FIDUS INVESTMENT Corp
Form 497
January 30, 2018
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This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but the information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell, and are not soliciting an offer to buy, these securities in any jurisdiction where the offer and sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 30, 2018

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated April 19, 2017)

$

% Notes due 2023

We are an 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, as amended, or the 1940 Act. Our investment objective is to provide attractive risk-adjusted returns by generating both current income from our debt investments and capital appreciation from our equity related investments. Our strategy includes partnering with business owners, management teams and financial sponsors by providing customized financing for ownership transactions, recapitalizations, strategic acquisitions, business expansion and other growth initiatives. We generally invest in securities that would be rated below investment grade if they were rated by rating agencies. Below investment grade securities, which are often referred to as high yield or junk, have speculative characteristics with respect to the issuer s capacity to pay interest and repay principal.

Fidus Investment Advisors, LLC serves as our investment advisor and as our administrator.

We are offering $ million in aggregate principal amount of % notes due 2023, which we refer to as the Notes. The Notes will mature on , 2023. We will pay interest on the Notes on February 1, May 1, August 1 and November 1 of each year, beginning May 1, 2018. We may redeem the Notes in whole or in part at any time or from time to time on or after , at the redemption price of 100% plus accrued and unpaid interest, as discussed under the section titled Description of the Notes Optional Redemption in this prospectus supplement. The Notes will be issued in minimum denominations of $25 and integral multiples of $25 in excess thereof.

The underwriters may also purchase up to an additional $ million aggregate principal amount of Notes offered by this prospectus supplement and the accompanying prospectus, within 30 days of the date of this prospectus supplement solely to cover over-allotments, if any. If the underwriters exercise this over-allotment option in full, the total aggregate proceeds to us, before deducting expenses payable by us, will be $.

The Notes will be our direct unsecured obligations and rank *pari passu*, which means equal in right of payment, with all outstanding and future unsecured unsubordinated indebtedness issued by us. Because the Notes will not be secured by any of our assets, they will be effectively subordinated to all of our existing and future secured indebtedness (or any indebtedness that is initially unsecured as to which we subsequently grant a security interest), to the extent of the value of the assets securing such indebtedness, including, without limitation, borrowings under our senior secured revolving credit facility with ING Capital LLC, or ING, as amended, or the Credit Facility, of which we had $50.0 million outstanding as of January 29, 2018. The Notes will be structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries since the Notes are obligations exclusively of Fidus Investment Corporation and not of any of our subsidiaries. As of January 29, 2018, our subsidiaries had total indebtedness outstanding of $247.8 million. None of our subsidiaries is a guarantor of the Notes and the Notes will not be required to be guaranteed by any subsidiary we may acquire or create in the future. For further discussion, see the section titled Description of the Notes in this prospectus supplement.

The Notes will also rank *pari passu* with, or equal to, our general liabilities (total liabilities, less debt). In total, these general liabilities were $12.1 million as of September 30, 2017. We currently do not have outstanding debt that is subordinated to the Notes and do not currently intend to issue indebtedness that expressly provides that it is subordinated to the Notes. Therefore, the Notes will not be senior to any of our indebtedness or obligations.

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We intend to list the Notes on The Nasdaq Global Select Market, and we expect trading to commence thereon within 30 days of the original issue date under the trading symbol FDUSL . The Notes are expected to trade flat. This means that purchasers will not pay, and sellers will not receive, any accrued and unpaid interest on the Notes that is not included in the trading price. Currently, there is no public market for the Notes, and there can be no assurance that one will develop.

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in the Notes. Please read this prospectus supplement and the accompanying prospectus before investing in the Notes and keep them for future reference. We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. This information is also available free of charge by contacting us at 1603 Orrington Avenue, Suite 1005, Evanston, Illinois 60201, Attention: Investor Relations, or by calling us at (847) 859-3940 or on our website at *www.fdus.com*. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus. The SEC also maintains a website at *www.sec.gov* that contains such information.

Investing in the Notes involves a high degree of risk, and should be considered highly speculative. See Supplementary Risk Factors beginning on page S-17 of this prospectus supplement and Risk Factors beginning on page 13 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in the Notes.

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

	Per Note	Total
Public offering price	$	$
Underwriting discount (sales load and commissions)	$	$
Proceeds, before expenses, to us (1)	$	$

(1) We estimate that we will incur approximately $400,000 in offering expenses in connection with this offering.

