GLADSTONE INVESTMENT CORPORATION\DE
Form 497
August 29, 2018

Filed pursuant to Rule 497
Registration Statement No. 333-225447

PROSPECTUS SUPPLEMENT

(To Prospectus Dated July 13, 2018)

Up to $35,000,000

Common Stock

We are an externally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). For federal income tax purposes, we have elected to be treated as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code). Generally, our investment objectives are to: (i) achieve and grow current income by investing in debt securities of established businesses that we believe will provide stable earnings and cash flow to pay expenses, make principal and interest payments on our outstanding indebtedness and make distributions to stockholders that grow over time; and (ii) provide our stockholders with long-term capital appreciation in the value of our assets by investing in equity securities, generally in combination with the aforementioned debt securities, of established businesses that we believe can grow over time to permit us to sell our equity investments for capital gains.

We previously entered into separate sales agreements, each dated February 22, 2018, each a Sales Agreement and collectively the Sales Agreements, with Cantor Fitzgerald & Co., Ladenburg Thalmann & Co. Inc. and Wedbush Securities Inc. (each a Sales Agent and collectively the Sales Agents), relating to the shares of our common stock, par value $0.001 per share, offered pursuant to this prospectus supplement and the accompanying prospectus. The Sales Agreements provide that we may offer and sell up to an aggregate offering price of $35,000,000 of our common stock from time to time through the Sales Agents. As of the date of this prospectus supplement, we have sold 296,236 shares of our common stock under the Sales Agreements and have the ability to sell an aggregate offering price of up to $31.8 million of our common stock under the Sales Agreements. Subject to the terms of the Sales Agreements, the Sales Agents are not required to sell any specific number or dollar amounts of securities but will act as our sales agents using commercially reasonable efforts consistent with their normal trading and sales practices, on mutually agreed terms between the Sales Agents and us.

The Sales Agents will be entitled to compensation under the terms of the Sales Agreements at a commission of up to 2.0% of the gross sales price per share of common stock sold pursuant to the Sales Agreements. In connection with the sale of our common stock on our behalf, the Sales Agents will be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended (the Securities Act), and the compensation of the Sales Agents will be deemed to be underwriting commissions or discounts. We have also agreed to provide indemnification and contribution to the Sales Agents against certain civil liabilities, including liabilities under the Securities Act.

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made by transactions that are deemed to be part of an at the market offering as defined in Rule 415(a)(4) promulgated under the Securities Act, by means of ordinary brokers transactions that qualify for delivery of a prospectus to the Nasdaq Global Select Market (Nasdaq), in accordance with Rule 153 under the Securities Act, or such other sales as may be agreed by us and the Sales Agents, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. The offering of shares of common stock pursuant to the Sales Agreements will terminate upon the earlier of (1) the sale of shares of common stock having an aggregate offering price of $35,000,000, (2) the termination of the Sales Agreements by us or the Sales Agents, or (3) the date six years from the date of the Sales Agreements. See *Plan of Distribution* beginning on page S-44 of this prospectus supplement.

Our common stock is traded on Nasdaq under the symbol GAIN. On August 28, 2018 the last reported sale price of our common stock on Nasdaq was $12.00 per share. The net asset value (NAV), per share of our common stock on June 30, 2018 (the last date prior to the date of this prospectus supplement as of which we determined NAV) was $11.57. You are urged to obtain current market quotations of our common stock.

Shares of closed-end investment companies, including BDCs, frequently trade at a discount to their NAV. If our shares trade at a discount to our NAV, it will likely increase the risk of loss for purchasers in this offering. On August 9, 2018, our stockholders voted to allow us to issue common stock at a price below NAV per share for the period ending on the one year anniversary of the date of our 2018 Annual Meeting of Stockholders. Our stockholders did not specify a maximum discount below NAV at which we are able to issue our common stock, although the number of shares sold in each offering may not exceed 25% of our outstanding common stock immediately prior to such sale. In addition, we cannot issue shares of our common stock below NAV unless our board of directors (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 NAV per share dilute the interests of existing stockholders, have the effect of reducing our NAV per share and may reduce our market price per share. In addition, continuous sales of common stock below NAV 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* in this prospectus supplement and in the accompanying prospectus.**

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

Investing in shares of our common stock involves a high degree of risk. Before investing, you should read the material risks described in the *Risk Factors* section beginning on page S-13 of this prospectus supplement and beginning on page 13 of the accompanying prospectus.

