital Equipment	First Lien	3M LIBOR+6.25%	1.00%	7.25%		2/1/2022	2/1/2027	$ 6,225,431	6,104,279	6,104,279	2.14%	
Revolver			First Lien	1M LIBOR+6.25%	1.00%	7.25%		2/1/2022	2/1/2027	$ 36,566	36,566	35,854	0.01%	
BL Products Parent, L.P. Class A Units			Equity					2/1/2022		754,598	754,598	754,598	0.26%	
Total											$ 6,895,443	$ 6,894,731	2.41%	0.37%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
Café Valley, Inc.	7000 W. Buckeye Road Phoenix, AZ 85043-4306	Phoenix, AZ												
Term Loan		Beverage, Food, & Tobacco	First Lien	1M LIBOR+7.00%	1.25%	8.25%		8/28/2019	8/28/2024	$15,857,143	$15,688,141	$15,302,143	5.37%	
CF Topco LLC Units			Equity					8/28/2019		9,160	916,015	327,223	0.11%	
Total											$16,604,156	$15,629,366	5.48%	1.01%
Camp Profiles LLC	300 Massachusetts Avenue, 3rd Fl Boston, MA 02115	Boston, MA												
Term Loan (SBIC)		Media: Advertising, Printing & Publishing	First Lien	3M LIBOR+6.00%	1.00%	7.00%		9/3/2021	9/3/2026	$10,198,750	10,014,453	10,096,763	3.54%	
CIVC VI-A 829 Blocker, LLC Units			Equity					9/3/2021		250	250,000	318,232	0.11%	
Total											$10,264,453	$10,414,995	3.65%	0.59%
CEATI International Inc.	1010 rue Sherbrooke O bureau 2500 Montreal, QC, H3A 2R7 Canada	Montreal, Canada												
Term Loan		Services: Business	First Lien	3M LIBOR+6.50%	1.00%	7.51%		2/19/2021	2/19/2026	$13,365,000	13,146,395	13,030,875	4.57%	
CEATI Holdings, LP Class A Units			Equity					2/19/2021		250,000	250,000	286,220	0.10%	
Total											$13,396,395	$13,317,095	4.67%	0.39%
CF512, Inc.	1209 Orange Street Wilmington, DE 19801	Blue Bell, PA												
Term Loan (SBIC)		Media: Advertising, Printing & Publishing	First Lien	3M LIBOR+6.00%	1.00%	7.00%		9/1/2021	9/1/2026	$14,288,663	14,030,459	13,931,446	4.89%	
Delayed Draw Term Loan			First Lien	3M LIBOR+6.00%	1.00%	7.01%		9/1/2021	9/1/2026	$ 3,085,291	3,056,235	3,008,159	1.06%	
StellPen Holdings, LLC Membership Interests			Equity					9/1/2021		22.09%	220,930	259,590	0.09%	
Total											$17,307,624	$17,199,195	6.04%	0.30%
Colford Capital Holdings, LLC	156 W. 56th Street New York, NY 10019	New York, NY												
Class A Units		Finance	Equity					8/20/2015		38,893	195,036	22,408	0.01%	
Total											$ 195,036	$ 22,408	0.01%	1.00%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
CompleteCase, LLC	2317 3rd Ave. N, Suite 101 Birmingham, AL 35203	Seattle, WA												
Term Loan (SBIC II)		Services: Consumer	First Lien	3M LIBOR+6.50%	1.00%	7.51%		12/21/2020	12/21/2025	$ 11,334,783	$ 11,156,603	$ 11,051,413	3.88%	
Revolver A			First Lien	3M LIBOR+6.50%	1.00%	7.51%		12/21/2020	12/21/2025	$ 50,000	50,000	48,750	0.02%	
Revolver B			First Lien	3M LIBOR+6.50%	1.00%	7.51%		11/18/2021	8/17/2022	$ 2,000,000	2,000,000	1,950,000	0.68%	
CompleteCase Holdings, Inc. Class A Common Stock (SBIC II)			Equity					12/21/2020		417	5	4	0.00%	
CompleteCase Holdings, Inc. Series A Preferred Stock (SBIC II)			Equity					12/21/2020		522	521,734	361,691	0.13%	
Total											$ 13,728,342	$ 13,411,858	4.71%	1.01%
Credit Connection, LLC	575 E. Locust Ave., Suite 103 Fresno, CA 93720	Fresno, CA												
Term Loan (SBIC II)		Software	First Lien	3M LIBOR+5.75%	1.00%	6.76%		7/30/2021	7/30/2026	$ 9,950,000	9,773,709	9,850,500	3.46%	
Term Loan (SBIC II)			First Lien	3M LIBOR+5.75%	1.00%	6.76%		3/31/2022	7/30/2026	$ 7,500,000	7,350,000	7,425,000	2.60%	
Series A Units			Equity					7/30/2021		750,000	750,000	920,774	0.32%	
Total											$ 17,873,709	$ 18,196,274	6.38%	0.92%
Data Centrum Communications, Inc.	11 Philips Pkwy. Montvale, NJ 07645-1810	Montvale, NJ												
Term Loan B		Media: Advertising, Printing & Publishing	First Lien	3M LIBOR+8.00%	1.00%	7.50%	1.50%	5/15/2019	5/15/2024	$ 15,841,610	15,693,160	14,653,489	5.14%	
Health Monitor Holdings, LLC Series A Preferred Units			Equity					5/15/2019		1,000,000	1,000,000	315,321	0.11%	
Total											$ 16,693,160	$ 14,968,810	5.25%	0.61%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
Douglas Products Group, LP	400 Hamilton Avenue, Suite 230 Palo Alto, CA 34301	Liberty, MO												
Partnership Interests		Chemicals, Plastics, & Rubber	Equity					12/27/2018		$ 322	$ 139,656	$ 755,202	0.26%	
Total											$ 139,656	$ 755,202	0.26%	0.43%
Dresser Utility Solutions, LLC	41 Fisher Avenue Bradford, PA 16701	Bradford, PA												
Term Loan (SBIC)		Utilities: Oil & Gas	Second Lien	1M LIBOR+8.50%	1.00%	9.50%		10/1/2018	4/1/2026	$10,000,000	9,906,615	9,800,000	3.44%	
Total											$ 9,906,615	$9,800,000	3.44%	
DRS Holdings III, Inc.	625 Maddox Simpson Parkway Lebanon, TX 37090-0916	St. Louis, MO												
Term Loan		Consumer Goods: Durable	First Lien	1M LIBOR+5.75%	1.00%	6.75%		11/1/2019	11/1/2025	$ 9,775,000	9,711,236	9,775,000	3.43%	
Total											$ 9,711,236	$9,775,000	3.43%	
DTE Enterprises, LLC	95 Chancellor Drive Roselle, IL 60172	Roselle, IL												
Term Loan		Energy: Oil & Gas	First Lien	6M LIBOR+8.50%	1.50%	9.50%	0.50%	4/13/2018	4/13/2023	$ 9,380,180	9,332,601	9,098,775	3.19%	
DTE Holding Company, LLC Class A-2 Units			Equity					4/13/2018		776,316	466,204	26,889	0.01%	
DTE Holding Company, LLC Class AA Units			Equity					4/13/2018		723,684	723,684	800,354	0.28%	
Total											$10,522,489	$9,926,018	3.48%	1.23%
FC Defense Holdings, LLC	11180 Sunrise Valley Drive, Suite 220 Reston, VA 20191	Reston, VA												
Class B Units (SBIC)		Services: Business	Equity					7/31/2020		20,054	500,000	984,749	0.35%	
Total											$ 500,000	$ 984,749	0.35%	0.45%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
EH Real Estate Services, LLC	5301 Dempster Street, Suite 300 Skokie, IL 60077	Skokie, IL												
Term Loan (SBIC)		FIRE: Real Estate	First Lien	10.00%		10.00%		9/3/2021	9/3/2026	$ 7,934,164	$ 7,789,704	$ 7,577,127	2.66%	
EH Holdco, LLC Series A Preferred Units			Equity					9/3/2021		7,892	7,891,642	7,415,819	2.60%	
Total											$15,681,346	$14,992,946	5.26%	18.34%
Elliott Aviation, LLC	6601 74th Avenue Milan, IL 61264-3203	Moline, IL												
Term Loan		Aerospace & Defense	First Lien	1M LIBOR+8.00%	1.75%	7.75%	2.00%	1/31/2020	1/31/2025	$17,615,649	17,400,285	16,822,944	5.89%	
Revolver			First Lien	1M LIBOR+8.00%	1.75%	7.75%	2.00%	1/31/2020	1/31/2025	$ 1,361,284	1,361,284	1,300,026	0.46%	
SP EA Holdings LLC Class A Units			Equity					1/31/2020		900,000	900,000	42,739	0.01%	
Total											$19,661,569	$18,165,709	6.36%	1.73%
Energy Labs Holding Corp.	8850 Interchange Drive Houston, TX 77054	Houston, TX												
Common Stock		Energy: Oil & Gas	Equity					9/29/2016		598	598,182	1,215,973	0.43%	
Total											$ 598,182	$ 1,215,973	0.43%	0.73%
EOS Fitness Holdings, LLC	15445 Metcalf Overland Park. KS 66223	Phoenix, AZ												
Class A Preferred Units		Hotel, Gaming, & Leisure	Equity					12/30/2014		118	0	221,533	0.08%	
Class B Common Units			Equity					12/30/2014		3,017	0	345,641	0.12%	
Total											$ 0	$ 567,174	0.20%	0.24%
Exacta Land Surveyors, LLC	2132 East Ninth Street, Suite 310 Cleveland, OH 44115	Cleveland, OH												
Term Loan (SBIC)		Services: Business	First Lien	3M LIBOR+5.75%	1.50%	7.25%		2/8/2019	2/8/2024	$16,501,875	16,360,353	16,171,838	5.67%	
SP ELS Holdings LLC Class A Units			Equity					2/8/2019		1,069,143	1,069,143	551,781	0.19%	
Total											$17,429,496	$16,723,619	5.86%	2.26%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
Exigo, LLC	1600 Viceroy Drive, Suite 125 Dallas, Texas 75235	Dallas, TX												
Term Loan		Services: Business	First Lien	1M LIBOR+5.75%	1.00%	6.75%		3/16/2022	3/16/2027	$ 9,060,841	$ 8,924,928	$ 8,924,928	3.13%	
Revolver			First Lien	1M LIBOR+5.75%	1.00%	6.75%		3/16/2022	3/16/2027	$ 20,000	20,000	19,700	0.01%	
Gauge Exigo Coinvest, LLC Common Units			Equity					3/16/2022		377,535	377,535	377,535	0.13%	
Total											$ 9,322,463	$ 9,322,163	3.27%	0.16%
General LED OPCO, LLC	1074 Arion Circle, Suite 116 San Antonio, TX 78216	San Antonio, TX												
Term Loan		Services: Business	Second Lien	3M LIBOR+9.00%	1.50%	0.00%		5/1/2018	3/31/2026	$ 4,500,000	4,455,902	3,712,500	1.30%	
Total											$ 4,455,902	$ 3,712,500	1.30%	
Grupo HIMA San Pablo, Inc., et al	Pablo, Inc. P.O. Box 4980 Caguas, PR 00726	San Juan, PR												
Term Loan B		Healthcare & Pharmaceuticals	First Lien	3M LIBOR+7.00%	1.50%	0.00%		2/1/2013		$ 4,061,688	4,061,688	121,851	0.04%	
Term Loan			Second Lien	13.75%		0.00%		2/1/2013		$ 4,109,524	4,109,524	0	0.00%	
Term Loan			First Lien	12.00%		0.00%		11/24/2021		$ 147,344	147,344	147,344	0.05%	
Term Loan			First Lien	3M LIBOR+7.00%	1.50%	0.00%		11/24/2021		$ 442,033	442,033	442,033	0.16%	
Total											$ 8,760,589	$ 711,228	0.25%	
GS HVAM Intermediate, LLC	3115 Melrose Drive, Suite 160 Carlsbad, CA 92010	Carlsbad, CA												
Term Loan		Beverage, Food, & Tobacco	First Lien	1M LIBOR+5.75%	1.00%	6.75%		10/18/2019	10/2/2024	$12,732,684	12,661,385	12,732,684	4.47%	
Revolver			First Lien	1M LIBOR+5.75%	1.00%	6.75%		10/18/2019	10/2/2024	$ 2,651,515	2,651,515	2,651,515	0.93%	
HV GS Acquisition, LP Class A Interests			Equity					10/2/2019		1,796	1,618,844	1,572,963	0.55%	
Total											$16,931,744	$16,957,162	5.95%	1.13%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
HV Watterson Holdings, LLC	1821 Waldren Office Square, Suite 111 Schaumburg, IL 60173	Schaumburg, IL												
Term Loan		Services: Business	First Lien	3M LIBOR+6.00%	1.00%	7.01%		12/17/2021	12/17/2026	$13,403,011	$13,146,114	$13,134,951	4.61%	
HV Acquisition VI, LLC Class A Units			Equity					12/17/2021		1,084	1,084,126	1,152,939	0.40%	
Total											$14,230,240	$14,287,890	5.01%	1.41%
I2P Holdings, LLC	Price for Profit, LLC 6140 Parkland Blvd., Suite 200 Cleveland, OH 44124	Cleveland, OH												
Series A Preferred Units		Services: Business	Equity					1/31/2018		750,000	750,000	3,567,708	1.25%	
Total											$ 750,000	$ 3,567,708	1.25%	1.63%
ICD Holdings, LLC	580 California Street, Suite 1335 San Francisco, CA 94104	San Francisco, CA												
Class A Units		Finance	Equity					1/1/2018		9,962	464,619	326,825	0.11%	
Total											$ 464,619	$ 326,825	0.11%	0.36%
Infolinks Media Buyco, LLC	3 N. Maple Ave., Suite 1 Ridgewood, NJ 07450	Ridgewood, NJ												
Term Loan (SBIC II)		Media: Advertising, Printing & Publishing	First Lien	3M LIBOR+6.00%	1.00%	7.01%		11/1/2021	11/1/2026	$ 8,503,688	8,345,261	8,291,096	2.91%	
Tower Arch Infolinks Media, LP LP Interests			Equity					10/28/2021		443,904	443,904	530,060	0.19%	
Total											$ 8,789,165	$ 8,821,156	3.10%	0.30%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
Inoapps Bidco, LLC	3200 Southwest Fwy Ste 3300 Houston, TX, 77027-7573	Houston, TX												
Term Loan B		Services: Business	First Lien	3M SONIA+5.75%	1.00%	6.75%		2/15/2022	2/15/2027	$13,567,500	$13,292,444	$13,299,794	4.67%	
Inoapps Holdings, LLC Series A-1 Preferred Units			Equity					2/15/2022		739,800	739,800	739,800	0.26%	
Total											$14,032,244	$14,039,594	4.93%	0.57%
Integrated Oncology Network, LLC	104 Woodmont Blvd., Suite 500 Nashville, TN 37205	Newport Beach, CA												
Term Loan		Healthcare & Pharmaceuticals	First Lien	3M LIBOR+5.50%	1.50%	7.00%		7/17/2019	6/24/2024	$15,952,974	15,794,625	15,873,209	5.57%	
Term Loan			First Lien	3M LIBOR+5.50%	1.50%	7.00%		11/1/2021	6/24/2024	$ 1,104,204	1,085,275	1,098,683	0.39%	
Total											$16,879,900	$16,971,892	5.96%	
Interstate Waste Services, Inc.	300 Frank W. Furr Blvd., Suite 39 Teaneck, NJ 07666	Amsterdam, OH												
Common Stock		Environmental Industries	Equity					1/15/2020		21,925	946,125	578,786	0.20%	
Total											$ 946,125	$ 578,786	0.20%	0.15%
Intuitive Health, LLC	5700 Granite Parkway, Suite 455 Plano, TX 75024	Plano, TX												
Term Loan (SBIC II)		Healthcare & Pharmaceuticals	First Lien	3M LIBOR+5.75%	1.00%	6.76%		10/18/2019	10/18/2027	$ 5,880,000	5,806,221	5,880,000	2.06%	
Term Loan			First Lien	3M LIBOR+5.75%	1.00%	6.76%		10/18/2019	10/18/2027	$11,270,000	11,128,589	11,270,000	3.94%	
Term Loan (SBIC II)			First Lien	3M LIBOR+5.75%	1.00%	6.76%		8/31/2021	10/18/2027	$ 3,096,773	3,053,905	3,096,773	1.09%	
Legacy Parent, Inc. Class A Common Stock			Equity					10/30/2020		58	0	231,685	0.08%	
Total											$19,988,715	$20,478,458	7.17%	0.10%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
Invincible Boat Company LLC	4700 NW 132nd Street Opa Locka, FL 33054	Opa Locka, FL												
Term Loan		Consumer Goods: Durable	First Lien	3M LIBOR+6.50%	1.50%	8.00%		8/28/2019	8/28/2025	$ 5,381,042	$ 5,273,798	$ 5,327,232	1.87%	
Term Loan (SBIC II)			First Lien	3M LIBOR+6.50%	1.50%	8.00%		8/28/2019	8/28/2025	$ 4,967,116	4,904,514	4,917,445	1.73%	
Term Loan (SBIC II)			First Lien	3M LIBOR+6.50%	1.50%	8.00%		6/1/2021	8/28/2025	$ 1,104,255	1,085,893	1,093,212	0.38%	
Warbird Parent Holdco, LLC Class A Units			Equity					8/28/2019		1,362,575	1,299,691	1,639,502	0.58%	
Total											$ 12,563,896	$ 12,977,391	4.56%	1.18%
J.R. Watkins, LLC	101 Mission Streetm Suite 1900 s/o: Swander Pace Capital San Francisco, CA 94105	San Francisco												
Term Loan (SBIC)		Consumer Goods: Non-Durable	First Lien	10.00%		7.00%	3.00%	12/22/2017	12/22/2022	$12,564,137	12,521,235	11,182,082	3.92%	
J.R. Watkins Holdings, Inc. Class A Preferred Stock			Equity					12/22/2017		1,133	1,132,576	259,709	0.09%	
Total											$ 13,653,811	$ 11,441,791	4.01%	1.42%
Jurassic Acquisition Corp.	34 Loveton Circle, Suite 100 Sparks, MD 21152	Sparks, MD												
Term Loan		Metals & Mining	First Lien	3M LIBOR+5.50%	0.00%	6.51%		12/28/2018	11/15/2024	$16,931,250	16,805,987	16,931,249	5.94%	
Total											$ 16,805,987	$ 16,931,249	5.94%	
Kelleyamerit Holdings, Inc.	1331 N. California Blvd., Suite 150 Walnut Creek, CA 94596	Walnut Creek, CA												
Term Loan (SBIC)		Automotive	First Lien	3M LIBOR+6.50%	1.00%	8.82%		12/24/2020	12/24/2025	$ 9,750,000	9,597,709	9,506,250	3.34%	
Term Loan			First Lien	3M LIBOR+6.50%	1.00%	8.82%		12/24/2020	12/24/2025	$ 1,500,000	1,476,571	1,462,500	0.51%	
Total											$ 11,074,280	$ 10,968,750	3.85%	