The underwriters may also purchase up to an additional $ total aggregate principal amount of Notes offered by this prospectus supplement and the accompanying prospectus, solely to cover over-allotments, if any, within 30 days of the date of this prospectus supplement. If the underwriters exercise this option in full, the total public offering price will be $, the total underwriting discount (sales load and commissions) paid by us will be $, and total proceeds, before expenses, will be $.

THE NOTES ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

Delivery of the Notes in book-entry form only through The Depository Trust Company, known as DTC, will be made on or about , 2018.

Sole Bookrunner

Keefe, Bruyette & Woods,

A Stifel Company

Co-Leads

Janney Montgomery Scott **Oppenheimer & Co.**

Co-Managers

B. Riley FBR **BB&T Capital Markets** **Ladenburg Thalmann** **ING**

The date of this prospectus supplement is January , 2018

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ABOUT THE PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the Notes we are offering and certain other matters relating to us. The second part, the accompanying prospectus, gives more general information about the securities that we may offer from time to time, some of which may not apply to the Notes offered by this prospectus supplement.

If information varies between this prospectus supplement and the accompanying prospectus, you should rely only on such information in this prospectus supplement. The information contained in this prospectus supplement supersedes any inconsistent information included in the accompanying prospectus. In various places in this prospectus supplement and the accompanying prospectus, we refer you to other sections of such documents for additional information by indicating the caption heading of such other sections. The page on which each principal caption included in this prospectus supplement and the accompanying prospectus can be found is listed in the table of contents above. All such cross references in this prospectus supplement are to captions contained in this prospectus supplement and not in the accompanying prospectus, unless otherwise stated.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS. WE HAVE NOT, AND THE UNDERWRITERS HAVE NOT, AUTHORIZED ANY OTHER PERSON TO PROVIDE YOU WITH DIFFERENT OR ADDITIONAL INFORMATION. IF ANYONE PROVIDES YOU WITH DIFFERENT OR ADDITIONAL INFORMATION, YOU SHOULD NOT RELY ON IT. WE ARE NOT, AND THE UNDERWRITERS ARE NOT, MAKING AN OFFER TO SELL THESE NOTES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED. YOU SHOULD ASSUME THAT THE INFORMATION APPEARING IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS IS ACCURATE ONLY AS OF ITS DATE, REGARDLESS OF THE TIME OF DELIVERY OF THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS OR ANY SALES OF THE NOTES. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THOSE DATES.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights some of the information in this prospectus supplement. It is not complete and may not contain all of the information that you may want to consider. You should read the entire prospectus supplement and the accompanying prospectus carefully, including Supplementary Risk Factors, Risk Factors, Use of Proceeds, Selected Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements contained elsewhere in this prospectus supplement and the accompanying prospectus. Together, these documents describe the specific terms of the Notes we are offering.

Fidus Investment Corporation (FIC), a Maryland Corporation, operates as an externally managed BDC under the 1940 Act. FIC completed its initial public offering, or IPO, in June 2011. In addition, FIC has elected to be treated as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code). As of December 31, 2017, our shares were listed on the NASDAQ Global Select Market under the symbol FDUS.

FIC may make investments directly or through its two wholly owned investment company subsidiaries, Fidus Mezzanine Capital, L.P. (Fund I) and Fidus Mezzanine Capital II, L.P. (Fund II)(collectively Fund I and Fund II are referred to as the Funds). Fidus Investment GP, LLC, the general partner of the Funds, is also a wholly owned subsidiary of FIC. The Funds are licensed by the U.S. Small Business Administration (the SBA) as small business investment companies (SBICs). The Funds utilize the proceeds of the issuance of SBA-guaranteed debentures to finance investments by the Funds and enhance returns to our stockholders. We believe that utilizing both FIC and the Funds as investment vehicles provides us with access to a broader array of investment opportunities. Given our access to lower cost capital through the SBA s SBIC debenture program, we expect that the majority of our investments will continue to be made through the Funds until the Funds reach their borrowing limit under the program. For three or more SBICs under common control, the maximum amount of outstanding SBA debentures cannot exceed $350.0 million.

Unless otherwise noted in this prospectus supplement the terms we, us, our, the Company, Fidus and FIC refer to Fidus Investment Corporation and its consolidated subsidiaries.