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in our common stock, including information about risks. Please read it before you invest and retain it for future reference. Additional information about us, including our annual, quarterly and current reports, has been filed with the Securities and Exchange Commission (the SEC), and can be accessed at its website at *www.sec.gov*. This information is also available free of charge by calling us collect at (703) 287-5893 or on the investor relations section of our corporate website located at *www.gladstoneinvestment.com*. You may also call us collect at this number to request other information or to make a shareholder inquiry. See *Where You Can Find More Information* on page S-46 of this prospectus supplement. **The SEC has not approved or disapproved these securities or passed upon the adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is**

a criminal offense.

Cantor	**Ladenburg Thalmann**	**Wedbush Securities**

The date of this prospectus supplement is August 29, 2018

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is presented in two parts. The first part is comprised of this prospectus supplement, which describes the specific terms of this common stock at-the-market offering and certain other matters relating to us. The second part, the accompanying prospectus, contains a description of our common stock and provides more general information, some of which does not apply to this offering, regarding securities that we may offer from time to time. To the extent that the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus, the information in this prospectus supplement will supersede such information.

This prospectus supplement is part of a registration statement on Form N-2 (Registration No. 333-225447) that we have filed with the SEC relating to the securities offered hereby. This prospectus supplement does not contain all of the information that we have included in the registration statement and the accompanying exhibits and schedules thereto in accordance with the rules and regulations of the SEC, and we refer you to such omitted information. It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying prospectus before making your investment decision. You should also read and consider the additional information incorporated by reference into this prospectus supplement and the accompanying prospectus. See *Where You Can Find More Information* in this prospectus supplement.

The distribution of this prospectus supplement and the accompanying prospectus and this offering of the securities may be restricted by law in certain jurisdictions. This prospectus supplement and the accompanying prospectus are not an offer to sell or a solicitation of an offer to buy shares of our common stock in any jurisdiction where such offer or any sale would be unlawful. Persons who come into possession of this prospectus supplement and the accompanying prospectus should inform themselves of and observe any such restrictions.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus in making an investment decision. We have not, and the Sales Agents have not, authorized any other person to provide you with information that is different or additional. If anyone provides you with different or additional information, you should not rely on it. We do not, and the Sales Agents and their affiliates do not, take any responsibility for, and can provide no assurances as to, the reliability of any information that others may provide to you. You should not assume that the information in this prospectus supplement or the accompanying prospectus is accurate as of any date other than their respective dates, regardless of the time of delivery of this prospectus supplement, the accompanying prospectus or any sales of our common stock. Our business, financial condition, liquidity, results of operations, funds from operations and prospects may have changed since those dates. To the extent required by law, we will amend or supplement the information contained in this prospectus supplement and the accompanying prospectus.

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT SUMMARY

The following summary highlights some of the information included in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all the information that you may want to consider. You should review the more detailed information contained elsewhere in this prospectus supplement and in the accompanying prospectus prior to making an investment in our common stock, and especially the information set forth under the heading Risk Factors in this prospectus supplement and the accompanying prospectus.

In this prospectus supplement and the accompanying prospectus, except where the context suggests otherwise, the Company, Gladstone Investment, GAIN, we, us or our refer to Gladstone Investment Corporation; Adviser refers to Gladstone Management Corporation and Administrator refers to Gladstone Administration, LLC; and Gladstone Companies refers to our Adviser, the Administrator and its affiliated companies.

Gladstone Investment Corporation

We were incorporated under the General Corporation Law of the State of Delaware on February 18, 2005. We operate as an externally managed closed-end, non-diversified management investment company and have elected to be treated as a BDC under the 1940 Act. For federal income tax purposes, we have elected to be treated as a RIC under Subchapter M of the Code. To continue to qualify as a RIC for federal income tax purposes and obtain favorable RIC tax treatment, we must meet certain requirements, including certain minimum distribution requirements. Since our initial public offering in 2005 and through June 30, 2018, we have made 156 consecutive monthly distributions to common stockholders.