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
KidKraft, Inc.	4360 Olin Road Dallas, TX 75244	Dallas, TX												
Term Loan		Consumer Goods: Durable	First Lien	3M LIBOR+5.00%	1.00%	6.00%		4/3/2020	8/15/2022	$ 1,580,768	$ 1,580,768	$ 1,580,768	0.55%	
KidKraft Group Holdings, LLC Preferred B Units			Equity					4/3/2020		4,000,000	4,000,000	4,000,000	1.40%	
Total											$ 5,580,768	$ 5,580,768	1.95%	1.35%
Ledge Lounger, Inc.	616 Cane Island Parkway Katy, TX 77494	Katy, TX												
Term Loan A (SBIC)		Consumer Goods: Durable	First Lien	3M LIBOR+6.25%	1.00%	7.25%		11/9/2021	11/9/2026	$ 7,625,625	7,483,491	7,511,241	2.64%	
Revolver			First Lien	3M LIBOR+6.25%	1.00%	7.25%		11/9/2021	11/9/2026	$ 66,667	66,667	65,667	0.02%	
SP L2 Holdings LLC Class A Units (SBIC)			Equity					11/9/2021		375,000	375,000	352,842	0.12%	
Total											$ 7,925,158	$ 7,929,750	2.78%	0.49%
Madison Logic, Inc.	257 Park Avenue South, 5th Floor New York, NY 10016	New York, NY												
Term Loan (SBIC)		Media: Broadcasting & Subscription	First Lien	1M LIBOR+5.75%	1.00%	6.75%		2/4/2021	11/22/2026	$ 3,781,769	3,769,936	3,743,951	1.31%	
Term Loan			First Lien	1M LIBOR+5.75%	1.00%	6.75%		11/22/2021	11/22/2026	$ 6,858,149	6,793,434	6,789,568	2.38%	
Madison Logic Holdings, Inc. Common Stock (SBIC)			Equity					11/30/2016		5,000	0	2,018,971	0.71%	
Total											$10,563,370	$12,552,490	4.40%	0.78%
MOM Enterprises, LLC	1003 West Cutting Blvd., Suite 110 Richmond, CA 94804	Richmond, CA												
Term Loan (SBIC II)		Consumer Goods: Non-Durable	First Lien	3M LIBOR+6.25%	1.00%	7.26%		5/19/2021	5/19/2026	$16,343,167	16,062,419	16,098,019	5.65%	
MBliss SPC Holdings, LLC Units			Equity					5/19/2021		933,333	933,333	1,071,775	0.38%	
Total											$16,995,752	$17,169,794	6.03%	1.63%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
Naumann/Hobbs Material Handling Corporation II, Inc.	4335 E. Wood Phoenix, AZ 85040-2045	Phoenix, AZ												
Term Loan		Services: Business	First Lien	3M LIBOR+6.25%	1.50%	7.75%		8/30/2019	8/30/2024	$ 8,696,546	$ 8,603,575	$ 8,609,581	3.02%	
Term Loan (SBIC II)			First Lien	3M LIBOR+6.25%	1.50%	7.75%		8/30/2019	8/30/2024	$ 5,484,074	5,425,446	5,429,233	1.90%	
CGC NH, Inc. Common Stock			Equity					8/30/2019		123	440,758	673,886	0.24%	
Total											$14,469,779	$14,712,700	5.16%	2.21%
NS412, LLC	12790 Merit Drive, Suite 700 Dallas, TX 75251-1243	Dallas, TX												
Term Loan		Services: Consumer	Second Lien	3M LIBOR+8.50%	1.00%	9.51%		5/6/2019	11/6/2025	$ 7,615,000	7,519,178	7,462,700	2.62%	
NS Group Holding Company, LLC Class A Units			Equity					5/6/2019		782	795,002	583,750	0.20%	
Total											$ 8,314,180	$ 8,046,450	2.82%	0.47%
NuMet Machining Techniques, LLC	235 Edison Road Orange, CT 06477-3603	Birmingham, United Kingdom												
Term Loan		Aerospace & Defense	Second Lien	1M LIBOR+9.00%	2.00%	11.00%		11/5/2019	5/5/2026	$12,675,000	12,499,141	11,724,375	4.11%	
Bromford Industries Limited Term Loan			Second Lien	1M LIBOR+9.00%	2.00%	11.00%		11/5/2019	5/5/2026	$ 7,800,000	7,688,278	7,215,000	2.53%	
Bromford Holdings, L.P. Class A Membership Interests			Equity					11/5/2019		0.83%	866,629	0	0.00%	
Bromford Holdings, L.P. Class D Membership Interests			Equity					3/18/2021		0.82%	280,078	195,551	0.07%	
Total											$21,334,126	$19,134,926	6.71%	0.74%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
NuSource Financial, LLC	9749 Hamilton Road Edan Prairie, MN 55344-3424	Eden Prairie, MN												
Term Loan (SBIC II)		Services: Business	First Lien	1M LIBOR+9.00%	1.00%	10.00%		1/29/2021	1/29/2026	$11,996,875	$11,799,151	$11,457,016	4.02%	
NuSource Financial Acquisition, Inc. (SBIC II)			Unsecured	13.75%		4.00%	9.75%	1/29/2021	7/29/2026	$ 5,241,406	5,160,870	4,717,265	1.65%	
NuSource Holdings, Inc. Warrants (SBIC II)			Equity					1/29/2021		54,966	0	0	0.00%	
Total											$16,960,021	$16,174,281	5.67%	N/A
Nutritional Medicinals, LLC	806 East Franklin Street Centerville, OH 45459	Centerville, OH												
Term Loan		Healthcare & Pharmaceuticals	First Lien	3M LIBOR+6.00%	1.00%	7.01%		11/15/2018	11/15/2025	$11,249,797	11,156,329	11,024,801	3.87%	
Term Loan			First Lien	3M LIBOR+6.00%	1.00%	7.01%		10/28/2021	11/15/2025	$ 4,813,564	4,747,769	4,717,293	1.65%	
Functional Aggregator, LLC Units			Equity					11/15/2018		12,500	972,803	1,271,578	0.45%	
Total											$16,876,901	$17,013,672	5.97%	2.63%
Onpoint Industrial Services, LLC	906 W. 13th Street Deer Park, TX 77536	Deer Park, TX												
Term Loan (SBIC)		Services: Business	First Lien	3M LIBOR+7.25%	1.00%	8.26%		3/15/2021	3/15/2026	$10,395,000	10,224,037	10,135,125	3.56%	
Onpoint Parent Holdings, LLC Class A Units			Equity					3/15/2021		500,000	500,000	247,607	0.09%	
Total											$10,724,037	$10,382,732	3.65%	0.71%
PCP MT Aggregator Holdings, L.P.	2001 Spring Road, Suite 700 Oak Brook, IL 60523	Oak Brook, IL												
Common Units		Finance	Equity					3/29/2019		750,000	0	1,458,671	0.51%	
Total											$ 0	$ 1,458,671	0.51%	0.71%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
PCS Software, Inc.	2103 CityWest Blvd., Bldg. 4, Ste. 700 Houston, TX 77042	Shenandoah, TX												
Term Loan		Transportation & Logistics	First Lien	3M LIBOR+5.75%	1.50%	7.25%		7/1/2019	7/1/2024	$14,173,803	$14,029,873	$14,102,934	4.95%	
Term Loan (SBIC)			First Lien	3M LIBOR+5.75%	1.50%	7.25%		7/1/2019	7/1/2024	$ 1,858,859	1,839,983	1,849,565	0.65%	
Delayed Draw Term Loan			First Lien	3M LIBOR+5.75%	1.50%	7.25%		7/1/2019	7/1/2024	$ 980,000	980,000	975,100	0.34%	
PCS Software Holdings, LLC Series A Preferred Units			Equity					7/1/2019		325,000	325,000	536,738	0.19%	
PCS Software Holdings, LLC Series A-2 Preferred Units			Equity					11/12/2020		63,312	63,312	104,559	0.04%	
Total											$17,238,168	$17,568,896	6.17%	0.61%
Peltram Plumbing Holdings, LLC	1929 W. Valley Hwy. S., Suite 101 Auburn, WA 98001-6575	Auburn, WA												
Term Loan		Construction & Building	First Lien	3M LIBOR+6.00%	1.00%	7.01%		12/30/2021	12/30/2026	$16,705,362	16,385,167	16,385,167	5.75%	
Peltram Group Holdings LLC Class A Units			Equity					12/30/2021		508,516	508,516	508,516	0.18%	
Total											$16,893,683	$16,893,683	5.93%	0.51%
Premiere Digital Services, Inc.	5900 Wilshire Blvd., Floor 17 Los Angeles, CA 90036	Los Angeles, CA												
Term Loan		Media: Broadcasting & Subscription	First Lien	1M LIBOR+5.50%	1.00%	6.50%		11/3/2021	11/3/2026	$14,387,019	14,320,084	14,243,149	5.00%	
Premiere Digital Holdings, Inc. Common Stock			Equity					10/18/2018		5,000	0	1,553,835	0.55%	
Total											$14,320,084	$15,796,984	5.55%	1.11%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
Protect America, Inc.	3800 Quick Hill Road, Bldg. 1-100 Austin, TX 78728	Austin, TX												
Term Loan (SBIC)		Services: Consumer	Second Lien	3M LIBOR+7.75%	1.00%	0.00%		8/30/2017	9/1/2024	$17,979,749	$17,979,749	$ 898,987	0.32%	
Total											$17,979,749	$ 898,987	0.32%	
Rogers Mechanical Contractors, LLC	167 Liberty Road Villa Rica, GA 30180-2993	Atlanta, GA												
Term Loan		Construction & Building	First Lien	3M LIBOR+6.50%	1.00%	7.50%		4/28/2021	9/9/2025	$10,406,517	10,257,133	10,198,387	3.58%	
Total											$10,257,133	$10,198,387	3.58%	
Sales Benchmark Index, LLC	2021 McKinney Avenue, Suite 550 Dallas, TX 75201-7629	Dallas, TX												
Term Loan		Services: Business	First Lien	3M LIBOR+6.00%	1.75%	7.75%		1/7/2020	1/7/2025	$13,222,835	13,061,984	13,024,492	4.57%	
SBI Holdings Investments LLC Class A Units			Equity					1/7/2020		66,573	665,730	610,699	0.21%	
Total											$13,727,714	$13,635,191	4.78%	0.55%
Service Minds Company, LLC	624 67th St Cir E Bradenton, FL 34208	Bradenton, FL												
Term Loan		Consumer Services	First Lien	3M LIBOR+5.50%	1.00%	6.50%		2/7/2022	2/7/2028	$ 5,398,477	5,292,903	5,292,903	1.86%	
Total											$ 5,292,903	$ 5,292,903	1.86%	
SIB Holdings, LLC	40900 Woodward Ave., Suite 200 Bloomfield Hills, MI 48304	Charleston, SC												
Term Loan (SBIC)		Services: Business	First Lien	1M LIBOR+6.00%	1.00%	7.00%		10/29/2021	10/29/2026	$12,984,588	12,743,033	12,724,896	4.46%	
Revolver			First Lien	1M LIBOR+6.00%	1.00%	7.00%		10/29/2021	10/29/2026	$ 6,667	6,667	6,534	0.00%	
SIB Holdings, LLC Units			Equity					10/29/2021		238,095	500,000	468,626	0.16%	
Total											$13,249,700	$13,200,056	4.62%	0.45%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
Skopos Financial Group, LLC	P. O. Box 143454 Irving, TX 75014-1867	Irving, TX												
Series A Preferred Units		Finance	Equity					6/29/2018		$ 1,120,684	$ 1,162,544	$ 369,669	0.13%	
Total											$ 1,162,544	$ 369,669	0.13%	2.26%
Spire Power Solutions, L.P.	9650 S. Franklin Drive Franklin, WI 53132-8847	Franklin, WI												
Term Loan (SBIC II)		Capital Equipment	First Lien	3M SOFR+6.25%	1.50%	7.75%		11/22/2019	8/12/2026	$ 4,875,000	4,822,480	4,704,375	1.65%	
Term Loan (SBIC II)			First Lien	3M SOFR+6.25%	1.50%	7.75%		8/12/2021	8/12/2026	$ 3,539,395	3,484,235	3,415,516	1.20%	
Total											$ 8,306,715	$ 8,119,891	2.85%	
SQAD LLC	303 South Broadway, Suite 130 Tarrytown, NY 10591	Tarrytown, NY												
Term Loan (SBIC)		Media: Broadcasting & Subscription	First Lien	3M LIBOR+6.50%	1.00%	7.51%		12/22/2017	12/22/2022	$ 14,141,094	14,127,872	14,141,094	4.96%	
SQAD Holdco, Inc. Series A Preferred Stock (SBIC)			Equity					10/31/2013		5,624	156,001	1,853,670	0.65%	
SQAD Holdco, Inc. Common Stock (SBIC)			Equity					10/31/2013		5,800	62,485	217,169	0.08%	
Total											$ 14,346,358	$ 16,211,933	5.69%	2.02%
TAC LifePort Purchaser, LLC	1610 Heritage Street Woodland, WA 98674	Woodland, WA												
Term Loan (SBIC II)		Aerospace & Defense	First Lien	3M LIBOR+6.00%	1.00%	7.00%		3/1/2021	3/2/2026	$ 9,988,131	9,824,838	9,738,428	3.42%	
TAC LifePort Holdings, LLC Common Units			Equity					3/1/2021		500,000	500,000	792,604	0.28%	
Total											$ 10,324,838	$ 10,531,032	3.70%	0.87%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
TFH Reliability, LLC	4405 Directors Row Houston, TX 77092	Houston, TX												
Term Loan (SBIC)		Chemicals, Plastics, & Rubber	Second Lien	3M LIBOR+10.75%	0.80%	11.76%		10/21/2016	9/30/2023	$ 5,875,000	$ 5,849,664	$ 5,757,500	2.02%	
Term Loan (SBIC)			Second Lien	3M LIBOR+10.75%	0.80%	11.76%		3/22/2022	9/30/2023	$ 5,000,000	4,900,000	4,900,000	1.72%	
TFH Reliability Group, LLC Class A-1 Units			Equity					6/29/2020		27,129	21,511	25,483	0.01%	
TFH Reliability Group, LLC Class A Units			Equity					10/21/2016		250,000	231,521	75,974	0.03%	
Total											$11,002,696	$10,758,957	3.78%	0.39%
Trade Education Acquisition, L.L.C.	4300 N. Quinlan Park Road, Suite 120 Austin, TX 78732	Austin, TX												
Term Loan (SBIC)		Education	First Lien	1M LIBOR+6.25%	1.00%	7.25%		12/28/2021	12/28/2027	$10,576,052	10,371,544	10,364,531	3.64%	
Trade Education Holdings, L.L.C. Class A Units			Equity					12/28/2021		662,660	662,660	693,505	0.24%	
Total											$11,034,204	$11,058,036	3.88%	0.65%
TradePending, LLC	1209 N. Orange Street, Corporation Trust Center Wilmington, DE 19801	Carrboro, NC												
Term Loan (SBIC II)		Software	First Lien	3M LIBOR+6.25%	1.00%	7.26%		3/2/2021	3/2/2026	$ 9,900,000	9,737,953	9,652,500	3.39%	
TradePending Holdings, LLC Series A Units			Equity					3/2/2021		750,000	750,000	1,125,000	0.39%	
Total											$10,487,953	$10,777,500	3.78%	1.17%
Unicat Catalyst Holdings, LLC	5918 S. Highway 35 Alvin, TX 77511-8208	Alvin, TX												
Term Loan		Chemicals, Plastics, & Rubber	First Lien	3M LIBOR+6.50%	1.00%	7.51%		4/27/2021	4/27/2026	$ 7,359,375	7,234,186	7,175,391	2.52%	
Unicat Catalyst, LLC Class A Units			Equity					4/27/2021		7,500	750,000	325,215	0.11%	
Total											$ 7,984,186	$ 7,500,606	2.63%	0.73%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
U.S. Auto Sales, Inc. et al	2875 University Parkway Lawrenceville, GA 30043	Lawrenceville, GA												
USASF Blocker II LLC Units		Finance	Equity					6/8/2015		$ 441	$ 441,000	$ 573,223	0.20%	
USASF Blocker III LLC 2018 Series Units			Equity					2/13/2018		50	50,000	100,000	0.04%	
USASF Blocker III LLC 2019 Series Units			Equity					12/27/2019		75	75,000	150,000	0.05%	
USASF Blocker IV LLC Units			Equity					5/27/2020		110	110,000	330,000	0.12%	
USASF Blocker LLC Units			Equity					6/8/2015		9,000	9,000	0	0.00%	
Total											$ 685,000	$ 1,153,223	0.41%	0.51%
U.S. Expediters, LLC	13235 N. Promenade Blvd. Stafford, TX 77477-3957	Stafford, TX												
Term Loan		Healthcare & Pharmaceuticals	First Lien	3M LIBOR+6.00%	1.00%	7.01%		12/22/2021	12/22/2026	$15,987,001	15,680,576	15,667,261	5.50%	
Cathay Hypnos LLC Units			Equity					12/22/2021		1,372,932	1,372,932	1,587,264	0.56%	
Total											$17,053,508	$17,254,525	6.06%	1.31%
Venbrook Buyer, LLC	6320 Canoga Avenue, Fl 12 Woodland Hills, CA 91367	Los Angeles, CA												
Term Loan B (SBIC)		Services: Business	First Lien	3M LIBOR+6.50%	1.50%	8.00%		3/13/2020	3/13/2026	$12,919,886	12,735,596	12,855,287	4.51%	
Term Loan B			First Lien	3M LIBOR+6.50%	1.50%	8.00%		3/13/2020	3/13/2026	$ 147,003	144,906	146,268	0.05%	
Revolver			First Lien	3M LIBOR+6.50%	1.50%	8.00%		3/13/2020	3/13/2026	$ 2,222,222	2,222,222	2,211,111	0.78%	
Delayed Draw Term Loan			First Lien	3M LIBOR+6.50%	1.50%	8.00%		3/13/2020	3/13/2026	$ 4,404,444	4,367,883	4,382,422	1.54%	
Venbrook Holdings, LLC Term Loan			Unsecured	10.00%		0.00%	10.00%	3/31/2022	12/20/2028	$ 83,511	83,511	83,093	0.03%	
Venbrook Holdings, LLC Common Units			Equity					3/13/2020		822,758	819,262	452,199	0.16%	
Total											$20,373,380	$20,130,380	7.07%	0.70%

Investments	Company Address	Headquarters/ Industry	Security[3]	Coupon	Floor	Cash	PIK	Investment Date	Maturity	Principal Amount/ Shares	Amortized Cost	Fair Value[1]	% of Net Assets	% Fully Diluted Ownership
Vortex Companies, LLC	18150 Imperial Valley Drive Houston, TX 77060-6246	Houston, TX												
Term Loan (SBIC II)		Environmental Industries	Second Lien	3M LIBOR+9.50%	1.00%	10.51%		12/21/2020	6/21/2026	$10,000,000	$ 9,835,519	$ 9,750,000	3.42%	
Total											$ 9,835,519	$ 9,750,000	3.42%	
Whisps Holdings LP	199 Water Street New York, NY 10038	Elgin, IL												
Class A Units		Beverage, Food, & Tobacco	Equity					4/18/2019		500,000	500,000	353,278	0.12%	
Total											$ 500,000	$ 353,278	0.12%	0.33%
Xanitos, Inc.	17 Campus Blvd., Suite 150 Newtown Square, PA 19073-3257	Newtown Square, PA												
Term Loan (SBIC)		Healthcare & Pharmaceuticals	First Lien	3M LIBOR+6.50%	1.00%	7.51%		6/25/2021	6/25/2026	$12,704,000	12,481,895	12,449,920	4.37%	
Delayed Draw Term Loan			First Lien	3M LIBOR+6.50%	1.00%	7.51%		6/25/2021	6/25/2026	$ 2,238,008	2,216,680	2,193,248	0.77%	
Pure TopCo, LLC Class A Units			Equity					6/25/2021		379,327	904,000	866,839	0.30%	
Total											$ 15,602,575	$ 15,510,007	5.44%	2.92%
Total Non-controlled, non-affiliated investments											$ 853,845,723	$ 837,991,490	293.99%	
Net Investments											$ 853,845,723	$ 837,991,490	293.99%	
LIABILITIES IN EXCESS OF OTHER ASSETS												$ (552,955,089)	(193.99)%	
NET ASSETS												$ 285,036,401	100.00%	

MANAGEMENT

The information in the sections entitled "*Election of Directors*", "*Corporate Governance*" and "*Certain Relationships and Related Party Transactions*" in our most recent definitive proxy statement on Schedule 14A for our annual meeting of stockholders (the "Annual Proxy Statement") is incorporated herein by reference.

MANAGEMENT AND OTHER AGREEMENTS

The information in the sections entitled “Stellus Capital Management” and “Management Agreements,” in Part I, Item 1 “Business” of our most recent Annual Report on Form 10-K, and in “Note 2 — Related Party Arrangements” in to our financial statements in our most recent Quarterly Report on Form 10-Q is incorporated herein by reference.

RELATED-PARTY TRANSACTIONS AND CERTAIN RELATIONSHIPS

The information in the section entitled “Certain Relationships and Related Transactions” in our most recent Annual Proxy Statement is incorporated herein by reference.

CONTROL PERSONS AND PRINCIPAL SHAREHOLDERS

The information in the sections entitled "*Election of Directors*" and "*Security Ownership of Certain Beneficial Owners and Management*" in our most recent Annual Proxy Statement is incorporated herein by reference.

DETERMINATION OF NET ASSET VALUE

The net asset value per share of our outstanding shares of common stock is determined quarterly by dividing the value of total assets minus liabilities by the total number of shares outstanding. More detailed information regarding our determination of the net asset value is incorporated by reference herein from our most recent Annual Report on Form 10-K and our most recent Quarterly Report on Form 10-Q.

DIVIDEND REINVESTMENT PLAN

We have adopted a dividend reinvestment plan that provides for reinvestment of our stockholder distributions, unless a stockholder elects to receive cash as provided below. As a result, if our board of directors authorizes, and we declare, a cash distribution, then our stockholders who have not "opted out" of such dividend reinvestment plan will have their cash distribution automatically reinvested in additional shares of our common stock, rather than receiving the cash distribution.

No action is required on the part of a registered stockholder to have its cash distribution reinvested in shares of our common stock. A registered stockholder may elect to receive an entire distribution in cash by notifying Broadridge Corporate Issuer Solutions, Inc., the plan administrator and our transfer agent, registrar and distribution disbursing agent, in writing so that such notice is received by the plan administrator no later than five (5) days prior to the record date for distributions to stockholders. The plan administrator will set up an account for shares acquired through the plan for each stockholder and hold such shares in non-certificated form. Upon request by a stockholder participating in the plan, received in writing not less than five (5) days prior to the record date, the plan administrator will, instead of crediting shares to the participant's account, issue a certificate registered in the participant's name for the number of whole shares of our common stock and a check for any fractional share. The plan administrator is authorized to deduct a $15.00 transaction fee plus a brokerage commission from the proceeds of the sale of any fractional share.

Those stockholders whose shares are held by a broker or other financial intermediary may receive distributions in cash by notifying their broker or nominee of their election.

We expect to use primarily newly issued shares to implement the plan, whether our shares are trading at a premium or at a discount to net asset value. Under such circumstances, the number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the distribution payable to such stockholder by 95% of the market price per share of our common stock at the close of trading on the payment date fixed by our board of directors. Market price per share on that date will be the closing price for such shares on the NYSE or, if no sale is reported for such day, at the average of their reported bid and asked prices. We reserve the right to purchase shares in the open market in connection with our implementation of the plan. Shares purchased in open market transactions by the plan administrator will be allocated to a stockholder based on the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased in the open market.

There are no brokerage charges or other charges to stockholders who participate in the plan. The plan administrator's fees are paid by us. If a participant elects by written notice to the plan administrator prior to termination of his or her account to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a $15.00 transaction fee plus a brokerage commission from the proceeds.

Stockholders who receive distributions in the form of stock are generally subject to the same U.S. federal, state and local tax consequences as are stockholders who elect to receive their distributions in cash. However, since a participating stockholder's cash distributions will be reinvested, such stockholder will not receive cash with which to pay any applicable taxes on reinvested distributions. A stockholder's basis for determining gain or loss upon the sale of stock received in a distribution from us will generally be equal to the total dollar amount of the distribution payable to the stockholder. Any stock received in a distribution will have a new holding period for tax purposes commencing on the day following the day on which the shares are credited to the U.S. stockholder's account.

Participants may terminate their accounts under the plan by notifying the plan administrator by filling out the transaction request form located at the bottom of the participant's statement and sending it to the plan administrator at the address below.

Those stockholders whose shares are held by a broker or other nominee who wish to terminate his or her account under the plan may do so by notifying his or her broker or nominee.

The plan may be terminated by us upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any stockholder distribution by us. All correspondence concerning the plan should be directed to the plan administrator by mail at Broadridge Corporate Issuer Solutions, Inc., P.O. Box 1342, Brentwood, NY 11717.

If you withdraw or the plan is terminated, you will receive the number of whole shares in your account under the plan and a cash payment for any fraction of a share in your account.

If you hold your common stock with a brokerage firm that does not participate in the plan, you will not be able to participate in the plan and any distribution reinvestment may be effected on different terms than those described above. Consult your financial advisor for more information.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of certain U.S. federal income tax considerations applicable to us and to an investment in our common stock. This discussion does not purport to be a complete description of the U.S. federal income tax considerations applicable to such an investment. For example, this discussion does not describe tax consequences that we have assumed to be generally known by investors or certain considerations that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including persons who hold our common stock as part of a straddle or a hedging, integrated or constructive sale transaction, persons subject to the alternative minimum tax, tax-exempt organizations, insurance companies, brokers or dealers in securities, pension plans and trusts, persons whose functional currency is not the U.S. dollar, U.S. expatriates, regulated investment companies, real estate investment trusts, personal holding companies, persons who acquire an interest in the Company in connection with the performance of services, and financial institutions. Such persons should consult with their own tax advisers as to the U.S. federal income tax consequences of an investment in our common stock, which may differ substantially from those described herein. This discussion assumes that shareholders hold our common stock as capital assets (within the meaning of the Code).

The discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as of the date of this Registration Statement and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service ("IRS") regarding any matter discussed herein. Prospective investors should be aware that, although we intend to adopt positions we believe are in accord with current interpretations of the U.S. federal income tax laws, the IRS may not agree with the tax positions taken by us and that, if challenged by the IRS, our tax positions might not be sustained by the courts. This summary does not discuss any aspects of U.S. estate, alternative minimum, or gift tax or foreign, state or local tax. It also does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets.

A "U.S. stockholder" is a beneficial owner of shares of our common stock that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (i) if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (ii) that has made a valid election under applicable U.S. Treasury regulations to be treated as a "United States Person" (within the meaning of the Code).

A "non-U.S. stockholder" means a beneficial owner of shares of our common stock that is neither a U.S. stockholder nor a partnership or entity treated as a partnership for U.S. federal income tax purposes:

If a partnership or other entity classified as a partnership, for U.S. federal income tax purposes, holds our shares, the U.S. tax treatment of the partnership and each partner generally will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. A partnership considering an investment in our common stock should consult its own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of shares by the partnership.

Taxation of the Company

We have elected to be treated as a RIC under Subchapter M of the Code, beginning with our 2010 taxable year and we intend to qualify for treatment as a RIC annually thereafter. As a RIC, we generally will not be subject to U.S. federal income taxes on any ordinary income or capital gains that we timely distribute to our stockholders as dividends.

To qualify as a RIC, we must, among other things:

- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, other income derived with respect to our business of investing in stock, securities or currencies, or net income derived from an interest in a "qualified publicly traded partnership," or "QPTP," hereinafter the "90% Gross Income Test;" and
- diversify our holdings so that, at the end of each quarter of each taxable year:
- at least 50% of the value of our total assets is represented by cash and cash items, U.S. Government securities, the securities of other RICs and other securities, with other securities limited, in respect of any one issuer, to an amount not greater than 5% of the value of our total assets and not more than 10% of the outstanding voting securities of such issuer, and
- not more than 25% of the value of our total assets is invested in (i) the securities of any issuer (other than U.S. Government securities and the securities of other RICs), (ii) the securities of any two or more issuers (other than the securities of other RICs) that we control and that are determined to be engaged in the same business or similar or related trades or businesses, or (iii) the securities of one or more QPTPs, or the "Diversification Tests."

In the case of a RIC that furnishes capital to development corporations, there is an exception relating to the Diversification Tests described above. This exception is available only to RICs which have received SEC Certification. We have not sought SEC Certification, but it is possible that we may seek SEC Certification in future years. If we receive SEC Certification, we generally will be entitled to include, in the computation of the 50% value of our assets (described above), the value of any securities of an issuer, whether or not we own more than 10% of the outstanding voting securities of the issuer, if the basis of the securities, when added to our basis of any other securities of the issuer that we own, does not exceed 5% of the value of our total assets.

As a RIC, we (but not our stockholders) are generally not subject to U.S. federal income tax on investment company taxable income and net capital gains net income that we timely distribute to our stockholders in any taxable year with respect to which we distribute an amount equal to at least the sum of (i) 90% of the sum of our investment company taxable income (which includes, among other items, dividends, interest and the excess of any net realized short-term capital gains over net realized long-term capital losses and other taxable income (other than any net capital gain net income), reduced by deductible expenses) determined without regard to the deduction for dividends and distributions paid and (ii) 90% of our net tax-exempt interest income (which is the excess of our gross tax-exempt interest income over certain disallowed deductions), or the "Annual Distribution Requirement." We intend to distribute annually all or substantially all of such income. Generally, if we fail to meet this Annual Distribution Requirement for any taxable year, we will fail to qualify as a RIC for such taxable year. To the extent we meet the Annual Distribution Requirement for a taxable year, but retain our net capital gains net income for investment or any investment company taxable income, we will be subject to U.S. federal income tax at corporate rates on such retained capital gains and investment company taxable income. In addition, is such instance, we may be subject to nondeductible 4% U.S. federal excise tax described below, if applicable.

We are subject to a nondeductible 4% U.S. federal excise tax on certain of our undistributed income, unless we timely distribute (or are deemed to have timely distributed) an amount equal to the sum of:

- at least 98% of our ordinary income (not taking into account any capital gains or losses) for the calendar year;
- at least 98.2% of our capital gain net income for a one-year period generally ending on October 31 of the calendar year (unless an election is made by us to use our taxable year); and
- any net ordinary income and capital gain net income that we recognized for preceding years, but were not distributed during such years, and on which we paid no corporate-level U.S. federal income tax.

While we intend to distribute any income and capital gains in order to avoid imposition of this nondeductible 4% U.S. federal excise tax, we may not be successful in avoiding entirely the imposition of

this tax. In that case, we will be liable for the tax only on the amount by which we do not meet the foregoing distribution requirement.

We are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders while any senior securities are outstanding unless we meet the applicable asset coverage ratios. See "*Regulation*." Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or to avoid the 4% U.S. federal excise tax, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

A RIC is limited in its ability to deduct expenses in excess of its "investment company taxable income" (which is, generally, ordinary income plus the excess of net short-term capital gains over net long-term capital losses). If our expenses in a given year exceed investment company taxable income, we would experience a net operating loss for that year. However, a RIC is not permitted to carry forward net operating losses to subsequent years. In addition, expenses can be used only to offset investment company taxable income, not net capital gain. Due to these limits on the deductibility of expenses, we may, for tax purposes, have aggregate U.S. federal taxable income for several years that we are required to distribute and that is taxable to our stockholders even if such income is greater than the aggregate net income we actually earned during those years. Such required distributions may be made from our cash assets or by liquidation of investments, if necessary. We may realize gains or losses from such liquidations. In the event we realize net capital gains from such transactions, stockholders may receive a larger capital gain distribution than they would have received in the absence of such transactions.

Failure to Qualify as a RIC

While we have elected to be treated as a RIC and intend to qualify to be treated as a RIC annually, no assurance can be provided that we will qualify as a RIC for any taxable year. While we generally will not lose our status as a RIC as long as we do not acquire any non-qualifying securities or other property, under certain circumstances we may be deemed to have made an acquisition of non-qualifying securities or other property. If we have previously qualified as a RIC, but were subsequently unable to qualify for treatment as a RIC, and certain amelioration provisions are not applicable, we would be subject to U.S. federal income tax on all of our taxable income (including our net capital gains) at regular corporate rates. We would not be able to deduct distributions to stockholders, nor would they be required to be made. Distributions, including distributions of net long-term capital gain, would generally be taxable to our stockholders as ordinary dividend income to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate stockholders would be eligible to claim a dividend received deduction with respect to such dividend; non-corporate stockholders would generally be able to treat such dividends as "qualified dividend income," which is subject to reduced rates of U.S. federal income tax. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's adjusted tax basis, and any remaining distributions would be treated as a capital gain. In order to requalify as a RIC, in addition to the other requirements discussed above, we would be required to distribute all of our previously undistributed earnings attributable to the period we failed to qualify as a RIC by the end of the first year that we intend to requalify as a RIC. If we fail to requalify as a RIC for a period greater than two taxable years, we may be subject to U.S. federal income tax at corporate rates on any net built-in gains with respect to certain of our assets *(i.e.*, the excess of the aggregate gains, including items of income, over aggregate losses that would have been realized with respect to such assets if we had been liquidated) that we elect to recognize on requalification or when recognized over the next five years.

The remainder of this discussion assumes that we qualify as a RIC for each taxable year.

Company Investments

Certain of our investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things, (a) treat dividends that would otherwise constitute qualified dividend income as non-qualified dividend income, (b) treat dividends that would otherwise be eligible for

the corporate dividends received deduction as ineligible for such treatment, (c) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (d) convert lower-taxed long term capital gain into higher-taxed short-term capital gain or ordinary income, (e) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (f) cause us to recognize income or gain without a corresponding receipt of cash, (g) adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur, (h) adversely alter the characterization of certain complex financial transactions and (i) produce income that will not be qualifying income for purposes of the 90% Income Test. We intend to monitor our transactions and may make certain tax elections to mitigate the effect of these provisions and prevent our disqualification as a RIC.

Debt Instruments. In certain circumstances, we may be required to recognize taxable income prior to the time at which we receive cash. For example, if we hold debt instruments that are treated under applicable tax rules as having OID (such as debt instruments with an end-of-term payment and/or PIK interest payment or, in certain cases, increasing interest rates or issued with warrants), we must include in taxable income each year a portion of the OID that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. Because any OID accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement and to avoid the 4% U.S. federal excise tax, even though we will not have received any corresponding cash amount.

Warrants. Gain or loss realized by us from the sale or exchange of warrants acquired by us as well as any loss attributable to the lapse of such warrants generally are treated as capital gain or loss. The treatment of such gain or loss as long-term or short-term generally depends on how long we held a particular warrant and on the nature of the disposition transaction.

Foreign Investments. In the event we invest in foreign securities, we may be subject to withholding and other foreign taxes with respect to those securities. We do not expect to satisfy the requirement to pass through to our stockholders their share of the foreign taxes paid by us.

Passive Foreign Investment Companies. We may invest in the stock of a foreign corporation which is classified as a "passive foreign investment company" (within the meaning of Section 1297 of the Code), or "PFIC." In general, unless a special tax election has been made, we are required to pay U.S. federal income tax at ordinary income rates on any gains and "excess distributions" with respect to PFIC stock as if such items had been realized ratably over the period during which we held the PFIC stock, plus an interest charge. If we invest in a PFIC and elect to treat the PFIC as a "qualified electing fund" under the Code (a "QEF"), in lieu of the foregoing requirements, we will be required to include in income each year a portion of the ordinary earnings and net capital gain of the QEF, even if such income is not distributed to us. Alternatively, we can elect to mark-to-market at the end of each taxable year our shares in a PFIC; in this case, we will recognize as ordinary income any increase in the value of such shares, and as ordinary loss any decrease in such value to the extent it does not exceed prior increases included in income. Under either election, we may be required to recognize in a year income in excess of our distributions from PFICs and our proceeds from dispositions of PFIC stock during that year, and such income will nevertheless be subject to the Annual Distribution Requirement and will be taken into account for purposes of the 4% U.S. federal excise tax. No assurances can be given that any such election will be available or that, if available, we will make such an election. Income inclusions from a QEF will be "good income" for purposes of the 90% Gross Income Test provided that they are derived in connection with our business of investing in stocks and securities or the QEF distributes such income to us in the same taxable year to which the income is included in our income.

Foreign Currency Transactions. Under the Code, gains or losses attributable to fluctuations in exchange rates which occur between the time we accrue income or other receivables or accrue expenses or other liabilities denominated in a foreign currency and the time we actually collect such receivables or pay such liabilities generally are treated as ordinary income or loss. Similarly, on disposition of debt instruments and certain other instruments denominated in a foreign currency, gains or losses attributable to fluctuations if the value of the foreign currency between the date of acquisition of the instrument and the date of disposition also are treated as ordinary gain or loss. These currency fluctuations related gains and losses may increase or decrease the amount of our investment company taxable income to be distributed to our stockholders as ordinary income.

Taxation of U.S. Stockholders

Distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gains. Distributions of our "investment company taxable income" (which is, generally, our net ordinary income plus realized net short-term capital gains in excess of realized net long-term capital losses) will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional shares of our common stock. To the extent such distributions paid by us to non-corporate U.S. stockholders (including individuals) are attributable to dividends from U.S. corporations and certain qualified foreign corporations and such distributions are timely designated ("Qualifying Dividends"), they may be eligible for a maximum U.S. federal tax rate of 20%. In this regard, it is anticipated that distributions paid by us generally will not be attributable to dividends and, therefore, generally will not qualify for the 20% maximum rate applicable to Qualifying Dividends.

Distributions of our capital gain net income (which is generally our realized net long-term capital gains in excess of realized net short-term capital losses) properly reported by us as "capital gain dividends" will be taxable to a U.S. stockholder as long-term capital gains, which are currently taxable at a maximum rate of 20% in the case of individuals or estates, regardless of the U.S. stockholder's holding period for his, her or its common stock and regardless of whether paid in cash or reinvested in additional common stock. Distributions in excess of our current and accumulated earnings and profits first will reduce a U.S. stockholder's adjusted tax basis in such U.S. stockholder's common stock and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. stockholder.

U.S. stockholders receiving dividends or distributions in the form of additional shares of our common stock purchased in the market should be treated for U.S. federal income tax purposes as receiving a distribution in an amount equal to the amount of money that the stockholders receiving cash dividends or distributions will receive, and should have a cost basis in the shares received equal to such amount. Stockholders receiving dividends in newly issued shares of our common stock will be treated as receiving a distribution equal to the value of the shares received, and should have a cost basis of such amount.

Although we currently intend to distribute any net long-term capital gains at least annually, we may in the future decide to retain some or all of our net long-term capital gains but designate the retained amount as a "deemed distribution." In that case, among other consequences, we will pay U.S. federal income tax on the retained amount, each U.S. stockholder will be required to include their share of the deemed distribution in income as if it had been distributed to the U.S. stockholder, and the U.S. stockholder will be entitled to claim a credit equal to their allocable share of the U.S. federal income tax paid on the deemed distribution by us. The amount of the deemed distribution net of such tax will be added to the U.S. stockholder's adjusted tax basis for their common stock. Since we expect to pay U.S. federal income tax on any retained capital gains at corporate rates, and since that rate is in excess of the maximum rate currently payable by individuals on long-term capital gains, the amount of U.S. federal income tax that individual U.S. stockholders will be treated as having paid and for which they will receive a credit will exceed the U.S. federal income tax they owe on the retained net capital gain. Such excess generally may be claimed as a credit against the U.S. stockholder's other U.S. federal income tax obligations or may be refunded to the extent it exceeds a U.S. stockholder's liability for U.S. federal income tax. A U.S. stockholder that is not subject to U.S. federal income tax or otherwise required to file a U.S. federal income tax return would be required to file a U.S. federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. In order to utilize the deemed distribution approach, we must provide written notice to our U.S. stockholders prior to the expiration of 60 days after the close of the relevant taxable year. We cannot treat any of our investment company taxable income as a "deemed distribution."

We or the applicable withholding agent will provide you with a notice reporting the amount of any ordinary income dividends (including the amount of such dividend, if any, eligible to be treated as qualified dividend income) and capital gain dividends by January 31. For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of capital gain dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, if we pay you a dividend in January which was declared in the previous October, November or December to U.S. stockholders of record on a specified date in one of these months, then the dividend

will be treated for U.S. federal income tax purposes as being paid by us and received by you on December 31 of the year in which the dividend was declared. If a U.S. stockholder purchases shares of our stock shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the U.S. stockholder will be subject to U.S. federal income tax on the distribution even though it represents a return of its investment.

Dividend Reinvestment Plan. Under the dividend reinvestment plan, if a U.S. stockholder owns shares of common stock registered in its own name, the U.S. stockholder will have all cash distributions automatically reinvested in additional shares of common stock unless the U.S. stockholder opts out of our dividend reinvestment plan by delivering a written notice to Stellus Capital Management or our dividend paying agent, as applicable, prior to the record date of the next dividend or distribution. See "*Dividend Reinvestment Plan*." Any distributions reinvested under the plan will nevertheless remain taxable to the U.S. stockholder. The U.S. stockholder will have an adjusted basis in the additional common shares purchased through the plan equal to the amount of the reinvested distribution. The additional shares will have a new holding period commencing on the day following the day on which the shares are credited to the U.S. stockholder's account.

Dispositions. A U.S. stockholder generally will recognize gain or loss on the sale, exchange or other taxable disposition of shares of our common stock in an amount equal to the difference between the U.S. stockholder's adjusted basis in the shares disposed of and the amount realized on their disposition. Generally, gain recognized by a U.S. stockholder on the disposition of shares of our common stock will result in capital gain or loss to a U.S. stockholder, and will be a long-term capital gain or loss if the shares have been held for more than one year at the time of sale. Any loss recognized by a U.S. stockholder upon the disposition of shares of our common stock held for six months or less will be treated as a long-term capital loss to the extent of any capital gain dividends received (including amounts credited as an undistributed capital gain dividend) by the U.S. stockholder. A loss recognized by a U.S. stockholder on a disposition of shares of our common stock will be disallowed as a deduction if the U.S. stockholder acquires additional shares of our common stock (whether through the automatic reinvestment of dividends or otherwise) within a 61-day period beginning 30 days before and ending 30 days after the date that the shares are disposed. In this case, the basis of the shares acquired will be adjusted to reflect the disallowed loss.

Tax Shelter Reporting Regulations. Under applicable Treasury regulations, if a U.S. stockholder recognizes a loss with respect to shares of $2 million or more for a non-corporate U.S. stockholder or $10 million or more for a corporate U.S. stockholder in any single taxable year (or a greater loss over a combination of years), the U.S. stockholder must file with the IRS a disclosure statement on Form 8886. Direct U.S. stockholders of portfolio securities are in many cases excepted from this reporting requirement, but under current guidance, U.S. stockholders of a RIC are not excepted. Future guidance may extend the current exception from this reporting requirement to U.S. stockholders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. U.S. stockholders should consult their own tax advisers to determine the applicability of these regulations in light of their individual circumstances.

Limitation on Deduction for Certain Expenses. For any period that we do not qualify as a "publicly offered regulated investment company," as defined in the Code, U.S. stockholders will be taxed as though they received a distribution of some of our expenses. A "publicly offered regulated investment company" is a RIC whose shares are either (i) continuously offered pursuant to a public offering, (ii) regularly traded on an established securities market or (iii) held by at least 500 persons at all times during the taxable year. We anticipate that we will not qualify as a publicly offered RIC immediately after this offering; we may qualify as a publicly offered RIC for future taxable years. If we are not a publicly offered RIC for any period, a non-corporate U.S. stockholder's allocable portion of our affected expenses, including our management fees, will be treated as an additional distribution to the U.S. stockholder and will be deductible by such U.S. stockholder only to the extent permitted under the limitations described below. For non-corporate U.S. stockholders, including individuals, trusts, and estates, significant limitations generally apply to the deductibility of certain expenses of a non-publicly offered RIC, including advisory fees. In particular, these expenses, referred to as "miscellaneous itemized deductions," are currently not deductible to an individual or other non-corporate U.S. stockholder (and beginning in 2026, will be deductible only to the extent they exceed 2% of such a U.S. stockholder's adjusted gross income), and are not deductible for alternative minimum tax purposes.

U.S. Taxation of Tax-Exempt U.S. Stockholders. A U.S. stockholder that is a tax-exempt organization for U.S. federal income tax purposes and therefore generally exempt from U.S. federal income taxation may nevertheless be subject to taxation to the extent that it is considered to derive unrelated business taxable income ("UBTI"). The direct conduct by a tax-exempt U.S. stockholder of the activities we propose to conduct could give rise to UBTI. However, a BDC is a corporation for U.S. federal income tax purposes and its business activities generally will not be attributed to its stockholders for purposes of determining their treatment under current law. Therefore, a tax-exempt U.S. stockholder generally should not be subject to U.S. taxation solely as a result of the U.S. stockholder's ownership of shares of common stock and receipt of dividends with respect to such shares. Moreover, under current law, if we incur indebtedness, such indebtedness will not be attributed to a tax-exempt U.S. stockholder. Therefore, a tax-exempt U.S. stockholder should not be treated as earning income from "debt-financed property" and dividends we pay should not be treated as "unrelated debt-financed income" solely as a result of indebtedness that we incur. Proposals periodically are made to change the treatment of "blocker" investment vehicles interposed between tax-exempt investors and non-qualifying investments. In the event that any such proposals were to be adopted and applied to BDCs, the treatment of dividends payable to tax- exempt investors could be adversely affected. In addition, special rules would apply if we were to invest in certain real estate investment trusts or other taxable mortgage pools, which we do not currently plan to do, that could result in a tax-exempt U.S. stockholder recognizing income that would be treated as UBTI.

Taxation of Non-U.S. Stockholders

The following discussion only applies to certain non-U.S. stockholders. Whether an investment in shares of our common stock is appropriate for a non-U.S. stockholder will depend upon that person's particular circumstances. An investment in shares of our common stock by a non-U.S. stockholder may have adverse tax consequences. non-U.S. stockholders should consult their own tax advisers before investing in shares of our common stock.

Subject to the discussions below concerning backup withholding and FATCA (defined below), distributions of our investment company taxable income to non-U.S. stockholders (including interest income and realized net short-term capital gains in excess of realized long-term capital losses) will be subject to U.S. federal withholding tax at a 30% rate (or lower rate provided by an applicable treaty) to the extent of our current and accumulated earnings and profits unless an applicable exception applies. If the distributions are effectively connected with a U.S. trade or business of the non-U.S. stockholder, and, if an income tax treaty applies, attributable to a permanent establishment in the United States, we will not be required to withhold U.S. federal income tax if the non-U.S. stockholder complies with applicable certification and disclosure requirements, although the distributions will be subject to U.S. federal income tax at the rates applicable to U.S. persons. Special certification requirements apply to a non-U.S. stockholder that holds its investment in our common stock through a foreign partnership or a foreign trust, and such non-U.S. stockholders are urged to consult their own tax advisers.

For distributions made to non-U.S. stockholders, no withholding is required and the distributions generally are not subject to U.S. federal income tax if (i) the distributions are properly reported to the our stockholders as "interest-related dividends" or "short-term capital gain dividends," (ii) the distributions were derived from sources specified in the Code for such dividends and (iii) certain other requirements were satisfied.

Subject to the discussion below concerning backup withholding and FATCA (defined below), actual or deemed distributions of the our net capital gains to a non-U.S. stockholder, and gains realized by a non-U.S. stockholder upon the sale of the our common stock, will not be subject to U.S. federal withholding tax and generally will not be subject to U.S. federal income tax unless (i) the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the non-U.S. stockholder and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. stockholder in the United States or (ii) such non-U.S. stockholder is an individual present in the United States for 183 days or more during the year of the distribution or gain.

If we distribute our net capital gains in the form of deemed rather than actual distributions, a non-U.S. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the stockholder's allocable share of the tax we pay on the capital gains deemed to have been distributed. In order to obtain the

refund, the non-U.S. stockholder may be required to obtain a U.S. taxpayer identification number and file a U.S. federal income tax return even if the non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. federal income tax return. For a corporate non-U.S. stockholder, distributions (both actual and deemed) and gains realized upon the sale of our common stock that are effectively connected to a U.S. trade or business may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or at a lower rate if provided for by an applicable treaty).