As used in this prospectus supplement the term our investment advisor refers to Fidus Investment Advisors, LLC.

Fidus Investment Corporation

We provide customized debt and equity financing solutions to lower middle-market companies, which we define as U.S.-based companies having revenues between $10.0 million and $150.0 million. Our investment objective is to provide attractive risk-adjusted returns by generating both current income from our debt investments and capital appreciation from our equity related investments. Our investment strategy includes partnering with business owners, management teams and financial sponsors by providing customized financing for ownership transactions, recapitalizations, strategic acquisitions, business expansion and other growth initiatives. We seek to maintain a diversified portfolio of investments in order to help mitigate the potential effects of adverse economic events related to particular companies, regions or industries.

We invest in companies that possess some or all of the following attributes: predictable revenues; positive cash flows; defensible and/or leading market positions; diversified customer

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and supplier bases; and proven management teams with strong operating discipline. We target companies in the lower middle-market with annual earnings, before interest, taxes, depreciation and amortization, or EBITDA, between $3.0 million and $20.0 million; however, we may from time to time opportunistically make investments in larger or smaller companies. Our investments typically range between $5.0 million and $30.0 million per portfolio company.

As of September 30, 2017, the fair value of our investment portfolio totaled $560.9 million and consisted of 58 active portfolio companies and five portfolio companies that have sold their underlying operations. The weighted average yield on our debt investments as of September 30, 2017 was 13.3%. The weighted average yield of our debt investments is not the same as a return on investment for our stockholders but, rather, relates to a portion of our investment portfolio and is calculated before the payment of all of our fees and expenses. The weighted average yield was computed using the effective interest rates for debt investments at cost as of September 30, 2017, including the accretion of original issue discount and loan origination fees, but excluding investments on non-accrual status, if any. There can be no assurance that the weighted average yield will remain at its current level.

Market Opportunity

We believe that the limited amount of capital available to lower middle-market companies, coupled with the desire of these companies for flexible and partnership-oriented sources of capital, creates an attractive investment environment for us. From our perspective, lower middle-market companies have faced difficulty raising debt capital in both the capital markets and private markets. Given limited sources of capital for lower middle-market companies, we see opportunities for attractive risk-adjusted returns. Furthermore, we believe that, with a large pool of uninvested private equity capital seeking debt capital to complete buy-out transactions and a substantial supply of refinancing opportunities, there is an opportunity to attain appealing risk-adjusted returns on debt and equity investments in our target markets. See The Company in the accompanying prospectus for more information.

Business Strategy

We intend to accomplish our goal of becoming the premier provider of capital to and value-added partner of lower middle-market companies by:

- Leveraging the experience of our investment advisor;
- Capitalizing on our strong transaction sourcing network;
- Serving as a value-added partner with customized financing solutions;
- Employing rigorous due diligence and underwriting processes focused on capital preservation;
- Actively managing our portfolio; and
- Benefiting from lower cost of capital through our SBIC subsidiaries.

Investment Criteria/Guidelines

We use the following criteria and guidelines in evaluating investment opportunities and constructing our portfolio. However, not all of these criteria and guidelines have been, or will be, met in connection with each of our investments.

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Value Orientation / Positive Cash Flow. Our investment advisor places a premium on analysis of business fundamentals from an investor s perspective and has a distinct value orientation. We focus on companies with proven business models in which we can invest at relatively low multiples of operating cash flow. We also typically invest in portfolio companies with a history of profitability and minimum trailing twelve-month EBITDA of $3.0 million. We do not invest in start-up companies, turn-around situations or companies that we believe have unproven business plans.

Experienced Management Teams with Meaningful Equity Ownership. We target portfolio companies that have management teams with significant experience and/or relevant industry experience coupled with meaningful equity ownership. We believe management teams with these attributes are more likely to manage the companies in a manner that protects our debt investment and enhances the value of our equity investment.

Niche Market Leaders with Defensible Market Positions. We seek to invest in portfolio companies that have developed defensible and/or leading positions within their respective markets or market niches and are well positioned to capitalize on growth opportunities. We favor companies that demonstrate significant competitive advantages, which we believe helps to protect their market position and profitability.

Diversified Customer and Supplier Base. We prefer to invest in portfolio companies that have a diversified customer and supplier base. Companies with a diversified customer and supplier base are generally better able to endure economic downturns, industry consolidation and shifting customer preferences.