As of August 28, 2018, we had 32,822,459 shares of common stock outstanding, 1,656,000 shares of 6.75% Series B Cumulative Term Preferred Stock due 2021 (the Series B Term Preferred Stock) outstanding, 1,610,000 shares of 6.50% Series C Cumulative Term Preferred Stock due 2023 (the Series C Term Preferred Stock) outstanding, 2,300,000 shares of 6.25% Series D Cumulative Term Preferred Stock (the Series D Term Preferred Stock) outstanding and 2,990,000 shares of 6.375% Series E Cumulative Term Preferred Stock due 2025 (the Series E Term Preferred Stock and, together with the Series B Term Preferred Stock, Series C Term Preferred Stock and Series D Term Preferred Stock, the Term Preferred Stock) outstanding. We are required to redeem all shares of our Series B Term Preferred Stock on December 31, 2021, all shares of our Series C Term Preferred Stock on May 31, 2022, all shares of our outstanding Series D Term Preferred Stock on September 30, 2023 and all shares of our outstanding Series E Term Preferred Stock on August 31, 2025. On August 15, 2018, we announced our plans to redeem all of our outstanding Series B Term Preferred Stock and our Series C Term Preferred Stock on August 31, 2018, contingent upon our successful completion of the public offering of our newly designated Series E Term Preferred Stock.

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

Investment Adviser and Administrator

We are externally managed by the Adviser, an affiliate of ours, under an investment advisory and management agreement (the Advisory Agreement) and another of our affiliates, the Administrator, provides administrative services to us pursuant to a contractual agreement (the Administration Agreement). Each of the Adviser and Administrator are privately-held companies that are indirectly owned and controlled by David Gladstone, our

chairman and chief executive officer. Mr. Gladstone and Terry Lee Brubaker, our vice chairman and chief operating officer, also serve on the board of directors of the Adviser, the board of managers of the Administrator, and as executive officers of the Adviser and the Administrator. The Administrator employs, among others, our chief financial officer and treasurer, chief valuation officer, chief compliance officer, general counsel and secretary (who also serves as the president, general counsel and secretary of the Administrator) and their respective staffs. The Adviser and Administrator have extensive experience in our lines of business and also provide investment advisory and administrative services, respectively, to our affiliates, including, but not limited to: Gladstone Commercial Corporation (Gladstone Commercial), a publicly-traded real estate investment trust; Gladstone Capital Corporation (Gladstone Capital), a publicly-traded BDC and RIC; and Gladstone Land Corporation, a publicly-traded real estate investment trust (Gladstone Land, together with Gladstone Commercial, and Gladstone Capital, collectively the Affiliated Public Funds). In the future, the Adviser and Administrator may provide investment advisory and administrative services, respectively, to other funds and companies, both public and private.

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

Investment Objectives and Strategy

We were established for the purpose of investing in debt and equity securities of established private businesses operating in the United States (U.S.). Our investment objectives are to: (i) achieve and grow current income by investing in debt securities of established businesses that we believe will provide stable earnings and cash flow to pay expenses, make principal and interest payments on our outstanding indebtedness and make distributions to stockholders that grow over time; and (ii) provide our stockholders with long-term capital appreciation in the value of our assets by investing in equity securities, generally in combination with the aforementioned debt securities, of established businesses that we believe can grow over time to permit us to sell our equity investments for capital gains. To achieve our objectives, our investment strategy is to invest in several categories of debt and equity securities, with individual investments generally totaling up to $30 million, although investment size may vary, depending upon our total assets or available capital at the time of investment. We intend that our investment portfolio over time will consist of approximately 75% in debt securities and 25% in equity securities, at cost. As of June 30, 2018, our investment portfolio was made up of 74.2% in debt securities and 25.8% in equity securities, at cost.

We focus on investing in lower middle market private businesses (which we generally define as private companies with annual earnings before interest, taxes, depreciation and amortization (EBITDA) of $3 million to $20 million) (Lower Middle Market) in the U.S. that meet certain criteria, including, but not limited to, the following: the sustainability of the business free cash flow and its ability to grow it over time, adequate assets for loan collateral, experienced management teams with a significant ownership interest in the portfolio company, reasonable capitalization of the portfolio company, including an ample equity contribution or cushion based on prevailing enterprise valuation multiples, and the potential to realize appreciation and gain liquidity in our equity position, if any. We anticipate that liquidity in our equity position will be achieved through a merger or acquisition of the portfolio company, a public offering of the portfolio company s stock or, to a lesser extent, by exercising our right to require the portfolio company to repurchase our warrants, though there can be no assurance that we will always have these rights. We invest in portfolio companies that need funds for growth capital, to finance acquisitions, recapitalize or, to a lesser extent, refinance their existing debt facilities. We seek to avoid investing in high-risk, early-stage enterprises.