Under the dividend reinvestment plan, our non-U.S. stockholders who have not "opted out" of our dividend reinvestment plan will have their cash distributions automatically reinvested in additional shares of our common stock, rather than receiving the cash distributions. If the distribution is a distribution of our investment company taxable income and is not properly reported by us as a short-term capital gains dividend or interest-related dividend (assuming an extension of the exemption discussed above), the amount distributed (to the extent of our current and accumulated earnings and profits) will be subject to U.S. federal withholding tax as described above and only the net after-tax amount will be reinvested in our common stock. If the distribution is effectively connected with a U.S. trade or business of the non-U.S. stockholder (and, if a treaty applies, is attributable to a U.S. permanent establishment), generally the full amount of the distribution will be reinvested in the plan and will nevertheless be subject to U.S. federal income tax at the ordinary income rates applicable to U.S. persons. The non-U.S. stockholder will have an adjusted basis in the additional common stock purchased through the plan equal to the amount reinvested. The additional shares will have a new holding period commencing on the day following the day on which the shares are credited to the non-U.S. stockholder's account.

Non-U.S. persons should consult their own tax advisers with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.

If we were unable to qualify for treatment as a RIC, any distributions by us would be treated as dividends to the extent of our current and accumulated earnings and profits. We would not be eligible to report any such dividends as interest-related dividends, short-term capital gain dividends, or capital gain dividends. As a result, any such dividend paid to a non-U.S. stockholder that is not effectively connected with a U.S. trade or business of the non-U.S. stockholder (and, if an income tax treaty applies, attributable to a permanent establishment maintained by the non-U.S. stockholder in the United States) would be subject to the 30% (or reduced applicable treaty rate) U.S. withholding tax discussed above regardless of the source of the income giving rise to such distribution. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the non-U.S. stockholder's tax basis, and any remaining distributions would be treated as a gain from the sale of the non-U.S. stockholder's shares subject to taxation as discussed above. For the consequences to the Company for failing to qualify as a RIC, see "— *Failure to Qualify as a RIC*" above.

Backup Withholding and Information Reporting

U.S. stockholders. We may be required to withhold U.S. federal income tax, or backup withholding from all distributions to any non-corporate U.S. stockholder (i) who fails to furnish us with its valid taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (ii) with respect to whom the IRS notifies us that such stockholder has failed to properly report certain interest and dividend income to the IRS and to respond to notices to that effect. An individual's taxpayer identification number generally is the stockholder's social security number.

Non-U.S. stockholders. Information returns are required to be filed with the IRS in connection with payment of dividends on the common stock to non-U.S. stockholders. A non-U.S. stockholder who is a nonresident alien individual may also be subject to backup-withholding of U.S. federal income tax on dividends unless the non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN or IRS Form W-8BEN-E (or an acceptable substitute form) establishing that it is a non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against a U.S. stockholder's or non-U.S. stockholder's U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

Foreign Account Tax Compliance Act

Legislation commonly referred to as the "Foreign Account Tax Compliance Act," or "FATCA," generally imposes a 30% withholding tax on payments of certain types of income to foreign financial institutions ("FFIs") unless such FFIs either: (i) enter into an agreement with the U.S. Treasury to report certain required information with respect to accounts held by certain specified U.S. persons (or held by foreign entities that have certain specified U.S. persons as substantial owners) or (ii) reside in a jurisdiction that has entered into an intergovernmental agreement ("IGA") with the United States to collect and share such information and are in compliance with the terms of such IGA and any enabling legislation or regulations. The types of income subject to the tax include U.S. source interest and dividends. While the Code also require withholding on payments of the gross proceeds from the sale of any property that could produce U.S. source interest or dividends, the U.S. Treasury Department has indicated its intent to eliminate this requirement in subsequent proposed regulations, which state that taxpayers may rely on the proposed regulations until final regulations are issued. The information required to be reported includes the identity and taxpayer identification number of each account holder that is a specified U.S. person and transaction activity within the holder's account. In addition, subject to certain exceptions, FATCA also imposes a 30% withholding on certain payments to certain foreign entities that are not FFIs unless such foreign entities certify that they do not have a greater than 10% owner that is specified U.S. person or provide the withholding agent with identifying information on each greater than 10% owner that is specified U.S. person. Depending on the status of a beneficial owner and the status of the intermediaries through which they hold their shares, beneficial owners of our common stock could be subject to this 30% withholding tax with respect to distributions on their shares of our common stock. Under certain circumstances, a beneficial owner might be eligible for refunds or credits of such taxes.

DESCRIPTION OF OUR SECURITIES

This prospectus contains a summary of our common stock, preferred stock, subscription rights, debt securities and warrants. These summaries are not meant to be a complete description of each security. However, this prospectus and the accompanying prospectus supplement will describe the material terms and conditions for each security.

DESCRIPTION OF OUR CAPITAL STOCK

The following description is based on relevant portions of the Maryland General Corporation Law (the "MGCL") and on our certificate of incorporation and bylaws. This summary is not necessarily complete, and we refer you to the MGCL and our charter and bylaws for a more detailed description of the provisions summarized below.

General

Our authorized stock consists of 100,000,000 shares of stock, par value $0.001 per share, all of which are initially designated as common stock. Our common stock is listed on the New York Stock Exchange under the ticker symbol "SCM." There are no outstanding options or warrants to purchase our stock. No stock has been authorized for issuance under any equity compensation plans. Our fiscal year-end is December 31st. Under Maryland law, our stockholders generally are not personally liable for our debts or obligations.

The following presents our outstanding classes of securities as of June 7, 2022.

(1) Title of Class	(2) Amount Authorized	(3) Amount Held by Us or for Our Account	(4) Amount Outstanding Exclusive of Amounts Shown Under Column 3
Common Stock	100,000,000	—	19,545,935

Under our charter, our board of directors is authorized to classify and reclassify any unissued shares of stock into other classes or series of stock without obtaining stockholder approval. As permitted by the Maryland General Corporation Law, our charter provides that the board of directors, without any action by our stockholders, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue.

All shares of our common stock have equal rights as to earnings, assets, voting, and distributions and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our board of directors and declared by us out of assets legally available therefor. Shares of our common stock have no preemptive, conversion or redemption rights and are freely transferable, except where their transfer is restricted by federal and state securities laws or by contract. In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock can elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

Common Stock

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock at a price below the current net asset value of the common stock if our Board determines that such sale is in our best interests and that of our stockholders, and our

stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our Board, closely approximates the market value of such securities (less any distributing commission or discount). We would need approval from our stockholders to issue shares below the then current net asset value per share any time after the expiration of the current approval. We may also make rights offerings to our stockholders at prices per share less than the net asset value per share, subject to applicable requirements of the 1940 Act.

Preferred Stock

Under the terms of our charter, the Board may authorize us to issue shares of preferred stock in one or more classes or series, without shareholder approval, to the extent permitted by the 1940 Act. The Board has the power to fix the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each class or series of preferred stock. We do not currently anticipate issuing preferred stock in the near future. In the event we issue preferred stock, we will make any required disclosure to shareholders. We will not offer preferred stock to the Adviser or our affiliates except on the same terms as offered to all other shareholders.

Preferred stock could be issued with terms that would adversely affect our shareholders. Preferred stock could also be used as an anti-takeover device through the issuance of shares of a class or series of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control. Every issuance of preferred stock will be required to comply with the requirements of the 1940 Act. The 1940 Act requires, among other things, that: (1) immediately after issuance and before any dividend or other distribution is made with respect to common stock and before any purchase of common stock is made, such preferred stock together with all other senior securities must not exceed an amount equal to 50% of our total assets after deducting the amount of such dividend, distribution or purchase price, as the case may be, and (2) the holders of shares of preferred stock, if any are issued, must be entitled as a class voting separately to elect two directors at all times and to elect a majority of the directors if distributions on such preferred stock are in arrears by two full years or more. Certain matters under the 1940 Act require the affirmative vote of the holders of at least a majority of the outstanding shares of preferred stock (as determined in accordance with the 1940 Act) voting together as a separate class. For example, the vote of such holders of preferred stock would be required to approve a proposal involving a plan of reorganization adversely affecting such securities.

The issuance of any preferred stock must be approved by a majority of the independent directors not otherwise interested in the transaction, who will have access, at our expense, to our legal counsel or to independent legal counsel.

Limitation on Liability of Directors and Officers; Indemnification and Advance of Expenses

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

Our charter authorizes us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while serving as our director or officer and at our request, serves or has served another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner, trustee, member or manager from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. Our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while serving as our director or officer and at our request, serves or has served another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner, trustee, member or manager and who is made, or threatened

to be made, a party to the proceeding by reason of his or her service in that capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. The charter and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of us in any of the capacities described above and any of our employees or agents or any employees or agents of our predecessor. In accordance with the 1940 Act, we will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received unless, in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer in advance of final disposition of a proceeding upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good-faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Our insurance policy does not currently provide coverage for claims, liabilities and expenses that may arise out of activities that our present or former directors or officers have performed for another entity at our request. There is no assurance that such entities will in fact carry such insurance. However, we note that we do not expect to request our present or former directors or officers to serve another entity as a director, officer, partner or trustee unless we can obtain insurance providing coverage for such persons for any claims, liabilities or expenses that may arise out of their activities while serving in such capacities.

Certain Provisions of the Maryland General Corporation Law and Our Charter and Bylaws

The MGCL and our charter and bylaws contain provisions that could make it more difficult for a potential acquirer to acquire us by means of a tender offer, proxy contest or otherwise, the material ones of which are discussed below. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our Board. We expect the benefits of these provisions to outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms.

Classified Board of Directors

Our Board is divided into three classes of directors serving staggered three-year terms. Upon expiration of their terms, directors of each class will be elected to serve for three-year terms and until their successors are duly elected and qualify, and each year one class of directors will be elected by the stockholders. A classified Board may render a change in control of us or removal of our incumbent management more difficult. We believe, however, that the longer time required to elect a majority of a classified Board will help to ensure the continuity and stability of our management and policies.

Election of Directors

Our bylaws, as authorized by our charter, provide that the affirmative vote of the holders of a plurality of the outstanding shares of stock entitled to vote in the election of directors cast at a meeting of stockholders duly called, and at which a quorum is present, will be required to elect a director. Pursuant to our charter our Board may amend the bylaws to alter the vote required to elect directors.

Number of Directors; Vacancies; Removal

Our charter provides that the number of directors will be set only by the Board in accordance with our bylaws. Our bylaws provide that a majority of our entire Board may at any time increase or decrease the number of directors. However, unless our bylaws are amended, the number of directors may never be less than one nor more than nine. Our charter provides that, at such time as we have at least three independent directors and our common stock is registered under the Exchange Act, as amended, we elect to be subject to the provision of Subtitle 8 of Title 3 of the MGCL regarding the filling of vacancies on the Board. Accordingly, at such time, except as may be provided by the Board in setting the terms of any class or series of preferred stock, any and all vacancies on the Board may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the 1940 Act.

Our charter provides that a director may be removed only for cause, as defined in our charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors.

Action by Stockholders

Under the MGCL, stockholder action can be taken only at an annual or special meeting of stockholders or (unless the charter provides for stockholder action by less than unanimous written consent, which our charter does not) by unanimous written consent in lieu of a meeting. These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to the Board and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of the Board or (3) by a stockholder of the Company who is a stockholder of record both at the time of giving of notice provided for in our bylaws and at the time of the annual meeting, who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to the Board at a special meeting may be made only (1) by or at the direction of the Board or (2) provided that the Board has determined that directors will be elected at the meeting, by a stockholder of the Company who is a stockholder of record both at the time of giving of notice provided for in our bylaws and at the time of the special meeting, who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our Board a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our Board, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our Board any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of

directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Calling of Special Meetings of Stockholders

Our bylaws provide that special meetings of stockholders may be called by our Board and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by the secretary of the corporation upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter generally provides for approval of charter amendments and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our charter also provides that certain charter amendments, any proposal for our conversion, whether by charter amendment, merger or otherwise, from a closed-end company to an open-end company and any proposal for our liquidation or dissolution requires the approval of the stockholders entitled to cast at least 80% of the votes entitled to be cast on such matter. However, if such amendment or proposal is approved by a majority of our continuing directors (in addition to approval by our Board), such amendment or proposal may be approved by a majority of the votes entitled to be cast on such a matter. The "continuing directors" are defined in our charter as (1) our current directors, (2) those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of our current directors then on the Board or (3) any successor directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of continuing directors or the successor continuing directors then in office.

Our charter and bylaws provide that the Board will have the exclusive power to make, alter, amend or repeal any provision of our bylaws.

No Appraisal Rights

Except with respect to appraisal rights arising in connection with the Control Share Act discussed below, as permitted by the MGCL, our charter provides that stockholders will not be entitled to exercise appraisal rights unless a majority of the Board shall determine such rights apply.

Control Share Acquisitions

The MGCL Control Share Act provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquirer, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

The requisite stockholder approval must be obtained each time an acquirer crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled

to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the Board of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations, including, as provided in our bylaws compliance with the 1940 Act. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The Control Share Act does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation. Our bylaws contain a provision exempting from the Control Share Act any and all acquisitions by any person of our shares of stock. There can be no assurance that such provision will not be amended or eliminated at any time in the future. However, we will amend our bylaws to be subject to the Control Share Act only if the Board determines that it would be in our best interests to do so.

Business Combinations

Under Maryland law, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder (the "Business Combination Act"). These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the corporation's outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under this statute if the Board approved in advance the transaction by which the stockholder otherwise would have become an interested stockholder. However, in approving a transaction, the Board may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the Board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the Board of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the Board before the time that the interested stockholder becomes an interested stockholder. Our Board has adopted a resolution that any business combination between us and any other person is exempted from the provisions of the Business Combination Act, provided that the business combination is first approved by the Board, including a majority of the directors who are not "interested persons" as defined in the 1940 Act. This resolution may be altered or repealed in whole or in part at any time; however, our Board will adopt resolutions so as to make us subject to the provisions of the Business Combination Act only if the Board determines that it would be in our best interests and if the SEC staff does not object to our determination that our being subject to the Business Combination Act does not conflict with the 1940 Act. If this resolution is repealed, or the Board does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Conflict with 1940 Act

Our bylaws provide that, if and to the extent that any provision of the MGCL, including the Control Share Act (if we amend our bylaws to be subject to such Act) and the Business Combination Act, or any provision of our charter or bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.

DESCRIPTION OF OUR PREFERRED STOCK

Our articles of incorporation authorize our board of directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Prior to issuance of shares of each class or series, the board of directors is required by Maryland law and by our articles of incorporation to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the board of directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our securities or otherwise be in their best interest. You should note, however, that any issuance of preferred stock must comply with the requirements of the 1940 Act. The 1940 Act requires, among other things, that (a) immediately after issuance and before any dividend or other distribution is made with respect to our securities and before any purchase of securities is made, such preferred stock together with all other senior securities must not exceed an amount equal to 50.0% of our total assets after deducting the amount of such dividend, distribution or purchase price, as the case may be, and (b) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if distributions on such preferred stock are in arrears by two years or more. Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a BDC. Further, the 1940 Act requires that any distributions we make on preferred stock be cumulative. We believe that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions.

For any series of preferred stock that we may issue, our board of directors will determine and the prospectus supplement relating to such series will describe:

- the designation and number of shares of such series;
- the rate and time at which, and the preferences and conditions under which, any dividends will be paid on shares of such series, as well as whether such dividends are participating or non-participating;
- any provisions relating to convertibility or exchangeability of the shares of such series;
- the rights and preferences, if any, of holders of shares of such series upon our liquidation, dissolution or winding up of our affairs;
- the voting powers, if any, of the holders of shares of such series;
- any provisions relating to the redemption of the shares of such series;
- any limitations on our ability to pay dividends or make distributions on, or acquire or redeem, other securities while shares of such series are outstanding;
- any conditions or restrictions on our ability to issue additional shares of such series or other securities;
- if applicable, a discussion of certain U.S. federal income tax considerations; and
- any other relative power, preferences and participating, optional or special rights of shares of such series, and the qualifications, limitations or restrictions thereof.

All shares of preferred stock that we may issue will be identical and of equal rank except as to the particular terms thereof that may be fixed by our board of directors, and all shares of each series of preferred stock will be identical and of equal rank except as to the dates from which cumulative dividends, if any, thereon will be cumulative.

DESCRIPTION OF OUR SUBSCRIPTION RIGHTS

We may issue subscription rights to purchase common stock. Subscription rights may be issued independently or together with any other offered security and may or may not be transferable by the person purchasing or receiving the subscription rights. In connection with any subscription rights offering to our stockholders, we may enter into a standby underwriting or other arrangement with one or more underwriters or other persons pursuant to which such underwriters or other persons would purchase any offered securities remaining unsubscribed for after such subscription rights offering. We will not offer transferable subscription rights to our stockholders at a price equivalent to less than the then current net asset value per share of common stock, excluding underwriting commissions, unless we first file a post-effective amendment that is declared effective by the SEC with respect to such issuance and the common stock to be purchased in connection with the rights represents no more than one-third of our outstanding common stock at the time such rights are issued. In connection with a subscription rights offering to our stockholders, we would distribute certificates evidencing the subscription rights and a prospectus supplement to our stockholders on the record date that we set for receiving subscription rights in such subscription rights offering. Our common stockholders will indirectly bear the expenses of such subscription rights offerings, regardless of whether our common stockholders exercise any subscription rights.

The applicable prospectus supplement would describe the following terms of subscription rights in respect of which this prospectus is being delivered:

- the title of such subscription rights;
- the exercise price or a formula for the determination of the exercise price for such subscription rights;
- the number or a formula for the determination of the number of such subscription rights issued to each stockholder;
- the extent to which such subscription rights are transferable;
- if applicable, a discussion of the material U.S. federal income tax considerations applicable to the issuance or exercise of such subscription rights;
- the date on which the right to exercise such subscription rights would commence, and the date on which such rights shall expire (subject to any extension);
- the extent to which such subscription rights include an over-subscription privilege with respect to unsubscribed securities;
- if applicable, the material terms of any standby underwriting or other purchase arrangement that we may enter into in connection with the subscription rights offering; and
- any other terms of such subscription rights, including terms, procedures and limitations relating to the exchange and exercise of such subscription rights.

Exercise of Subscription Rights

Each subscription right would entitle the holder of the subscription right to purchase for cash such amount of shares of common stock or other securities at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the prospectus supplement relating to the subscription rights offered thereby or another report filed with the SEC. Subscription rights may be exercised at any time up to the close of business on the expiration date for such subscription rights set forth in the applicable prospectus supplement. After the close of business on the expiration date, all unexercised subscription rights would become void. We have not previously completed such an offering of subscription rights. Subscription rights may be exercised as set forth in the prospectus supplement relating to the subscription rights offered thereby. Upon receipt of payment and the subscription rights certificate properly completed and duly executed at the corporate trust office of the subscription rights agent or any other office indicated in the prospectus supplement, we will forward, as soon as practicable, the shares of common stock or other securities purchasable upon such exercise. We may determine to offer any unsubscribed offered securities directly to stockholders, persons other than stockholders, to or through agents, underwriters or dealers or through a

combination of such methods, including pursuant to standby underwriting or other arrangements, as set forth in the applicable prospectus supplement.

Dilutive Effects

Any shareholder who chooses not to participate in a rights offering should expect to own a smaller interest in us upon completion of such rights offering. Any rights offering will dilute the ownership interest and voting power of shareholders who do not fully exercise their subscription rights. Further, because the net proceeds per share from any rights offering may be lower than our then current net asset value per share, the rights offering may reduce our net asset value per share. The amount of dilution that a shareholder will experience could be substantial, particularly to the extent we engage in multiple rights offerings within a limited time period. In addition, the market price of our common stock could be adversely affected while a rights offering is ongoing as a result of the possibility that a significant number of additional shares may be issued upon completion of such rights offering. All of our shareholders will also indirectly bear the expenses associated with any rights offering we may conduct, regardless of whether they elect to exercise any rights.

DESCRIPTION OF OUR WARRANTS

The following is a general description of the terms of the warrants we may issue from time to time. Particular terms of any warrants we offer will be described in the prospectus supplement relating to such warrants.

We may issue warrants to purchase shares of our common stock, preferred stock or debt securities. Such warrants may be issued independently or together with common stock, preferred stock or debt securities and may be attached or separate from such securities. We will issue each series of warrants under a separate warrant agreement to be entered into between us and a warrant agent. The warrant agent will act solely as our agent and will not assume any obligation or relationship of agency for or with holders or beneficial owners of warrants.

A prospectus supplement will describe the particular terms of any series of warrants we may issue, including the following:

- the title of such warrants;
- the aggregate number of such warrants;
- the price or prices at which such warrants will be issued;
- the currency or currencies, including composite currencies, in which the price of such warrants may be payable;
- if applicable, the designation and terms of the securities with which the warrants are issued and the number of warrants issued with each such security or each principal amount of such security;
- in the case of warrants to purchase debt securities, the principal amount of debt securities purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which this principal amount of debt securities may be purchased upon such exercise;
- in the case of warrants to purchase common stock or preferred stock, the number of shares of common stock or preferred stock, as the case may be, purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which these shares may be purchased upon such exercise;
- the date on which the right to exercise such warrants shall commence and the date on which such right will expire;
- whether such warrants will be issued in registered form or bearer form;
- if applicable, the minimum or maximum amount of such warrants which may be exercised at any one time;
- if applicable, the date on and after which such warrants and the related securities will be separately transferable;
- information with respect to book-entry procedures, if any;
- the terms of the securities issuable upon exercise of the warrants;
- if applicable, a discussion of certain U.S. federal income tax considerations; and
- any other terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants.

We and the warrant agent may amend or supplement the warrant agreement for a series of warrants without the consent of the holders of the warrants issued thereunder to effect changes that are not inconsistent with the provisions of the warrants and that do not materially and adversely affect the interests of the holders of the warrants.

Prior to exercising their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon such exercise, including, in the case of warrants to purchase debt securities, the

right to receive principal, premium, if any, or interest payments, on the debt securities purchasable upon exercise or to enforce covenants in the applicable indenture or, in the case of warrants to purchase common stock or preferred stock, the right to receive dividends, if any, or payments upon our liquidation, dissolution or winding up or to exercise any voting rights.