Significant Equity Value. We believe the existence of significant underlying equity value provides important support to our debt investments. With respect to our debt investments, we look for portfolio companies where management/sponsors have provided significant equity funding and where we believe aggregate enterprise value significantly exceeds aggregate indebtedness, after consideration of our investment.

Viable Exit Strategy. We invest in portfolio companies that we believe will provide steady cash flows to service our debt, ultimately repay our loans and provide working capital for their respective businesses. In addition, we seek to invest in portfolio companies whose business models and expected future cash flows offer attractive exit possibilities for our equity investments. We expect to exit our investments typically through one of three scenarios: (a) the sale of the portfolio company resulting in repayment of all outstanding debt and monetization of equity; (b) the recapitalization of the portfolio company through which our investments are replaced with debt or equity from a third party or parties; or (c) the repayment of the initial or remaining principal amount of our debt investment from cash flow generated by the portfolio company. In some investments, there may be scheduled amortization of some portion of our debt investment that would result in a partial exit of our investment prior to the maturity of the debt investment.

About our Advisor

Our investment activities are managed by Fidus Investment Advisors, LLC, our investment advisor, and supervised by our board of directors, a majority of whom are not interested persons of Fidus as defined in Section 2(a)(19) of the 1940 Act, and who we refer to hereafter as the Independent Directors. Pursuant to the terms of the investment advisory and management agreement, which we refer to as the Investment Advisory Agreement, between us and our

investment advisor, our investment advisor is responsible for determining the composition of our portfolio, including sourcing potential investments, conducting research and diligence on potential investments and equity sponsors, analyzing investment opportunities, structuring our investments and monitoring our investments and portfolio companies on an ongoing basis. Our investment advisor s investment professionals seek to capitalize on their significant deal origination and sourcing, underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience. These professionals have developed a broad network of contacts within the investment community, have gained extensive experience investing in assets that constitute our primary focus and have expertise in investing across all levels of the capital structure of lower middle-market companies. For information regarding the people who control our investment advisor and their affiliations with us, see Certain Relationships and Related Transactions Investment Advisory Agreement in the accompanying prospectus.

Our relationship with our investment advisor is governed by the Investment Advisory Agreement and may be subject to conflicts of interest. We pay our investment advisor a fee for its services under the Investment Advisory Agreement consisting of two components a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 1.75% of the average value of our total assets (other than cash or cash equivalents but including assets purchased with borrowed amounts). The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20.0% of our pre-incentive fee net investment income for the immediately preceding quarter, subject to a 2.0% preferred return, or hurdle, and a catch up feature. The second part is determined and payable in arrears as of the end of each fiscal year in an amount equal to 20.0% of our realized capital gains, if any, on a cumulative basis from inception through the end of each fiscal year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any capital gain incentive fees paid in prior years. We accrue, but do not pay, a capital gains incentive fee in connection with any unrealized capital appreciation, as appropriate. For more information about how we compensate our investment advisor and the related conflicts of interest, see Management and Other Agreements Investment Advisory Agreement and Certain Relationships and Related Transactions Conflicts of Interest in the accompanying prospectus.

Among other things, our board of directors is charged with protecting our interests by monitoring how our investment advisor addresses conflicts of interest associated with its management services and compensation. Our board of directors is not expected to review or approve each borrowing or incurrence of leverage. However, our board of directors periodically reviews our investment advisor s portfolio management decisions and portfolio performance. In addition, our board of directors at least annually reviews the services provided by and fees paid to our investment advisor. In connection with these reviews, our board of directors, including a majority of our Independent Directors, considers whether the fees and expenses (including those related to leverage) that we pay to our investment advisor are fair and reasonable in relation to the services provided. Renewal of our Investment Advisory Agreement must be approved each year by our board of directors, including a majority of our Independent Directors.

With respect to the administrative agreement with our investment advisor, which also serves as our administrator, our board of directors reviews the methodology employed in determining how expenses are allocated to us. Our board of directors assesses the reasonableness of such reimbursements for expenses allocated to us based on the breadth, depth and quality of such services as compared to the estimated cost to us of obtaining similar services from third-party service providers known to be available. In addition, our board of directors considers whether any third-party service provider would be capable of providing all such services at comparable cost and quality.