We invest by ourselves or jointly with other funds and/or management of the portfolio company, depending on the opportunity. In July 2012, the SEC granted us an exemptive order (the Co-Investment Order) that expanded our ability to co-invest, under certain circumstances, with certain of our affiliates, including Gladstone Capital and any future business development company or closed-end management investment company that is advised (or sub-advised if it controls the fund) by the Adviser, or any combination of the foregoing, subject to the conditions in the Co-Investment Order. Since 2012, we have opportunistically made several co-investments with Gladstone Capital pursuant to the Co-Investment Order. We believe the Co-Investment Order has enhanced and will continue to enhance our ability to further our investment objectives and strategies. If we are participating in an investment with one or more co-investors, whether or not an affiliate of ours, our investment is likely to be smaller than if we were investing alone.

In general, our investments in debt securities have a term of five years, accrue interest at variable rates (based on the one-month London Interbank Offered Rate (LIBOR)) and, to a lesser extent, at fixed rates. As of June 30, 2018, our loan portfolio consisted of 97.2% variable rate loans with floors and 2.8% fixed rate loans based on the total principal balance of all outstanding debt investments. We seek debt instruments that pay interest monthly or, at a minimum, quarterly, and which may include a yield enhancement such as a success fee or, to a lesser extent, deferred interest provision and are primarily interest only, with all principal and any accrued but unpaid interest due at maturity. Generally, success fees accrue at a set rate and are contractually due upon a change of control of the business. Some debt securities may have deferred interest whereby some portion of the interest payment is added to the principal balance so that the interest is paid, together with the principal, at maturity. This form of deferred interest is often called paid-in-kind (PIK) interest. As of June 30, 2018, we did not have any securities with a PIK feature.

Typically, our investments in equity securities take the form of common stock, preferred stock, limited liability company interests, or warrants or options to purchase any of the foregoing. Often, these equity investments occur in connection with our original investment, buyouts and recapitalizations of a business, or refinancing existing debt. From our initial public offering in 2005 through June 30, 2018, we have made investments in 48 companies, excluding investments in syndicated loans, for a total of approximately $1 billion, before giving effect to principal repayments and divestitures.

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

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

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

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

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

Because the majority of the loans in our portfolio consist of term debt in private companies that typically cannot or will not expend the resources to have their debt securities rated by a credit rating agency, we expect that most, if not all, of the debt securities we acquire will be unrated. Investors should assume that these loans would be rated below what is today considered investment grade quality. Investments rated below investment grade are often referred to as high yield securities or junk bonds and may be considered higher risk as compared to investment grade debt instruments. With the exception of our policy to conduct our business as a BDC, these investment policies are not fundamental and may be changed without stockholder approval.

Recent Developments

Amendment to Revolving Line of Credit

On August 22, 2018, we, through our wholly-owned subsidiary Gladstone Business Investment, LLC, entered into Amendment No. 4 (the Amendment) to its Fifth Amended and Restated Credit Agreement (the Credit Facility) with KeyBank National Association (KeyBank), as administrative agent, swingline lender, managing agent and lead arranger, the Adviser, as servicer, and certain other lenders party thereto. Among other things, the Amendment:

- Increases the facility size from $165.0 million to $200.0 million, which may be expanded to $300.0 million through additional commitments;

- Extends the revolving period from November 15, 2019 to August 22, 2021;

- Extends the maturity date from November 15, 2021 to August 22, 2023, at which time all principal and interest will be due and payable;

- Reduces the interest rate margin by 30 basis points from 3.15% to 2.85% during the revolving period (ending August 21, 2021), after which the margin increases to 3.10% for a one year period, and to 3.35% for the remaining term of the Credit Facility thereafter;

- Changes the unused commitment fee from 0.50% on the portion of the total unused commitment amount that is less than or equal to 45% of the total commitments and 0.80% on the total unused commitment amount that is greater than 45% to: 0.50% when the average unused commitment amount for the reporting period is equal to or less than 50%, 0.75% when the average unused commitment amount for the reporting period is greater than 50%, but less than or equal to 65%, and 1.00% when the average unused commitment amount for the reporting period is greater than 65%; and

Reduces the minimum asset coverage with respect to senior securities representing indebtedness from 200% to 150% (or such percentage as may be set forth in the 1940 Act).