Under the 1940 Act, we may generally only offer warrants provided that (1) the warrants expire by their terms within ten years; (2) the exercise or conversion price is not less than the current market value at the date of issuance; (3) our shareholders authorize the proposal to issue such warrants, and our Board approves such issuance on the basis that the issuance is in the best interests of us and our shareholders; and (4) if the warrants are accompanied by other securities, the warrants are not separately transferable unless no class of such warrants and the securities accompanying them has been publicly distributed. The 1940 Act also provides that the amount of our voting securities that would result from the exercise of all outstanding warrants, as well as options and rights, at the time of issuance may not exceed 25% of our outstanding voting securities. In particular, the amount of capital stock that would result from the conversion or exercise of all outstanding warrants, options or rights to purchase capital stock cannot exceed 25% of the BDC’s total outstanding shares of capital stock.

DESCRIPTION OF OUR DEBT SECURITIES

We may issue debt securities in one or more series. The specific terms of each series of debt securities will be described in the particular prospectus supplement relating to that series. The prospectus supplement may or may not modify the general terms found in this prospectus and will be filed with the SEC. For a complete description of the terms of a particular series of debt securities, you should read both this prospectus and the prospectus supplement relating to that particular series.

As required by federal law for all bonds and notes of companies that are publicly offered, the debt securities are governed by a document called an "indenture." An indenture is a contract between us and a financial institution acting as trustee on your behalf, and is subject to and governed by the Trust Indenture Act of 1939, as amended. The trustee has two main roles. First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described in the second paragraph under "*— Events of Default — Remedies If an Event of Default Occurs*." Second, the trustee performs certain administrative duties for us.

Because this section is a summary, it does not describe every aspect of the debt securities and the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of debt securities. For example, in this section, we use capitalized words to signify terms that are specifically defined in the indenture. Some of the definitions are repeated in this prospectus, but for the rest you will need to read the indenture. A copy of the form of indenture is attached as an exhibit to the registration statement of which this prospectus is a part. We will file a supplemental indenture with the SEC in connection with any debt offering, at which time the supplemental indenture would be publicly available. See "*Available Information*" for information on how to obtain a copy of the applicable indenture.

The prospectus supplement, which will accompany this prospectus, will describe the particular series of debt securities being offered, including, among other things:

- the designation or title of the series of debt securities;
- the total principal amount of the series of debt securities;
- the percentage of the principal amount at which the series of debt securities will be offered;
- the date or dates on which principal will be payable;
- the rate or rates (which may be either fixed or variable) and/or the method of determining such rate or rates of interest, if any;
- the date or dates from which any interest will accrue, or the method of determining such date or dates, and the date or dates on which any interest will be payable;
- whether any interest may be paid by issuing additional securities of the same series in lieu of cash (and the terms upon which any such interest may be paid by issuing additional securities);
- the terms for redemption, extension or early repayment, if any;
- the currencies in which the series of debt securities are issued and payable;
- whether the amount of payments of principal, premium or interest, if any, on a series of debt securities will be determined with reference to an index, formula or other method (which could be based on one or more currencies, commodities, equity indices or other indices) and how these amounts will be determined;
- the place or places, if any, other than or in addition to the Borough of Manhattan in the City of New York, of payment, transfer, conversion and/or exchange of the debt securities;
- the denominations in which the offered debt securities will be issued (if other than $1,000 and any integral multiple thereof);
- the provision for any sinking fund;
- any restrictive covenants;
- any Events of Default;

- whether the series of debt securities is issuable in certificated form;
- any provisions for defeasance or covenant defeasance;
- any special federal income tax implications, including, if applicable, U.S. federal income tax considerations relating to original issue discount;
- whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);
- any provisions for convertibility or exchangeability of the debt securities into or for any other securities;
- whether the debt securities are subject to subordination and the terms of such subordination;
- whether the debt securities are secured and the terms of any security interest;
- the listing, if any, on a securities exchange; and
- any other terms.

The debt securities may be secured or unsecured obligations. Unless the prospectus supplement states otherwise, principal (and premium, if any) and interest, if any, will be paid by us in immediately available funds.

Generally, pursuant to the 1940 Act, our total borrowings are limited so that we cannot incur additional borrowings if immediately after such borrowing or issuance, the ratio of our total assets (less total liabilities other than indebtedness represented by senior securities) to our total indebtedness represented by senior securities plus preferred stock, if any, is at least 200%. However, legislation enacted in March 2018 has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur from an asset coverage ratio of 200% to an asset coverage ratio of 150%, if certain requirements are met. This means that generally, a BDC can borrow up to $1 for every $1 of investor equity or, if certain requirements are met and it reduces its asset coverage ratio, it can borrow up to $2 for every $1 of investor equity. The reduced asset coverage requirement would permit a BDC to double the amount of leverage it could incur. On April 4, 2018, the Board, including a "required majority" (as such term is defined in Section 57(o) of the Investment Company Act of 1940, as amended (the "1940 Act")) of the Board, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. At our 2018 annual meeting of stockholders our stockholders also approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. As a result, the asset coverage ratio applicable to us was decreased from 200% to 150%, effective June 29, 2018, which effectively increased the amount of leverage we may incur. As of March 31, 2022, our asset coverage ratio was 193%. The amount of leverage that we employ at any time depends on our assessment of the market and other factors at the time of any proposed borrowing, see "*Risk Factors — Risks Related to Business Development Companies — Regulations governing our operation as a business development company and RIC affect our ability to raise capital and the way in which we raise additional capital or borrow for investment purposes, which may have a negative effect on our growth. As a business development company, the necessity of raising additional capital may expose us to risks, including risks associated with leverage*" in our most recent Annual Report on Form 10-K.

General

The indenture provides that any debt securities proposed to be sold under this prospectus and the accompanying prospectus supplement ("offered debt securities") and any debt securities issuable upon the exercise of warrants or upon conversion or exchange of other offered securities ("underlying debt securities"), may be issued under the indenture in one or more series.

For purposes of this prospectus, any reference to the payment of principal of, or premium or interest, if any, on, debt securities will include additional amounts if required by the terms of the debt securities.

The indenture does not limit the amount of debt securities that may be issued thereunder from time to time. The indenture also provides that there may be more than one trustee thereunder, each with respect

to one or more different series of indenture securities. See "— *Resignation of Trustee*" below. At a time when two or more trustees are acting under the indenture, each with respect to only certain series, the term "indenture securities" means the one or more series of debt securities with respect to which each respective trustee is acting. In the event that there is more than one trustee under the indenture, the powers and trust obligations of each trustee described in this prospectus will extend only to the one or more series of indenture securities for which it is trustee. If two or more trustees are acting under the indenture, then the indenture securities for which each trustee is acting would be treated as if issued under separate indentures.

Except as described under "— *Events of Default*" and "— *Merger or Consolidation*" below, the indenture does not contain any provisions that give you protection in the event we issue a large amount of debt or we are acquired by another entity.

We refer you to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or our covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

We have the ability to issue indenture securities with terms different from those of indenture securities previously issued and, without the consent of the holders thereof, to reopen a previous issue of a series of indenture securities and issue additional indenture securities of that series unless the reopening was restricted when that series was created.

Conversion and Exchange

If any debt securities are convertible into or exchangeable for other securities, the prospectus supplement will explain the terms and conditions of the conversion or exchange, including the conversion price or exchange ratio (or the calculation method), the conversion or exchange period (or how the period will be determined), if conversion or exchange will be mandatory or at the option of the holder or us, provisions for adjusting the conversion price or the exchange ratio and provisions affecting conversion or exchange in the event of the redemption of the underlying debt securities. These terms may also include provisions under which the number or amount of other securities to be received by the holders of the debt securities upon conversion or exchange would be calculated according to the market price of the other securities as of a time stated in the prospectus supplement.

Issuance of Securities in Registered Form

We may issue the debt securities in registered form, in which case we may issue them either in book-entry form only or in "certificated" form. Debt securities issued in book-entry form will be represented by global securities. We expect that we will usually issue debt securities in book-entry only form represented by global securities.

Book-Entry Holders

We will issue registered debt securities in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. This means debt securities will be represented by one or more global securities registered in the name of a depositary that will hold them on behalf of financial institutions that participate in the depositary's book-entry system. These participating institutions, in turn, hold beneficial interests in the debt securities held by the depositary or its nominee. These institutions may hold these interests on behalf of themselves or customers.

Under the indenture, only the person in whose name a debt security is registered is recognized as the holder of that debt security. Consequently, for debt securities issued in book-entry form, we will recognize only the depositary as the holder of the debt securities and we will make all payments on the debt securities to the depositary. The depositary will then pass along the payments it receives to its participants, which in turn will pass the payments along to their customers who are the beneficial owners. The depositary and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities.

As a result, investors will not own debt securities directly. Instead, they will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depositary's book-entry system or holds an interest through a participant. As long as the debt securities are represented by one or more global securities, investors will be indirect holders, and not holders, of the debt securities.

Street Name Holders

In the future, we may issue debt securities in certificated form or terminate a global security. In these cases, investors may choose to hold their debt securities in their own names or in "street name." Debt securities held in street name are registered in the name of a bank, broker or other financial institution chosen by the investor, and the investor would hold a beneficial interest in those debt securities through the account he or she maintains at that institution.

For debt securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities and we will make all payments on those debt securities to them. These institutions will pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. Investors who hold debt securities in street name will be indirect holders, and not holders, of the debt securities.

Legal Holders

Our obligations, as well as the obligations of the applicable trustee and those of any third parties employed by us or the applicable trustee, run only to the legal holders of the debt securities. We do not have obligations to investors who hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether an investor chooses to be an indirect holder of a debt security or has no choice because we are issuing the debt securities only in book-entry form.

For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice even if that holder is required, under agreements with depositary participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose (for example, to amend an indenture or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of an indenture), we would seek the approval only from the holders, and not the indirect holders, of the debt securities. Whether and how the holders contact the indirect holders is up to the holders.

When we refer to you, we mean those who invest in the debt securities being offered by this prospectus, whether they are the holders or only indirect holders of those debt securities. When we refer to your debt securities, we mean the debt securities in which you hold a direct or indirect interest.

Special Considerations for Indirect Holders

If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, we urge you to check with that institution to find out:

- how it handles securities payments and notices,
- whether it imposes fees or charges,
- how it would handle a request for the holders' consent, if ever required,
- whether and how you can instruct it to send you debt securities registered in your own name so you can be a holder, if that is permitted in the future for a particular series of debt securities,
- how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests, and
- if the debt securities are in book-entry form, how the depositary's rules and procedures will affect these matters.

Global Securities

As noted above, we usually will issue debt securities as registered securities in book-entry form only. A global security represents one or any other number of individual debt securities. Generally, all debt securities represented by the same global securities will have the same terms.

Each debt security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution or its nominee that we select. The financial institution that we select for this purpose is called the depositary. Unless we specify otherwise in the applicable prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depositary for all debt securities issued in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depositary or its nominee, unless special termination situations arise. We describe those situations below under "— *Special Situations when a Global Security Will Be Terminated*". As a result of these arrangements, the depositary, or its nominee, will be the sole registered owner and holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depositary or with another institution that has an account with the depositary. Thus, an investor whose security is represented by a global security will not be a holder of the debt security, but only an indirect holder of a beneficial interest in the global security.

Special Considerations for Global Securities

As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depositary, as well as general laws relating to securities transfers. The depositary that holds the global security will be considered the holder of the debt securities represented by the global security.

If debt securities are issued only in the form of a global security, an investor should be aware of the following:

- An investor cannot cause the debt securities to be registered in his or her name, and cannot obtain certificates for his or her interest in the debt securities, except in the special situations we describe below.
- An investor will be an indirect holder and must look to his or her own bank or broker for payments on the debt securities and protection of his or her legal rights relating to the debt securities, as we describe under "— *Issuance of Securities in Registered Form*" above.
- An investor may not be able to sell interests in the debt securities to some insurance companies and other institutions that are required by law to own their securities in non-book-entry form.
- An investor may not be able to pledge his or her interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective.
- The depositary's policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to an investor's interest in a global security. We and the trustee have no responsibility for any aspect of the depositary's actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depositary in any way.
- If we redeem less than all the debt securities of a particular series being redeemed, DTC's practice is to determine by lot the amount to be redeemed from each of its participants holding that series.
- An investor is required to give notice of exercise of any option to elect repayment of its debt securities, through its participant, to the applicable trustee and to deliver the related debt securities by causing its participant to transfer its interest in those debt securities, on DTC's records, to the applicable trustee.

- DTC requires that those who purchase and sell interests in a global security deposited in its book-entry system use immediately available funds. Your broker or bank may also require you to use immediately available funds when purchasing or selling interests in a global security.
- Financial institutions that participate in the depositary's book-entry system, and through which an investor holds its interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt securities. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the actions of any of those intermediaries.

Termination of a Global Security

If a global security is terminated, interests in it will be exchanged for certificates in non-book-entry form (certificated securities). After that exchange, the choice of whether to hold the certificated debt securities directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a global security transferred on termination to their own names, so that they will be holders. We have described the rights of legal holders and street name investors under "— *Issuance of Securities in Registered Form*" above.

The prospectus supplement may list situations for terminating a global security that would apply only to the particular series of debt securities covered by the prospectus supplement. If a global security is terminated, only the depositary, and not we or the applicable trustee, is responsible for deciding the names of the institutions in whose names the debt securities represented by the global security will be registered and, therefore, who will be the holders of those debt securities.

Payment and Paying Agents

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

Payments on Global Securities

We will make payments on a global security in accordance with the applicable policies of the depositary as in effect from time to time. Under those policies, we will make payments directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depositary and its participants.

Payments on Certificated Securities

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

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

Payment When Offices Are Closed

Except as otherwise indicated in the applicable prospectus supplement, if any payment is due on a debt security on a day that is not a business day, we will make the payment on the next day that is a business day. Payments made on the next business day in this situation will be treated under the indenture as if they were made on the original due date, except as otherwise indicated in the applicable prospectus supplement. Such payment will not result in a default under any debt security or the indenture, and no interest will accrue on the payment amount from the original due date to the next day that is a business day.

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

Events of Default

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

The term "Event of Default" in respect of the debt securities of your series means any of the following (unless the prospectus supplement relating to such debt securities states otherwise):

- we do not pay the principal of, or any premium on, a debt security of the series within five days of its due date;
- we do not pay interest on a debt security of the series within 30 days of its due date;
- we do not deposit any sinking fund payment in respect of debt securities of the series within five days of its due date;
- we remain in breach of a covenant in respect of debt securities of the series for 60 days after we receive a written notice of default stating we are in breach (the notice must be sent by either the trustee or holders of at least 25% of the principal amount of the outstanding debt securities of the series);
- we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and remain undischarged or unstayed for a period of 90 days;
- the series of debt securities has an asset coverage, as such term is defined in the 1940 Act, of less than 100 per centum on the last business day of each of twenty-four consecutive calendar months, giving effect to any exemptive relief granted to the Company by the SEC; or
- any other Event of Default in respect of debt securities of the series described in the prospectus supplement occurs.

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

Remedies If an Event of Default Occurs

If an Event of Default has occurred and has not been cured, the trustee or the holders of at least 25% in principal amount of the outstanding debt securities of the affected series may declare the entire principal amount of all the debt securities of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. A declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the outstanding debt securities of the affected series if (1) we have deposited with the trustee all amounts due and owing with respect to the securities (other than principal that has become due solely by reason of such acceleration) and certain other amounts, and (2) any other Events of Default have been cured or waived.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability (called an "indemnity"). If indemnity satisfactory to the trustee is

provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions in certain circumstances. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

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

- You must give your trustee written notice that an Event of Default with respect to the relevant series of debt securities has occurred and remains uncured.
- The holders of at least 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default and must offer to the trustee security or indemnity satisfactory to it against the cost, expenses, and other liabilities of taking that action.
- The trustee must not have taken action for 60 days after receipt of the above notice and offer of security or indemnity.
- The holders of a majority in principal amount of the debt securities of that series must not have given the trustee a direction inconsistent with the above notice during that 60-day period.

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

Holders of a majority in principal amount of the debt securities of the affected series may waive any past defaults other than a default

- in the payment of principal, any premium, or interest or
- in respect of a covenant that cannot be modified or amended without the consent of each holder.

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

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

Merger, Consolidation or Sale of Assets

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

- where we merge out of existence or sell substantially all our assets, the resulting entity or transferee must agree to be legally responsible for our obligations under the debt securities;
- the merger or sale of assets must not cause a default on the debt securities and we must not already be in default (unless the merger or sale would cure the default). For purposes of this no-default test, a default would include an Event of Default that has occurred and has not been cured, as described under “Events of Default” above. A default for this purpose would also include any event that would be an Event of Default if the requirements for giving us a notice of default or our default having to exist for a specific period of time were disregarded;
- we must deliver certain certificates and documents to the trustee; and
- we must satisfy any other requirements specified in the prospectus supplement relating to a particular series of debt securities.

Modification or Waiver

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

Changes Requiring Your Approval

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

- change the stated maturity of the principal of or interest on the debt securities;
- reduce any amounts due on the debt securities;
- reduce the amount of principal payable upon acceleration of the maturity of a security following a default;
- adversely affect any right of repayment at the holder's option;
- change the place (except as otherwise described in the prospectus or prospectus supplement) or currency of payment on a debt security;
- impair your right to sue for payment;
- adversely affect any right to convert or exchange a debt security in accordance with its terms;
- modify the subordination provisions in the indenture in a manner that is adverse to outstanding holders of the debt securities;
- reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture;
- reduce the percentage of holders of debt securities whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults;
- modify certain of the provisions of the indenture dealing with supplemental indentures, modification and waiver of past defaults, changes to the quorum or voting requirements or the waiver of certain covenants; and
- change any obligation we have to pay additional amounts.

Changes Not Requiring Approval

The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications, establishment of the form or terms of new securities of any series as permitted by the indenture, and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect, including adding additional covenants or events of default. We also do not need any approval to make any change that affects only debt securities to be issued under the indenture after the change takes effect.

Changes Requiring Majority Approval

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

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

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

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

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

Further Details Concerning Voting

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

- For original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the maturity of these debt securities were accelerated to that date because of a default.
- For debt securities whose principal amount is not known (for example, because it is based on an index), we will use a special rule for that debt security described in the prospectus supplement.
- For debt securities denominated in one or more foreign currencies, we will use the U.S. dollar equivalent.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described later under "— *Defeasance — Full Defeasance*."

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding indenture securities that are entitled to vote or take other action under the indenture. If we set a record date for a vote or other action to be taken by holders of one or more series, that vote or action may be taken only by persons who are holders of outstanding indenture securities of those series on the record date and must be taken within eleven months following the record date.

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

Defeasance

The following provisions will be applicable to each series of debt securities unless we state in the applicable prospectus supplement that the provisions of covenant defeasance and full defeasance will not be applicable to that series.

Covenant Defeasance

If certain conditions are satisfied, we can make the deposit described below and be released from some of the restrictive covenants in the indenture under which the particular series was issued. This is called "covenant defeasance." In that event, you would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay your debt securities. If applicable, you also would be released from the subordination provisions described under "— *Indenture Provisions — Subordination*" below. In order to achieve covenant defeasance, we must do the following:

- we must deposit in trust for the benefit of all holders of a series of debt securities a combination of cash (in such currency in which such securities are then specified as payable at stated maturity) or government obligations applicable to such securities (determined on the basis of the currency in which such securities are then specified as payable at stated maturity) that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates and any mandatory sinking fund payments or analogous payments;
- we must deliver to the trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit;
- we must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act, as amended, and a legal opinion and officers' certificate stating that all conditions precedent to covenant defeasance have been complied with;

- defeasance must not result in a breach or violation of, or result in a default under, of the indenture or any of our other material agreements or instruments;
- no default or event of default with respect to such debt securities shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days; and
- satisfy the conditions for covenant defeasance contained in any supplemental indentures.

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

Legal Defeasance

If there is a change in U.S. federal tax law or we obtain an IRS ruling, as described below, we can legally release ourselves from all payment and other obligations on the debt securities of a particular series (called "defeasance" or "legal defeasance") if we put in place the following other arrangements for you to be repaid:

- we must deposit in trust for the benefit of all holders of a series of debt securities a combination of cash (in such currency in which such securities are then specified as payable at stated maturity) or government obligations applicable to such securities (determined on the basis of the currency in which such securities are then specified as payable at stated maturity) that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates and any mandatory sinking fund payments or analogous payments;
- we must deliver to the trustee a legal opinion confirming that there has been a change in current U.S. federal tax law or an IRS ruling that allows us to make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit. Under current U.S. federal tax law, the deposit and our legal release from the debt securities would be treated as though we paid you your share of the cash and notes or bonds at the time the cash and notes or bonds were deposited in trust in exchange for your debt securities and you would recognize gain or loss on the debt securities at the time of the deposit;
- we must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act, as amended, and a legal opinion and officers' certificate stating that all conditions precedent to defeasance have been complied with;
- defeasance must not result in a breach or violation of, or constitute a default under, of the indenture or any of our other material agreements or instruments;
- no default or event of default with respect to such debt securities shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days; and
- satisfy the conditions for full defeasance contained in any supplemental indentures.

If we ever accomplished legal defeasance, as described above, you would have to rely solely on the trust deposit for repayment of your debt securities. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent. If your debt securities were subordinated as described later under "*— Indenture Provisions — Subordination*", such subordination would not prevent the trustee under the indenture from applying the funds available to it from the deposit referred to in the first bullet of the preceding paragraph to the payment of amounts due in respect of such debt securities for the benefit of the subordinated debt holders.

Form, Exchange and Transfer of Certificated Registered Securities

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

- only in fully registered certificated form,
- without interest coupons, and
- unless we indicate otherwise in the prospectus supplement, in denominations of $1,000 and amounts that are multiples of $1,000.

Holders may exchange their certificated securities, if any, for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed and as long as the denomination is greater than the minimum denomination for such securities.

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

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

If we have designated additional transfer agents for your debt security, they will be named in your prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

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

If a registered debt security is issued in book-entry form, only the depositary will be entitled to transfer and exchange the debt security as described in this subsection, since it will be the sole holder of the debt security.

Resignation of Trustee

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

Indenture Provisions — Subordination

Upon any distribution of our assets upon our dissolution, winding up, liquidation or reorganization, the payment of the principal of (and premium, if any) and interest, if any, on any indenture securities denominated as subordinated debt securities is to be subordinated to the extent provided in the indenture in right of payment to the prior payment in full of all Senior Indebtedness (as defined below), but our obligation to you to make payment of the principal of (and premium, if any) and interest, if any, on such subordinated debt securities will not otherwise be affected. In addition, no payment on account of principal (or premium, if any), sinking fund or interest, if any, may be made on such subordinated debt securities at any time unless full payment of all amounts due in respect of the principal (and premium, if any), sinking fund and interest on Senior Indebtedness has been made or duly provided for in money or money's worth.