Fidus Investment Advisors, LLC is a Delaware limited liability company that is registered as an investment advisor under the Investment Advisers Act of 1940, as amended, or the Advisers Act. In addition, Fidus Investment Advisors, LLC provides us with office space, equipment and clerical, book-keeping and record-keeping services pursuant to an administration agreement, which we refer to as the Administration Agreement. Under the Administration Agreement, Fidus Investment Advisors, LLC also provides managerial assistance on our behalf to those portfolio companies that have accepted our offer to provide such assistance.

Operating and Regulatory Structure

Our investment activities are managed by our investment advisor and supervised by our board of directors, a majority of whom are not interested persons of us, our investment advisor or its affiliates.

As a BDC, we are required to comply with certain regulatory requirements. For example, while we are permitted to finance investments using leverage, which may include the issuance of shares of preferred stock, or notes and other borrowings, our ability to use leverage is limited in significant respects. See Regulation in the accompanying prospectus. Any decision on our part to use leverage will depend upon our assessment of the attractiveness of available investment opportunities in relation to the costs and perceived risks of such leverage. The use of leverage to finance investments creates certain risks and potential conflicts of interest. See Risk Factors Risks Relating to Our Business and Structure Regulations governing our operations as a BDC affect our ability to raise, and the way in which we raise, additional capital which may have a negative effect on our growth and Risk Factors Risks Relating to Our Business and Structure Because we borrow money and may in the future issue additional senior securities including preferred stock and debt securities, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us in the accompanying prospectus.

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

Risk Factors

The value of our assets, as well as the market price of our securities, will fluctuate. Our investments may be risky, and you may lose part of or all of your investment in us. Investing in our securities involves other risks, including the following:

- our dependence on key personnel of our investment advisor and our executive officers;
- our ability to maintain or develop referral relationships;
- our use of leverage;
- pending legislation may allow us to incur additional leverage;

the availability of additional capital on attractive terms or at all;

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- uncertain valuations of our portfolio investments;
- competition for investment opportunities;
- actual and potential conflicts of interests with our investment advisor;
- other potential conflicts of interest;
- SBA regulations affecting our wholly owned SBIC subsidiaries;
- changes in interest rates;
- the impact of a protracted decline in liquidity of credit markets on our business and portfolio of investments;
- our ability to maintain our status as a RIC and as a BDC;
- the timing, form and amount of any distributions from our portfolio companies;
- changes in laws or regulations applicable to us;
- dilution risks related to our ability to issue shares below our current net asset value;
- possible resignation of our investment advisor;
- the general economy and its impact on the industries in which we invest;
- risks associated with investing in lower middle-market companies;
- the ability of our investment advisor to identify, invest in and monitor companies that meet our investment criteria;
- our ability to invest in qualifying assets;

the Notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future and will rank pari passu with, or equal to, all outstanding and future unsecured unsubordinated indebtedness issued by us and our general liabilities;

the Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries;

the indenture under which the Notes will be issued contains limited protection for holders of the Notes;

there is no existing trading market for the Notes and, even if The Nasdaq Global Select Market approves the listing of the Notes, an active trading market for the Notes may not develop, which could limit your ability to sell the Notes and/or the market price of the Notes;

- our amount of debt outstanding will increase as a result of this offering, and if we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes;

- recent tax reform could have a negative effect on holders of the Notes or us;

- a downgrade, suspension or withdrawal of the credit rating assigned by a rating agency to us or the Notes, if any, or change in the debt markets could cause the liquidity or market value of the Notes to decline significantly; and

- we may choose to redeem the Notes when prevailing interest rates are relatively low.

See Supplementary Risk Factors beginning on page S-17 of this prospectus supplement and Risk Factors beginning on page 12 of the accompanying prospectus for additional factors you should carefully consider before deciding to invest in the Notes.

Recent Developments

On October 17, 2017, we exited our debt and equity investments in Brook & Whittle Limited. We received payment in full on our subordinated notes. We sold our equity investments for a realized gain of approximately $1.0 million.

On October 30, 2017, our board of directors declared a regular quarterly dividend of $0.39 per share which was paid on December 27, 2017 to stockholders of record as of December 20, 2017. In addition, on October 30, 2017, our board of directors declared a special dividend of $0.04 per share which was paid on December 27, 2017 to stockholders of record as of December 20, 2017.