Issuance of Series E Term Preferred Stock

On August 22, 2018, the Company closed its previously announced offering of 2,600,000 shares of its newly-designated Series E Term Preferred Stock at a public offering price of $25.00 per share. Simultaneously with the closing of the offering, the underwriters exercised in full their option to purchase an additional 390,000 Series E Term Preferred Stock on the same terms to cover over-allotments, resulting in a total issuance of 2,990,000 shares for gross proceeds of approximately $74.8 million and net proceeds of approximately $72.1 million, after payment of underwriting discounts and commissions and estimated offering expenses. The Series E Term Preferred Stock is expected to begin trading on the Nasdaq Global Select Market (Nasdaq) within 30 days of August 14, 2018 under the symbol GAINL. We expect to use the proceeds from the issuance of our Series E Term Preferred Stock, plus borrowings under our Credit Facility, to voluntarily redeem all outstanding shares of our Series B Term Preferred Stock and our Series C Term Preferred Stock on August 31, 2018, each of which had a liquidation preference of $25.00 per share.

Redemption of Series B Term Preferred Stock and Series C Term Preferred Stock

Pursuant to the Certificate of Designation of the Series B Term Preferred Stock, as amended, and the Certificate of Designation of the Series C Term Preferred Stock, the Company expects to voluntarily redeem all outstanding shares of its Series B Term Preferred Stock and its Series C Term Preferred Stock on August 31, 2018, at the liquidation preference of $25.00 per share, plus accrued and unpaid dividends through the end of August in the amount of $0.00 per share, for a payment per share of $25.00 and an aggregate redemption price of approximately $81.7 million. The Series B Term Preferred Stock and Series C Term Preferred Stock have a mandatory redemption date of December 31, 2021 and May 31, 2022, respectively.

Renewal of our Advisory Agreement

On July 10, 2018, our Board of Directors, including a majority of the directors who are not parties to the agreement or interested persons of any such party, approved the annual renewal of the Advisory Agreement with the Adviser through August 31, 2019. Mr. Gladstone, our chairman and chief executive officer, controls the Adviser. In reaching a decision to approve the Advisory Agreement, our Board of Directors reviewed a significant amount of information and considered, among other things:

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

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

S-5

Distributions to Stockholders

In July 2018, our Board of Directors declared the following monthly distributions to common stockholders and monthly dividends to holders of our Series B Term Preferred Stock, Series C Term Preferred Stock and Series D Term Preferred Stock:

Record Date	Payment Date	Distribution per Common Share	Dividend per Share of Series B Term Preferred Stock	Dividend per Share of Series C Term Preferred Stock	Dividend per Share of Series D Term Preferred Stock
July 20, 2018	July 31, 2018	$ 0.067	$ 0.140625	$ 0.135417	$ 0.13020833
August 21, 2018	August 31, 2018	0.067	0.140625	0.135417	0.13020833
September 19, 2018	September 28, 2018	0.067	0.140625	0.135417	0.13020833
	Total for the Quarter:	**$ 0.201**	**$ 0.421875**	**$ 0.406251**	**$ 0.39062499**