In the event that, notwithstanding the foregoing, any payment by us is received by the trustee in respect of subordinated debt securities or by the holders of any of such subordinated debt securities before all Senior Indebtedness is paid in full, the payment or distribution must be paid over to the holders of the Senior Indebtedness or on their behalf for application to the payment of all the Senior Indebtedness remaining unpaid until all the Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of the Senior Indebtedness. Subject to the payment in full of all Senior Indebtedness upon this distribution by us, the holders of such subordinated debt securities will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made to the holders of the Senior Indebtedness out of the distributive share of such subordinated debt securities.

By reason of this subordination, in the event of a distribution of our assets upon our insolvency, certain of our senior creditors may recover more, ratably, than holders of any subordinated debt securities. The indenture provides that these subordination provisions will not apply to money and securities held in trust under the defeasance provisions of the indenture.

“Senior Indebtedness” is defined in the indenture as the principal of (and premium, if any) and unpaid interest on:

- our indebtedness (including indebtedness of others guaranteed by us), whenever created, incurred, assumed or guaranteed, for money borrowed (other than indenture securities issued under the indenture and denominated as subordinated debt securities), unless in the instrument creating or evidencing the same or under which the same is outstanding it is provided that this indebtedness is not senior or prior in right of payment to the subordinated debt securities, and
- renewals, extensions, modifications and refinancings of any of this indebtedness.

If this prospectus is being delivered in connection with the offering of a series of indenture securities denominated as subordinated debt securities, the accompanying prospectus supplement will set forth the approximate amount of our Senior Indebtedness outstanding as of a recent date.

Secured Indebtedness and Ranking

We may issue two types of unsecured indebtedness obligations: senior and subordinated. Senior unsecured indebtedness obligations refer to those that rank senior in right of payment to all of our future indebtedness that is expressly subordinated in right of payment to such indebtedness. Subordinated unsecured indebtedness obligations refer to those that are expressly subordinated in right of payment to other unsecured obligations.

Certain of our indebtedness, including certain series of indenture securities, may be secured. The prospectus supplement for each series of indenture securities will describe the terms of any security interest for such series and will indicate the approximate amount of our secured indebtedness as of a recent date. Any unsecured indenture securities will effectively rank junior to any secured indebtedness, including any secured indenture securities, that we incur in the future to the extent of the value of the assets securing such future secured indebtedness. Our debt securities, whether secured or unsecured, will rank structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities, with respect to claims on the assets of any such subsidiaries, financing vehicles, or similar facilities.

In the event of our bankruptcy, liquidation, reorganization or other winding up, any of our assets that secure secured debt will be available to pay obligations on unsecured debt securities only after all indebtedness under such secured debt has been repaid in full from such assets. We advise you that there may not be sufficient assets remaining to pay amounts due on any or all unsecured debt securities then outstanding after fulfillment of this obligation. As a result, the holders of unsecured indenture securities may recover less, ratably, than holders of any of our secured indebtedness.

The Trustee under the Indenture

U.S. Bank National Association serves as the trustee under the indenture.

Certain Considerations Relating To Foreign Currencies

Debt securities denominated or payable in foreign currencies may entail significant risks. These risks include the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending upon the currency or currencies involved and will be more fully described in the applicable prospectus supplement.

Book-Entry Debt Securities

Unless otherwise specified in the applicable prospectus supplement, the debt securities will be issued in book-entry form, and the Depository Trust Company, or DTC, will act as securities depository for the debt securities. Unless otherwise specified in the applicable prospectus supplement, the debt securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for the debt securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants, or Direct Participants, include securities brokers and dealers, including the underwriters; banks and trust companies; clearing corporations and other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation, or DTCC. DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly, or Indirect Participants. The DTC Rules applicable to its Participants are on file with the SEC.

Purchases of debt securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the debt securities on DTC's records. The ownership interest of each actual purchaser of each security, or Beneficial Owner, is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the debt securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in debt securities, except in the event that use of the book-entry system for the debt securities is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the debt securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to us as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the debt securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the debt securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from us or the trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the trustee, or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the trustee, but disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

REGULATION

The information contained in "*Part I, Item 1. Business — Regulation as a Business Development Company*" of our most recent Annual Report on Form 10-K is incorporated herein by reference.

PLAN OF DISTRIBUTION

We may offer, from time to time, in one or more offerings or series, up to $300,000,000 of our common stock, preferred stock, debt securities, subscription rights to purchase shares of our common stock or warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, in one or more underwritten public offerings, at-the-market offerings, negotiated transactions, block trades, best efforts offerings or a combination of these methods.

We may sell the securities through underwriters or dealers, directly to one or more purchasers, including existing stockholders in a rights offering, through agents designated from time to time by us or through a combination of any such methods of sale. Any underwriter or agent involved in the offer and sale of the securities will be named in the applicable prospectus supplement. A prospectus supplement or supplements will also describe the terms of the offering of the securities, including: the purchase price of the securities and the proceeds we will receive from the sale; any options under which underwriters may purchase additional securities from us; any agency fees or underwriting discounts and other items constituting agents' or underwriters' compensation; the public offering price; any discounts or concessions allowed or re-allowed or paid to dealers; any securities exchange or market on which the securities may be listed; and, in the case of a rights offering, the number of shares of our common stock issuable upon the exercise of each right. Only underwriters named in the prospectus supplement will be underwriters of the securities offered by the prospectus supplement.

The distribution of our securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at prevailing market prices at the time of sale, at prices related to such prevailing market prices, or at negotiated prices, provided, however, that the offering price per share of our securities less any underwriting commissions or discounts must equal or exceed the net asset value per share of our securities except that we may sell shares of our securities at a price below net asset value per share if holders of a majority of the number of shares of our stock have approved such a sale or if the following conditions are met: (i) holders of a majority of our stock and a majority of our stock not held by affiliated persons have approved issuance at less than net asset value per share during the one year period prior to such sale; (ii) a majority of our directors who have no financial interest in the sale and a majority of such directors who are not interested persons of us have determined that such sale would be in our best interest and in the best interests of our stockholders; and (iii) a majority of our directors who have no financial interest in the sale and a majority of such directors who are not interested persons of us, in consultation with the underwriter or underwriters of the offering if it is to be underwritten, have determined in good faith, and as of a time immediately prior to the first solicitation by or on behalf of us of firm commitments to purchase such securities or immediately prior to the issuance of such securities, that the price at which such securities are to be sold is not less than a price which closely approximates the market value of those securities, less any distributing commission or discount.

In connection with the sale of the securities, underwriters or agents may receive compensation from us, or from purchasers of the securities, for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell the securities to or through dealers and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of the securities may be deemed to be underwriters under the Securities Act, and any discounts and commissions they receive from us and any profit realized by them on the resale of the securities may be deemed to be underwriting discounts and commissions under the Securities Act. Any such underwriter or agent will be identified and any such compensation received from us will be described in the applicable prospectus supplement.

Any of our common stock sold pursuant to a prospectus supplement will be listed on the New York Stock Exchange, or another exchange on which our common stock is traded.

Under agreements into which we may enter, underwriters, dealers and agents who participate in the distribution of our securities may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act. Underwriters, dealers and agents may engage in transactions with, or perform services for, us in the ordinary course of business. If so indicated in the applicable prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by certain

institutions to purchase our securities from us pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by us. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of our securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts. Such contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth the commission payable for solicitation of such contracts.

In order to comply with the securities laws of certain states, if applicable, our securities offered hereby will be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states, our securities may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

The maximum commission or discount to be received by any member of the Financial Industry Regulatory Authority, Inc. will not be greater than 10.0% for the sale of any securities being registered.

We will pay customary costs and expenses of the registration of the shares of common stock pursuant to the registration rights agreement, including SEC filing fees and expenses of compliance with state securities or “blue sky” laws.

CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR

Our securities are held by ZB, N.A., dba Amegy Bank, pursuant to a custody agreement. Broadridge Corporate Issuer Solutions, Inc. will also serve as our transfer agent, distribution paying agent and registrar. The principal business address of Broadridge Corporate Issuer Solutions, Inc. is 1155 Long Island Avenue Edgewood, NY 11717. The principal address of Amegy Bank is 1717 West Loop South, 23rd Floor, Houston, Texas 77027.

BROKERAGE ALLOCATION AND OTHER PRACTICES

Since we will acquire and dispose of many of our investments in privately negotiated transactions, many of the transactions that we engage in will not require the use of brokers or the payment of brokerage commissions. Subject to policies established by our Board, the Adviser will be primarily responsible for selecting brokers and dealers to execute transactions with respect to the publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions. The Adviser does not expect to execute transactions through any particular broker or dealer but will seek to obtain the best net results for us under the circumstances, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. The Adviser generally will seek reasonably competitive trade execution costs but will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements and consistent with Section 28(e) of the 1934 Act, the Adviser may select a broker based upon brokerage or research services provided to the Adviser and us and any other clients. In return for such services, we may pay a higher commission than other brokers would charge if the Adviser determines in good faith that such commission is reasonable in relation to the services provided.

LEGAL MATTERS

The validity of the common stock offered hereby and certain legal matters for us in connection with the offering will be passed upon for us by Eversheds Sutherland (US) LLP. Eversheds Sutherland (US) LLP also represents the Adviser.

Certain legal matters in connection with the offering will be passed upon for the underwriters, if any, by the counsel named in the prospectus supplement.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audited financial statements, financial highlights and senior securities table of Stellus Capital Investment Corporation included in this prospectus and elsewhere in the registration statement have been incorporated by reference herein and in the registration statement in reliance upon the reports of Grant Thornton LLP, our independent registered public accounting firm, incorporated by reference herein, upon the authority of said firm as experts in accounting and auditing.

The address of Grant Thornton LLP, is 171 N. Clark Street, Chicago, Illinois 60601

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 securities offered by this prospectus. The registration statement contains additional information about us and the securities being offered by this prospectus.

We also file with or submit to the SEC periodic and current reports, proxy statements and other information meeting the informational requirements of the 1934 Act.

We furnish our stockholders with annual reports containing audited financial statements, quarterly reports, and such other periodic reports as we determine to be appropriate or as may be required by law.

We make available on our website (*www.stelluscapital.com)* our annual reports on Form 10-K, quarterly reports on Form 10-Q and our current reports on Form 8-K. The SEC also maintains a website (www.sec.gov)

that contains such information. The reference to our website is an inactive textual reference only and the information contained on our website or the SEC's website is not incorporated as a part of this prospectus. You may also obtain such information free of charge by contacting us in writing at 4400 Post Oak Parkway, Suite 2200, Houston, TX 77027, Attention: Investor Relations.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

This prospectus is part of a registration statement that we have filed with the SEC. We are allowed to "incorporate by reference" the information that we file with the SEC, which means that we can disclose important information to you by referring you to such information incorporated by reference. The information incorporated by reference is considered to comprise a part of this prospectus from the date we file any such document. Any reports filed by us with the SEC subsequent to the date of this prospectus and before the date that any offering of any securities by means of this prospectus and any accompanying prospectus supplement, if any, is terminated will automatically update and, where applicable, supersede any information contained in this prospectus or incorporated by reference in this prospectus.

We incorporate by reference into this prospectus our filings listed below and any future filings that we may file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, subsequent to the date of this prospectus until all of the securities offered by this prospectus and any accompanying prospectus supplement, if any, have been sold or we otherwise terminate the offering of those securities; provided, however, that information "furnished" under Item 2.02 or Item 7.01 of Form 8-K or other information "furnished" to the SEC which is not deemed filed is not incorporated by reference in this prospectus and any accompanying prospectus supplement, if any. Information that we file with the SEC subsequent to the date of this prospectus will automatically update and may supersede information in this prospectus, any accompanying prospectus supplement, if any, and other information previously filed with the SEC.

The prospectus incorporates by reference the documents set forth below that have been previously filed with the SEC:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on March 1, 2022;
- our Definitive Proxy Statement filed pursuant to Section 14(a) of the Securities Exchange Act of 1934, filed with the SEC on April 22, 2022;
- our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2022, filed with the SEC on May 11, 2022;
- our Current Report on Form 8-K filed pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, files with the SEC on May 19, 2022

See "*Available Information*" for information on how to obtain a copy of these filings

STELLUS CAPITAL INVESTMENT CORPORATION

$300,000,000

Common Stock
Preferred Stock
Warrants
Subscription Rights
Debt Securities

PROSPECTUS

[•], 2022

Stellus Capital Investment Corporation

PART C

Other Information

ITEM 25. FINANCIAL STATEMENTS AND EXHIBITS

The financial statements as of and for the three months ended March 31, 2022 and as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 have been incorporated by reference in this registration statement in "Part A — *Incorporation of Certain Information by Reference*."

(2) Exhibits

Exhibit No.	Description
(a)(1)	Articles of Amendment and Restatement[1]
(b)(1)	Bylaws[2]
(e)(1)	Dividend Reinvestment Plan[13]
(f)	Not applicable.
(g)(1)	Form of Investment Advisory Agreement between Stellus Capital Investment Corporation and Stellus Capital Management, LLC, as the investment adviser[3]
(h)	Not applicable.
(j)(1)	Custody Agreement between Stellus Capital Investment Corporation and XB, National Association, as the custodian[15]
(k)(1)	Administration Agreement by and between Stellus Capital Investment Corporation and Stellus Capital Management, LLC, as administrator.[16]
(k)(3)	Form of Indemnification Agreement[4]
(k)(4)	Form of License Agreement between Stellus Capital Investment Corporation and Stellus Capital Management, LLC[10]
(k)(5)	Third Amendment and Commitment Increase to Amended and Restated Senior Secured Revolving Credit Agreement, dated May 13, 2022, between the Registrant, as a borrower, the lenders party thereto and ZB, N.A. dba Amegy Bank, as administrative agent.[18]
(k)(6)	Second Amendment and Commitment Increase to Amended and Restated Senior Secured Revolving Credit Agreement, dated February 28, 2022, between the Registrant, as a borrower, the lenders party thereto and ZB, N.A. dba Amegy Bank, as administrative agent.*
(k)(7)	First Amendment and Commitment Increase to Amended and Restated Senior Secured Revolving Credit Agreement, dated December 22, 2021, between the Registrant, as a borrower, the lenders party thereto and ZB, N.A. dba Amegy Bank, as administrative agent.[5]
(k)(7)	Amended and Restated Senior Secured Revolving Credit Agreement, dated September 18, 2020, between the Registrant, as a borrower, the lenders party thereto and ZB, N.A. dba Amegy Bank, as administrative agent.[6]
(k)(8)	Third Amendment to Senior Secured Revolving Credit Agreement and Commitment Increase, dated May 15, 2020, between the Registrant, as a borrower, the lenders party thereto and ZB, N.A. dba Amegy Bank, as administrative agent.[8]
(k)(9)	Increase Agreement, dated December 27, 2019, between the Registrant, as a borrower, the lenders party thereto and ZB, N.A. dba Amegy Bank, as administrative agent.[7]
(k)(10)	Second Amendment to Senior Secured Revolving Credit Agreement and Commitment Increase, dated September 13, 2019, between the Registrant, as a borrower, the lenders party thereto and ZB, N.A. dba Amegy Bank, as administrative agent.[17]
(k)(11)	First Amendment to Senior Secured Revolving Credit Agreement and Commitment Increase, dated August 2, 2018, between the Registrant, as a borrower, the lenders party thereto and ZB, N.A. dba Amegy Bank, as administrative agent.[12]

Exhibit No.	Description
(k)(12)	Senior Secured Revolving Credit Agreement, dated October 10, 2017, between the Registrant, as a borrower, the lenders party thereto, and ZB, N.A. dba Amegy Bank, as administrative agent.(11)
(k)(13)	Guarantee and Security Agreement, dated October [•], 2017, between the Registrant, as a borrower, the lenders party thereto, and ZB, N.A. dba Amegy Bank, as administrative agent.(14)
(l)	Opinion and Consent of Eversheds Sutherland (US) LLP*
(n)(1)	Consent of Independent Registered Public Accounting Firm*
(r)	Code of Ethics(9)
(s)	Filing Fee Table*

* filed herewith

(1) Previously filed as an Exhibit (a)(1) to the Registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012.

(2) Previously filed as an Exhibit (b)(1) to the Registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012.

(3) Previously filed as an Exhibit (g) to the Registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012.

(4) Previously filed as an Exhibit (k)(3) to the Registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012.

(5) Previously filed as an Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 814-00971), filed on December 22, 2021.

(6) Previously filed as an Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 814-00971), filed on September 21, 2020.

(7) Previously filed as an Exhibit 10.12 to the Registrant's Current Report on Form 10-K (File No. 1-35730), filed on March 3, 2020.

(8) Previously filed as an Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 814-00971), filed on May 18, 2020.

(9) Previously filed as an Exhibit (r)(1) to the registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012.

(10) Previously filed as an Exhibit (k)(2) to the registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012.

(11) Previously filed as an Exhibit 10.1 to the Registrant's Current Repotrt on Form 8-K (File No. 814-00971), filed on October 13, 2017.

(12) Previously filed as an Exhibit 10.1 to the Registrant's Current Repotrt on Form 10-Q (File No. 1-35730), filed on August 8, 2018.

(13) Previously filed as an Exhibit (e) to the Registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on September 18, 2019.

(14) Previously filed as an Exhibit 10.2 to the Registrant's Current Repotrt on Form 8-K (File No. 814-00971), filed on October 13, 2017.

(15) Previously files as Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 814-00971), filed on November 7, 2017.

(16) Previously filed as an Exhibit (k)(1) to the registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012.

(17) Previously files as Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 814-00971), filed on September 18, 2019.

(18) Previously filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K (file No. 814-00971), filed on May 19, 2022.

Item 26. Marketing Arrangements

The information contained under the heading "Underwriting" in this Registration Statement is incorporated herein by reference.

Item 27. Other Expenses of Issuance and Distribution

	Amount in thousands
U.S. Securities and Exchange Commission registration fee	$ 20,124
FINRA Filing Fee[1][2]	$ 31,836
New York Stock Exchange listing fees[1]	$ 64,000
Printing expenses[1]	$100,000
Legal fees and expenses[1]	$200,000
Accounting fees and expenses[1]	$ 80,000
Miscellaneous[1]	$ 20,000
Total	$515,960

(1) These amounts are estimates.

(2) Prior to the filing of this registration statement $91,095,791 aggregate principal amount of securities remained registered and unsold pursuant to a registration statement on Form N-2 (File No. 333-231111), which was initially filed by the Registrant on April 29, 2019. $13,664 of the FINRA filing fee in connection with this registration statement is being offset against the filing fee associated with the unsold securities registered under the prior registration statement and the balance of $31,836 is submitted herewith.

Item 28. Persons Controlled by or Under Common Control

None.

Item 29. Number of Holders of Securities

The following table sets forth the approximate number of record holders of our common stock as of June 7, 2022.

Title of Class	
Common Stock	9

Item 30. Indemnification

Section 2-418 of the Maryland General Corporation Law allows for the indemnification of officers, directors and any corporate agents in terms sufficiently broad to indemnify these persons under certain circumstances for liabilities, including reimbursement for expenses, incurred arising under the Securities Act. Our charter and bylaws provide that we shall indemnify our directors and officers to the fullest extent authorized or permitted by law and this right to indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, we are not obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by the person unless the proceeding (or part thereof) was authorized or consented to by the Board. The right to indemnification conferred

includes the right to be paid by us the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition.

So long as we are regulated under the 1940 Act, the above indemnification is limited by the 1940 Act or by any valid rule, regulation or order of the SEC thereunder. The 1940 Act provides, among other things, that a company may not indemnify any director or officer against liability to it or its security holders to which he or she might otherwise be subject by reason of his or her willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office unless a determination is made by final decision of a court, by vote of a majority of a quorum of directors who are disinterested, non-party directors or by independent legal counsel that the liability for which indemnification is sought did not arise out of the foregoing conduct.

The Adviser and its affiliates (each, an "Indemnitee") are not liable to us for (i) mistakes of judgment or for action or inaction that such person reasonably believed to be in our best interests absent such Indemnitee's gross negligence, knowing and willful misconduct, or fraud or (ii) losses or expenses due to mistakes of judgment, action or inaction, or the negligence, dishonesty or bad faith of any broker or other agent of the Company who is not an affiliate of such Indemnitee, provided that such person was selected, engaged or retained without gross negligence, willful misconduct, or fraud.

We will indemnify each Indemnitee against any liabilities relating to the offering of our common stock or our business, operation, administration or termination, if the Indemnitee acted in good faith and in a manner it believed to be in, or not opposed to, our interests and except to the extent arising out of the Indemnitee's gross negligence, fraud or knowing and willful misconduct. We may pay the expenses incurred by the Indemnitee in defending an actual or threatened civil or criminal action in advance of the final disposition of such action, provided the Indemnitee agrees to repay those expenses if found by adjudication not to be entitled to indemnification.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

Insofar as indemnification for liability arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Item 31. Business and Other Connections of Investment Adviser.

A description of any other business, profession, vocation or employment of a substantial nature in which the Adviser, and each managing director, director or executive officer of the Adviser, is or has been during the past two fiscal years, engaged in for his or her own account or in the capacity of director, officer, employee, partner or trustee, is set forth in this Registration Statement in the sections entitled "Management". Additional information regarding the Adviser and its officers is set forth in its Form ADV, which is filed with the Securities and Exchange Commission.

Item 32. Location of Accounts and Records.

All accounts, books and other documents required to be maintained by Section 31(a) of the 1940 Act, and the rules thereunder are maintained at the offices of:

(1) the Registrant, Stellus Capital Investment Corporation, 4400 Post Oak Parkway, Suite 2200, Houston, TX 77027;

(2) The Transfer Agent, Broadridge Corporate Issuer Solutions, Inc. is 1155 Long Island Avenue Edgewood, NY 11717

(3) the Custodian, ZB, N.A., dba Amegy Bank, 1717 West Loop South, 23rd floor, Houston, Texas 77027; and

(4) the Adviser, Stellus Capital Management, LLC, 4400 Post Oak Parkway, Suite 2200, Houston, TX 77027.

Item 33. Management Services

Not Applicable.