On November 10, 2017, we restructured our equity investments in FDS Avionics Corp. (dba Flight Display Systems). As part of the restructuring, we cancelled our common and preferred equity investments, and as a result we recognized a loss of approximately $2.4 million. Concurrently, we made a $0.7 million investment in new common equity interests of FDS Avionics Corp. (dba Flight Display Systems).

On November 30, 2017, we invested $2.5 million in subordinated term loans and common equity of Consolidated Infrastructure Group Holdings, LP, a premier provider of infrastructure services and solutions.

On November 30, 2017, we invested $9.6 million in subordinated term loans and common equity and made a commitment for up to $4.0 million of additional subordinated term loans of Mesa Line Services, LLC, a leading provider of outsourced electric utility infrastructure services in the Southwest region of the United States.

On December 1, 2017, we exited our debt and equity investments in Malabar International. We received payment in full on our subordinated notes. We sold our preferred equity investment for a realized gain of approximately $6.8 million.

On December 8, 2017, we invested $15.3 million in subordinated term loans and common equity of The Kyjen Company, LLC (dba Outward Hound), a manufacturer and distributor of innovative dog and cat toys, games, gear, collars, and feeders.

On December 19, 2017, we invested $21.5 million in subordinated term loans and common equity of Gurobi Optimization, LLC, a leading commercial provider of optimization software for use in prescriptive analytics applications.

On December 29, 2017, we entered into an amendment to our Credit Facility, which, among other things, extended the maturity date from June 16, 2018 to June 16, 2019.

On January 3, 2018, we invested $19.5 million in subordinated term loans and common equity of AVC Investors, LLC (dba Auveco), a provider of fasteners and autobody hardware to the automotive aftermarket and general industrial markets.

On January 5, 2018, we exited our debt investment in United Biologics, LLC. We received payment in full of $8.9 million on our subordinated loan.

On January 8, 2018, we invested $11.0 million in subordinated term loans and common equity of Spendmend LLC, a leading provider of spend visibility & audit recovery services to the healthcare industry.

On January 25, 2018, we exited our debt investment in Comprehensive Logistics Co., Inc. We received payment in full of $16.4 million on our subordinated note, which includes a prepayment penalty.

Since September 30, 2017, we have borrowed a total of $50.0 million under our Credit Facility, which is the total amount of indebtedness outstanding under our Credit Facility as of January 29, 2018. We intend to use the net proceeds from this offering to repay a portion of such indebtedness, and after giving effect to this offering and such repayment, we will have $ of indebtedness outstanding under our Credit Facility.

Preliminary Estimate of Fourth Quarter 2017 Results

Set forth below are certain preliminary estimates of our financial condition and results of operations for the three months ended December 31, 2017. These estimates are subject to the completion of financial closing procedures and are not a comprehensive statement of our financial results for the three months ended December 31, 2017. We advise you that this information is inherently uncertain. Our actual results may differ materially from these estimates, which are given only as of the date of this prospectus supplement, as a result of the completion of our financial closing procedures, final adjustments and other developments that arise between now and the time that our financial results for the three months ended December 31, 2017 are finalized.

The preliminary financial estimates provided in this prospectus supplement have been prepared by, and are the responsibility of, management. Neither RSM US LLP, our independent registered public accounting firm, nor any other independent accountants has audited, reviewed, compiled, or performed any procedures with respect to the accompanying preliminary financial data. Accordingly, RSM US LLP does not express an opinion or any form of assurance with respect thereto and assumes no responsibility for, and disclaims any association with, this information.

As of the date of this prospectus supplement, we estimate that the range of our net investment income per share was between $0.30 and $0.32 for the three months ended December 31, 2017.

As of the date of this prospectus supplement, we estimate that the range of our adjusted net investment income(1) per share was between $0.34 and $0.36 for the three months ended December 31, 2017.

As of the date of this prospectus supplement, we estimate that the range of our net asset value per share was between $16.02 to $16.07 as of December 31, 2017.