THE OFFERING

Common stock offered	Shares with a maximum aggregate offering price of up to $35,000,000.
Common stock outstanding prior to this offering	32,822,459 shares.
Plan of Distribution	At the market offering that may be made from time to time through the Sales Agents. See *Plan of Distribution* beginning on page S-44 of this prospectus supplement. On February 22, 2018, we established the at-the-market program to which this prospectus supplement relates and entered into the Sales Agreements with the Sales Agents. Through the date of this prospectus supplement, 296,236 shares of common stock with an aggregate offering price of approximately $3.2 million were issued and sold pursuant to the Sales Agreement. An aggregate offering price of up to $31.8 million of our common stock remains available for sale under the Sales Agreements.
Use of Proceeds	If we sell shares of our common stock with an aggregate offering price of $35.0 million, of which $31.8 million is available under the Sales Agreements as of the date of this prospectus supplement, we anticipate that our net proceeds, after deducting the Sales Agents maximum commissions and estimated offering expenses payable by us, will be approximately $34.1 million. We intend to use the net proceeds from this offering first to repay outstanding indebtedness under the Credit Facility, with KeyBank, as administrative agent, lead arranger and a lender, then to fund new investment opportunities in accordance with our investment objectives, with any remaining proceeds to be used for other general corporate purposes. See *Use of Proceeds* on page S-18 of this prospectus supplement.
Nasdaq symbol	GAIN
Distributions on common stock	From our initial public offering in June 2005 through June 30, 2018, we have made 156 consecutive monthly distributions to common stockholders and generally intend to continue to do so. The amount of monthly distributions on our common stock is generally determined by

our Board of Directors on a quarterly basis and is based on management s estimate of our annual taxable ordinary income plus the excess of our net short-term capital gains over net long-term capital losses (Investment Company Taxable Income), if any. See *Price Range of Common Stock and Distributions* beginning on page S-19 of this prospectus supplement. Because our distributions to common stockholders are based on estimates of Investment Company Taxable Income that may differ from actual results, future distributions payable to our common stockholders may also include a return of capital. Such return of capital distributions may increase an

	investor s tax liability for capital gains upon the sale of our shares by reducing the investor s tax basis for such shares. See *Risk Factors Risks Related to an Investment in Our Securities Distributions to our common stockholders have included and may in the future include a return of capital* in the accompanying prospectus. Certain additional amounts may be deemed as distributed to stockholders for income tax purposes or may be paid as supplemental distributions, as applicable. We expect other types of securities to pay distributions in accordance with their terms.
Tax matters	See *Material U.S. Federal Income Tax Considerations* beginning on page 126 of the accompanying prospectus for a discussion of material U.S. federal income tax considerations applicable to an investment in shares of our common stock.
Risk Factors	Investing in shares of our common stock involves substantial risks. Please carefully read and consider the information described under *Risk Factors* beginning on page S-13 of this prospectus supplement and beginning on page 13 of the accompanying prospectus before making an investment decision.

FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in this offering will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement contains a reference to fees or expenses paid by us or Gladstone Investment, or that we will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in Gladstone Investment. The following annualized percentages were calculated based on actual expenses incurred in the quarter ended June 30, 2018 and average net assets for the quarter ended June 30, 2018 and do not include events occurring subsequent thereto. The table and examples below include all fees and expenses of our consolidated subsidiaries.

Stockholder Transaction Expenses:	
Sales load or other commission (as a percentage of offering price)(1)	2.00%
Offering expenses (as a percentage of offering price)(2)	0.48%
Dividend reinvestment plan expenses (per sales transaction fee)(3)	Up to $25 Transaction fee
Total stockholder transaction expenses (as a percentage of offering price)	2.48%
Annual expenses (as a percentage of net assets attributable to common stock)(4):	
Base management fee(5)	3.42%
Loan Servicing fee(6)	1.91%
Incentive fees (20% of realized capital gains and 20% of pre-incentive fee net investment income)(7)	1.18%
Interest payments on borrowed funds(8)	2.10%
Dividend expense on mandatorily redeemable preferred stock(9)	2.69%
Other expenses(10)	1.48%
Total annual expenses(11)	12.78%

(1) Represents the maximum commission with respect to the shares of common stock being sold in this offering. The Sales Agents will be entitled to compensation of up to 2.00% of the gross proceeds of the sale of any shares of our common stock under the Sales Agreement, with the exact amount of such compensation to be mutually agreed upon by us and the Sales Agents from time to time. There is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus.

(2) The percentage reflects estimated offering expenses of approximately $0.2 million and assumes we sell all $35.0 million of common stock available under the Sales Agreement pursuant to this prospectus supplement and the accompanying prospectus.