Item 34. Undertakings

(1) The Registrant undertakes to suspend the offering of the shares of common stock covered hereby until it amends its prospectus contained herein if (a) subsequent to the effective date of this Registration Statement, its net asset value per share of common stock declines more than 10% from its net asset value per share of common stock as of the effective date of this Registration Statement, or (b) its net asset value per share of common stock increases to an amount greater than its net proceeds as stated in the prospectus contained herein.

(2) Not applicable.

(3) The Registrant undertakes in the event that the securities being registered are to be offered to existing stockholders pursuant to warrants or rights, and any securities not taken by shareholders are to be reoffered to the public, to supplement the prospectus, after the expiration of the subscription period, to set forth the results of the subscription offer, the transactions by the underwriters during the subscription period, the amount of unsubscribed securities to be purchased by underwriters, and the terms of any subsequent reoffering thereof. Registrant further undertakes that if any public offering by the underwriters of the securities being registered is to be made on terms differing from those set forth on the cover page of the prospectus, the Registrant shall file a post-effective amendment to set forth the terms of such offering.

(4) Registrant undertakes:

a. to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933.

(ii) To reflect in the prospectus any facts or events after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b), or other applicable SEC rule under the Securities Act, if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that paragraphs 4(a)(i), (ii), and (iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the Registrant pursuant to section 13, section 14 or section 15(d) of the Exchange Act that are incorporated by reference into the registration statement, or is contained in a form of prospectus filed

pursuant to Rule 424(b), or other applicable SEC rule under the Securities Act, that is part of the registration statement.

b. that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of those securities at that time shall be deemed to be the initial bona fide offering thereof;

c. to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;

d. That, for the purpose of determining liability under the Securities Act to any purchaser:

(i) if the Registrant is relying on Rule 430B:

(A) Each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (x), or (xi) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

(ii) if the Registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933 as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

e. that for the purpose of determining liability of the Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of securities, the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to the purchaser:

(i) any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424 or Rule 497 under the Securities Act of 1933, as applicable;

(ii) free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned Registrant;

(iii) the portion of any other free writing prospectus or advertisement pursuant to Rule 482 under the Securities Act of 1933 relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

(iv) any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

f. To file a post-effective amendment to the registration statement, and to suspend any offers or sales pursuant the registration statement until such post-effective amendment has been declared effective under the 1933 Act, in the event the shares of Registrant are trading below its net asset value and either (i) Registrant receives, or has been advised by its independent registered accounting firm that it will receive, an audit report reflecting substantial doubt regarding the Registrant's ability to continue as a going concern or (ii) Registrant has concluded that a material adverse change has occurred in its financial position or results of operations that has caused the financial statements and other disclosures on the basis of which the offering would be made to be materially misleading.

(5) For the purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of a registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant under Rule 497(h) under the Securities Act of 1933 shall be deemed to be part of the Registration Statement as of the time it was declared effective.

a. N/A

b. For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

(6) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(8) The Registrants undertake to send by first class mail or other means designed to ensure equally prompt delivery within two business days of receipt of a written or oral request, any Statement of Additional Information.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement on Form N-2 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, and the State of Texas on the 17th day of June 2022.

STELLUS CAPITAL INVESTMENT CORPORATION

By: /S/ Robert T. Ladd

Name: Robert T. Ladd
Title: Chief Executive Officer

POWER OF ATTORNEY

The undersigned directors and officers of Stellus Capital Investment Corporation hereby constitute and appoint Robert T. Ladd and W. Todd Huskinson and each of them with full power to act without the other and with full power of substitution and resubstitution, our true and lawful attorneys-in-fact with full power to execute in our name and behalf in the capacities indicated below this Registration Statement on Form N-2 and any and all amendments thereto, including post-effective amendments to this Registration Statement and to sign any and all additional registration statements relating to the same offering of securities as this Registration Statement that are filed pursuant to Rule 462(b) of the Securities Act of 1933, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and thereby ratify and confirm that all such attorneys-in-fact, or any of them, or their substitutes shall lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement on Form N-2 has been signed below by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/S/ Robert T. Ladd **Robert T. Ladd**	Chief Executive Officer and Director (Principal Executive Officer)	June 17, 2022
/S/ W. Todd Huskinson **W. Todd Huskinson**	Chief Financial Officer, Chief Compliance Officer and Secretary (Principal Financial and Accounting Officer)	June 17, 2022
/S/ Dean D'Angelo **Dean D'Angelo**	Director	June 17, 2022
/S/ J. Tim Arnoult **J. Tim Arnoult**	Director	June 17, 2022
/S/ Bruce R. Bilger **Bruce R. Bilger**	Director	June 17, 2022
/S/ William C. Repko **William C. Repko**	Director	June 17, 2022

SECOND AMENDMENT TO AMENDED AND RESTATED
SENIOR SECURED REVOLVING CREDIT AGREEMENT

THIS SECOND AMENDMENT TO AMENDED AND RESTATED SENIOR SECURED REVOLVING CREDIT AGREEMENT dated as of February 28, 2022 (this "***Amendment***"), is among STELLUS CAPITAL INVESTMENT CORPORATION, a Maryland corporation (the "***Borrower***"), the LENDERS party hereto, and ZIONS BANCORPORATION, N.A. dba AMEGY BANK, as Administrative Agent. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in ***Article I*** of this Amendment.

WITNESSETH:

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to that certain Amended and Restated Senior Secured Revolving Credit Agreement, dated as of September 18, 2020 (as amended by that First Amendment and Commitment Increase to Amended and Restated Senior Secured Revolving Credit Agreement dated December 22, 2021, and as may be further amended, supplemented, and restated or otherwise modified from time to time, the "***Credit Agreement***");

WHEREAS, the Borrower requests that the Lenders amend the Credit Agreement to make the lawful currency of the United Kingdom an Agreed Foreign Currency (as defined in the Credit Agreement); and

WHEREAS, the Borrower requests that the Lenders agree to amend the Credit Agreement, and the Lenders are willing, on the terms and subject to the conditions hereinafter set forth, to agree to the amendments set forth below and the other terms hereof;

NOW, THEREFORE, the parties hereto hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Definitions. The following terms when used in this Amendment shall have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"***Amendment***" is defined in the preamble.

"***Borrower***" is defined in the preamble.

"***Credit Agreement***" is defined in the first recital of this Amendment.

"***Second Amendment Effective Date***" is defined in ***Article III***.

Section 1.2 Other Definitions. Capitalized terms used in this Amendment but not defined herein, shall have the meanings given such terms in the Credit Agreement, including on ***Annex A***.

ARTICLE II
AMENDMENTS TO CREDIT AGREEMENT

Section 2.1 Amendments to Credit Agreement.

(a) ***Section 1.01*** (Definitions) of the Credit Agreement is amended to delete the defined terms below in their entirety and to replace them with the following:

"***Agreed Foreign Currency***" means CAD and Sterling.

"***Applicable Multicurrency Percentage***" means, with respect to any Multicurrency Lender, such Multicurrency Lender's commitment percentage of the total Multicurrency Sublimit. So long as there is one Multicurrency Lender, the sole Multicurrency Lender's Applicable Multicurrency Percentage shall be 100%. To the extent there is more than one Multicurrency Lender, each Multicurrency Lender's Applicable Multicurrency Percentage shall be a percentage agreed amongst the Multicurrency Lenders.

"***Business Day***" means any day (a) that is not a Saturday, Sunday or other day on which commercial banks in Houston, Texas are authorized or required by law to remain closed, (b) when used in connection with a Eurocurrency Loan denominated in Dollars, the term "***Business Day***" shall also exclude any day on which banks are not open for dealings in deposits in Dollars in London, (c) with respect to any date for the payment or purchase of, or the fixing of an interest rate in relation to CAD, the term "***Business Day***" shall also exclude any day on which banks are not open for international business in the principal financial center of Canada, and (d) with respect to any date for the payment or purchase of, or the fixing of an interest rate in relation to an Alternative Currency Loan denominated in Sterling pursuant to Annex A, means a day other than a day banks are closed for general business in London because such day is a Saturday, Sunday or a legal holiday under the laws of the United Kingdom.

"***Interest Election Request***" means a request by the Borrower to convert or continue a Syndicated Borrowing in accordance with ***Section 2.07***, or a request by Borrower to convert or continue an Alternative Currency Loan in accordance with Annex A.

"***Interest Payment Date***" means (a) with respect to any Syndicated ABR Loan, each Quarterly Date, (b) with respect to any Eurocurrency Loan, the last day of each Interest Period therefor and, in the case of any Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at three-month intervals after the first day of such Interest Period, (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid, (d) with respect to any Alternative Currency Term Rate Loan made pursuant to Annex A, the last day of the Interest Period applicable to such Multicurrency Loan and the Final Maturity Date, and (e) as to any Alternative Currency Daily Rate Loan, the first Business Day of each February, May, August and November and the Final Maturity Date.

"***Loans***" means the loans made by the Lenders to the Borrower pursuant to this Agreement and, for the avoidance of doubt, includes all Multicurrency Loans.

"***Multicurrency Loan***" means a Loan made pursuant to ***Section 2.01(b)*** or Annex A hereto and which is denominated in an Agreed Foreign Currency.

"***Multicurrency Loan Exposure***" means, at any time, the aggregate principal amount of all Multicurrency Loans outstanding at such time. The Multicurrency Loan Exposure of any Lender at any time shall be its Applicable Dollar Percentage of the total Multicurrency Loan Exposure.

"***Type***", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans constituting such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate, or when used in reference to any Multicurrency Loan, refers to whether the rate of interest on such Loan is determined by reference to the CDOR Rate, Alternative Currency Daily Rate, or Alternative Currency Term Rate.

(b) The pricing grid which appears in the definition of "***Applicable Margin***" in ***Section 1.01*** of the Credit Agreement is supplemented to add a new column titled "Alternative Currency Loans (SONIA)" as shown in the pricing grid below:

Level	Asset Coverage Ratio	Eurocurrency Loans	ABR Loans	Alternative Currency Loans (SONIA)
I	≤ 1.90 : 1.00	2.75%	1.75%	2.75%
II	> 1.90 : 1.00	2.50%	1.50%	2.50%

(c) The definition of "***Interest Period***" in ***Section 1.01*** of the Credit Agreement is hereby amended to add the following new section at the end of such definition.

"With respect to each Alternative Currency Term Rate Loan, "Interest Period" means the period commencing on the date such Loan is disbursed or converted to or continued as an Alternative Currency Term Rate Loan, as applicable, and ending on the date one (1), two (2) or three (3) months thereafter (in each case, subject to availability for the interest rate applicable to the relevant currency), as selected by the applicable Borrower in its loan request to Administrative Agent and Multicurrency Lender; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Final Maturity Date."

(d) ***Section 2.01(b)*** of the Credit Agreement is amended and restated as follows:

"(b) Multicurrency Loans. Subject to the terms and conditions set forth herein and on Annex A attached hereto and incorporated herein, each Multicurrency Lender severally agrees to make Loans in the Agreed Foreign Currency to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) the aggregate Revolving Multicurrency Credit Exposure exceeding the Multicurrency Sublimit, (ii) such Multicurrency Lender exceeding its Applicable Multicurrency Percentage, (iii) the Revolving Credit Exposure of such Lender exceeding its Commitment, (iv) the aggregate Revolving Credit Exposure of all of the Dollar Lenders exceeding the aggregate Commitments, or (v) the total Covered Debt Amount exceeding the Borrowing Base then in effect. Within the foregoing limits and subject to the terms and conditions set forth herein and on Annex A attached hereto, the Borrower may borrow, prepay and reborrow Multicurrency Loans. In the event of a conflict between this Section 2.01(b) and Annex A, the terms and conditions on Annex A shall control. The Administrative Agent, Multicurrency Lender and the Borrower may make modifications and amendments to Annex A in an agreement in writing which the Administrative Agent, Multicurrency Lender, and the Borrower consent and approve in writing and which relate solely to the extension of Multicurrency Loans addressed in Annex A, so long as such modifications and amendments are not materially adverse to the interests of the Lenders taken as a whole, as determined by the Administrative Agent in its sole reasonable discretion. The Administrative Agent shall promptly notify the Lenders of any such subsequent modifications of amendments to Annex A entered into after the Second Amendment Effective Date."

(e) The last paragraph of ***Section 9.02(b)*** (Amendments to this Agreement) of the Credit Agreement is amended to add the following new sentence at the end of such paragraph, "Notwithstanding the foregoing, amendments and modifications to Annex A may be approved and executed in accordance with ***Section 2.01(b)*** hereof."

(f) The Credit Agreement is amended pursuant to the terms, conditions and agreements set forth in Annex A attached hereto and the terms, conditions and agreements in Annex A attached hereto shall apply to all Multicurrency Loans made to Borrower in Sterling, notwithstanding any other provision in the Credit Agreement to the contrary. In the event of a conflict between Annex A and the other terms of the Credit Agreement, the terms, conditions and agreement in Annex A shall govern and control. Defined terms set forth on Annex A shall be used in the Credit Agreement as defined on Annex A attached hereto.

ARTICLE III
CONDITIONS TO EFFECTIVENESS

Section 3.1 Effective Date. This Amendment shall become effective on the date (the "***Second Amendment Effective Date***") when the Administrative Agent shall have received:

(a) counterparts of this Amendment duly executed and delivered on behalf of the Borrower, the Multicurrency Lender, the Required Lenders and the Administrative Agent, together with the Subsidiary Guarantors' Consent and Agreement executed by each Subsidiary Guarantor;

(b) an Officer's Certificate of Borrower, certifying as to incumbency of officers, specimen signatures, organizational documents, and resolutions adopted by the Board of Directors of Borrower authorizing this Amendment, in form and substance satisfactory to Administrative Agent; and

(c) such other documents, agreements, opinions, or certificates as Administrative Agent may reasonably request.

ARTICLE IV
MISCELLANEOUS

Section 4.1 Representations. The Borrower hereby represents and warrants that (i) this Amendment constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, (ii) upon the effectiveness of this Amendment, no Event of Default shall exist and (iii) its representations and warranties as set forth in the Loan Documents, as applicable, are true and correct in all material respects (except those representations and warranties qualified by materiality or by reference to a material adverse effect, which are true and correct in all respects) on and as of the date hereof as though made on and as of the date hereof (unless such representations and warranties specifically refer to a specific date, in which case, they shall be complete and correct in all material respects (or, with respect to such representations or warranties qualified by materiality or by reference to a material adverse effect, complete and correct in all respects) on and as of such specific date).

Section 4.2 Cross-References. References in this Amendment to any Article or Section are, unless otherwise specified, to such Article or Section of this Amendment.

Section 4.3 Loan Document Pursuant to Credit Agreement. This Amendment is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with all of the terms and provisions of the Credit Agreement, as amended hereby, including ***Article IX*** thereof.

Section 4.4 Successors and Assigns. The provisions of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 4.5 Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by telecopy electronically (e.g. pdf) shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 4.6 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

Section 4.7 Full Force and Effect. Except as otherwise set forth herein, all of the representations, warranties, terms, covenants, conditions and other provisions of the Credit Agreement and the other Loan Documents shall remain unchanged and shall continue to be, and shall remain, in full force and effect in accordance with their respective terms. Upon and after the execution of this Amendment by each of the parties hereto, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified hereby.

[*Signatures on Following Pages*.]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

BORROWER:

STELLUS CAPITAL INVESTMENT CORPORATION

By: _____
W. Todd Huskinson
Chief Financial Officer, Chief Compliance Officer, Treasurer, and Secretary

LENDERS:

ZIONS BANCORPORATION, N.A. DBA AMEGY BANK
as Administrative Agent, Swingline Lender,
Issuing Bank and as a Lender

By: _____
Mario Gagetta
Vice President

FROST BANK,
as a Lender

By: _____
Name: _____
Title: _____

CADENCE BANK,
as a Lender

By: _____
Name: _____
Title: _____

HANCOCK WHITNEY BANK,
as a Lender

By: _____
Name: _____
Title: _____

CITY NATIONAL BANK, a national banking association,
as a Lender

By: _____
Name: _____
Title: _____

COMMUNITYBANK OF TEXAS, N.A.,
as a Lender

By: _____
Name: _____
Title: _____

WOODFOREST NATIONAL BANK,
as a Lender

By: _____
Name: _____
Title: _____

TEXAS CAPITAL BANK,
as a Lender

By: _____
Name: _____
Title: _____

BOKF, NA dba BANK OF TEXAS,
as a Lender

By: _____
Name: _____
Title: _____

TRUSTMARK NATIONAL BANK,
as a Lender

By: _____
Name: _____
Title: _____

SUBSIDIARY GUARANTORS' CONSENT
AND AGREEMENT TO SECOND AMENDMENT

As an inducement to Administrative Agent and Lenders party thereto to execute, and in consideration of Administrative Agent's and such Lenders' execution of, the Second Amendment to Amended and Restated Senior Secured Revolving Credit Agreement dated as of February 28, 2022 (the "***Amendment***") (capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in ***Article I*** of the Amendment), among Stellus Capital Investment Corporation, a Maryland corporation, the Lenders party thereto, and Zions Bancorporation, N.A. dba Amegy Bank, as Administrative Agent, each of the undersigned Subsidiary Guarantors hereby consents to the Amendment, and agrees that the Amendment shall in no way release, diminish, impair, reduce or otherwise adversely affect the obligations and liabilities of the undersigned under any Guarantee and Security Agreement executed by the undersigned in connection with the Credit Agreement, or under any Loan Documents, agreements, documents or instruments executed by the undersigned to create liens, security interests or charges to secure any of the Guaranteed Obligations (as defined in the Guarantee and Security Agreement), all of which are in full force and effect. Each of the undersigned further represents and warrants to Administrative Agent and the Lenders that, after giving effect to the Amendment, (a) the representations and warranties in each Loan Document to which the undersigned is a party are true and correct in all material respects (or, in the case of any portion of the representations and warranties already subject to a materiality qualifier, true and correct in all respects) on and as of the date of the Amendment as if made on and as of the date of the Amendment (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), and (b) no Default or Event of Default has occurred and is continuing. Each undersigned Subsidiary Guarantor agrees to be bound by the terms, conditions, covenants and agreements in the Amendment. This Consent and Agreement is executed as of the date of the Amendment and shall be binding upon each of the undersigned, and their respective successors and assigns, and shall inure to the benefit of Administrative Agent, Lenders, and their successors and assigns.

[*Signatures on Following Pages*.]

SUBSIDIARY GUARANTORS:

SCIC – ERC BLOCKER 1, INC.,
a Delaware corporation

By: _____
Name: W. Todd Huskinson
Title: Authorized Signatory

SCIC – CC BLOCKER 1, INC.,
a Delaware corporation

By: _____
Name: W. Todd Huskinson
Title: Authorized Signatory

SCIC – SKP BLOCKER 1, INC.,
a Delaware corporation

By: _____
Name: W. Todd Huskinson
Title: Authorized Signatory

SCIC – HOLLANDER BLOCKER 1, INC.,
a Delaware corporation

By: _____
Name: W. Todd Huskinson
Title: Authorized Signatory

SCIC – APE BLOCKER 1, INC.,
a Delaware corporation

By: _____
Name: W. Todd Huskinson
Title: Authorized Signatory

SCIC – ICD BLOCKER 1, INC.
a Delaware corporation

By: _____
Name: W. Todd Huskinson
Title: Authorized Signatory

SCIC – CONSOLIDATED BLOCKER, INC.
a Delaware corporation

By: _____
Name: W. Todd Huskinson
Title: Authorized Signatory

SCIC – VENBROOK BLOCKER, INC.
a Delaware corporation

By: _____
Name: W. Todd Huskinson
Title: Authorized Signatory

SCIC – INVINCIBLE BLOCKER 1, INC.
a Delaware corporation

By: _____
Name: W. Todd Huskinson
Title: Authorized Signatory

ANNEX A

The parties to this Amendment hereby covenant and agree to the terms, conditions and agreements in this ***Annex A*** which are hereby attached to and incorporated into the Credit Agreement. Capitalized terms used but not defined in this ***Annex A*** shall have the meanings given to such terms in the Credit Agreement.

I. Defined Terms. As used in Annex A and in this Agreement, the following terms have the meanings specified below:

"***Alternative Currency***" means Sterling; provided, however, that if SONIA becomes unavailable for any reason for a period longer than three Business Days, such Alternative Currency shall not be considered an Alternative Currency hereunder until such time as a replacement interest rate with respect to such Alternative Currency is agreed upon by the Borrower and Amegy Bank, as the Multicurrency Lender.

"***Alternative Currency Daily Rate***" means, for any day, with respect to any Multicurrency Loan denominated in Sterling, the rate per annum equal to SONIA determined pursuant to the definition thereof plus the SONIA Adjustment; provided, that, (i) if any Alternative Currency Daily Rate shall be less than 0.25%, such rate shall be deemed 0.25% for purposes of this Agreement and (ii) any change in an Alternative Currency Daily Rate shall be effective from and including the date of such change without further notice. If SONIA is unavailable because it has not been published on the SONIA Administrator's Website for any applicable determination date, then SONIA for such determination date shall be equal to SONIA as published on the first preceding Business Day for which SONIA was published on the SONIA Administrator's Website; provided that SONIA determined pursuant to this sentence shall be utilized for no more than three consecutive Business Days.

"***Alternative Currency Daily Rate Loan***" means a Multicurrency Loan that bears interest at a rate based on the definition of "Alternative Currency Daily Rate." All Alternative Currency Daily Rate Loans must be denominated in the Alternative Currency.

"***Alternative Currency Loan***" means an Alternative Currency Daily Rate Loan or an Alternative Currency Term Rate Loan, as applicable.

"***Alternative Currency Term Rate***" means, for any Interest Period, with respect to any Multicurrency Loan denominated in the Alternative Currency (to the extent such Multicurrency Loans denominated in such currency will bear interest at a term rate), the term rate per annum as designated with respect to such Alternative Currency by the Administrative Agent and the Multicurrency Lender plus the adjustment (if any) determined by the Administrative Agent and the Multicurrency Lender; provided, that, if any Alternative Currency Term Rate shall be less than 0.25%, such rate shall be deemed 0.25% for purposes of this Annex A and this Agreement.

"***Alternative Currency Term Rate Loan***" means a Multicurrency Loan that bears interest at a rate based on the definition of "Alternative Currency Term Rate." All Alternative Currency Term Rate Loans must be denominated in the Alternative Currency.

"***Applicable Time***" means, with respect to any borrowings and payments in the Alternative Currency, the local time in the place of settlement for such Alternative Currency as may be reasonably determined by the Administrative Agent or the applicable Multicurrency Lender, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

"***SONIA***" means, with respect to any applicable determination date, a rate per annum equal to the Sterling Overnight Index Average for the fifth (5^{th}) Business Day preceding such date, published by the SONIA Administrator on the SONIA Administrator's Website (or if not published on such website, as published on such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

"***SONIA Adjustment***" means, with respect to SONIA, 0.1193% (11.93 basis points).