	(Per share) Three months ended December 31, 2017 (unaudited)	
	Low Estimate	**High Estimate**
Net investment income	$ 0.30	$ 0.32
Capital gains incentive fee expense	0.04	0.04
Adjusted net investment income(1)	$ 0.34	$ 0.36

(1) On a supplemental basis, we provide information relating to adjusted net investment income, which is a non-GAAP measure. This measure is provided in addition to, but not as a substitute for, net investment income. Adjusted net investment income represents net investment income excluding any capital gains incentive fee expense or (reversal) attributable to realized and unrealized gains and losses. The Investment Advisory Agreement provides that a capital gains incentive fee is determined and paid annually with respect to cumulative realized capital gains (but not unrealized capital gains) to the extent such realized capital gains exceed realized and unrealized losses for such year, less the aggregate amount of any capital gains incentive fees paid in all prior years. In addition, we accrue, but do not pay, a capital gains incentive fee in connection with any unrealized capital appreciation, as appropriate. As such, we believe that adjusted net investment income is a useful indicator of operations exclusive of any capital gains incentive fee expense or (reversal) attributable to realized and unrealized gains and losses. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. The table above provides a reconciliation of our estimates for net investment income to adjusted net investment income for the three months ended December 31, 2017.

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SPECIFIC TERMS OF THE NOTES AND THE OFFERING

This summary sets forth certain terms of the Notes that we are offering pursuant to this prospectus supplement and the accompanying prospectus. This section and the Description of the Notes section in this prospectus supplement outline the specific legal and financial terms of the Notes. You should read this section of the prospectus supplement together with the section titled Description of the Notes beginning on page S-50 of this prospectus supplement and the more general description of the Notes in the section titled Description of Our Debt Securities beginning on page 123 of the accompanying prospectus before investing in the Notes. Capitalized terms used in this prospectus supplement and not otherwise defined have the meanings ascribed to them in the accompanying prospectus or in the indenture governing the Notes.

Issuer	Fidus Investment Corporation
Title of the securities	% Notes due 2023
Initial aggregate principal amount being offered	$
Over-Allotment Option	The underwriters may also purchase from us up to an additional $ million aggregate principal amount of Notes offered by this prospectus supplement and the accompanying prospectus within 30 days of the date of this prospectus supplement solely to cover over-allotments, if any.
Initial public offering price	% of the aggregate principal amount
Principal payable at maturity	100% of the aggregate principal amount; the principal amount of each Note will be payable on its stated maturity date at the office of the trustee, paying agent, and security registrar for the Notes or at such other office as we may designate.
Type of note	Fixed rate note
Listing	We intend to list the Notes on The Nasdaq Global Select Market within 30 days of the original issue date under the trading symbol FDUSL .
Interest rate	% per year

Day count basis	360-day year of twelve 30-day months
Original issue date	, 2018
Stated maturity date	, 2023
Date interest starts accruing	, 2018

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Interest payment dates	Every February 1, May 1, August 1 and November 1, commencing May 1, 2018. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.
Interest periods	The initial interest period will be the period from and including , 2018, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.
Regular record dates for interest	Every January 15, April 15, July 15 and October 15, commencing April 15, 2018.
Specified currency	U.S. Dollars
Place of payment	The City of New York and/or such other places that may be specified in the indenture or a notice to holders.
Ranking of notes	The Notes will be our direct unsecured obligations and will rank:

- *pari passu* with our other outstanding and future unsecured unsubordinated indebtedness;
- senior to any of our future indebtedness that expressly provides it is subordinated to the Notes;
- effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured in respect of which we subsequently grant a security interest), to the extent of the value of the assets securing such indebtedness, including, without limitation, borrowings under our Credit Facility, of which $50.0 million was outstanding as of January 29, 2018; and
- structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, which, as of January 29, 2018, had total indebtedness outstanding of $247.8 million.

Denominations	We will issue the Notes in denominations of $25 and integral multiples of $25 in excess thereof.
Business day	Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in the City of New York or another place of payment are authorized or obligated by law or executive order to close.

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Optional redemption

The Notes may be redeemed in whole or in part at any time or from time to time at our option on or after upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount of the Notes plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to the date fixed for redemption.

You may be prevented from exchanging or transferring the Notes when they are subject to redemption. In case any Notes are to be redeemed in part only, the redemption notice will provide that, upon surrender of such Note, you will receive, without a charge, a new Note or Notes of authorized denominations representing the principal amount of your remaining unredeemed Notes.

Any exercise of our option to redeem the Notes will be done in compliance with the 1940 Act.

If we redeem only some of the Notes, the trustee or DTC, as applicable, will determine the method for selection of the particular Notes to be redeemed, in accordance with the indenture governing the Notes and in accordance with the rules of any national securities exchange or quotation system on which the Notes are listed. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.

Sinking fund

The Notes will not be subject to any sinking fund.

Repayment at option