(3) The expenses of the dividend reinvestment plan, if any, are included in stock record expenses, a component of Other expenses. If a participant elects by written notice to the plan agent prior to termination of his or her account to have the plan agent sell part or all of the shares held by the plan agent in the participant s account and remit the proceeds to the participant, the plan agent is authorized to deduct a transaction fee, plus per share brokerage commissions, from the proceeds. The participants in the dividend reinvestment plan will also bear a transaction fee, plus per share brokerage commissions incurred with respect to open market purchases, if any. See *Dividend Reinvestment Plan* in the accompanying prospectus for information on the dividend reinvestment plan.

(4) The percentages presented in this table are gross of credits to any fees.

(5) In accordance with the Advisory Agreement, our annual base management fee is 2.00% (0.5% quarterly) of our average gross assets, which are defined as total assets, including investments made with proceeds of borrowings, less any uninvested cash or cash equivalents resulting from borrowings, and adjusted appropriately for any share

issuances or repurchases. In accordance with the requirements of the SEC, the table above shows our base management fee as a percentage of average net assets attributable to common shareholders. For purposes of the table, the annualized base management fee has been converted to 3.42% of the average net assets for the quarter ended June 30, 2018 by dividing the total annualized amount of the base management fee by our average net assets. The base management fee for the quarter ended June 30, 2018 before application of any credits was $3.1 million.

Pursuant to the requirements of the 1940 Act, the Adviser makes available significant managerial assistance to our portfolio companies. The Adviser may also provide other services to our portfolio companies under certain agreements and may receive fees for services other than managerial assistance. Such services may include, but are not limited to: (i) assistance obtaining, sourcing or structuring credit facilities, long term loans or additional equity from unaffiliated third parties; (ii) negotiating important contractual financial relationships; (iii) consulting services regarding restructuring of the portfolio company and financial modeling as it relates to raising additional debt and equity capital from unaffiliated third parties; and (iv) primary role in interviewing, vetting and negotiating employment contracts with candidates in connection with adding and retaining key portfolio company management team members. The Adviser non-contractually, unconditionally, and irrevocably credits 100% of these fees against the base management fee that we would otherwise be required to pay to the Adviser; however, pursuant to the terms of the Advisory Agreement, a small percentage of certain of such fees, is retained by the Adviser in the form of reimbursement, at cost, for tasks completed by personnel of the Adviser and primarily for the valuation of portfolio companies. For the quarter ended June 30, 2018, $1.0 million of these fees were non-contractually, unconditionally and irrevocably credited against the base management fee. See *Business Transactions with Related Parties Investment Advisory and Management Agreement* and *Management Certain Transactions Investment Advisor and Administrator* in the accompanying prospectus.

(6) The Adviser services, administers and collects on the loans held by Gladstone Business Investment, LLC, our wholly-owned subsidiary (Business Investment), in return for which the Adviser receives a 2.00% annual loan servicing fee payable monthly by Business Investment based on the monthly aggregate balance of loans held by Business Investment in accordance with the Credit Facility. Since Business Investment is a consolidated subsidiary of ours, coupled with the fact that the total base management fee paid to the Adviser pursuant to the Advisory Agreement cannot exceed 2.00% of total assets (as reduced by cash and cash equivalents pledged to creditors) during any given calendar year, we treat payment of the loan servicing fee pursuant to our Credit Facility as a pre-payment of the base management fee under the Advisory Agreement. Accordingly, these loan servicing fees are 100% non-contractually, unconditionally and irrevocably credited back to us by the Adviser. The loan servicing fee for the three months ended June 30, 2018 was $1.7 million. See *Business Transactions with Related Parties Loan Servicing Fee Pursuant to Credit Facility* and *Management Certain Transactions Loan Servicing Fee Pursuant to Credit Facility* in the accompanying prospectus and footnote 7 below.

(7) The incentive fee payable to the Adviser under the Advisory Agreement consists of two parts: an income-based fee and a capital gains-based fee. The income-based incentive fee is payable quarterly in arrears, and equals 20% of the excess, if any, of our pre-incentive fee net investment income that exceeds a 1.75% quarterly (7% annualized) hurdle rate of our net assets, adjusted appropriately for any share issuances or repurchases, subject to a catch-up provision measured as of the end of each calendar quarter. The catch-up provision requires us to pay 100% of our pre-incentive fee net investment income with respect to that portion of such income, if any, that exceeds the hurdle rate but is less than 125% of the quarterly hurdle rate (or 2.1875%) in any calendar quarter (8.75% annualized). The catch-up provision is meant to provide our Adviser with 20% of our pre-incentive fee net investment income as if a hurdle rate did not apply when our pre-incentive fee net investment income exceeds 125% of the quarterly hurdle rate in any calendar quarter (8.75% annualized). For the three months ended June 30, 2018, the income-based incentive fee was $1.1 million.