"***SONIA Administrator***" means the Bank of England (or any successor administrator of the Sterling Overnight Index Average).

"***SONIA Administrator's Website***" means the Bank of England's website, currently at http://www.bankofengland.co.uk, or any successor source for the Sterling Overnight Index Average identified as such by the SONIA Administrator from time to time.

"***Sterling***" and "**£**" mean the lawful currency of the United Kingdom.

II. Multicurrency Loans.

2.1 Requests for Multicurrency Loans in Sterling.

(a) Notice by the Borrower. To request a Multicurrency Loan in Sterling, the Borrower shall notify the Administrative Agent of such request by telephone not later than 10:00 a.m., Houston, Texas time, three Business Days before the date of the proposed Multicurrency Loan. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent, Multicurrency Lender and signed by the Borrower.

(b) Content of Borrowing Requests. Each telephonic and written Borrowing Request for a Multicurrency Loan in Sterling shall specify the following information:

(i) that such Multicurrency Loan is to be made in Sterling under the Multicurrency Sublimit;

(ii) the aggregate amount of the requested Multicurrency Loan;

(iii) the date of such Multicurrency Loan, which shall be a Business Day;

(iv) in the case of an Alternative Currency Term Rate Loan, the Interest Period therefor, which shall be a period contemplated by the definition of the term "Interest Period" in this Agreement; and

(v) the location and number of the Borrower's account to which funds are to be disbursed.

(c) Elections by the Borrower for Alternative Currency Loan. Each Alternative Currency Loan under this Annex A initially shall be of the Type specified in the applicable Borrowing Request and, in the case of an Alternative Currency Term Rate Loan, shall have the Interest Period specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Alternative Currency Loan to an Alternative Currency Loan of a different Type or to continue any Alternative Currency Term Rate Loan as an Alternative Currency Term Rate Loan of the same Type and same Alternative Currency and may elect the Interest Period therefor, all as provided in this Annex A; provided, however, that no Alternative Currency Term Rate Loan may be continued if, after giving effect thereto, the aggregate Multicurrency Loan Exposure would exceed the aggregate Multicurrency Sublimit.

(d) Notice of Elections. To make an Interest Election Request converting an Alternative Currency Loan in accordance with the above clause (c), the Borrower shall notify the Administrative Agent of such election by telephone not later than 10:00 a.m., Houston, Texas time, three Business Days before the effectiveness of such interest election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly (but no later than the close of business on the date of such request) by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent, Multicurrency Lender and signed by the Borrower.

(e) Content of Interest Election Requests. Each telephonic and written Interest Election Request shall specify the following information:

(i) the Alternative Currency Loan to which such Interest Election Request applies;

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day; and

(iii) if the resulting Alternative Currency Loan is an Alternative Currency Term Rate Loan, the Interest Period therefor after giving effect to such election.

(f) Notice by the Administrative Agent to the Multicurrency Lender. Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise the Multicurrency Lender of the details thereof.

(g) Failure to Elect; Events of Default. If the Borrower fails to deliver a timely and complete Interest Election Request with respect to Alternative Currency Term Rate Loan prior to the end of the Interest Period therefor, then, unless such Alternative Currency Term Rate Loan is repaid as provided herein, the Borrower shall be deemed to have selected an Interest Period of one month's duration. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing, any Alternative Currency Term Rate Loan shall not have an Interest Period of more than one month's duration.

2.2 Repayment of Loans. The Borrower hereby covenants and agrees to pay all outstanding Multicurrency Loans on the Final Maturity Date.

2.3 Prepayment of Loans; Mandatory Prepayment. The Borrower shall be permitted to prepay Multicurrency Loans in accordance with ***Section 2.10*** of this Agreement. The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment of a Multicurrency Loan denominated in Sterling (other than in the case of a prepayment pursuant to ***Section 2.10(d)*** of this Agreement), not later than 10:00 a.m., Houston, Texas time, three Business Days before the date of prepayment. The Borrower shall prepay Multicurrency Loans as required by the Agreement, including ***Section 2.10(b)(ii)*** of the Agreement.

2.4 Interest.

(a) Each Alternative Currency Daily Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Alternative Currency Daily Rate plus the Applicable Margin. Each Alternative Currency Term Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period under this Agreement at a rate per annum equal to the Alternative Currency Term Rate for such Interest Period plus the Applicable Margin. If any amount payable by the Borrower under this Agreement or any other Loan Document (including principal of any Multicurrency Loan, interest, fees and other amount) is not paid when due, whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a rate per annum equal to the applicable default rate set forth in ***Section 2.12*** of the Agreement to the fullest extent permitted by applicable laws.

(b) Accrued interest on each Alternative Currency Loan shall be payable in arrears on each Interest Payment Date for such Loan in the Currency in which such Loan is denominated; provided that (i) interest accrued pursuant to *paragraph (c)* of ***Section 2.12*** of this Agreement shall be payable on demand, (ii) in the event of any repayment or prepayment of any Alternative Currency Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Alternative Currency Term Rate Loan prior to the end of the Interest Period therefor, accrued interest on such Alternative Currency Term Rate Loan shall be payable on the effective date of such conversion.

(c) All payments by the Borrower hereunder with respect to principal and interest on Loans denominated in the Alternative Currency shall be made to the Administrative Agent, for the account of the Multicurrency Lender to which such payment is owed, at the applicable Administrative Agent's Office in such Alternative Currency and in immediately available funds not later than the Applicable Time specified by the Administrative Agent on the dates specified herein. Without limiting the generality of the foregoing, the Administrative Agent may require that any payments due under this Agreement be made in the United States. If, for any reason, any Borrower is prohibited by any law from making any required payment hereunder in an Alternative Currency, such Borrower shall make such payment in Dollars in the Dollar Equivalent of the Alternative Currency payment amount.

(d) All computations of interest for Alternative Currency Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed, except that interest on Alternative Currency Loans as to which market practice differs from the foregoing shall be computed in accordance with market practice for such Alternative Currency Loans. Interest shall accrue on each Alternative Currency Loan for the day on which the Alternative Currency Loan is made, and shall not accrue on an Alternative Currency Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Alternative Currency Loan that is repaid on the same day on which it is made shall bear interest for one (1) day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

2.5 Increased Costs; Break-Funding Payments, Taxes.

All of the provisions and agreements in Section 2.14 (Increased Costs), Section 2.15 (Break Funding Payments), and Section 2.16 (Taxes) shall be deemed amended to apply, *mutatis mutandis*, in all respects to Alternative Currency Loans made to the Borrower pursuant to this Annex A.

EVERSHEDS SUTHERLAND

June 17, 2022

Stellus Capital Investment Corporation
4400 Post Oak Parkway, Suite 2200
Houston, TX 77027

Re: Stellus Capital Investment Corporation
Registration Statement on Form N-2

Ladies and Gentlemen:

We have acted as counsel to Stellus Capital Investment Corporation, a Maryland corporation (the "***Company***"), in connection with the preparation and filing by the Company with the Securities and Exchange Commission (the "***Commission***") of a registration statement on Form N-2 on June 17, 2022, as amended from time to time (the "***Registration Statement***"), under the Securities Act of 1933, as amended (the "***Securities Act***"), with respect to the offer, issuance and sale from time to time, pursuant to Rule 415 under the Securities Act, of the following securities (the ***"Securities"***):

a) shares of the Company's common stock, par value $0.001 per share (the "***Common Stock***"), together with any additional shares of Common Stock that may be issued by the Company pursuant to Rule 462(b) under the Securities Act, and including Common Stock to be issuable upon exercise of the Rights and/or the Warrants (as such terms are defined below) (the "***Common Shares***");

b) shares of the Company's preferred stock, par value $0.001 per share (the "***Preferred Stock***"), including Preferred Stock to be issuable upon exercise of the Warrants (the "***Preferred Shares***");

c) subscription rights to purchase Common Stock ("***Rights***");

d) warrants representing rights to purchase Common Stock, Preferred Stock or Debt Securities ("***Warrants***"); and

e) debt securities of the Company, including debt securities to be issuable upon exercise of the Warrants ("***Debt Securities***").

The Registration Statement provides that the Securities may be sold from time to time in amounts, at prices, and on terms to be set forth in one or more supplements (each, a "***Prospectus Supplement***") to the final prospectus included in the Registration Statement at the time it becomes effective (the "***Prospectus***").

The Debt Securities are to be issued under a base indenture (the "***Base Indenture***") to be entered into by and between the Company and the trustee named therein (the "***Trustee***"). The Warrants will be issued under warrant agreements (each a "***Warrant Agreement***") to be entered into by and between the Company and the purchasers thereof, or a warrant agent to be identified in the applicable warrant agreement (the "***Warrant Agent***"). The Rights are to be issued under rights agreements to be entered into by and between the Company and the purchasers thereof, or a rights agent to be identified in the applicable rights agreement (the "***Rights Agreement***").

EVERSHEDS SUTHERLAND

As counsel to the Company, we have participated in the preparation of the Registration Statement and have examined the originals or copies, certified or otherwise identified to our satisfaction as being true copies, of the following:

(i) The Articles of Amendment and Restatement of the Company (the "***Charter***"), certified as of a recent date by the State Department of Assessments and Taxation of the State of Maryland (the ***"SDAT"***);

(ii) Bylaws of the Company, certified as of the date hereof by an officer of the Company (the "***Bylaws***");

(iii) A Certificate of Good Standing with respect to the Company issued by the SDAT as of a recent date (the "***Certificate of Good Standing***");

(iv) The Base Indenture, pertaining to the Debt Securities, to be entered into by and between the Company and the Trustee, in the form filed as an exhibit to the Registration Statement; and

(v) The resolutions of the board of directors of the Company (the "***Board***") relating to, among other things, (a) the authorization and approval of the preparation and filing of the Registration Statement, (b) the authorization, execution and delivery of the Base Indenture, and (c) the authorization of the issuance, offer and sale of the Securities pursuant to the Registration Statement, certified as of the date hereof by an officer of the Company (collectively, the "***Resolutions***").

With respect to such examination and our opinions expressed herein, we have assumed, without any independent investigation or verification, (i) the genuineness of all signatures on all documents submitted to us for examination, (ii) the legal capacity of all natural persons, (iii) the authenticity of all documents submitted to us as originals, (iv) the conformity to original documents of all documents submitted to us as conformed or reproduced copies and the authenticity of the originals of such copied documents, (v) that the Base Indenture is, and each supplemental indenture containing the specific terms and conditions for each issuance of the Debt Securities (each a "***Supplemental Indenture***"), each Warrant Agreement and each Rights Agreement, will be, governed by the laws of the State of New York, (vi) that the Base Indenture is, and the Warrant Agreements and the Rights Agreements will be, valid and legally binding obligations of the parties thereto (other than the Company), (vii) that all certificates issued by public officials have been properly issued, and (viii) that the form and content of all documents submitted to us as unexecuted drafts do not differ in any respect relevant to this opinion letter from the form and content of such documents as executed and delivered. We also have assumed without independent investigation or verification the accuracy and completeness of all corporate records made available to us by the Company.

Where factual matters material to this opinion letter were not independently established, we have relied upon certificates of public officials (which we have assumed remain accurate as of the date of this opinion), upon certificates and/or representations of officers and employees of the Company, upon such other certificates as we deemed appropriate, and upon such other data as we have deemed to be appropriate under the circumstances. Except as otherwise stated herein, we have undertaken no independent investigation or verification of factual matters.

The opinions set forth below are limited to the effect of the Maryland General Corporation Law (the ***"MGCL"***), and, as to the Debt Securities, Warrants, and Rights constituting valid and legally binding obligations of the Company, the laws of the State of New York, in each case, as in effect on the date hereof, and we express no opinion as to the applicability or effect of any other laws of such jurisdiction or the laws of any other jurisdictions. Without limiting the preceding sentence, we express no opinion as to any federal or state securities or broker-dealer laws or regulations thereunder relating to the offer, issuance and sale of the Securities pursuant to the Registration Statement.

This opinion letter has been prepared, and should be interpreted, in accordance with customary practice followed in the preparation of opinion letters by lawyers who regularly give, and such customary practice followed by lawyers who on behalf of their clients regularly advise opinion recipients regarding, opinion letters of this kind.

The opinions expressed in paragraphs 3, 4, and 5 below are subject to the effect of (i) applicable bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and other similar laws affecting the rights and remedies of creditors generally, (ii) general principles of equity (including without limitation the availability of specific performance or injunctive relief and the application of concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding at law or in equity, and (iii) federal or state securities laws or principles of public policy that may limit enforcement of rights to indemnity and contribution.

On the basis of and subject to the foregoing, and in reliance thereon, and subject to the limitations and qualifications set forth in this opinion letter, and assuming that (i) Articles Supplementary classifying and designating the number of shares and the terms of any class or series of the Preferred Stock to be issued by the Company (the "***Articles Supplementary***") will have been duly authorized and determined or otherwise established by proper action of the Board or a duly authorized committee thereof in accordance with the Charter and Bylaws and have been filed with and accepted for record by the SDAT prior to the issuance of any such Preferred Stock, and such Articles Supplementary comply with the applicable requirements with respect thereto under the MGCL and the Company's Charter and Bylaws, (ii) the Base Indenture has been, and each Supplemental Indenture will have been, duly authorized, executed and delivered by each of the Company and the Trustee in accordance with the terms of the Base Indenture, (iii) each Supplemental Indenture will constitute a valid and legally binding obligation of each of the Company and the Trustee, (iv) the Debt Securities will not include any provision that is unenforceable against the Company, (v) each Warrant Agreement and the Warrants, including any amendments or supplements thereto, will have been duly authorized, executed and delivered by each of the parties thereto in accordance with the terms of the applicable Warrant Agreement, (vi) each Rights Agreement and the Rights, including any amendments, or supplements thereto, will have been duly authorized, executed and delivered by each of the parties thereto, (vii) the issuance, offer and sale of the Securities from time to time and the final terms of such issuance, offer and sale, including those relating to price and amount of the Securities to be issued, offered and sold, and certain terms thereof, will have been duly authorized and determined or otherwise established by proper action of the Board or a duly authorized committee thereof in accordance with the Charter, if applicable, the Articles Supplementary, if applicable, the Base Indenture, as supplemented by the applicable Supplemental Indenture, if applicable, each Warrant Agreement, if applicable, each Rights Agreement, if applicable, and the Company's Bylaws, if applicable, and are consistent with the terms and conditions for such issuance, offer and sale set forth in the Resolutions and the descriptions thereof in the Registration Statement, the Prospectus and the applicable Prospectus Supplement (such authorization or action being hereinafter referred to as the "***Corporate Proceedings***"), (viii) the terms of the Debt Securities, the Warrants and the Rights as established and the issuance thereof (a) will not violate any applicable law, (b) will not violate or result in a default under or breach of any agreement, instrument or other document binding upon the Company, and (c) will comply with all requirements or restrictions imposed by any court or governmental body having jurisdiction over the Company, (ix) each issuance of the Debt Securities will have been duly executed by the Company and duly authenticated by the Trustee in accordance with the Base Indenture, as supplemented by the applicable Supplemental Indenture, and delivered to, and the agreed consideration will have been fully paid at the time of such delivery by, the purchasers thereof, (x) at the time of issuance of the Debt Securities, after giving effect to such issuance of the Debt Securities, the Company will be in compliance with Section 18(a)(1)(A) of the Investment Company Act of 1940, as amended (the "***40 Act***"), giving effect to applicable provision of Section 61(a) thereof, (xi) at the time of issuance of the Preferred Stock, after giving effect to such issuance of the Preferred Stock, the Company will be in compliance with Section 18(a)(1)(A) of the 40 Act, giving effect to applicable provision of Section 61(a) thereof, (xii) any Common Stock, Preferred Stock or Warrants issued and sold pursuant to the Registration Statement, including upon the exercise of any Securities convertible into or exercisable for Common Stock or Preferred Stock, will have been delivered to, and the agreed consideration will have been fully paid at the time of such delivery by, the purchasers thereof, (xiii) upon the issuance of any Common Stock or Preferred Stock by the Company pursuant to the Registration Statement, including upon the exercise of any Securities convertible into or exercisable for Common Stock or Preferred Stock, the total number of shares of Common Stock or Preferred Stock, as applicable, issued and outstanding will not exceed the total number of shares of Common Stock or Preferred Stock, as applicable, that the Company is then authorized to issue under the Charter, and (ix) the Certificate of Good Standing remains accurate, the Resolutions and the applicable Corporate Proceedings remain in effect, without amendment, and the Registration Statement has become effective under the Securities Act and remains effective at the time of the issuance, offer and/or sale of the Securities, we are of the opinion that:

EVERSHEDS SUTHERLAND

1. Upon completion of all Corporate Proceedings with respect thereto, the issuance of the Common Stock by the Company will be duly authorized and, when issued and paid for in accordance with the Registration Statement, the Prospectus, the applicable Prospectus Supplement, the Resolutions and all Corporate Proceedings relating thereto, the Common Stock will be validly issued, fully paid and non-assessable.

2. Upon completion of all Corporate Proceedings with respect thereto, the issuance of the Preferred Stock will be duly authorized and, when issued and paid for in accordance with the Registration Statement, the Prospectus, the applicable Prospectus Supplement, the Resolutions and all Corporate Proceedings relating thereto, the Preferred Stock will be validly issued, fully paid and non-assessable.

3. Upon completion of all Corporate Proceedings with respect thereto, the issuance of the Rights will be duly authorized and, when issued in accordance with the applicable Rights Agreement, the Prospectus, the applicable Prospectus Supplement, the Resolutions, and all Corporate Proceedings relating thereto, will constitute valid and legally binding obligations of the Company.

4. Upon completion of all Corporate Proceedings with respect thereto, the issuance of the Debt Securities will be duly authorized and, when issued and paid for in accordance with the Base Indenture, the applicable Supplemental Indenture, the Registration Statement, the Prospectus, the applicable Prospectus Supplement, the Resolutions and all Corporate Proceedings relating thereto, each issuance of the Debt Securities will constitute valid and legally binding obligations of the Company.

5. Upon completion of all Corporate Proceedings with respect thereto, the issuance of the Warrants will be duly authorized and, when issued and paid for in accordance with the applicable Warrant Agreement, the Registration Statement, the Prospectus, the applicable Prospectus Supplement, the Resolutions and all Corporate Proceedings relating thereto, the Warrants will constitute valid and legally binding obligations of the Company.

The opinions expressed in this opinion letter (i) are strictly limited to the matters stated in this opinion letter, and without limiting the foregoing, no other opinions are to be inferred and (ii) are only as of the date of this opinion letter, and we are under no obligation, and do not undertake, to advise the addressee of this opinion letter or any other person or entity either of any change of law or fact that occurs, or of any fact that comes to our attention, after the date of this opinion letter, even though such change or such fact may affect the legal analysis or a legal conclusion in this opinion letter.

We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement and to the reference of our firm in the “Legal Matters” section of the Registration Statement. We do not admit by giving this consent that we are in the category of persons whose consent is required under Section 7 of the Securities Act.

Very truly yours,

/s/ EVERSHEDS SUTHERLAND (US) LLP

Exhibit (n)(1)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 1, 2022 with respect to the consolidated financial statements of Stellus Capital Investment Corporation for the year ended December 31, 2021 which are incorporated by reference in the Prospectus contained in this Registration Statement. We consent to the incorporation by reference of the aforementioned report in the Prospectus contained in this Registration Statement, and to the use of our name as it appears under the caption "Independent Registered Public Accounting Firm."

/s/ GRANT THORNTON LLP

Dallas, TX
June 17, 2022

Exhibit (s)

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Table 1: Newly Registered and Carry Forward Securities

	Security Type	Security Class Title	Fee Calculation or Carry Forward Rule [3]	Amount Registered [2]	Proposed Maximum Offering Price Per Unit	Maximum Aggregate Offering Price [1]	Fee Rate	Amount of Registration Fee	Carry Forward Form Type	Carry Forward File Number	Carry Forward Initial Effective Date	Filing Fee Previously Paid in Connection with Unsold Securities to be Carried Forward
Newly Registered Securities												
	Equity	Common Stock										
	Equity	Preferred Stock										
	Other	Subscription Rights										
	Other	Warrants										
	Debt	Debt Securities										
Fees to Be Paid						300,000,000	0.00009270	$ 27,810				
Fees Previously Paid												
Carry Forward Securities												
Carry Forward Securities [4]												
		Total Offering Amounts [5]				300,000,000		$ 27,810				
		Total Fees Previously Paid										
		Total Fee Offset						$ 7,685.75				
		Net Fee Due						$ 20,124.25				

(1) Estimated pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act"), solely for the purpose of determining the registration fee. The proposed maximum offering price per security will be determined, from time to time, by Stellus Capital Investment Corporation (the "Registrant") in connection with the sale of the securities registered under this Registration Statement.

(2) Subject to note 5 below, there is being registered hereunder an indeterminate number of shares of common stock, preferred stock, or subscription rights as may be sold, from time to time.

(3) Pursuant to Rule 457(p), $7,685.75 of the total filing fee of $27,810 required in connection with this registration statement is being offset against the filing fee associated with the unsold securities registered under the prior registration statement and the balance of $20,124.25 is submitted herewith.

(4) Prior to the filing of this registration statement $91,095,791 aggregate principal amount of securities remained registered and unsold pursuant to a registration statement on Form N-2 (File No. 333-231111), which was initially filed by the Registrant on April 29, 2019.

(5) In no event will the aggregate offering price of all securities issued from time to time by the Registrant pursuant to this Registration Statement exceed $300,000,000.

Table 2: Fee Offset Claims and Sources

	Registrant or Filer Name	Form or Filing Type	File Number	Initial Filing Date	Filing Date	Fee Offset Claimed	Security Type Associated with Fee Offset Claimed	Unsold Security Associates with Fee Offset Claimed	Unsold Aggregate Offering Amount Associated with Fee Offset Claims	Fee Paid with Fee Offset Source
					Rule 457(p)					
							Equity	Common Stock		
							Equity	Preferred Stock		
							Other	Subscription Rights		
							Other	Warrants		
							Debt	Debt Securities		
Fee Offset Claims	Stellus Capital Investment Corporation	Form N-2	File No. 333-231111	April 29, 2019		$ 7,685.75			$ 91,095,791	
Fee Offset Sources	Stellus Capital Investment Corporation	Form N-2	File No. 333-231111		April 29, 2019					$ 16,873.23