The capital gains-based incentive fee equals 20% of our net realized capital gains in excess of unrealized depreciation since our inception, if any, computed as all realized capital gains net of all realized capital losses and unrealized capital depreciation since our inception, less any prior payments, and is payable at the end of each fiscal year. During the three months ended June 30, 2018, we recorded a capital gains-based incentive fee of $6.5 million in accordance with the provisions of U.S. generally accepted accounting principles (GAAP), which is not contractually due under the terms of the Advisory Agreement. All capital gains-based incentive fees which are not contractually due under the terms of the Advisory Agreement were excluded for purposes of calculating the incentive fees included in the Fees and Expenses table above.

No credits were applied to the incentive fee for the three months ended June 30, 2018; however, the Adviser may credit such fee in the future.

Examples of how the incentive fee would be calculated are as follows:

Assuming pre-incentive fee net investment income of 0.55%, there would be no income-based incentive fee because such income would not exceed the hurdle rate of 1.75%.

Assuming pre-incentive fee net investment income of 2.00%, the income-based incentive fee would be as follows:

= 100.0% × (2.00% - 1.75%)

= 0.25%

Assuming pre-incentive fee net investment income of 2.30%, the income-based incentive fee would be as follows:

= (100.0% × (catch-up : 2.1875% - 1.75%)) + (20.0% × (2.30% - 2.1875%))

= (100.0% × 0.4375%) + (20.0% × 0.1125%)

= 0.4375% + 0.0225%

= 0.46%

Assuming net realized capital gains of 6% and realized capital losses and unrealized capital depreciation of 1%, the capital gains-based incentive fee would be as follows:

= 20.0% × (6.0% - 1.0%)

= 20.0% × 5.0%

= 1.0%

For a more detailed discussion of the calculation of the two-part incentive fee, including the capital gains-based incentive fee calculation under GAAP, see *Business Transactions with Related Parties Investment Advisory and Management Agreement* in the accompanying prospectus.

(8) Includes amortization of deferred financing costs. As of June 30, 2018, we had $102.5 million in borrowings outstanding under our Credit Facility and $5.1 million of secured borrowings. See *Recent Developments* in this prospectus supplement for additional information regarding the most recent amendment to our Credit Facility.

(9) Includes dividends paid on our Series B Term Preferred Stock, Series C Term Preferred Stock and Series D Term Preferred Stock and amortization of deferred financing costs. See *Description of Our Securities Preferred Stock* in

the accompanying prospectus for additional information. See also *Recent Developments* in this prospectus supplement for additional information regarding the redemption of our Series B Term Preferred Stock and Series C Term Preferred Stock and our newly issued Series E Term Preferred Stock.

(10) Includes our overhead expenses, including payments under the Administration Agreement based on our projected allocable portion of overhead and other expenses incurred by our Administrator in performing its obligations under the Administration Agreement. See *Business Transactions with Related Parties Administration Agreement* and *Management Certain Transactions Investment Advisor and Administrator* in the accompanying prospectus.

(11) Total annualized gross expenses, based on actual amounts incurred for the three months ended June 30, 2018, would be $72.6 million. After all non-contractual, unconditional, and irrevocable credits described in footnote 5, footnote 6, and footnote 7 above are applied to the base management fee and the loan servicing fee, total annualized expenses after fee credits, based on actual amounts incurred for the three months ended June 30, 2018, would be $61.8 million or 16.96% as a percentage of net assets.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses would remain at the levels set forth in the table above. **The example below and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5.00% annual return, our performance will vary and may result in a return greater or less than 5.00%.**

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment:				
assuming a 5% annual return consisting entirely of ordinary income(1)(2)	$ 122	$ 340	$ 528	$ 891
assuming a 5% annual return consisting entirely of capital gains(2)(3)	$ 131	$ 361	$ 556	$ 921

(1)